

REPORT  
ON THE  
CITY OF FRANKLIN-COUNTY OF SOUTHAMPTON  
AND  
CITY OF FRANKLIN-COUNTY OF ISLE OF WIGHT  
SETTLEMENT AGREEMENTS



COMMISSION ON LOCAL GOVERNMENT  
COMMONWEALTH OF VIRGINIA

REPORT ON THE  
CITY OF FRANKLIN - COUNTY OF SOUTHAMPTON  
AND  
CITY OF FRANKLIN - COUNTY OF ISLE OF WIGHT  
SETTLEMENT AGREEMENTS

Commission on Local Government

July 1985

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PROCEEDINGS OF THE COMMISSION

On December 28, 1984 the City of Franklin filed notice with the Commission on Local Government, pursuant to the provisions of Section 15.1-1167.1 of the Code of Virginia, of proposed agreements which the City had negotiated with Isle of Wight and Southampton Counties respectively. Consistent with the Commission's Rules of Procedure, the City's notice was accompanied by data and materials supporting the proposed agreements.<sup>1</sup> Further, in accordance with statutory requirements the City concurrently gave notice of these proposed agreements to other local governments with which it was contiguous or with which it shared functions, revenues, or tax sources.<sup>2</sup>

The City's proposed agreement with Isle of Wight County calls (a) for the City to waive its authority in perpetuity to seek the annexation of 6.37 square miles of County territory, (b) for the County to share with the City certain local tax revenue derived from that territory, (c) for the City's provision of certain urban services within that territory, and (d) for collaboration between the two jurisdictions in specified economic development activities with each locality sharing in a portion of the additional revenues derived from such.<sup>3</sup> The City's proposed agreement with Southampton County provides (a) for the City's incremental annexation of two areas in the County (identified as "Phase I" and "Phase II") embracing collectively 4.7 square miles of territory, with the Phase II Area to be annexed by the City ten years

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<sup>1</sup>City of Franklin, City of Franklin - Isle of Wight County Settlement Agreement (hereinafter cited as Franklin - Isle of Wight Agreement), Vols. I, II, Nov. 1984; and City of Franklin, City of Franklin - Southampton County Settlement Agreement (hereinafter cited as Franklin - Southampton Agreement), Vols. I, II, Dec. 1984. Volume II of each set of submissions is a compilation of map exhibits.

<sup>2</sup>Sec. 15.1-945.7 (A), Code of Va.

<sup>3</sup>The agreement also calls for the City to "oppose" an annexation initiated by other parties under the authority of Section 15.1-1034 of the Code of Virginia with respect to the territory in

following the incorporation of the Phase I Area, (b) for the City not to institute any other annexation proceedings involving property within Southampton County during the 25-year period following the annexation of the Phase I Area, and (c) for the City to share with the County certain revenue generated from property (identified as the "Industrial Corridor") within the Phase I Area.<sup>4</sup> These proposed agreements represent the culmination of negotiations initiated in February 1984 among the three jurisdictions.

Following the receipt and review of the materials submitted by the City in support of the proposed agreements, the Commission met with representatives of the three jurisdictions on January 7, 1985 and established a schedule for its review of the settlements. Consistent with this schedule, the Commission toured relevant areas and facilities in the City of Franklin and in Isle of Wight and Southampton Counties on March 4, 1985 and received oral testimony from the parties relative to the proposed agreements the following day.<sup>5</sup> In addition to its receipt and consideration of materials and testimony from the City and the Counties, the Commission solicited comment from other potentially affected political subdivisions and from the public.<sup>6</sup> Each political

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question. See Appendix A for the complete terms of the proposed settlement agreement between the City of Franklin and Isle of Wight County.

<sup>4</sup>This agreement also commits the City to "oppose" any annexation petition filed by voters or landowners in the County under the provisions of Section 15.1-1034 of the Code of Virginia during the 25-year period following the effective date of the annexation of the Phase I Area. See Appendix B for the complete text of the City of Franklin - Southampton County settlement agreement.

<sup>5</sup>Chairman Harold S. Atkinson did not attend the tour, sit with the Commission during the presentations, nor participate in any way in the Commission's deliberations and development of this report. Mr. Atkinson, a resident of the City of Franklin and the former City Manager of that City, excluded himself from this case in accordance with Section 15.1-945.6 of the Code of Virginia and consistent with the Commission's Canons of Conduct.

<sup>6</sup>At the request of the Commission copies of all material sub-

subdivision receiving notice of the proposed agreements from the City of Franklin was invited by the Commission to submit testimony relative to the settlements for its consideration. Further, the Commission held public hearings, advertised in accordance with statutory requirements, in Isle of Wight County and in Southampton County on the evenings of March 4 and 5 respectively. Collectively, those hearings were attended by approximately 150 persons and provided testimony from 17 individuals. In order to receive additional public comment, the Commission agreed to keep open its record for the receipt of written submissions through April 4, 1985.

#### 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 a 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 to the affected local governments regarding the issue.<sup>7</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."

It is evident that the General Assembly encourages local governments to attempt to negotiate settlement of interlocal boundary change

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mitted by the City of Franklin and by the Counties with respect to the proposed agreements were made available for public review in the offices of the City Manager and County Administrators.

<sup>7</sup>Sec. 15.1-945.7 (A), Code of Va.

and transition issues. Indeed, one of the foremost responsibilities of this Commission is to assist local governments, upon appropriate request, in such efforts. In view of this apparent legislative intent, the Commission believes that interlocal agreements, such as those negotiated by the City of Franklin with Isle of Wight and Southampton Counties should be approached with respect and with a presumption of their compatibility with applicable statutory standards.

As we have noted in other reports, however, the General Assembly has decreed that interlocal agreements negotiated under the authority of Section 15.1-1167.1 of the Code of Virginia must be reviewed by this Commission prior to their final adoption by local governing bodies. We are required to conclude, therefore, that while interlocal agreements negotiated for purposes of resolving boundary change issues are due respect and should be approached with a presumption of their consistency with statutory standards, such respect and presumption can not be permitted to render our review a pro forma endorsement of any proposed settlement. Our responsibility to the Commonwealth and to the affected localities mandates more.

#### GENERAL CHARACTERISTICS OF THE LOCALITIES AND AFFECTED AREAS

##### CITY OF FRANKLIN

The area constituting the present-day City of Franklin was first settled in 1835. That settlement, spurred initially by railroad activity and river-borne commerce on the Blackwater River, was incorporated as a town in 1876 and became one of Virginia's independent cities in 1961. In the early 1840's lumbering activity developed in the area, with that industry gradually emerging into and remaining the dominant economic stimulous in the area.<sup>8</sup>

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<sup>8</sup>Franklin - Southampton Agreement, Vol. I, pp. 39-49.



Like many other Virginia localities, the City of Franklin experienced only modest population growth during the preceding decade, with its populace increasing from 6,880 to 7,308, or by 6.2%, between 1970 and 1980.<sup>9</sup> Moreover, population estimates for 1983 report that during the three-year period immediately following the decennial census the City's population decreased to 7,100 persons, or by 2.9%.<sup>10</sup> Based on its 1983 estimated population and its current land area of 3.81 square miles, the City has a population density of 1,864 persons per square mile.<sup>11</sup>

With respect to Franklin's population, there are data which suggest that the City's populace is somewhat older and less affluent than that of the State generally. While in 1980 the median age of City residents (30.6 years) was only slightly higher than that in Virginia overall (29.8 years), the percentage of the City's total population age 65 and over (12.8%) at that time was one-third greater than that of the Commonwealth considered collectively (9.5%).<sup>12</sup> Moreover, the number of married couples in Franklin with children under 18 years of age decreased between 1970 and 1980 by 7.9%, while comparable statistics for the State overall showed an increase of 4.6% in the number of such fami-

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<sup>9</sup>U. S. Department of Commerce, Bureau of the Census, 1980 Census of Population, Number of Inhabitants, Virginia, Table 4. Between 1970 and 1980 the population of the State of Virginia increased by 14.9%.

<sup>10</sup>Julia H. Martin and David W. Sheatsly, Estimates of the Population of Virginia Counties and Cities: 1982 and 1983 (Charlottesville: Tayloe Murphy Institute, University of Virginia, Feb. 1985), Table 2. See Appendix C for a statistical profile of the City, Isle of Wight and Southampton Counties, and the relevant areas.

<sup>11</sup>The City's land area is presented in Franklin - Southampton Agreement, Vol. I, p. 50.

<sup>12</sup>U. S. Department of Commerce, Bureau of the Census, 1980 Census of Population, General Social and Economic Characteristics, Virginia, Tables 62, 171.

lies during the same span of years.<sup>13</sup> In terms of financial resources, 1983 data indicate that the median family income in Franklin was \$19,911, or only 76.1% of that in the State generally (\$26,153).<sup>14</sup> Again, these various statistical indices suggest a relatively older and poorer population than that in Virginia overall.

With respect to the nature and extent of the City's current physical development, land use data reveal, as of 1983, that 28.2% (686 acres) of Franklin's total land area was devoted to residential purposes, 10.3% (251 acres) was consumed by public thoroughfares, 7.2% (175 acres) was committed to other public or semi-public usage, 3.5% (86 acres) was engaged in industrial activity, 3.1% (75 acres) was utilized for commercial enterprise, while 47.7% (1,161 acres) remained vacant or agricultural in nature.<sup>15</sup> Despite the large amount of vacant land remaining in the City, Franklin officials have asserted that the City's development opportunities are severely restricted. City officials contend that a large percentage of the vacant land within Franklin's corporate boundaries is limited in its development potential by the nature of its ownership.<sup>16</sup> The evidence does indicate that 760 acres of vacant property in the City (65.5% of the total of the City's vacant land) are held as part of various large estates, with little indication being given that such land will generally be made available for development in the foreseeable future.<sup>17</sup> With

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<sup>13</sup>Ibid., Tables 64, 173.

<sup>14</sup>John L. Knapp and Philip J. Grossman, Projected 1983 Median Family and Median Household Income in Virginia Counties, Cities, MSAs, and Planning Districts (Charlottesville: Tayloe Murphy Institute, University of Virginia, Sept. 1983). Income, as defined in the Tayloe Murphy publication, includes all forms of money income (except capital gains) but excludes nonmonetary income such as food stamps.

<sup>15</sup>Franklin - Southampton Agreement, Vol. I, p. 214.

<sup>16</sup>Ibid., pp. 214-16.

<sup>17</sup>Mollie E. Bass, Assistant City Manager, City of Franklin, letter to staff of Commission on Local Government, April 22, 1985.

respect to the issue of the availability of this property for future development, the record discloses that during the 15-year period since 1970 only 33.8 acres of such estate property in the City have been released for development.<sup>18</sup> Exclusive of this estate property, the City of Franklin contains only 401 acres of vacant land 16.5% of its land area, vacant and available for development, with some of this property is affected by environmental factors (e. g., floodplain) and thus limited in its development potential.

Notwithstanding the City's recent loss of population and limited prospects for future economic development, Franklin continues to play a prominent role in the economic and public life of its general area. As of March 1984, there were 2,840 positions in nonagricultural wage and salary employment within the City which provided employment opportunities to residents of the general area.<sup>19</sup> With respect to this point, it is significant to note that, based on 1980 U. S. Bureau of the Census data, only 1,137 workers age 16 and over residing in Franklin were employed within the municipality, with the remainder of the employment in the City held by nonresidents.<sup>20</sup> In terms of Franklin's role in other aspects of the corporate life of its general area, it should be observed that the City remains the principal center for retail trade and professional services and is the site of the Southampton Memorial Hospital, the Paul D. Camp Community College, the YMCA, and numerous other facilities which serve residents of the surrounding

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<sup>18</sup>The City has stated that most of this acreage which has been developed was sold to the City to construct needed public facilities and a 40-unit housing project. (Franklin - Southampton Agreement, Vol. I, p. 214.)

<sup>19</sup>Virginia Employment Commission, Covered Employment and Wages in Virginia for Quarter Ending March 31, 1984.

<sup>20</sup>U. S. Department of Commerce, Bureau of the Census, 1980 Census of Population, Place of Work Destinations, Virginia, Summary Tape File 4, Documentation Supplement 1.

jurisdictions.<sup>21</sup> It is evident to this Commission that, based on both statistical evidence and our visual examination of the Franklin environs, the City continues to play a vital role in the public life of the area.

#### ISLE OF WIGHT COUNTY

##### County Generally

Isle of Wight County can trace its origin to almost the very beginning of the English settlement in America. Founded as one of Virginia's original shires in 1635, and known initially as Warosquoyacke, its location adjacent to the Hampton Roads area is now bringing significant growth and development to the County. The County adjoins the eastern boundary of the City of Franklin, with the Blackwater River serving as the jurisdictional line and as a physical barrier between the two localities.

As noted above, the County has experienced continuous population growth over the past several decades, principally in its eastern sector. Between 1970 and 1980 the County's population grew from 18,285 to 21,603, or by 18.1%.<sup>22</sup> According to 1983 population estimates, the County's population had increased to 22,400, or by an additional 3.7% during the three years since the decennial census.<sup>23</sup> Based on its 1983 population estimate and its land area of 360 square miles, the County has an overall population density of 62.2 persons per

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<sup>21</sup>Franklin - Southampton Agreement, Vol. I, pp. 204-06.

<sup>22</sup>1980 Census of Population, Number of Inhabitants, Virginia, Table 4.

<sup>23</sup>Estimates of the Population of Virginia Counties and Cities: 1982 and 1983, Table 2. As of 1980, 4,703 residents, or 21.8% of the County's population, lived within Isle of Wight County's two incorporated towns, Smithfield and Windsor. (1980 Census of Population, Number of Inhabitants, Virginia, Table 4.)

square mile.<sup>24</sup>

With respect to the nature of its population, the data indicate that, as of 1980, the median age of County residents (30.3 years) was only slightly above the comparable statistic for the State as a whole (29.8 years). Similarly, based on 1980 data, the percentage of the County's population age 65 and over (10.0%) closely paralleled that of the Commonwealth generally (9.5%).<sup>25</sup> Moreover, and unlike the City of Franklin, Isle of Wight County experienced a significant increase in married couples with children during the previous decade. Between 1970 and 1980 the number of married couples with children under 18 years of age in the County grew by 15.2%, far surpassing the increase in such families in the Commonwealth as a whole (4.6%).<sup>26</sup> In terms of the economic status of its population, 1983 data reveal that median family income in the County (\$24,596) was 94.1% of that in Virginia overall (\$26,153).<sup>27</sup> Thus, these various statistics reveal that residents of Isle of Wight County present a demographic profile similar to that of residents of the Commonwealth generally.

The population increase in Isle of Wight County during the past several decades has been accompanied by a growth and diversification of its economy. During the first quarter of 1984 the County had 9,292 positions in nonagricultural wage and salary employment within its boundaries, with approximately two-thirds of that total (6,024 positions) being in the manufacturing sector.<sup>28</sup> Despite the growth in

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<sup>24</sup>The area for Isle of Wight County is presented in Franklin - Isle of Wight Agreement, Vol. I, p. 43.

<sup>25</sup>1980 Census of Population, General Social and Economic Characteristics, Virginia, Tables 62, 171.

<sup>26</sup>Ibid., Tables 64, 173.

<sup>27</sup>Projected 1983 Median Family and Median Household Income in Virginia's Counties, Cities, MSAs, and Planning Districts.

<sup>28</sup>Covered Employment and Wages in Virginia for Quarter Ending March 31, 1984. It is significant to note that, as of 1980, 43.2% of County workers age 16 and over worked in Isle of Wight County, while

such employment, agriculture and forestry operations remain significant components of the County's economy. With respect to agriculture, 1982 statistics disclose that Isle of Wight County had 333 active farms and ranked 15th among the State's jurisdictions in the market value of products sold.<sup>29</sup> In terms of its forestry potential, 1977 data reveal that the County then contained 192 square miles of wooded property classified as commercial forest.<sup>30</sup> In sum, Isle of Wight County is increasing in population and is concurrently experiencing a growth and diversification of its economy.

#### Area Proposed for Immunity

Under the terms of the proposed agreement with the City of Franklin, a portion of Isle of Wight County would be granted permanent immunity from annexation actions initiated by that City. This territory proposed for such annexation immunity adjoins the eastern boundary of the City of Franklin and extends northward along the Blackwater River to a point more than two miles north of that municipality and southward to the corporate limits of the City of Suffolk.<sup>31</sup> While the area proposed for immunity contains only 6.4 square miles, or 1.8% the County's total land area, its geographic configuration is such that its proposed immunization substantially

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38.8% of that workforce identified the City of Franklin as the site of their employment. (1980 Census of Population, Place of Work Destinations, Virginia.)

<sup>29</sup>U. S. Department of Commerce, Bureau of the Census, 1982 Census of Agriculture, Virginia, Tables 1, p. 136; Table 3, p. 152. The average size of farms in the County was 302 acres. In 1982 Isle of Wight County ranked second among the State's localities in the quantity of peanuts harvested. (Ibid., Table 25, p. 416.)

<sup>30</sup>Virginia Division of Forestry, Forestry Resource Data, Southeastern Virginia Planning District, 1977, Table 2.

<sup>31</sup>See Appendix D for a map of the area proposed for immunity.

forecloses the possibility of the City's ever annexing in the future any territory in Isle of Wight County.

The 6.4 square mile area proposed for immunity contains, according to 1982 population data, 710 persons and, based on statistics for the 1984-85 school year, 114 students in average daily membership (ADM) in the County's public schools.<sup>32</sup> These data indicate that the area contained 3.2% of the County's 1982 estimated population and 3.0% of its 1984-85 public school ADM. While the area's population is modest, it is sufficient to give the area a population density of 111 persons per square mile, or nearly double the statistic for the County as a whole (62.2 persons per square mile).

With respect to its development and fiscal resources, however, the area is far more significant to the County than its size and population would suggest. The area contains the Union Camp Company, the Franklin Equipment Company, the Airway Shopping Center, the only motel in the immediate area, and the City's municipal airport.<sup>33</sup> This concentration of industrial and commercial facilities was responsible for \$267.5 million in assessed property values in 1984, or 33.2% of the County's total for that year.<sup>34</sup> While the eastern portion of Isle of Wight County is currently experiencing significant development, the area proposed for immunity contains the County's principal concentration of fiscal assets.

#### SOUTHAMPTON COUNTY

##### County Generally

Southampton County was formed in 1749 from territory formerly located in Isle of Wight and Nansemond Counties. During the decade of

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<sup>32</sup>Franklin - Isle of Wight Agreement, Vol. I, p. 43.

<sup>33</sup>The area also contains utility lines and appurtenances owned by the County and two recreational facilities operated by the Isle of Wight Public Recreation Facilities Authority.

<sup>34</sup>Franklin - Isle of Wight Agreement, Vol. I, p. 44. The total includes the assessed value of real estate, public service cor-

the 1960's the County experienced a population loss of 8,613 persons, a decrease of 31.7%, due principally to Franklin's transition to city status in 1962. Between 1970 and 1980 the County's population grew by only 0.8%, increasing from 18,582 to 18,731.<sup>35</sup> According to population estimates for 1983, the number of County residents had risen to 19,000 during the three-year period following the decennial census.<sup>36</sup> Based on its estimated 1983 population and its area of 603.0 square miles, the County has an overall population density of only 32 persons per square mile.<sup>37</sup>

With respect to its population, data indicate that as of 1980 the median age of County residents (29.9 years) was virtually identical to that of the State generally (29.8 years), while the percentage of its population age 65 and over (10.9%) was slightly in excess of the comparable figure for the State as a whole (9.5%).<sup>38</sup> However, between 1970 and 1980 the number of married couples with children under 18 years of age decreased in Southampton County by 2.0%, while the number of such families in the Commonwealth overall increased by 4.6%.<sup>39</sup> In terms of the economic condition of its population, 1983 statistics disclose that the median family income in the County (\$21,376) was

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poration property, personal property, machinery and tools, and merchants' capital.

<sup>35</sup>1980 Census of Population, Number of Inhabitants, Virginia, Table 4. As of 1980, 2,950 residents lived within the boundaries of the County's six incorporated towns.

<sup>36</sup>Estimates of the Population of Virginia Counties and Cities: 1982 and 1983, Table 2.

<sup>37</sup>The County's land area is given in Franklin - Southampton Agreement, Vol. I, p. 50.

<sup>38</sup>1980 Census of Population, General Social and Economic Characteristics, Virginia, Tables 62, 171.

<sup>39</sup>Ibid., Tables 64, 173.



only 81.7% of that in the State collectively (\$26,153).<sup>40</sup>

With respect to the County's general characteristics, another statistic should be noted. The ADM in the Southampton County school division has decreased dramatically during the past decade. Between school years 1974-75 and 1984-85 the ADM in Southampton County's public schools declined from 4,425 to 2,489, a decrease of 43.8%.<sup>41</sup> While each of the three school divisions in the area experienced a loss of ADM during the ten-year period in question, the loss confronted by Southampton was by far the most pronounced.<sup>42</sup> Clearly, the Southampton County school division has been required to make extraordinary adjustments as a result of this precipitous student loss.

In regard to the physical nature of Southampton County, the evidence indicates that the County remains largely rural and undeveloped. Land use data for 1980 disclose that only 1.3% (518 acres) of the County's total area was utilized for residential development, that 0.1% (337 acres) was engaged in commercial enterprise, that even a smaller amount of property (212 acres) was committed to industrial activity, with more than 90% of the County remaining agricultural, wooded, or vacant.<sup>43</sup> The relatively undeveloped nature of Southampton County is suggested by the fact that during the first quarter of 1984 the County had only 3,542 positions in nonagricultural wage and salary employment within its boundaries, a total

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<sup>40</sup>Projected 1983 Median Family and Median Household Income in Virginia's Counties, Cities, MSAs, and Planning Districts.

<sup>41</sup>Virginia Department of Education, Facing Up 10, Statistical Data on Virginia's Public Schools, March 1976, Table 7; and Franklin - Southampton Agreement, Vol. I, p. 51.

<sup>42</sup>Between school years 1974-75 and 1984-85 ADM in Franklin schools declined from 2,343 to 1,939, or by 17.2%, while that in Isle of Wight County decreased from 4,549 to 3,840, or by 15.6%. (Facing Up 10, Statistical Data in Virginia's Public Schools; Franklin - Isle of Wight Agreement, Vol. I, p. 43.)

<sup>43</sup>County of Southampton, Southampton County Comprehensive Plan, p. 39. Approximately 0.8% of the property in the area was

less than half that existing at that time in Isle of Wight County (9,292).<sup>44</sup>

The continuing rural nature of Southampton County is also evidenced by the fact that, as of 1982, the County ranked fourth among the State's jurisdictions in terms of the market value of agricultural products sold.<sup>45</sup> The County led the State in the production of peanuts, corn, and watermelons.<sup>46</sup> As of 1982, the County had 518 active farms, with the average size of those farms being 383 acres.<sup>47</sup> In addition, 1977 data reported that over two-thirds (412 square miles) of the County's total area qualified for classification as commercial forest land.<sup>48</sup>

In brief, the previously cited statistics reveal that Southampton County has experienced virtually no population growth since 1970 and currently remains largely rural and undeveloped.

#### Area Proposed for Annexation

Phase I Area. Under the terms of its proposed agreement with Southampton County the City of Franklin would be permitted to annex

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devoted to public or semi-public usage, and 7.6% was marshland or water-covered property.

<sup>44</sup>Covered Employment and Wages in Virginia for Quarter Ending March 31, 1984. More than one-third (1,424 positions) of such employment in the County was in the governmental sector.

<sup>45</sup>1982 Census of Agriculture, Virginia, Table 3, p. 152.

<sup>46</sup>Ibid., Table 24, p. 409; Table 25, p. 416; and Table 7, p. 433. As of 1982, Southampton County was the leading county in the entire nation in the production of peanuts. (U. S. Department of Commerce, Bureau of the Census, 1982 Census of Agriculture, Ranking of States and Counties, Table 52.)

<sup>47</sup>1982 Census of Agriculture, Virginia, Table 1, p. 136.

<sup>48</sup>Forest Resource Data, Southeastern Virginia Planning District, Table 2.

certain territory in the County, designated as the Phase I Area, at the end of the year during which the agreement is affirmed by the reviewing court.<sup>49</sup> This Phase I Area, which is comprised of three parcels embracing collectively an area of 3.93 square miles, contained, as of 1982, a population of 590 persons and, based on 1984-85 school statistics, an ADM of 43.<sup>50</sup> Thus, the area contains 0.7% of the County's total territory and, as of the year cited, approximately 3.2% of the County's population and 1.7% of its public school ADM. As of 1982, the Phase I Area had a population density of 150 persons per square mile, or nearly five times that in the County overall.

In terms of the nature of its current development, 1985 land use data indicate that only 6.0% (151 acres) of the territory in the Phase I Area is devoted to residential purposes, 0.9% (23 acres) is engaged in commercial enterprise, 0.1% (2 acres) is committed to industrial activity, 1.8% (46 acres) is used for public or semi-public purposes, while 88.7% (2,231 acres) remains agricultural, wooded, or vacant.<sup>51</sup> While these data reveal that the area is predominantly undeveloped, the Phase I Area does contain the joint City-County industrial park, a modest amount of scattered commercial activity, and

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<sup>49</sup>See Appendix E for a map of the areas proposed for annexation.

<sup>50</sup>Franklin - Southampton Agreement, Vol. I, pp. 50-51. It should be noted that the Franklin Magisterial District, which encompasses the Phase I Area, constituted Southampton County's only major growth area between 1970 and 1980. The population growth in that district during the decade was 1,035 persons. Only one other of the County's six magisterial districts recorded an increase in population during the previous decade. The Drewryville Magisterial District, located in the western part of the County and near the City of Emporia, increased in population by 339 persons during the preceding decade. (1980 Census of Population, Number of Inhabitants, Virginia, Table 4.)

<sup>51</sup>Bass, letter to staff of Commission on Local Government, April 22, 1985.

four residential subdivisions. The development in the area was sufficient to generate \$21.0 million in total assessed property values in 1984, or 3.8% of the County's total of such assessed values for that year.<sup>52</sup>

It should be noted here that the Phase I Area includes a sector designated by the agreement as the "Industrial Corridor." This sector, which extends westward from the City's current boundary along State Route 671 to that thoroughfare's intersection with the U. S. Route 58 Bypass, encompasses 281 acres.<sup>53</sup> Under the terms of the proposed agreement between the two jurisdictions, the City of Franklin will pay annually to Southampton County a sum equal to 50% of the net local tax and net utility revenues generated by development within that area. While the fiscal benefits to the County resulting from this arrangement cannot be projected with any certainty, this provision in the proposed agreement is noteworthy, for it constitutes the first instance in which a city in Virginia has agreed to share in perpetuity with a county revenues of this nature to be derived from an annexed area.

Phase II Area. The proposed agreement would allow the City of Franklin to annex additional territory in Southampton County, designated as the Phase II Area, ten years after the effective date of the initial annexation (Phase I). The Phase II Area adjoins the northwestern boundary of the City and embraces 0.73 square miles of territory. The area's population, according to a 1982 calculation, was 464 persons, and, as of the 1984-85 school year, its public school ADM was 31 students.<sup>54</sup> Based on the 1982 population figure, the Phase II Area has a population density of 636 persons per square mile, or four times

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<sup>52</sup>Franklin - Southampton Agreement, Vol. I, pp. 51-52.

<sup>53</sup>Bass, letter to staff of Commission on Local Government, April 22, 1985.

<sup>54</sup>Franklin - Southampton Agreement, Vol. I, pp. 50-51.

that in the Phase I Area and nearly twenty times that in the County as a whole (32 persons per square mile).

Land use data for 1985 reveal the relatively significant residential development which has occurred in the Phase II Area. The data disclose that 20.7% (96 acres) of territory in that area is being utilized for residential purposes. In terms of other development, the 1985 land use statistics indicate that the area contains no industry and very little commercial enterprise, with a total of only 1.6% (8 acres) of the property being engaged in such activity. While the Phase II Area does have a notable amount of residential development, it remains predominantly rural, with 72.3% of the property being agricultural, wooded, or vacant.<sup>55</sup> As of 1984, the development in the area generated \$10.2 million in assessed property values, or 1.8% of the County's total of such values for that year.<sup>56</sup>

#### STANDARD FOR REVIEW

As noted previously, the Commission on Local Government is charged with reviewing interlocal agreements negotiated under the authority of Section 15.1-1167.1 of the Code of Virginia for purposes of determining whether such agreements are "in the best interest of the Commonwealth." In our view, the interest of the State in the interlocal agreements presently before us, and in all others, is fundamentally the preservation and promotion of the general fiscal and social viability of the affected localities. In this report the Commission is confronted with the concurrent review of two agreements negotiated by the City of Franklin with Isle of Wight County and Southampton County respectively. While each of these agreements should be considered indepen-

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<sup>55</sup>Bass, letter to staff of Commission on Local Government, April 22, 1985. The Phase II Area is presently served extensively by City water lines.

<sup>56</sup>Franklin - Southampton Agreement, Vol. I, pp. 51-52.

dently, the aggregate impact of the proposed settlements on the affected localities must also be evaluated. Further, a proper analysis of these proposed interlocal settlements requires not merely consideration of their immediate ramifications, but an effort to determine their future consequences as well. With full recognition of the difficulty of this undertaking, we offer the following comments.

#### INTERESTS OF THE CITY OF FRANKLIN

##### NEED OF THE CITY FOR LAND FOR DEVELOPMENT

As noted previously in this report, the City contains a total of 2,434 acres of land. According to the City's 1980 tabulations, there are 1,161 acres of vacant, wooded or agricultural land within Franklin's corporate boundaries.<sup>57</sup> This undeveloped property, which constitutes 47.7% of the total acreage in the City, would appear to provide Franklin with substantial opportunity for future development. Of this total 1,161 acres of vacant land, however, 760 acres are held in private ownership by large estates. The experience of the preceding 15 years reveals that this estate property has not been made available generally for development and may not for the foreseeable future provide the City with any significant development opportunity. With respect to such property, the Commission observes that in 1970 the City contained 794 acres of vacant property owned by large estates and that, as of 1985, approximately 760 acres of such property remained in the ownership of such estates and was vacant or devoted to agricultural or conservation purposes.<sup>58</sup> While growth is occurring outside the corporate limits of the City (most notably in the Franklin Magisterial District of Southampton County), it would seem that development pressures have not caused this privately owned estate property in

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<sup>57</sup>Ibid., Vol. I, p. 214.

<sup>58</sup>Ibid.

Franklin to become available for residential, commercial, or industrial use. Much of the estate property in Franklin is located in the northern and western portions of the City and is contiguous to those sections of Southampton County which are experiencing growth. Despite this proximity, the City's estate properties have largely remained undeveloped.

The Commission is aware that a special three-judge court addressed the issue of the development potential of this estate property in an 1970 opinion which denied Franklin's last annexation initiative. In that opinion the court expressed the view that the vacant property in Franklin would be made available for development when the need required such. That judicial opinion stated:

For the Court to concern itself with this type of unavailable land would be a matter of pure speculation and conjecture. Past history in the City of Franklin indicates that when the need for land exists, the property becomes available. For example, the Court makes reference to the land of St. Regis Paper Company, the Paul D. Camp Community College site, the industrial site, and others.<sup>59</sup>

The experience of the past 15 years has not, in our judgment, supported that conclusion. It is the general consensus of Franklin officials that the property in question will, in general, not be available for development in the immediate years ahead. We find no basis for concluding otherwise.

The Commission notes, however, that some indication has been given in past years that two parcels of the estate property in Franklin might be released for selected development. Those two tracts are (1) a parcel of approximately 57 acres which is dissected by College Drive and (2) a second 57-acre parcel on U. S. Route 258 in the southern section of the City.<sup>60</sup> The zoning of the property adjacent to College Drive is par-

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<sup>59</sup>City of Franklin v. County of Southampton and County of Isle of Wight, Circuit Court of Southampton County (1970).

<sup>60</sup>The parcels are identified locally as the Weeks property and the Lila D. Camp property respectively.

tially multi-family (23 acres) and partially single-family development (34 acres). The property on U. S. Route 258 is zoned principally for one-family residential development, with that portion adjoining U. S. Route 258 being zoned for business. In addition to the estate property, there are two large tracts of vacant land in the eastern portion of the City on the Blackwater River. One tract of 23 acres is owned by the Union Camp Corporation, and the other tract of 66 acres is owned by the Sheffield estate. These two tracts, which total 89 acres, are both located in the floodplain and, thus, are severely limited in their development potential. Exclusive of the estate property and the two above-mentioned tracts in the floodplain, the City contains 312 acres of vacant land. These remaining 312 acres of vacant and available land are comprised primarily of small, dispersed parcels amenable only to very localized development. Further, a considerable amount of this acreage is also located in marsh lands which reduce the property's attractiveness for development. These acres, therefore, do not contribute significantly to the City's prospects for future growth.

The Commission fully recognizes that Franklin's estate properties could be made available for development at some point in time should the owners decide to market those lands. Again, however, based on the experience of recent years and all reasonable projections of future events, there is no indication that these properties will generally be made available for development in the foreseeable future. Assuming that these lands continue to be withheld from development, it can reasonably be concluded that Franklin does have a need for additional land for growth.

Addressing specifically the issue of industrial development, the Commission notes that the State Department of Economic Development recommends five acres as the minimum size for an industrial site. The only vacant and available sites in the City meeting this size criterion and presently zoned for industrial usage, are the previously cited Union Camp and Sheffield properties, neither of which are suitable for development due to their being in the floodplain. It should be noted here



that the only other area in the City zoned for industrial activity is that which contains the St. Regis Paper Company, the Sachs Peanut Company, and Morning Star International, but that area is fully developed. The City's limited opportunity for industrial growth is evidenced also by the fact that since 1980 Franklin has issued only two building permits for industrial development. Those permits totaled \$1,080,000, with one permit issued in 1980 for a \$1,050,000 cold storage peanut warehouse and with the other issued for a \$30,000 project at an existing company.<sup>61</sup> Finally, it is significant to note that there are no vacant industrial buildings in the City that could be used to attract new industrial development.<sup>62</sup>

In terms of commercial development, the City does have land for future business growth in the vicinity of the Franklin Plaza Shopping Center. Contiguous to that existing facility are 37 acres on College Drive which are zoned for business. This parcel, however, is the only large vacant tract in Franklin zoned for business, with the exception of the previously mentioned highway frontage on the vacant Lila Camp tract along U. S. Route 258.

The evidence also suggests that the City needs land for residential development. Statistics provided by the City disclose that land is not available for any extensive residential development within Franklin's present corporate limits. It is significant to note that from June 1980 through March 1985 the City Planning Commission approved only four subdivision plats totaling 20 lots.<sup>63</sup> Further, between 1980

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<sup>61</sup>City of Franklin, "Building Permit Data: New Construction," mimeographed sheet covering period from January 1980 to March 1985. It should be noted that, even assuming the general availability of the estate property for development, adjacent land uses and proper zoning policies will severely restrict the potential of using such property for industrial activity.

<sup>62</sup>With respect to the City's industrial development opportunity, the Commission is cognizant of the fact that the joint City-County industrial park contains prime industrial sites. This facility, however, is presently outside the City's corporate limits.

<sup>63</sup>City of Franklin, "Subdivision Plats Approved by the City

and March 1985 the City issued only 57 building permits for single-family homes. These homes were generally built on individual lots dispersed throughout the City. Similarly, in the same time period, there were only six permits issued for two-family residences and only five permits for multi-family residences.<sup>64</sup> In our judgment, without some expansion of the City's boundaries, new residential development in the Franklin area will be predominantly located outside the City's corporate limits. No analysis of a community's spatial needs would be complete without consideration being given to residential concerns.

The proposed Phase I and II annexations of territory in Southampton County will provide the City with significant vacant developable land. The County has zoned all land from the City's current boundary to the intersection of U. S. Route 58 Bypass and State Route 671 (Armory Drive) in the Phase I Area for business or industrial activity. Officials from the City and County consider that corridor as being prime developable land for business and industry. Properties immediately adjacent to the U. S. Route 58 Bypass appear to be particularly attractive for future commercial activity. Moreover, residential development is presently occurring to the north and west of the City in the Phase I and II annexation areas, and the availability of land in those areas should provide the City with significant opportunity for future residential growth.<sup>65</sup> In brief, the areas proposed for annexation by the City provide Franklin with a needed opportunity for general growth and development.

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Planning Commission from June 1980 through May 1985," mimeographed data compiled for the Commission on Local Government.

<sup>64</sup>Ibid.; and "Building Permit Data: New Construction."

<sup>65</sup>The Commission is aware of soil conditions which, in portions of the annexation areas, will render residential growth contingent upon improved sewerage.

NEED OF THE CITY TO EXPAND TAX RESOURCES

Various statistical evidence available to the Commission suggests that the City of Franklin has a need to augment its tax base and to increase its fiscal resources. Despite the continued prominence of Franklin as a retail sales center, the data indicate that, due to the City's currently limited potential for new development, Franklin is likely to confront increasing fiscal difficulty in generating needed revenues without some modification of its existing tax base.

Indicative of the City's constrained fiscal growth in recent years are data disclosing that the true value of real estate and public service corporation property, the primary source of local tax revenues, increased in Franklin between 1970 and 1982 from \$39.5 million to \$126.3 million, or by 219.8%, while comparable values increased in Isle of Wight and Southampton Counties by 327.3% and 258.9% respectively.<sup>66</sup> More significantly, by the latter year (1982) the per capita true value of real estate and public service corporation property in the City (\$18,047) was only 61.5% of that in Isle of Wight County (\$29,370) and 66.1% of that in Southampton County (\$27,307). As noted previously, neither recent history nor current conditions suggest that significant new development is likely to occur in Franklin which will add substantially to the City's tax assessables. Indeed, the City has supplied data to the Commission indicating that of the \$48.2 million increase in real property assessables between 1979-80 and 1983-84, only \$6.2 million (12.8%) of the total was attributable to new construction or property improvements, with the remaining \$42.1 million due solely to inflation.<sup>67</sup>

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<sup>66</sup>Virginia Department of Taxation, Estimated True (Full) Value of Locally Taxed Property in the Several Counties and Cities of Virginia - 1970, June 1971; and Virginia Department of Taxation, Virginia Assessment/Sales Ratio Study, 1982, March 1984.

<sup>67</sup>Franklin - Southampton Agreement, Vol. I, p. 221.

As suggested above, however, the City continues to show vigorous commercial growth. In this regard State compilations reveal that between 1980 and 1984 the total value of taxable retail sales in Franklin increased by 63.6%, a considerably greater rate of growth than that experienced during the same period by Isle of Wight County (21.9%) or by Southampton County (7.6%).<sup>68</sup> As of the latter date, per capita taxable sales in Franklin (\$7,648) far surpassed that in Isle of Wight County (\$3,183) and in Southampton County (\$1,116).

With respect to the City's current fiscal condition and the comparative local fiscal burden borne by its residents, the data disclose that the City's expenditures in FY1983-84 for general governmental operations totaled \$1,240.32 per capita, a figure more than double that in Isle of Wight County (\$602.47) and in Southampton County (\$550.92).<sup>69</sup> This conspicuously greater expenditure burden borne by Franklin residents was necessitated not only by normal municipal needs, but also by a notable concentration of high-cost population.<sup>70</sup> The City's expenditure requirements constitutes a fiscal burden borne by Franklin's residents substantially in excess of that experienced by residents of the adjoining counties.

In terms of comparative fiscal burden, the Commission notes that during FY1983-84 locally raised revenue in the City of Franklin reflected collections of \$434.91 per capita, while the comparable statistics in Isle of Wight and Southampton Counties were \$331.11 and

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<sup>68</sup>Virginia Department of Taxation, Taxable Sales, Quarterly Reports, 1970; and Virginia Department of Taxation, Taxable Sales, Annual Report, 1984.

<sup>69</sup>General government expenditures do not reflect inter-fund transfers or the costs of enterprise activities, except reimbursements for services performed by the general government in behalf of such activities. Various measures of expenditure effort by the City of Franklin and Isle of Wight and Southampton Counties are set forth in Appendix F.

<sup>70</sup>See Franklin - Southampton Agreement, Vol. I, pp. 208-12. The City's 574 units of subsidized housing, while meeting a vital community need, has doubtless contributed to an increase in that component

\$219.04 respectively.<sup>71</sup> Further, if FY1983-84 local revenue collections for the three jurisdictions are calculated as a percentage of the respective locality's (1) true real estate and public service corporation property values, (2) total personal income, or (3) the composite measure of local fiscal ability (as used in the State's basic school aid formula), the results in each instance indicate that the City bears a fiscal burden significantly in excess of that of the two adjoining Counties.<sup>72</sup>

It should be noted here that the findings of a recent Joint Legislative Audit and Review Commission (JLARC) study of local fiscal stress also support the conclusion that the City of Franklin has a current need to increase its tax resources. That study concluded that the City of Franklin was one of the Commonwealth's most fiscally stressed localities.<sup>73</sup> It is significant to note that the same study determined that Isle of Wight and Southampton Counties had a level of fiscal stress below the average for the Commonwealth's 136 counties and cities. The Commission has no difficulty concluding that the City of Franklin has a present need to increase its tax resources.

#### Fiscal Impact of the Proposed Agreement with Isle of Wight County

The proposed City of Franklin - Isle of Wight agreement has three principal provisions which will, if the agreement is implemented, have an impact on the City's future fiscal viability. First, the agreement

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of Franklin's population requiring a broad array of social services. We note that in 1982 more than 22% of the City's population qualified for the receipt of food stamps. (Ibid., p. 210.)

<sup>71</sup>These calculations exclude all federal and State assistance, non-revenue receipts, and inter-fund transfers (e. g., transfers from utility accounts).

<sup>72</sup>See Appendix F for tables of various measures of fiscal strain borne by the City of Franklin and Isle of Wight and Southampton Counties.

<sup>73</sup>Joint Legislative Audit and Review Commission, State Mandates on Local Governments and Local Financial Resources, 1984,

calls for the City to relinquish in perpetuity its authority to initiate annexation actions with respect to a specified area of the County, but with that area configured in a manner so as to establish, in all probability, an effective bar to Franklin's future annexation of any property east of the Blackwater River. Second, the agreement establishes a revenue sharing arrangement, subsuming two components, through which the County will annually transfer to the municipality certain of its receipts from the proposed immunity area. As an adjunct to this provision, the City will be required to furnish within the proposed immunity area, at no expense to the County, several services which Franklin presently renders in that area on a compensatory basis. Third, the agreement provides for the establishment of a joint economic development commission for the purpose of stimulating commercial and industrial growth within both jurisdictions, with provisions also calling for an equal sharing of the fiscal benefits derived from new firms locating within the proposed immunity area during the existence of the commission. Clearly, these provisions in the proposed agreement have major fiscal consequences for the City of Franklin.

As indicated above, the interlocal agreement requires Franklin to renounce, in perpetuity, its right to pursue the annexation of any part of the proposed immunity area. The City has pledged, specifically, to refrain from initiating any annexation action involving property within this area and, indeed, to oppose any annexation petitions which may be filed by other parties. The accord provides, moreover, that if some portion of the proposed immunity zone should be annexed to the City as the result of a court order, the County may exercise

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Appendix G. This analysis established several numerical scales of fiscal stress, with higher values signifying, in each instance, a greater degree of stress. On the scale which gave equal weight to all factors (Method 2), Franklin received a rating of 30.50, while the ratings for Isle of Wight (21.00) and Southampton County (22.25) were under the average for all the Commonwealth's counties and cities (22.87).

the option of withdrawing from the various aspects of the agreement which pertain to revenue sharing and economic development.

Although the proposed immunity area accounts for only 1.8% of the County's territory and 3.2% of its total population, it contained, as of 1984, 33.2% of the assessed property values associated with the entire jurisdiction.<sup>74</sup> The proposed immunity area, then, contributes disproportionately to the fiscal well-being of the County. This small geographic sector, however prominent it may be within Isle of Wight County, does not exist independently of its municipal neighbor. Franklin is, without question, highly important to that area as a center of trade, a source of industrial labor, and a provider of urban services. Accordingly, whatever bonds may exist between the proposed immunity area and the County at large, a palpable community of interest links the area with the adjoining City. In sum, while constituting a significant resource to the County, the proposed immunity area has been supported in its development by the services and resources of the City of Franklin.

The second major component of the proposed agreement calls for the incremental implementation of a plan for the sharing of local tax revenue generated by the existing development in the immunity area. Under the terms of this plan Isle of Wight County will transfer, annually and in perpetuity, to the City, a percentage of the local tax revenues collected within the proposed immunity area from all individuals and other entities. Over the six-month period following the implementation of the agreement, the City's entitlement will represent 2.5% of total local tax collections from the proposed immunity area, with the municipal share of such revenues generated during the next 12 months increasing to 5%.<sup>75</sup> The City's proportion is scheduled to

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<sup>74</sup>Franklin - Isle of Wight Agreement, Vol. I, pp. 43-44. If the proposed immunity area were annexed by the City, such action would increase the City's population by 10.1%, its area by 167.2%, and, as of 1984, its property assessables by 177.6%.

<sup>75</sup>The local taxes to be shared under the proposed agreement

rise to 10% of gross collections over the course of the succeeding year and to 15% of such collections the following year and thereafter. The foregoing entitlement schedule will apply to all local taxes, current and prospective, except that the agreement establishes major constraints on the County's sharing of any future consumer utility tax. Although the consumer utility tax is not currently imposed by the County, the interjurisdictional agreement specifies that, if Isle of Wight County subsequently establishes such a tax, Franklin would receive only 15% of the receipts generated by tax rates in excess of 20%. Since local levies on utility consumption are presently limited to 20% by State law, the City can only expect to derive income from this source if the current ceiling is raised through an act of the General Assembly and the County levies such a tax.<sup>76</sup>

As noted earlier, under the terms of the proposed agreement, Franklin will be required to continue, (with the qualification noted below) without cost to the County, the performance of certain functions which it presently undertakes within the immunity area. The agreement specifies that the municipality shall extend fire protection and rescue squad services to the revenue sharing region in a manner which matches the City government's level of service within its own boundaries, but which will never be less than the level of service Franklin currently provides in that area. Further, under the terms of the agreement Franklin will be required to continue its sewer pump station and fire hydrant standby services in the proposed immunity area.

Although the accord permits either party, following proper notifica-

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are defined to include levies identified by the State Auditor of Public Accounts as "general property taxes" and "other local taxes" under the definitions set forth in the Uniform System of Comparative Cost Reporting. As noted below, the proposed agreement establishes a major restriction of the City's ability to share in any future consumer utility tax receipts. (See Secs. 2.1, 2.2, and 2.3.)

<sup>76</sup>See Secs. 58.1-3812 and 58.1-3814, Code of Va.



tion, to terminate the City's delivery of fire and rescue services, both jurisdictions have indicated that those functional activities will constitute, for an indefinite period, municipal obligations in the immunity area. If, however, either party elects to terminate the City's provision of fire and rescue squad services in the immunity area, but such termination will reduce Franklin's annual receipts under the revenue sharing plan by 3%. While the provision of these various services in the proposed immunity area constitutes a fiscal liability for the City, projections of the future costs of such services have not been made.<sup>77</sup> The City has indicated, however, that the continued provision of these services within the proposed immunity area will not result in any significant additional costs to Franklin in the immediate future.<sup>78</sup>

In terms of the fiscal ramifications of the above-mentioned components of the proposed revenue plan, City officials have estimated that the plan will yield Franklin, during the five-year period after the implementation of the agreement, a progressively increasing sum from \$55,023 in FY1986-87 to \$431,135 in FY1990-91.<sup>79</sup> While recognizing the inherent difficulties of all projections, the Commission has endeavored to look critically at prospective yields of the proposed revenue sharing plan and at projections of the City's fiscal future. We are obliged to express some concern.

In terms of projections of Franklin's future general fiscal condition, we note that with respect to each revenue and expenditure category in the City's budget (with the exception of debt service),

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<sup>77</sup>County payments to the City for the provision of fire and rescue, hydrant and sewerage pump maintenance service totaled \$10,250 in FY1983-84. (Bass, letter to staff of Commission on Local Government, May 16, 1985.)

<sup>78</sup>Ibid.

<sup>79</sup>Franklin - Isle of Wight Agreement, Vol. I, p. 65; and Bass, letter to staff of Commission on Local Government, May 16, 1985.

Franklin projects an annual increase in each category for the period between FY1985-86 and FY1990-91 by the application of a constant growth factor.<sup>80</sup> To some extent, the growth factors utilized (e. g., those associated with local tax revenues and receipts from the State's sales tax) have been based upon the average rate of change in the relevant category during the period between FY1979-80 and FY1983-84. However, many of the other growth factors developed by Franklin for use in its projections (e. g., those applying to intergovernmental school aid and locally funded educational expenditures) rest solely upon the "best judgment" of municipal officials concerning future prospects. Again, while fully recognizing the hazards of all projections and acknowledging the inescapable role of subjective judgment in all such undertakings, we are compelled to note that an analysis of Franklin's recent fiscal past suggests extreme caution in any projection of constant and positive growth. Our calculations indicate that from FY1979-80 through FY1983-84 Franklin's receipts and expenditures fluctuated in magnitude and, from time to time, in direction.<sup>81</sup> Some variations, indeed, were quite pronounced. In brief, the empirical evidence provides a cautionary note regarding the hazards of assuming that Franklin's future revenues and expenditures can be projected simply through the utilization of growth-rate constants.<sup>82</sup> Thus, the Commission recognizes, as does the City, that Franklin's future revenue needs, as well as its prospective receipts

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<sup>80</sup>Franklin - Isle of Wight Agreement, Vol. I, pp. 62-65; and Bass, letter to staff of Commission on Local Government, May 16, 1985. Although the text of the City's submissions to the Commission indicates an intent to apply (with the exception of debt service category) constant growth factors, its statistical tables reflect some variation from that methodology.

<sup>81</sup>Appendix G sets forth the Commission's calculations of the annual percentage change in the City of Franklin's receipts and expenditures between FY1979-80 and FY1983-84.

<sup>82</sup>The City's projections of revenues include the continuing receipt of federal general revenue sharing funds. (See Franklin - Isle of Wight Agreement, Vol. I, p. 65.) The future receipt of these

under the proposed revenue sharing plan, are marked with uncertainty.

The third major component of the proposed agreement between Franklin and Isle of Wight County calls for the joint establishment of a commission to foster economic growth in the two localities. This commission, which will be jointly funded and comprised of six members (three from each jurisdiction), will be charged with the stimulation of economic development in "appropriate areas" of the City and County. While this collegial body may ultimately serve as a significant instrument for the enhancement of the revenue base of Franklin and Isle of Wight County, at this point, however, the commission is only a concept awaiting implementation. The fiscal benefits to the City and the County remain distant and speculative. Further, under the terms of the agreement the commission will have an assured existence of only five years, at the end of which its continuance will depend upon the mutual consent of the City and the County.

With respect to the potential benefits to Franklin of this proposed joint economic development commission, the agreement establishes a revenue sharing plan distinct from that previously described and generally applicable within the proposed immunity area. By its explicit terms, the agreement calls for the two jurisdictions to share equally, and in perpetuity, (1) all "local tax revenue" (defined in the same manner as in the general revenue sharing component of the agreement) generated by any new industrial or commercial entity establishing a facility within the proposed immunity area "during the existence of the commission" and (2) the "net revenue" derived from the sale of utility services to any such entity established within that area "after the effective date" of the agreement.<sup>83</sup> Thus, while the joint commission will endeavor to promote industrial and commercial development in appropriate areas throughout both jurisdic-

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funds is in doubt, as the City subsequently acknowledged.

<sup>83</sup>The Commission notes that the tax sharing provision, unlike the utility revenue sharing element, is not restricted to a sharing of "net" receipts. Further, the Commission notes that, while the

tions, only development within the proposed immunity area will be subject to this equal sharing arrangement. It should be emphasized that the sharing plan will not apply to an "old" firm which extends its operations within the proposed immunity area or to a "new" business which establishes itself in the immunity zone following the termination of the economic development commission. Finally, in the event that any business or industry subject to this revenue sharing arrangement requires capital expenditures for "for any governmental facilities or utilities necessary for [its] establishment," the costs of such capital improvements will be borne equally by the City and the County. Thus; the proposed joint economic development activity encompasses an equal sharing of revenue from the specified new commercial and industrial entities and all capital expenditures needed "for the establishment" of such. Again, while this equal sharing plan in the proposed agreement may be of significant fiscal benefit to the City at some point in the future, at this time the fiscal consequences of the joint endeavor are far from certain. With respect to this point, the City has acknowledged that "it is impossible . . . to estimate what new businesses, if any, will locate in [the proposed immunity] area."<sup>84</sup>

Finally, with respect to the overall impact of the proposed Franklin

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agreement does not explicitly limit the utility revenue sharing component to the revenues generated from firms locating within the proposed immunity area during the life of the joint economic development commission (as is the case with respect to the tax sharing component), Special Counsel for the City has asserted that City and County administrative officials have agreed that the equal sharing of net utility revenues is intended to apply only to industrial or commercial firms locating in the proposed immunity area "during the life of the Commission." [See commentary by Carter Glass, IV, Special Counsel, City of Franklin, Commission on Local Government Hearing - City of Franklin/Southampton County/Isle of Wight County: Transcript of Testimony (hereinafter cited as Transcript), pp. 30-31.]

<sup>84</sup>Franklin - Isle of Wight Agreement, Vol. I, p. 57.

- Isle of Wight County agreement on the City's prospective fiscal condition, we observe that the municipality's own calculations indicate that even with the inclusion of its anticipated receipts under the general revenue sharing plan, Franklin will confront continuous revenue shortfalls during the period immediately ahead. These shortfalls are projected to range from a maximum \$334,574 in FY1987-88 to a minimum of \$80,651 in FY1990-91.<sup>85</sup> It must be emphasized, however, that these projected shortfalls do not include any prospective revenues from the activities of the joint economic development commission, nor do they reflect the fiscal ramifications of the City's proposed annexation of the Phase I Area in Southampton County. These omissions, coupled with inherent uncertainty of all projections, give this Commission considerable concern regarding Franklin's fiscal future.

#### Fiscal Impact of the Proposed Agreement with Southampton County

As noted earlier, the proposed agreement between the City of Franklin and Southampton County calls for the City to annex immediately certain territory in the County, identified as the Phase I Area, embracing 3.93 square miles and containing approximately 590 persons (based on a 1982 population estimate) and \$21.0 million in 1984 assessed property values. The agreement also authorizes the City to annex, ten years after the effective date of the first annexation, certain territory in the County, identified as the Phase II Area, encompassing 0.73 square miles and now containing (based on a 1982 estimate) 464 persons and \$10.2 million in 1984 assessed property values. While the Phase II annexation constitutes, from Franklin's perspective, an important component of the proposed agreement, it is only the Phase I Area annexation which will, under the current terms of the proposed agreement, immediately affect the City fiscal con-

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<sup>85</sup>Ibid., p. 65; and Bass, letter to staff of Commission on Local Government, May 16, 1985.

dition.

With respect to such immediate fiscal impact, City officials have advised that Franklin anticipates that the Phase I Area will generate \$402,751 in additional revenue for the City during the first fiscal year following the annexation (assumed to be FY1986-87).<sup>86</sup> These gross revenue receipts would be offset by, according to City calculations, approximately \$209,000 in expenditures to serve the area and by approximately \$184,000 in settlement costs and revenue payments to the County.<sup>87</sup> Thus, these calculations indicate that the annexation of the Phase I Area will result in net revenues to the City of approximately \$10,000 during the first fiscal year following its incorporation into the City. Since the predominant share of the City's settlement costs represents a loss of net tax revenue payment (ranging from the initial payment of \$170,618 to a final payment of \$199,600) which expires after five years, it may reasonably be anticipated that Franklin will experience greater net revenue from the Phase I Area following the termination of such payment.<sup>88</sup> With the exception of the effect of the termination of this payment to the County, this Commission does not foresee, however, any extraordinary growth in the City's net receipts from the annexation of the Phase I Area in the immediate future.

Moreover, with respect to the fiscal consequences of the proposed annexation of the Phase I Area, the Commission notes that the agreement between the two jurisdictions calls for Franklin to share with Southampton County in perpetuity one-half of all the net local tax revenue and one-half of the net utility revenue which is collected by the

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<sup>86</sup>Bass, letter to staff of Commission on Local Government, May 16, 1985.

<sup>87</sup>Ibid.

<sup>88</sup>See Franklin - Southampton Agreement, Vol. I., p. 238.

City within that portion of the annexation area identified as the Industrial Corridor. As noted earlier in this report, this corridor, comprising approximately 281 acres, extends westward from the City's current boundary along State Route 671 to that road's intersection with the U. S. Highway 58 Bypass.<sup>89</sup> By virtue of this provision in the interlocal agreement, the City will share equally with the County all net revenues derived within the area from all City taxes on assets, transactions, and privileges and from the City's charges for the sale of water, sewer, and electric services. In the determination of the revenues to be shared, the City is permitted to subtract from its gross receipts all municipal expenditures (operating and capital) associated with the provision of governmental or utility services in the corridor. The City has estimated that if this proposed revenue sharing agreement had been in effect during FY1984-85, the area would have generated approximately \$13,782 in net local tax and net utility revenues, thereby providing the County with receipts of \$6,891.<sup>90</sup> While the data do not indicate that this revenue sharing agreement is currently of major consequence, the Industrial Corridor, it appears to us, contains the most attractive and significant sites for industrial development in the Phase I Area and can be expected to generate the predominant share of the Phase I Area's future industrial and commercial growth. Thus, the City is, in our judgment, committing itself to share in perpetuity revenues from the area's prime development sector.<sup>91</sup>

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<sup>89</sup>The Industrial Corridor contains the joint City-County industrial park.

<sup>90</sup>Franklin - Southampton Agreement, Vol. I, p. 242.

<sup>91</sup>Research has suggested that residential properties, in the main, do not generate significant net tax revenues. It is generally business and industrial activity which subsidizes residential development.

## INTERESTS OF SOUTHAMPTON COUNTY

### IMPACT OF THE PROPOSED AGREEMENT ON SOUTHAMPTON COUNTY GENERALLY

Under the terms of the proposed agreement with Southampton County, the City of Franklin would be authorized to annex in two increments specified territory in the County. The initial annexation (Phase I Area) would result initially in the transfer to the City of 0.7% of the County's land area, 3.1% of its population (based on a 1982 estimate), 1.7% of its 1984-85 public school ADM, and 3.8% of its total 1984 assessed property values.<sup>92</sup> Although the incorporation of the Phase II Area into the City will not occur until ten years following the effective date of the annexation of the Phase I Area, some measure of the impact of the Phase II annexation on the County is indicated by current data which show that the area (0.73 square miles) contains 2.4% of Southampton County's population (based on a 1982 estimate), 1.3% of its 1984-85 public school ADM, 0.1%, and 1.8% of its total 1984 assessed property values.<sup>93</sup>

In terms of the impact of the proposed annexations on Southampton County, there are three additional factors which should be noted. First, neither annexation authorized under the terms of the proposed agreement will bring within the City's boundaries any facilities owned or operated by Southampton County. Second, neither area currently contains any industry.<sup>94</sup> Finally, only one of the seven sites (containing 37 acres) currently listed by the County with the State's Division of Economic Development is located within the areas proposed

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<sup>92</sup>The annexation of the Phase I Area would, under the terms of the agreement, be effective at midnight, December 31 of the year in which the reviewing court affirms the proposed settlement.

<sup>93</sup>Franklin - Southampton Agreement, Vol. I., pp. 50-52, 226-27. The Phase I Area contains 4.3% of the County's 1983 school age population while the Phase II Area contains 2.8% of that age group.

<sup>94</sup>Approximately 40 commercial employment positions are presently located in the two areas. (Virginia Employment Commission,



for annexation. Thus, the County would retain six of those listed industrial sites, in size from 15 acres to 3,140 acres.<sup>95</sup> Some of those six sites are served municipal water and have good access to transportation facilities.<sup>96</sup>

Although the proposed annexations will result ultimately in the City's incorporation of 4.7 square miles of County territory containing, as of 1984, a total of \$31.3 million in assessed property values subject to local taxation (5.6% of the County's total for that year), there are provisions of the agreement which will help mitigate the adverse financial impact of the annexations on the County. With respect to the annexation of the Phase I Area, the City has agreed to pay the County \$924,125 during the five-year period following the annexation of that area as compensation for its prospective loss of net tax revenue (LNTR).<sup>97</sup> Further, the agreement commits the City to the assumption of 3.798% of the County's outstanding general obligation debt, a percentage based on the proportion of the County's total property assessables in the Phase 1 Area.<sup>98</sup>

In addition, the proposed settlement calls for Franklin to share with Southampton County one-half of the net local tax revenues and one-

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Special Area by Industry for Quarter 1-84 -- Southampton County.)

<sup>95</sup>This prospective industrial site is the joint City - County industrial park located in the Industrial Corridor. The County's other six listed sites contain a total of approximately 6,263 acres. (Virginia Division of Economic Development, "Industrial Site Listings for Southampton County.")

<sup>96</sup>The City - County industrial park, which is located in the Phase I Area, is currently considered to have the greatest potential for development.

<sup>97</sup>Franklin - Southampton Agreement, Vol. I, pp. 238-39. The City will also pay the County for its prospective LNTR resulting from the annexation of the Phase II Area. The amount of this payment will not be determined until a later date. (See Sec. 3.5 of proposed agreement.)

<sup>98</sup>Franklin-Southampton Agreement, Vol. I., p. 240. The calculation of the percentage of the County's long-term general obligation debt to be assumed by the City for the Phase II annexation area will be determined

half of the net utility revenues collected by the City from the area designated as the Industrial Corridor.<sup>99</sup> This corridor contains the joint City of Franklin-Southampton County industrial park, has excellent access to transportation facilities, and is served, in part, by municipal utilities.<sup>100</sup> Since the agreement provides for the sharing of revenues from the Industrial Corridor in perpetuity, any future growth in that area will redound to the benefit of both the City and Southampton County. In our view, the Industrial Corridor may well be the only sector in either of the proposed annexation areas to be a significant generator of net local tax revenue. Finally, the proposed intergovernmental agreement contains provisions by which the City agrees not to initiate further annexation proceedings, other than those required to obtain approval for the incorporation of the Phase II Area, for a period of 25 years following the effective date of Phase I annexation.<sup>101</sup> The above-mentioned provisions in the proposed agreement clearly mitigate the effect of the annexations on Southampton County and can be cited as beneficial to the interest of the remaining residents of the County.

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prior to that annexation. (Sec. 3.5.)

<sup>99</sup>Ibid., pp. 241-42. Local tax revenues are defined in the agreement as those "money the City collects from local taxes it levies upon assets, transactions, and privileges within its taxing jurisdiction" (e. g., property taxes, local option sales and use taxes, business license taxes, etc.). The shared revenues would not include receipts from federal or State sources. Net local tax revenues are determined by subtracting from the total local tax revenues derived from the Industrial Corridor "a sum equal to the City's operational and capital improvement expenses, from local funds, allocable to those governmental services provided by the City within the Industrial Corridor." Net utility revenues are calculated in much the same way. (Secs. 4.1-4.6.)

<sup>100</sup>The City presently provides water, sewer, and electrical service to portions of the Industrial Corridor.

<sup>101</sup>Sec. 2.1.

IMPACT OF THE PROPOSED AGREEMENT ON THE AREAS PROPOSED FOR ANNEXATIONNeed for Urban Services

The proposed agreement allows the City of Franklin to annex initially the 3.93 square mile Phase I Area. Based on its 1982 population estimate of 590 persons, the Phase I Area has a population density of 150 persons per square mile, or five times that in the County overall (32 persons per square mile). While more than 88% of the proposed Phase I annexation area is currently vacant or in agricultural use, the area does contain the joint City-County industrial park, a number of residential subdivisions, and City-owned water and sewerage lines serving such development.

The Phase II annexation area, which is proposed for incorporation into the City of Franklin ten years after the annexation of the Phase I Area, contains 0.73 square miles and, according to a 1982 estimate, a population of 464 persons. Based on these statistics, that area has a population density of 636 persons per square mile, a density considerably greater than that of the Phase I Area. While the Phase II Area encompasses a significant amount of vacant land (72% of the total territory), it also includes significant residential concentrations in the Hunterdale community, as well as City water lines serving that area.

With respect to the development potential of the areas proposed for annexation, the Commission notes that the officially adopted Southampton County Comprehensive Plan identifies the proposed annexation areas as being suitable for intensive residential and industrial development (largely concentrated in the Industrial Corridor) and encourages such through the application of County regulations and policies. Thus, the evidence indicates that both areas sought for annexation by the City will experience future development and will increasingly need additional urban services.

Water Supply and Distribution. The City of Franklin, in addition to providing water service to its residents, serves directly most of both the areas proposed for annexation. At the present time

Franklin's water system has approximately 3,000 connections within the City and 380 connections in the Phase I and Phase II annexation areas.<sup>102</sup> The closest Southampton County water system is located north of the Phase I Area and serves only a small residential subdivision.<sup>103</sup>

The City has as water sources three wells which have an estimated safe yield of 3.8 million gallons per day (MGD).<sup>104</sup> Under a permit from the Virginia Department of Health, the City is authorized to distribute 1.8 MGD from those sources.<sup>105</sup> Since the present distribution system consumes approximately 1.5 MGD, the system currently

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<sup>102</sup>Franklin - Southampton Agreement, Vol. I, p. 81. The Phase I Area contains 190 connections, primarily in the Hunterdale community in the northern portion of that area. The City also serves the joint Franklin - Southampton County industrial park located in the Industrial Corridor of Phase I. The Phase II Area contains approximately 190 connections in the Hunterdale community. (Bass, letter to staff of Commission on Local Government, April 22, 1985; and Bass communication with staff of Commission on Local Government, June 4, 1985.) The City also provides water to approximately 40 connections located beyond the boundaries of the areas proposed for annexation in Southampton County and sells potable water to the Isle of Wight Public Service Authority.

<sup>103</sup>Testimony of Wayne G. Reed, City Manager, City of Franklin, Transcript, p. 65. This water system was installed by a developer to serve the Edgehill Subdivision and was later purchased by Southampton County. (Roland L. Taylor, Planner, County of Southampton, communication with staff of Commission on Local Government, June 5, 1985.)

<sup>104</sup>Franklin - Southampton Agreement, Vol. I, p. 77.

<sup>105</sup>Ibid., p. 77. The process of evaluating municipal water systems for certification by the State Health Department includes consideration of the capacity of that system's water source, treatment facility, distribution lines, and storage apparatus. A permit is then issued reflecting the capacity of the entire system. In the case of Franklin, the aggregate volume of the City's storage tanks is the factor which limits the amount of water Franklin can distribute to 1.8 MGD. (G. W. Higgins, Regional Director, Virginia Beach Regional Office, Division of Water Programs, Virginia Department of Health, communication with staff of Commission on Local Government, April 23, 1985.)

retains an unused reserve of approximately 0.3 MGD.<sup>106</sup> In terms of storage capacity, the City has three storage tanks which collectively hold 0.89 million gallons.<sup>107</sup>

With respect to the impact of the proposed annexation on water service to the annexed areas, the Commission notes that Franklin plans to construct a water line to extend service in the Industrial Corridor within five years following the effective date of the annexation of the Phase I Area.<sup>108</sup> Further, the proposed annexation will substantially reduce the cost of City water to all users in the areas annexed. Since the cost of connection fees and user charges to connections outside the current City boundaries are double that for similar connections in Franklin, the annexation will have the effect of reducing such by 50% in the areas annexed.<sup>109</sup>

In sum, the Phase I and Phase II annexation areas are already heavily dependent upon the City of Franklin for their water supply, and, in our judgment, the City's water system has the capability to meet future needs in those areas. The areas proposed for annexation will benefit from both the extension of City water services and a reduction in their cost.

Sewage Treatment. The City's sewage treatment plant, which was constructed in 1950, has a rated capacity of 1.0 MGD. The plant currently treats an average daily flow of 1.5 MGD which is comprised, in significant part, of the infiltration of groundwater and the inflow of stormwater.<sup>110</sup> In August 1984 the City began construction of a

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<sup>106</sup>Franklin - Southampton Agreement, Vol. I, p. 77.

<sup>107</sup>Ibid., p. 79.

<sup>108</sup>Ibid., p. 232. The City estimates the cost to extend the line into the Industrial Corridor to be approximately \$20,000.

<sup>109</sup>Ibid., pp. 80, 83.

<sup>110</sup>Ibid., pp. 69-70. The City's facility has been designated a regional treatment plant with responsibility to receive and treat sewage from the City and its environs. Between 1979 and 1984 the City

1.0 MGD addition to its treatment plant. With the completion of that addition, Franklin will have sufficient excess capacity to serve the current and prospective needs of the areas proposed for annexation.<sup>111</sup>

Currently the City's 30 miles of sewer lines and five pump stations serve approximately 2,900 connections within Franklin's borders and 95 connections in the Phase I annexation area.<sup>112</sup> The remainder of the Phase I Area's population and the residents of the Phase II Area are served by individual septic tanks. It should be noted that the City of Franklin is the only source of central sewage treatment available to serve the areas of Southampton County to be annexed under the terms of the proposed agreement. The closest County sewage treatment facility is

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of Franklin expended \$135,000 to eliminate infiltration and inflow from City lines. Removal of excess water from the City's lines will have the effect of increasing the treatment capacity of the Franklin plant.

<sup>111</sup>Ibid., pp. 71-73. The U. S. Environmental Protection Agency will provide 75% of the \$2.9 million cost of the expansion of the wastewater treatment facility with the balance coming from local funds. An existing agreement between the City and Southampton and Isle of Wight Counties calls for each jurisdiction to provide one-third of the local cost and to receive one-third of the capacity of the 1.0 MGD plant expansion. Since a substantial portion of the area in Southampton County anticipated to be served by the expanded plant will be annexed by the City under the terms of the proposed agreement, Southampton County will not participate in the cost of this plant expansion. The County can, however, purchase a share of the plant's capacity within the next 25 years. The City's share of the local cost of the plant expansion is estimated to be \$369,000. The expanded plant is expected to be in operation in June 1986.

<sup>112</sup>Ibid., p. 66. The City provides sewerage service to all but 53 residences within its borders. Studies by the City have indicated that it would not be cost effective to serve areas where these dwellings are located. The residents not having City sewerage use individual septic tanks which are maintained at City expense. (Ibid., pp. 68-69.) The City also receives and treats sewage from the area proposed for immunity under contract with the Isle of Wight Public Service Authority. The Authority serves 188 connections in that area. The City maintains the Authority's pump stations in the area and provides billing services for Authority customers. (Franklin - Isle of Wight Agreement, Vol. I, pp. 70, 76-77.)

located seven miles west of Franklin's corporate limits.<sup>113</sup>

In terms of the impact of annexation on sewerage service in the Phase I and Phase II areas, two points should be noted. First, the City proposes to extend sewer lines to the Hunterdale section of the Phase I annexation area and to the Industrial Corridor within five years after the effective date of the initial annexation.<sup>114</sup> Second, since the City places a 50% surcharge on sewerage connection fees and user charges for nonresidents, annexation will substantially reduce the cost of sewerage service to all residents and businesses annexed.<sup>115</sup> With respect to current sewage conditions in the Phase II annexation area, the evidence discloses a present need for the extension of City sewerage facilities to portions of that area.<sup>116</sup> Franklin does not propose, however, to address such sewage concerns until the Phase II annexation area is incorporated into the City a decade after the effective date of the Phase I annexation.

In the Commission's judgment, the City of Franklin can assume full responsibility for sewerage service in the areas proposed for annexation upon completion of the expansion of its treatment facilities. The plant's expansion, coupled with the City's efforts to reduce its inflow and infiltration problems, should enable Franklin to respond effectively to the needs of the annexed areas. Thus, the proposed annexations will

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<sup>113</sup>The County owns and operates a sewage lagoon which is designed to serve the Edgehill Subdivision located north of the Phase I Area. In addition, the County owns the Courtland and Environs sewage treatment plant, which is located approximately five miles west of Franklin. (Taylor, communication with staff of Commission on Local Government, June 6, 1985.)

<sup>114</sup>Franklin - Southampton Agreement, Vol. I, pp. 231-32. The City estimates the cost of extending sewer lines to the Hunterdale section to be approximately \$350,000, while the cost of the Industrial Corridor project will be \$40,000.

<sup>115</sup>Ibid., p. 74.

<sup>116</sup>Vacant lots in the Joyners Acres Subdivisions, located in the Hunterdale area, cannot pass the State-prescribed tests for the issuance of septic tank permits. Further, the subdivision has experienced

benefit the areas brought within the City's corporate limits in terms of the prospective extension of sewerage facilities and reduced service costs.

Solid Waste Collection and Disposal. Southampton County does not provide any public solid waste collection service to individual residences. County residents, including those in the areas proposed for annexation, can dispose of their household wastes at the County landfill at no charge.<sup>117</sup> In addition, the County offers a bulk container service, with "green boxes" being located throughout its territory for solid waste disposal purposes. None of these "green boxes," however, are located in the Phase I or Phase II annexation areas.<sup>118</sup> Some County residents can also contract directly with private firms or individuals for collection services, with the cost of such service determined by the frequency of collection.<sup>119</sup>

The City of Franklin, in addition to providing solid waste collection services to its residents, also currently serves two subdivisions located in the Phase I annexation area.<sup>120</sup> Household garbage and

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a higher than average number of septic tank problems. (Thomas B. Cleaton, Sanitarian, Southampton County Health Department, communication with staff of Commission on Local Government, June 6, 1985.)

<sup>117</sup>Sarah H. Finley, Special Counsel, City of Franklin, letter to staff of Commission on Local Government, March 4, 1985; and Taylor, communication with staff of Commission on Local Government, June 4, 1985. The County's two landfills, which are located near the Towns of Courtland and Ivor, are due to be replaced by three transfer stations.

<sup>118</sup>Joseph E. Johnson, County Administrator, County of Southampton, letter to staff of Commission on Local Government, March 28, 1985.

<sup>119</sup>The Commission notes that due to financial problems, the private collector which served the Hunterdale community has temporarily stopped the collection of residential solid waste in that area. (Taylor, communication with staff of Commission on Local Government, April 29, 1985.)

<sup>120</sup>Franklin - Southampton Agreement, Vol. I, p. 84. Approximately 30 residences in the Phase I Area receive City solid waste collection services. The City provides this twice-weekly



trash is collected by City personnel at curbside twice per week. This service is provided to City residents by general fund expenditures and, thus, does not result in a separate service charge. The City also provides weekly collections of refuse and large items, as well as an annual collection of leaves. In addition, Franklin provides daily solid waste collection service in the central business district, in shopping centers, and to other business firms which produce high volumes of refuse. All these solid waste collection services are supported by general fund revenues without any separate user charges being levied.<sup>121</sup>

In terms of solid waste disposal, the City has contracted with the Southeastern Public Service Authority (SPSA) to use that entity's regional landfill in the City of Suffolk.<sup>122</sup> The City disposes of its wastes at a temporary transfer station located at Franklin's former landfill site on State Route 616 west of the City, with SPSA personnel transporting the collected refuse from that site to the regional landfill.<sup>123</sup> A permanent SPSA transfer station is under construction on State Route 671 two miles west of the City in Southampton County and is expected to begin operation in July 1985.<sup>124</sup>

Subsequent to the proposed annexation of the Phase I Area, the City intends to extend twice-weekly household garbage and trash collection

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collection to County residents at a charge of \$8.67 a month.

<sup>121</sup>Ibid.

<sup>122</sup>Ibid., pp. 85-86. The City and seven other Tidewater localities are members of the SPSA. The SPSA's regional landfill began operation in January 1985.

<sup>123</sup>Testimony of Reed, Transcript, p. 106; and Reed, communication with staff of Commission on Local Government, June 4, 1985. The cost to the City for solid waste disposal service by SPSA is \$13.00 per ton. The City's present landfill is in the process of being closed.

<sup>124</sup>Reed, communication with staff of Commission on Local Government, June 4, 1985.

service and weekly large-item collection service to that area at no charge.<sup>125</sup> This type of regular collection service facilitates the proper and timely disposal of refuse and contributes to the sanitary quality of an area. Portions of the areas proposed for annexation are densely populated and will benefit from receipt of the City's solid waste collection services.

Crime Prevention and Detection. The Southampton County Sheriff's Department provides law enforcement services to the areas proposed for annexation and to the County generally. The personnel complement of the Sheriff's Department consists of 24 sworn officers, 13 of whom are assigned regular patrol responsibilities.<sup>126</sup> This level of staffing provides the County with one sworn patrol deputy for each 1,431 County residents, based on 1982 population estimates.<sup>127</sup>

One measure of the level of a community's law enforcement services is the geographic intensity of its patrol activity. Southampton County is divided into nine patrol districts, with one district encompassing the Phase I and Phase II annexation areas. The Sheriff's Department currently assigns four or five deputies to a patrol shift, with each deputy being assigned responsibility for patrolling a varying number of patrol districts depending on the day of the week and the past incidence of crime.<sup>128</sup> Thus, the Sheriff's Department varies the intensity of

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<sup>125</sup>Franklin - Southampton Agreement, Vol. I. p. 233. The City plans to hire three additional personnel and to purchase an additional trash truck to extend these services to the annexed areas. (Ibid.)

<sup>126</sup>Vernie W. Francis, Jr., Sheriff, County of Southampton, communication with staff of Commission on Local Government, June 5, 1985. The Sheriff's Department has a total staff of 32 persons.

<sup>127</sup>The County's law enforcement efforts are assisted by the Virginia State Police and by the police force in one of the County's six incorporated towns. (Virginia State Police, Crime in Virginia, 1984.)

<sup>128</sup>Francis, communication with staff of Commission on Local Government, June 5, 1985.

its patrol activity but endeavors to concentrate its resources in areas of greatest need.<sup>129</sup>

With respect to the law enforcement services in Southampton County, several additional points should be mentioned. First, any examination of the quality of crime prevention and protection services in a community should include consideration of the training of the personnel engaged in the provision of those services. The Commission notes that each new deputy joining the Southampton County Sheriff's Department is required to attend the basic training course offered the Crater Criminal Justice Academy (CCJA) in Petersburg. County law enforcement personnel also utilize CCJA for the State-mandated in-service training programs.<sup>130</sup> Second, the County Sheriff's Department has recognized a need for an organized crime prevention program and has directed its efforts toward the establishment of neighborhood watches in various areas of the County.<sup>131</sup> Finally, the County's law enforcement activities are assisted by a centralized dispatching system which operates 24 hours a day.<sup>132</sup>

The proposed annexations by the City of Franklin should extend to the areas annexed a more intense level of crime prevention and detection services than is currently being provided by the County. The City's Police Department has a total of 19 sworn law enforcement personnel, 16

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<sup>129</sup>Ibid. At the present time the Sheriff's Department operates two patrol shifts, 8:00 a. m. to 5:00 p. m. and 5:00 p. m. to 1:00 a. m., but it is in the process of phasing in a three-shift structure which will provide law enforcement coverage in the County 24 hours per day. Under the revised shift structure an average of 3 or 4 deputies will be assigned to each shift.

<sup>130</sup>Ibid. County law enforcement personnel also participate in advanced and specialized training courses and attend classes at the local community college.

<sup>131</sup>Ibid.

<sup>132</sup>Ibid. The Sheriff's Department also provides dispatching services to the volunteer fire departments and rescue squads serving the County.

of whom are patrol officers.<sup>133</sup> This number of patrol officers is sufficient to provide the City with one such officer for each 438 City resident, a level of patrol staffing more than three times that of Southampton County (one patrol deputy per 1,431 residents).

In terms of patrol activity, the data indicate that the City maintains patrols on its streets 24 hours per day, with a minimum of three patrol officers on duty at all times to cover the City's 3.81 square mile area.<sup>134</sup> The City's staffing and patrol arrangements are such that its patrol officers have been able to respond to calls for service within three minutes.<sup>135</sup>

Several other factors affecting the City's law enforcement services should be noted. First, although the City utilizes the CCJA to provide basic training to its new officers, the Franklin Police Department has six State-certified instructors who teach the State-mandated in-service training directly to its personnel.<sup>136</sup> Second, the City Police Department has also developed a crime prevention program, with various members of the Police Department conducting seminars and lectures on crime prevention topics to schools and civic organizations.<sup>137</sup> Finally, the City's Police Department operates an alarm system which is

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<sup>133</sup>Franklin - Southampton Agreement, Vol. I, pp. 100-01. The City's Police Department has a full-time staff of 25 employees.

<sup>134</sup>Ibid., pp. 103-04. The Police Department operates four shifts with three patrolmen and one sergeant assigned to each shift. The City is divided into three patrol zones with one patrol officer on duty in each zone.

<sup>135</sup>Ibid., p. 104. The City also provides a foot patrol in the central business district during business hours.

<sup>136</sup>Ibid., pp. 102-03. During 1983 City police officers collectively attended 1,163 hours of specialized training. In addition, and of considerable significance to the Commission, nine Franklin officers hold college degrees or certificates in law enforcement.

<sup>137</sup>Ibid., pp. 104-05. City police officers made 53 crime prevention presentations during 1983. The City has assigned an officer specific responsibility for developing and administering the crime pre-

utilized directly by a number of business establishments, including two in the areas proposed for annexation.<sup>138</sup>

While the Phase I Area generally is considered to be a low crime area, given the intensity of law enforcement services in the City and the proximity of the businesses and residences in the areas proposed for annexation to Franklin, the Commission believes those areas will benefit from the receipt of the City's law enforcement services.

Fire Prevention and Protection. Responsibility for fire prevention and protection services in the areas proposed for annexation is shared by the County's Hunterdale Volunteer Fire Department (VFD) and the City of Franklin. The Hunterdale VFD, which serves the northern portion of the Phase I Area west of State Route 706, part of the Industrial Corridor, and the entire Phase II Area, is staffed by 25 volunteers and operates 5 pieces of equipment.<sup>139</sup> The location of the Hunterdale VFD in the Phase II Area and the presence of City water mains and fire hydrants have resulted in portions of the areas proposed for annexation being awarded a fire protection classification of "7" by the Insurance Services Office of Virginia (ISO).<sup>140</sup> The services of the Hunterdale VFD are supported by donations from residents and businesses in the general area, as well as by annual contributions

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vention program.

<sup>138</sup>Ibid., p. 104. These alarm systems are connected to the City's central communication office which is located in the public safety building. This office also provides dispatching services for the City's fire and rescue services. (Ibid., p. 105.)

<sup>139</sup>Bass, letter to staff of Commission on Local Government, April 22, 1985; and Taylor, communication with staff of Commission on Local Government, May 15, 1985. Equipment owned by the Hunterdale VFD includes three pumpers and one water tank truck.

<sup>140</sup>Johnson, letter to staff of Commission on Local Government, March 28, 1985. The City has 18 hydrants in the Phase I Area and 5 in the Phase II Area. (Bass, letter to staff of Commission on Local Government, April 22, 1985.) The ISO fire protection classification is based on a scale of "1" to "10" for comparison with other local fire protection systems and represents an indication of a system's ability

from Southampton County.<sup>141</sup>

Portions of the Phase I annexation area are also served on a first-response basis by the Franklin Fire Department through an informal agreement with the Hunterdale VFD.<sup>142</sup> The City's Fire Department is responsible for first-response activity in those portions of the Phase I annexation area west of State Route 706, in the Industrial Corridor south of State Route 671, and in the southern portion of the proposed annexation area.<sup>143</sup> It is significant that during the 1983 calendar year, 18.2% of all fire calls answered by the

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to defend against the major fire which may be expected in any given community. Where protection class "10" is assigned, there is usually 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, D. C.: International City Management Association, 1979), p. 102.] Residential properties located more than five road-miles from a fire station are automatically assigned a protection class of "10" by the ISO.

<sup>141</sup>Franklin - Southampton Agreement, Vol. I, p. 133. During FY1983 Southampton County expended a total of \$114,036 for fire and rescue squad services.

<sup>142</sup>Ibid., p. 130. First response is defined as the initial answering of a fire alarm by fire apparatus consisting of a pumper and other appropriate support vehicles. (Joe F. Thomas, Jr., Deputy Director, Virginia Department of Fire Programs, communication with staff of Commission on Local Government, July 9, 1985.) The City's Fire Department will respond automatically to residential fires in the Hunterdale area. In the case of major fires in Franklin, the Hunterdale VFD will back up the City's Fire Department. In 1984 the Hunterdale VFD responded to 8 fire calls in the City of Franklin and to an additional 10 fire calls within the City's first run coverage area outside its present borders. (Bass, communication to staff of Commission on Local Government, July 8, 1985.) Franklin also provides fire service to that portion of Isle of Wight sought for immunity.

<sup>143</sup>Bass, letter to staff of Commission on Local Government, April 22, 1985. The City's primary coverage area in Southampton County extends as far south as the Virginia - North Carolina border. (Testimony of Reed, Transcript, p. 85.)

Franklin Fire Department came from Southampton County.<sup>144</sup>

Franklin's Fire Department is directed by a professional fire chief and has a staff of 3 full-time firefighters and 36 volunteers.<sup>145</sup> The Franklin Fire Department is housed in the City's public safety building located in the central business district, but the department also maintains an unmanned auxiliary station in the southern portion of the City.<sup>146</sup> The Franklin Fire Department has available for its fire suppression work four pumpers and an aviation crash truck equipped with a foam production unit.<sup>147</sup> To assist in its fire suppression activities the City has within its municipal boundaries a total of 230 fire hydrants. The City has advised that all residences within its present borders are within 1,000 feet of a fire hydrant, with most of those structures being located within 500 feet of such facilities.<sup>148</sup>

Franklin also has an active training program for its paid and volunteer fire service personnel. This training program is also made available to volunteer firefighters from surrounding counties, as well as to fire brigade members from industries in the in the general area.<sup>149</sup> This training program, which is supervised by City firefighters who have earned State certification as fire instructors, is conducted at the City's fire training facility located at the Franklin

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<sup>144</sup>Franklin - Southampton Agreement, Vol. I, p. 131.

<sup>145</sup>Ibid., p. 120. At least two firefighters, either full-time or volunteer, are on duty at the City's fire station at all times. Franklin pays its volunteers \$15.00 per night when they perform over-night duty and \$2.00 per hour while responding to fire calls.

<sup>146</sup>Ibid., pp. 126-27. The auxiliary station is located at the City's public works center and contains one reserve pumper and miscellaneous equipment.

<sup>147</sup>Ibid. Three pumpers and the crash truck are located at the City's public safety building.

<sup>148</sup>Ibid., pp. 125-26.

<sup>149</sup>Ibid., pp. 120-21. New members of the City's Fire Department are required to complete emergency medical technician

Municipal Airport.<sup>150</sup> Franklin's fire suppression forces and related facilities have been sufficient to award Franklin an ISO fire protection classification of "6".<sup>151</sup>

With respect to Franklin's fire prevention efforts, the Commission notes that the City has adopted a fire prevention code, which permits it to deal effectively with potential fire hazards within its boundaries.<sup>152</sup> In addition, members of the City's Fire Department conduct programs on fire prevention for various community organizations and school classes.<sup>153</sup>

In the Commission's judgment, the annexation of the Phase I and Phase II Areas by the City of Franklin will result in improved fire prevention and protection services to the residences and businesses of

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training or become a State-certified Firefighter I within two years of joining the department, or to be actively engaged in the completion of the requisite requirements for such. In addition, a minimum of 15 hours of State-certified training a year is required of each member.

<sup>150</sup>Ibid., pp. 121-22. Nine City fire personnel have obtained State certification as fire instructors. The City is in the process of constructing a regional fire training center at the municipal airport. This facility, which has received financial support from the State, Union Camp Corporation and the Counties of Southampton, Isle of Wight, Sussex and Surry, is designed to provide training for 19 volunteer fire departments and fire brigades from industries in the general area. (Ibid., pp. 122-25.)

<sup>151</sup>Ibid., p. 131. The northern portion of the Phase I area served by the City also has an ISO classification of "6", but other portions of the Phase I Area within the City's first response zone have a "7" classification. (Johnson, letter to staff of Commission on Local Government, March 28, 1985.)

<sup>152</sup>Franklin - Southampton Agreement, Vol. I, p. 124.

<sup>153</sup>Ibid. Fire safety presentations on such topics as the installation of smoke alarms, wood stove safety, first aid, and fire prevention are conducted by various members of the City's Fire Department.



those areas.<sup>154</sup>

Public Recreational Facilities. With the exception of sites which are the property of the Southampton County School Board, the County does not own any park or recreational facilities. Within its borders, however, there are a number of facilities owned by private associations or civic clubs which provide recreational opportunities to County residents. In terms of organized recreational programs, the County relies on the activities offered by public service groups or by its incorporated towns and does not financially support any such programs.<sup>155</sup>

The City of Franklin provides public recreational facilities and programs to its residents and to others in the general area. The City owns five parks containing collectively a total of 7.5 acres.<sup>156</sup> In addition, the City conducts recreational programs at the Paul D. Camp Community College and at various public schools within its boundaries.<sup>157</sup> Collectively, these sites offer a broad array of recreational facilities including a swimming pool, community center, 2 gymnasiums, 9 tennis courts, 4 basketball courts, various athletic fields, and picnic areas.<sup>158</sup> The City's recreational activities are supervised by 5 full-time, 3 part-time, and 21 seasonal

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<sup>154</sup>The City proposes to install five new fire hydrants in the Phase I Area following its annexation. (Ibid., p. 234.)

<sup>155</sup>Taylor, communication with staff of Commission on Local Government, June 4, 1985. The Hunterdale Elementary School is located adjacent to the Phase II Area.

<sup>156</sup>Franklin - Southampton Agreement, Vol. I, pp. 138-40.

<sup>157</sup>Ibid., p. 138.

<sup>158</sup>Also located within the City are two private recreational facilities, the Franklin YMCA and Franklin Playgrounds, Inc., which are used by the residents of the City and the general area. Both facilities charge membership fees. (Ibid., pp. 142-43.)

employees.<sup>159</sup> In terms of City-sponsored recreational programs and activities, the municipality provides organized athletic leagues for children and adults, instructional classes, activities for senior citizens, and special events. Use of the City's facilities and participation in its programs are open to the residents of the general area.<sup>160</sup>

In previous reports this Commission has expressed the viewpoint that public recreational facilities and programs are elements vital to contemporary urban life. The Commission notes that the City of Franklin has accepted as a recreational facilities and services. In our judgment, the areas proposed for annexation have a need for recreational services which the City of Franklin can meet through its varied and extensive facilities and programs.

Street Maintenance. Public thoroughfares within the areas proposed for annexation and within Southampton County are owned and maintained by the Virginia Department of Highways and Transportation (VDH&T). As of 1984 there were approximately 9.9 linear-miles of secondary roads in the areas proposed for annexation with a majority of that road mileage (6.9 linear-miles) located in the Phase I annexation area.<sup>161</sup>

With respect to the condition of the roads within the areas proposed for annexation, the evidence indicates that there are approximately 0.5 linear-mile of roadway in the Phase I annexation area and 0.8 linear-miles of roadway in the Phase II Area classified by VDH&T as

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<sup>159</sup>Ibid., pp. 136-37. The professional recreation staff consists of three full-time and two part-time personnel.

<sup>160</sup>Ibid., pp. 144-45. A 1984 survey of selected City athletic leagues revealed that 40.0% of the participants resided in Southampton County.

<sup>161</sup>Calculated from Virginia Department of Highways and Transportation, General Highway Maps, Southampton County, Jan. 1, 1981.

"nontolerable," indicating characteristics requiring improvement.<sup>162</sup> This "nontolerable" mileage represents only 7.6% of the total road mileage in the Phase I Area, but 27.8% of the Phase II Area's public roads.<sup>163</sup> While the State's classification of "nontolerable" roads encompasses many considerations, it is a general indication of certain unmet needs. Thus, the areas proposed for annexation have, according to VDH&T standards, roadway which does require remedial action.

The City of Franklin, through its Department of Public Works, is responsible for the construction and maintenance of all public roads within its jurisdiction.<sup>164</sup> In order to receive State funds for such activities, the City is required to adhere to certain VDH&T standards governing the maintenance of its public thoroughfares. Based upon these standards, all the approximately 74 lane-miles of streets and roads within the City qualify for State financial assistance.<sup>165</sup> Further, it is significant that between FY1981-82 and FY1983-84 the City expended a total of \$1.6 million for the maintenance of its thoroughfare system, with \$811,680, or 52.5% of the total, coming from

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<sup>162</sup>Virginia Department of Highways and Transportation, "Road Inventory, Mileage Record, System Nontolerable, Southampton County," Nov. 1, 1984. The State defines "nontolerable roads" as those which do not have the capability of providing a reasonable level of service based on pavement width or strength, alignment or gradient. (Virginia Department of Highways and Transportation, Guide for Secondary Road Improvements, p. 14.)

<sup>163</sup>Most of the "nontolerable" road mileage in the areas proposed for annexation is located in the Hunterdale community.

<sup>164</sup>Franklin - Southampton Agreement, Vol. I, p. 153. The City's Public Works Department has a staff of 14 and a broad array of equipment.

<sup>165</sup>Ibid., pp. 154, 155-56. The City has 15.1 lane-miles of primary extensions and 59.1 lane-miles of roadway classified as "other streets." All but approximately 1000 feet of these public thoroughfares is paved with a hard surface. (Testimony of Reed, Transcript, p. 97).

local sources.<sup>166</sup> Thus, the City has shown a willingness to invest substantially of its own resources in the maintenance of its public roadways.

Although the City of Franklin does not propose any immediate improvements to the roads of the Phase I Area subsequent to annexation, the City will assume full responsibility for the construction and maintenance of all public roads in that area. In the Commission's judgment, local responsibility for the administration and management of public roads and Franklin's willingness to invest local funds in road improvements will benefit the areas annexed.

Curbs, Gutters, Sidewalk and Storm Drains. The Southampton County subdivision ordinance contains a provision whereby a developer may be required to install curbs and gutters in new residential subdivisions.<sup>167</sup> This provision only applies to residential subdivisions served by both public water and sewer and having hard-surfaced streets. County regulations do not require, however, the installation of sidewalks. Further, the County does not have a policy of financially assisting property owners with the installation of curbs, gutters or sidewalks in existing developments.<sup>168</sup>

In terms of storm drains, the County's subdivision ordinance requires the installation of such facilities in all development subject to its provisions, and, where installed, these facilities must meet the standards prescribed by VDH&T.<sup>169</sup> Southampton County does not, however, have any policy of providing assistance generally to property owners desiring the installation of other drainage

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<sup>166</sup>Franklin - Southampton Agreement, Vol. I, p. 154.

<sup>167</sup>Sec. 15-50, Southampton County Subdivision Ordinance.

<sup>168</sup>Johnson, letter to staff of Commission on Local Government, March 28, 1985.

<sup>169</sup>Sec. 15-30, Southampton County Subdivision Ordinance.

facilities.<sup>170</sup>

As in the case of Southampton County, the City's subdivision ordinance requires the installation of curbs and gutters only in certain types of new residential development. A developer is required to install curbs and gutters on both sides of each street in a new subdivision if the average lot-width in the proposed development is less than 75 feet.<sup>171</sup> With respect to the provision of these facilities in existing neighborhoods, the City will install curbs and gutters at municipal expense upon request of the property owner and provided public funds are available.<sup>172</sup> Data submitted to the Commission indicate that, consistent with this policy, between 1980 and 1984 the City installed 15,322 linear-feet of new curbs and gutters and replaced another 1,067 linear-feet of such facilities.<sup>173</sup>

The City's subdivision ordinance does not require the construction of sidewalks in new developments. The City does, however, install sidewalks in the central business district and along major thoroughfares. In addition, Franklin will install sidewalks at municipal expense in other areas of the City upon request and upon agreement by the property owner to bear a portion of the cost of installation and to donate additional right-of-way if such is needed.<sup>174</sup> As a result of this policy, approximately 35% of the City's 74 lane-miles of streets has sidewalks.

In terms of stormwater control, the City's subdivision ordinance mandates the installation of storm drainage facilities in all new

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<sup>170</sup>Johnson, letter to staff of Commission on Local Government, March 28, 1985.

<sup>171</sup>Franklin - Southampton Agreement, Vol. I, p. 158.

<sup>172</sup>Ibid. City policies have resulted in the installation of curbs and gutters along approximately 50% of Franklin's streets.

<sup>173</sup>Ibid., p. 158, 161.

<sup>174</sup>Ibid., pp. 158-59. The City will install a sidewalk at no cost to the property owner if the owner is required to dedicate a

developments.<sup>175</sup> For purposes of addressing existing drainage problems in established neighborhoods, Franklin will bear the full cost of correcting any identified problem which the City determines to merit the expense.<sup>176</sup>

While the City of Franklin's plans to serve the areas sought for annexation under the terms of the proposed agreement do not provide for the expenditure of public funds initially to install curbs, gutters, sidewalks or storm drains, the extension of the City's policies with respect to public assistance for the installation of such facilities in existing development should benefit the areas proposed for annexation.

Street Lighting. The Southampton County subdivision ordinance contains provisions which require the installation of streetlights in new developments. A developer is required to install streetlights in subdivisions of five or more lots, if the average lot-size is less than one acre.<sup>177</sup> Further, the developer is required to pay the operating cost of such lights for a period of five years after installation. In established neighborhoods, requests for streetlights from property owners are reviewed separately by the Board of Supervisors, and lights are installed if conditions warrant.<sup>178</sup> As a result of the County's regulations and policies, the areas proposed for annexation presently contain 36 publicly-funded streetlights.<sup>179</sup>

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four-foot right-of-way for the project. If the City presently owns sufficient right-of-way for the sidewalk, the property owner is required to pay the total cost.

<sup>175</sup>Sec. 6-2-4, City of Franklin Subdivision Ordinance.

<sup>176</sup>Franklin-Southampton Agreement, Vol. I, p. 159.

<sup>177</sup>Sec. 15-66, Southampton County Subdivision Ordinance.

<sup>178</sup>Johnson, letter to staff of Commission on Local Government, March 28, 1985. The County will pay the operating cost of lights installed under this policy.

<sup>179</sup>Bass, letter to staff of Commission on Local Government,

The City of Franklin has a policy of paying for the installation, maintenance, and operation of streetlights within its boundaries.<sup>180</sup> In addition, the City has a procedure for receiving and reviewing requests from property owners for the installation of additional streetlights. Upon a determination of need, lights will be installed and operated at municipal expense.<sup>181</sup> At the present time, the City of Franklin operates 506 streetlights within its corporate limits.<sup>182</sup>

The Commission finds that the City's more intensive installation and operation of streetlights will benefit the areas proposed for annexation. It should be noted that the City's plans for the extension of service to the Phase I Area after annexation call for the installation of 26 streetlights and for the assumption of the operating expense of the 36 existing streetlights.<sup>183</sup>

#### Summary of Urban Service Needs

The preceding sections of this report have presented the Commission's analysis of the existing and prospective urban service needs of the Phase I and Phase II annexation areas and of the ability of the City of Franklin to meet those needs. Although this Commission has examined the statistical data available, our analysis has been

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April 22, 1985. There are 18 streetlights in each area sought for annexation.

<sup>180</sup>Franklin - Southampton Agreement, Vol. I, p. 162. Streetlights are placed approximately 300 feet apart in residential areas. (Bass, letter to staff of Commission on Local Government, April 22, 1985.) The City of Franklin operates its own electrical system, and streetlights are installed by City personnel.

<sup>181</sup>Bass, letter to staff of Commission on Local Government, April 22, 1985.

<sup>182</sup>Franklin - Southampton Agreement, Vol. I, p. 162.

<sup>183</sup>Ibid., p. 236.

conditioned by our collective experience in local government. On the basis of our review, the Commission finds that the areas proposed for annexation by the City under the terms of the settlement agreement with Southampton County have a general need for additional urban services and will benefit from the extension of the City's services and policies.

As part of the City's statutory obligation to provide municipal services to the Phase I Area upon annexation, Franklin has developed for presentation to this Commission, and ultimately to the court, a plan to make capital improvements in that area and to extend municipal services to its residents. Various elements of the City's plan have been cited in the preceding sections of this report. Since the annexation of the Phase II Area will not occur until ten years following the effective date of the Phase I annexation, and in recognition of the fact that conditions will change during the intervening decade, the City has not developed a plan to serve the Phase II Area. We note, however, that City officials have stated that such a plan will be presented to the special three-judge court which will be convened to review the terms and conditions of the Phase II annexation.

#### Community of Interest

In determining the best interest of the areas proposed for annexation one of the factors which the Commission, and ultimately the court, is directed to consider is the strength of the community of interest between those and the City of Franklin. The evidence in this instance suggests that the Phase I and II annexation areas have significant and tangible ties to the City.

First, the City of Franklin is a source for the provision of certain urban-type services to the areas proposed for annexation. The Commission notes that the City is presently providing water service to almost all of the residents of both annexation areas and sewage



collection service to a portion of the Phase I Area.<sup>184</sup> The City also currently provides the proposed annexation areas with significant fire suppression services, having assumed a first-response obligation is a major portion of those areas.<sup>185</sup> In addition, City personnel collect residential solid waste from approximately 30 homes in the northern portion of the Phase I annexation area.<sup>186</sup>

Second, the data clearly reveal strong economic ties between the City and the areas sought for annexation. The City of Franklin is the site of employment for a significant number of residents of Southampton County. As of March 1984, there were 2,840 positions in nonagricultural wage and salary employment in the City, with many of those positions held by nonresidents.<sup>187</sup> The City is also the retail sales center serving the general area. As of 1983, the sale of general merchandise, apparel, appliances and furniture by establishments in the City totaled \$12.3 million, while the sale of similar items by retail outlets in the County totaled only \$3.6 million during the same year.<sup>188</sup> Further, the City contains the major concentration of personal and professional services in the general area. In 1982 Franklin had 58 service establishments, which collectively

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<sup>184</sup>Franklin - Southampton Agreement, Vol. I, p. 206. The City provides water service to approximately 190 connections in each of the annexation areas and sewage collection services to 95 connections in the northern portion of the Phase I Area.

<sup>185</sup>Ibid., p. 234.

<sup>186</sup>Ibid., 206.

<sup>187</sup>Covered Employment and Wages in Virginia for Quarter Ending March 31, 1984. The size of the nonresident workforce in Franklin is evidenced by 1980 Bureau of the Census data indicating that only 1,137 employment positions in that municipality were held by City residents. (1980 Census of Population, Place of Work Destinations, Virginia.)

<sup>188</sup>Eleanor G. May, Retail Sales in Virginia, 1983, (Charlottesville: Tayloe Murphy Institute, University of Virginia).

accounted for \$8.0 million in sales. During the same year there were 35 service operations in the entirety of Southampton County, with total sales of \$4.1 million.<sup>189</sup> In terms of medical services, the location of the 250-bed Southampton Memorial Hospital in Franklin has resulted in the creation of a major center for medical facilities in the immediate area. In addition to the hospital, 27 physicians and surgeons maintain offices in the City, while there are no medical offices, according to the data available to us, located in either of the areas proposed for annexation.<sup>190</sup>

Additional evidence may be cited with respect to the community of interest between the City and the areas proposed for annexation. During the 1984-85 school year, 167 students living in the Phase I and Phase II Areas (56.0% of the school age population of both areas) paid \$110 annual tuition to attend City schools.<sup>191</sup> Further, various public facilities in Franklin are utilized by both City and County residents. City surveys revealed that in 1984 County residents comprised 40.0% of the total number of participants in City athletic leagues.<sup>192</sup> Finally, the Commission notes that a number of social and service organizations (including the YMCA, Jaycees, Lions, Rotary, and Kiwanis clubs) are located in Franklin and draw their membership from both the County and the City.<sup>193</sup> These types of organizations

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<sup>189</sup>U. S. Department of Commerce, Bureau of the Census, 1982 Census of Service Industries, Virginia, Table 8. The Bureau of the Census defines service industries as those primarily engaged in rendering a wide variety of services to individuals and business establishments (e. g., hotels and motels and personal, business, legal and repair services).

<sup>190</sup>Franklin - Southampton Agreement, Vol. I, p. 205.

<sup>191</sup>Ibid., p. 206.

<sup>192</sup>Ibid., p. 145.

<sup>193</sup>Ibid., p. 205.

create bonds which transcend jurisdictional boundaries.

Based on the evidence before it, the Commission concludes that the public service, employment, retail, and other social factors constitute, in the aggregate, a fundamental and pervasive community of interest between the areas proposed for annexation and the City of Franklin.

#### INTERESTS OF ISLE OF WIGHT COUNTY

##### IMPACT OF PROPOSED AGREEMENT ISLE OF WIGHT COUNTY GENERALLY

As noted repeatedly, the proposed agreement between the City of Franklin and Isle of Wight County calls for the City to renounce permanently its authority to initiate annexation actions with respect to a specified area in the County.<sup>194</sup> While this proposed immunity area encompasses only 6.37 square miles and, according to a 1982 population estimate, only 710 persons, it contained 33.2% of the County's total 1984 property assessables.<sup>195</sup> While the proposed agreement protects by its terms only this specified area from annexation initiated by the City, the geographic configuration of that area is such that, in all probability, its immunization will effectively bar the City's future annexation of any territory in Isle of Wight County.<sup>196</sup>

In return for the City's commitment not to initiate annexation proceedings with respect to the designated area, the proposed agreement calls for the County to pay the City annually a portion of its local tax collections within that area. At its maturity this revenue sharing provision will provide the City 15% of the County's local tax collections.

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<sup>194</sup>The proposed agreement also calls for the City to "oppose" petitions initiated by other parties seeking to have property within the immunity area annexed to Franklin. (Sec. 6.1.)

<sup>195</sup>Franklin - Isle of Wight Agreement, Vol. I, pp. 43-44.

<sup>196</sup>See Appendix D.

According to County projections, this plan, having reached maturity in FY1989-90 will generate for Franklin \$441,000 based on Isle of Wight County's estimated tax collections for that year.<sup>197</sup> According to County estimates, this revenue sharing payment to the City will represent approximately 4.2% of the County's projected local tax collections for FY1989-90.<sup>198</sup> While these projections, and all others, are subject to change with future events and circumstances, they do not at this time suggest that the proposed revenue sharing plan will place any extraordinary burden on the County.<sup>199</sup> Moreover, the net cost of this revenue sharing plan to Isle of Wight County is reduced to some degree by an accompanying provision in the proposed agreement which commits the City to the provision of fire and rescue, sewer pump inspection, and fire hydrant stand-by services within the proposed immunity area without charge to the County. Previously, these services have been performed by the City within that area on a compensatory basis. Although the County's payment for these municipal services in FY1984-85 is expected to total only \$15,300, the future development of the proposed immunity area could make this service commitment by the City more fiscally

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<sup>197</sup>County of Isle of Wight, County of Isle of Wight and City of Franklin Plan for Revenue and Economic Growth Sharing (hereinafter cited Isle of Wight Plan), Feb. 25, 1985, Exh. A. The City's projections for the same year indicate municipal receipts of \$431,135. (See Bass, letter to staff of Commission on Local Government, May 16, 1985.)

<sup>198</sup>Isle of Wight Plan, Exhs. A, C.

<sup>199</sup>In developing County-wide revenue and expenditure projections for the FY1985-86 -- FY1989-90 period, Isle of Wight County has calculated an annual estimate of each budgetary element (except debt service expenditure) through the application of a constant growth factor to FY1984-85 budgetary values. The County has utilized as the growth factor applicable to each budgetary element (in all but one instance) the average annual rate of change in that element during an "appropriate" span of years ending with FY1984-85. These "appropriate" time periods have varied with the budgetary elements. By way of illustration, the County's growth factors for the projection of property tax revenues, intergovernmental revenues, and general operating expenditures rest upon average rates of change during periods of

significant.<sup>200</sup> While the proposed agreement will allow the City to terminate its fire and rescue services within the proposed immunity area, the exercise of that option would reduce the City's annual receipts by 3%.<sup>201</sup>

In addition to the above-cited revenue sharing plan, the proposed agreement also calls for the City and County to establish a joint economic development commission for the promotion of commercial and industrial growth in appropriate areas of the two jurisdictions. Under the terms of the proposed agreement, the City and County will share equally all local tax collections and all net utility revenues produced from new commercial and industrial firms locating in the immunity area during the existence of the joint commission.<sup>202</sup> While under this plan the County will pay the City 50% of all its local tax collections from qualifying businesses, it will concurrently receive 50% of the net utility revenues generated by the City's sale of utility services to such firms. Since the City currently sells electricity to the predominant portion of the area proposed for immunity, and presently derives

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5, 18 and 10 years, respectively. Because of this variation in the historic periods used as a basis for the projections, the growth factors utilized by Isle of Wight County lack the equivalence which is desirable in the conduct of forecasting exercises. With respect to the County's projection of the local tax revenues which will be generated from within the proposed immunity area during the FY1985-86 - FY1989-90 period, the estimates are primarily derived from the growth in County-wide property assessments and from the direct projection of the immunity area's sales and other local tax collections. In this instance, again, the County has utilized growth factors which have been derived from different, and in one instance, discontinuous historical time periods. (Isle of Wight Plan, pp. 3-16.)

<sup>200</sup>Bass, letter to staff of Commission on Local Government, May 16, 1985.

<sup>201</sup>See Sec. 5.4. Such a termination of fire and rescue services for FY1989-90 would reduce the City's revenue sharing receipts for that year, according to County estimates, by \$12,420.

<sup>202</sup>See Art. III. The joint commission is assured of a life of only five years. Its continued existence beyond that point require the mutual consent of the two jurisdictions. (Sec. 3.8.)

the full benefit from such sales, the proposed sharing of the net utility revenue is a major fiscal benefit to the County. Indeed, the City's payment of net utility revenue to the County may well exceed, based on one example presented to the Commission, the tax revenue it shares with the City under this element of the agreement.<sup>203</sup>

Moreover, it is significant to note that the agreement calls for both jurisdictions to share equally in any capital expenditures required for "any governmental facilities or utilities necessary for the establishment of any commercial or industrial enterprise" locating in the proposed immunity area during the existence of the joint commission.<sup>204</sup> Considered as a whole, the proposed agreement is of substantial benefit to Isle of Wight County.

#### IMPACT OF PROPOSED AGREEMENT ON IMMUNITY AREA

##### Urban Service Considerations

The area sought for immunity by Isle of Wight County under the terms of the proposed agreement with the City of Franklin represents an important resource to the County. Although predominantly vacant, the 6.4 area square mile area does contain a population estimated (as of 1982) to be 710 persons. Those statistics give that area a population density of 111 persons per square mile, nearly double that of the County generally (62 persons per square mile). The proposed immunity area contains a major County retail center which includes the Airway Shopping Center and a motel. In FY1982-83 the retail operations in the area were estimated to have produced 17.3% of the County's total local option sales tax receipts.<sup>205</sup> Further, the area proposed for immunity is the location of a number of County facilities, including a

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<sup>203</sup>See Isle of Wight Plan, Exh. B.

<sup>204</sup>Sec. 3.4.

<sup>205</sup>Calculated from data presented in Isle of Wight Plan, p. 4.

park, a recreational center, sewage collection lines serving all of the sewer customers of the Isle of Wight Public Service Authority (IWPSA). The area also contains facilities owned by the City of Franklin, including the Municipal Airport, fire training center, and utility lines. Finally, and most significantly located within the area proposed for immunity is a major portion of the industrial base of Isle of Wight County. In 1984 the industries in the area (principally the Union Camp Corp. and the Franklin Equipment Co.) collectively employed approximately 2,800 persons (33.0% of the County's total nonagricultural wage and salary employment positions) and generated 33.2% of the County's total assessed property values.<sup>206</sup> If immunity from annexation by the City of Franklin is granted this area, its urban service needs will remain in perpetuity the responsibility of Isle of Wight County. The following sections of this report consider this ramification of the proposed agreement.

#### Provision of Services in Proposed Immunity Area

The IWPSA is responsible for the provision of sewage collection services in the area proposed for immunity. In the 1970's Isle of Wight County installed sewage collector lines and pump stations to serve the development in the U. S. Highway 58 corridor east of the City.<sup>207</sup> In 1974 the IWPSA, contracted with the City of Franklin to treat the sewage from the proposed immunity area, to maintain the County's and pump stations, and to handle the billing of IWPSA

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<sup>206</sup>The extent of the concentration of the County's industrial activity within that area is evidenced by the fact that it contained 86.3% of the County's total machinery and tools assessed values in 1984. (Franklin - Isle of Wight Agreement, Vol. I, pp. 44, 46.)

<sup>207</sup>Franklin - Isle of Wight Agreement, Vol. I, p. 76. County lines serve the commercial corridor along U. S. Highway 58, the Franklin Municipal Airport, and the Jamestown community. The Union Camp Corporation maintains its own sewage treatment plant. Residents of the area who are not connected to IWPSA lines are served by individual septic tanks.

customers.<sup>208</sup> At the present time the IWPSA has 188 residential, commercial, and industrial connections in the proposed immunity area. These connections serve a majority of the potential customers in that area.<sup>209</sup> Under the terms of the previously mentioned tripartite agreement with Southampton County and the City of Franklin, Isle of Wight County contributed \$175,000 to the City to help fund the local share of the cost of the expansion of Franklin's sewage treatment plant.<sup>210</sup> In return for that contribution, Franklin agreed to receive and treat up to 0.333 MGD from the area proposed for immunity served by the IWPSA.<sup>211</sup> The capacity assigned to the IWPSA should be, in our judgment, sufficient to serve the anticipated future growth in the proposed immunity area.

Water service in most of the area proposed for immunity is provided directly by the City of Franklin. The City serves approximately 207 connections in the proposed immunity area, primarily in the U. S. Highway 58 corridor.<sup>212</sup> Residents of the area proposed for immunity who receive municipal water service are subject to a 50% surcharge on connection fees and user charges. The City has sufficient excess capa-

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<sup>208</sup>Isle of Wight Plan, p. 17. The City charges Isle of Wight County an annual fee for sewer pump station maintenance. Under the terms of the proposed agreement the City, it should be recalled, will provide sewer pump station maintenance services at no cost to the County. (Franklin - Isle of Wight Agreement, Vol. I, p. 18.) The current sewer contract between the City and the County calls for the City to receive and treat up to 0.1 MGD of wastewater from the proposed immunity area. (Ibid., p. 76.)

<sup>209</sup>Ibid., p. 76.

<sup>210</sup>Ibid., p. 74-75. The County also contributed approximately \$1,000 toward the cost of engineering services in conjunction with the expansion of the City's plant. (Isle of Wight Plan, p. 17.)

<sup>211</sup>Franklin - Isle of Wight Agreement, Vol. I, p. 75. The plant's expanded capacity is expected to be available to the jurisdictions in January 1986.

<sup>212</sup>Ibid., p. 82. City water lines serve the commercial area along U. S. Highway 58, the Franklin Municipal Airport, and the



city in its water supply and distribution system to meet the anticipated future needs of its customers in Isle of Wight County, as well as its prospective needs elsewhere.

With respect to solid waste disposal, residents of the area proposed for immunity have available two options. Isle of Wight County maintains for the use of its residents approximately 300 bulk containers, or "green boxes," distributed throughout the County, with 26 of the containers located at various sites in the proposed immunity area.<sup>213</sup> County-owned vehicles serve these receptacles on a regular basis. County residents can also dispose of their household waste without cost at a temporary transfer station operated by the Southeastern Public Service Authority (SPSA) and located at the site of the County's former landfill in the proposed immunity area. Refuse collected at this station is transported by the SPSA to its regional landfill in Suffolk.<sup>214</sup> In sum, the County does not presently offer solid waste collection for residences or businesses but provides for the direct disposal of refuse by County residents. <sup>215</sup>

With respect to fire protection services, the area proposed for immunity is located within the first-run coverage sector the Carrsville

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Jamestown community. The Union Camp Corporation maintains its own water system.

<sup>213</sup>W. B. Owen, County Administrator, County of Isle of Wight, letter to staff of Commission on Local Government, April 26, 1985. Within the proposed immunity area the "green boxes" are located on the property of private establishments as well as on public sites. Those containers on private property are available for use by the general public.

<sup>214</sup>Isle of Wight County is a member of the SPSA. Several permanent transfer stations will eventually be built by the SPSA to serve the County's needs. (Owen, communication with staff of Commission on Local Government, June 13, 1985.)

<sup>215</sup>Ibid. As far as the Commission can determine the area proposed for immunity is not served generally by private solid waste collection contractors.

VFD, which is located approximately four miles east of the area.<sup>216</sup> This department has a personnel complement of 35 volunteers and maintains three pieces of firefighting apparatus, consisting of a pumper, a tanker, and an equipment truck.<sup>217</sup> In addition, the Franklin Fire Department automatically responds to any fire call from the area received by the Carrsville VFD or by its own units directly.<sup>218</sup> Fire protection services in the area proposed for immunity are supported by the presence of 31 fire hydrants connected to City water lines.<sup>219</sup> This level of fire protection facilities and services in the area proposed for immunity, however, has only been sufficient to enable that area to earn an ISO protection classification of "9" for properties within five road-miles of the City's boundaries, with more distant areas receiving a classification of "10."<sup>220</sup> Thus, the fire protection ser-

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<sup>216</sup>A first-run coverage responsibility means the initial answering of a fire alarm by fire apparatus consisting of a pumper and other appropriate support vehicles. (Thomas, communication with staff of Commission on Local Government, July 9, 1985.)

<sup>217</sup>Owen, communication with staff of Commission on Local Government, June 13, 1985. There are three other volunteer fire companies located at various sites in the County. The FY1984-85 County budget has earmarked \$99,798 for fire protection services.

<sup>218</sup>Reed, communication with staff of Commission on Local Government, June 6, 1985. City fire response in the area proposed for immunity is by informal agreement with the Chief of the Carrsville VFD. Isle of Wight County makes a voluntary contribution to Franklin for City fire services, but under the terms of the proposed agreement, the County will be provided this service at no cost. (Franklin - Isle of Wight Agreement, Vol. I, p. 17.) Isle of Wight County has also contributed \$10,000 toward the construction of the regional fire training center at the City's airport. (Isle of Wight Plan, p. 23.) The Union Camp Corporation has its own fire brigade which responds to fire calls at its facility.

<sup>219</sup>Franklin - Isle of Wight Agreement, Vol. I, p. 118. The City currently charges Isle of Wight County an annual fee for providing fire hydrants in the proposed immunity area, but the County will receive this service at no cost under the terms of the proposed agreement. (Ibid, p. 17.)

<sup>220</sup>Owen, letter to staff of Commission on Local Government,

vice in the area proposed for immunity have been judged by the Virginia ISO as minimal.

In terms of law enforcement services, Isle of Wight County depends primarily upon the County Sheriff's Department which maintains its office at the Isle of Wight Courthouse.<sup>221</sup> The department has a staff of 15 full-time sworn law enforcement personnel, including 12 patrol deputies.<sup>222</sup> The County is divided into three patrol districts for law enforcement purposes, with deputies routinely assigned responsibility for patrolling each district. The area proposed for immunity is contained within one district and is provided direct law enforcement services on a 24-hour a day basis. The department's staffing policy, however, calls routinely for no more than three deputies to be on duty during a shift, with those officers required to provide law enforcement services throughout the 360 square miles within the County's boundaries.<sup>223</sup> This situation is somewhat alleviated by the fact that two full-time deputies live within the proposed immunity area and are on call during off-duty hours.<sup>224</sup> Based upon the evidence available to us, the area proposed for immunity does not have an inordinate law

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April 26, 1985. The predominant portion of the area proposed for immunity has an ISO classification of "9."

<sup>221</sup>Ibid. Law enforcement activities in the County are assisted by 18 members of the Virginia State Police and 9 members of the Town of Smithfield Police Department. (Isle of Wight Plan, p. 22.)

<sup>222</sup>B. F. Dixon, Sheriff, County of Isle of Wight, communication with staff of Commission on Local Government, June 7, 1985. The County Sheriff's Department has 18 full-time personnel. The number of personnel assigned patrol responsibility is sufficient to provide one patrol deputy for every 1,228 County residents.

<sup>223</sup>Ibid. The Sheriff's Department operates three shifts (8:00 a. m. to 4:00 p. m., 4:00 p. m. to 12:00 a. m., and 12:00 a. m. to 8:00 a. m.) with three deputies assigned to each shift except for the latter shift when only two deputies are on duty.

<sup>224</sup>Ibid. The County Sheriff's Department has instituted a crime prevention program which focuses on neighborhood watch activities. Such programs can have a beneficial influence in a community.

enforcement problem at the present time; however, as that area becomes more densely populated and increases in commercial activity, its law enforcement needs will grow.

With respect to recreation, supervision of the County's public facilities and programs is the responsibility of the Isle of Wight Public Recreation Facilities Authority (IWPRFA).<sup>225</sup> The IWPRFA has a staff of 11 full-time, 3 part-time, and 15-20 seasonal personnel who operate of 2 parks, 2 community centers, a skating rink, and a museum. In addition, the IWPRFA utilizes two facilities owned by the Isle of Wight School Board in its organized recreational programs.<sup>226</sup>

Two significant County recreational facilities are located within the area proposed for immunity. Situated within the area is the Southern Isle of Wight Park, a 16.4 acre facility adjacent to State Route 1603, containing 2 tennis courts, 2 basketball courts, 4 softball fields and a community center.<sup>227</sup> Also located within the proposed immunity area is the County-owned skating rink.<sup>228</sup> The County offers a variety of programs at these facilities, including organized athletic leagues, special events, and instructional classes.<sup>229</sup> County residents in areas adjacent to the City of Franklin, however, do avail themselves of a wide variety of public and private recreational facilities and programs located within that City.<sup>230</sup>

Street maintenance and snow removal services in the proposed immunity

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<sup>225</sup>Isle of Wight Plan, p. 25. The IWPRFA consists of five members appointed by the Isle of Wight County Board of Supervisors.

<sup>226</sup>Ibid.

<sup>227</sup>Owen, communication with staff of Commission on Local Government, June 13, 1985.

<sup>228</sup>The skating rink is located near at the intersection of U. S. Highways 58 and 258.

<sup>229</sup>Isle of Wight Plan, p. 26.

<sup>230</sup>Franklin - Isle of Wight Agreement, Vol. I, pp. 132-33. A 1984 survey of selected City recreation programs revealed that 6.0% of

area, and in the County generally, are provided by the Virginia Department of Highways and Transportation (VDH&T). Although VDH&T consults with Isle of Wight County on a regular basis concerning these services, all public thoroughfares in the County are owned by the State and, thus, are subject to State-prescribed policies. Within the area proposed for immunity there are approximately 12.9 linear miles of State-owned and maintained primary and secondary roadway. VDH&T records reveal that only 0.8 linear mile of secondary roads in the area is classified as "nontolerable" by that agency and, further, that only one bridge (located in the southern portion of the area proposed for immunity) has been determined to be in need of replacement.<sup>231</sup> Thus, State records do not indicate any extraordinary road problems in the area.

In regard to curbs, gutters, and sidewalks, County regulations do not require their installation in new developments, nor does the County have a policy for the installation of these facilities in existing developments at the request of property owners.<sup>232</sup> The County's subdivision ordinance does require the installation of storm drainage facilities in all new developments.<sup>233</sup> In existing developments not having stormwater management facilities, however, the County has no policy for the installation of such at public expense. Although the area proposed for immunity does not have any significant amount of curbs, gutters, sidewalks or storm drains, the Commission has no knowledge of any conspicuous unmet need for such facilities

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the participants resided in Isle of Wight County, probably in the areas adjacent to the City.

<sup>231</sup>Virginia Department of Highways and Transportation, "Road Inventory, Mileage Record, System Nontolerable, Isle of Wight County," Nov. 1, 1984, and Virginia Department of Highways and Transportation, "Bridge Replacement and Rehabilitation Selection List, Suffolk District," Oct. 10, 1984. All of the roads classified "nontolerable" by the State in the area proposed for immunity are located in the Jamestown community.

<sup>232</sup>Isle of Wight Plan, p. 29.

<sup>233</sup>Sec. 4-4-8, Isle of Wight County Subdivision Ordinance. Stormwater management facilities must be constructed to VDH&T stan-

in that area at this time.

In terms of streetlights, Isle of Wight County has a policy of installing such at public expense to serve residential and other high density areas. The County considers requests for streetlights and installs such where there is a concentration of at least six residential structures located within 1,000 feet of a proposed light. Once installed, the County assumes the responsibility for paying for the operating costs of the light.<sup>234</sup> At the present time, there are approximately 62 publically funded streetlights in the area proposed for immunity.<sup>235</sup>

#### Summary of Service Concerns

Isle of Wight County, either directly or through other entities, provides the area proposed for immunity with a number of public services. While that area may develop to an extent creating a need for more intensive public services, we find the present level of service in developed portions of the area generally sufficient, though not comparable to municipal services provided within the City of Franklin.<sup>236</sup>

### FINDINGS AND RECOMMENDATIONS

Based upon our consideration of the impact of the proposed agreements on the three jurisdictions and on the interest of the State in the protection and preservation of the viability of each, we offer the findings and recommendations set forth below.

#### CITY OF FRANKLIN - ISLE OF WIGHT COUNTY SETTLEMENT AGREEMENT

The preceding sections of this report have indicated that Isle of

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dards.

<sup>234</sup>Owen, letter to staff of Commission on Local Government, April 26, 1985. There are also a number of privately owned streetlights located throughout the County.

<sup>235</sup>Owen, communication with staff of Commission on Local Government, June 13, 1985.

<sup>236</sup>The public service which merits most concern at this time is

Wight County has a growing population, an expanding and diversifying economy, and a tax base which permits the County to minimize the local fiscal burden borne by its residents. With respect to demographic concerns, we note that between 1970 and 1980 the County's population grew by 18.1%, exceeding the growth for the State as a whole (14.9%) during that decade.<sup>237</sup> In terms of the County's fiscal status, we observe that a study recently conducted by the Joint Legislative Audit and Review Commission (JLARC) concluded that Isle of Wight County experienced a degree of fiscal stress less than the average for all the State's counties and cities.<sup>238</sup> Given the general nature of its topography and its proximity to the urbanized areas to its east, it is reasonable to conclude that Isle of Wight County will continue to experience demographic and economic growth.

In contrast, the City of Franklin presents a profile of a municipality, which, while still serving as a retail, service, and social center for its area, confronts a prospect of much more limited demographic and economic growth. Bureau of the Census data indicate that the City did experience a 6.2% population growth during the 1970's, but population estimates for 1983 reflect a decline in Franklin's populace of 2.9% since the preceding decennial census.<sup>239</sup>

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fire suppression. The availability of City equipment and personnel to assist in fire suppression is critical to the area's well-being.

<sup>237</sup>1980 Census of Population, Number of Inhabitants, Virginia, Table 4. Population estimates for 1983 indicate that the County's populace had increased another 3.7% since the 1980 census. (Estimates of the Population of Virginia Counties and Cities: 1982 and 1983, Table 2.)

<sup>238</sup>State Mandates on Local Governments and Local Financial Resources, 1984, Appendix G. This study developed several different indices of local fiscal stress. The index cited here is identified by JLARC as Method 2.

<sup>239</sup>Ibid.; and Estimates of the Population of Virginia Counties and Cities: 1982 and 1983, Table 2.

Further, in terms of its fiscal status, the previously cited JLARC study indicates that Franklin is one of the Commonwealth's most fiscally stressed communities, with only 6 of the State's 136 counties and cities giving evidence of a greater degree local fiscal stress.<sup>240</sup>

The Commission's own analysis of fiscal data for the City of Franklin and its two adjoining Counties is consistent with the findings of the JLARC study. Our review of fiscal evidence for the three localities discloses that for FY1983-84 the City generated total local revenues equivalent to \$434.91 per capita, a local revenue effort one-third greater than that of Isle of Wight County (\$331.11) and nearly double that of Southampton County (\$219.04).<sup>241</sup> Indeed, whether such locally generated revenues are considered on a per capita basis or in relation to the true value of real estate and public service corporation property, total personal income, or the index of local fiscal ability (i. e., the weighted measure of fiscal capacity used by the State in the distribution of basic school aid), Franklin's local revenue effort has consistently and substantially exceeded that of the two adjoining counties in recent years.<sup>242</sup>

In terms of the City's fiscal future, we note that Franklin has experienced only modest new development in recent years and that, despite the significant amount of vacant property within its boundaries, it is unlikely to attract much new net revenue generating

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<sup>240</sup>State Mandates on Local Governments and Local Financial Resources, 1984, Appendix G. The Method 2 calculation is cited. The other three methods of fiscal stress employed by JLARC do not yield any substantially different measure of Franklin's fiscal status.

<sup>241</sup>The revenues included in this calculation include all local receipts except transfers from enterprise accounts (e. g., net utility revenues), non-revenue funds, and federal and State intergovernmental aid.

<sup>242</sup>See Appendix F.



development for the foreseeable future. Moreover, since the last State determination of the effective true real property tax rates in Virginia localities (1982) revealed that the City of Franklin's rate (\$.81/\$100 of assessed value) was more than two and one-half times that in Isle of Wight (\$.32/\$100) and Southampton (\$.31/\$100) Counties, the ability of the City to generate additional real property tax revenue from increased rates is limited.<sup>243</sup> This tax is, and is likely to remain, the principal source of the City's revenue.

In return for Franklin's relinquishment of its annexation authority, the City is assured (under the principal provision of the revenue sharing plan) the receipt of 15% of the County's local tax collections within the proposed immunity area when this revenue sharing arrangement has reached its full dimension. The City's receipts under this revenue sharing plan will be the product of development in the area and the County's local tax structure.<sup>244</sup> While this proposed immunity/revenue sharing area contains a total of 6.4 square miles, development in the area is currently concentrated along and principally south of U. S. Highway 58. The northern portion of the proposed immunity/revenue sharing area currently contributes comparatively little to that area's total fiscal resources.<sup>245</sup>

According to the City's projections, Franklin's receipts from the revenue sharing plan during FY1990-91 (\$431,135) will represent 3.28%

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<sup>243</sup>Virginia Assessment/Sales Ratio Study, 1982.

<sup>244</sup>Seventeen (17) Virginia Counties reduced their real property tax rates between 1983 and 1984 as a result of a growth in assessed values. (Virginia Department of Taxation, Local Tax Rates, 1983, 1984.) A reduction in Isle of Wight's real property tax rate resulting from a major growth in assessables outside the proposed immunity area would adversely affect the City's receipts under the revenue sharing plan.

<sup>245</sup>See Appendix D.

of its anticipated total local revenues for that year.<sup>246</sup> Despite this revenue sharing payment from Isle of Wight County, and without consideration of the fiscal impact of the proposed Phase I annexation in Southampton County, City projections indicate a revenue shortfall for Franklin during FY1990-91 of \$80,651.<sup>247</sup> While this Commission is fully cognizant of the inherent difficulty of all projections, that anticipated shortfall should be noted. Moreover, given the cost to the City of the proposed Phase I annexation in Southampton County and the City's commitment to share equally and in perpetuity the net tax revenues and net utility revenues collected from within that area's primary development sector (i. e., the Industrial Corridor), it is not clear to this Commission that the proposed annexation will generate in the foreseeable future any substantial net revenues for the City. In any event, it appears to us that the proposed City of Franklin - Isle of Wight County agreement must be evaluated independently, without any assurance or expectation that prospective municipal revenue deficiencies will be met from proceeds from the other interlocal agreement.

As noted previously, the proposed City of Franklin - Isle of Wight County agreement contains a second revenue sharing component. That component of the agreement calls for the City and County to share equally the local tax and net utility revenues generated by new industrial or commercial firms locating within the proposed immunity area during the life of the joint economic development commission. The potential fiscal benefit to the City of this plan is unclear. Since the City presently extends electric service to the predominant portion of the proposed immunity area, and since it currently retains all net utility revenue derived from sales within that area, the proposed sharing of net utility revenue may well reduce the positive

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<sup>246</sup>Bass, letter to staff of Commission on Local Government, May 16, 1985.

<sup>247</sup>Ibid. The City's revenue sharing receipts based on the County's 1989-90 tax collections would be received in August 1990 and reflected in the City's budget for FY1990-91.

effect of this component of the plan on the City. In sum, the uncertain consequences of the various revenue sharing provisions in the proposed agreement, coupled with the current and prospective fiscal stress confronting the City of Franklin, are of considerable concern to this Commission.

The proposed agreement between Isle of Wight County and the City of Franklin calls for the municipality to waive forever its authority to annex the Union Camp Corporation facilities and other industrial properties on its eastern boundary. Despite this provision in the proposed agreement, we note that the name "Union Camp" is synonymous with "Franklin." Moreover, it is evident to any objective observer that the City of Franklin, more than any other local jurisdiction in the area, has supported and nurtured the development of that industrial complex by its people, its service industries, its community facilities, and the many other consequences of its physical presence. Indeed, the corporate leadership in the area has manifested its recognition of Franklin's significance to the general community by various contributions to civic facilities and programs within the City.

Municipalities in Virginia, situated as the City of Franklin, may opt to waive their authority to annex adjacent industry in the belief that the cost and impact of such annexations cannot be sanctioned. The annexation laws of the Commonwealth do contemplate, however, that where established statutory conditions are met, major industrial properties may be annexed, with reasonable compensation being provided the affected county. Further, many counties, including Isle of Wight County, have as a result of their geographic size several growth areas to sustain their fiscal well-being, with the consequence that the annexation of industries adjacent to municipal boundaries may not unduly threaten their viability.<sup>248</sup>

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<sup>248</sup>The Commission's review of fiscal and demographic data indicates that the eastern portion of Isle of Wight County is developing at a substantially greater rate than the western portion adjacent to

This Commission is fully committed to the well-being of all Virginia localities. We contend, further, that the welfare of this Commonwealth and its counties requires strong and viable municipalities. We subscribe totally to the following statement which appeared in the final report of the Commission on City-County Relationships published a decade ago:

To the extent that a locality cannot adequately house and provide for the basic social welfare needs of its populace, neighboring jurisdictions and the state generally are adversely affected. To the extent that a locality fails to offer all its citizens an environment conducive to the higher human aspirations the welfare of that region and the Commonwealth suffers.<sup>249</sup>

Given the current reality of Franklin's fiscal condition and the uncertain consequences of the proposed revenue sharing arrangements, the Commission recommends that the duration of the proposed agreement be limited initially to ten years. Continuation of the agreement beyond the initial ten-year period should be a matter of future negotiation between the City and the County and subject to any State-prescribed review process. In our judgment, the interest of the State in the protection and preservation of the viability of its localities requires that the proposed agreement be amended in accordance with this recommendation.

As an adjunct to the above recommendation, the Commission proposes that the City and County utilize the services of the joint economic development commission in evaluating the impact of the proposed reve-

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the City of Franklin. Bureau of the Census data indicate that between 1970 and 1980 the Newport Magisterial District (adjacent to the City of Newport News) grew in population from 7,884 to 10,061, or by 27.6%. In contrast, the Windsor Magisterial District increased in population from 5,162 to 5,454, or by 5.7%, during the same decade. (1980 Census of Population, Number of Inhabitants, Table 4).

<sup>249</sup>Report of the Commission on City-County Relationships (House Document No. 27), 1975, p. 10.

nue sharing provisions on both jurisdictions and charge that body with responsibility for the submission of reports analyzing possible amendments and modifications. This body, comprised of representatives of both jurisdictions and served by a professional staff, may be well suited for such a responsibility. Reports and analyses by this body may provide an appropriate basis for future negotiations with respect to a continuation of the agreement beyond the initial ten-year period.

CITY OF FRANKLIN - SOUTHAMPTON COUNTY SETTLEMENT AGREEMENT

The proposed agreement between the City of Franklin and Southampton County authorizes the City to annex initially an area (Phase I Area) of 3.93 square miles containing 590 persons (based on a 1982 estimate), 43 students in public school ADM (as of school year 1984-85), and \$21.0 million in assessed property values (1984).<sup>250</sup> This proposed annexation will provide the City with a significant amount of vacant land for development and should, therefore, enhance the City's ability to share in the growth of the area - a growth which it has supported with services, utilities, and physical presence. Based upon the various urban service considerations, the community of interest between the Phase I Area and the City, the amount of developable property remaining available to the County, and the various financial settlement provisions which have been delineated, the Commission finds the proposed annexation of the Phase I Area to be in the best interest of the Commonwealth.

The proposed agreement between the two jurisdictions also authorizes the City to annex ten years after the effective date of the initial annexation a second area (Phase II Area). This Phase II Area encompasses 0.73 square miles miles of territory and contains 464 persons (based on the 1982 estimate), 31 students in public school ADM (based on enrollment during the 1984-85 school year), and \$10.2

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<sup>250</sup>Franklin - Southampton Agreement, Vol. I, pp. 50-52. The assessed property values in the Phase I Area constituted 3.8% of the County total in 1984.

million in assessed property values (1984).<sup>251</sup> While the deferred annexation of the Phase II Area offers a new and interesting approach to Virginia's boundary change processes, this Commission has concern regarding some of the potential ramifications of this arrangement.

Principally, we are concerned that the deferred annexation of the Phase II Area will leave that area in a state of transition between two jurisdictions for a decade. This condition, we fear, may create a situation where the area's service needs and considerations are not addressed in a timely manner. The Phase II Area has already experienced considerable difficulty with sewage disposal. This Commission has been apprised of significant problems with septic tank usage in the Joyner Acres and Hunterdale subdivisions.<sup>252</sup> Moreover, the record indicates that at the present time over 27% of the public thoroughfare in the Phase II Area has been classified as "nontolerable" by the State's Department of Highways and Transportation.<sup>253</sup> The Commission is concerned that the deferred annexation of the Phase II Area will have the effect of delaying public action to address these and other urban service considerations.

In view of the above, the Commission recommends that the proposed agreement be amended to call for the immediate annexation of the Phase II Area or, alternatively, for the City and the County to develop jointly a detailed service plan for that area to be presented to the court for review in conjunction with the judicial review of the Phase

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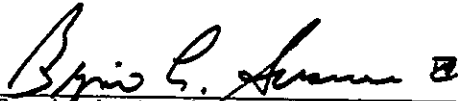
<sup>251</sup>Ibid. The assessed property values in the Phase II Area in 1984 represented 1.8% of the County total for that year.


<sup>252</sup>Cleaton, communication with staff of Commission on Local Government, June 6, 1985. The problems in the Hunterdale subdivision are principally in the older section of that community.

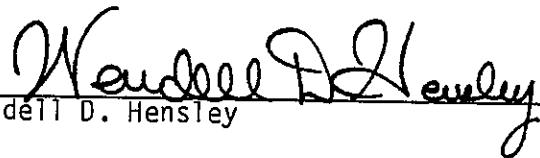
<sup>253</sup>"Road Inventory, Mileage Record, System Nontolerable, Southampton County," Nov. 1, 1984.

I annexation and made applicable upon the effective date of the Phase I annexation. This recommended service plan should prescribe detailed measures to meet the Phase II Area's existing needs, as well as proposals to address other public service concerns which may arise during the ensuing ten-year period. In recognition of the fact that, under this option, Southampton County will retain control of the Phase II Area, equity requires its financial support of this jointly developed service plan. The interest of the State, in our view, requires the amendment of the proposed agreement as indicated above.

Respectfully submitted,

  
Benjamin L. Susman, III, Vice Chairman

  
Edward A. Beck

  
Wendell D. Hensley

  
William S. Hubbard



APPENDIX A

A G R E E M E N T

THIS AGREEMENT DATED the \_\_\_ day of December, 1984, and entered into by the parties on the dates hereinafter stated, by and between the City of Franklin, hereinafter called "the City" and the County of Isle of Wight, hereinafter called "the County."

The City and the County by action of the governing body of each under authority granted by § 15.1-1167.1, Code of Virginia, 1950 as amended in 1983, pursuant to said statute, to provide for the orderly growth and continued viability of both jurisdictions, agree and bind the City and the County as follows:

ARTICLE I

Definitions

Section 1.1 The following words and phrases as used in this Agreement shall have the meanings as herein set forth:

- a. "local tax revenues" - All revenues raised by the County from taxes presently or in the future classified by the State Auditor of Public Accounts as "general property taxes" and "other local taxes" pursuant to

the Uniform System for Comparative Cost Reporting, except that the revenues from consumer utility taxes shall be limited as described in Section 2.3 hereafter. In addition, "local tax revenues" shall include any other local taxes that the County may levy or impose in the future.

b. "designated area" - The area of Isle of Wight County adjacent to the City of Franklin as described in Appendix "A" attached and as shown in Appendix "B" both attached to and a part of this Agreement.

## ARTICLE II

### Revenue Sharing

Section 2.1 Revenue Shared - The County agrees to share with the City all local tax revenues as defined above collected by the County from within the "designated area."

Section 2.2 Percentage Shared - The percentage of local tax revenues to be paid to the City shall be as follows:

- a. For the first six (6) months after the effective date of this Agreement, two and one-half (2 1/2) percent of local tax revenues collected between July 1, 1985 and June 30, 1986.
- b. For the next twelve (12) months, five (5) percent.
- c. For the next twelve (12) months, ten (10) percent.
- d. For the next twelve (12) months and all subsequent years thereafter, fifteen (15) percent.

Section 2.3 Limit of Utility Taxes - In the case of any utility taxes, the County shall pay to the City fifteen (15) percent of the tax revenue generated by the rates imposed by the County in excess of the following rates:

- a. A tax in the amount of twenty (20) percent of the charge made by the seller against the purchaser with respect to each utility service.
- b. Excluded from the tax is so much of the charge against a resident or user of

electricity for service as is in excess of Fifteen Dollars (\$15.00) for any month or part of a month.

- c. Excluded from the tax is so much of the charge made against a commercial or industrial user of electricity for service as is in excess of Two Thousand Dollars (\$2,000.00) for any month or part of a month.

Section 2.4 Time of Payment - On or before August 1st of each year following the effective date of this Agreement, the County will pay to the City the City's share of revenues, as provided herein, collected by the County during the period from the effective date hereof to June 30th of the initial year and for the fiscal year each year thereafter. Adjustment shall be made in each subsequent year to account for refunds and abatements of prior years.

Section 2.5 Delinquent Taxes - Taxes which become delinquent during the effective term of this Agreement shall be included in shared revenues when collected except that the cost of collecting

such shall be deducted prior to  
determination of the amount to be shared.

ARTICLE III

Economic Development<sup>2</sup> Sharing

Section 3.1 Joint Development Commission - On or prior to the effective date of this Agreement, the City and the County agree to appoint and establish a joint economic development commission composed of three (3) members from each jurisdiction. The members shall elect a Chairman to serve for a term of one year. The member elected Chairman shall be chosen alternately from the City and the County except by unanimous consent of the members. The Commission shall be authorized to employ a full-time Director and such other employees as may be necessary to carry out its purposes within the funds provided. The members of the Commission shall receive no salary or compensation but may be reimbursed for actual expenses incurred in the performance of their duties. The Commission shall meet as often as necessary but no less

than once a month. The Commission may adopt by-laws and regulations not inconsistent with law to govern its meetings, procedures and carry out its duties.

Section 3.2 Purpose of Commission - The purpose of this Commission shall be to actively seek and encourage the commercial and industrial development in appropriate areas of the entire County and City and to use its efforts to cause commercial and industrial entities to locate within the entire County and City areas.

Section 3.3 Cost of Commission - All costs incurred by the Commission in carrying out its duties shall be shared equally by the City and County. No funds shall be obligated or expended by the Commission until its budget is approved by the governing body of the City and the County and the funds so allocated are appropriated by both.

Section 3.4 Development Costs - During the existence of the Commission, the capital costs of any governmental facilities or utilities necessary for the establishment of any commercial or

industrial enterprise to be located in the designated area shall be shared equally by the City and the County. No funds shall be obligated or expended for such development costs until each governing body has approved such expenditures and the funds so allocated are appropriated by both.

Section 3.5 Utility Revenue - The net revenue derived from the sale of utility services to any commercial or industrial entity established in the designated area after the effective date of this Agreement shall be shared equally by the City and County. Such sharing of revenue, if any, shall be paid at the same time as the shared revenue payments provided in Article II herein.

Section 3.6 Tax Revenue - All local tax revenue, as defined herein generated by any new industrial or commercial entity that establishes and constructs a new facility within the designated area during the existence of the Commission shall be shared equally between the City and the County in perpetuity, and shall be paid to

the City at the same time as other revenue shared hereby. Such tax revenues generated by entities that expand within the designated area or which locate in the County outside of the designated area or in the City shall not be shared. The revenue shared under this section shall not be included under Article II hereof.

Section 3.7 Commission Budget - The Commission shall submit to the City and County no later than March 1st of each year, its proposed budget for the following fiscal year beginning July 1st. In the event either governing body refuses to approve such budget and appropriate the funds therefor, each shall appoint one of its members as a joint committee to assist in the resolution of such differences.

Section 3.8 Duration of Commission - Unless extended by mutual agreement of the City and County, the Commission shall exist for a period of five (5) years from the date of its creation. Upon the termination of the Commission, any assets in its possession or ownership shall be returned to or divided between the City and County equally.



ARTICLE IV

City Property in County

Section 4.1 Tax Exempt Status - In the event the County should, at any time in the future, collect tax on real property from the City on City-owned land at the municipal airport facility, the County shall pay to the City an amount equal to the tax collected in addition to any other shared revenues referred to in this Agreement. Such payment will be made at the same time as the shared revenue payments provided in Article II herein.

Section 4.2 Exception to Tax Exemption - In the event any privately owned entity shall be established or located on City-owned property, then such improvements or other assets and the land utilized thereby shall be assessed and taxed in the same manner as similar properties in the County.

ARTICLE V

Certain Services in Designated Areas

Section 5.1 City to Provide Certain Services - The City agrees to furnish fire protection and suppression and rescue services within the designated area to the same extent as it presently provides and no less than the level of said services provided within the City. The City shall not be required to construct an additional fire and/or rescue squad building in the designated area nor shall they be required to employ any additional personnel or purchase any additional equipment specifically for the use in the designated area.

Section 5.2 Costs of Service - The City agrees to pay the cost of providing such services to the designated area without obligation of the County for reimbursement.

Section 5.3 Termination of Services - The City or the County shall have the privilege of terminating such services to the designated area as of July 1st in any year after giving at least six (6) months' notice of such termination prior to July 1st of any year.

Section 5.4 Effect of Termination of Services - In the event the City or the County elects to terminate such services, the total revenue to be shared and paid by the County to the City under this Agreement shall be reduced by three (3) percent for each year, or part thereof, such service is not provided. An illustrative example of the calculation of the reduction is shown below for the third and all subsequent years after the effective date of this Agreement:

Total tax revenue from designated area x 15% = A

A x 3% = B (amount of reduction)

A - B = C (revenue paid to City)

Section 5.5 Sewer and Fire Hydrants - The City further agrees to continue to furnish sewer pump station inspection services which shall include week-day inspection and weekend inspection, if required, and regular maintenance (excluding the cost of required materials or major maintenance requiring outside, paid assistance) and the City agrees to continue to furnish fire hydrant stand-by services for fire hydrants now

provided or which the City may install in accordance with the State Fire Code within the designated area. From and after the effective date of this Agreement, neither the County, its Public Service Authority, nor any agency of the County Government will be charged or required to make any payment for these services. The County shall indemnify the City from any damage to any sewer pump station which shall result by accidents or any events which are beyond the control of the City.

#### ARTICLE VI

##### Annexation Immunity

Section 6.1 County Immunity from Annexation - The City agrees and does hereby waive any and all of its rights and power to seek the annexation of any County territory within the designated area in perpetuity. The City agrees to file no petition for annexation and agrees to oppose any petition or suit brought by others seeking to have annexed to the City any part of the designated area. The execution of this

Agreement shall be a bar to the initiation, prosecution or support of any annexation of any part of the designated area by the City.

Section 6.2 Effect of Annexation - In the event that any of the designated area should by Court order be annexed to the City, the County shall have the option of terminating the economic development and revenue sharing provisions of this Agreement.

#### ARTICLE VII

##### Effective Date and Duration of Agreement

Section 7.1 Effective Date - This Agreement shall become effective on December 31, 1985.

Section 7.2 Duration - Except as otherwise provided herein, this Agreement shall remain in effect in perpetuity unless modified or terminated by the City and County.

#### ARTICLE VIII

##### Presentation and Approval of Agreement

Section 8.1 Presentation to Commission on Local Government  
- The City and County agree to take all necessary actions to present this Agreement to

the Commission on Local Government for its report and recommendations as provided in Section 15.1-1167.1.

Section 8.2 Commission's Recommendations - The City and County agree to oppose any Commission recommendation contrary to the terms of this Agreement unless such recommendation is agreed to by both the City and the County.

Section 8.3 Petition to Court - The City and the County agree to take all necessary actions and cooperate in petitioning the Court as provided by statute for the ratification and approval of this Agreement.

Section 8.4 Costs Incurred in Presentation and Petitioning - The County and the City agree to pay their own costs incurred in the presentation to the Commission and petitioning of the Court for the approval of this Agreement.

Section 8.5 The City and County agree that the provisions of Article VII, Section 10 of the Virginia Constitution, require that the provisions of this Agreement providing for annual payments by

the County to the City be approved by a majority of the qualified voters in the County voting in an election on the question of contracting such debt.

Section 8.6 The City and County agree to request and support all legislation that may be necessary to authorize the holding of the necessary referendum.

Section 8.7 It is the intent of the parties to submit this question to the qualified voters of the County at the next general election to be conducted as soon as all legal requirements have been fulfilled to permit the placing of such question on the ballot.

Section 8.8 The City and County agree that if citizens' approval as required in Section 8.5 is not obtained, then this Agreement shall be null and void.

Pursuant to the authority granted by Section 15.1-1167.1, the governing body of the City of Franklin and of the County of Isle of Wight execute this Agreement pursuant to resolution duly adopted on \_\_\_\_\_, 1984 by the City Council of the City of Franklin, and on

\_\_\_\_\_, 1984, by the Board of Supervisors of  
Isle of Wight County.

THE CITY OF FRANKLIN

By \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Its Clerk

THE COUNTY OF ISLE OF WIGHT

By \_\_\_\_\_  
Chairman, Board of Supervisors



APPENDIX B

ANNEXATION AND REVENUE SHARING  
AGREEMENT BETWEEN THE CITY OF FRANKLIN  
AND SOUTHAMPTON COUNTY

THIS AGREEMENT is made and entered into this \_\_\_\_  
day of \_\_\_\_\_, 1984, by and between the CITY OF  
FRANKLIN ("City"), a municipal corporation of the  
Commonwealth of Virginia, and the COUNTY OF SOUTHAMPTON  
("County"), a county of the Commonwealth of Virginia.

WHEREAS, the City of Franklin undertook a revenue  
resources study to evaluate the methods of expanding its tax  
resources in order to meet the increasing costs of providing  
its citizens with urban services; and

WHEREAS, the City's study concluded that  
annexation of County territory or the sharing of tax  
revenues would be appropriate means of improving the City's  
economic health; and

WHEREAS, the pursuit of an annexation suit would  
involve great expenditures of time and money and would also  
introduce an element of uncertainty into the political and  
governmental processes of both jurisdictions which the City  
Council and the County Board of Supervisors would prefer to  
avoid; and

WHEREAS, the City Council and County Board of Supervisors have sought through negotiations to find an amicable solution to this controversy; and

WHEREAS, the City and the County, pursuant to Chapter 26.1:1 of title 15.1 of the Code of Virginia, as amended, have reached this voluntary agreement which provides for the annexation of certain territory, the waiver of certain annexation rights, and the sharing of certain revenues by the City and the County;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the City and County agree as follows:

#### ARTICLE I

##### Phase I and Phase II Areas To Be Annexed

Section 1.1. The County agrees to the annexation by the City of certain territory described as the Phase I Area on the map attached hereto as Exhibit A. A metes and bounds description of the Phase I Area is attached hereto as Exhibit B. The Phase I annexation shall be effective at midnight on December 31 of the year in which a court convened pursuant to Chapter 26.2 of Title 15.1 of the Code of Virginia, as amended, (the "Special Court") enters an order approving and affirming this Agreement.

Section 1.2. The County further agrees to the annexation by the City of certain territory described as the Phase II Area on the map attached hereto as Exhibit A. A metes and bounds description of the Phase II Area is attached hereto as Exhibit C. The Phase II annexation shall be effective ten (10) years after the effective date of the Phase I annexation.

## ARTICLE II

### Waiver of Certain Annexation Rights

Section 2.1. Except as provided in Section 1.2, the City agrees that, for a period of twenty-five (25) years following the effective date of the Phase I annexation, it will oppose any annexation procedure filed by petition of registered voters or landowners in the County and will not institute, participate in or otherwise support, either directly or indirectly, any proceeding for the annexation of any additional County territory.

## ARTICLE III

### Financial Adjustments

Section 3.1. The City agrees to assume a just proportion of any existing County debt as set forth in

Section 3.2 and to compensate the County for its prospective net loss of tax revenues during the five (5) years following the effective date of the Phase I annexation as set forth in Section 3.3. The City shall not be obligated to make any other payment to the County as a result of the Phase I annexation.

Section 3.2. The City agrees to assume 3.798% of the County general obligation debt existing on the effective date of the Phase I annexation. The City will provide funds to the County for its share of the principal and interest for each debt payment seven days in advance of the date such payments become due.

Section 3.3. The City agrees to pay the County \$924,125.00 over a five year period as compensation for the loss of net tax revenues from the Phase I annexation. Payments shall be made annually on December 15th as set forth below beginning with the first payment on December 15th in the first year following the effective date of the Phase I annexation.

1st payment	-	\$170,618.00
2nd payment	-	177,443.00
3rd payment	-	184,541.00
4th payment	-	191,923.00
5th payment	-	199,600.00

Section 3.4. The City further agrees to assume a just proportion of existing County debt and to compensate the County for its prospective net loss of tax revenues during the five (5) years following the effective date of the Phase II annexation both of which are to be calculated by using the methodologies set forth in Section 3.5. The City shall not be obligated to make any other payment to the County as a result of the Phase II annexation, because no improvements or facilities in the area are to be transferred to the City.

Section 3.5. In arriving at the financial adjustments for the Phase II annexation, the parties agree to use the same methods utilized to determine the financial adjustments for Phase I, but that then current demographic, financial, and tax data shall be applied to quantify the adjustments to be so made at that time. That is, with respect to the assumption of County debt, the City shall assume a portion of the County's general obligation debt existing at the time annexation becomes effective. The portion shall be equal to the percentage of total County property tax values that are contained within the annexation area. With respect to compensation for the prospective net loss of tax revenues, the parties will calculate the tax

revenue derived from the Phase II annexation area from the following sources: real estate, personal property, mobile homes, farm machinery, merchant's capital, machinery and tools, public service corporations, local option sales tax, utility tax, business licenses, motor vehicle licenses, recordation taxes, dog licenses, and the state sales tax returned on the basis of school age population. From this total, the parties will subtract the amount by which the County will be able to reduce its expenditures as a result of annexation. One hundred and four percent of the remaining sum will represent the City's payment to the County for the first year following annexation. The City's payment for the second year, third year, fourth year and fifth year will be increased by four percent each year. The time for making payments will be as set forth in Section 3.2 and 3.3.

Section 3.6. If the City and the County have not reached agreement as to the amount of County debt to be assumed and the amount of compensation to be paid for the County's loss of net tax revenue for the Phase II annexation six (6) months prior to the effective date of such annexation, then pursuant to Section 15.1-1042 of the Code of Virginia as amended such amounts shall be determined by

the Special Court by applying the provisions of Section 3.4 and 3.5. The parties agree to be bound by the Special Court's decision as to the amounts so due from the City to the County whether the Special Court be deemed to retain jurisdiction for the life of this agreement or whether a successive Special Court or Courts be hereafter designated.

#### ARTICLE IV

##### Revenue And Economic Growth Sharing

Section 4.1. The City shall annually pay to the County a sum equal to one-half (1/2) of the net tax revenues and of the net utility revenues collected by the City each year from that portion of the Phase I Area designated as the Industrial Corridor on the map attached hereto as Exhibit A. A metes and bounds description of the Industrial Corridor is attached hereto as Exhibit D.

Section 4.2. The first annual payment shall be due and payable on October 15, 1985, or on October 15 of the year following the effective date of the Phase I annexation, whichever occurs later. Thereafter, the annual payment shall be due and payable on the 15th day of October of each successive year in perpetuity.

Section 4.3. "Tax revenues" shall mean moneys the City collects from local taxes it levies upon assets, transactions, and privileges within its taxing jurisdiction, including but not limited to property taxes, local option sales and use taxes, consumer utility taxes, business license taxes, motor vehicle license taxes, bank stock taxes, and recordation taxes. Federal and state funds, including state sales and use tax distributions, shall not be included.

Section 4.4. The amount of "net tax revenues" shall be calculated each year by subtracting from the total tax revenues derived from the Industrial Corridor a sum equal to the City's operational and capital improvement expenses, from local funds, allocable to those governmental services provided by the City within the Industrial Corridor. Such services shall be those that are necessary to effectively and adequately maintain and develop the industrial properties and are those that are commonly furnished by cities to industrial properties, including but not limited to police protection, fire prevention, road maintenance, and street lighting.

Section 4.5. "Utility revenues" shall mean moneys the City collects from customers to whom it furnishes water,



sewer, gas, or electric services. The amount of net utility revenue shall be calculated each year by subtracting from the total utility revenues derived from customers in the Industrial Corridor a sum equal to the City's operational and capital improvement expenses, from local funds, allocable to those utility services furnished by the City in the Industrial Corridor.

Section 4.6. By agreement dated November 8, 1976, a copy of which is attached hereto as Exhibit E, the City and the County agreed to share the tax revenue and the utility net revenue derived from three (3) parcels of the Hugh D. Camp Estate Property, which is located within the Industrial Corridor. This Annexation And Revenue Sharing Agreement shall supersede those parts of numbered paragraphs five and six in the November 8, 1976, agreement providing for the sharing of tax revenue and utility net revenue. Such provisions shall be deemed null and void, as the parties intend that the revenue sharing provisions in Article IV of this Agreement shall apply to all properties within the Industrial Corridor, including the three (3) parcels of the Hugh D. Camp Estate Property.

ARTICLE V

Affirmation Of The Agreement

Section 5.1. The City and the County agree to undertake promptly all steps required by Chapter 26.1:1 of Title 15.1 of the Code of Virginia, as amended, (§15.1-1167.1) to obtain an order from a Special Court affirming and validating this Agreement and giving it full force and effect.

ARTICLE VI

Miscellaneous Provisions

Section 6.1. The City and the County agree that if the Special Court does not affirm this Agreement without modification, except as herein expressly permitted, this Agreement shall terminate and be null and void.

Section 6.2. This Agreement may be amended or supplemented by mutual consent of the City and the County by a written document duly executed by the authorized representative of the City and the County.

Section 6.3. The rights and obligations of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

Section 6.4. This Agreement shall be enforceable in a duly designated Special Court or Annexation Court as the circumstances may require.

IN WITNESS WHEREOF, the governing bodies of the City and the County have each by ordinance or resolution caused this Agreement to be duly executed in several counterparts, each of which shall constitute an original, by their respective mayor or chairman, and attested by their respective clerks.

CITY OF FRANKLIN

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Clerk

COUNTY OF SOUTHAMPTON

By \_\_\_\_\_  
Chairman, Board of Supervisors

ATTEST:

\_\_\_\_\_  
Clerk

STATISTICAL PROFILE OF THE CITY OF FRANKLIN, COUNTIES OF SOUTHAMPTON AND ISLE OF WIGHT, AND THE AREAS COVERED UNDER THE ANNEXATION AND IMMUNITY AGREEMENTS

	City of Franklin	Isle of Wight County	Area Proposed For Immunity	Southampton County	Phase I Annexation Area	Phase II Annexation Area
Population (1982)	7,000	22,100	710	18,600	590	464
Land Use (Square Miles)	3.81	360.00	6.37	603.00	3.93	0.73
School Age Population (1984)	1,586	5,250	156	4,196	179	119
School Average Daily Membership (1984-85)	1,939	3,840	114	2,489	43	31
Total Taxable Values (1984)	\$150,587,079	\$805,025,900	\$267,499,092	\$553,989,541	\$21,039,994	\$10,211,626
Real Estate Values (1984)	\$130,063,400	\$481,417,208	\$66,024,992	\$475,657,100	\$18,081,508	\$8,912,849
Mobile Homes Values (1984)	N/A	N/A	N/A	N/A	\$6,240	N/A
Tangible Personal Property Values (1984)	\$13,379,506	\$63,431,399	\$1,601,611	\$44,341,932	\$1,371,970	\$936,620
Machinery and Tools Values (1984)	\$1,327,692	\$230,793,489	\$199,233,273	\$6,119,443	\$19,903	\$7,513
Merchants Capital Values (1984)	N/A	N/A	N/A	N/A	\$602,403	\$90,844
Public Service Corp. Values (1984)	\$5,861,481	\$29,383,804	\$639,216	\$23,427,873	\$891,800	\$263,800
Existing Land Use (Acres)						
Residential	686	8,089	N/A	5,188	151	96
Commercial	75	247	N/A	337	23	8
Industrial	86	208	N/A	212	2	0
Public and Semi-public	175	760	N/A	3,153	46	3
Agricultural, Wooded, or Vacant	1,161	174,940	N/A	348,811	2,231	336
Other, (Water, Marsh, etc.)	N/A	23,220	N/A	29,556	21	6

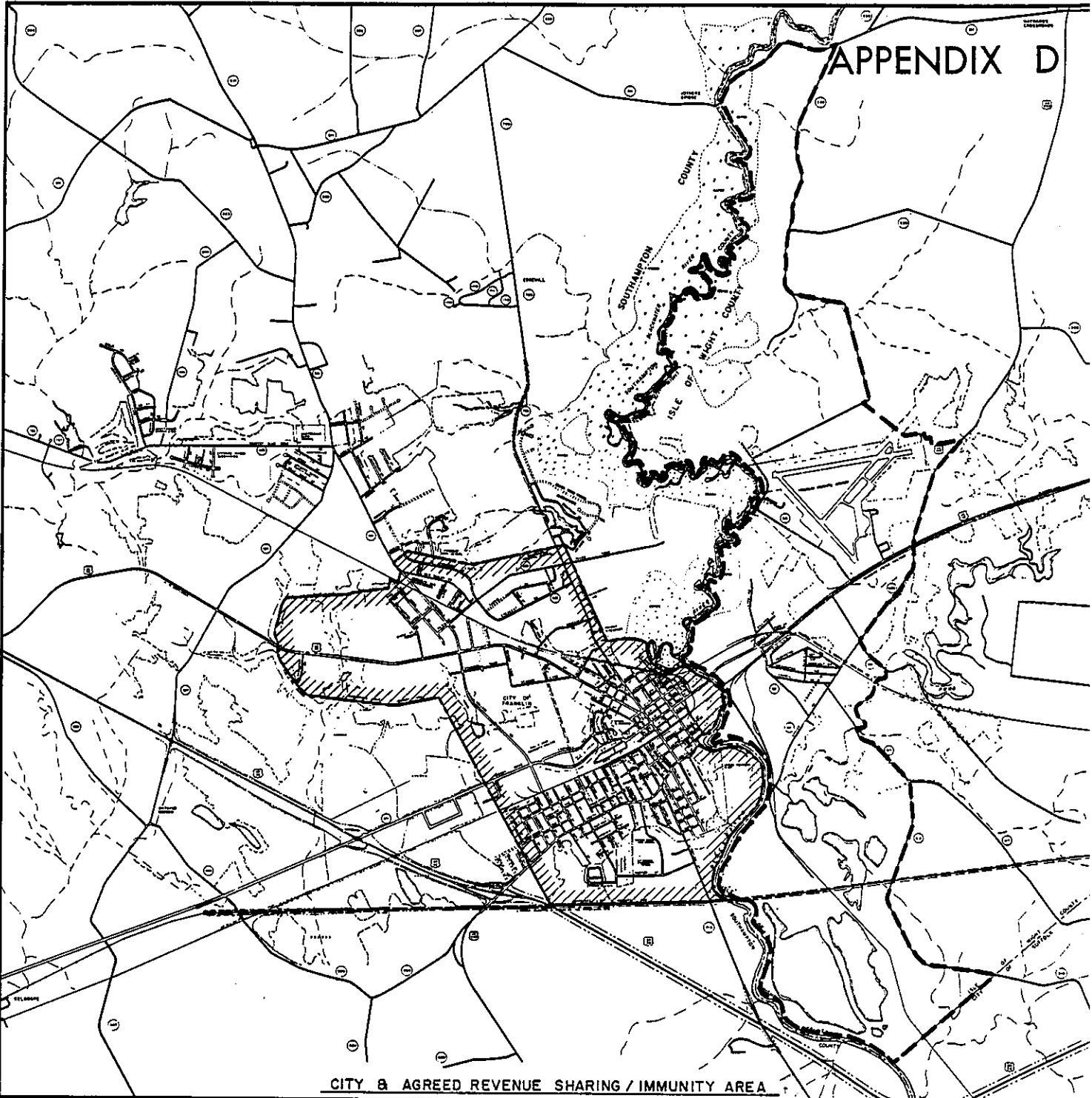
Notes:

N/A = Not Available

Sources:

- City of Franklin, City of Franklin-Isle of Wight County Settlement Agreement, Vol. 1, Nov. 1984.
- City of Franklin, City of Franklin-Southampton County Settlement Agreement, Vol. 1, Dec. 1984.
- Mollie E. Bass, Assistant City Manager, City of Franklin, letter to staff of Commission on Local Government, Apr 11 22, 1985.
- Isle of Wight County, Comprehensive Plan for Future Land Use, June 1977.
- Southampton County, Southampton County Comprehensive Plan, June 1980.

# APPENDIX D



CITY & AGREED REVENUE SHARING / IMMUNITY AREA

PREPARED BY:  
R. STUART ROYER  
& ASSOC., INC.  
RICHMOND, VA.

BASE MAP FURNISHED BY  
S. KENNETH WEAKE ENGINEERS  
NORTOLK, VIRGINIA

GENERAL LEGEND:



SCALE 1:50,000

## MAP OF THE CITY OF FRANKLIN, VA.

AND ENVIRONS

NOVEMBER, 1984

LEGEND:

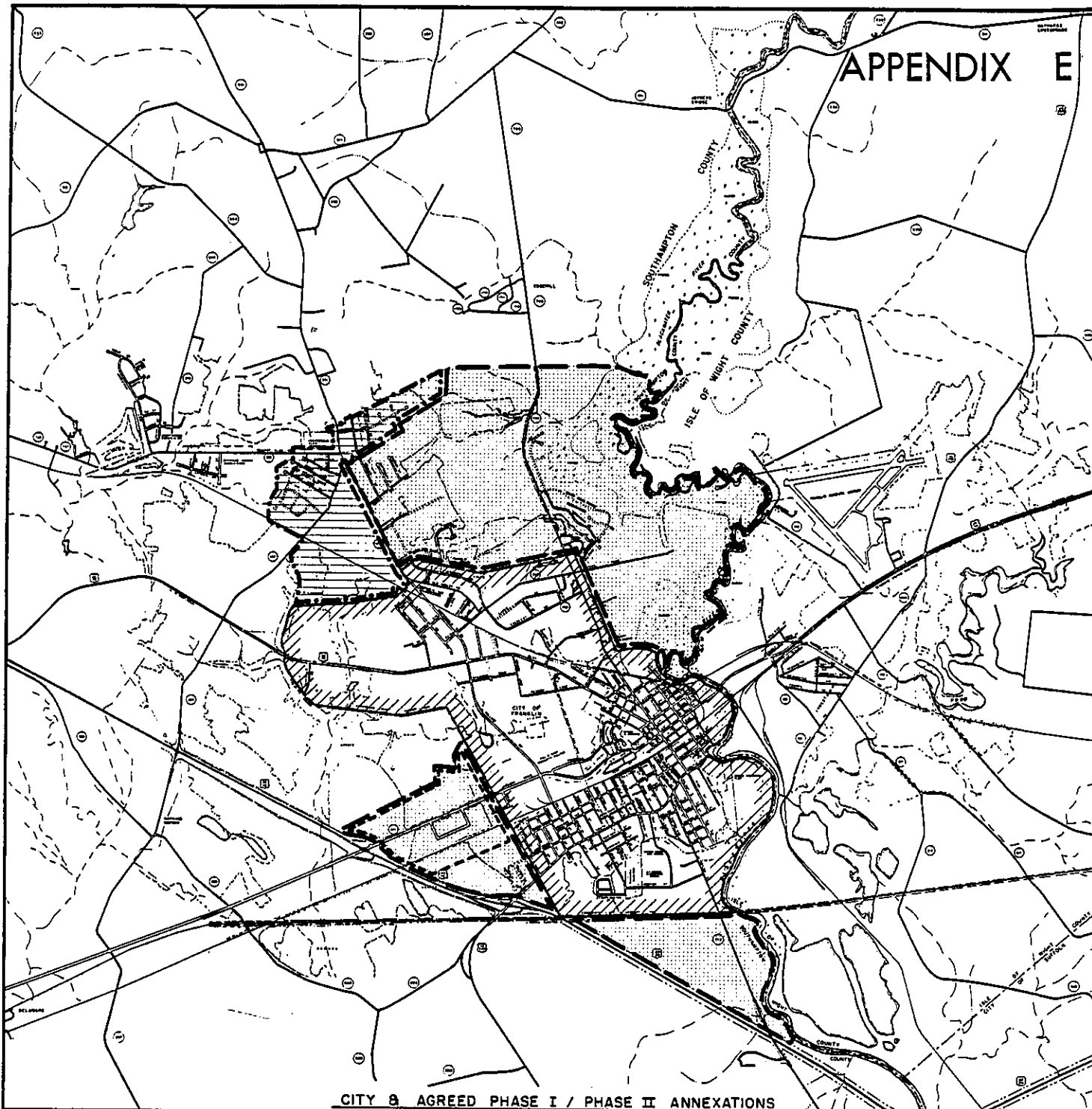


CITY OF FRANKLIN  
CORPORATE LIMITS



ISLE OF WIGHT COUNTY  
REVENUE SHARING / IMMUNITY AREA



# APPENDIX E



CITY & AGREED PHASE I / PHASE II ANNEXATIONS





PREPARED BY:  
 R. STUART ROYER  
 & ASSOC., INC.  
 RICHMOND, VA.  
 BASE MAP FURNISHED BY  
 A. KENNETH WEAVER ENGINEERS  
 NORFOLK, VIRGINIA

GENERAL LEGEND:

MAP OF THE  
**CITY OF FRANKLIN, VA.**  
 AND ENVIRONS  
 DECEMBER, 1984

LEGEND:

-  CITY OF FRANKLIN CORPORATE LIMITS
-  SOUTHAMPTON PHASE I ANNEXATION AREAS
-  SOUTHAMPTON PHASE II ANNEXATION AREA
-  SOUTHAMPTON REVENUE SHARING AREA

APPENDIX F

FISCAL CAPACITY AND FISCAL EFFORT  
INDICES

CITY OF FRANKLIN  
ISLE OF WIGHT COUNTY  
SOUTHAMPTON COUNTY

Fiscal Capacity			
Ratio Scores Based Upon Local Resources			
	True Value Per Capita <sup>1</sup>	Personal Income Per Capita <sup>2</sup>	Index of Wealth Per Capita <sup>3</sup>
1978			
Franklin City	11,829	7,699	9,546
Isle of Wight County	22,497	6,425	14,190
Southampton County	19,183	5,887	11,975
1979			
Franklin City	12,944	8,443	10,407
Isle of Wight County	25,898	7,208	16,272
Southampton County	20,917	6,681	13,097
1980			
Franklin City	13,460	9,301	10,899
Isle of Wight County	27,500	8,154	17,283
Southampton County	22,689	6,907	14,190
1981			
Franklin City	16,156	10,846	12,737
Isle of Wight County	28,369	9,561	18,250
Southampton County	24,422	8,650	15,863
1982			
Franklin City	18,047	12,127	14,375
Isle of Wight County	29,370	10,156	19,026
Southampton County	27,307	9,101	17,413
1983			
Franklin City	18,630	12,881	15,129
Isle of Wight County	29,369	10,467	19,239
Southampton County	27,684	9,329	17,583



Fiscal Strain  
Ratio Scores Based Upon the Local-Source Revenues of General Government

	Local-Source Revenues Per Capita	Local-Source Revenues Per \$1000 Of		Local-Source Revenues Per \$1000 Of
		True Value	Personal Income	
		1	2	3
FY 1980-81				
Franklin City	411.38	30.68	44.21	37.74
Isle of Wight County	261.14	9.50	32.00	15.11
Southampton County	183.45	8.18	26.60	12.93
FY 1981-82				
Franklin City	409.58	25.35	39.31	32.16
Isle of Wight County	268.77	9.47	28.36	14.73
Southampton County	201.02	8.23	22.71	12.67
FY 1982-83				
Franklin City	422.18	23.39	35.01	29.37
Isle of Wight County	275.79	9.39	27.16	14.50
Southampton County	211.87	7.76	23.25	12.17
FY 1983-84				
Franklin City	434.91	23.34	33.03	28.75
Isle of Wight County	331.11	11.27	30.94	17.21
Southampton County	219.04	7.91	24.14	12.46

Fiscal Strain  
Ratio Scores Based Upon the Adjusted Local-Source Revenues of General Government 5

	Adjusted Local-Source Revenues Per Capita	Adjusted Local-Source Revenues Per \$1000		Adjusted Local-Source Revenues Per \$1000 Of Wealth Index
		1 True Value	2 Personal Income	
FY 1980-81				
Franklin City	516.43	38.41	55.50	47.38
Isle of Wight County	251.14	9.50	32.00	15.11
Southampton County	183.45	8.10	26.60	12.93
FY 1981-82				
Franklin City	522.31	32.33	50.13	41.01
Isle of Wight County	268.77	9.47	28.36	14.73
Southampton County	201.02	8.23	22.71	12.67
FY 1982-83				
Franklin City	574.04	31.81	47.61	39.93
Isle of Wight County	275.79	9.39	27.16	14.50
Southampton County	213.08	7.80	23.38	12.24
FY 1983-84				
Franklin City	584.79	31.39	44.41	38.65
Isle of Wight County	331.11	11.27	30.94	17.21
Southampton County	219.04	7.91	24.14	12.46

Fiscal Strain  
Expenditures of General Government Per Capita 6

	Operating Expenditures Ratio Score	Capital Expenditures Ratio Score	Debt Service Expenditures Ratio Score	Total Expenditures Ratio Score
FY 1980-81				
Franklin City	803.84	72.33	30.36	906.54
Isle of Wight County	491.94	32.26	40.31	564.51
Southampton County	486.23	15.94	12.37	514.54
FY 1981-82				
Franklin City	867.09	85.83	96.13	1,049.05
Isle of Wight County	536.89	21.46	35.94	594.29
Southampton County	525.79	1.95	11.88	539.62
FY 1982-83				
Franklin City	1,077.84	24.61	33.32	1,135.76
Isle of Wight County	564.32	128.86	34.19	727.37
Southampton County	553.89	0.00	11.35	565.24
FY 1983-84				
Franklin City	1,240.32	16.62	27.01	1,283.95
Isle of Wight County	602.47	30.48	33.80	666.76
Southampton County	550.92	0.00	9.84	560.75

Fiscal Strain  
Expenditures of General Government Per \$1000 of the True Value of Real Estate and Public Service Corporations 116

	Operating Expenditures Ratio Score	Capital Expenditures Ratio Score	Debt Service Expenditures Ratio Score	Total Expenditures Ratio Score
FY 1980-81				
Franklin City	59.79	5.38	2.26	67.43
Isle of Wight County	17.89	1.17	1.47	20.53
Southampton County	21.47	0.70	0.55	22.72
FY 1981-82				
Franklin City	53.67	5.31	5.95	64.93
Isle of Wight County	18.93	0.76	1.27	20.95
Southampton County	21.53	0.08	0.49	22.10
FY 1982-83				
Franklin City	59.72	1.36	1.85	62.93
Isle of Wight County	19.21	4.39	1.16	24.77
Southampton County	20.28	0.00	0.42	20.70
FY 1983-84				
Franklin City	66.57	0.89	1.45	68.92
Isle of Wight County	20.51	1.04	1.15	22.70
Southampton County	19.90	0.00	0.36	20.26

Fiscal Strain  
Expenditures of General Government Per \$1000 of Personal Income 2,6

	Operating Expenditures Ratio Score	Capital Expenditures Ratio Score	Debt Service Expenditures Ratio Score	Total Expenditures Ratio Score
FY 1980-81				
Franklin City	86.39	7.77	3.26	97.43
Isle of Wight County	60.28	3.95	4.94	69.17
Southampton County	70.49	2.31	1.79	74.60
FY 1981-82				
Franklin City	83.22	8.24	9.23	100.69
Isle of Wight County	56.65	2.26	3.79	62.71
Southampton County	59.40	0.22	1.34	60.96
FY 1982-83				
Franklin City	89.39	2.04	2.76	94.20
Isle of Wight County	55.58	12.69	3.37	71.64
Southampton County	60.78	0.00	1.25	62.03
FY 1983-84				
Franklin City	94.18	1.26	2.05	97.50
Isle of Wight County	56.30	2.85	3.16	62.31
Southampton County	60.72	0.00	1.08	61.80

Fiscal Strain  
Expenditures of General Government Per \$1000 of the Local Wealth Index 3,6

	Operating Expenditures Ratio Score	Capital Expenditures Ratio Score	Debt Service Expenditures Ratio Score	Total Expenditures Ratio Score
FY 1980-81				
Franklin City	73.75	6.64	2.79	83.17
Isle of Wight County	28.46	1.87	2.33	32.66
Southampton County	34.27	1.12	0.87	36.26
FY 1981-82				
Franklin City	68.07	6.74	7.55	82.36
Isle of Wight County	29.42	1.18	1.97	32.56
Southampton County	33.14	0.12	0.75	34.02
FY 1982-83				
Franklin City	74.98	1.71	2.32	79.01
Isle of Wight County	29.66	6.77	1.80	38.23
Southampton County	31.81	0.00	0.65	32.46
FY 1983-84				
Franklin City	81.98	1.10	1.79	84.86
Isle of Wight County	31.31	1.58	1.76	34.66
Southampton County	31.33	0.00	0.56	31.89

## Notes

1. The concept of true value refers to the full-market worth of locally taxed real estate and public service corporation property within a particular jurisdiction.
2. The personal income statistics for a locality reflect wage and salary disbursements, proprietors' income, dividends, interest, rent, and transfer payments (e.g., Social Security, unemployment insurance, and public assistance benefits). Although it is typically monetary in character, personal income may assume such forms as wages and salaries paid in kind, the net rental value of owner-occupied houses, the net worth of food and fuel produced and consumed on farms, and imputed interest earned from financial intermediaries.
3. The local wealth index is an additive measure which combines 50 percent of the total true value of real estate and public service corporations, 40 percent of the total personal income, and 10 percent of the total value of taxable retail sales within a jurisdiction.
4. Local-source revenues exclude payments from federal and state authorities, non-revenue receipts, and inter-fund transfers.
5. Adjusted local-source revenues subsume contributions to the general government which stem from enterprise activities, but exclude all other inter-fund transfers (as well as federal and state payments and non-revenue receipts).
6. General government expenditures do not reflect inter-fund transfers or the costs of enterprise activities, except reimbursements for services performed by the general government in behalf of such activities.

Sources

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Virginia Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1981-FY1983, Exhibits A, E, and F.

Virginia Auditor of Public Accounts, "City of Franklin Comparative Reporting Transmittal Forms," FY1984; "Isle of Wight County Comparative Reporting Transmittal Forms," FY1984; "Southampton County Comparative Reporting Transmittal Forms," FY1984.

Julia H. Martin and David W. Sheatsley, Estimates of the Population of Virginia Counties and Cities: 1982 and 1983, Table 2.



APPENDIX G

RATES OF CHANGE  
IN  
REVENUES AND EXPENDITURES

CITY OF FRANKLIN  
ISLE OF WIGHT COUNTY

City of Franklin  
Annual and Average Rates of Change<sup>1</sup>  
For  
Selected Revenues and Expenditures, 1980-85

	1980-81 Percent Change	1981-82 Percent Change	1982-83 Percent Change	1983-84 Percent Change	1984-85 Percent Change	1980-84 Average Percent Change	1980-85 Average Percent Change
<b>REVENUES</b>							
Local Taxes	10.23	2.99	4.30	5.78	4.38	5.83	5.54
Local Non-Tax Rev.	17.50	5.93	12.33	2.37	-19.47	9.53	3.73
State and Federal Aid							
--State Sales Tax	3.58	-4.06	6.74	14.04	6.70	5.08	5.40
--State & Fed. School Aid	23.59	7.45	15.73	17.33	9.65	16.02	14.75
--Other State Aid	14.92	2.10	12.41	1.23	16.06	7.67	9.34
--Other Federal Aid	-32.64	-71.13	17.51	8.29	-10.32	-19.49	-17.66
Federal Revenue Sharing	-.59	-4.06	29.58	26.50	-5.39	12.86	9.21
<b>EXPENDITURES</b>							
Gen. Operating Expenditures	11.33	1.37	7.77	6.02	3.22	6.62	5.94
School Expenditures	15.65	8.01	13.21	10.24	11.00	11.78	11.62

City of Franklin  
Annual and Average Rates of Change  
For

Selected Revenue and Expenditure Projections, 1985-90

	1985-86 Percent Change	1986-87 Percent Change	1987-88 Percent Change	1988-89 Percent Change	1989-90 Percent Change	1985-89 Average Percent Change	1985-90 Average Percent Change
<b>REVENUES</b>							
Local Taxes <sup>3</sup>	5.70	5.70	5.70	5.70	5.70	5.70	5.70
Local Non-Tax Rev.	1.69	2.59	2.53	2.54	2.55	2.34	2.38
State and Federal Aid							
--State Sales Tax	5.10	5.10	5.10	5.10	5.10	5.10	5.10
--State & Fed. School Aid	9.00	9.00	9.00	9.00	9.00	9.00	9.00
--Other State Aid	7.60	7.60	7.60	7.60	7.60	7.60	7.60
--Other Federal Aid	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Federal Revenue Sharing	6.00	6.00	6.00	6.00	6.00	6.00	6.00
<b>EXPENDITURES</b>							
Gen. Operating Expenditures <sup>4</sup>	6.00	7.02	5.94	5.95	5.95	6.23	6.17
School Expenditures	7.73	7.76	7.78	7.80	7.82	7.77	7.78

City of Franklin  
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Selected Revenues and Expenditures, 1980-85

	1980	1981	1982	1983	1984	1985
<b>REVENUES</b>						
Local Taxes	2,005,227	2,210,386	2,276,484	2,374,323	2,511,602	2,621,666
Local Non-Tax Rev.	1,254,630	1,474,235	1,561,598	1,754,217	1,795,738	1,446,160
State and Federal Aid						
--State Sales Tax	296,232	306,850	294,405	314,248	358,378	382,400
--State & Fed. School Aid	1,556,836	1,924,065	2,067,401	2,392,593	2,807,293	3,078,207
--Other State Aid	565,047	649,341	662,999	745,282	754,471	875,606
--Other Federal Aid	138,801	93,495	26,992	31,718	34,346	30,800
Federal Revenue Sharing	138,985	138,170	132,563	171,777	217,298	205,577
<b>EXPENDITURES</b>						
Gen. Operating Expenditures	2,642,010	2,941,460	2,981,751	3,213,508	3,406,820	3,516,614
School Expenditures	2,996,743	3,465,775	3,743,476	4,237,873	4,672,037	5,185,937

City of Franklin  
Selected Revenue and Expenditure Projections, 1985-90<sup>6</sup>

	1985	1986	1987	1988	1989	1990
REVENUES						
Local Taxes	2,621,666	2,771,100	2,929,053	3,096,009	3,272,482	3,459,013
Local Non-Tax Rev.	1,500,560	1,525,957	1,565,460	1,605,059	1,645,845	1,687,851
State and Federal Aid						
--State Sales Tax	382,400	401,902	422,399	443,941	466,582	490,378
--State & Fed. School Aid	3,078,207	3,355,246	3,657,218	3,986,368	4,345,141	4,736,204
--Other State Aid	875,606	942,152	1,013,755	1,090,800	1,173,701	1,262,902
--Other Federal Aid	30,800	32,648	34,606	36,683	38,884	41,217
Federal Revenue Sharing	205,577	217,911	230,986	244,845	259,536	275,108
EXPENDITURES						
Gen. Operating Expenditures	3,468,014	3,676,094	3,934,160	4,167,960	4,415,787	4,678,485
School Expenditures	5,125,937	5,522,397	5,950,780	6,413,741	6,914,161	7,455,167

City of Franklin  
Selected Revenue and Expenditure Projections, 1985-90

Isle of Wight County

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Annual Rates of Change by Revenue Dimension, 1980-85

Revenue Dimension	1980-81 Percent Change	1981-82 Percent Change	1982-83 Percent Change	1983-84 Percent Change	1984-85 Percent Change
Assessed Property Values	5.04	17.56	0.63	4.57	-----
Property Tax Levies	9.91	1.38	19.24	6.87	-----
All Local Taxes	3.95	8.08	4.62	21.70	-.10
All Local Revenue	1.22	4.48	4.19	20.36	-.22
All Local Rev. and Inter-Govt. Aid	6.00	7.68	3.02	10.86	3.47
Grand Total Revenue	5.47	7.24	7.25	5.19	15.73