

**REPORT**  
**ON THE**  
**CITY OF HARRISONBURG - COUNTY OF ROCKINGHAM**  
**ANNEXATION CASE**



**COMMISSION ON LOCAL GOVERNMENT**  
**COMMONWEALTH OF VIRGINIA**

**February 20, 1981**

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By order dated July 30, 1980 the Three-Judge Special Court designated to hear the City of Harrisonburg - County of Rockingham annexation case directed the Commission on Local Government to prepare and file a report on the proposed annexation in accordance with the provisions of Chapter 19.1, Title 15.1 of the Code of Virginia. Pursuant to such Court order this report is hereby submitted.

Proceedings of Commission

Subsequent to the Commission's receipt of the Court order directing its review of the City of Harrisonburg - County of Rockingham annexation case, the Commission held preliminary discussion with counsel for the City and was advised that a period of 90 days would be required for the City to prepare its case for presentation. Accordingly, at its regular meeting on September 9, 1980, the Commission established November 1, 1980 as the date by which the City would be expected to submit its material in support of the proposed annexation to the Commission for review, and November 8, 1980 as the deadline for County submission of material in opposition. These submissions by the City and County were made available, at the request of the Commission, for public scrutiny in the offices of both the City Manager of the City of Harrisonburg and the County Administrator of

Rockingham County. Following its receipt and review of these submissions, the Commission toured the City and the area proposed for annexation on November 15 and received oral testimony from the City and the County on December 3, 4, 5 and 8, 1980.

In addition to its receipt and consideration of materials and testimony from the City of Harrisonburg and the County of Rockingham, the Commission solicited comment from other potentially affected local governments and the public. Pursuant to the requirements of Section 15.1-945.7(A) of the Code of Virginia, the City of Harrisonburg gave notice of its proposed annexation to "all local governments contiguous to, or sharing functions, revenue, or tax sources" with it. Each of the towns, counties, and cities receiving such notice was invited by the Commission to submit comment on the proposed annexation for its consideration. Further, the Commission held a public hearing, which was advertised in accordance with the provisions of Section 15.1-945.7(B), on December 10, 1980, at which 58 persons presented testimony relative to the proposed annexation.

In addition to its formal review of the proposed annexation, the Commission designated an independent mediator, pursuant to a request initiated by the County of Rockingham under authority granted by Section 15.1-945.7(E) of the Code of Virginia, to assist the County and the City of Harrisonburg in negotiating a settlement of the annexation issue. After three months of unsuccessful effort to negotiate a settlement of the issue, the Commission declared the statutorily invoked negotiations terminated as of February 8, 1981.

The Commission's review and recommendations relative to the City of Harrisonburg's proposed annexation have been based upon, as required by Section 15.1-945.7(B) of the Code of Virginia, "the criteria and standards established

by law" for consideration in annexation cases. Thus, the Commission has analyzed the proposed annexation on the basis of the criteria, factors, and other considerations set forth in Chapter 25 of Title 15.1 of the Code of Virginia. The Commission has endeavored to assist the Court and the parties through the application of its collective experience in local government functions and administration and has sought to leave questions of law for judicial resolution. The Commission trusts that its recommendations relative to the necessity for and expedience of the annexation proposed by the City of Harrisonburg will assist the Court in the discharge of its responsibilities.

General Characteristics of the City, the County,  
and the Area Proposed for Annexation

City of Harrisonburg

Harrisonburg, since its founding in 1780, has become an important center in Virginia's Shenandoah Valley. Interstate Highway 81, which follows the valley through Virginia, connects Harrisonburg to Winchester in the northeast and to Roanoke in the southwest. This important highway is reported to have an average daily travel volume through Harrisonburg of approximately 16,300 vehicles.<sup>1</sup> The retail trade area of the City extends from the Augusta County line in the south to Shenandoah County to the north and westward from the Blue Ridge Mountains into the State of West Virginia. Additionally, Rockingham Memorial Hospital, which is located in Harrisonburg, has a service area that encompasses 100,000 persons.<sup>2</sup>

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1 John P. Hopkins, Transportation Planning Division, Virginia Department of Highways and Transportation, telephone communication with staff of the Commission on Local Government, Feb. 2, 1981.

2 Harland Bartholomew and Associates, Inc., Background for Planning in the City of Harrisonburg, 1980, p. 26.

The City of Harrisonburg presently has a population of 19,713 and an area of 5.98 square miles.<sup>3</sup> The City's last major annexation occurred in 1962 and resulted in Harrisonburg's enlargement by 926 persons and 3.01 square miles. Since 1962 there have been two uncontested annexations for the purpose of bringing industrial tracts located along U.S. Route 33 and east of Interstate Highway 81 into the City. These two annexations collectively added only .23 of a square mile to the City's total area.

Between 1960 and 1980 the City of Harrisonburg's population grew from 11,916 to 19,613, an increase of 7,797 persons. It is significant to note that during the same span of years enrollment at James Madison University, whose dormitories are located within the City, rose from 1,494 to 8,817, an increase of 7,323. Thus, the evidence suggests that much of the population growth in the City of Harrisonburg has been related to the development of James Madison University.<sup>4</sup> Clearly, the growth of the University's student body, the concomitant increase in its faculty and staff, and the 1962 annexation have constituted the principal bases of growth in the City. The data suggest that as the University's enrollment stabilizes there will be little dynamic for growth in the City of Harrisonburg.

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3 City of Harrisonburg, City of Harrisonburg Exhibits: Submittal to Commission on Local Government, Commonwealth of Virginia (hereinafter cited as Harrisonburg Exhibits), 1980, Exh. 2 and 4R. The total population figure is a preliminary statistic established by the U.S. Bureau of the Census and agreed to by the City of Harrisonburg. When the final population statistics have been certified by the Bureau of the Census in 1981 or 1982, the City's official population figure may be altered.

4 U.S. Bureau of the Census policies call for the inclusion in a locality's population count of any student or other individual who is residing in such locality on the day the Census is taken. Census data for 1970 and the preliminary figures for 1980 indicate that the population in Harrisonburg residing in "group quarters" increased from 2,546 to 4,191 or 106% during the past decade. Since college dormitory population constituted 95% of the City's "group quarters"

The City of Harrisonburg has a rather typical land use pattern for cities of its size. Of the total of 3,827 acres within the present boundaries of the City approximately 30% (1146 acres) is devoted to residential usage, 6.5% (247 acres) is utilized for commercial activity, and 6.6% (253 acres) is committed to light and heavy industrial enterprise. Approximately 30% (1117 acres) of the City's present area is devoted to public and semi-public usage, including land for highways, streets, and roads.<sup>5</sup> Within the City's current boundaries there are approximately 1005 acres of vacant land, of which 34% (342 acres) was shown by the City to be affected by certain environmental factors which would restrict its development.<sup>6</sup> The Commission has noted that of the present vacant land within the City 205 acres are zoned for industrial use and 40 acres are zoned for commercial enterprise. Generally, however, these City sites do not offer rail connections, access or exposure to the interstate highway network, or tracts of sufficient size which, in the Commission's judgment, would make them competitive with sites available for development in the County.

In terms of employment opportunities, the records of the Virginia Employment Commission indicate that there were approximately 15,000 nonagricultural wage and salary jobs within the City's boundaries in 1979. This figure represents an increase of 32.52% in such employment opportunities since 1970, an increase only

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population in 1970, it is assumed that this percentage relationship will be similar in 1980. If this assumption is correct, approximately 35% of the City's growth during the past decade may be attributed to the increase in college dormitory population alone. (U.S. Department of Commerce, Bureau of the Census, 1970 Census of Population, General Population Characteristics for Virginia, Number PC(1)-48, Table 29.)

5 Harrisonburg Exhibits, Exh. 10. Approximately 30% of the City's land area is tax exempt.

6 Harrisonburg Exhibits, Exh. 11. Examples of such impediments to development are flood plains, rock outcrops, slopes greater than 15%, and areas susceptible to

slightly less than the growth in the City's population (34.97%) during the past decade. An analysis of the employment figures for the City indicates that the growth in employment opportunities within the City from 1970-79 occurred in the nonmanufacturing sector, principally in the areas of wholesale and retail trade, services, and State government employment. During the same period of time manufacturing employment decreased by 6% in the City.<sup>7</sup>

#### County of Rockingham

The County of Rockingham represents a major agricultural resource to the Commonwealth of Virginia and the nation as a whole. According to the recently published 1978 Census of Agriculture, the County of Rockingham was the premier county in Virginia in terms of the total value of agricultural products sold, with Rockingham County farmers receiving \$154 million for their products. The significance of this figure becomes apparent when one considers the fact that the State's second ranked jurisdiction in terms of agricultural operations produced only \$45 million in agricultural products during 1978.<sup>8</sup>

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sinkholes. While such environmental factors are not complete barriers to development, they are impediments which restrict the land's use and limit its development potential.

7 Virginia Employment Commission, Population and Labor Force Data, 1970 and 1979. The labor force data also suggest the importance of the James Madison University to the City's population growth. The data indicate that full-time employment at the University rose from 575 positions in 1970 to 1,100 positions in 1980, an increase of 91%. Assuming that many of these positions were filled by married persons with families, the added faculty and staff contributed substantially to the area's growth.

8 U.S. Department of Commerce, Bureau of the Census, 1978 Census of Agriculture, Preliminary Report for Rockingham County, Virginia, Number AC78-P-51-165, June 1980, Table 1.



In 1980 Rockingham County had a population of 56,348 according to preliminary figures released by the U.S. Bureau of the Census, and a land area of 865 square miles inclusive of the population and area of its seven incorporated towns.<sup>9</sup> Between 1960 and 1980 that population grew by approximately 15,000 persons, or 39%. In terms of land area, Rockingham County is the third largest county in the State of Virginia; however, 32% of the County's total land area, or 275 square miles, is located within the boundaries of the George Washington National Forest and the Shenandoah National Park. In addition, slightly in excess of 6 square miles of County territory are located within the boundaries of seven incorporated towns.<sup>10</sup> Of the land in the County outside the national preserves and the seven incorporated towns, 394 square miles, or 67% of that total, is devoted to farming, with the average size farm being 135 acres.<sup>11</sup>

Despite the significance of the agricultural industry to Rockingham County, the County does appear to have a balanced economic base. The data indicate that as of 1979 there were 15,600 nonagricultural wage and salary jobs in the County,

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9 County of Rockingham, County of Rockingham Exhibits: City of Harrisonburg vs. County of Rockingham Annexation Proceedings (hereinafter cited as Rockingham Exhibits), 1980, Exh. 69. Excluding the population and land area of the seven incorporated towns, Rockingham County contained 46,519 persons residing in an area of 859 square miles.

10 Rockingham Exhibits, Exh. 69.

11 1978 Census of Agriculture, Preliminary Report for Rockingham County, Virginia Table 1.

constituting a 51% increase in nonagricultural employment since 1970. A substantial portion (44%) of the County's 1979 nonagricultural employment was in the manufacturing sector, with nearly half of those jobs in the food processing industry.<sup>12</sup>

#### Area Proposed for Annexation

The area of Rockingham County which is proposed for annexation by the City of Harrisonburg is delineated in the City's petition for annexation and described in detail by numerous City and County exhibits submitted to the Commission. (See Appendix A for a map of the area proposed for annexation.) For our purposes here, it is sufficient to note that as of December, 1980, the proposed area included 14.14 square miles; 5,165 persons; 873 children and youth enumerated by the 1980 special County school census; \$120.4 million in real property values; and \$142.5 million in total property values subject to local taxation. (See Appendix B for a listing of major demographic, fiscal, economic, and land characteristics of the City, the County, and the area proposed for annexation.)

The area of Rockingham County proposed for annexation by the City of Harrisonburg is an important resource to the region as a whole. The 14.14 square miles sought by the City include many of the major commercial and manufacturing establishments in the County. In terms of local revenue significance, the area proposed for annexation contains 14.11% of the County's 1980 total property values subject to local taxation and is the source of 65.46% of the County's local option 1% sales tax receipts.<sup>13</sup>

The Valley Mall complex and the adjacent K-Mart and Kroger stores, located on U.S. Route 33 just east of the Harrisonburg municipal boundary, contain

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12 Population and Labor Force Data, 1979.

13 Rockingham Exhibits, Exh. 69.

collectively over 585,000 square feet of retail floor space and are estimated to generate approximately 50% of the retail sales volume of the entire area sought for annexation.<sup>14</sup> (The Commission has been unable to obtain authoritative estimates of the retail sales activity generated by the two complexes adjacent to U.S. Route 33 east of Harrisonburg.) Regardless of what estimate is accepted, it is clear that the first three-quarters of a mile east of Harrisonburg adjacent to U.S. Route 33 has recently become a major source of revenue for Rockingham County.

In addition to its commercial resources, the area proposed for annexation also includes significant industrial development. The Pleasant Valley industrial area located south of the City and east of Interstate 81 is estimated to contain one-fourth of the approximate 4300 nonagricultural jobs in the area proposed for annexation. In terms of the industrial and commercial significance of the area proposed for annexation, it should be noted that the nonagricultural jobs located in that area comprise 28.65% of the County's total nonfarm employment.<sup>15</sup>

The area proposed for annexation includes several major educational facilities. Eastern Mennonite College, which had an enrollment of 1,005 students in 1978, is located in the Park View section just northwest of the City of Harrisonburg. In addition, James Madison University has expanded its facilities outside the City's limits in the southeast.<sup>16</sup> Further, the County owns and operates the Pleasant Valley Elementary School located along Virginia Route 679 south of the City and during the current academic year serves an enrollment of 680 students at that facility. Finally, the City and the County jointly fund and operate a vocational-technical education center adjacent to the elementary school.

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14 Background for Planning in the City of Harrisonburg, 1980, p. 26.

15 Population and Labor Force Data, 1979.

16 Dr. R. E. Carrier, President, James Madison University, telephone communication with staff of the Commission on Local Government, Feb. 2, 1981.

As of 1980 the average density of the area proposed for annexation was 365 persons per square miles as compared with the County's overall density of 65 persons per square mile.<sup>17</sup> An examination of a land use map of the area proposed for annexation indicates that a majority of the area's population resides in residential subdivisions or multi-family developments located in the Park View section northwest of the City or along Port Republic Road (Virginia Route 659) to the south. Further, the area also contains approximately 328 mobile homes which are located, for the most part, in mobile home parks.<sup>18</sup> It is important to note that mobile homes constitute a significant source of housing in the area proposed for annexation.

The land use patterns of the area proposed for annexation indicate that 36% of the area's acreage is developed, while the remaining 64% of the land area, approximately 5,800 acres, is vacant or in agricultural use.<sup>19</sup> Testimony before the Commission revealed that approximately 4,000 acres of that total were classified as agricultural.<sup>20</sup> Most of this agricultural land was reported to be in large tracts to the south of Virginia Route 42 and west of the present City limits.<sup>21</sup>

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17 Rockingham County's 1980 overall density, excluding land in the federal preserves, was 97 persons per square mile. In calculating this density figure it was not possible to exclude the population residing within the federal preserves since that statistic was not available.

18 Data provided by Carter Glass, IV, Counsel for the City of Harrisonburg, letter to staff of the Commission on Local Government, Jan. 6, 1981.

19 Data provided by Myron C. Smith, Counsel for Rockingham County, letter to staff of the Commission on Local Government, Dec. 30, 1980. It should be noted that the County's land use figures for the area proposed for annexation differ from those submitted by the City in Exh. 12. This is a result of a variance in methodology. Wherever possible, the Commission will use the County's land use figures.

20 William C. Overman, expert witness for Rockingham County, stated that the agricultural properties in the area proposed for annexation totaled 4,000 acres. [See Hearing Held before the Commission on Local Government for the Commonwealth of Virginia (hereinafter cited as Hearing) Vol. 4, p. 112.]

21 The location of the agricultural areas was determined from Map H-8 of the area proposed for annexation filed with the Commission by the City of Harrisonburg.

Finally, the area proposed for annexation contains during the current academic year 525 students in average daily membership (ADM) who are attending County public schools.<sup>22</sup> In addition, there are approximately 85 students residing in the area presently attending City schools, and a considerable but undetermined number of students attending non-public schools.<sup>23</sup> The incidence of students in the area proposed for annexation attending non-public schools is suggested by the fact that the number of students from the area attending County schools (525 in ADM) constitutes only 60% of the area's school age population.<sup>24</sup>

#### Standards and Factors for Annexation

The standards and factors by which municipal annexations are to be evaluated in this State are set forth principally in Section 15.1-1041 of the Code of Virginia. This section of law directs an annexation court, and now the Commission on Local Government, to determine "the necessity for and expediency of annexation." Section 15.1-1041 requires the reviewing entity to consider "the best interest of the people of the county and the city ... , services to be rendered and needs of the people of the area proposed to be annexed, the best interests of the people in the remaining portion of the county and the best interests of the State in promoting strong and viable units of governments" in determining such "necessity" and "expediency." Finally, Section 15.1-1041 specifies a number of public service functions, fiscal concerns, and community to interest issues which are to be evaluated in considering the best interests of the parties and the State. Since

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22 Rockingham Exhibits, Exh. 69.

23 Memorandum by the City of Harrisonburg in Support of Its Petition to Annex Territory within the County of Rockingham (hereinafter cited as Harrisonburg Memorandum), Dec. 1980, p. 38.

24 Rockingham Exhibits, Exh. 69. The term "school age population" legally signifies all children between the ages of 5 and 19 as well as handicapped children aged 2, 3, 4, 20 and 21.

the City of Harrisonburg will be foreclosed under Virginia law from initiating any subsequent annexation for a decade following the termination of this proceeding, an analysis of this annexation must involve more than an appraisal of current circumstances and conditions. It is the opinion of the Commission that its recommendations with respect to this, or any other annexation, must rest, in large part, upon a reasonable projection of relevant circumstances and conditions. The following sections of this report constitute the Commission's analysis of these elements.

#### Interests of the People of the City

Land for Development. It is evident to this Commission that the City of Harrisonburg has a need for additional land for commercial and industrial development. Existing land use data for the City of Harrisonburg reveal that there are approximately 1005 acres of vacant land within the current boundaries of the City. Evidence was offered by City witnesses to the effect that 34% of this vacant land was subject to environmental restrictions which limited the land's utility or increased the cost of its development.<sup>25</sup> In addition, some of the City's currently vacant land is zoned for appropriate uses other than commercial and industrial activity.

Modern day industrial and commercial developments often require large tracts of land to accommodate the principal structures, the ancillary facilities, and requisite parking. Further, developers of commercial enterprises and new industrial plants seek access to transportation facilities such as arterial roads and interstate highways. Railroad sidings play an important role in the locational decisions of specific industries, but their importance has diminished

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<sup>25</sup> Harrisonburg Exhibits, Exh. 11.

since the 1950's. The evidence presented to the Commission indicates that there are few large tracts of land zoned for commercial or industrial uses in the City, and those tracts which are available are generally poorly located in relation to arterial and interstate roads or rail lines. In the judgment of the Commission, the City presently possesses few prime industrial sites which could be proffered to potential developers.

The area of Rockingham County proposed for annexation contains a number of excellent sites for future commercial and industrial development. These sites offer access or exposure to arterial and interstate highways, and some have frontage on rail lines. As testimony to the competitive superiority of the sites in the area proposed for annexation, it should be noted that all of the major industrial growth in the Harrisonburg-Rockingham County area within the last ten years has occurred beyond the City's boundaries.<sup>26</sup> The evidence suggests to the Commission that the City of Harrisonburg will remain at a serious disadvantage in both attracting and retaining commercial and industrial activity if it is unable to increase its supply of suitable sites for such development.

The proposed annexation, if granted in its entirety, would bring into the City approximately 5,800 acres of vacant or agricultural land. Assuming that this land is subject to environmental restrictions in the same proportion as that within the City, the proposed annexation would give the City approximately 3,800 acres of land suitable for development. Clearly, the proposed annexation could provide the City with needed land for industrial and commercial growth.

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26 Testimony of Marvin B. Milam, City Manager, City of Harrisonburg, Hearing, Vol. 1, p. 191. Excluding from consideration the land for development brought into the City by means of the uncontested annexations in 1965 and 1970, the evidence indicates that the City has experienced virtually no industrial growth for nearly two decades.

Need to Expand Tax Resources. The evidence presented to the Commission reveals a present and growing need for the City of Harrisonburg to expand its tax resources. An examination of the trends in the region's sales tax revenues suggests an erosion of the retail sector of the City's economy. According to data published by the State Department of Taxation, the average annual increase in the value of taxable sales in the City from 1975 to 1979 was 8.43%. The comparable figure for the County of Rockingham was 18.24%. Further, in terms of per capita taxable sales, the average annual increase between 1975 and 1979 for the City was 5.29%, while the comparable figure for the County was 16.05%.<sup>27</sup> Thus, in terms of overall percentage growth and per capita yield, the County's sales tax revenues have increased at a rate several times that of the City.

Moreover, the impact of Valley Mall is not fully reflected in the percentages presented above. This shopping area, which contains approximately 500,000 square feet of retail space, was not opened until the fall of 1978.<sup>28</sup> Nine businesses, including the major stores of J. C. Penney and Leggett, closed their facilities in the City of Harrisonburg and moved their operations to the new mall. A comparison of total taxable sales for the first three quarters of 1980 with the same period in 1979, when the Valley Mall was in operation, indicates a growth in such sales of 16.98% in the County and only 2.86% in the City.<sup>29</sup>

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27 Virginia Department of Taxation, Taxable Sales, Annual Reports, 1975-1979.

28 The Valley Mall is said to contain approximately 40% of all retail space available collectively in the major shopping areas in the Harrisonburg area. (C. B. Robertson Associates, Inc., Revised Economic and Market Analysis Study CBD Revitalization in Harrisonburg, Virginia, June, 1980, p. 29.)



The need for the City to expand its tax base is also supported by the fact that not a single new manufacturing enterprise has located within the City of Harrisonburg during the past ten years. During that span of years the number of manufacturing jobs within the City, as stated previously, decreased by 6%. It is significant to note that with the exception of the two manufacturing concerns brought into the City by uncontested annexations in 1965 and 1970, the City has experienced no new manufacturing or industrial development for nearly twenty years.<sup>30</sup>

While the Commission recognizes that the City of Harrisonburg remains today a viable and vibrant municipality, it is cognizant, however, of the erosion of the retail sector of the City's economy and its stagnating industrial base. It is the opinion of the Commission that a failure to address those concerns will in time threaten the viability of the City, which, in turn, will have detrimental consequences for the region as a whole.

Need to Control Access to the City. The area sought for annexation by the City of Harrisonburg contains major arterial and interstate highways. These roads constitute entrances to the City and should, to the extent other considerations allow, be subject to the City's development standards and procedures. These areas are subject to intensive pressures for development, the nature of which can have pervasive consequences potentially affecting broad areas. It is the Commission's recommendation that the City's need to control major access points at its corporate limits be recognized in any annexation award.

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30 The two City annexations in 1965 and 1970 were instituted by petition of the County. The two industries which currently occupy the annexed sites employ a total of approximately 1,000 persons.

Interests of the People of the Area Proposed for Annexation

Need for Urban Services. On the basis of its tour of the area proposed for annexation, and on the basis of exhibits and testimony which it received, it is clear to the Commission that there exists a need for additional urban services within the area proposed for annexation. This need varies, obviously, in nature and intensity throughout the area. The City has included in its petition for annexation areas which are presently agricultural, or otherwise vacant, and which do not currently require the services essential to urbanizing areas. The overall average density throughout the area proposed for annexation, as stated previously, is currently calculated to be 365 persons per square mile. The density of this area is more than three times the density of the County generally, even excluding the extensive federal preserves.<sup>31</sup> Contained within the area proposed for annexation, as noted earlier, is urban-type development such as residential subdivisions on lots as small as one-half acre, multi-family apartment complexes, a major shopping mall, other commercial activities, and industrial enterprise. It should be noted that this urban development is located in an almost continuous land use pattern adjacent to the City along Port Republic Road (Virginia Route 659), U.S. Route 33 to the east, and northwest of the City in the Park View area. Other parts of the area proposed for annexation have not experienced the same intensity of development and are of lesser population density.<sup>32</sup>

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31 Rockingham Exhibits, Exh. 64 and 69. The 1980 overall density in the County was 65 persons per square mile. Excluding the land areas in the federal preserves the County's density would be 97 persons per square mile.

32 Harrisonburg Exhibits, Exh. H-8 and H-9; and Rockingham Exhibits, Exh. 67.

It is evident to the Commission that the majority of the area proposed for annexation will continue to grow and urbanize, with the need for urban services increasing accordingly. The major arterial roads and highways which serve the area and the general accessibility of water and sewerage facilities will foster continued development.

Community of Interest. Related to the issue of the needs of the people of the area proposed for annexation is the question of the community of interest which exists between that area and the City, as well as the interests which bind that area to the remaining portion of the County. In the Commission's judgment, there is a strong community of interest between the City of Harrisonburg and the general area it seeks to annex. The City has within its boundaries a variety of local, State, and federal offices, regional bank headquarters and branches, numerous churches, recreational facilities, and a large medical complex which serve not only the residents of Harrisonburg, but the areas beyond. The City is clearly the regional center of governmental activity, legal proceedings, financial transactions, wholesale trade, and other social and economic enterprise.<sup>33</sup> The City also contains within its boundaries, for the most part, James Madison University. This University, which has a 1980 enrollment of 8,817, offers educational, cultural, and athletic opportunities for residents of the region.

In terms of the economic interrelationship between the City and residents in adjacent areas, a 1980 survey of 300 families residing in the City's trade area indicated that Harrisonburg was the preferred shopping location for groceries, large appliances, home furnishings, and hardware.<sup>34</sup> Further,

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<sup>33</sup> Harrisonburg-Rockingham Chamber of Commerce, Harrisonburg and Rockingham County, Virginia; Background for Planning in the City of Harrisonburg; and Revised Economic and Market Analysis Study CBD Revitalization in Harrisonburg, Virginia.

<sup>34</sup> Revised Economic and Market Analysis Study CBD Revitalization in Harrisonburg, Virginia, pp. 32, 37.

employment data indicate that 49% of the total number of jobs in the combined Harrisonburg-Rockingham County area are located within the City.<sup>35</sup> It is evident from this statistic that the City of Harrisonburg is the site of employment of thousands of persons living beyond its boundaries. Furthermore, the 1970 U.S. Census of Population reported commuting patterns which disclosed that 4,183 Rockingham County residents worked in the City of Harrisonburg.<sup>36</sup> While the 1970 Bureau of the Census statistic has certainly been subject to modification during the past decade, the recent survey of County residents cited above indicates that the City continues to be a site of significant employment opportunity for County residents. This survey disclosed that 43% of the County residents surveyed worked in the City of Harrisonburg.<sup>37</sup>

There are other indices which suggest a strong community of interest between the City and the general area proposed for annexation. Significant portions of the area proposed for annexation are currently served by City water, sewer, and electrical lines. Evidence submitted to the Commission indicates that the City is presently serving in the area proposed for annexation approximately 475 County connections with water services and 954 County connections with electricity.<sup>38</sup>

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35 Population and Labor Force Data, 1979.

36 U.S. Department of Commerce, Bureau of the Census, Census of Population: 1970 (unpublished data); and Virginia Department of Planning and Budget, Data Summary, Rockingham County and Harrisonburg City, 1976, p. 24. It should be noted that approximately 1,160 Harrisonburg residents were employed in Rockingham County in 1970.

37 Revised Economic and Market Analysis Study CBD Revitalization in Harrisonburg, Virginia, p. 20.

38 Testimony of John B. Steadman, expert witness for the City of Harrisonburg, Hearing, Vol. 2, p. 105; and data provided by Carter Glass, IV, Counsel for the City of Harrisonburg, letter to staff of the Commission on Local Government, Jan. 14, 1981.

Further, evidence indicates that a significant number of County residents utilize the recreational facilities and programs provided by the City. This fact suggests a similarity of recreational needs and interests between the City and County residents in areas adjacent to the City.<sup>39</sup> Finally, it should be noted that a number of commercial and industrial concerns located in the area proposed for annexation have their properties connected to City police and fire facilities by means of electronic burglar and fire alarms.<sup>40</sup> These County businesses have a distinct interest in the public safety services offered by the City.

In sum, it is clear to the Commission that on the basis of the number of regional facilities located in the City of Harrisonburg, shopping and employment patterns, and a similarity of service needs there exists a strong community of interest between the City and the general area it proposes to annex.

The Commission has noted the community of interest which exists between the area proposed for annexation and the remaining portion of the County. It is cognizant of the fiscal significance of the area to the County as a whole and of the area's financial support of County programs and activities generally.<sup>41</sup>

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39 Harrisonburg Memorandum, p. 10; and data provided by Carter Glass, IV, Counsel for the City of Harrisonburg, letter to staff of the Commission on Local Government, Jan. 14, 1981

40 Testimony of Milam, Hearing, Vol. 1, p. 136.

41 Data submitted to the Commission indicate that the area proposed for annexation presently contains 14.11% of the County's total local assessables and produced 65.46% of the County's 1980 estimated sales tax receipts. (Rockingham Exhibits, Exh. 69.)

Further, the Commission recognizes that the agricultural segments of the area proposed for annexation are certainly more closely aligned with the remaining portion of the County than with the City in terms of service needs and interests. The Commission recognizes, however, that the extension of utilities into these agricultural areas will result in pressure for development and in an increased need for urban services.

In addition, there are several major County facilities in the area proposed for annexation which do tie that area to the remaining portion of the County. The Commission notes that the County water well, now under development south of Harrisonburg, and the accompanying water storage tank are intended to serve, at least in part, the needs of County residents beyond the area proposed for annexation.<sup>42</sup> Similarly, the County's Pleasant Valley Elementary School serves a student body which is comprised largely (70%) of students who reside beyond the area proposed for annexation. These major facilities do link, in some measure, the interests of the area to portions of the remaining County territory.

Based upon its consideration of the materials and testimony submitted to it, the Commission concludes that the community of interest between major portions of the area proposed for annexation and the City is substantially greater than the community of interests between such areas and the remaining portions of the County.

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42 The well has been pump tested at 950,000 gallons per day and is designed to serve the Town of Dayton and County growth in the U.S. Route 11 area south of Harrisonburg. (Testimony of William G. O'Brien, County Administrator, County of Rockingham, Hearing, Vol. 3, pp. 150-153.) The Town of Dayton currently obtains its water from Silver Lake which is owned by the City of Harrisonburg. The Commission has been advised by State Department of Health personnel that Dayton's present water supply is sufficient for its needs, but that the Town has need of the storage capacity which will be provided by the new tank. (Bowling K. Hughes, Engineer, State Department of Health, telephone communication with staff of the Commission on Local Government, Feb. 10, 1981.)

Service Capabilities of the City and County. Having determined that the area proposed for annexation is, in large part, subject to extensive urban development, the Commission is next confronted with the question as to which political subdivision, the City or the County, is best able and suited to meet the service needs of the area. The evidence submitted to the Commission indicates that the City has long been a provider of an extensive array of urban services. The City's present commitment to urban service delivery is reflected in the fact that during fiscal year 1978-79 approximately 53% of its total operating expenditures was devoted to non-educational programs. The comparable figure for the same year for Rockingham County was less than 25%.<sup>43</sup> It is the Commission's judgment that the City, for the reasons set forth below, is the appropriate entity to bear responsibility for the provision of urban services in the area proposed for annexation.

The City of Harrisonburg has been involved in sewage collection and treatment since the early 1900's. It has worked over the years to build and maintain a system to meet the sewerage needs of its residents, and to some degree, the needs of residents and businesses beyond its boundaries. The City also provided critical leadership in the creation of the Harrisonburg-Rockingham Regional Sewer Authority (HRRSA) in the early 1970's. Through the use of its full faith and credit, the City secured operating loans for the HRRSA which enabled the Authority to finance the early stages of the planning and construction of the regional sewage treatment plant. In order for the City to be able to serve the area proposed for annexation, the HRRSA will be required to expand

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<sup>43</sup> Auditor of Public Accounts, Report of Auditor of Public Accounts of the Commonwealth of Virginia on Comparative Cost of City Government, 1980, Exhibits A-3, A-4e, A-5, and A-6; and Report of Auditor of Public Accounts of the Commonwealth of Virginia on Comparative Cost of County Government, 1980, Exhibits A-3, A-5, A-6, and B-1.

the treatment capacity of its plant from 8 million gallons per day (MGD) to 12 MGD. The Commission has been advised by officials of the State Water Control Board that the plant can accommodate the increase in capacity without any additional capital costs.<sup>44</sup> Further, the City has embarked on a program to eliminate groundwater infiltration and stormwater inflow into its sewage lines. This program will have the effect of decreasing the current flow from City lines into the HRRSA plant, thereby increasing further the actual sewage which may be collected by the City for treatment at the regional facility. It is significant to note that the City presently provides sewage collection service to the Forest Hills, Fairway Hills, and Hillendale Park areas which are located within the portion of the County sought for annexation. Residents of these areas, and other County residents served by City sewage interceptor lines, should be eligible for a significant reduction in their utility rates if annexation ultimately brings them within the City's boundaries.<sup>45</sup>

The County of Rockingham has made an effort since the mid-1970's to meet the sewerage needs of the area now proposed for annexation. The County did not take an active leadership role in the formation of the HRRSA, but it has since provided loans for operational purposes, extended a cash contribution for its

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44 LaVern H. Corkran and Samuel S. Waldo, Bureau of Applied Technology, State Water Control Board, Richmond, Virginia; and Larry M. Simmons, Valley Regional Office, State Water Control Board. These officials advise that the increase in hydraulic capacity can be accomplished merely by accelerating and modifying the treatment process. By increasing the capacity of the plant to 12 MGD the allocation available to the City of Harrisonburg and the Towns of Dayton and Bridgewater would be increased to 8.88 MGD. Of the three municipal jurisdictions, the City has the largest share of the allocation in the HRRSA plant.

45 Section 7-4-1, Harrisonburg City Code.



allocation of capacity in the treatment plant, and participated with the City in the joint funding of two authority interceptor lines located in the area proposed for annexation. The County presently has unutilized capacity at the HRRSA treatment plant, but extensive growth in the County could consume that allocation.<sup>46</sup> Currently most of the County's sewer connections are served by City interceptor lines, rather than those owned by the HRRSA. This fact means that the County's expansion of sewerage service in these areas is dependent upon the availability and capacity of City interceptor lines. Annexation of such areas would remove such interjurisdictional dependency.

It is apparent to the Commission that the City of Harrisonburg has an excellent and well-planned water system which can readily meet the present and prospective needs of the area proposed for annexation. The City owns raw water sources on the Dry and North Rivers with an aggregate average daily flow of 276.3 million gallons. Moreover, the City has access to the South Fork of the Shenandoah River, which can serve as a supplemental future water source.<sup>47</sup>

The City's water treatment plant is currently functioning with a capacity of 7.6 MGD, while the City's current need for water is approximately 3 MGD. Thus, the City is presently consuming treated water at only 39% of its treatment capacity. If the proposed annexation is granted in its entirety, it is estimated that the water needs of the enlarged City would rise to approximately 3.3 MGD, or 43% of capacity. It should also be noted that the City is currently constructing a

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46 The County's investment in the HRRSA plant entitles it to 26% of the plant's capacity, or 2.08 MGD. An estimate of the County's sewage flow during the fall of 1980 was 400,000 gallons per day, or less than 20% of its allocation. (Testimony of O'Brien, Hearing, Vol. 3, p. 144.)

47 Harrisonburg Exhibits, Exh. 14-L. The City owns 27.7 acres at Island Ford on the South Fork of the Shenandoah River.

water storage tank, which, when completed, will enable the City to store water sufficient to meet its needs for a period of 7.3 days.<sup>48</sup>

The Commission was presented with evidence, however, suggesting that the City's water system suffered from an inordinate loss of treated water. On the basis of its investigation the Commission has not been able to resolve this issue to its satisfaction. The Commission, however, is satisfied that the City of Harrisonburg is capable of meeting the current and prospective water needs both within its present corporate boundaries and within the area proposed for annexation.<sup>49</sup>

More significantly, the City presently represents the only supplier of treated water in the Harrisonburg area.<sup>50</sup> Any development in the area which requires a treated, central water supply must ultimately depend upon the City of Harrisonburg for that service. Finally, as noted previously, County residents presently utilizing City utility services can anticipate a significant reduction in their utility rates upon annexation into the City.

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48 City of Harrisonburg, "Pertinent Data on City of Harrisonburg, Va. Water System Estimated 1990 and Year 2000 Demands," mimeographed table submitted to the Commission on Local Government, Dec. 10, 1980. The City has received preliminary authorization from the State Department of Health to operate its water treatment plant at 7.6 MGD and is currently awaiting final disposition of its permit application. (Jesse D. Mayhew, Water Supply Engineer, State Department of Health, Lexington Regional Office, Jan. 7, 1981.)

49 The Commission has investigated the matter of the high loss of water in the City's system and, after discussions with the Bureau of Water Supply Engineering, State Department of Health and two professional engineers familiar with municipal water systems, has been unable to resolve this issue to its satisfaction. It is noted, however, that the City's calculations on estimated 1990 and 2000 water system demands include a 25% loss rate factor. Since the loss of treated water is taken into consideration as part of future demand, the Commission is satisfied that the City can meet the water supply needs of the area proposed for annexation.

50 Harrisonburg Exhibits, Exh. 14-L, H-19, H-21, and 28.

The Commission is aware of the fact that since 1975 the County has made a concerted effort to provide water service in the area proposed for annexation. The County's efforts have been primarily directed toward the purchase of existing water distribution systems, the installation of water lines, and the construction of storage facilities.<sup>51</sup> The County has recently begun to develop its own water source by drilling a well on County property in the Pleasant Valley area. This well will be connected to a storage tank, and ultimately to the Town of Dayton's water system, by a 12-inch line which is currently being laid. From the Commission's investigation there appears to be no significant obstacle preventing the County from receiving a State permit authorizing the use of the well as a public water source.<sup>52</sup> Thus, this well could provide the County with a water source which could serve the southwestern section of the area proposed for annexation.

The collection and disposal of solid waste is a service vital to the health and well-being of urban areas. The City of Harrisonburg maintains a system of solid waste collection and disposal which provides residential collection twice

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51 Rockingham Exhibits, Exh. 43; testimony of O'Brien, Hearing, Vol. 3, pp. 142 ff; and County of Rockingham, "County of Rockingham Answers to the City of Harrisonburg's Second Interrogatories," Dec. 2., 1980, Questions 25-56.

52 The Commission investigated the concern that groundwater contamination in the vicinity of the County's well would render the well unusable as a public water source. The Commission was advised that any contamination in the area was inconsequential, was of limited duration, and was the result of a fuel oil leak. The County was generally reported to have excellent groundwater resources. (Kenneth R. Hinkle, Groundwater Geologist, State Water Control Board, Valley Regional Office, communication with staff of the Commission on Local Government, Dec. 17, 1980.)

weekly and commercial collection daily. The City also collects leaves and brush periodically. While the City's current landfill, located in the area proposed for annexation, is nearing capacity, Harrisonburg is presently pursuing an innovative approach to solid waste disposal which involves the burning of waste for the production of energy. The City's current plans call for the sale of energy produced by the system to James Madison University.<sup>53</sup>

The County of Rockingham, on the other hand, does not presently provide nor require the collection of solid waste from either residential or commercial properties, nor does it schedule the periodic collection of leaves and brush. County residents presently contract for the private collection of solid waste, transport such material to the one County landfill, or dispose of their refuse by other means. In the Commission's judgment the area proposed for annexation would benefit from the City's solid waste collection and disposal services.

A service which is of utmost significance in any area, but particularly vital in urban communities and industrial areas, is fire prevention and protection. It is the Commission's conclusion that the fire prevention and protection services offered by the City are superior to those offered by the County and are needed in the area proposed for annexation. The City's fire department is served by fifteen full-time professional personnel and is actively involved not only in fire suppression, but fire prevention and arson investigation as well. Further, the City's fire department maintains an active

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53 Testimony of Milam, Hearing, Vol. 1, pp. 140, 141.

training program and is presently involved in developing a fire training center.<sup>54</sup> Testimony presented to the Commission indicates that the average fire response time in the City is three minutes and that the City's fire department will maintain that quality of service if the proposed annexation is granted.<sup>55</sup> The City's fire department currently has available six major pieces of fire fighting equipment, including two aerial ladder trucks. Finally, it should be noted that some of the properties in the area proposed for annexation should realize a reduction in fire insurance premiums upon annexation by the City. The Commission has been advised that the Insurance Services Office of Virginia has determined that properties within the City's boundaries are a better risk than those beyond its corporate limits because of the City's superior fire protection services and support facilities.<sup>56</sup>

The County of Rockingham presently provides fire protection service in the area proposed for annexation by means of Hose Company Number 4, a fire suppression unit located within the limits of the City of Harrisonburg. This unit is comprised of volunteer firefighters supplemented by one full-time, paid firefighter. The County has announced plans to hire three additional firefighters

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54 Harrisonburg Exhibits, Exh. 14-D and 17. The City's fire suppression force is supplemented with two volunteer fire companies with a total complement of 40 volunteers. Harrisonburg has expended \$17,850 through 1980 in the development of a permanent fire training facility.

55 Harrisonburg Exhibits, Exh. 14-D; and testimony of Milam, Hearing, Vol. 1, p. 127. The Virginia State Fire Services Commission considers responses between two and four minutes to be acceptable.

56 The records of the Insurance Services Office of Virginia rate no area in that portion of the County proposed for annexation less than "9," while the entire area of the City is rated "5." (The lower the number of the rating, the better the fire insurance rating.) The difference in these ratings is sufficient to result in different rates for fire insurance, with City properties benefitting from lower premiums. (Jerry D. Vance, Insurance Services Office of Virginia, Feb. 10, 1981.)

in order to improve response time in the area proposed for annexation.<sup>57</sup> The County's fire protection service in the area is, however, augmented by City equipment and personnel under a mutual aid agreement.

Another public service vital to the safety and well-being of a community is crime prevention and detection. Again, on the basis of evidence submitted to it, the Commission has concluded that the City is best suited to provide these services in the area proposed for annexation. The City's police department currently has a total staff of 46 employees, including school crossing guards and several administrative personnel. The department presently has a ratio of one sworn law enforcement officer for each 657 residents of the City.<sup>58</sup>

Crime prevention and detection services in the area proposed for annexation, and throughout Rockingham County generally, are currently the responsibility of the County's Sheriff's department. This department, which provides some nonlaw enforcement services within the City of Harrisonburg, presently has a total staff of 40 employees, with one sworn officer for each 2,245 County residents, exclusive of persons residing within the boundaries of the seven incorporated towns.<sup>59</sup> Six deputies are assigned to each shift by the Sheriff's department, with each individual deputy having the responsibility of serving 97

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57 Testimony of O'Brien, Hearing, Vol. 3, p. 159. The County also contributes \$13,500 per year from its general fund to assist the operations of Hose Company Number 4. (Rockingham Exhibits, Exh. 56.)

58 Harrisonburg Exhibits, Exh. 14-E.

59 Rockingham Exhibits, Exh. 38.

square miles. Law enforcement activities in the County are assisted, however, by 15 town police officers and 16 members of the State Police.<sup>60</sup> It is significant to note that data provided by the Sheriff's department indicate that one of the sectors of the County with the highest incidence of reported crime is that encompassing the area proposed for annexation. The data indicate that approximately 28% of all crime reported in Rockingham County during 1979 occurred in that sector of the County embracing the area proposed for annexation.<sup>61</sup> Again, in the Commission's judgment, the areas adjacent to the City of Harrisonburg need the intensified law enforcement services which can be provided through the City's police department.

The City of Harrisonburg maintains an extensive and varied public recreational program. The City, which initiated its program in the 1940's, has acquired and developed approximately 225 acres of land for the recreational interests of its residents. The City's recreation department conducts its activities with 27 full-time and 38 part-time employees, and the City's budget for the current fiscal year calls for expenditures for recreational activities totaling \$450,000.<sup>62</sup>

The County of Rockingham's recreational program involves a cooperative effort with its towns, numerous civic groups, and the County's schools. In

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60 Rockingham Exhibits, Exh. 38 and 69. The calculation of a service area of 97 square miles per deputy is based upon the fact that only six deputies are available during a shift to cover the land area in the County outside the incorporated towns and the federal preserves.

61 Data provided by Myron C. Smith, Counsel for Rockingham County, letter to staff of Commission on Local Government, Jan. 6, 1981.

62 Harrisonburg Exhibits, Exh. 14-B and 43.

1972 a master plan for recreation was developed for the County by a consultant; however, few of the substantive recommendations of the plan have been implemented to date.<sup>63</sup> Currently, the County itself owns only two parks totaling five acres of land. The County's recreation budget for the present fiscal year is \$178,800.<sup>64</sup> It is significant to the Commission that, based upon exhibits submitted by the County, only one small County park and two schools appear to offer readily accessible recreational opportunities to residents of the area proposed for annexation.<sup>65</sup> Further, the Commission has been advised that many County residents utilize City facilities for recreation. It is the Commission's view that in contemporary urban society recreational activities and parks have become more than amenities of life, but elements vital to the urban setting. The Commission finds that the recreational needs of the urban areas proposed for annexation will best be met by the City of Harrisonburg.

The City of Harrisonburg has a comprehensive program for the provision of curbs, gutters, and street lights within its boundaries. In areas where such facilities are not provided by developers, the City has a policy of constructing the curbs and gutters and, through the Harrisonburg Electrical Commission, installing street lights at public expense.<sup>66</sup> The Commission was

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63 Rockingham Exhibits, Exh. 92; and data provided by Myron C. Smith, letter to staff of the Commission on Local Government, Jan. 6, 1981.

64 Rockingham County Budget, Fiscal Year 1980-81.

65 Rockingham Exhibits, Exh. 41.

66 Testimony of Charles H. Barnes, Jr., expert witness for the City of Harrisonburg, Hearing, Vol. 2, pp. 251, 263-266,



advised that approximately 90% of the City's streets have curbs and gutters and that a majority of Harrisonburg's residential and commercial areas are served by street lights.<sup>67</sup>

Rockingham County, in contrast, does not have a policy of providing curbs, gutters, and street lights. To the extent which those facilities exist in the County, they exist by choice of developers and individual property owners. Curbs and gutters are important implements in stormwater management, and street lighting can be a factor in crime prevention and in the reduction of automobile-related accidents. It is the view of the Commission that the urbanized areas proposed for annexation would be beneficially served by the increased use of curbs, gutters, and street lights and that as development in such areas intensifies, the need for such facilities will grow. The City's policies with respect to these facilities is appropriate for the urbanizing areas proposed for annexation.

A major concern in developing areas is the quality of the construction and maintenance of streets and roads. The City of Harrisonburg builds and maintains its streets and non-Primary roads, with the City's public works department performing much of this work. While the City receives construction and road maintenance funds from the State, it supplements these funds with locally produced revenues.<sup>68</sup> The County of Rockingham relies entirely on the

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67 Harrisonburg Exhibits, Exh. H-16; and testimony of Barnes, Hearing, Vol. 2, pp. 251, 259-261.

68 Harrisonburg Exhibits, Exh. 52. In fiscal year 1979-80 the City expended \$650,922 for operating and capital costs associated with street construction, inspection, repair, and maintenance and received \$358,663 from the State for street and road purposes.

State Department of Highways and Transportation and private developers for road construction and maintenance and does not contribute any locally produced revenue for such activity. From the perspective of this Commission, the area proposed for annexation would benefit from the City's ability to plan and administer locally the construction and maintenance of the area's thoroughfares.

The Commission has noted that there are two other significant services offered by the City of Harrisonburg to its residents which are not provided by the County government. First, the City has made a major commitment to addressing the housing concerns of its low and moderate income residents. In 1955 the City of Harrisonburg established a public housing authority and five years thereafter offered its first units for occupancy. With the 1980 addition of 256 units, the City's housing program now provides 618 housing units for the elderly, the handicapped, and low and moderate income families.<sup>69</sup>

The evidence does suggest that there are housing concerns in the County which apparently are not being met. Testimony given the Commission indicates that of 522 applicants for assisted housing in the City of Harrisonburg, 198, or 37.9%, were County residents at the time of application.<sup>70</sup> Further, according to the Virginia Office of Housing there were an estimated 2,795 households (primarily elderly) in Rockingham County in need of housing assistance.<sup>71</sup> It should be noted that there are assisted housing programs in the County,

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69 Harrisonburg Exhibits, Exh. 15.

70 Testimony of Barnes, Hearing, Vol. 2, pp 230-33.

71 Presnell-Kidd Associates, Virginia Housing Needs Assessment, 1977, p. 98. Of the 2,795 households in the County determined to be in need of housing assistance in 1980, 54.38% were classified as "elderly" and 14.67% were termed "large family."

but these programs exist by virtue of private initiative, are limited in scope, and fail to address the broad spectrum of housing concerns.

As further evidence of the City's interest in housing, the City adopted a housing maintenance code in 1959 designed to prevent the neglect and deterioration of its housing stock. As of this date, Harrisonburg remains one of only approximately 40 Virginia localities to adopt such a code.

A second service provided by the City to its residents which is not available in the County is public transportation. The City's public transportation system contains three elements: a fix-route bus system currently transporting 150 to 200 persons a day, special vans for the elderly and handicapped, and a demand-responsive taxi system which provides service throughout the region as a whole. The City also provides student transportation through its public transportation department at minimal cost to students. While the City's public transportation system is subsidized in part with State and federal funds, the City contributed approximately \$60,000 from its general fund to support the system during fiscal year 1980. Testimony received by the Commission at its public hearing on December 10, 1980 indicates that there is a need to extend this transportation system into portions of the area proposed for annexation.<sup>72</sup>

Although consideration of public schools is not specifically mentioned by Section 15.1-1041 of the Code of Virginia, the quality of local educational programs is an important factor in any jurisdictional boundary change. The Commission well understands that no statistical indices are sufficient to measure fully the quality of educational programs. Much of the quality of

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72 A need for public transportation in the area proposed for annexation was expressed by three speakers at the Commission's public hearing on Dec. 10, 1980. (Hearing, Vol. 5, pp 6, 8, and 25.)

educational activity is determined by the attributes of individual teachers, their intellectual attainment, sensitivity, and character. These qualities defy quantification and statistical analysis. Thus, the Commission recognizes that it is difficult in the extreme to compare educational programs, yet consideration must be given to this issue.

A few of the salient statistical facts for the school year 1978-79 with respect to the school systems of the City of Harrisonburg and the County of Rockingham are listed below:<sup>73</sup>

	<u>City of Harrisonburg</u>	<u>County of Rockingham</u>
Pupil-teacher ratio	14.1:1	17.2:1
Average class size, grades 1-3	20.5	24.43
Percent of high school graduates continuing education	71.6%	42.3%
Local expenditures per pupil for operation	\$1,188	\$604
Percent of students passing March 1979 State Competency Test	88.3%	79.8%

These statistics suggest that the educational opportunities of students in the area proposed for annexation will not be adversely affected by attendance at City schools.

It should be noted that the Commission, with the assistance of the State Department of Education, reviewed the curriculum offered at the Harrisonburg High School and that offered at Turner Ashby High School, which serves a majority of the high school students in the area proposed for annexation. While the Com-

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<sup>73</sup> State Department of Education, Facing Up - 14, Statistical Data on Virginia's Public Schools 1980; Richard L. Boyer, Assistant Superintendent for Planning and Evaluation, Virginia Department of Education, telephone conversation with staff of the Commission on Local Government, Feb. 12, 1981.

mission noted distinctions in the course offerings, the variance appeared inconsequential.

It does appear to the Commission, however, that annexation would generally shorten the travel time and distances for students in the area proposed for annexation. This judgment is based on an examination of the County's school attendance zones and land use maps indicating residential concentrations.<sup>74</sup>

The Commission has noted, further, the extent to which the facilities of the two school divisions are presently utilized. As the following table suggests, the City's schools are presently at near capacity enrollment, while the County's schools have considerable underutilized capacity:<sup>75</sup>

	<u>Capacity</u>	<u>Enrollment</u>	<u>Mobile Classrooms</u>
<u>City of Harrisonburg</u>			
Elementary	1,200	1,183	0
Junior High	400	385	0
Senior High	800	760	0
<u>Rockingham County</u>			
Elementary	6,340	4,851	14
Junior High/Intermediate	3,250	2,415	5
Senior High	3,301	2,729	6

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74 There are 85 students in the area proposed for annexation who attend City schools for which the City charges \$100 tuition a year, Harrisonburg Memorandum, p.38. There are also 41 City students enrolled in County schools. The County charges no tuition to educate these City students. [Brief of Rockingham County (hereinafter cited as Rockingham Brief), Dec., 1980, p. 12.] The County's policy of charging no tuition to educate City students can not be expected to apply to any agreement by which the County would continue to educate students annexed to the City as a result of this proceeding.

75 Harrisonburg Exhibits, Exh. 14-C; and "Answers to Interrogatories by the County of Rockingham," Sept. 8, 1980, Question 2.

Annexation, if granted by the Court, will clearly present immediate spatial problems for the City's school system and add to the underutilization of County school facilities.

There are inherent problems associated with boundary changes in Virginia, and the adjustment of school division lines is a major one of them. However, the Commission, having received testimony from the Superintendents of both school systems, is satisfied that the dedication and professionalism of these officials is such that the educational needs of all the area's students will be fully met during any period of transition.

As part of its preparation to accommodate the additional students which would initially enter the City's school system as a result of the proposed annexation, the City plans to construct 20 new elementary school classrooms and a new junior high school, as well as to institute a free system of public school transportation.<sup>76</sup> The City's plan will require a phased implementation which will involve a temporary disruption in its junior high school program and agreement with the County for its continued education, for a limited period, of the elementary school children in the area proposed for annexation. It appears to the Commission that if the Court orders the annexation of the area encompassing the Pleasant Valley Elementary School further consideration should be given to the City's acquisition of that educational facility. The data indicate that the City's purchase of that school property would provide the City with needed classroom space, reduce the County's unused school capacity, and not adversely affect the County's system. It is the recommendation of the Commission that the parties be directed to request the State Department of Education to assist them in

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<sup>76</sup> Harrisonburg Exhibits, Exh. 26R; and testimony of Wayne King, Superintendent of Schools, City of Harrisonburg, Hearing, Vol. 2, pp. 42-66.

determining the appropriate disposition of this school property. With this qualification, the Commission concludes that the City's plans, and the anticipated cooperation of the County, are sufficient to meet the educational concerns raised by the proposed annexation.

In summary, it is the Commission's judgment that the majority of the area proposed for annexation generally has a need for urban services, that such need will grow substantially in the years ahead, that there exists a significant community of interest which binds that general area and the City, that the urban service needs of the area would be best met by incorporation into the City, and that the City of Harrisonburg has the capability of meeting the needs of the area proposed for annexation without diminishing the quality of service presently provided its residents.

#### Interests of the People in the Remaining Portion of the County

The area proposed for annexation by the City of Harrisonburg is a significant source of tax revenue to Rockingham County. The 14.14 square miles in that area contain 13.75% of the County's real property tax values, 31% of its machinery and tools tax values, 44% of its merchants capital assessables, 27% of the County's total nonagricultural wage and salary employment, and yields approximately 65% of the County's sales tax revenues.<sup>77</sup> The loss of this area would have a significant fiscal impact on the County.

It is evident to the Commission that if the City of Harrisonburg is granted the entire award of 14.14 square miles, the County would still retain within its remaining 850.9 square miles many prime industrial sites. It is the Commission's judgment that the County will be the beneficiary of significant future

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77 Rockingham Exhibits, Exh. 69.

development. The Commission notes that there are two areas of the remaining portion of the County which are particularly well suited for industrial development, the Elkton area and the U.S. Route 11 - Interstate 81 corridor south of the area proposed for annexation.

The attractiveness and current availability of industrial sites in the Elkton area are suggested by the fact that the Virginia Division of Industrial Development presently lists in its records several sites in that area which are adjacent to sections of four-lane highway and rail lines. The Commission notes that the Town of Elkton is due to complete in 1981 an expansion of its sewage treatment plant which will facilitate future industrial development in that area.<sup>78</sup>

A second area of Rockingham County with a high potential for future industrial development is the U.S. Route 11 - Interstate 81 corridor from the southern end of the proposed annexation boundary to the Town of Mount Crawford. This area contains a major interceptor for the Harrisonburg-Rockingham Regional Sewer Authority as well as an interchange for Interstate 81. Water service could be provided from the North River, groundwater sources, or from one of the towns in the area. While the Commission recognizes that these potential industrial sites will require capital investment to prepare them for development, they represent excellent resources which would remain in the County. It would appear, from the Commission's perspective, that the proposed annexation

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78 Larry M. Simmons, State Water Control Board, Valley Regional Office, telephone communication with staff of the Commission on Local Government, Dec. 19, 1980.



could free resources previously devoted to the urban areas adjacent to Harrisonburg for use in preparing these sites for development.<sup>79</sup>

With respect to the issue of prospective future commercial development in the County, the Commission believes that even if the entire annexation award is ultimately granted by the Court, Rockingham County would retain significant areas suitable for commercial activity. There is little doubt that the Valley Mall area, which is proposed for incorporation into the City, will attract further commercial development in the immediate future, with Harrisonburg primarily benefitting from this additional commercial activity. The Mall area generates a large volume of traffic, something complementary commercial concerns desire. Hence the present concentration of commercial enterprise in the Mall area will tend to promote additional commercial activity in that vicinity.

The Commission notes, however, that the County, if the entire award is granted, will still control major interstate and arterial "gateways" to the City. Interstate interchange 65 north of Harrisonburg and interchange 61 at Mount Carwford have considerable potential for future commercial development. Access to the City from the east along U.S. Route 33 would remain under County jurisdiction, and that area would offer prospective commercial developers a "first attempt" at shoppers and tourists entering Harrisonburg. It is important to note that a broad spectrum of commercial enterprise is not as

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79 Between 1975 and 1979 approximately \$1,132,580 in federal revenue sharing funds have been spent on water and sewer projects in the area proposed for annexation, or 41% of all federal revenue sharing funds received by the County during that period. ("Answers to Second Set of Interrogatories by the County of Rockingham," Dec. 2, 1980; and Karen Speight, Virginia Coordinator, Office of Revenue Sharing, U.S. Department of the Treasury, telephone communication with staff of the Commission on Local Government, Feb. 3, 1980.)

dependent on public water and sewer as other types of development. Certain types of commercial activity can develop on the basis of road access and visibility, unrestrained by the absence of central public utilities.

The Commission recognizes the immense value to Virginia and to the nation as a whole of the agricultural product of Rockingham County. No consideration of the City's proposed annexation and its ramifications would be complete without an analysis of the prospective impact on the agricultural resources of the County. The Commission is cognizant of the approximately 4000 acres of active farmland within the area proposed for annexation by the City. The Commission is far from indifferent to the fate of that land and those who farm it. The evidence submitted to the Commission indicates that while the active farmland in question is located principally in the southwest quadrant, it is found throughout the area proposed for annexation. It is clear to the Commission, however, that this farmland will experience pressure for development regardless of the Court's ultimate disposition of the proposed annexation. The Commission is aware that farmers in Rockingham County presently are assisted by land use taxation. It will be the strong recommendation of this Commission that any property presently assessed, according to State prescribed standards and procedures, at its use value continue to be assessed on such a basis if annexed by the City.<sup>80</sup>

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<sup>80</sup> While these properties will still be subject to the City's higher real property tax rate and more frequent reassessment, the continuation of use value taxation will certainly mitigate the impact of annexation. The Commission is advised that the City presently reassesses biennially, while the County reassesses every four years.

Further, the Commission has considered at great length the impact which the proposed annexation would have on the agricultural properties in the remaining portion of the County. The Commission has been concerned that the annexation sought by the City of Harrisonburg, if granted, would require the County to add unduly to the tax burden on agricultural properties. While these properties are eligible for land use assessment, any increase in the tax rate will have its impact on the agricultural community. The Commission's concern is mitigated by the fact that under Virginia law the City of Harrisonburg is expected, as a condition of annexation, (1) to assume "a just proportion" of the County's debt, (2) to compensate the County for the value of all public improvements owned and maintained by the County which become City property as a result of the annexation, and (3) to compensate the County for its prospective loss of net tax revenues for five years which will result from the County's loss of taxable values. The latter element alone would total \$8,048,200 if the City's calculation is accepted, or \$14,435,079 if County figures prevail.

Moreover, while the County of Rockingham will receive, in the aggregate, less State aid for public schools as a result of its loss of school age population and public school students to the City, the Commission is aware that the proposed annexation, if granted, will have the effect of having the State increase its percentage of support of the basic cost for educating each student remaining in the County's system. The percentage of a locality's basic educational costs which is borne by the State varies with the locality's relative per capita "ability to pay." For the current biennium the State is bearing 56.3% of the basic educational cost of each student in the County's system. If the proposed

annexation were granted in its entirety at this time, the State's share of the County's basic educational costs would be increased to approximately 60%, yielding in excess of \$76,000 a year in increased State assistance.<sup>81</sup> The Commission is fully cognizant of the fact that there are major educational expenditures which are not subject to State support and which remain solely local burdens. While the adjusting mechanism in this basic school aid program certainly will not fully offset the fiscal impact of an annexation, it is a factor which can mitigate the effect of a boundary change and which merits note.

In sum, the Commission recognizes that the proposed annexation will remove from the County considerable revenue sources. However, in view of the fact that the County will retain an area in excess of 850 square miles containing a number of locations with significant potential for development, that the County will receive considerable compensation from the City to assist in its adjustment to the annexation, and that the County will be financially assisted by adjustments in at least one major State aid program, the Commission does not believe that the proposed annexation will place an undue burden on the agricultural interests remaining in the County nor pose a threat to the County's continued viability.

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81 Data provided by Howell L. Gruver, Director of Management Information System Services, State Department of Education, letter to staff of the Commission on Local Government, Jan. 14, 1981. The revised percentage of State contribution to the County's basic school aid costs for the current biennium was calculated by transferring an estimate of the 1977 true property values, taxable retail sales, population, and students (ADM) in the area proposed for annexation from the County to the City. The assumption was made that per capita personal income figures were unaffected by the annexation.

### Interests of the State.

Clearly, the interest of the State in this annexation, and all others, is a careful analysis and reconciliation of the individual interests of the parties and the continued viability of each. The term "viability" in this context involves, from our perspective, two distinct, but interrelated concerns -- (1) the provision of services to protect the public's health, safety, and welfare and (2) the fiscal capacity to provide such services. While not all of these issues are readily susceptible to quantification and mathematical analysis, and are not always entirely free of subjective judgment, it is the unanimous view of this Commission that the interests of the State are served by an expansion of the boundaries of the City of Harrisonburg in accordance with the recommendations which follow.

### Recommendations Relative to Award

For reasons set forth throughout the preceding sections of this report, the Commission recommends that the City of Harrisonburg be granted the entire area requested in its petition for annexation with the exception of the southwest quadrant of that area which has been designated by the County as Study Area No. 3.<sup>82</sup> (Appendix C) It is the Commission's judgment that the City's need of land for development, its need to expand its tax base, the service needs of the area proposed for annexation, the capacity of the City to provide such services, the strong community of interest which ties that area to the City, and the current viability and growth potential of the remaining portions of the County, support the award recommended herein.

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82 Rockingham Exhibits, Exh. 24.

There are several major considerations which prompt the Commission to recommend the exclusion of Study Area No. 3 from the award to the City. First, this area, which contains only 650 persons, is predominantly rural and agricultural in nature. Of the total acreage in Study Area No. 3, 1,714 acres, or approximately 80% of the total, are vacant or are devoted to agricultural use.<sup>83</sup> It is the opinion of the Commission that this largely rural area will not be needed by the City for development in the decade ahead. The Commission notes that if the remaining portions of the area proposed for annexation are awarded to the City of Harrisonburg, the City would receive approximately 4,100 acres of land suitable for development. The exclusion of Study Area No. 3 would eliminate the predominant portion of the active farm land in the area proposed for annexation from the award ultimately granted the City. Such an exclusion would be consistent with the policy promulgated by the General Assembly for the protection and preservation of the State's farm land.<sup>84</sup>

Second, the Commission notes that Study Area No. 3 differs significantly in development from that experienced in the other areas proposed for annexation. The Commission has observed that during the 18 years since the City's last annexation, this area has not experienced the significant urbanization that is evident in the other areas adjacent to the City of Harrisonburg. Study Area No. 3 does not possess the large residential subdivisions, the multi-family developments, nor the commercial and industrial concentrations found elsewhere in the area proposed for annexation. The commercial and industrial development which is

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83 Letter from Myron C. Smith, Counsel for Rockingham County to staff of the Commission on Local Government on Dec. 30, 1980. Since the County's land use calculations include vacant land in the residential, commercial and industrial categories, the total amount of vacant land in Study Area No. 3 is underestimated. Whatever the figure, Study Area No. 3 is the most rural part of the area proposed for annexation.

84 Section 15.1-1507, Code of Virginia.

found in this study area is confined to the arterial and secondary roads and is superimposed upon a largely agricultural setting. It is estimated that the entire commercial and industrial activity in the area offers employment for only 250 persons, with approximately 60% of those jobs provided by three firms.<sup>85</sup> Thus, in the Commission's judgment, Study Area No. 3 does not presently, nor will it in the decade ahead, have need of urban services.<sup>86</sup>

Third, while the Commission is cognizant of the significant community of interest which ties the general area proposed for annexation to the City of Harrisonburg, it notes that such interests are considerably less with respect to Study Area No. 3. First, the physical presence of the City is not as significant in this area as in others proposed for annexation. Only a few City utility lines extend into Study Area No. 3, and those which do are confined to the periphery of the area.<sup>87</sup> Further, 80% of this area, as indicated previously, is vacant or devoted to farming, with the latter category predominant. Clearly, the interests of this area are more closely aligned with the County than with the City and the urbanizing suburbs. The Commission also notes that the County's educational arrangements tie Study Area No. 3 to the Town of Dayton and its environs. All of the area's public school students attend schools in the Dayton vicinity.<sup>88</sup>

Finally, the exclusion of Study Area No. 3 from the award to the City of Harrisonburg would leave a significant buffer zone between the Town of Dayton and the City of Harrisonburg. The Commission fails to see a compelling reason

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85 Rockingham Exhibits, Exh. 68.

86 Harrisonburg Exhibits, Exh. H-17, H-20, H-26, and H-27.

87 Harrisonburg Exhibits, Exh. H-19 and H-22.

88 Rockingham Exhibits, Exh. 33, 35, and 17.

to extend the boundaries of the City of Harrisonburg to the corporate limits of the Town of Dayton. The Commission recommends that a buffer of unincorporated territory remain, at this time, between the two municipalities, thereby preserving options for the future. Experience may reveal that the service needs of the area east of Dayton may be more appropriately met by the Town than by the City.

In summary, the Commission's recommendation for the exclusion of Study Area No. 3 from the award to the City rests principally upon the rural and agricultural nature of that area and its community of interests with the remaining portion of the County. It is the Commission's expectation, as stated previously, that Study Area No. 3 will not experience during the forthcoming decade the development and need of urban services which will occur in the other areas proposed for annexation. Central to the Commission's recommended exclusion of this area from the award to the City is the judgment that the retention of Study Area No. 3 by the County will not necessitate the County's development of costly utility systems and the extensive provision of urban services. A major concentration of resources in Study Area No. 3 would have the effect of limiting the County's ability to meet the needs of its residents generally. It is the opinion of this Commission that if the need arises in the foreseeable future for utilities or intensified urban services in Study Area No. 3, such needs can and should be provided by an extension of City services under appropriate agreement and with the concurrence of the County.

Consistent with our concern that Rockingham County not be confronted with the provision of costly utility service in Study Area No. 3, to the



detriment of its residents generally, the Commission recommends that the Court direct the City to acquire from the County the well and all appurtenances and lines connecting that facility to the Town of Dayton, as well as the County's financial interest in any HRRSA sewer interceptors located in Study Area No. 3. Further, the Commission recommends that the City be directed to acquire from the County the utility lines serving the Donnelly property north of Harrisonburg and that improvements in those lines be made sufficient to meet the current and future utility needs of that property and its immediate environs. Again, these recommendations are founded upon the Commission's judgment that the City is currently the most appropriate entity for the provision of these public services in these areas (Study Area No. 3 and the Donnelly property area) adjacent to the City, and that the County should be freed from the necessity of inordinately concentrating its resources on limited segments of its property and residents.

#### Recommendations Relative to Terms of Award

##### Capital Improvements and Services in Annexed Area

The Commission has carefully reviewed the exhibits and testimony presented by the City of Harrisonburg relative to its proposed construction of capital facilities and extension of services in the area proposed for annexation. Based upon its review of this material and its consideration of the needs of the area proposed for annexation, the Commission concludes that the capital improvement proposals of the City as set forth in the following submissions are appropriate and should be decreed by the Court to the extent that such improvements are consistent with the award ultimately granted:

Exhibit 18 and Map H-12 (fire services);

Exhibit 20 and Map H-15 (parks and recreation);  
Exhibit 22 and Map H-17 (street lights);  
Exhibit 23 (road and street improvements);  
Exhibit 30 and Map H-20 (water system); and  
Exhibit 31 and Map H-26 (sewer system).

In addition to the above cited major capital improvements, the Commission recommends that the Court direct the City to acquire the equipment and personnel necessary to provide, at a minimum, law enforcement, solid waste collection, and public transportation services generally consistent with those delineated on Maps H-14, H-18, and H-30 respectively.

With respect to the City's proposals regarding public school facilities, the Commission recommends, as previously indicated, that additional consideration be given by the parties to the acquisition of the Pleasant Valley Elementary School by the City. For the reasons earlier expressed, the Commission recommends that the parties request the State Department of Education to assist them in determining the appropriate disposition of that educational facility. The Commission recommends that the Court request that the findings of this study be submitted to it for consideration. Assuming that a careful analysis of this issue by State, County, and City school officials reveals that the general interests of the area are served by the County's retention of the Pleasant Valley Elementary School, the Commission endorses the City's public school proposals as set forth in Exhibit 26R and Map H-31.

In addition to the public improvements proposed by the City and recommended above, the Commission recommends that the City be directed to give priority in its capital improvement program to appropriate repairs and replacement of utility lines in the Park View section. Given the age of the

utility lines in that area, (varying between 30 and 60 years of age) and the fact that those lines serve Eastern Mennonite College and a major residential area, it is the Commission's view that the City needs to address in the immediate future the current and prospective problems of that area.

#### Amendments to City Regulatory Provisions

In order to integrate citizens of the annexed area into the City with a minimum of disruption in their personal lives the Commission recommends that the Court direct the City of Harrisonburg to make two modifications in its regulatory provisions. First, it is recommended that the Court direct the City to allow the continued use of existing septic tanks in the annexed area as long as such systems meet State Health Department standards. Second, the Commission recommends that the Court direct the City to modify its zoning provisions such that all mobile homes existing in the area to be annexed as of the date of this report, or such later date as the Court deems appropriate, may continue to be utilized on their present sites.

#### Amendments to Assessment Provisions

The Commission recommends that the Court direct the City of Harrisonburg to provide that those properties in the annexed area which are presently certified to receive use value assessment remain eligible for such assessment after annexation. Continued qualification for use value assessment of individual properties should be determined by the City in accordance with the standards prescribed by State law. The Commission is advised that there are presently 5200 acres of land in the total area proposed for annexation which receive use value assessment under the County's assessment policies. The Commission recommends that the annexation should be contingent upon the City's adoption of assessment policies which protect the agricultural and other properties presently

qualifying for use value assessment.

Financial Settlement Provisions

Assumption of County Debt. Both parties agree that the City of Harrisonburg should assume a portion of the County's long-term debt equal to a percentage of County assessables annexed by the City. There is disagreement, however, on the total to which that percentage should be applied in determining the amount of debt to be assumed by the City.<sup>89</sup> The disparity in City and County calculations of total County debt stems from disagreement over the propriety of including some of the original debt incurred for the Massanutten Vocational Technical Center and two subsequent bond issues which have been authorized but not sold. While the particulars of these issues have not been presented to the Commission for consideration, it appears to this body that the terms of the contract creating this educational facility should govern the distribution and assumption of existing debt. Furthermore, it would be inappropriate to direct the City to assume any portion of the County's uncommitted indebtedness. The Commission proffers these recommendations to the Court based upon its collective involvement in local government affairs but recognizes that these issues may raise questions of a legal nature appropriately left for judicial resolution.

Compensation for Public Improvements. The only County-owned and maintained improvements which are proposed for acquisition by the City of Harrisonburg in this annexation case are utility facilities. Regarding the issue of the compensation due the County for these facilities, there are two questions raised --

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89 Harrisonburg Exhibits, Exh. 37R (Supplement); and Rockingham Exhibits, Exh. 72.

(1) the number of facilities to be acquired by the City and (2) the method to be used for determining the value of these facilities.

With respect to the first question, the County has indicated to the Commission that it desires to retain a number of the utility lines which it presently owns in the area proposed for annexation.<sup>90</sup> The Commission recommends that the Court direct the City, without persuasive evidence to the contrary, to acquire all of the County's lines which are an integral part of the annexed area's utility system. Ownership of these facilities will permit the City to operate a unified utility system within the enlarged municipality and will eliminate potential interjurisdictional conflicts. With respect to the second question, the Commission believes that it would be inappropriate for it to attempt to render recommendations regarding the precise compensation due the County for its public improvements. It appears to the Commission that a determination of such compensation is a subsidiary question which cannot be appropriately addressed until the Court decrees a specific annexation award.

Loss of Net Tax Revenue. The Commission has devoted considerable time and energy to an analysis of the various exhibits and testimony submitted relative to the question of the compensation due the County for its prospective loss of net tax revenue resulting from "the annexation of taxable values to the city."<sup>91</sup>

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<sup>90</sup> Harrisonburg Exhibits, Exh. 32R; and Rockingham Exhibits, Exh. 43. The County exhibit does not list information concerning the value of all the utility lines which the City desires to buy.

<sup>91</sup> Code of Virginia, Sec. 15.1-1042.

Because of reasons cited in the previous section of this report, the Commission will not endeavor to submit recommendations to the Court regarding the amount of compensation due the County for its loss of taxable values to the City of Harrisonburg unless so ordered. The Commission does, however, wish to offer comment to the Court with respect to the methods proposed by the parties for use in determining the compensation due the County.

There are two fundamental distinctions in the methods proposed by the County and City for establishing the amount of compensation due under this provision of law. First, the City proposes to calculate the County's prospective loss of net tax revenue for the most current fiscal year (\$1,609,640) and multiply that figure by five to determine the aggregate compensation (\$8,048,200) due the County for the five year period specified by law.<sup>92</sup> The County, on the other hand, proposes to establish its prospective loss of net tax revenue for the five year period by calculating distinctly its loss each year and adding the five sums (\$14,435,079). The annual losses established by the County are based upon revenue and expenditure projections which are founded upon previous County experience.<sup>94</sup> Second, the City contends that the statutory language directing it to compensate the County for the "annexation of taxable values to the city" is intended to limit such compensation to that required to offset the loss of local tax sources. The County's methodology, however, has the effect of having the City compensate the County for any reduction of State

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92 Harrisonburg Exhibits, Exh. 39R.

93 Rockingham Exhibits, Exh. 89C.

94 In making its expenditure and revenue projections the County considers the growth of those elements during the period 1976-81 based on operations for the years 1976-80 and the budgeted figures for 1981. The Commission considers the use of 1981 budget figures inappropriate for measuring historical change. Actual revenues and expenditures can, and do, differ significantly from budgeted figures.

and federal aid as well. The Commission believes that some comment on these two varying methodologies may be of assistance to the Court.

The Commission is concerned that it may be inappropriate for the County to base its future expenditure needs on its experience between 1975 and 1980. During that span of years the County initiated a number of new programs and expanded existing ones resulting in significant increases in its operating expenses. It is not clear to the Commission that such increases should be projected for the future, particularly since the County may no longer be required to serve a heavily urbanized area. It is significant to note here that a continuation of present service levels should not require increases of the magnitude necessary to initiate and develop new programs or service levels. What the County is proposing, it appears to the Commission, is not compensation to continue current programs and service, but compensation sufficient to continue to increase those services consistent with its 1975-80 experience. The Commission notes that the County's methodology, if our analysis is correct, is inconsistent with the County's adopted definition of the "Loss of Net Tax Revenue" due in annexation cases. That definition proposes compensation to allow the County "to provide the same calibre and level of service with annexation as provided by the County without annexation."<sup>95</sup>

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Continued

Further, the County uses throughout a number of its exhibits a statistic identified as the composite "effective tax rate." This statistic is stated to be the tax rate which must be applied to the aggregate of County assessables in order to provide the revenue necessary to meet projected expenditure levels. From the Commission's perspective the County's entire methodology is made suspect by the fact that this "effective tax rate" is projected to increase from \$.361 in 1980 to \$1.47 in 1986 (an increase of 307%) even without annexation being granted! (Rockingham Exhibits, Exh. 88 and 89C.)

95 Rockingham Exhibits, Exh. 87.

Furthermore, the Commission is concerned that the County's methodology does involve the City's compensating the County for revenue that is not derived locally. The County's methodology appears to require the City, in essence, to guarantee that the County will receive during the five years following annexation proceeds from State and federal aid programs, even if such programs are reduced or terminated during that five year period. Given the significant disparity in the determination of the loss of net tax revenues which results from use of the two methodologies, the Commission recommends that the County be requested to substantiate better the methodology which it proffers.

The Commission is prepared to assist in the development of detailed recommendations regarding the financial settlement considerations, should the Court so direct, subsequent to the determination of award.

#### Concluding Comment

During the conduct of its review of this case the Commission heard considerable expression of sentiment in favor of a merger of the governments of the City of Harrisonburg and Rockingham County. The Commission strongly encourages the citizens and the elected leadership in the area to explore fully this option. While the Commission has not reviewed evidence on the merits of governmental consolidation in the Harrisonburg-Rockingham County area and, thus, can not endorse that specific solution to the area's governmental concerns, it is cognizant of the growing interdependence of local governments and the increasing number of public activities which transcend local boundaries and which can only be effectively addressed by localities acting in concert. Virginia law offers broad opportunity for the Commonwealth's political subdivisions to develop governmental structures and relationships adapted to local needs. Given citizen

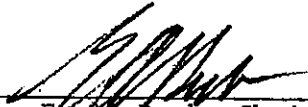


interest and political leadership, the counties, cities, and towns in Virginia can create governmental arrangements tailored for their unique circumstances. The Commission would encourage the local governments of the State to re-examine continually their governmental operations and interlocal relationships in view of constantly changing needs and circumstances. Whatever the ultimate disposition of this annexation case, the opportunity remains for the citizens of the City of Harrisonburg and the County of Rockingham to seek the changes they deem appropriate in their local governmental arrangements.

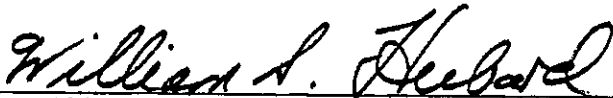
The findings and recommendations contained in this report do not totally reflect the views of any one Commission member. They do, however, represent the collective judgment of this Commission. This report is the product of extensive investigation and analysis, and we trust that it manifests the concern and resources which have been devoted to its development. With an appreciation of the contending values and of the complexity of the issues we have been asked to address, the Commission has sought to fashion recommendations which will ultimately benefit the region as a whole and the State.

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Respectfully submitted,



E. K. Beck, Chairman



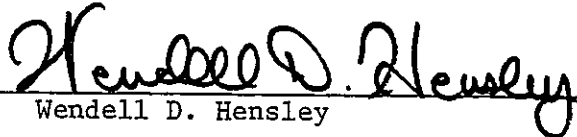
William S. Hubbard, Vice Chairman



A. George Cook, III



Billy W. Frazier

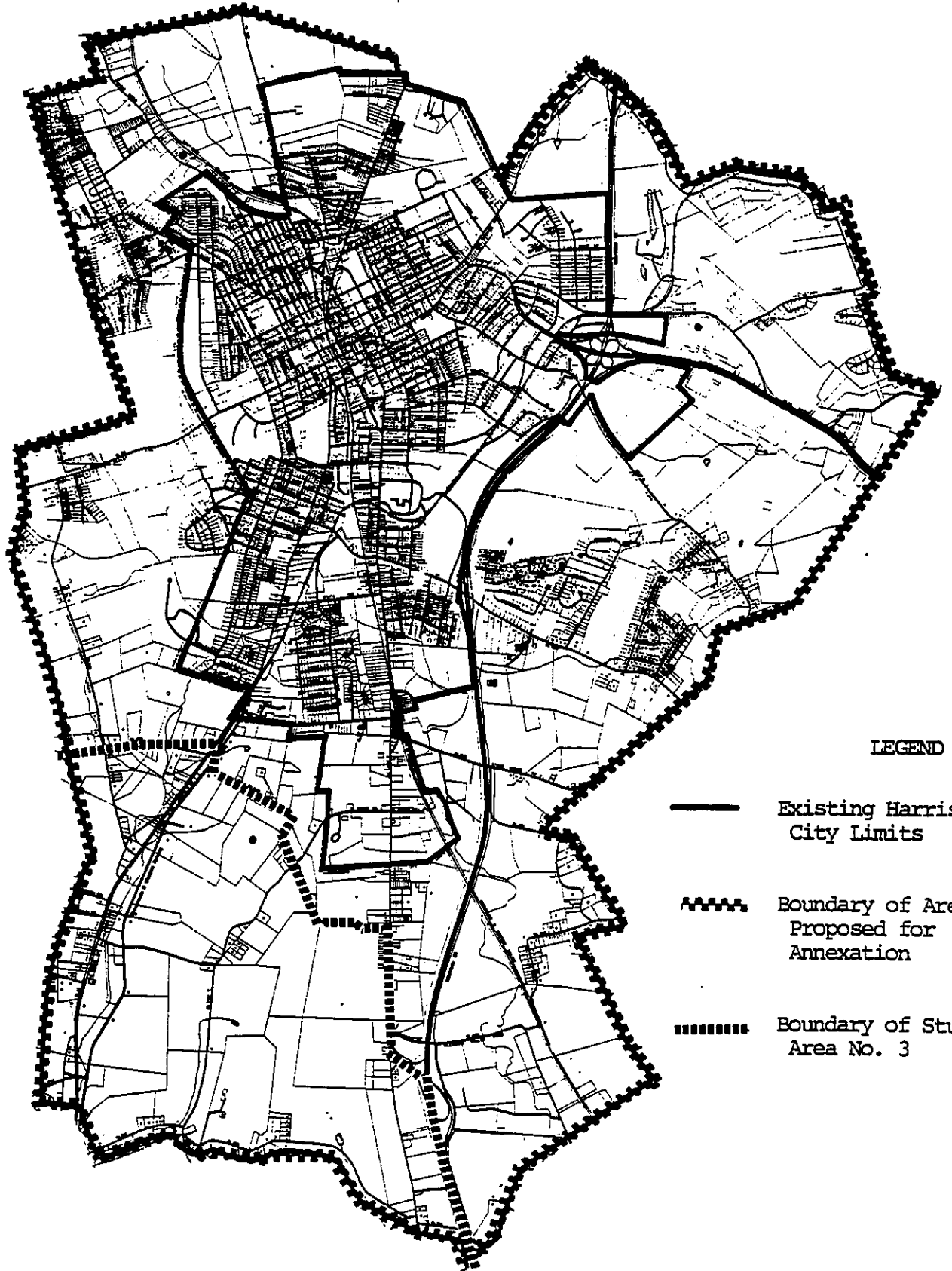


Wendell D. Hensley

February 20, 1981

APPENDICES

APPENDIX A  
Lines and Boundaries  
City of Harrisonburg - Rockingham County Environs



LEGEND

- Existing Harrisonburg City Limits
- Boundary of Area Proposed for Annexation
- ..... Boundary of Study Area No. 3

APPENDIX B

Statistical Profile of the City of  
Harrisonburg, Rockingham County and  
the Area Proposed for Annexation.

	City of Harrisonburg	Rockingham County	Area Proposed for Annexation
Population	19,372	56,348	5,165
Land Area (sq.mi.)	5.98	865.06	14.14
School Age Population	3,193	13,388	873
School Average Daily Membership	2,412	10,094	493
Total Taxable Values	\$300,045,819	\$1,010,201,373	\$142,513,836
Real Estate Values	\$269,786,420	\$875,316,540	\$120,380,601
Tangible Personal Property Values	\$14,642,160	\$45,994,360	\$6,635,101
Merchant Capital Values	-----	\$18,638,010	\$8,213,327
Machinery and Tools Values	\$3,014,950	\$10,077,250	\$3,116,620
Public Service Corporation Values	\$12,602,289	\$48,507,283	\$2,581,567
Mobile Home Values	-----	\$11,667,930	\$1,586,620
Sales Tax Receipts	\$1,500,00	\$1,250,000	\$818,250
Existing Land Use (Acres)			
Residential	1,147	N/A	
City's Estimate			870
County's Estimate			1,027
Commercial	247	N/A	
City's Estimate			201
County's Estimate			477
Industrial	253	N/A	
City's Estimate			296
County's Estimate			296
Public and Semipublic	586	N/A	
City's Estimate			550
County's Estimate			730
Highways, Streets and Railroads	589	N/A	
City's Estimate			N/A
County's Estimate			712
Vacant and Agricultural	1,005	N/A	
City's Estimate			7,132
County's Estimate			5,808

Note: All figures are 1980 estimates  
N/A = Not available

Source: Harrisonburg Exhibits, 3R, 4R, 10 and 12.  
Rockingham Exhibits, Exh. 69; and Myron C. Smith, Counsel for Rockingham  
County, letter to staff of Commission on Local Government, Dec. 30, 1980.

APPENDIX C

Statistical Profile of the Area  
Proposed for Annexation and Study  
Area No. 3.

	Area Proposed for Annexation	Study Area No. 3	Percent of Total
Population	5,165	650	12.6%
Land Area (sq.mi.)	14.14	3.37	23.8%
School Age Population	873	151	17.3%
Total Taxable Values	\$142,513,836	\$15,796,337	11.0%
Real Estate Values	\$120,380,601	\$12,201,723	10.1%
Tangible Personal Property Values	\$6,635,101	\$1,581,634	23.8%
Merchant Capital Values	\$8,213,327	\$928,620	11.3%
Machinery and Tools Values	\$3,116,620	\$593,800	17.3%
Mobile Home Values	\$1,586,620	\$544,560	34.3%
Existing Land Use (Acres)			
Residential	1,027	149	14.5%
Commercial	447	133	27.9%
Industrial	296	8	2.7%
Public and Semi- public	730	10	1.4%
Highways, Streets and Railroads	712	143	19.8%
Vacant and Agricultural	5,808	1,714	29.5%

Note: All figures are 1980 estimates.  
Land use figures are Rockingham County estimates

Source: Rockingham Exhibits, Exh. 25 and Myron C. Smith, Counsel for Rockingham County, letter to staff Commission on Local Government, Dec. 30, 1980