

**Report on the
City of South Boston - County of Halifax
Reversion Issue**



**Commission on Local Government
Commonwealth of Virginia**

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**REPORT ON THE
CITY OF SOUTH BOSTON - COUNTY OF HALIFAX
REVERSION ISSUE**

PROCEEDINGS OF THE COMMISSION

On December 28, 1990 the City of South Boston filed notice with the Commission on Local Government, pursuant to the provisions of Section 15.1-945.7A of the Code of Virginia, of its intentions to petition the court for an order granting it the status of a town within Halifax County. Consistent with the Commission's Rules of Procedure, the City's notice was accompanied by data supporting the proposed reversion.¹ Further, in accordance with statutory requirements, the City concurrently gave notice of its proposed reversion to Halifax County and to 41 other localities with which it was contiguous or with which it shared functions, revenues, or tax sources.² Furthermore, the City's notice to the Commission advised that the municipality would continue its previous efforts to effect an amicable resolution of this matter with the appropriate officials of Halifax County.³

On January 14, 1991 the Commission met with representatives of the City of South Boston and Halifax County for purposes of making preliminary arrangements for its formal review of the City's reversion action and to extend an offer of mediation assistance. At that meeting the Commission established a schedule which called for oral presentations and a public hearing on the issue during the period of August 19-22, 1991 and for submission of the Commission's report by

¹City of South Boston, Notice of the City of South Boston's Intent to Petition for an Order Granting Town Status Within Halifax County (hereinafter cited as City Notice).

²Sec. 15.1-945.7(A), Code of Va.

³This statement appeared in a resolution adopted by the City Council on December 27, 1990. The resolution is set forth in City Notice, p. 5.

December 1, 1991.⁴ In addition, the Commission delegated to its Chairman the authority to designate an independent mediator, upon specific request of the parties, to assist in the efforts of the two jurisdictions to negotiate a settlement of the reversion issue. Subsequent to that meeting, and with the concurrence of the City and the County, on March 27, 1991 the Commission designated Dr. Donald P. Lacy of Virginia Polytechnic Institute and State University to assist the parties in negotiations relative to the reversion action.⁵

Following the parties' unsuccessful efforts to negotiate a settlement of the reversion issue, and consistent with its adopted schedule, the Commission toured relevant areas and facilities in the City and the County on August 20, 1991 and received oral testimony from the parties on August 19, 21, and 22, 1991. In addition, the Commission solicited comment from other potentially affected political subdivisions and from the public. Each locality receiving notice of South Boston's

⁴The Commission's review was delayed until August as a result of the legislative responsibilities of Counsel for Halifax County and as a consequence of other scheduling concerns. With the concurrence of the parties, the Commission's report date was subsequently extended to January 24, 1992.

⁵The City and Halifax County had been negotiating regarding intergovernmental relations for almost four years prior to the filing of South Boston's reversion action with the Commission. In September 1986 the City and the County jointly appointed a 15-member committee to examine alternative actions which might be taken jointly to make governmental operations in both jurisdictions more cost effective and efficient. After a two-year study the joint committee recommended that the City and County be consolidated and, further, concluded that the merger of South Boston and Halifax County into a county containing a tier-city was the optimal action for both jurisdictions and their citizens. Following receipt of the recommendations of the joint committee in September 1988, representatives of the governing bodies of the City and the County engaged in extensive negotiations in an effort to develop a plan of consolidation, but were unable to conclude an agreement. (City Notice, pp. 18-20.) Commencing in 1989, and prior to his appointment as the Commission's designated mediator in the reversion issue, the negotiations between the two jurisdictions were assisted by Dr. Lacy. [Testimony of Robert P. Lawler, Jr., County Administrator, Halifax County, Transcript of Commission on Local Government Hearings (hereinafter cited as Transcript), Vol. III, p. 205.]

reversion action was invited by the Commission to submit testimony for its consideration. Further, the Commission held a public hearing, which was advertised in accordance with the requirements of Section 15.1-945.7(B) of the Code of Virginia, on the evening of August 20, 1991 at the Halifax County High School. The public hearing was attended by approximately 90 persons and produced testimony from 16 individuals. In order to permit receipt of additional citizen comment, the Commission agreed to keep open its record for written submissions from the public through September 22, 1991.

SCOPE OF REVIEW

The statute establishing the Commission on Local Government states that the General Assembly's fundamental purpose in creating this body was to provide a mechanism to "help ensure that all of [the Commonwealth's] counties, cities, and towns are maintained as viable communities in which their citizens can live."⁶ Guided by this expression of legislative intent, the Commission is charged with the responsibility of reviewing a variety of local governmental transition and boundary change issues before such actions are presented to the courts for disposition. Specifically, the Commission is required to investigate, analyze, and make findings of fact, as directed by law, as to the probable effect on the people residing in an area of such proposed actions.⁷ While the Code of Virginia directs that the Commission's findings and recommendations in each case are to be based upon the criteria and standards prescribed by law for the disposition of such issues, the Commission is also cognizant of the fact that its analyses must be guided generally by the legislatively decreed concern for the preservation of the viability of the Commonwealth's localities.⁸

⁶Sec. 15.1-945.1, Code of Va.

⁷Sec. 15.1-945.3, Code of Va.

⁸Sec. 15.1-945.7(B), Code of Va.

In this instance the Commission is presented with a notice filed by the City of South Boston advising of the City's intention to petition for a court order granting the municipality the status of a town within Halifax County. The action initiated by South Boston constitutes the first instance in which this Commission, and subsequently the special three-judge court, is required to apply the recently enacted statute governing the transition of an independent city to town status.⁹ As such, this case raises legal concerns which have not previously been subject to judicial analysis, and its ultimate disposition will have significant ramifications for local governments and interlocal relations in the Commonwealth. In the report which follows the Commission has endeavored to apply its collective experience in local government affairs and administration and to leave questions of law for appropriate resolution elsewhere. We trust that this report will be of assistance to the court, to the citizens and elected leadership of the affected jurisdictions, and to the Commonwealth generally with respect to the protection of the viability of its local governments.

GENERAL CHARACTERISTICS OF THE CITY OF SOUTH BOSTON AND COUNTY OF HALIFAX

CITY OF SOUTH BOSTON

The City of South Boston was incorporated as a town in 1884 and became one of Virginia's independent cities in 1960.¹⁰ While South Boston has served as the principal focal point of development in Halifax County during the 20th Century, it experienced a modest loss of population during the previous decade, with its populace decreasing

⁹The statutes governing the reversion of cities to town status, Chapter 20.2 (Sec. 15.1-965.9 et seq.) of Title 15.1 of the Code of Virginia, were enacted by the 1988 session of the General Assembly, but did not go into effect until July 1, 1989.

¹⁰Chester W. Bain, "A Body Incorporate, The Evolution of City-County Separation in Virginia" (Charlottesville: Institute of Government, University of Virginia, 1967), Appendix A.

between 1980 and 1990 from 7,093 to 6,997 persons, or by 1.4%.¹¹ Based on the 1990 U. S. Census results and the City's present land area of 5.09 square miles, South Boston has a population density of 1,375 persons per square mile.¹²

In terms of the nature of its population, various statistical indices disclose that the City's populace is considerably older and has lower income than that of the State generally. Data indicate that, as of 1990, the median age of South Boston residents was 38.2 years, a statistic in excess of that for the State overall (32.6 years).¹³ Further, statistics reveal that, as of 1990, approximately 20.2% of the City's population was age 65 or over, or almost double that for the State generally (10.7%).¹⁴ In terms of income, State Department of Taxation data disclose that, as of 1989 (the latest year for which such data are available), South Boston residents had a per capita adjusted gross income (AGI) of \$9,887, or only 79.2% of the comparable figure for the State as a whole (\$12,489).¹⁵

¹¹U. S. Department of Commerce, Bureau of the Census, 1980 Census of Population, General Population Characteristics, Virginia, Table 15; and 1990 Census of Population and Housing, Summary Population and Housing Characteristics (Proof Copy), Table 1. See Appendix A for a statistical profile of the City of South Boston and Halifax County.

¹²City Notice, p. 21. The City's last annexation occurred on December 31, 1964 when 2.62 square miles of territory were brought within South Boston's corporate limits.

¹³1990 Census of Population and Housing, Summary Population and Housing Characteristics (Proof Copy), Table 1.

¹⁴U. S. Department of Commerce, Bureau of the Census, 1990 Census of Population, Summary Tape File 1A, Virginia.

¹⁵These per capita AGI statistics have been calculated using unpublished tables supplied by Geraldine Turner, Economist, Virginia Department of Taxation on June 10, 1991, and by Dr. Julia H. Martin, Research Director for Demographics, Center for Public Service, University of Virginia on March 19, 1991. The data supplied by Dr. Martin provided interpolated population statistics relative to 1989.

In regard to South Boston's overall fiscal condition, statistics indicate that between 1980 and 1989 (the latest year for which such information is available) the true value of real estate and public service corporation property in the City increased by 54.2%, a figure barely in excess of one-third that for the Commonwealth overall (148.7%).¹⁶ Moreover, the City's total taxable retail sales, a significant indicator of the strength of the locality's commercial base, rose only 30.5% from 1980 to 1990, a growth rate only slightly in excess of one-fourth that of the State as a whole (117.9%).¹⁷ Due in part to the extremely modest growth in South Boston's tax base in recent years, the City has relied increasingly on non-tax revenue. During the period from FY1986 through FY1990 South Boston recorded an average annual per capita increase in non-tax revenue of 25.29%, a statistic higher than the comparable figure for all but six of Virginia's 136 counties and cities.¹⁸

¹⁶Virginia Department of Taxation, Virginia Assessment/Sales Ratio Study, 1980, Mar. 1982; and 1989 Virginia Assessment/Sales Ratio Study, Mar. 1991. On a per capita basis, the increases in the true value of real estate and public service corporation property in South Boston and the State generally were 56.3% and 114.9%, respectively.

¹⁷Virginia Department of Taxation, Taxable Sales in Virginia Counties and Cities, Annual Reports, 1980 and 1990. The per capita increase in the City of South Boston (32.3%) during the previous decade was slightly more than one-third that in the State overall (88.3%). Taxable retail sales in the City for the first six months of 1991 decreased by 1.3% as compared to the same period in 1990. (Virginia Department of Taxation, Taxable Sales in Virginia Counties and Cities, Quarterly Reports, January-June 1990 and 1991.)

¹⁸Appendix B, Table 3. Appendix B provides a profile of local-source revenues for the City of South Boston, Halifax County, and all Virginia counties and cities, considered collectively, during the period FY1986 through FY1990. Appendices C and D offer, respectively, similar profiles of the operational expenditures and debt patterns of the same jurisdictions during the same period of time. Appendix E provides a graphic representation of changes in the property tax revenue per capita, total local-source revenue per capita, net debt per capita, and the effective true real estate tax rates for the City of South Boston, Halifax County, and all Virginia counties and cities, considered collectively, for 1970-90 period.

Further evidence of South Boston's fiscal condition is revealed by annual statistical analyses conducted by this Commission examining the comparative revenue capacity, revenue effort, and fiscal stress of Virginia's counties and cities. These analyses are based upon a Virginia-adapted "representative tax system" (RTS) methodology which establishes a theoretical revenue capacity for each county and city derived from six local revenue-generating "sources" existing in each jurisdiction multiplied by the statewide average yield rate for each such source.¹⁹ Our calculations reveal that, in relation to all Virginia counties and cities, the City of South Boston experienced a decline in revenue-generating potential between the 1985/86 and 1989/90 fiscal periods, with its per capita theoretical revenue capacity decreasing during that five-year period from 76.3% to 75.5% of the statewide figure.²⁰ Due in part to that trend, the Commission's most recent comparative fiscal stress analysis found that relative to all Virginia counties and cities in 1989/90 South Boston experienced "above average stress," with only 22 jurisdictions recording a higher measure of fiscal duress.²¹

Despite its modest demographic and fiscal growth in recent years, the City of South Boston continues to play a major economic and corporate role in southern Halifax County. As evidence of the City's significance in the economy of the general area, as of the first quarter of 1991 there were 4,802 positions of non-agricultural wage and salary

¹⁹See Appendix F, note 1A. Appendix F provides tabular data regarding the revenue capacity and revenue effort of the City of South Boston, Halifax County, the post-reversion County of Halifax, and eight other Virginia counties of comparable size during the period 1985/86 through 1989/90.

²⁰Appendix F, Table 1.

²¹Commission on Local Government, Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities, 1989/90 (forthcoming). In establishing the level of "fiscal stress" of Virginia's counties and cities, the Commission considers the theoretical revenue capacity, revenue effort, and resident income (as reported on State tax returns) of each jurisdiction.

employment located in South Boston, with that number of positions being nearly one-third greater than the City's entire civilian labor force.²² While the City did experience a 2.8% decline in manufacturing employment positions between March 1981 and March 1991, that ten-year period witnessed an overall increase of 13.4% in its overall non-agricultural wage and salary employment.²³ With respect to its other contributions to the corporate life of the area, the City of South Boston is also the site of such facilities as Halifax-South Boston Community Hospital and contains a notable concentration of the area's professional services. Moreover, the City has nurtured development beyond its corporate limits by committing a majority of its water and sewerage capacity, directly or through agreements with Halifax County, to non-resident connections.²⁴ The data indicate that, as of December 1991, the City served directly at least 13 commercial and industrial facilities in the County which collectively offered employment to more than 2,000 persons.²⁵ Thus, while the evidence indicates that the City of South Boston is a jurisdiction with a diminishing, aging, and comparatively less affluent population, and that it is a municipality which has experienced a

²²Virginia Employment Commission, Labor Market Review, Vol. 4, No. 3, Mar. 1991; and Covered Employment and Wages in Virginia by 2-Digit SIC Industry for Quarter Ending March 31, 1991.

²³Virginia Employment Commission, Population and Labor Force Data, March 1981; and Covered Employment and Wages in Virginia by 2-Digit SIC Industry for Quarter Ending March 31, 1991. Between 1981 and 1991 the number of non-agricultural wage and salary employment positions in the City increased from 4,235 to 4,802 positions. During that decade, the number of positions in the wholesale and retail trade and service sectors increased by 44.3% and 16.2%, respectively.

²⁴Utility customers located in Halifax County consume approximately 60% of all potable water produced by South Boston and generate approximately 54% of the wastewater treated at the City's sewage treatment plant. [City of South Boston, Proposed Findings and Conclusions by the City of South Boston (hereinafter cited as City's Proposed Findings).]

²⁵Glass, letter to Commission on Local Government, Dec. 18, 1991. While the precise employment levels of the 13 firms are not available, the data indicate those firms employ between 2,150-3,637 persons. (Ibid.)

relative decline in its fiscal condition during the past decade, it remains an important component of its region.

COUNTY OF HALIFAX

Halifax County was formed in 1752 from territory formerly a part of Lunenburg County. Having an area of 803 square miles, Halifax County is the fourth largest county in Virginia in terms of geographic size.²⁶ The Town of Halifax, located approximately four miles north of South Boston, is the County seat and the site of Halifax County's principal governmental offices.

Halifax County has experienced an almost constant decline in population since mid-century, with its 1990 populace reflecting a decrease of 18.0% since 1950.²⁷ During the previous decade the County's population decreased from 30,599 to 29,033 persons, or by 5.1%.²⁸ Based on its land area (803 square miles) and 1990 population, the County has an overall population density of 36 persons per square mile.²⁹

²⁶Virginia Department of Highways and Transportation, "Area in Square Miles of Virginia's Counties and Incorporated Towns," 1980. Approximately 2.5 square miles of County territory are located within the boundaries of its four incorporated towns.

²⁷County of Halifax, County's Defense to City of South Boston's Reversion to Town Status (hereinafter cited as County's Defense), July 1991, p. 22.

²⁸1980 Census of Population, General Population Characteristics, Virginia, Table 15; and 1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia (Proof Copy), Table 1. During the decade of the 1980's the County's four incorporated towns collectively experienced a significantly larger decrease in population (21.8%) than that which occurred in the unincorporated portions of Halifax County (4.2%).

²⁹Excluding the land area and population within the boundaries of its incorporated towns, Halifax County had, as of 1990, a population density of 35 persons per square mile.

With respect to the nature of its population, the data disclose that, as in the case of South Boston, the County's populace is older and less affluent than that of the State as a whole. The evidence reveals that, as of 1990, the median age of County residents was 36.9 years, a statistic in excess of that for the State overall (32.6 years).³⁰ Further, the percentage of the County's 1990 population age 65 or over was 16.5%, an elderly component significantly greater than that of the State generally (10.7%).³¹ In terms of income, the data disclose that, based on State tax returns, Halifax County residents had a per capita AGI in 1989 (the latest year for which such data are available) of \$7,865, or only 63.0% of the comparable figure for the Commonwealth overall (\$12,489).³²

In regard to Halifax County's overall fiscal condition, statistics indicate that between 1980 and 1989 (the latest year for which such information is available) the true value of real estate and public service corporation property in the County increased from \$565.4 million to \$737.8 million, or by only 30.5%. . This percentage growth in the County's principal revenue source was only slightly in excess of one-fifth of the comparable figure for the State as a whole (148.7%).³³ With respect to the Halifax County's commercial base, however, taxable retail sales in the County rose by 139.4% between 1980 and 1990, a rate of growth in excess of that for the Commonwealth overall (117.9%). During the same period, the County's share of total taxable retail sales

³⁰1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia (Proof Copy), Table 1.

³¹1990 Census of Population, Summary Tape File 1A, Virginia.

³²These statistics have been calculated from unpublished tables provided by the Virginia Department of Taxation and by the Center for Public Service at the University of Virginia. (See supra, note 15.)

³³Virginia Assessment/Sales Ratio Study, 1980; and 1989 Virginia Assessment/Sales Ratio Study. The per capita increase in true real estate and public service corporation properties in Halifax County and the Commonwealth generally was 37.5% and 114.9%, respectively.

in the South Boston - Halifax County area increased from 52.0% to 66.5%.³⁴

Based in large part upon the extremely modest growth in its real property values, data developed by this Commission disclose that Halifax County experienced a decline in its comparative revenue generating potential between the 1985/86 and 1989/90 fiscal periods, with its per capita theoretical revenue capacity decreasing as a percentage of the statewide figure during that period from 72.0% to 68.5%.³⁵ Further, our calculations indicate that for the 1989/90 fiscal period Halifax County, as in the case of South Boston, was an "above average stress" locality.³⁶

With respect to the nature of its development, the data indicate that Halifax County did experience some growth in its employment base during the preceding decade. Statistics reveal that between March 1981 and March 1991 the number of non-agricultural wage and salary positions in the County grew from 7,826 to 8,181 positions, or by 4.5%.³⁷ However, since Halifax County's total civilian labor force in March 1991 contained 15,156 persons, a significant number of the County's residents continued to be engaged in agricultural production, were unemployed, or

³⁴Taxable Sales in Virginia Counties and Cities, Annual Reports, 1980 and 1990. During the previous decade, the per capita increase in taxable sales in the County and the Commonwealth generally was 152.3% and 88.3%, respectively. During the period January-June 1991 taxable retail sales by establishments in Halifax County declined by 3.5% as compared to the same period in 1990. (Taxable Sales in Virginia Counties and Cities, Quarterly Reports, January-June 1990 and 1991.)

³⁵Appendix F, Table 1.

³⁶Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities, 1989/90 (forthcoming).

³⁷Population and Labor Force Data; and Covered Employment and Wages in Virginia by 2-Digit SIC Industry for Quarter Ending March 31, 1991. Although the number of positions engaged in manufacturing in Halifax County increased by less than 3.0% between 1981 and 1991, employment in the wholesale and retail trade sectors grew by 40.9% during that period.

were required to seek employment outside the County (many in the City of South Boston).³⁸

While commercial development has occurred in Halifax County, the evidence indicates that agricultural and forestal activities remain significant components of the County's economy. As of 1987 (the most recent year for which such statistics are available), there were 1,252 farms in Halifax County occupying a total of 242,244 acres (approximately 379 square miles), with the market value of the County's agricultural products totaling approximately \$22.1 million.³⁹ Moreover, 1985 data (the most recent available) disclose that 348,892 acres (approximately 545 square miles) in Halifax County were considered "forest" land.⁴⁰

In sum, while Halifax County has experienced modest growth in non-agricultural wage and salary employment during the past decade, the statistical evidence indicates that it remains a largely rural jurisdiction with a diminishing and comparatively less affluent population.⁴¹

³⁸Labor Market Review, Mar. 1991.

³⁹U. S. Department of Commerce, Bureau of the Census, 1987 Census of Agriculture, Virginia, Table 1. In 1987 Halifax County was the second largest tobacco producing county in the State, with 11.5 million pounds harvested (14.2% of the State total) that year. (Ibid., Table 25.) In addition, the County ranked fourth in the State in terms of the number of farms with total sales of \$10,000 or more for agricultural products. (Ibid., Table 16.)

⁴⁰U. S. Department of Agriculture, Forest Service, Forest Statistics for the Southern Piedmont of Virginia, 1985. The Forest Service defines "forest" land as property being at least 16% stocked by trees of any size, or formerly having had such tree cover and not currently developed for non-forest use. Such property may also be included in the Census Bureau's definition of "farm land."

⁴¹The Commission is aware of plans by the Old Dominion Electric Cooperative (ODEC) and Virginia Power to construct a 786-megawatt power plant on a 1,760 acre site located near the Town of Clover in northeastern Halifax County. The plant, which is expected to take four years to complete and require a construction workforce of 1,260 persons,

STANDARDS AND FACTORS FOR REVERSION

In 1988 the Code of Virginia was amended to authorize cities with populations of less than 50,000 persons to revert to town status within the adjoining county.⁴² This statute grew from recognition on the part of the legislature that circumstances might exist in which it would be appropriate for a city to relinquish its independence and to become a constituent element of a neighboring county. In this report the Commission undertakes to review for the first time a proposal by which one of the Commonwealth's independent municipalities seeks to exercise the option of reverting to town status. As noted earlier, the Commission is required in its review of interlocal issues to base its findings and recommendations upon the applicable statutory standards and factors.⁴³ The standards and factors applicable to reversion issues are set forth in Section 15.1-965.16 of the Code of Virginia. The following

is projected to employ 225 persons when fully operational. [City of South Boston, Oral Presentations Exhibits (hereinafter cited as City Oral Presentation Exhibits), Exh. 8.] The total cost of that project has been estimated by ODEC to be approximately \$1.16 billion. Of that amount, however, approximately \$294 million would be expended for pollution control equipment which would be eligible to receive an exemption from local property taxes. (Testimony of Lawler, Transcript, Vol. III, pp. 233-34; and Edward D. Tatum, Jr., Director, Transmission and Environment, Old Dominion Electric Cooperative, letter to John Aldworth, Southside Concerned Citizens, Oct. 30, 1990, filed separately as County Exh. 6.) Although ODEC has received many of the necessary State and federal permits to proceed with the project, and while site preparation and collection at the site of building materials and mechanical components of the plant are well underway, the Cooperative is awaiting a decision by the U. S. Environmental Protection Agency on an appeal of the permit issued by the Virginia Air Pollution Control Board in March 1991. If the project is completed as presently envisioned, the County estimates that it would receive approximately \$3.7 million annually in real estate property tax revenue from the project. (Testimony of Lawler, Transcript, Vol. III, p. 234; and City Oral Presentation Exhibits, Exh. 8.) Since ODEC's plans remain subject to significant external economic and regulatory factors, the prospect that such a facility would be built cannot, in our judgment, be permitted to affect the resolution of the reversion issue.

⁴²Ch. 881, Acts of Assembly, 1988.

⁴³Sec. 15.1-945.7(B), Code of Va.

sections of this report constitute the Commission's effort to review the proposed reversion of the City of South Boston to town status in the context of those prescribed standards and factors.

ABILITY OF COUNTY TO SERVE POPULATION

As a prerequisite to sanctioning a city's reversion to town status, the reviewing court must be satisfied that the proposed reversion does not "substantially impair" the ability of the county in which the reverted municipality would be located to meet the service needs of its population.⁴⁴ In instances, however, where a court determines that a substantial impairment will occur, it is authorized to impose terms and conditions to offset that impairment.⁴⁵ Thus, the reviewing court is given the authority to overcome obstacles to reversion which would be raised by this legal criterion.

With respect to the South Boston reversion issue, Halifax County has acknowledged that if the proposed reversion does not result in the dissolution of the school division serving the City of South Boston and the consequent integration of the school systems serving the two jurisdictions, "there would be no substantial impairment of [the County's] ability to provide the service needs of its population."⁴⁶ Further, the County contends that under existing statutory law, absent the approval of the County's school board and board of supervisors, no

⁴⁴Sec. 15.1-965.16(B)(3), Code of Va.

⁴⁵Sec. 15.1-965.16(C), Code of Va.

⁴⁶County's Defense, p. 42. The two school divisions jointly employ and are currently served by the same superintendent of schools and jointly fund and operate the one junior high school and the one senior high school which serve the jurisdictions. As of October 1990, approximately 38% of the students then served by the South Boston school division (1,298) attended the two consolidated secondary schools. Thus, the two school divisions already function with a considerable degree of integration. (See City Oral Presentation Exhibits, Exh. 6-B.)

consolidation of the school divisions or systems can occur.⁴⁷ If the County's position on those issues is correct, and given its announced opposition to the consolidation of the school systems serving the two jurisdictions, the proposed reversion would not impair the County's ability to meet the service needs of its residents.⁴⁸

The City of South Boston has contended that the reversion process established by the General Assembly effectuates the dissolution of the school division which currently serves the City.⁴⁹ South Boston has asserted that even if the court were to conclude that there exists a legal impediment to the merger of the school divisions serving the two jurisdictions, it possesses the authority to "direct that Halifax County assume responsibility for providing educational services to the Town of South Boston."⁵⁰ This Commission recognizes that there are legal arguments for both the County's and the City's positions on whether school consolidation results automatically from reversion and as to

⁴⁷County of Halifax, In the Matter of the Petition by the City of South Boston, a Municipal Corporation of the Commonwealth of Virginia, for Reversion to Town Status, Pursuant to Sec. 15.1-965.16 of the Code of Virginia (hereinafter cited as County's Proposed Findings), Oct. 1991, Appendix A. The referenced appendix is a "Memorandum of Law" addressing the constitutional and statutory provisions relative to the establishment and alteration of school divisions in Virginia. The County's position rests principally upon the statutory provision which states that "[n]o school division shall be divided or consolidated without the consent of the school board thereof and the governing body of the county or city affected" (Sec. 22.1-25, Code of Va.)

⁴⁸The County has stated that it "will not voluntarily agree to the consolidation of the school divisions, as it is not in the best interest of the County to make such a decision." (County's Proposed Findings, p. 22.) The County's opposition to the merger of the school divisions is founded upon its objection to confronting a choice between "increasing its overall budget by a half a million dollars annually" to integrate the systems or "making critical political decisions" regarding the possible closure of former City schools, the discharge of former City teachers, and the busing of former City students to more distant County schools. (Ibid., pp. 21-22.)

⁴⁹See City's Proposed Findings, pp. 25-34.

⁵⁰Ibid., p. 34.

whether, if such does not occur automatically, the court considering reversion has jurisdiction to order merger of the systems. While these issues must be decided by the court, the Commission believes that its statutory responsibilities obligate it to evaluate the impact of the school consolidation, should it occur.

Halifax County has submitted data indicating that if the City's reversion to town status is accompanied by a merger of the two school divisions, such would result in a total net negative fiscal impact on the County of approximately \$732,000, with that figure resulting in a substantial impairment of its ability to serve the enlarged jurisdiction.⁵¹ In contrast to the County's calculations, South Boston has estimated that even with the consolidation of the school divisions reversion would result in an increase in the County's receipts exceeding its added expenditures by approximately \$184,000.⁵² The variance in the two cost estimates results, in large part, from the fact that the County anticipates the need to increase its teachers' salaries,⁵³ acquire

⁵¹The County's written submissions placed the net negative fiscal impact at \$768,000. (County's Proposed Findings, p. 18.) However, a County consultant agreed that adjustments in the original estimate were in order due to the City's proposal to continue responsibility for animal control and building inspection following reversion. The revised net negative fiscal impact on the County would then be estimated at approximately \$732,000. (Testimony of Walter Cox, Expert Witness for Halifax County, Transcript, Vol. III, p. 194.)

⁵²City Oral Presentations Exhibits, Exhs. 12-A, D, E. The City has estimated that, based on 1989-90 data, that the reversion accompanied by an integration of the two school divisions would result in a net increase in County receipts of \$184,178. (Ibid., Exh. 12-A.)

⁵³The 1991-92 teacher pay scale in South Boston exceeded that in Halifax County by approximately 2.8% at Step 1 and by slightly more than 4.3% at Step 23 (top of scale). [See County of Halifax, Additional Submission by Halifax County Pursuant to Request of the Commission on Local Government (hereinafter cited as County Additional Submission), Sep. 1991, Item 16.] During the 1990-91 school year the average teacher salary in the South Boston system (\$26,165) was 2.46% greater than that in the Halifax County system (\$25,535). The average teacher salary during that academic year in both divisions was approximately 80% of that in the State generally (\$32,382). (Ibid., Item 17.)

additional instructional material, and employ added teachers and aides (at a total cost of \$500,000) in order to adjust the educational standards in the enlarged school division upward to those which previously prevailed in the South Boston system.⁵⁴ The County's deficit projection is also predicated on the assumption that due to budgetary concerns the State will not, contrary to its past practice, authorize the use of a more favorable "index of local ability to pay" in the distribution of State educational assistance to Halifax County following the consolidation of the school divisions.⁵⁵ Officials of the State Department of Education have, however, indicated that that agency "would support the implementation of the lowest composite index of the two jurisdictions" in calculating the amount of basic school aid received by Halifax County in the event of the consolidation of the two school systems.⁵⁶

⁵⁴The County's estimate for the cost of these adjustments is derived from data presented in a study of the effects of consolidating the school divisions of Halifax County and South Boston published by Educational Consulting Services, Ltd. in August 1989. (See County's Defense, Tab 6, p. 26.)

⁵⁵In recent years the Appropriations Act has authorized the Board of Education in its distribution of basic school aid to use the lowest index of any jurisdiction participating in a consolidated school division rather than the index which would result if such were predicated upon fiscal and demographic data for the consolidated entity. The lower the "index of local ability to pay," the greater the amount of State basic school aid provided the locality. [See Ch. 723, Acts of Assembly, 1991, Item 172(A)(4b).] The City estimates that the use of the more favorable index during the 1991-92 school year would have resulted in the consolidated school division serving the two jurisdictions receiving approximately \$195,000 in additional basic school aid from the State beyond the amount which the consolidated system would otherwise receive. (City Exh. 24, submitted to the Commission as an attachment to Carter Glass, IV, Special Counsel, City of South Boston, letter to Commission on Local Government, Oct. 8, 1991.) The City's calculations indicate that if the consolidation of the school systems did not result in the use of the lower composite index, reversion would result in a net cost to the County of approximately \$11,000.

⁵⁶Vincent C. Cibbarelli, Deputy Superintendent, Virginia Department of Education, letter to staff of Commission on Local Government, Dec. 9, 1991.

With respect to the bulk of the deficit projected by the County (i. e., the \$500,000 to equalize County teacher salaries and other educational standards), this Commission observes that such an expenditure is not mandated as a consequence of reversion. Indeed, the Commission has been advised that in instances of the consolidation of schools systems the standards of the larger system generally prevail, not those previously established by the smaller system.⁵⁷ Since the City employs only 63 teachers for its separate elementary schools while the County employs 233 for the same grade levels, adherence to the standards of the larger system would not necessitate any upward adjustment in educational expenditures in the event of the consolidation of South Boston and Halifax County elementary schools.⁵⁸ It is relevant to note, however, that a plan for the consolidation of the two school divisions completed in 1989 was apparently predicated on the assumption "that where one school division offers a higher standard of service than the other, the higher of the two should be applied in the consolidated school division."⁵⁹

The City has suggested that as a means of merging the teacher salary scale of the South Boston system into the County's current scale while avoiding a reduction in the pay of the former City teachers, the latter personnel might be given a one-time salary supplement at an aggregate cost of approximately \$68,000. The proposed supplement would be paid to the former City teachers during the first year following the consolidation of the school systems to prevent any downward adjustment in their salaries, with their earnings in subsequent years being

⁵⁷Testimony of William H. Cochran, Educational Consulting Services, Ltd., Transcript, Vol. II, p. 30. Mr. Cochran advised that based upon his experience with the consolidation of school divisions in Virginia, "In nearly every instance, the larger division determines what the standards would be." (Ibid.)

⁵⁸City Notice, p. 45.

⁵⁹See Educational Consulting Services, Ltd. "Plan for Consolidating the School Divisions of Halifax County and the City of South Boston," Aug. 1989, p. 22, in County's Defense, Tab 6.

commensurate with that of all County teachers at the same step level.⁶⁰ The County has suggested that this proposed arrangement, which would result initially in differential pay to teachers at the same step level, is contrary to regulations established by the State Board of Education. The Commission, however, has been advised that there exists no formal policy or regulation established by the State Board of Education precluding implementation of the City's proposal.⁶¹ In brief, while the proposed reversion may present the Halifax County Board of Supervisors initially with some difficult political decisions, there are means by which the fiscal impact of integrating the school systems can be mitigated or largely avoided.

In terms of the present fiscal condition of Halifax County and its ability to bear the cost of the proposed reversion, several salient points should be noted. First, Halifax County had, as of 1989 (the latest year for which the statistic has been calculated), an effective true real property tax rate of \$0.34, with only three of Virginia's 136 counties and cities utilizing a lower rate.⁶² Second, during tax year 1991, Halifax County was one of only four of Virginia's 95 counties

⁶⁰Testimony of Gary F. Christie, City Manager, City of South Boston, Transcript, Vol. II, pp. 216-17. The proposal would result in the former City teachers at each step level receiving greater pay during the first year following consolidation than their counterparts from the County system. During the second year, the former City teachers would forego a salary increase, while the other teachers in the system would receive the regularly scheduled step increase which would create parity.

⁶¹Cibbarelli, Deputy Superintendent, Virginia Department of Education, communication with staff of Commission on Local Government, Dec. 12, 1991. The County's concern regarding the permissibility of the City's supplemental pay proposal under State Board of Education policies is evidenced by questions posed by the County's Counsel. (See Transcript, Vol. II, pp. 42-44.) There are several precedents in Virginia for temporary variation in the salary paid to individuals in public service holding the same classification. [See Sec. 16.1-238, Code of Va.; and Virginia Department of Personnel and Training, Policies and Procedures Manual, Policy No. 3.07(B)(3).]

⁶²1989 Virginia Assessment/Sales Ratio Study. The effective true real estate tax rate in South Boston in 1989 was \$0.82.

which imposed neither a merchants' capital nor business and professional license taxes on its commercial base.⁶³ Third, as of June 30, 1990 Halifax County had a per capita gross debt of \$118.14, or only 13.3% of the comparable figure for all the State's counties and cities considered collectively.⁶⁴ Finally, based on our calculations using the representative tax system methodology, during the 1989/90 fiscal period Halifax County utilized only 55.5% of its potential overall revenue capacity in the provision of service to its residents.⁶⁵ Thus, the evidence indicates that, in our view, Halifax County has the revenue potential to manage fiscally the proposed reversion.

The potential impact of the proposed reversion on the revenue capacity and revenue effort statistics of Halifax County, as measured by the representative tax system, also suggests the relatively moderate fiscal consequences which the proposed transition would have on that jurisdiction. In terms of revenue capacity, our data indicate that when the fiscal attributes of Halifax County are modified to include those of South Boston for the 1989/90 fiscal period, the per capita revenue capacity of the County would be increased from \$565.84 to \$570.31.⁶⁶ While that per capita revenue capacity score would be only 68.9% of that for all the State's counties and cities considered collectively, it is significantly in excess of that of several other counties of comparable demographic size and nature.⁶⁷ In calculating the consequence of the

⁶³John L. Knapp, Brian Cunningham, Tyler J. Fox, and John A. McQueen, 1991 Tax Rates in Virginia Cities, Counties and Selected Towns (Charlottesville: Center for Public Service, University of Virginia, 1991), Tables 2.8, 2.15.

⁶⁴Appendix D.

⁶⁵Appendix F, Table 3.

⁶⁶Appendix F, Tables 1, 2.

⁶⁷Ibid; Table 3. The statewide figure has been recalculated on the basis of 135 counties and cities. The cohort set of counties was selected based on each overall population and the number of persons residing in its incorporated towns.

proposed reversion on the revenue effort of the enlarged Halifax County, the Commission assumed, for the purpose of considering the most extreme impact on the County, that following reversion the County would raise revenue equivalent to the combined total of the revenues raised previously by the two jurisdictions.⁶⁸ Based on that extreme assumption, our calculations indicate that the integration of South Boston into Halifax County would give the latter jurisdiction a 1989/90 revenue effort of only 64.9 % of its capacity, a figure less than that of several other Virginia counties of comparable demographic size and nature.⁶⁹

Again, while Halifax County has estimated that it will incur a net increase in expenditures of approximately \$732,000 following South Boston's reversion accompanied by the integration of the two school divisions, such an increase in expenditures should not, in our judgment, substantially impair the ability of the County to meet the needs of its residents. Moreover, the net negative fiscal impact estimated by Halifax County would be reduced by approximately \$500,000 if the County opted not to increase its teachers' salaries and other educational expenditure levels to those which prevailed in South Boston and, according to its own calculations, by another \$193,000 if the State were to distribute educational aid to that jurisdiction based on the lower composite index applicable to the County prior to reversion.⁷⁰ In the

⁶⁸The Commission recognizes that South Boston will continue to provide law enforcement, recreation, utility, public works, and other general governmental services after its proposed reversion and that its past expenditures for such services would not be assumed by the County. Thus, the revenue effort statistic calculated for the County following reversion admittedly overstates the burden to be borne by the County.

⁶⁹Appendix F, Table 4.

⁷⁰See C. Richard Cranwell, Special Counsel, County of Halifax, letter to staff of Commission on Local Government, Dec. 10, 1991. The County's calculation of the impact of using the lower composite index for determining Halifax County's basic school aid and other State educational aid was presented as an attachment to the referenced correspondence.

event of such occurrences, the County's calculations acknowledge that the proposed reversion will have little or no net negative fiscal impact on Halifax County.

EQUITABLE SHARING OF RESOURCES AND LIABILITIES

The City of South Boston proposes a reversion which would result thereafter in a traditional town-county relationship. Consistent with such a relationship, South Boston contemplates that upon its reversion Halifax County would assume full responsibility for the funding of the constitutional officers; election officials and processes; welfare, health, and mental health services; solid waste disposal; and public education.⁷¹ South Boston has stated that following reversion it would, as a town, continue to provide its residents with police, fire, water, sewer, planning, zoning, subdivision regulation, recreation, solid waste collection, and street construction and maintenance services.⁷²

In contrast to South Boston's perspective, Halifax County has suggested that the statutory process by which cities may revert to town status does not contemplate the establishment of the traditional town-county relationship. The County has contended that the statutory provisions which permit the court to establish conditions to prevent an inequitable sharing of the resources and liabilities of the town and county reflect the intention of the legislature to permit the court to depart from the traditional town-county relationship and to allow it to fashion other arrangements.⁷³ In this regard, the County has expressed generally an objection to the fact that the City does not propose upon reversion "any equitable sharing of [its urban] services with the County and its citizens," but it has focused its concern on access to the

⁷¹City Notice, pp. 45-52.

⁷²Ibid.

⁷³County's Proposed Findings, pp. 18-19.

City's sewer and water services as an issue of particular significance.⁷⁴

With respect to the issue of sharing resources, the evidence indicates that, based on 1990 assessment data, South Boston's reversion to town status will result in \$162.8 million in assessed property values being added to the County's tax rolls.⁷⁵ As a consequence of those added assessments and increased receipts from other local tax sources (e. g., sales and recordation taxes), calculations by both jurisdictions indicate that Halifax County will experience an increase in local-source revenues alone in excess of \$1.3 million annually subsequent to reversion.⁷⁶ Those additional revenues, which will be derived from within the corporate limits of South Boston, clearly constitute a sharing of the resources of that municipality in addressing the increased liabilities of the County.

Notwithstanding Halifax County's direct access to the property assessables and other revenue resources within South Boston, the County has suggested that the proposed reversion will result in certain

⁷⁴Ibid., p. 18. With regard to utilities, the County has suggested that, if reversion occurs, it be guaranteed access to 1.0 MGD of capacity in both the City's water and sewerage systems. (Testimony of Lawler, Transcript, Vol. III, p. 240.)

⁷⁵City Oral Presentations Exhibits, Exh. 5-A. The assessment total reflects adjustments made in the personal property and machinery and tools values in South Boston due to the County's assessment ratios and practices.

⁷⁶County's Defense, p. 44; and City Oral Presentation Exhibits, Exh. 12-D. If, however, South Boston continued to be served by a separate school division after reversion, it would receive a larger portion of the 1% local option sales tax collections, thereby reducing the County's anticipated receipts by approximately \$150,000. (County's Defense, pp. 44, 46.) The reversion of South Boston to town status will also result in Halifax County receiving additional State aid. While the precise amount of such additional aid will be contingent upon a number of variables and decisions to be made by various State entities, the reversion can be expected to increase the amount of such assistance to the County in excess of \$3 million.

inequities which merit special recognition by this Commission and by the court.⁷⁷ Of particular concern to the County is South Boston's proposal to use the County's landfill following its reversion to town status. The City has proposed that, subsequent to reversion, it be permitted to dispose of its refuse at the County's landfill under conditions applicable to other towns in Halifax County.⁷⁸ Halifax County has noted the prospective impact of South Boston's utilization of its landfill and has expressed objection to that proposal. Halifax County has indicated that it confronts in the immediate future an expenditure of approximately \$4.1 million in order to expand and extend the life of its landfill by ten years and that South Boston's use of that facility would reduce the period of extended use by 2-3 years.⁷⁹ In addition, the County contends that acceptance of South Boston's refuse at its landfill will result in increased operational costs of approximately \$84,000 per year and an acceleration in the depreciation of equipment to the extent of approximately \$93,000 per year.⁸⁰ In view of these prospective costs, Halifax County has proposed that in exchange for the use of 20% of the capacity of the County's landfill, South Boston commit to the County 1.0 MGD of capacity of both the municipal water and sewerage systems.⁸¹

⁷⁷There are numerous variations in the estimates of the costs to be incurred by the County as a consequence of the proposed reversion. Most of those variations are minor and do not require reconciliation. Those issues which raise, in our view, fundamental points relative to the proposed reversion are addressed by the Commission.

⁷⁸City Notice, pp. 50-51; and testimony of Christie, Transcript, Vol. I, p. 170. The City of South Boston confronts the need to close its landfill by December 31, 1993. (Ibid., pp. 166-67, 172.) The City has available 32 acres of municipally owned property that can be used for its future solid waste disposal purposes if necessary. (Ibid., p. 227.)

⁷⁹Testimony of Lawler, Transcript, Vol. III, p. 226.

⁸⁰Testimony of Walter Cox, Consultant to Halifax County, Transcript, Vol. III, pp. 169-70.

⁸¹Testimony of Lawler, Transcript, Vol. III, p. 240.

With respect to this issue, it is, in our judgment, eminently wise public policy for South Boston and Halifax County to use the same landfill facility. In terms of funding such a facility, this Commission finds no basis for recommending that South Boston be treated differently following its reversion from other towns in Halifax County. If and when South Boston reverts to town status and begins utilizing the County's landfill, it will proportionately and appropriately share in the capital cost of that facility whether such cost is met through current revenues or the proceeds of general obligation bonds. Similarly, if the expansion of the facility is funded by revenue bonds, the prescribed fees will, we presume, be borne equitably by all users.⁸² Further, all operational costs and depreciation would also be borne equitably by South Boston residents through the County's general tax instruments.⁸³ Again, we find no basis for recommending any payment by South Boston to Halifax County for the extension and use of its landfill following reversion apart from that similarly borne by other municipalities in the County.

Halifax County's proposal that South Boston commit 1.0 MGD of capacity in its water and sewerage systems as a condition for the municipality's utilization of a specified percentage of the capacity in the County's landfill is similarly, in our view, inappropriate. The evidence indicates that South Boston has traditionally utilized its

⁸²The County has indicated that it anticipates using revenue bonds to expand its landfill. (Testimony of Lawler, Transcript, Vol. III, p. 227; County Additional Submissions, Item 14.)

⁸³The Commission is aware of the significant variation in the calculations which have been made in the last several years concerning the amount of solid waste collected in South Boston which would require disposal at the County's landfill if that facility was jointly used by the two jurisdictions. Those calculations ranged from 38.2 tons per day in 1989 to as low as 20 tons per day in late 1991. (See J. L. Farmer, Director of Public Works and Environmental Services, County of Halifax, letter to staff of Commission on Local Government, Sep. 11, 1991; and testimony by Lawler, Transcript, Vol. III, p. 261.) The Commission's view of the appropriate and equitable way of funding the County's landfill operations following the proposed reversion would not be affected by the extent of South Boston's use of that facility.

water and sewerage systems over the years to address equitably the needs of the County. Indeed, South Boston has contended, and the County has acknowledged, that the City has never refused to make water and sewer service available upon request to connections in Halifax County.⁸⁴ Indeed, data submitted by South Boston indicate that, at the present time, approximately 60% of all potable water produced by the City serve County customers and that approximately 54% of all effluent treated at South Boston's wastewater treatment plant emanates from County connections.⁸⁵ Under these conditions, we find no basis for recommending that as a prerequisite for reversion the County be permitted to encumber the remaining surplus capacity in South Boston's water treatment plant (1.3 MGD) and sewerage treatment facility (0.7 MGD).⁸⁶ While the evidence indicates that South Boston has readily extended its utility services beyond its corporate limits in the past, it is our expectation that the relationship which will exist between the two jurisdictions following reversion will be such that South Boston will have an added interest in supporting development in Halifax County.

Finally, in terms of educational services, if the court concludes that the proposed reversion does automatically result in the dissolution of the school divisions serving the City of South Boston, or if it concludes that it is appropriate and within the court's authority to decree the merger of the two school divisions serving the two

⁸⁴City's Proposed Findings, p. 41; and testimony of Lawler, Transcript, Vol. III, p. 292. The City has also advised the Commission that in a number of instances the municipality paid, in whole or part, the cost of installing utility lines beyond its corporate limits to serve major industrial firms in the County. (Glass, letter to staff of Commission on Local Government, Dec. 18, 1991.) In the instance of the O'Sullivan firm, the Commission has been advised that the County paid 100% of the expense of extending utility lines to serve that facility but that the City is obligated to pay the County all water and sewer revenues collected from that firm for 10 years, or until the County has recovered all of its costs for those particular lines. (Ibid.)

⁸⁵City's Proposed Findings, pp. 40-41.

⁸⁶City Exh. 19, submitted as an attachment to letter from Glass, to Commission on Local Government, Sep. 23, 1991.

jurisdictions, such actions would not, in our judgment, result in an inequitable sharing of the resources and liabilities of the localities. The bulk of the added cost to Halifax County (\$500,000) which would result from the integration of the two school divisions is a consequence of the differential in teacher pay scales and other educational standards. As noted previously, the County Board of Supervisors would confront no legal obligation to appropriate the funds to elevate County teachers' salaries nor to raise its level of investment in other education services to those which existed in the former City school division. If, however, the County opted to elevate its teachers' salaries and other educational standards to those which prevailed in the former City, we find no basis for recommending that the cost of such general, countywide improvement in such standards should be borne solely by the residents of South Boston as a consequence of a mandated payment placed upon the municipality.⁸⁷ If, on the other hand, the integration of the school systems is predicated on existing County standards, a one-year pay supplement to the former City teachers at an aggregate cost of approximately \$68,000 would avoid any reduction in their pay and would facilitate the transition. Again, from our perspective, the school division serving South Boston and Halifax County can be integrated without creating any jurisdictional "inequity." In sum, the Commission concludes that the proposed reversion, subject to our concluding recommendations, will result in an equitable sharing of the resources and liabilities of South Boston and Halifax County.

⁸⁷The County expressed the view that the City of South Boston was the only jurisdiction in Virginia to give its teachers a salary increase (2 1/2%) for the 1991-92 school year and perhaps, thereby, exacerbated the problems associated with reversion. (Statement by Cranwell, Transcript, Vol. I, p. 37.) State Department of Education records indicate, however, that 48 of Virginia's school divisions provided salary increases for returning teachers during the 1991-92 school year and that another 14 divisions provided additional benefit supplements for educational personnel during the same period. (Virginia Department of Education, "Teacher Salary Survey Results," Nov. 1991.)

BALANCE OF EQUITIES

The statutes governing the reversion of cities to town status require that consideration be given as to whether, in the balance of equities, the proposed reversion is in the best interest of the city, the county, and the Commonwealth. The following sections of this report constitute the Commission's effort to address this criterion.

Interest of South Boston

In considering the best interest of the City of South Boston, as well as that of Halifax County, it is relevant to note the various findings of the Joint City/County Study Committee, which was established by the two jurisdictions in 1986 "to determine what actions [should] be taken to make the operations of the City and County more cost effective and beneficial."⁸⁸ In its report concurrently submitted to the two jurisdictions in September 1988, the Committee concluded that "consolidation of the two jurisdictions provides the best alternative for problem solving and the promotion of future growth."⁸⁹ Regarding that course of action, the Committee asserted:

Without consolidation, the City would be faced with ever increasing operating costs creating unreasonable demands on its current[ly] slow growing tax base. The accelerating demand for revenue combined with only marginal increases in services deliver[ed] will lead to an exodus of businesses and residents to the County, thereby further eroding the City's fiscal condition.⁹⁰

While, to be sure, the Committee concluded that transforming South Boston to a tier-city through the consolidation statutes was the "approach which best fits the current political and economic situation

⁸⁸See City Oral Presentation Exhibits, Exh. 2, p. 2. The Joint City/County Study Committee was comprised of 15 residents of the two jurisdictions. The Committee's report was signed by all members and contained no dissenting or separate statements.

⁸⁹Ibid., p. 5.

⁹⁰Ibid., p. 18.

of the Halifax County/South Boston community," the proposed tier-city status does not differ fundamentally from that of a town.⁹¹ As either a town or tier-city, South Boston would become a constituent element of Halifax County while, consistent with the desires of the Committee, avoiding "the loss of community identity, voter participation, and [the] loss of civic groups and civic participation" which could ensue from a total consolidation.⁹²

It is relevant to note that, in terms of service provision, the Joint City/County Study Committee envisaged that "the County would take over from the City the entire cost of public education, health, welfare, and those costs of the judicial system now operated under State requirements as shared services" and that the cost to the County for the assumption of such responsibility "should be offset by the increased revenue" accruing to the County.⁹³ The service arrangement proposed by the Committee is identical to that which would exist in the traditional town-county relationship. Accordingly, the local residents serving on the committee concluded after 18 months of study that it was in the interest of both South Boston and Halifax County to effect a new governmental arrangement which, in its essential features, paralleled that which would result from the proposed reversion.

In terms of the fiscal impact of the proposed reversion on South Boston, the City has calculated that it can continue to provide its residents with law enforcement, fire protection, recreation, planning, zoning, subdivision regulation, and other services traditionally

⁹¹Ibid., p. 3. See Sec. 1-13.28:1, Code of Va. The consolidation statutes authorize a city and an adjoining county to negotiate a plan of consolidation by which the city would be transformed into a tier-city which would possess the powers and responsibilities of a town and such additional authority as may be provided in the consolidation agreement and authorized by the General Assembly. [Secs. 15.1-1135(7) and 15.1-1146.1:1, Code of Va.]

⁹²Ibid., p. 7.

⁹³City Oral Presentation Exhibits, Exh. 2, p. 16.

performed by towns, even with a real property tax rate reduced to avoid any increase in the aggregate real estate tax rate borne by municipal residents resulting from the application of the County's levy.⁹⁴ While undoubtedly the current revenue projections associated with the reversion issue will require modification due to changing conditions and circumstances, in our judgment the reversion can be accomplished in a manner which maintains appropriate service levels in South Boston while avoiding any major adverse fiscal impact on that municipality.⁹⁵

As a negative consequence of the proposed reversion for residents of South Boston, the County has noted that the proposed action will have the effect of transferring the management and administration of various municipal activities and services to the County and that residents of South Boston will be required "to relinquish control of their government and governmental services through the ballot box."⁹⁶ The County has observed that the proposed reversion will terminate the existence of South Boston's commissioner of revenue, treasurer, and electoral board, as well as diminish the ability of its residents to influence decisions regarding public education and other services assumed by the County. The County's position constitutes an argument against any consolidation of local governments and governmental functions, including those which

⁹⁴Representatives of the City have indicated that South Boston anticipates reducing its real estate tax rate an amount equal to that imposed by Halifax County (\$0.42). At the current time, such an arrangement would result in a reduction in the City's real estate tax rate from \$1.00 to \$0.58. (Testimony of Thomas Muller, Expert Witness for the City of South Boston, Transcript, Vol. II, pp. 178-85.) The City has also indicated that it contemplates discontinuing its machinery and tools tax in recognition of that imposed by Halifax County. (Ibid.)

⁹⁵While the initial aggregate nominal real estate rate confronted by South Boston after reversion will be greater than that in most of Virginia's towns, it would, based on 1990 tax rates, be less than that borne by 24 such municipalities. (Virginia Department of Taxation, Local Tax Rates: Tax Year 1990.) Jurisdictions with higher aggregate nominal real estate tax rates in 1990 include the Towns of Abingdon (Washington County), Pocahontas (Tazewell County), Pearisburg (Giles County), and Pulaski (Pulaski County).

⁹⁶County's Defense, Tab 4, p. 55.

would result from South Boston's transition to tier-city status. Like many other issues confronted by public officials, the proposed reversion requires a reconciliation of contending values and concerns.

Clearly, in instances of reversion or other forms of consolidation consideration should be given to the similarity of political values in the affected jurisdictions, the interdependence of the communities involved, and the history of their prior collaborative activities. Based upon such a review, the Commission finds nothing to suggest an incompatibility of the two jurisdictions such that the interests of either would be adversely affected by the proposed reversion. Indeed, the evidence indicates that South Boston and Halifax County have collaborated successfully for many years in such activities as the election and support of three constitutional officers (clerk of court, commonwealth's attorney, sheriff), the provision of major services (health, welfare, mental health and substance abuse), the operation of facilities (juvenile group home, library, airport), and support of other public activities (economic development, rescue squad, services to the aging).⁹⁷ Even in the realm of education, the two jurisdictions have utilized a single superintendent and have successfully operated joint junior and senior high schools for many years.

South Boston has noted that a significant consequence of its proposed reversion to town status would be the restoration of its authority to extend its boundaries through annexation. While the legislature has legally barred annexation by cities for most of the past two decades, it has not proscribed annexation by the Commonwealth's towns. Recognizing the distinction in the effects of city and town annexations, the latter have been permitted to continue pursuant to the traditional test of "necessity and expediency." It is clearly in the interest of South Boston to have an opportunity to share, subject to full and proper consideration of the standard and factors prescribed by law, in the development which has occurred on its periphery. In sum,

⁹⁷See City Oral Presentation Exhibits, Exh. 2, pp. 22-23.

this Commission has no difficulty concluding that the proposed reversion is in the best interest of South Boston and its residents.

Interest of Halifax County

The proposed reversion of South Boston to town status would result in increasing the County's land area by 5.09 square miles (0.6%), its population by 6,997 persons (24.1%), and, based on 1989/90 data, its assessed property values by \$162.8 million (24.6%).⁹⁸ Thus, the proposed reversion would substantially increase the County's overall population and the revenue sources available to address its needs. In terms of the revenue resources which would be available to the enlarged County, the Joint City/County Study Committee observed that "[a] combined, more diversified tax base [would be] produced by the combination of the two types of localities, allowing revenue policies to be set on a more rational and equitable basis."⁹⁹ We concur with that observation and note further that, based on 1989/90 data, the reversion of South Boston would result in an immediate increase in the theoretical revenue capacity of the County from \$565.84 to \$570.31 per capita.¹⁰⁰

Beyond the immediate fiscal impact of the proposed reversion, there are, in our judgment, significant long-term benefits which would accrue to Halifax County and South Boston. Such beneficial consequences, we note, were evident to the Joint City/County Study Committee when it observed that through the integration of the two governments "important

⁹⁸City Oral Presentation Exhibits, Exhs. 3, 4-A, 5-A. The population increase is derived from the final Census counts for 1990, and the increase in assessed property values is based upon data for the 1989-90 tax year. In determining the increased property values which would be made available to Halifax County following the proposed reversion, the personal property and machinery and tools values in South Boston have been adjusted to reflect the County's assessment ratios and practices. (Ibid., Exh. 5-A, notes.)

⁹⁹Ibid., Exh. 2, p. 5. See Appendix B for a profile of the local-source revenues of the two jurisdictions.

¹⁰⁰Appendix F, Tables 1, 2.

strides [would] be made possible in the long-range planning for the total community, [in] avoiding duplication of effort, [in the] better location of facilities for future needs and demands, and . . . in lower costs over time for both units of government."¹⁰¹ While the achievement of such results will ultimately be dependent upon the vision and wisdom of the future leadership serving the area, we concur that the structural changes which occur as a consequence of the reversion enhance the prospect of their realization.

In terms of a potentially negative effect of the proposed reversion, the Commission has taken cognizance of the cautionary observations made by Dr. Gordon Tullock of George Mason University regarding the consolidation of governments. Dr. Tullock has observed that the maintenance of discrete governmental units within an area facilitates an opportunity for localities to offer services tailored to the distinct preferences of their residents, while the consolidation of governments thwarts such efforts and can lead to citizen dissatisfaction as well as diseconomies in service provision.¹⁰² The concerns which have been raised by Dr. Tullock have also been expressed by other political analysts. Based on a mixture of economic and political reasoning, Dr. Tullock and other analysts who share his concerns have suggested a perspective on local government which has become identified as the "public choice approach." A basic premise of that perspective has been stated by some of its advocates as follows:

Instead of assuming that fragmentation of authority and overlapping jurisdictions are the source of the contemporary urban crisis, we urge that the opposite proposition be entertained as a serious hypothesis - that the absence of fragmented authority and multiple jurisdictions . . . is the principal source of institutional failure in urban government.¹⁰³

¹⁰¹City Oral Presentation Exhibits, Exh. 2, p. 5.

¹⁰²Testimony of Gordon Tullock, Expert Witness for Halifax County, Transcript, Vol. II, pp. 258-71.

¹⁰³Robert L. Bish and Vincent Ostrom, Understanding Urban Government: Metropolitan Reform Reconsidered (Washington: American Enterprise Institute for Public Policy Research, 1973), p. 95.

The public choice approach is founded upon the view that individuals have different preferences in public goods and services and that citizen satisfaction will be increased by institutional arrangements which facilitate the expression of those preferences and which enable the supply of goods and services to vary in kind and intensity. This Commission acknowledges that the perspective offered by the "public choice" advocates has value and that the proposals to create large centralized local governments must be critically reviewed. However, the proposed reversion of South Boston does not entail the creation of a large unitary polity, but merely the partial integration of two relatively small governmental units. As a consequence of the proposed reversion, Halifax County will assume full responsibility for certain services which previously were jointly funded with South Boston or provided separately by that municipality, but each jurisdiction will remain a distinct political entity having its own elected leadership and certain distinct service responsibilities.

With respect to the issue of the degree of compatibility in the service needs and interests of residents in the South Boston - Halifax County area, we note that at the present time the two jurisdictions jointly elect three constitutional officers, maintain a partially integrated educational system, and jointly provide a broad array of other services for their constituents. In this regard, it is relevant to observe that the Joint City/County Study Committee asserted that "[t]he City and County are already united by economics, by the social life of the residents, by transportation and communication networks, by common necessity and geography."¹⁰⁴ While recognizing in the abstract the validity of the concerns raised by Dr. Tullock, we find no basis for concluding that they are applicable in the case under review.¹⁰⁵ In our

¹⁰⁴City Oral Presentation Exhibits, Exh. 2, p. 5.

¹⁰⁵Dr. Tullock appeared to view the South Boston - Halifax County area as one characterized by a distinct difference in attitude toward investment in public education. He stated that "the citizens of South Boston and the citizens of the County have different ideas as to what they want for education." He added that the "County has chosen to have

judgment, the proposed reversion of South Boston will strengthen Halifax County and will establish a governmental framework in the best interest of that jurisdiction and its residents.

Interest of the Commonwealth

Since mid-century the General Assembly has had Virginia's local governmental arrangements under almost constant critical review.¹⁰⁶ Those studies have generally focused upon two issues - the Commonwealth's independent city system and city annexation -- and have manifested a continuing interest on the part of the General Assembly in modifying those facets of Virginia's local governmental structures and processes.

Some evidence of the current perspective of the General Assembly relative to these issues can be obtained from reviewing the work and recommendations of the legislatively established Commission on Local Government Structures and Relationships, which, after three-and-one-

lower taxes and less school," while the "City has chosen to have higher taxes and more schools." (Testimony of Tullock, Transcript, Vol. II, p. 266.) Contrary to Dr. Tullock's expectation, however, the data indicate that in terms of total expenditure the County's investment per pupil during the 1989-90 school year exceeded that of the City. (Virginia Department of Education, Superintendent's Annual Report for Virginia, Table 15. Further, our calculations reveal that the County also expended more for education on a per capita basis during FY1989-90 (\$748.72) than did the City (\$703.72). (See Appendix C, Table 2.)

¹⁰⁶Among the major studies of Virginia's local governmental arrangements authorized since 1950 are the Commission to Study Urban Growth (1950), the Virginia Advisory Legislative Council's study of annexation statutes (1962), the Virginia Metropolitan Areas Study Commission (1966-67), the Commission to Study Problems of the Expansion of the Boundaries of Richmond (1969), the Commission on City-County Relationships (1971-75), Commission on State Aid to Localities and Joint Subcommittee on Annexation (1977-78), Joint Subcommittee to Review the Functioning of Annexation Laws (1983), and the Commission on Local Government Structures and Relationships (1986-91). Four of those study groups, including the latter, as well as the Commission on Constitutional Revision (1969) recommended increasing the population required for independent city status to 10,000 persons or more.

half years of study, submitted a report and recommendations to the 1990 session of the General Assembly.¹⁰⁷ Included in its recommendations were those which (1) would permit any city with a population of 125,000 persons or less to revert to town or alternate form of dependent status within a county and (2) would offer financial incentives to cities to undertake that course of action.¹⁰⁸ While the legislation sponsored by the Commission was carried over from the 1990 legislative session and ultimately withdrawn from consideration in 1991, it appeared to reflect the views of a substantial segment of the General Assembly that the State's interest would be served by the reversion of cities to dependent status within a county.¹⁰⁹

Further evidence of the general interest of the General Assembly in promoting the consolidation of school divisions and local governments can be seen in other legislative enactments. First, in recent years each Appropriations Act has, as noted earlier, included provisions which permit the State to increase its basic school aid to local governments which consolidated in toto or which consolidated their school divisions.¹¹⁰ Second, the 1991 session of the General Assembly enacted a provision which precluded generally any diminution of State assistance

¹⁰⁷Report of the Commission on Local Government Structures and Relationships, House Document 69, 1990. The legislative proposals of the Commission were presented in House Bill 550 (1990).

¹⁰⁸Under the provisions of the Commission's proposed legislation, the reversion option would not be available to any city, regardless of its size, if it had been established through consolidation with an adjoining county (e. g., Suffolk) or if it did not adjoin a county (e. g., Portsmouth).

¹⁰⁹HB 550 was reported out of the House Committee on Counties, Cities, and Towns by a 14-5 vote but subsequently re-referred to the Appropriations Committee for study during the interim of the bill's financial implications.

¹¹⁰See Ch. 723, Acts of Assembly, 1991, Item 172.

for any function or activity in the event of local governmental consolidation.¹¹¹

It is also particularly relevant to note in this case that State officials have shown considerable interest in promoting the consolidation of small school divisions. In 1990, responding to a previous request from the legislature, the State Board of Education submitted a report proposing financial incentives to encourage school divisions to consolidate.¹¹² The 1990 session of the General Assembly also received a report from the Commission to Study Efficiency in the Use of Public Education Funds which is of relevance to this issue.¹¹³ While that Commission's report did not include specific recommendations for the integration of educational entities, it did propose to continue its study to examine "incentives for [the] consolidation of programs, schools, and activities."¹¹⁴ In brief, various studies and enactments of the General Assembly in recent decades reveal a continuing and pervasive view on the part of State legislators that the integration of

¹¹¹This statutory provision preventing a reduction of State assistance in the event of the consolidation is now codified as Sec. 15.1-21.1, Code of Va.

¹¹²Report of the Board of Education on Incentives for Consolidating School Division Functions, Senate Document 10. The Board of Education's report contained several recommendations designed to encourage the consolidation of school divisions. Those recommendations included proposals which would (1) have the effect of increasing the State's basic school aid and for other educational funds for the consolidating divisions, (2) provide financial assistance for feasibility studies for jurisdictions considering the consolidation of school divisions, and (3) modify the regulations governing the Literary Fund to give priority consideration for applications from consolidated school divisions. (*Ibid.*, pp. 9-14.) The proposal that applications from consolidated school divisions be given priority consideration by the State Board of Education in granting Literary Fund loans was incorporated into the Appropriations Act for the 1990-92 biennium. [Ch. 723, Acts of Assembly, 1991, Item 184 (C).]

¹¹³Senate Document No. 39.

¹¹⁴*Ibid.*, p. 13. While the Commission was authorized to continue its work as a consequence of the adoption of SJR 48 (1990), budgetary constraints precluded its completion of its assigned task.

governments and governmental services should be encouraged. Indeed, the existence of the very reversion process which is currently being pursued by South Boston is evidence of that legislative perspective.

With respect to this particular reversion issue and its prospective impact on the State's interest in improving the educational opportunity of its students, a senior State Department of Education official has stated that, based upon the evidence available to him, it appeared "that the consolidation of the two [school] divisions is a good idea for the education of the young people in that area."¹¹⁵ That official listed as potential benefits of such a consolidation (1) the ability to restructure the educational program into a "K-5, 6-9, 9-12 organizational pattern," (2) the elimination of administrative duplication through the establishment of a unitary school board, and (3) the improvement of long-range planning.¹¹⁶ These comments suggest to us that the State Department of Education sees the potential of positive advantages accruing to the State from the integration of public school systems serving South Boston and Halifax County.

In terms of the State's general interest in this reversion issue, we note that both jurisdictions experienced a loss of population during the previous decade, that they are projected to have little or no growth through the end of this century, that the elderly component of their population is substantially in excess of that of the State generally, that the ADM in each school division has decreased during the past decade, and that the median adjusted gross income of the resident families of both jurisdictions is less than 80% of the comparable figure

¹¹⁵Cibbarelli, letter to staff of Commission on Local Government, Dec. 9, 1991.

¹¹⁶Ibid. Dr. Cibbarelli added that educational research suggests that elementary schools become less efficient to operate when they serve less than 200 students. Data submitted to the Commission indicate that, as of October 1990, five of the County's 13 elementary schools were attended by less than 200 students. (City Oral Presentation Exhibits, Exh. 6-C.)

for the Commonwealth as a whole.¹¹⁷ These statistics denote two jurisdictions with diminishing and aging populations and with modest revenue bases. Further, like other localities throughout this nation, they face a future which shall be characterized by decreased federal investment in domestic concerns, constraint on the capacity of states to fill the revenue void, growing environmental concerns, burgeoning social problems, and the emergence of new issues not previously confronted by the public sector. Given this convergence of trends and conditions, we have no difficulty concluding that the reversion proposed by the City of South Boston and its integration with Halifax County are in the best interest of the Commonwealth.

FINDINGS AND RECOMMENDATIONS

Based on the data reviewed in the previous sections of this report, the Commission finds that the proposed reversion of the City of South Boston to town status (1) will not substantially impair the ability of Halifax County to meet the service needs of its enlarged population, (2) will not result in a substantially inequitable sharing of the resources and liabilities of the two jurisdictions, and (3) and is, in the balance of the equities, in the best interest of the jurisdictions, their residents, and the Commonwealth. While the resolution of the issues regarding the possible merger of the two school divisions and the integration of the educational services of the two jurisdictions is of considerable significance, the disposition of those issues would not alter our findings expressed above. Accordingly, the Commission recommends that, subject to the terms and conditions proposed below, the court authorize the reversion of the City of South Boston to town status in Halifax County.

¹¹⁷City Oral Presentation Exhibits, Exhs. 3, 4-A, 4-B, 6-D; County's Defense, pp. 22, 23; and Gerald W. Ward, 1989 Virginia AGI (Charlottesville: Center for Public Service, University of Virginia, May 1991), Table A1.

PUBLIC EDUCATION

While the City has contended that the reversion of South Boston to town status will automatically terminate the school division serving the former City, the County has challenged that interpretation of the law and, moreover, has asserted that the reviewing court lacks the authority to effect a merger of the school divisions. This legal issue must await the court's resolution. Whatever the disposition of this legal issue, however, for both educational and financial reasons the school systems serving the two jurisdictions should be, in our judgment, combined. Indeed, as noted previously, those systems currently function under the guidance of the same superintendent of schools and jointly operate junior and senior high schools. The integration of the elementary schools would merely complete a partial merger which has served the jurisdictions well for many years. To be sure, the merger of the elementary schools does present a number of transitional issues (e. g., differentials in teacher pay, staffing levels, and investment in instructional materials; student assignment; the employment of former City teachers; and the disposition of the educational facilities and equipment belonging to South Boston), but those issues are clearly susceptible to resolution by professional educators and the elected leadership in the area.

In terms of the physical assets, the City has proposed that upon Halifax County's assumption of the educational function for the former City, South Boston's schools, buses, and educational equipment be made available for use by the County's school system at no cost.¹¹⁸ The City has, however, suggested that when such facilities and equipment are no longer required by Halifax County's school division, they be returned to the municipality for disposition. While we consider the City's proposal

¹¹⁸Since South Boston currently uses its school facilities for recreational purposes, it requests the authority to continue to use those facilities for such purposes in a manner which would not interfere with the County's educational program. (City's Proposed Findings, p. 35.)

as basically equitable, there are certain qualifications to that proposed arrangement which we would recommend. First, to the extent that it becomes necessary subsequent to reversion for Halifax County to renovate or make improvements in the school buildings of the former City, the County should acquire equity in those structures.¹¹⁹ Second, the City has proposed that Halifax County's acceptance of the use of the City's school buses be accompanied by the County's assumption of the outstanding debt on those vehicles.¹²⁰ We recommend, however, that the County be permitted to negotiate with South Boston for the acquisition of those buses. The County should not, in our judgment, be obliged to accept those buses, nor other educational materials for the City, unless its needs and the negotiated price make such appropriate.

With respect to the issue of South Boston's share of the outstanding indebtedness on the jointly owned and operated junior and senior high schools, the City has proposed that such debt be assumed by the County and amortized by the County's general tax collections which would be derived, in part, from South Boston's property and residents.¹²¹ The City's share of the outstanding debt on those facilities was reported to be approximately \$248,000 at the end of 1991.¹²² We concur with the City's proposal that, following reversion, the County assume responsibility for the retirement of this debt.

¹¹⁹The Commission was presented with evidence indicating that the City's two elementary schools would require an estimated \$633,000 in expenditures in the next several years to repair roofs, remove asbestos, and to attend to other needs. (Testimony of Lawler, Transcript, Vol. III, p. 231.)

¹²⁰Ibid., p. 37.

¹²¹City's Proposed Findings, p. 37.

¹²²City Oral Presentation Exhibits, Exh. 7-A. The City's original share of the debt incurred for the joint junior and senior high schools was \$1.01 million. (Ibid.)

NON-EDUCATIONAL SERVICES

The Commission recommends that with respect to the funding and management of all non-educational services the relationship between South Boston and Halifax County after reversion be governed by the traditional town-county arrangement. Accordingly, we recommend that utilizing revenues collected throughout the County, including the former City of South Boston, all local costs associated with the functions of the constitutional officers and with the provision of health, welfare, and mental health and substance abuse services be borne by Halifax County. Further, consistent with the traditional town-county relationship, South Boston should be permitted to utilize the County's landfill under the same terms and conditions as are applicable to all other towns in the County. We find no basis for recommending that the court decree any extraordinary payment by South Boston to the County for the performance of these various non-educational activities.

In terms of utility services, the County has requested that, if reversion occurs, South Boston be mandated to dedicate 1.0 MGD of capacity in both its water and sewerage systems in exchange for that municipality's use of 20% of the capacity of the County's landfill. As previously stated, we find no equitable grounds for requiring South Boston to make such an extraordinary commitment for the use of the County's landfill. The cost of expanding and operating that landfill will be borne to an equitable degree by residents of South Boston, once that jurisdiction becomes a constituent element of Halifax County. In contrast, however, South Boston's utility systems would not be subject to general support from Halifax County upon the City's reversion. The County's future and increased access to South Boston's utility systems should be a matter of future negotiations between those jurisdictions.¹²³ Since, after reversion, South Boston will be an immediate beneficiary of

¹²³The City has advised that its sewage treatment plant currently retains an unused capacity of only 0.6 MGD. (City's Proposed Findings, pp. 39-40.)

development in Halifax County, the municipality can be expected to extend utility services willingly to County connections, subject to limitations imposed by its own internal needs and the capacity of its systems.¹²⁴

INDEPENDENT CITY STATUS

The reversion of the City of South Boston to town status should remove sources of potential conflict between that municipality and Halifax County. Such a salutary effect, however, will be diminished by the prospect of South Boston's subsequent interest in returning to independent city status. Accordingly, we recommend that the reversion be accompanied by a commitment by South Boston to maintain its status as a constituent element of Halifax County for an extended period of time, but not less than 20 years.

EXPANSION OF BOUNDARIES OF SOUTH BOSTON

One of the major consequences of the reversion of cities to town status should be the facilitation of municipal growth. Since the expansion of the boundaries of a town, unlike that of a city, does not serve to diminish a county in land, people, and property assessments, the opportunity for towns and counties to reach agreements encompassing the extension of municipal boundaries is enhanced. Accordingly, we recommend that South Boston and Halifax County contemplate as an adjunct to the reversion process the negotiation of an agreement which will enable South Boston to benefit directly from the growth on its periphery which, at least in part, has been nurtured and sustained by its services and proximity.

¹²⁴As noted previously, City records indicate that 60.4% of South Boston's water treatment capacity and 54.42% of its wastewater treatment capacity is devoted to serving County connections. (City Exh. 19, submitted to Commission on Local Government as an attachment to letter from Glass, Sep. 23, 1991.)

REDISTRICTING

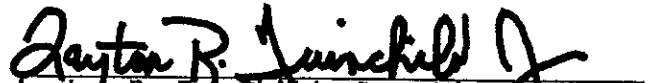
While the issue of redistricting is a matter ultimately subject to review and approval by federal authorities, the applicable legal constraints do afford latitude to the affected jurisdictions. We recommend that the parties to this proposed reversion jointly examine the redistricting issue in an endeavor to reach a general understanding regarding the electoral arrangements which should prevail in the enlarged County.

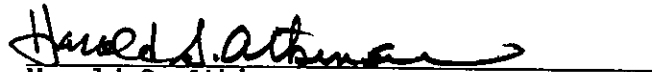
CONCLUDING COMMENT

While this Commission strongly supports the proposed reversion of South Boston to town status in Halifax County and the subsequent establishment of the traditional town-county relationship between those jurisdictions, there are, as indicated above, numerous ancillary issues which must be addressed, preferably through negotiations by the parties. We believe that the moment is propitious for the two jurisdictions to confront not only the details and complexities of the proposed transition, but the long-range challenges and opportunities which can be addressed through their negotiations. To that end, the Commission is prepared to assist the two jurisdictions in every way possible.

Respectfully submitted,


Mary Sherwood Holt, Chairman


Layton R. Fairchild, Jr., Vice Chairman


Harold S. Atkinson


William S. Hubbard


Frank Raflo

APPENDIX A

Statistical Profile

of

City of South Boston, Halifax County

and

Post-Reversion Halifax County

STATISTICAL PROFILE OF THE CITY OF SOUTH BOSTON, COUNTY OF HALIFAX,
AND THE POST-REVERSION COUNTY OF HALIFAX

	City of South Boston	County of Halifax	Post-Reversion County of Halifax
Population (1990)	6,997	29,033	36,030
Land Area (Square Miles)	5	803	808
School Average Daily Membership (October 1990)	1,298	5,299	6,597
Total Assessed Values (FY1989-90)	\$162,769,573	\$661,146,000	\$810,949,272
Real Estate Values	\$131,846,029	\$544,903,540	\$677,020,040
Public Service Corporation Values	\$11,178,403	\$58,142,979	\$68,871,988
Personal Property Values*	\$17,672,520	\$22,234,864	\$27,284,006
Machinery and Tools Values*	\$2,043,776	\$17,185,940	\$19,534,094
Mobile Home Values	\$28,845	\$18,210,300	\$18,239,145
Total Taxable Sales (1990)	\$54,996,679	\$109,138,500	\$164,135,179

NOTES:

*= Post-reversion personal property and machinery and tools assessed values have adjusted to reflect Halifax County's assessment practices.

SOURCES:

City of South Boston, City of South Boston Oral Presentation Exhibits.

County of Halifax, County's Defense to City of South Boston's Reversion to Town Status.

Virginia Department of Taxation, Taxable Sales Annual Report, 1990.

APPENDIX B

Local-Source Revenue by Category

Halifax County, City of South Boston

and

Virginia Localities at Large

FY 1986 - 90

Table 1
 Percentage Distribution of Local-Source Revenue by Category
 for
 Halifax County, South Boston City, and Virginia Localities at Large
 FY1986-90

Fiscal Year and Jurisdictional Profile	Property Tax Revenue Percentage	Rank 2 Score	All Other Tax Revenue Percentage	Rank 2 Score	Non-Tax Revenue Percentage	Rank 2 Score	Total 3 Percentage
FY1986							
Halifax County	52.35%	109.0	27.63%	45.0	20.01%	19.0	100.00%
South Boston City	51.63%	112.0	40.59%	11.0	7.78%	134.0	100.00%
All Counties and Cities	60.43%	-----	24.40%	-----	15.18%	-----	100.00%
FY1987							
Halifax County	53.79%	103.0	29.96%	37.0	16.25%	34.0	100.00%
South Boston City	52.85%	108.0	38.92%	13.0	8.23%	131.0	100.00%
All Counties and Cities	61.34%	-----	24.42%	-----	14.24%	-----	100.00%
FY1988							
Halifax County	53.47%	106.0	29.42%	33.0	17.11%	31.0	100.00%
South Boston City	53.67%	105.0	38.73%	13.0	7.60%	133.0	100.00%
All Counties and Cities	61.40%	-----	24.08%	-----	14.52%	-----	100.00%
FY1989							
Halifax County	54.63%	104.0	28.63%	37.0	16.74%	29.0	100.00%
South Boston City	51.07%	116.0	39.37%	11.0	9.56%	123.0	100.00%
All Counties and Cities	61.81%	-----	23.64%	-----	14.55%	-----	100.00%
FY1990							
Halifax County	50.84%	115.0	27.61%	39.0	21.55%	12.0	100.00%
South Boston City	48.21%	120.0	38.60%	12.0	13.19%	88.0	100.00%
All Counties and Cities	61.56%	-----	23.30%	-----	15.14%	-----	100.00%

1

With respect to each revenue dimension, the statewide value for a designated fiscal year indicates the mean, or average, percentage of total local-source revenue attributable to that category across all counties and cities.

2

In relation to all other localities, any given jurisdiction can attain a rank score ranging from 1 (highest percentage) to 136 (lowest percentage).

3

In certain cases the sum of the component values may vary slightly from the aggregate percentage of local-source revenue because of statistical rounding.

Source: Staff, Commission on Local Government

Table 2
Per Capita Distribution of Local-Source Revenue by Category
for 1
Halifax County, South Boston City, and Virginia Localities at Large
FY1986-90

Fiscal Year and Jurisdictional Profile	Property Tax		All Other Tax		Non-Tax		Total	
	Revenue Per Capita	Rank 2 Score	Revenue Per Capita	Rank 2 Score	Revenue Per Capita	Rank 2 Score	Local-Source Revenue 3 Per Capita	Rank 2 Score
FY1986								
Halifax County	\$114.63	130.0	\$60.50	91.0	\$43.82	100.0	\$218.96	124.0
South Boston City	\$226.43	81.0	\$178.01	33.0	\$34.13	127.0	\$438.57	61.0
All Counties and Cities	\$276.66	-----	\$120.79	-----	\$66.03	-----	\$463.48	-----
FY1987								
Halifax County	\$125.43	128.0	\$69.87	83.0	\$37.91	115.0	\$233.21	124.0
South Boston City	\$251.43	75.0	\$185.12	34.0	\$39.15	109.0	\$475.70	62.0
All Counties and Cities	\$305.43	-----	\$130.41	-----	\$68.05	-----	\$503.88	-----
FY1988								
Halifax County	\$133.66	130.0	\$73.55	81.0	\$42.78	116.0	\$249.98	124.0
South Boston City	\$280.07	68.0	\$202.09	33.0	\$39.66	121.0	\$521.81	60.0
All Counties and Cities	\$333.59	-----	\$138.87	-----	\$73.27	-----	\$545.73	-----
FY1989								
Halifax County	\$151.04	131.0	\$79.14	85.0	\$46.28	122.0	\$276.46	125.0
South Boston City	\$288.27	76.0	\$222.20	32.0	\$53.94	101.0	\$564.40	60.0
All Counties and Cities	\$373.76	-----	\$149.99	-----	\$82.70	-----	\$606.45	-----
FY1990								
Halifax County	\$160.82	131.0	\$87.36	84.0	\$68.18	90.0	\$316.35	121.0
South Boston City	\$294.11	92.0	\$235.52	33.0	\$80.46	71.0	\$610.08	62.0
All Counties and Cities	\$411.47	-----	\$161.84	-----	\$93.96	-----	\$667.26	-----

1
With respect to each revenue dimension, the statewide value for a designated fiscal year indicates the mean, or average, per capita level of receipts across all counties and cities.

2
In relation to all other localities, any given jurisdiction can attain a rank score ranging from 1 (highest per capita revenue) to 136 (lowest per capita revenue).

3
In certain cases the sum of the component values may vary slightly from the total per capita level of local-source revenue because of statistical rounding.

Source: Staff, Commission on Local Government

Table 3
Rates of Change in Local-Source Revenue Per Capita by Category
for
Halifax County, South Boston City, and Virginia Localities at Large
FY1986-90

Revenue Category and Jurisdictional Profile	Percentage Change from FY1986 to FY1987		Percentage Change from FY1987 to FY1988		Percentage Change from FY1988 to FY1989		Percentage Change from FY1989 to FY1990		Average Annual Percentage Change, FY1986-90	
	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score
Property Tax Revenue Per Capita										
Halifax County	9.42%	48.0	6.55%	73.0	13.01%	59.0	6.48%	91.0	8.86%	81.0
South Boston City	11.04%	40.0	11.39%	41.0	2.93%	131.0	2.03%	127.0	6.85%	112.0
All Counties and Cities	10.29%	-----	8.72%	-----	13.03%	-----	9.87%	-----	10.48%	-----
All Other Tax Revenue Per Capita										
Halifax County	15.49%	22.0	5.26%	72.0	7.61%	66.0	10.38%	44.0	9.68%	43.0
South Boston City	4.00%	100.0	9.16%	42.0	9.95%	50.0	6.00%	67.0	7.28%	74.0
All Counties and Cities	9.04%	-----	6.93%	-----	10.55%	-----	8.14%	-----	8.67%	-----
Non-Tax Revenue Per Capita										
Halifax County	-13.50%	116.0	12.84%	56.0	8.19%	85.0	47.31%	14.0	13.71%	45.0
South Boston City	14.71%	26.0	1.29%	100.0	36.01%	12.0	49.17%	11.0	25.29%	7.0
All Counties and Cities	3.21%	-----	11.96%	-----	14.34%	-----	16.80%	-----	11.58%	-----
Total Local-Source Revenue Per Capita										
Halifax County	6.51%	80.0	7.19%	65.0	10.59%	70.0	14.43%	27.0	9.68%	61.0
South Boston City	8.47%	61.0	9.69%	42.0	8.16%	94.0	8.09%	87.0	8.60%	83.0
All Counties and Cities	8.36%	-----	8.36%	-----	12.23%	-----	10.36%	-----	9.83%	-----

1

With respect to each measure of change, the statewide value for a given revenue category denotes the mean, or average, rate of variation in per capita receipts across all counties and cities.

2

In relation to all other localities, any specified jurisdiction can attain a rank score ranging from 1 (strongest change in per capita revenue) to 136 (weakest change in per capita revenue).

Source: Staff, Commission on Local Government

NOTES AND SOURCES

1. As measured by the state auditor, local-source revenues denote jurisdictional receipts from taxes and various other funding instruments (e.g., regulatory licenses, permits, service charges, fines, forfeitures, and property sales and rentals). These collections primarily support the operating and maintenance activities of general government. The covered funds exclude inter-account transfers, non-revenue receipts, and payments from federal and state authorities. The "own-source" receipts analyzed by the Commission staff can be found in Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1986-90, exh. B.
2. The per capita statistics underlying Tables 2 and 3 have been generated with population values reported in Julia H. Martin, Estimates of the Population of Virginia Counties and Cities: 1987 and 1988 (Charlottesville: Center for Public Service, University of Virginia, 1989), table 1; and Center for Public Service, University of Virginia, "Census Counts and Estimates" (unpublished table), March, 1991.

APPENDIX C

Operating Expenditure by Category

Halifax County, City of South Boston

and

Virginia Localities at Large

FY 1986 - 90

Table 1A
 Percentage Distribution of Operating Expenditures by Category
 for
 Halifax County, South Boston City, and Virginia Localities at Large
 FY1986-90

Fiscal Year and Jurisdictional Profile	Education Expenditures Percentage	Health and Welfare Expenditures Percentage	Public Safety Expenditures Percentage	Public Works Expenditures Percentage	All Other Operating Expenditures Percentage	Total ² Percentage
FY1986						
Halifax County	78.33%	9.06%	4.88%	2.00%	5.72%	100.00%
South Boston City	55.74%	4.88%	13.46%	16.60%	9.32%	100.00%
All Counties and Cities	67.02%	6.29%	9.48%	6.51%	10.69%	100.00%
FY1987						
Halifax County	77.90%	9.42%	4.93%	2.45%	5.31%	100.00%
South Boston City	56.04%	4.56%	13.50%	16.20%	9.69%	100.00%
All Counties and Cities	66.83%	6.50%	9.57%	6.45%	10.65%	100.00%
FY1988						
Halifax County	78.15%	9.41%	4.98%	2.04%	5.42%	100.00%
South Boston City	54.63%	4.57%	12.33%	19.63%	8.84%	100.00%
All Counties and Cities	66.50%	6.59%	9.63%	6.40%	10.88%	100.00%
FY1989						
Halifax County	77.34%	9.57%	5.37%	2.27%	5.45%	100.00%
South Boston City	57.26%	5.27%	12.52%	16.99%	7.97%	100.00%
All Counties and Cities	65.90%	6.78%	10.10%	6.36%	10.86%	100.00%
FY1990						
Halifax County	75.97%	10.00%	5.34%	3.01%	5.67%	100.00%
South Boston City	56.16%	5.99%	12.27%	17.86%	7.71%	100.00%
All Counties and Cities	64.73%	8.05%	10.09%	6.37%	10.76%	100.00%

1

With respect to each expenditure dimension, the statewide value for a designated fiscal year indicates the mean, or average, percentage of total operating expenditures attributable to that category across all counties and cities.

2

In certain cases the sum of the component values may vary slightly from the aggregate percentage of operating expenditures because of statistical rounding.

Source: Staff, Commission on Local Government

Table 1B
Rank Scores
Percentage Distribution of Operating Expenditures by Category
for
Halifax County, South Boston City, and Virginia Localities at Large
FY1986-90

Fiscal Year and Jurisdictional Profile	1 Rank Score Education Expenditures Percentage	1 Rank Score Health and Welfare Expenditures Percentage	1 Rank Score Public Safety Expenditures Percentage	1 Rank Score Public Works Expenditures Percentage	1 Rank Score All Other Operating Expenditures Percentage
FY1986					
Halifax County	15.0	20.0	121.0	122.0	132.0
South Boston City	108.0	101.0	32.0	8.0	79.0
All Counties and Cities	-----	-----	-----	-----	-----
FY1987					
Halifax County	18.0	22.0	124.0	110.0	135.0
South Boston City	107.0	107.0	30.0	8.0	78.0
All Counties and Cities	-----	-----	-----	-----	-----
FY1988					
Halifax County	16.0	22.0	122.0	127.0	134.0
South Boston City	109.0	109.0	38.0	3.0	89.0
All Counties and Cities	-----	-----	-----	-----	-----
FY1989					
Halifax County	18.0	17.0	122.0	125.0	133.0
South Boston City	99.0	97.0	38.0	6.0	103.0
All Counties and Cities	-----	-----	-----	-----	-----
FY1990					
Halifax County	18.0	30.0	119.0	96.0	133.0
South Boston City	104.0	108.0	43.0	5.0	106.0
All Counties and Cities	-----	-----	-----	-----	-----

1

In relation to all other localities, any given jurisdiction can attain a rank score ranging from 1 (highest percentage) to 136 (lowest percentage).

Source: Staff, Commission on Local Government

Table 2A
Per Capita Distribution of Operating Expenditures by Category
for ¹
Halifax County, South Boston City, and Virginia Localities at Large
FY1986-90

Fiscal Year and Jurisdictional Profile	Education Expenditures Per Capita	Health and Welfare Expenditures Per Capita	Public Safety Expenditures Per Capita	Public Works Expenditures Per Capita	All Other Operating Expenditures Per Capita	² Total Operating Expenditures Per Capita
FY1986						
Halifax County	\$568.94	\$65.79	\$35.47	\$14.54	\$41.56	\$726.30
South Boston City	\$492.99	\$43.12	\$119.04	\$146.80	\$82.47	\$884.43
All Counties and Cities	\$550.32	\$53.84	\$86.90	\$61.44	\$95.09	\$847.59
FY1987						
Halifax County	\$611.99	\$73.98	\$38.73	\$19.23	\$41.71	\$785.63
South Boston City	\$554.00	\$45.09	\$133.47	\$160.19	\$95.80	\$988.55
All Counties and Cities	\$589.72	\$59.45	\$93.97	\$65.06	\$101.27	\$909.47
FY1988						
Halifax County	\$658.66	\$79.29	\$41.97	\$17.18	\$45.72	\$842.82
South Boston City	\$604.32	\$50.57	\$136.39	\$217.15	\$97.81	\$1,106.24
All Counties and Cities	\$635.20	\$65.46	\$102.80	\$70.03	\$112.58	\$986.06
FY1989						
Halifax County	\$697.00	\$86.25	\$48.35	\$20.45	\$49.12	\$901.16
South Boston City	\$663.85	\$61.07	\$145.13	\$196.94	\$92.37	\$1,159.36
All Counties and Cities	\$672.84	\$72.08	\$113.85	\$73.63	\$120.14	\$1,052.53
FY1990						
Halifax County	\$748.72	\$98.59	\$52.63	\$29.64	\$55.93	\$985.51
South Boston City	\$703.72	\$75.09	\$153.72	\$223.81	\$96.66	\$1,253.00
All Counties and Cities	\$739.34	\$94.87	\$127.43	\$82.23	\$133.10	\$1,176.99

1

With respect to each expenditure dimension, the statewide value for a designated fiscal year indicates the mean, or average, per capita level of expenditures across all counties and cities.

2

In certain cases the sum of the component values may vary slightly from the total per capita level of operating expenditures because of statistical rounding.

Source: Staff, Commission on Local Government

Table 2B
Rank Scores
Per Capita Distribution of Operating Expenditures by Category
for
Halifax County, South Boston City, and Virginia Localities at Large
FY1986-90

Fiscal Year and Jurisdictional Profile	Rank Score Education Expenditures Per Capita	Rank Score Health and Welfare Expenditures Per Capita	Rank Score Public Safety Expenditures Per Capita	Rank Score Public Works Expenditures Per Capita	Rank Score All Other Operating Expenditures Per Capita	Rank Score Total Operating Expenditures Per Capita
FY1986						
Halifax County	46.0	32.0	114.0	120.0	130.0	82.0
South Boston City	105.0	81.0	36.0	16.0	66.0	51.0
All Counties and Cities	-----	-----	-----	-----	-----	-----
FY1987						
Halifax County	40.0	30.0	112.0	112.0	133.0	80.0
South Boston City	84.0	91.0	33.0	15.0	60.0	50.0
All Counties and Cities	-----	-----	-----	-----	-----	-----
FY1988						
Halifax County	44.0	36.0	115.0	123.0	133.0	85.0
South Boston City	78.0	85.0	39.0	6.0	64.0	40.0
All Counties and Cities	-----	-----	-----	-----	-----	-----
FY1989						
Halifax County	46.0	32.0	120.0	118.0	130.0	89.0
South Boston City	68.0	74.0	40.0	5.0	78.0	39.0
All Counties and Cities	-----	-----	-----	-----	-----	-----
FY1990						
Halifax County	55.0	50.0	117.0	100.0	132.0	93.0
South Boston City	78.0	86.0	43.0	7.0	81.0	49.0
All Counties and Cities	-----	-----	-----	-----	-----	-----

1

In relation to all other localities, any given jurisdiction can attain a rank score ranging from 1 (highest per capita expenditures) to 136 (lowest per capita expenditures).

Source: Staff, Commission on Local Government

Table 3
 Rates of Change in Operating Expenditures Per Capita by Category,
 for
 Halifax County, South Boston City, and Virginia Localities at Large
 FY 1986-90

Expenditure Category and Jurisdictional Profile	Percentage Change from FY1986 to FY1987		Percentage Change from FY1987 to FY1988		Percentage Change from FY1988 to FY1989		Percentage Change from FY1989 to FY1990		Average Annual Percentage Change FY1986-90	
	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score
Education Expenditures Per Capita										
Halifax County	7.57%	58.0	7.63%	77.0	5.82%	73.0	7.42%	90.0	7.11%	87.0
South Boston City	12.37%	11.0	9.08%	49.0	9.85%	27.0	6.01%	107.0	9.33%	24.0
All Counties and Cities	7.15%	-----	7.88%	-----	6.04%	-----	10.13%	-----	7.80%	-----
Health and Welfare Expenditures Per Capita										
Halifax County	12.44%	50.0	7.18%	70.0	8.78%	52.0	14.31%	82.0	10.68%	97.0
South Boston City	4.56%	104.0	12.16%	37.0	20.77%	21.0	22.96%	66.0	15.11%	81.0
All Counties and Cities	11.11%	-----	10.50%	-----	11.69%	-----	42.27%	-----	18.89%	-----
Public Safety Expenditures Per Capita										
Halifax County	9.19%	72.0	8.36%	75.0	15.20%	50.0	8.85%	86.0	10.40%	75.0
South Boston City	12.12%	50.0	2.19%	102.0	6.41%	91.0	5.92%	101.0	6.66%	117.0
All Counties and Cities	9.47%	-----	9.95%	-----	14.58%	-----	12.31%	-----	11.58%	-----
Public Works Expenditures Per Capita										
Halifax County	32.27%	13.0	-10.64%	115.0	19.04%	36.0	44.96%	14.0	21.41%	16.0
South Boston City	9.12%	64.0	35.55%	17.0	-9.30%	113.0	13.64%	57.0	12.25%	54.0
All Counties and Cities	9.53%	-----	12.74%	-----	10.28%	-----	18.21%	-----	12.69%	-----
All Other Operating Expenditures Per Capita										
Halifax County	.36%	103.0	9.62%	76.0	7.43%	57.0	13.87%	52.0	7.82%	89.0
South Boston City	16.16%	37.0	2.10%	103.0	-5.56%	120.0	4.65%	97.0	4.34%	116.0
All Counties and Cities	8.22%	-----	11.37%	-----	8.00%	-----	12.20%	-----	9.95%	-----

Table 3
 Rates of Change in Operating Expenditures Per Capita by Category,
 for
 Halifax County, South Boston City, and Virginia Localities at Large
 FY 1986-90

Expenditure Category and Jurisdictional Profile	Percentage Change from FY1986 to FY1987		Percentage Change from FY1987 to FY1988		Percentage Change from FY1988 to FY1989		Percentage Change from FY1989 to FY1990		Average Annual Percentage Change FY1986-90	
	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score	Rank 2 Score
Total Operating Expenditures Per Capita										
Halifax County	8.17%	60.0	7.28%	78.0	6.92%	74.0	9.36%	91.0	7.93%	86.0
South Boston City	11.77%	14.0	11.91%	26.0	4.80%	97.0	8.08%	105.0	9.14%	53.0
All Counties and Cities	7.47%	-----	8.42%	-----	7.00%	-----	11.88%	-----	8.69%	-----

1
 With respect to each measure of change, the statewide value for a given expenditure category denotes the mean, or average, rate of variation in per capita expenditures across all counties and cities.

2
 In relation to all other localities, any specified jurisdiction can attain a rank score ranging from 1 (strongest change in per capita expenditures) to 136 (weakest change in per capita expenditures).

Source: Staff, Commission on Local Government

NOTES AND SOURCES

1. The operating expenditures data supporting Tables 1A through 3 can be found in Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1986-90, exh. C. [The cited statistics denote jurisdictional operating and maintenance costs with respect to general government administration; judicial administration; public safety; public works; health and welfare; education; parks, recreation, and cultural functions; community development; and nondepartmental activities. The annual expenditure profiles do not reflect outlays bearing upon capital projects, debt service, or enterprise activities.]
2. The per capita statistics relative to Tables 2A through 3 have been calculated with population values displayed in Julia H. Martin, Estimates of the Population of Virginia Counties and Cities: 1987 and 1988 (Charlottesville: Center for Public Service, University of Virginia, 1989), table 1; and Center for Public Service, University of Virginia, "Census Counts and Estimates" (unpublished table), March, 1991.

APPENDIX D

Gross Debt Characteristics

Halifax County, City of South Boston

and

Virginia Localities at Large

FY 1981 - 90

Gross Debt Characteristics
for
Halifax County, South Boston City, and Virginia Localities at Large
FY1981-90

Year/Jurisdiction	2		Enterprise Debt Per Capita	General Government Debt Per Capita	Enterprise Debt as a Percentage of Gross Debt
	Total Gross Debt	Total Gross Debt Per Capita			
1981					
Halifax County	\$4,514,900	\$147.55	\$0.00	\$147.55	0.00%
South Boston City	\$3,116,786	\$439.42	\$87.97	\$351.44	20.02%
Statewide	\$2,659,139,859	\$497.33	\$117.41	\$379.93	23.61%
1982					
Halifax County	\$4,109,025	\$135.61	\$0.00	\$135.61	0.00%
South Boston City	\$2,313,755	\$325.88	\$108.59	\$217.29	33.32%
Statewide	\$2,776,094,850	\$511.19	\$135.27	\$375.93	26.46%
1983					
Halifax County	\$3,947,750	\$131.59	\$7.49	\$124.10	5.69%
South Boston City	\$3,329,769	\$468.98	\$119.72	\$349.26	25.53%
Statewide	\$3,026,703,217	\$551.79	\$144.76	\$407.03	26.23%
1984					
Halifax County	\$3,689,598	\$123.40	\$7.45	\$115.94	6.04%
South Boston City	\$2,742,489	\$386.27	\$75.35	\$310.91	19.51%
Statewide	\$3,068,176,166	\$552.24	\$149.58	\$402.65	27.09%
1985					
Halifax County	\$3,338,826	\$111.67	\$7.38	\$104.28	6.61%
South Boston City	\$2,603,359	\$361.58	\$70.45	\$291.12	19.49%
Statewide	\$3,362,820,749	\$596.57	\$166.97	\$429.60	27.99%
1986					
Halifax County	\$2,933,755	\$98.12	\$7.31	\$90.81	7.45%
South Boston City	\$3,367,703	\$461.33	\$93.19	\$368.14	20.20%
Statewide	\$3,639,726,100	\$637.94	\$160.78	\$477.17	25.20%

1

The total statewide gross debt for any fiscal year is the sum of gross debt for all counties and cities in the Commonwealth. The statewide per capita scores are based on the appropriate statewide debt totals divided by the statewide population.

2

In certain cases the sum of the component values may vary slightly from the total gross debt per capita because of statistical rounding.

Source: Staff, Commission on Local Government

Gross Debt Characteristics
for
Halifax County, South Boston City, and Virginia Localities at Large
FY1981-90

Year/Jurisdiction	2		Enterprise Debt Per Capita	General Government Debt Per Capita	Enterprise Debt as a Percentage of Gross Debt
	Total Gross Debt	Total Gross Debt Per Capita			
1987					
Halifax County	\$2,648,089	\$89.46	\$7.30	\$82.16	8.16%
South Boston City	\$3,657,577	\$515.15	\$102.38	\$412.77	19.87%
Statewide	\$3,975,346,477	\$685.40	\$167.26	\$518.15	24.40%
1988					
Halifax County	\$3,416,414	\$115.81	\$7.24	\$108.57	6.26%
South Boston City	\$3,862,359	\$551.77	\$202.78	\$348.99	36.75%
Statewide	\$4,450,148,581	\$752.50	\$184.66	\$567.84	24.54%
1989					
Halifax County	\$3,308,049	\$112.52	\$7.18	\$105.34	6.38%
South Boston City	\$4,276,961	\$610.99	\$194.42	\$416.57	31.82%
Statewide	\$4,963,019,168	\$825.09	\$195.82	\$629.27	23.73%
1990					
Halifax County	\$3,448,479	\$118.14	\$7.14	\$111.00	6.04%
South Boston City	\$5,097,835	\$728.47	\$206.83	\$521.64	28.39%
Statewide	\$5,438,600,816	\$889.63	\$192.20	\$697.43	21.60%

1

The total statewide gross debt for any fiscal year is the sum of gross debt for all counties and cities in the Commonwealth. The statewide per capita scores are based on the appropriate statewide debt totals divided by the statewide population.

2

In certain cases the sum of the component values may vary slightly from the total gross debt per capita because of statistical rounding.

Source: Staff, Commission on Local Government

NOTES AND SOURCES

1. The computations displayed in the foregoing exhibit are based, in part, on data from Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY1981-90, exh. G. [The dimension of gross debt refers to the total indebtedness carried by a given locality. Enterprise debt subsumes jurisdictional obligations associated with airports, coliseums, electrical utilities, gas utilities, harbors, nursing homes, hospitals, water and/or sewer utilities, public transportation systems, and steam plants. With regard to a specified locality, general government debt represents the variance between gross and enterprise indebtedness.]
2. The per capita amounts relative to the gross debt table have been computed with population statistics reported in Bureau of the Census, U.S. Department of Commerce, 1980 Census of Population: Characteristics of the Population (Washington, D.C.: U. S. Government Printing Office, 1982), vol. 1, ch. B, part 48, table 46; Julia H. Martin, Estimates of the Population of Virginia Counties and Cities: 1987 and 1988 (Charlottesville: Center for Public Service, University of Virginia, 1989), table 1; and Center for Public Service, University of Virginia, "Census Counts and Estimates" (unpublished table), March, 1991.

APPENDIX E

Property Tax Revenue, Total Local-Source Revenue, Net Debt

and

Average Effective True Real Property Tax Rate

Halifax County, City of South Boston

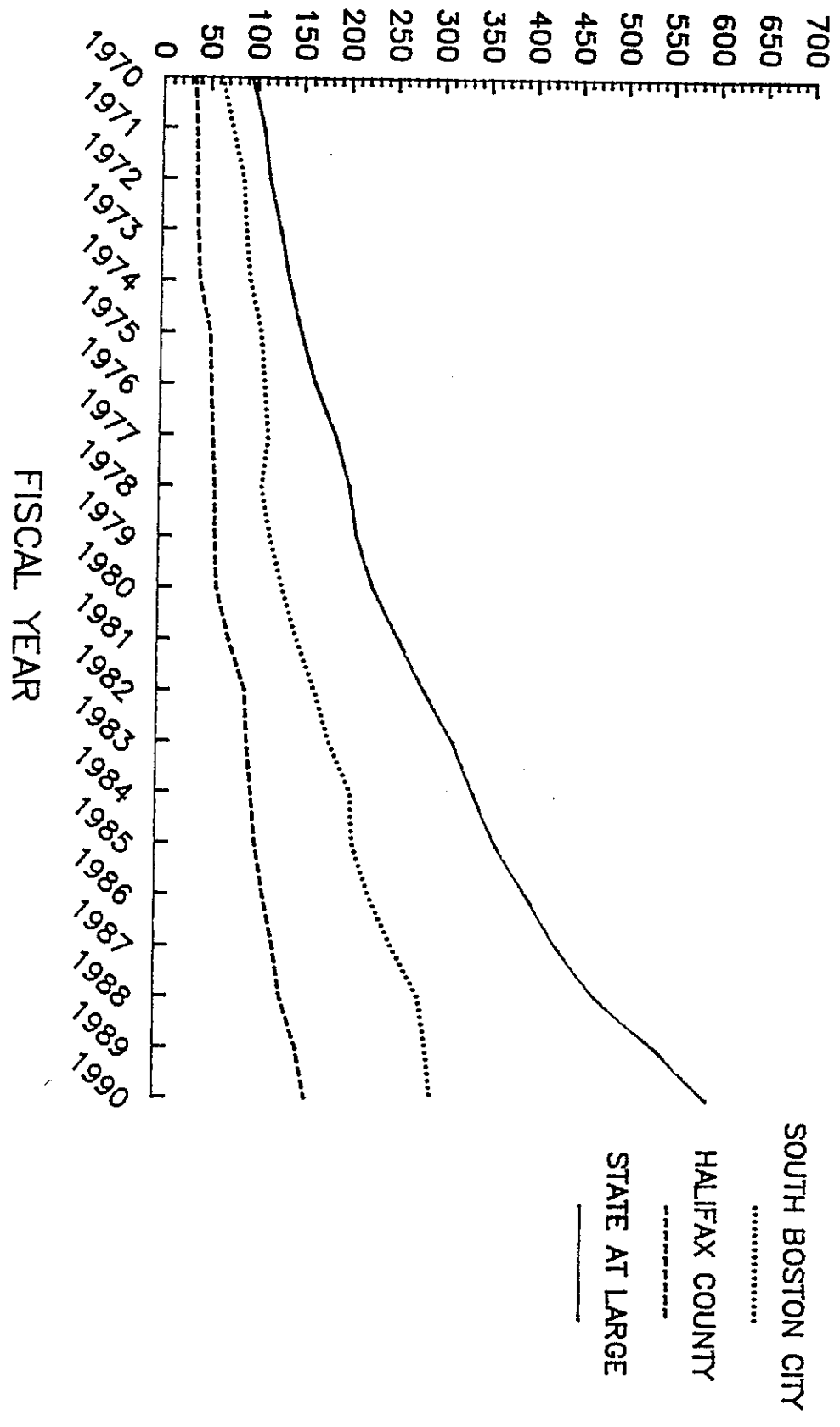
and

Virginia Localities at Large

1970 - 1990

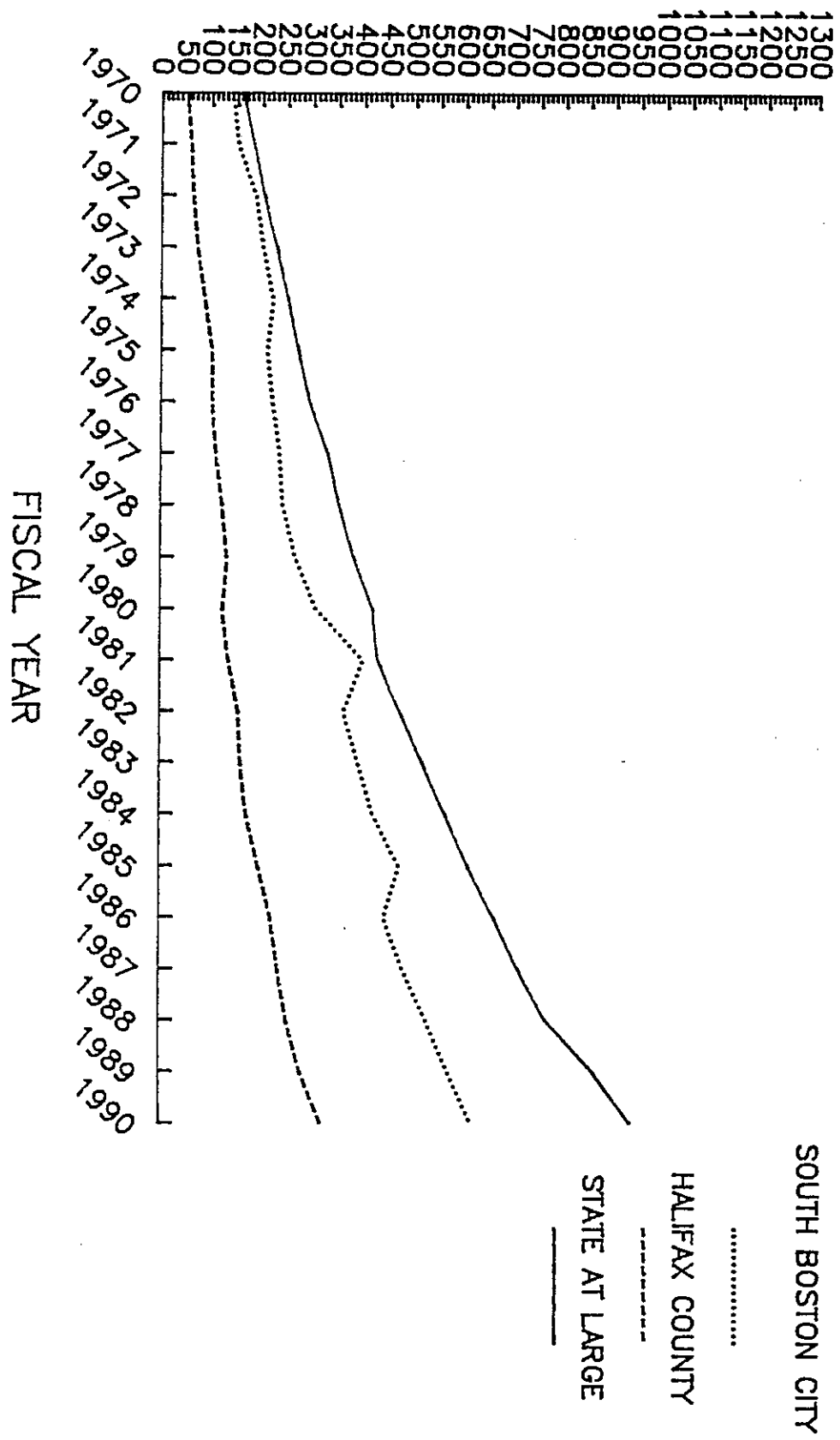
PROPERTY TAX REVENUE PER CAPITA BY FISCAL YEAR

PROPERTY TAX REVENUE PER CAPITA



LOCAL--SOURCE REVENUE PER CAPITA BY FISCAL YEAR

LOCAL--SOURCE REVENUE PER CAPITA



SOUTH BOSTON CITY

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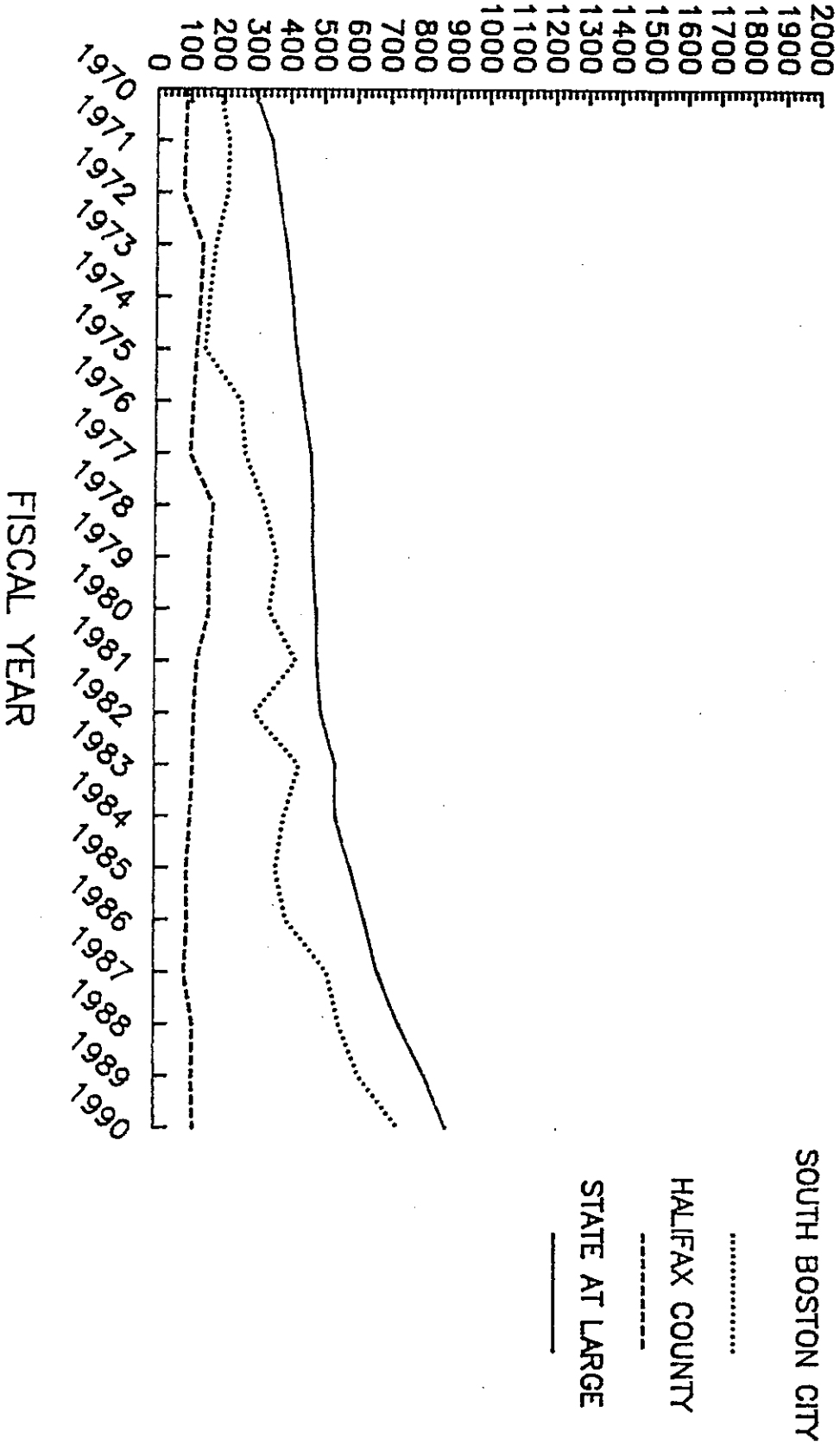
HALIFAX COUNTY

STATE AT LARGE

FISCAL YEAR

NET DEBT PER CAPITA BY FISCAL YEAR

NET DEBT PER CAPITA



SOUTH BOSTON CITY

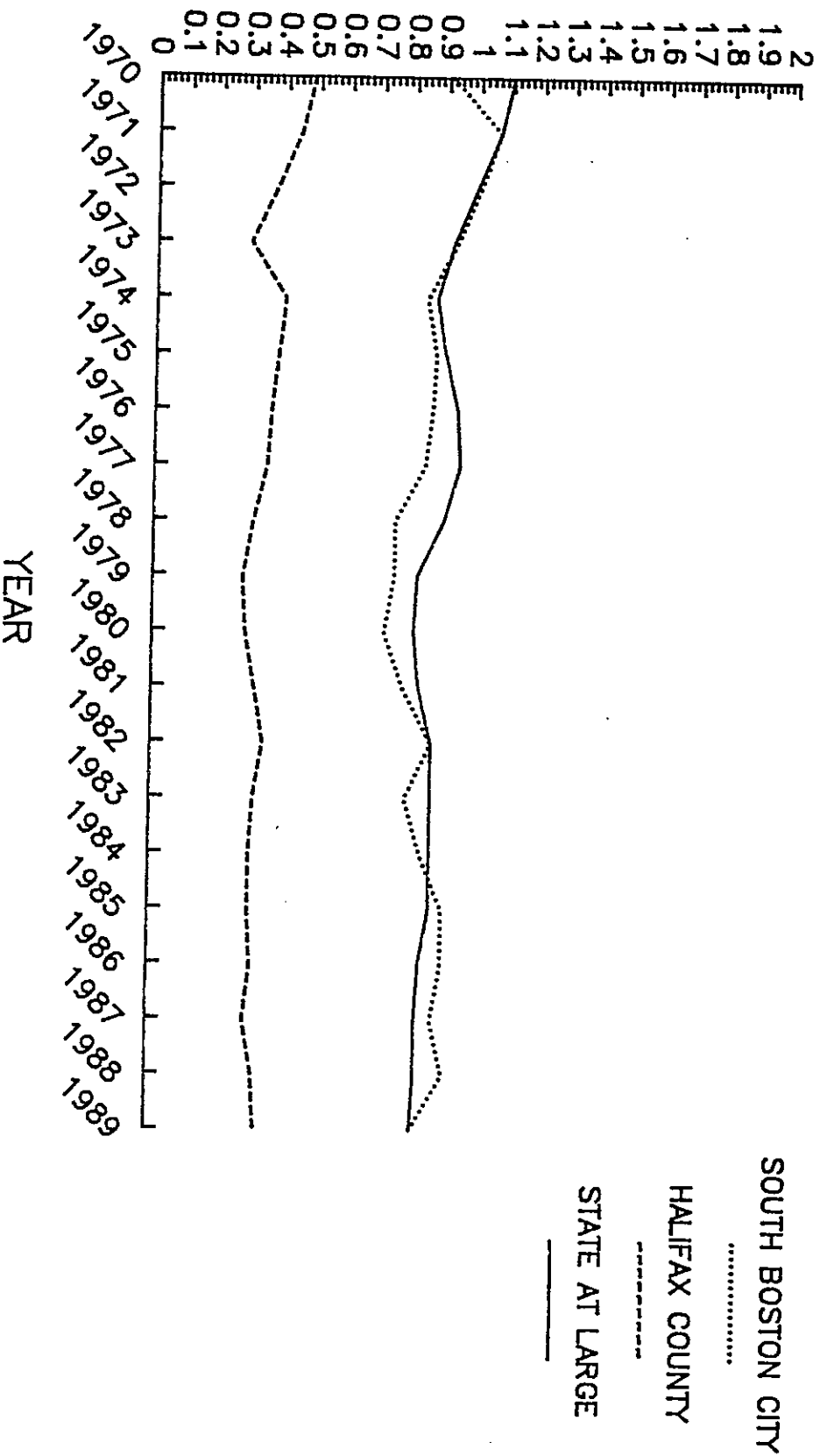
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HALIFAX COUNTY

STATE AT LARGE

EFFECTIVE TRUE REAL ESTATE TAX RATES BY YEAR

AVERAGE EFFECTIVE TRUE TAX RATE



Note : True tax rates are unavailable for 1972.

Local Fiscal Characteristics
by
Year and Jurisdiction

Year/Jurisdiction	General Property Tax Revenue 1 Per Capita	Total Local-Source Revenue 1 Per Capita	Net Debt 1 Per Capita	Average Effective Real Estate 2 True Tax Rate
1970				
Halifax County	\$33.56	\$50.13	\$87.32	\$0.48
South Boston City	\$62.29	\$139.75	\$187.45	\$0.91
Statewide	\$93.20	\$160.25	\$292.18	\$1.10
1971				
Halifax County	\$35.85	\$57.61	\$83.33	\$0.44
South Boston City	\$73.58	\$151.01	\$215.45	\$1.06
Statewide	\$107.35	\$183.18	\$346.07	\$1.06
1972				
Halifax County	\$36.54	\$61.86	\$77.65	N.A.
South Boston City	\$86.09	\$185.38	\$209.93	N.A.
Statewide	\$114.00	\$202.76	\$367.10	N.A.
1973				
Halifax County	\$38.21	\$70.79	\$137.69	\$0.29
South Boston City	\$89.38	\$199.86	\$174.51	\$0.93
Statewide	\$126.00	\$227.60	\$389.75	\$0.92
1974				
Halifax County	\$40.65	\$85.63	\$131.10	\$0.40
South Boston City	\$94.34	\$219.99	\$157.59	\$0.84
Statewide	\$136.15	\$250.33	\$408.73	\$0.87
1975				
Halifax County	\$52.44	\$100.28	\$120.51	\$0.38
South Boston City	\$106.76	\$208.61	\$145.87	\$0.87
Statewide	\$149.16	\$270.86	\$421.54	\$0.90
1976				
Halifax County	\$54.12	\$100.78	\$110.82	\$0.36
South Boston City	\$110.82	\$219.92	\$255.00	\$0.86
Statewide	\$164.47	\$292.73	\$441.76	\$0.94

Source: Staff, Commission on Local Government
01/03/92

Local Fiscal Characteristics
by
Year and Jurisdiction

Year/Jurisdiction	General Property Tax Revenue 1 Per Capita	Total Local-Source Revenue 1 Per Capita	Net Debt 1 Per Capita	Average Effective Real Estate 2 True Tax Rate
1977				
Halifax County	\$56.32	\$108.70	\$102.46	\$0.35
South Boston City	\$115.13	\$234.03	\$267.94	\$0.84
Statewide	\$186.47	\$328.57	\$463.94	\$0.95
1978				
Halifax County	\$59.20	\$121.59	\$173.45	\$0.31
South Boston City	\$108.40	\$240.50	\$325.29	\$0.75
Statewide	\$201.82	\$351.03	\$470.47	\$0.90
1979				
Halifax County	\$60.06	\$130.92	\$159.39	\$0.28
South Boston City	\$118.26	\$264.90	\$364.39	\$0.75
Statewide	\$210.24	\$379.80	\$470.65	\$0.82
1980				
Halifax County	\$62.10	\$122.15	\$160.90	\$0.29
South Boston City	\$131.72	\$305.55	\$340.44	\$0.72
Statewide	\$228.28	\$417.85	\$482.21	\$0.81
1981				
Halifax County	\$75.47	\$134.87	\$125.14	\$0.32
South Boston City	\$147.78	\$397.76	\$421.51	\$0.78
Statewide	\$256.37	\$427.84	\$484.51	\$0.83
1982				
Halifax County	\$93.48	\$154.42	\$115.97	\$0.35
South Boston City	\$167.21	\$359.54	\$296.27	\$0.87
Statewide	\$283.83	\$470.74	\$497.25	\$0.87
1983				
Halifax County	\$96.02	\$159.19	\$112.41	\$0.32
South Boston City	\$182.77	\$388.43	\$431.34	\$0.79
Statewide	\$315.14	\$514.81	\$540.36	\$0.87

Source: Staff, Commission on Local Government
01/03/92

Local Fiscal Characteristics
by
Year and Jurisdiction

Year/Jurisdiction	General Property Tax Revenue 1 Per Capita	Total Local-Source Revenue 1 Per Capita	Net Debt 1 Per Capita	Average Effective Real Estate 2 True Tax Rate
1984				
Halifax County	\$101.15	\$170.35	\$105.89	\$0.31
South Boston City	\$206.01	\$417.70	\$386.27	\$0.84
Statewide	\$336.90	\$559.57	\$537.91	\$0.87
1985				
Halifax County	\$105.53	\$194.24	\$95.76	\$0.31
South Boston City	\$208.64	\$468.30	\$361.58	\$0.91
Statewide	\$360.49	\$604.95	\$585.35	\$0.87
1986				
Halifax County	\$114.63	\$218.96	\$98.12	\$0.32
South Boston City	\$226.43	\$438.57	\$393.91	\$0.91
Statewide	\$394.94	\$655.77	\$627.27	\$0.84
1987				
Halifax County	\$125.43	\$233.21	\$89.46	\$0.30
South Boston City	\$251.43	\$475.70	\$515.15	\$0.88
Statewide	\$428.49	\$704.48	\$667.31	\$0.83
1988				
Halifax County	\$133.66	\$249.98	\$115.81	\$0.33
South Boston City	\$280.07	\$521.81	\$551.77	\$0.92
Statewide	\$471.93	\$759.23	\$730.09	\$0.83
1989				
Halifax County	\$151.04	\$276.46	\$112.52	\$0.34
South Boston City	\$288.27	\$564.40	\$610.99	\$0.82
Statewide	\$537.75	\$853.05	\$808.09	\$0.82
1990				
Halifax County	\$160.82	\$316.35	\$118.14	N.A.
South Boston City	\$294.11	\$610.08	\$728.47	N.A.
Statewide	\$592.58	\$927.01	\$872.38	N.A.

Source: Staff, Commission on Local Government
01/03/92

NOTES AND SOURCES

1. The per capita computations are based, in part, upon revenue and debt statistics published by the state auditor in the following documents: Report of Auditor of Public Accounts of Commonwealth of Virginia on Comparative Cost of County Government, FY1970-80, exhs. A, A-1, and B; Report of Auditor of Public Accounts of Commonwealth of Virginia on Comparative Cost of City Government, FY1970-80, exhs. A, A-1, and B; and Comparative Report of Local Government Revenues and Expenditures, FY1981-90, exhs. B and G. [The concept of locally generated revenue, as treated by the Auditor of Public Accounts, excludes payments from federal and state authorities, non-revenue receipts, and inter-fund transfers. The dimension of net debt refers to the variance between total indebtedness (including obligations associated with enterprise activities) and any available funds reserved for the retirement of principal and interest burdens.]

The population values underlying the per capita amounts have been derived from Bureau of the Census, U.S. Department of Commerce, 1970 Census of Population: Characteristics of the Population (Washington, D.C.: U.S. Government Printing Office, 1973), vol. 1, part 48, table 9; Bureau of the Census, U.S. Department of Commerce, 1980 Census of Population: Characteristics of the Population (Washington, D.C.: U.S. Government Printing Office, 1982), vol. 1, ch. B, part 48, table 46; Julia H. Martin and Michael A. Spar, Intercensal Estimates and Decennial Census Counts for Virginia Localities, 1790-1980 (Charlottesville: Tayloe Murphy Institute, University of Virginia, 1983), tables 1 and 2; and Julia H. Martin, Estimates of the Population of Virginia Counties and Cities: 1987 and 1988 (Charlottesville: Center for Public Service, University of Virginia, 1989) table 1; and Center for Public Service, University of Virginia, "Census Counts and Estimates" (unpublished table), March, 1991.

2. For the period extending from 1970 through 1989 (except 1972), average effective true tax rates have been issued by the Virginia Department of Taxation in Real Estate Taxes in Virginia: Real Estate Assessment Ratios and Average Effective True Tax Rates in Virginia Counties and Cities-1970 and 1971, pp. 4-6; and Virginia Assessment/Sales Ratio Study, 1973 (table 6), 1974-77 (table 7), 1978 (table 4), and 1979-89 (table 5). [The true real property tax rate pertaining to a given jurisdiction can be obtained through the multiplication of its median assessment/sales ratio (expressed as a decimal-valued fraction) by the locality's average nominal tax rate. With respect to the Commonwealth as a whole, the true tax rate is defined as the quotient of total real estate levies divided by the cumulative true valuation of real property across the 95 counties and 41 independent cities. It should be noted that, in producing true tax rate graphics for the 1970-89 interval, the Commission staff has employed estimated 1972 values in the form of mean scores computed from published 1971 and 1973 data relative to the focal localities and the state at large.]

APPENDIX F

Revenue Capacity and Revenue Effort

Measured by

Representative Tax System

Halifax County, City of South Boston,

and

Post-Reversion Halifax County

Table 1 1A
 Revenue Capacity Per Capita
 of
 Halifax County, South Boston City, and Virginia Localities at Large
 1985/86-89/90

3

Fiscal Period and Jurisdictional Profile	Revenue Capacity Per Capita	2 Rank Score	Jurisdictional/Statewide Revenue Capacity Per Capita Ratio Score
1985/86			
Halifax County	\$425.50	16.0	0.7198
South Boston City	\$450.75	28.0	0.7625
All Counties and Cities	\$591.14	----	-----
1986/87			
Halifax County	\$444.56	15.0	0.6977
South Boston City	\$496.92	42.0	0.7799
All Counties and Cities	\$637.14	----	-----
1987/88			
Halifax County	\$469.08	20.0	0.6938
South Boston City	\$529.70	41.0	0.7834
All Counties and Cities	\$676.12	----	-----
1988/89			
Halifax County	\$524.34	25.0	0.6958
South Boston City	\$570.72	38.0	0.7573
All Counties and Cities	\$753.62	----	-----
1989/90			
Halifax County	\$565.84	23.0	0.6850
South Boston City	\$623.77	38.0	0.7551
All Counties and Cities	\$826.05	----	-----

1A
 See end notes.

2
 In relation to all other localities, any given jurisdiction can attain a rank score ranging from 1 (lowest capacity) to 136 (highest capacity).

3
 With respect to each fiscal period, the statewide value denotes the mean, or average, level of revenue capacity per capita across all counties and cities.

Source: Staff, Commission on Local Government

Table 2 1A
 Revenue Capacity Per Capita
 of 2
 Halifax County (Including South Boston) and Selected Reference Localities
 1989/90

3

Jurisdiction	Population, 1989	Revenue Capacity Per Capita, 1989/90	Jurisdictional/Statewide Revenue Capacity Per Capita Ratio Score, 1989/90
Halifax County (Incl. South Boston)	36,188	\$570.31	0.6891
Accomack County	31,916	\$677.15	0.8182
Culpeper County	26,938	\$943.22	1.1397
Mecklenburg County	29,438	\$650.95	0.7866
Pulaski County	34,283	\$613.40	0.7412
Russell County	29,710	\$510.87	0.6173
Shenandoah County	30,763	\$859.36	1.0384
Smyth County	32,426	\$536.86	0.6487
Wythe County	25,523	\$614.76	0.7428

1A

See end notes.

2

This hypothetical jurisdiction encompasses South Boston as a dependent town. The associated data profile embodies no assumptions concerning the realization of fiscal benefits from a restructuring of the city-county relationship.

3

The statewide value relative to the 1989/90 period indicates the mean, or average, level of revenue capacity per capita as computed from data for a local system of 95 counties and 40 independent cities. In 1989/90 the mean value associated with a jurisdictional framework comprised of 135 units would have been \$827.58.

Source: Staff, Commission on Local Government

Table 3 1B
 Revenue Effort
 of
 Halifax County, South Boston City, and Virginia Localities at Large
 1985/86-89/90

Fiscal Period and Jurisdictional Profile	Revenue Effort	2 Rank Score	3 Jurisdictional/Statewide Revenue Effort Ratio Score
1985/86			
Halifax County	0.5101	109.0	0.6680
South Boston City	0.9452	39.0	1.2378
All Counties and Cities	0.7636	----	-----
1986/87			
Halifax County	0.5241	107.0	0.6751
South Boston City	0.9377	42.0	1.2079
All Counties and Cities	0.7763	----	-----
1987/88			
Halifax County	0.5273	110.0	0.6663
South Boston City	0.9712	41.0	1.2272
All Counties and Cities	0.7914	----	-----
1988/89			
Halifax County	0.5249	116.0	0.6585
South Boston City	0.9713	40.0	1.2185
All Counties and Cities	0.7971	----	-----
1989/90			
Halifax County	0.5554	108.0	0.6893
South Boston City	0.9677	41.0	1.2009
All Counties and Cities	0.8058	----	-----

1B

See end notes.

2

In relation to all other localities, any given jurisdiction can attain a rank score ranging from 1 (highest effort) to 136 (lowest effort).

3

With respect to each fiscal period, the statewide value denotes the mean, or average, level of revenue effort across all counties and cities.

Source: Staff, Commission on Local Government

Table 4 1B
 Revenue Effort
 of 2
 Halifax County (Including South Boston) and Selected Reference Localities
 1989/90

Jurisdiction	Population, 1989	Revenue Effort, 1989/90	Jurisdiction/Statewide Revenue Effort Ratio Score, 1989/90
Halifax County (Incl. South Boston)	36,188	0.6492	0.8062
Accomack County	31,916	0.6699	0.8319
Culpeper County	26,938	0.7188	0.8926
Mecklenburg County	29,438	0.4261	0.5291
Pulaski County	34,283	0.6667	0.8279
Russell County	29,710	0.6611	0.8209
Shenandoah County	30,763	0.5378	0.6678
Smyth County	32,426	0.5276	0.6552
Wythe County	25,523	0.5354	0.6648

1B

See end notes.

2

This hypothetical jurisdiction encompasses South Boston as a dependent town. The associated data profile embodies no assumptions concerning the realization of fiscal benefits from a restructuring of the city-county relationship.

3

The statewide value relative to the 1989/90 period indicates the mean, or average, level of revenue effort as computed from data for a local system of 95 counties and 40 independent cities. In 1989/90 the mean statistic associated with a jurisdictional framework comprised of 135 units would have been 0.8053.

Source: Staff, Commission on Local Government

NOTES

- 1A. In measuring "revenue capacity" at the county and city levels, the Commission on Local Government has employed the Representative Tax System (RTS) methodology, whose early development can be traced from the U.S. Advisory Commission on Intergovernmental Relations to the University of Virginia and, in turn, to the Joint Legislative Audit and Review Commission. With regard to a selected time frame, the RTS approach isolates six resource bases that capture, directly or indirectly, aspects of private-sector affluence which local governments can tap in financing their programmatic objectives. As applied to any given jurisdiction, the computational procedure rests centrally upon the multiplication of each resource-base indicator (e.g., real property true valuation or adjusted gross income) by the associated statewide average rate of return--i.e., the yield in revenues or levies to all county and city governments per unit of the stipulated resource. Once the full set of jurisdictional wealth dimensions has been covered by this weighting operation, the six resulting arithmetic products are added to generate a cumulative measure of local capacity, the magnitude of which is then divided by the population total for the designated county or city. The latter calculation engenders a statistic gauging, in per capita terms, the collections which the target jurisdiction would realize from taxes, service charges, regulatory licenses, fines, forfeitures, and various other extractive mechanisms (i. e., potential revenue) if local public officials established resource-base levies at statewide average values.
- 1B. The concept of revenue effort focuses on the degree to which county and city governments actually harness the revenue-generating potential of their respective jurisdictions through the employment of locally controlled devices for resource mobilization (taxes and the like, as illustrated above). With respect to a particular locality, the effort dimension operationally takes shape as an extraction/capacity ratio, a statistical mechanism in which the sum of jurisdictional levies and revenues across all "own-source" funding categories is divided by the aggregate fiscal ability of the given county or city. Through this indicator the receipts which the target locality derives from its various private-sector resource bases are gauged in relation to the yield that the jurisdiction could anticipate if local revenue-raising simply reflected the average rates of return for the Commonwealth at large.

[For an extended discussion of revenue capacity and revenue effort, see Commission on Local Government, Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities: 1988/89, Appendix B.]