Commission on Local Government:
Annexation Alternatives

Virginia Local Government Management Association
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Diane M. Linderman, PE
J. David Conmy

Background of CLG

- Created in 1979
- 5 member commission appointed by the Governor
- 5 year terms
- 3 staff members
- Merged into DHCD in 2003
- R. Michael Amyx, Chair – Virginia Municipal League
- Rosemary M. Mahan, Vice-Chair – Westmoreland County
- Diane M. Linderman, PE – City of Richmond
- Kimble Reynolds, Jr. – City of Martinsville
- Vacant Seat

Purpose of CLG

It is the purpose and intent of the General Assembly to create a procedure whereby the Commonwealth will help ensure that all of its localities are maintained as viable communities in which their citizens can live. To carry out this purpose and intent, there is hereby established the Commission on Local Government. (§ 15.2-2900, Code of Virginia)

Duties of CLG

1. Boundary adjustments, local transitions, and interlocal agreements
2. General Assembly Session
3. Mandates Catalog and Assessments
4. Cash Proffers
5. Fiscal Stress
6. Various requested studies (consolidation incentives, annexation, local salaries, etc.)

Study Directive

- Chapters 158 and 364, 2016 Acts of Assembly
- Moratoria extended until 2024
- Commission on Local Government to:
  1. Evaluate the structure of cities and counties in the commonwealth;
  2. Evaluate the impact of annexation upon localities;
  3. Consider alternatives to the current moratorium on annexation by cities; and
  4. Consult with and seek input from the Virginia Municipal League, Virginia Association of Counties and localities directly affected by moratorium

Stakeholders & Partners

- David Blount, TIPDC
- C. Richard Cranwell, Cranwell and Moore
- Carter Glass, IV, Troutman Sanders
- Michelle Gowdy, VML
- Kelly Harris-Braxton, VA First Cities
- Kurt Hodgen, Harrisonburg
- Stephen King, Rockingham County
- Joe Lerch, VACo
- Dr. John Moeser, U of R
- Kimball Payne, Lynchburg and Spotsylvania County
- Jim Regimbal, Fiscal Analytics
- Jeff Sharp, DLS
- Brian Thrower, Emporia
- David Whittington, Greensville County
- Thomas Jefferson PDC
- Central Shenandoah PDC
- VHDA
Initial Thoughts

• Go for money, not land.
• The likelihood of lifting the annexation moratoria in the Commonwealth is low.
• Healthy, viable local governments are critical to the well-being of the Commonwealth.
• A harmonious and successful relationship between and among the Commonwealth and its localities ensures greater health, welfare, and prosperity for all of the Commonwealth’s citizens and businesses.

Exploration of how we got here

• History of local government in the Commonwealth
• Mandated service delivery and proximity
• Urban services and original positive nature of municipal annexation
• Independence of cities
• Urbanization of counties and social/civil rights issues that altered traditional view of annexation
• Annexation wars, the moratoria, and compromise
• Burden on some localities and fiscal stress
**Mandated Services**

- 1634
  - County Court
  - Sheriff
  - Clerk
  - County Lieutenant

- Present Day
  - Constitutional Officers
  - Judicial Administration
  - Elections
  - Public Safety
  - Health and Welfare
  - Community Development
  - Education

- Urban Services
  - Water
  - Sewer
  - Solid Waste
  - Community Development
  - Police
  - Public Works
  - Parks & Recreation

**Annexation**

- Reasons to Annex:
  - Extension of services
  - Communities of interest
  - Developable land
  - Tax base
  - Citizen request
  - Uniformity
  - Others?

- HOWEVER, annexation in the context of independent cities removes such territory from counties permanently.
- Annexation is also no longer a possibility for many cities or may no longer be a desirable option.
- Annexation may also no longer solve local needs

**Fiscal Stress**

- Mandated service delivery + weak economic base = above average or high fiscal stress
- A measure of a city or county’s ability to generate additional revenues from its tax base relative to the rest of the Commonwealth
- Relative index equally weighting 3 variables:
  - Revenue Capacity per capita
  - Revenue Effort per capita
  - Median Household Income

**Commonwealth of Virginia:**

- Fiscal Stress Classification FY2015

- Fiscal Stress VS Local Mandated Cost

- Fiscal Stress and Local Share of Mandated Services Expense
Regional Matters

- Urbanized development patterns outgrowing traditional cities
- Communities of interest and local boundaries that do not reflect commerce and population patterns
- Evolving service demands that may be more appropriately addressed at a regional/interlocal level, especially from a fiscal perspective
- General bifurcation of the Commonwealth
Recommendations:

Overall

- Make the moratoria permanent in tandem with other recommendations that could help address matters of more efficient service delivery, fiscal stress, and regional needs.
- Could lead to more serious exploration of other solutions that could otherwise be overlooked due to the distraction of regularly extending of the moratoria.

Recommendations:

Structural

- Modify reversion and consolidation statutes to remove obstacles.
- Make reversion and consolidation more cost-effective through incentives.
- Grant additional powers to counties through reversion and other interlocal agreements.
- Evaluate mandated service delivery methods to identify appropriate service level.
- Relax the requirements for the establishment of joint authorities and special districts.

Recommendations:

Fiscal

- Provide planning grants to explore interlocal agreements and other operational efficiencies.
- Evaluate adequacy of local fiscal resources to identify enhancements.
- Create or expand programs to reduce local fiscal stress.
- Incentivize additional regional cooperation and regional programs.

Outcome and Status

- Report adopted by CLG on 11/8/2019
- House Bill 2450 (Wilt) with accompanying budget amendment was introduced during Session, but was pulled by the patron.
- Bill addressed:
  - Making the moratoria permanent,
  - Creating a Local Government Efficiency Analysis Fund,
  - Addressing the semantics of independent and dependent cities, especially as it relates to reversion, and
  - Providing for an optional advisory referendum before local governments undertake the consolidation process.
- Work on additional local concerns before 2020 General Assembly Session.

Questions?

https://rga.lis.virginia.gov/Published/2018/HD11