

**FINAL REPORT OF THE ADVISORY  
COMMISSION ON INTERGOVERNMENTAL  
RELATIONS ON THE**

# **Condition and Future of Virginia's Cities**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



## **SENATE DOCUMENT NO. 14**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
2003**





# COMMONWEALTH of VIRGINIA

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December 20, 2002

The Honorable Mark R. Warner  
Governor of Virginia  
and  
Members of the General Assembly of Virginia

As required by Senate Joint Resolution 218 (2000), the Virginia Advisory Commission on Intergovernmental Relations (ACIR) is pleased to submit this Report on the Condition and Future of Virginia's Cities. This study builds on the earlier work of the Commission on the Condition and Future of Virginia's Cities, which was chaired by then Speaker of the House, The Honorable Thomas W. Moss, Jr., and was authorized by House Bill 432 (1998).

This report presents the findings of the ACIR concerning the condition of Virginia's urban areas and recommendations of the ACIR for promoting and maintaining the vitality of the metropolitan areas of the Commonwealth in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Emmett W. Hanger, Jr.", written over a large, stylized flourish.

Emmett W. Hanger, Jr., Chairman  
and Member, Virginia Senate

cc: Members, Advisory Commission on  
Intergovernmental Relations



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## Executive Summary

Senate Joint Resolution 218 (SJR 218), which was enacted by the 2000 General Assembly, directed the Advisory Commission on Intergovernmental Relations (ACIR) to conduct a two-year follow-up study of the work of the Commission on the Condition and Future of Virginia's Cities (Cities Commission). Specifically, the ACIR was requested to study the recommendations of the Cities Commission and to make additional recommendations for measures to alleviate the growing social and economic problems confronting Virginia's urban localities.

The single most significant finding of the ACIR was the increasing importance of Virginia's metropolitan areas to both the economy and the quality of life of the state and its localities. Four corollaries to this conclusion included the importance of recognizing the interdependence of localities within metropolitan areas and understanding how they work together as systems; the advantage of increasing both the rate and quality of cross-jurisdictional collaboration within metropolitan areas across all functional areas; the need to recognize the great diversity among Virginia's metropolitan areas and to take their unique attributes into account in policy-making; and the importance of reexamining state structures and practices of all kinds to ensure that the Commonwealth's legislative and administrative processes foster strong metropolitan areas and thereby increase the chance of success for their constituent localities.

The ACIR concludes its study with a set of thirty (30) recommendations for promoting the vitality of the metropolitan areas of the Commonwealth. The most important recommendations are the first two:

**Recommendation 1:** Articulate a State Vision and Goals for the Future of Virginia's Communities and the State as a Whole.

**Recommendation 2:** Adopt a Comprehensive Policy to Promote Regional and Community Vitality.



## The Need to Reframe the Question

### **The Inception of This Study**

In 1998 the General Assembly created the Commission on the Condition and Future of Virginia's Cities (Cities Commission) to develop a profile of Virginia's cities and to identify programs and policies to address their needs. At the conclusion of its two-year study, the Cities Commission did not issue a formal report but made thirty-five recommendations, some of which were introduced as legislative proposals in the 2000 General Assembly. (See Appendix B.) In addition, the legislature charged two separate commissions with the responsibility of reviewing the Cities Commission recommendations and making further recommendations based on them. One of the two commissions was the Commission on Virginia's State and Local Tax Structure for the 21st Century (the Tax Study Commission), which was directed to examine eleven of the Cities Commission recommendations that addressed tax issues and related fiscal matters. The other was this body, the Advisory Commission on Intergovernmental Relations (ACIR). The ACIR's charge was to examine the remaining twenty-four recommendations, covering diverse issues related to specific local government functional areas, such as education, transportation, social services, and blight control. The ACIR was also directed to issue an interim report to the Governor and the General Assembly in 2001 and a final report in 2002.

### **Methodology**

To fulfill this requirement, the ACIR met after the close of the 2000 legislative session and began developing a plan for the study. One of its first decisions was that the term "city" should be broadly defined to include all urban areas. The ACIR then adopted a detailed work plan whose premise was that the best results would emerge from a process that drew on the insights and experience of a wide range of knowledgeable individuals, that was designed to help them reach consensus, and that did not limit their scope. The plan included a series of personal interviews and work sessions with local government practitioners, state officials, and academicians. It also called for three regional conferences in different parts of the Commonwealth that were intended to broaden the dialogue about urban issues and possible solutions. The plan further included a comprehensive literature search of relevant books, official reports, testimony and other supporting materials from previous studies, articles from journals and newspapers, and documents available over the internet.

At its July 2000 meeting, with the help of a panel of local government experts and a professional facilitator, the ACIR adopted five broad goals for the study:

- To reduce fiscal disparities both between the State and its localities and among different jurisdictions;
- To reduce local fiscal stress;
- To direct growth to areas of decline;
- To manage growth in areas of rapid development; and
- To expand the local government structural options available for defining city, county, and town functions and boundaries.

A second work session was held in September with a panel of local government experts and representatives of four concurrent study commissions investigating subjects related to the ACIR's study. The purpose was to consider the advisability of coordinating efforts among the five study commissions. Those that participated in that meeting included the Tax Study Commission, the Joint Legislative Audit and Review Commission's study of the funding of educational Standards of Quality, the Rural Prosperity Commission, and the House Counties, Cities and Towns Committee's Study of High Growth Communities. The consensus was that there would be value in having one entity serve as "broker" for the five parallel study commissions in an effort to keep each informed of the other's progress so they could have a greater impact in the General Assembly by speaking with a single voice.

In October 2000 the ACIR sponsored a one-day conference at the Mary Washington College in Fredericksburg entitled, "Quality of Life: The Future of Virginia's Cities and Landscapes," whose purpose was to increase awareness of and broaden the dialogue about both the ACIR's SJR 218 study and a previous study the ACIR had undertaken on visual quality. The conference attracted approximately 100 state and local officials and members of the public.

At its next regular meeting in December, the ACIR reviewed the twenty-four recommendations of the Cities Commission, judging each of them in light of the five goals it had established the previous July as well as certain other criteria. These included such questions as (i) whether the proposal had subsequently been enacted, (ii) whether another study commission might be a more appropriate body to address the issue, (iii) whether the proposal

remained realistic given changes in the state's fiscal condition, and (iv) whether its impact on the condition and future of Virginia's urban areas was likely to be significant. The outcome was that the ACIR identified six primary focus areas for the remainder of the study from among the twenty-four recommendations initially assigned for review. The six focus areas were as follows:

- State Urban Policy (Development of a state policy on urban areas);
- Regional Economic Development Authorities (Authorization for localities to create joint economic development authorities);
- Shared Services (Creation of a mechanism to encourage localities to achieve greater economies of scale through increased sharing of services);
- Urban Road Maintenance Funding (Provision of adequate state funds for road maintenance for urban areas, taking into account high traffic volume there in addition to lane miles);
- Shared Communities (Authorization of a new town-like shared area in communities where selected functions might be transferred or shared); and
- Redistribution of State Income Taxes to Localities (Revision of Virginia's state and local tax structure to allow the redistribution of state income taxes to localities).

At its April 2001 meeting, the ACIR confronted the need to revise its work plan because of funding reductions. It adopted a new plan that did not include additional self-supporting conferences but instead contemplated ACIR participation in other organizations' conferences to reduce costs and yet achieve the same goal of reaching a broad audience. Subsequently, ACIR meetings were scheduled in July as part of the Virginia Association of Planning District Commissions conference in Virginia Beach, in October as part of the Virginia Municipal League's annual conference in the same city, and in November as part of the Virginia Association of Counties annual conference in Bath County.

Immediately after the ACIR's meeting in April, the Chairman and ACIR staff met with selected State agency heads from the Department of Housing and Community Development, the Department of Conservation and Recreation, the Virginia Housing Development Authority, the Virginia Economic

Development Partnership, the Business Assistance Partnership, and the Department of Education. The purpose of the meeting was to seek guidance from that group about the ACIR's overall approach to the study and in particular to determine which of the ACIR's goals and focus areas in their view should receive special emphasis. From that discussion, a clear consensus emerged that the development of a state policy on urban areas and community vitality offered the most promise for far-reaching change and, in fact, encompassed most of the other concerns.

Soon thereafter the ACIR published a brief interim report with a broad overview of issues confronting Virginia's urban areas. It concluded with a general comment about the importance of regional cooperation:

There is widespread agreement among government officials and business leaders that the economic viability and the overall quality of life of Virginia's local governments are critical to the strength of its regions, which in turn are essential to the health and well-being of the Commonwealth as a whole. In effect, then, despite the artificial construct of Virginia's independent-city system, Virginia's localities are fundamentally interdependent. As a result, the long-term prosperity of the Commonwealth depends in large measure on its ability to develop policies and marshal resources that will help local governments solve problems of mutual concern.

Subsequent research confirmed the validity of that conclusion. Following the Chairman's meeting with State agency heads in April, the ACIR's research efforts concentrated on shaping the contours of a proposed new policy on community vitality that would address current conditions and future trends affecting Virginia's urban areas. The single most significant finding that the research disclosed was the increasing importance of Virginia's metropolitan areas to both the economy and quality of life of the Commonwealth and to its localities. Four corollaries to this conclusion included:

- the importance of recognizing the interdependence of localities within metropolitan areas and understanding how they work together as systems;
- the advantage of increasing both the rate and quality of cross-jurisdictional collaboration within metropolitan areas across all functional areas;
- the need to recognize the great diversity among Virginia's metropolitan areas and to take their unique attributes into

account in policy-making; and

- the importance of reexamining state structures and practices of all kinds to ensure that the Commonwealth's legislative and administrative processes foster strong metropolitan areas and thereby increase the chance of success for their constituent localities.

Thus, the underlying question for the duration of this study evolved from "What is the condition of Virginia's cities and what does the future hold for them?" to "What is the condition of Virginia's urban areas and what is their future likely to be?" and finally to the broader question: "What is the condition of Virginia's metropolitan areas and what will ensure their future success?" Similarly, the ACIR found that any policy it might propose would be effective in addressing well-documented urban problems only to the extent it promoted regional vitality, that is, to the degree it could help all parts of each metropolitan area—the central business district, inner city neighborhoods, first-ring suburbs, outer suburbs, and exurbs—function more effectively as an economic unit and provide a high quality of life for all the metropolitan area's residents.

# The Condition of Virginia's Metropolitan Areas

## Virginia's Metropolitan Areas Generally

The ACIR's determination to shift its focus from cities per se or even cities and urbanized counties jointly to metropolitan areas was based on several considerations. One was the overwhelming importance of metropolitan areas as population centers at both the national and state levels. The 2000 U. S. Census data indicate that slightly over 80% of the country's population live in a metropolitan area, which the Census Bureau defines generally as "a geographic area consisting of a large population nucleus together with adjacent communities which have a high degree of economic and social integration with that nucleus." The census also shows that more than 75% of Virginia's population of just over 7 million live in a metropolitan area. Of those, roughly one-third live in Northern Virginia, and another third is divided between the Richmond-Petersburg metropolitan area and the Norfolk-Virginia Beach-Newport News metro area. (See Appendix C.)

A second reason was the economic significance of metropolitan areas. Whereas geographic and political boundaries define national, state, or local political entities, economic activity shapes metropolitan areas. According to a 2001 report issued by the U. S. Conference of Mayors, regional economies generate more than 80% of the nation's employment, income, and production of goods and services. The same report indicated that the value of goods and services of the top ten U. S. metropolitan areas, their "gross metropolitan product," exceeded the combined gross state product of the 31 smallest states in 2000. Similarly, the economies of top performing U. S. metropolitan areas surpassed those of some entire countries. For example, the economy of the Washington, D. C. metropolitan area which was ranked 27th in the world in 2000, was larger than that of Austria's. Likewise, metropolitan areas in Virginia account for the lion's share of the Commonwealth's gross product. In 2000, Virginia's nominal gross state product reached approximately \$265 billion, of which roughly \$191 billion could be attributed to its metropolitan areas' economies.

A third factor in the ACIR's decision was the recognition that most major challenges confronting communities do not respect political boundaries but increasingly require regional rather than national, state, or local solutions. A major reason is that in recent decades population growth away from city centers into surrounding areas in Virginia, as in many other parts of the country, has outpaced local governmental structures' ability to grow. As a result, job and housing markets, work force development, public safety initiatives, economic development, environmental protection, infrastructure needs, social services, transit development, and equity for racially and

ethnically segregated communities are among the challenges that have become largely regional concerns that cannot adequately be addressed by any single locality. The ACIR heard testimony that some localities are being overwhelmed by those issues. Yet these problems typically have such a local character that uniform state-level solutions can be cumbersome at best or even detrimental when they cause unintended consequences. Moreover, the ACIR is aware that some of these challenges are occurring with increasing frequency and urgency.

Fourth, the ACIR recognized the growing role that metropolitan areas will play in the “new economy” of the future. The ACIR understood that the hectic pace of change in the development of information technology and increasing globalization represent titanic forces ushering in a new post-industrial information age that will permanently alter the world’s economy. These same forces have already had a profound effect on the economy and quality of life of communities throughout the world, and are likely to have an even greater influence in the future despite any short-term downturns in world markets that might temporarily slow the pace of change. The ACIR recognized further that only high-performing communities will be able to develop and maintain a competitive advantage in this increasingly interconnected and complex global marketplace. Those areas that can work together to identify and build on their strengths, adapt to change, and make optimal use of their resources will be able to thrive. Communities that cannot or will not accept the changed nature of the new economy and adjust to meet its demands will be unable to maintain their current economic standing. Thus, community leaders throughout the world, cognizant of the critical economic role that metropolitan areas play, have begun calling for regional excellence and a “new regionalism” as a means of securing for their communities a prosperous niche in the new global economy.

The first step in assessing the health and well-being of a city, an urban area, or a metropolitan area is to determine the elements of the notion, “condition.” Clearly economic data are important for an understanding of an area’s vitality. Similarly, demographic statistics and social data provide other valuable and closely related perspectives. However, a fourth element that is closely associated with the first three is the area’s quality of life. Because it cannot be easily measured in statistical terms, quality of life is a factor that is easy to overlook, yet evidence shows that it is an important element of a metropolitan area’s health and well-being and will play a greater role in the future as a determinant of economic success. For a complete view of an area’s condition, therefore, one should consider all of these factors together.

Yet an assessment of the current performance of Virginia's metropolitan areas involves a certain degree of guesswork. One reason is that most data is collected and reported on individual cities and counties in Virginia, and to a lesser extent on towns, but generally not on metropolitan areas. Various State agencies' reports of economic and social trends traditionally compare localities to one another by population size, by jurisdictional class, or by some other feature they have in common but not by metropolitan area. Moreover, even those statistics are often several years out of date. In a rapidly changing economy, major shifts can occur within a single year or within a matter of months.

Another serious impediment to assessing the condition of Virginia's metropolitan areas is the lack of consensus about how many there are or how they should be identified. The U. S. Census bureau recognizes eight "metropolitan statistical areas" in the state based on the size of the population within the center city and the number of economic relationships and social interactions among the city and outlying areas. These include (1) Washington D. C.-Maryland-Virginia (2) Norfolk-Virginia Beach-Newport News (3) Richmond-Petersburg (4) Johnson City-Kingsport-Bristol (5) Roanoke (6) Lynchburg (7) Charlottesville and (8) Danville. However, the Virginia Regional Cooperation Act, which was enacted in 1968 to facilitate regional approaches to problem-solving, established a statewide system of 21 planning district commissions whose boundaries do not conform to those of the eight metropolitan areas the U. S. Census Bureau recognizes. Frequently regional entities or programs designed to fulfill other legislative goals, such as the regional workforce training centers established by § 2.2-2671 of the Code of Virginia or specific regional programs described in the biennial budget, define applicable regions or the structure of regional entities with still more variations.

Similarly, gubernatorial initiatives, such as the establishment of regional economic development councils, have relied on various other systems for delineating regional boundaries. State agencies also often divide the Commonwealth into regions to accomplish administrative goals with no regard for the ways in which their regional boundaries might integrate with those borders established by the legislature, the governor, or other State agencies. The result is a fragmented and uncoordinated mix of approaches that diffuses regional efforts and undermines regional identity. Since there is broad general agreement among urban experts that developing a strong regional identity is an important strategy for increasing a metropolitan area's competitiveness, it seems reasonable to conclude that the confusion that has inevitably resulted from Virginia's multifaceted approach to identifying its regions has served to weaken rather than to strengthen the condition of the Commonwealth's metropolitan areas. A better approach

may be one more closely aligned with the U. S. Census Bureau's because theirs matches regional boundaries with real-world economic conditions.

Despite the difficulties posed by insufficient data, statistical time lags, and ambiguous boundaries, enough information is available about Virginia's eight metropolitan areas to obtain a general idea of their condition. Fourteen of Virginia's 39 cities are considered metropolitan area central cities within the U.S. Census Bureau's definition, and they range in population size from Fredericksburg with approximately 19,300 residents to Virginia Beach with approximately 425,000. Central cities are the traditional business and employment centers of their metropolitan areas. However, many have experienced steady population losses in recent decades as families and businesses in Virginia have moved out of these core cities and into the suburbs as part of a demographic shift that has become a national and even international trend. Thus, only 7 of these core cities gained population between 1990 and 2000. However, the City of Suffolk, grew during that period at a rate faster than the State as a whole. It is also true that central cities have a higher concentration of nonwhite residents than their adjacent localities. In 1990, almost two-thirds of these cities' populations were white, but that total had fallen to 58% by 2000.

In contrast, metropolitan counties, which include 35 of the state's 95 counties, accounted for more than 70% of Virginia's total growth between 1990 and 2000. Their rate of growth was 25%, or approximately twice the growth rate of the State overall (14%) and more than 12 times the rate of the Commonwealth's central cities. Two of Virginia's fastest growing localities, Loudoun and Fluvanna Counties, are in this group, which as a whole comprised 45% of the State's population growth in 2000. Some of the suburban counties are significant business centers in their own right. Others are heavily urbanized, particularly in those parts adjacent to the central city. However, many of the metropolitan counties also include large rural areas. Finally, the populations of these counties are becoming increasingly diverse as the rate of their African-American and Hispanic populations grows significantly faster than the State's rate of growth.

## Findings

**Finding 1: Virginia does not have an overall vision, goals, or a stated comprehensive policy to ensure the vitality of its cities, its localities generally, or its metropolitan areas.**

The State has a major influence on the health and well-being of Virginia's local governments and metropolitan areas. It establishes their structures and powers, including their revenue-raising authority, and mandates certain service responsibilities. It also assists them in meeting these responsibilities by providing resources, including both technical and financial aid. Approximately one-third of the Commonwealth's biennial budget goes to localities, of which more than half funds public education. Numerous policy statements can be found throughout the Code of Virginia governing various specific aspects of local government. In addition, Virginia's constitution contemplates that localities may be granted various powers to work together and under certain circumstances even to create regional governments. However, Virginia has never adopted a comprehensive policy to ensure the health and vitality of its local jurisdictions or metropolitan areas.

**Finding 2: Virginia's localities exhibit great heterogeneity in their geographic features, demographic characteristics, culture, economic vitality, and quality of life.**

There is great diversity among Virginia's localities. One implication is that any policy the State might adopt affecting local governments and metropolitan areas must allow for a great deal of flexibility. A second important implication is the necessity of adjusting the size and nature of State assistance to localities according to their distinct needs.

**Finding 3: While many Virginia localities appear to be thriving, others face daunting challenges, some of which are approaching crisis proportions.**

The State has conducted numerous studies over the years that have disclosed serious problems facing some of Virginia's localities. These include such problems as fiscal stress, fiscal disparities, uncontrolled growth in some areas, loss of population in others, concentrations of poverty, high service demands, and loss of jobs. In many cases, these difficulties have been developing for years for a variety of reasons. Some localities have been in a better position to address their concerns than others. Likewise, the State has initiated various measures to assist local governments, sometimes with mixed results. The ACIR heard testimony

that for some localities, such as Virginia's core cities, many of these challenges continue unabated and are growing to unmanageable proportions. There is ample evidence that the need for change is urgent.

**Finding 4: Many of these problems affect more than one locality and cannot be solved by a single jurisdiction acting alone.**

A growing list of problems such as pollution, changing demographic conditions, loss of jobs, housing shortages, the need for workforce development and the like spill over from one locality to neighboring jurisdictions. Increasingly, such problems suggest the need for joint action.

**Finding 5: Virginia's localities have broad authority to address their problems, including the power to work together to find solutions to problems of mutual concern.**

Virginia is a Dillon Rule state, which means that localities have only those powers that are granted expressly, by implication, or by necessity. As a result, Virginia's localities may not take any specific action to address identified needs unless the State has granted them such authority. However, despite this apparent impediment to action, the legislature has granted Virginia's localities broad authority, including the power to take joint action to address issues of mutual concern.

**Finding 6: Many localities with problems in common have collaborated successfully on specific initiatives to address them.**

Numerous examples of effective regional cooperation in specific functional areas can be cited from across Virginia, including such projects as regional jails, regional libraries, and regional airports. Some localities have taken advantage of these opportunities more than others.

**Finding 7: Significant barriers exist that prevent greater interlocal collaboration.**

Intergovernmental cooperation in some areas is much more difficult than in others for a variety of reasons. In some cases, the problems may be structural. For example, localities in a metropolitan area with a serious traffic congestion problem may find that the regional body charged with addressing that concern lacks sufficient authority to tackle the issue. In many cases, no incentives for joint action exist or, more seriously, there are systemic disincentives. For example, a local official serving on the board of a regional body is likely to have a greater incentive to weigh issues

addressed there from the perspective of his or her particular locality than from that of the metropolitan area as a whole. In other cases, the problem may stem from a lack of understanding. Data are generally collected, analyzed, and reported by locality. As a result, officials may not have the tools they need to grasp the full significance of a problem that affects them all. In still other instances, the hurdle may be a lack of trust due to interlocal disagreements and racial tensions from the past. The acrimony that resulted from Virginia's various annexation battles over the years is well known and still undermines interlocal relations in many parts of the State. Virginia's unique system of independent cities may exacerbate such problems since it tends to foster a sense of separateness; however, it is probably not an insurmountable barrier.

Among the most important barriers to greater regional cooperation are the scale and complexity of problems involved in many regional issues, the diversity of interests affected, and the number of resources and amount of work required to address the problems adequately. Since most problems confronting metropolitan areas are complex, they cross not only jurisdictional lines but also the boundaries that separate local governments and the private and nonprofit sectors, as well as citizen groups. Because no single entity is accountable for the entire solution, representatives from each sector may be working independently, often unaware of each other's efforts or even at cross-purposes, to solve a problem they have all identified. The Commonwealth is in a unique position to assist in the coordination of such efforts because of its size, its resources, and its authority. Without such coordination and assistance, the process of challenging the status quo is likely to be unreasonably difficult for any particular group or individual, no matter how inequitable, wasteful, or harmful the current system might be to the interests of the metropolitan area as a whole.

**Finding 8: The State's general orientation toward localities rather than metropolitan areas causes some problems.**

In general, the State regards its local jurisdictions as distinct unrelated entities, rather than as parts of metropolitan areas. As a result, it has missed numerous opportunities to support regional problem-solving efforts. Limited data collection and reporting have already been mentioned as a problem. The creation of regional entities with overlapping or conflicting responsibilities is another. Confusion about regional boundaries is a third example. Others could be cited, as well.

**Finding 9: In some cases State efforts to provide regional solutions have inadvertently created additional obstacles to constructive intergovernmental action.**

Without a full understanding of regional needs or a comprehensive policy governing metropolitan areas, the State has created new problems with some of its regional initiatives, according to testimony the ACIR received. One local official commented that his locality and a neighboring jurisdiction had built a new regional social services facility and had consolidated their social services departments at considerable local expense at the insistence of state officials. However, he said that once the consolidation was completed, the former social services building in his locality stood vacant creating new problems. Similarly, in other testimony, the ACIR learned that the State had impeded a developing regional jail agreement among local officials from neighboring jurisdictions by granting a sheriff's request for funds for local jail improvements for his jail before the regional agreement was executed.

**Finding 10: There appears to be a broad consensus among State and local officials that more regional problem-solving is necessary. Yet without significant systemic change, localities are unlikely to be able to work within the current system to solve the more pressing problems they confront at the regional level. Moreover, additional state initiatives within the current system may not be sufficient.**

Although Virginia's localities have wide latitude to collaborate (Finding 5) and many have worked together on a variety of successful cross-jurisdictional initiatives such as regional jails, regional libraries, regional airports, among others (Finding 6), the need for greater interlocal cooperation has been apparent to many for some time. Yet Virginia's current approach to regional governance appears to be inadequate to encourage the majority of localities within metropolitan areas to work together effectively at the regional level.

The State's current approach includes a complex set of variables that operate either to promote or to discourage regional cooperation. These include such factors as statutes that authorize joint action; the state's system of incentives to increase interlocal collaboration; the state and local tax structure; the make-up of regional authorities, boards, and commissions; local authority to manage growth; and the state's statutes governing local government boundary changes and governmental transitions, among others.

Under the current tax structure, for example, revenue from a new regional facility such as an office park for a new high-tech industry, goes entirely to

the locality in which the plant is located despite the fact that neighboring jurisdictions may have cooperated to help attract the new business to the area or may confront increased costs for housing, public schools, or transportation as a result of its proximity. In such cases, the system's intrinsic incentives reward competition among jurisdictions rather than cooperation, impeding greater regional collaboration. Many analysts have characterized Virginia's slow progress at the regional level as a lack of leadership or a lack of "political will"; however, inherent systemic problems appear equally to blame.

**Finding 11: The failure to address local and regional problems effectively can have both a severe human and a high economic cost.**

The ACIR is aware that the problems confronting some of Virginia's communities, especially older core cities, such as deteriorating neighborhoods or overcrowded schools, can have a severe impact on their residents if left unchecked. This human toll can translate into still more serious and costly problems in the future, such as increased crime, an underperforming workforce, diminished economic vitality, and a degraded quality of life for the entire area.

In addition, Virginia's localities and metropolitan areas play a key role in the State's economy and quality of life. Since the Commonwealth's economy is a composite of the economy of its various localities, it is logical that the economic health and well-being of its local jurisdictions and regions has a direct effect on the state's overall economic standing. However, what may not be so clearly understood is how heavily the State depends on the economic vitality of its localities and metropolitan areas for its own economic health and welfare.

The U. S. Census Bureau defines a metropolitan area generally as "a geographic area consisting of a large population nucleus together with adjacent communities which have a high degree of economic and social integration with that nucleus." In other words, a metropolitan area functions as an economic unit. As noted in a previous section of this report, the U. S. Census Bureau has identified eight such metropolitan areas in this State, accounting for approximately 78% of Virginia's population in 2000. Further, according to a 2001 report issued by the U. S. Conference of Mayors, Virginia's nominal gross state product was approximately \$265 billion, of which slightly less than 75% (\$191 billion) could be attributed to the economies of its metropolitan areas. Clearly, the Commonwealth depends heavily on the success of its metropolitan areas for its own economic success and for its overall quality of life.

**Finding 12: Because of their unique assets, urban centers play a key role in the process of wealth creation in their respective metropolitan areas.**

Virginia's cities, towns, and other urban centers have many unique assets that community leaders can capitalize on to create wealth. Throughout history, cities across the world have been capitals of trade as one of their primary functions. In recent decades, many cities in this country have languished for a variety of reasons. However, research shows that cities can still be viable engines of wealth. Numerous urban centers in other parts of the country appear to be "coming back" and new ones are being created through the collaborative efforts of a wide range of community leaders.

**Finding 13: Collaboration among a broad range of elected officials, business leaders, nonprofit representatives, grassroots and community leaders, and other concerned citizens appears to be the most effective approach to revitalizing cities.**

Research shows that in cities that have begun to experience this kind of success, small nonprofit groups known as community development corporations have the best record for revitalizing neighborhoods by rehabilitating housing. Government initiatives generally have helped to a lesser extent. However, cities that have made the most progress are those in metropolitan areas where community leaders from government, business, nonprofit, civic, and grassroots organizations throughout the area have collaborated to create a vision for the region and a plan of action that all participants could work together to implement.

**Finding 14. Metropolitan areas are becoming more significant as economic units in Virginia's changing economy and are likely to become still more important in the future.**

Analysts continue to argue about whether changes in the worldwide marketplace in the last two decades will permanently transform the way countries and regions conduct business. Some predict that periodic economic downswings or possibly more severe adverse economic conditions will disrupt the pace of technological innovation and bring "the new economy" to an abrupt end. The "new economy" refers to a quantitative and qualitative transformation of the developed world's economy including a radically altered structure, functioning, and rules. Its hallmarks are networks, speed, mass customization, globalization, decentralization, dematerialization, and relentless change. It is driven by innovative ideas, knowledge, and technology embedded in services and manufactured products.

Even those who see these economic forces as something less than a “new economy” generally agree that the economic systems worldwide are undergoing rapid change with effects that can be felt throughout our country, including Virginia. One undeniable change is the shift from a primarily industrial-based to a largely service-based economy. The convergence of these economic forces has already had a profound impact on businesses, individuals, and communities throughout the world. It is likely to affect them still more in the future. One of its primary effects has been to increase the importance of a knowledgeable and talented workforce. As a result, highly skilled individuals are in such demand that businesses are often willing to relocate to places where they can be found in abundance.

A second major impact of the new global information age is the decoupling of businesses and work from a particular place. E-commerce, telecommunications, and the Internet all allow communication and other work to take place from almost any location. The result is that neither the new “knowledge workers” nor the businesses seeking them are tied to a particular community but can often work just as effectively from remote locations. What this means is that both workers and businesses have become “footloose.” Since workers can live wherever they choose and still be in demand, they seek desirable communities with a high concentration of other knowledgeable, creative individuals and opportunities to interact with them. They also look for places that offer numerous amenities, such as scenic beauty, outdoor recreation, entertainment and cultural opportunities, a tolerant social climate, community spirit, good restaurants, a round-the-clock lifestyle, and a high quality of life. Communities that can attract large numbers of these knowledge workers will also attract new businesses, increasing their opportunities for economic development and prosperity.

However, because of the global size of the marketplace, metropolitan areas throughout the world are competing for the same workers and businesses. A region in Virginia is no longer in competition merely with another region in the Commonwealth for economic development opportunities or even with regions in a neighboring state. Increasingly, regions here must compete simultaneously with American regions and regions overseas for new businesses. Only those metropolitan areas that can perform effectively as regions to offer a high quality of life for both workers and businesses are likely to thrive. Moreover, time is of the essence.

**Finding 15: If Virginia’s metropolitan areas do not or cannot adapt to the requirements of the changing economy, they will be unable to maintain a competitive advantage and will lose ground.**

If Virginia’s metropolitan areas cannot solve their current problems and

address regional needs as effectively as other metropolitan areas throughout the world, they will not be able to compete effectively for new businesses. Both workers and businesses in the new economy tend to locate where they will have a chance for multiple interactions in business "clusters" partly because such interactions tend to foster creativity, which fuels the information-and knowledge-based economy. Therefore, to be competitive, regions must attract a critical mass of knowledge workers and businesses in order to thrive.

**Finding 16: There is evidence that Virginia's metropolitan areas may already be underperforming in comparison with those of some neighboring states.**

According to one study, a composite of Virginia's metropolitan areas produced jobs and income at a slower rate than a composite of five neighboring states. According to other evidence, Virginia's metropolitan areas are being outperformed by those in all but one other section of the country. If accurate, such reports are cause for concern. However, the ACIR recognizes that all metropolitan areas do not share the same goals for the type of employment they want to attract or the quality of life they hope to offer. As a result, comparisons of regions in Virginia with one another, with regions in other states, or with those in other parts of the world may be misleading if they rely solely on economic analyses to measure success.

**Finding 17: Because the new technological era is in its infancy, many opportunities are still available to give Virginia's metropolitan areas a competitive edge.**

Virginia's communities have many assets, some of which are already generating jobs and wealth at an impressive rate in the current economic climate. However, many opportunities exist for greater improvement. If the State acts quickly to provide a means for metropolitan areas to take better advantage of such opportunities, the Commonwealth as a whole is likely to benefit.

**Finding 18: The urgent nature of the problems that Virginia's metropolitan areas are facing and the importance of metropolitan areas to the State's potential for economic development and quality of life suggest the need for a comprehensive policy to assist them.**

The ACIR finds there is a need for a comprehensive policy on Virginia's metropolitan areas.

## Recommendations

### **I. State Vision and Goals**

#### **Recommendation 1: Articulate a State Vision and Goals for the Future of Virginia's Communities and the Commonwealth as a Whole**

We recommend that the State adopt a set of broad goals for the future of Virginia's communities and the Commonwealth as a whole. To accomplish this objective, we recommend that the Governor initiate a consensus-building process that is open to individuals from every walk of life and every part of the Commonwealth. We recommend that these goals be used in any subsequent visioning, goal-setting, or program-planning processes to guide state officials, regional leaders of metropolitan areas, officials of smaller non-metropolitan cities, as well as those from rural counties and towns.<sup>1</sup>

### **II. Comprehensive State Policy to Promote Regional and Community Vitality**

#### **Recommendation 2: Adopt a Comprehensive Policy to Promote Regional and Community Vitality**

To promote the health and well-being of all of Virginia's communities, we recommend that the State adopt a comprehensive policy on regional and community vitality. We recommend that it be called the "State/Regional Partnership for Community Vitality" to underscore its collaborative nature and purpose. We believe that such an approach will provide both the State and its metropolitan areas important tools to address the urgent needs of Virginia's localities and a means of formally recognizing the key role that metropolitan areas and their constituent localities play in the Commonwealth's economy and quality of life.

We believe that the State's role in the partnership should be primarily to facilitate regional self-determination consistent with the goals in Recommendation 1 and to monitor and evaluate metropolitan areas' progress. We believe a metropolitan area's primary role should be to fulfill its promises in accordance with specific performance-based measures. The ACIR recognizes that the State's system of regional planning district

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<sup>1</sup>For a sample list of goals from another state, see "Visioning Kentucky's Future: Measures and Milestones 2000," available at [http://www.kltprc.net/Books/Measures%20&%20Milestones%202000/Chpt\\_00.htm](http://www.kltprc.net/Books/Measures%20&%20Milestones%202000/Chpt_00.htm).

commissions has been in place for more than thirty years fulfilling a variety of regional needs and that the state has also promoted numerous regional partnerships under the Regional Competitiveness Act.

- **Regional Boundaries**

**Recommendation 3: Clarify Regional Boundaries**

We recommend that a review of regional planning district commission boundaries be conducted to determine whether any of them should be more closely aligned with the Commonwealth's identified metropolitan areas. The ACIR is aware that the Department of Housing and Community Development conducted a review of planning district commission boundaries in 1996 and is required to conduct another one after every United States decennial census of population. We recommend that the next such review be conducted jointly by regional leaders and planning district commission representatives and that the State provide technical and financial assistance both for the review and for adjusting boundaries where metropolitan areas determine it is in their best interests to do so.

- **Regional Data**

**Recommendation 4: Routinely Collect, Analyze, and Report Information about the State's Metropolitan Areas**

We recommend that Virginia change its system of data collection, analysis, and reporting to provide additional fiscal, demographic, social, and other statistical information about its metropolitan areas routinely in the same way State agencies now provide such information about localities. Further, we recommend that such reports specifically include data on all regional authorities where applicable.

**Recommendation 5: Monitor Health of Metropolitan Areas and Issue Annual "State of the Metropolitan Areas" Report**

We recommend that the ACIR or other State entity monitor the health of Virginia's local governments and metropolitan areas and issue an annual "State of the Metropolitan Areas" report to track the success of various regional initiatives throughout the Commonwealth. In particular, we recommend that the report use computer mapping or similar tools to indicate federal, state, and regional revenue and expenditure patterns by local jurisdiction within each metropolitan area in order to disclose any fiscal disparities that might exist. We also recommend that a broad-based entity such as the ACIR provide an ongoing mechanism for state/regional

and interregional dialogue.

- **Regional Identity and Visioning**

**Recommendation 6: Help Metropolitan Areas Understand the Importance of Creating a Regional Identity and Vision**

We recommend that the State provide technical and financial assistance to planning district commissions or other appropriate regional entities to help them develop educational programs and materials about the importance of metropolitan areas and the importance of creating a regional identity. Such regional educational tools should then be disseminated to appropriate regional leaders.

We also recommend that the State provide technical and financial assistance to appropriate entities to facilitate regionwide dialogues and consensus-building among a broad-based group of elected officials, business and community leaders, nonprofit organizations, civic organization representatives, grassroots activists, and other interested members of the greater metropolitan community. The focus of such dialogues should be to develop a regional identity and build broad support for a vision for the metropolitan area and a plan of action. The resulting plan should include specific outcomes, performance measures, and a proposed method for evaluation.

- **Custom-Designed Regional Programs**

**Recommendation 7: Create "Reverse RFPs" for Metropolitan Areas**

We recommend that the State establish and fund a program authorizing metropolitan areas to create innovative solutions to problems in their communities on their own initiative and to apply for technical assistance and financial assistance from the Commonwealth to support them. As a condition for receipt of such funds, metropolitan areas should be required to articulate a vision, enumerate specific goals for the project, and develop a performance-based process for evaluating project outcomes. The ACIR recognizes that projects funded under the Regional Competitiveness Act are based on a similar but more restrictive model.

- **Regional Structures**

**Recommendation 8: Make Regional Entities More Robust**

We recommend that the State review its requirements for the composition of the boards of all regional entities such as planning district commissions, authorities, and regional partnerships to ensure that such boards are not comprised solely of elected officials with a single-jurisdiction focus but rather include a mix of individuals such as State and local elected officials, university and other nonprofit representatives, business and community leaders, civic association and grass roots leaders who thereby represent a broad regional view as a group. We also recommend that, to the extent possible, in creating any new regional entities or programs the Commonwealth build on existing regional bodies rather than creating multiple entities with overlapping or fragmented responsibilities. We further recommend that the State increase funding for grants to support regional initiatives under the Regional Competitiveness Act.

**Recommendation 9: Give Regional Entities More Incentives to Address Regional Issues**

We recommend that the State give multi-jurisdictional entities such as regional economic development authorities, regional transportation authorities, and special districts more incentives to plan, prioritize, fund, and implement regional projects to address identified needs.

**Recommendation 10: Require Regional Review and Coordination of Land Use Plans Consistent with Identified State and Regional Goals**

We recommend that the State encourage and provide incentives for regional coordination of local comprehensive plans in the Regional Strategic Plan, as required by Virginia Code Sections 15.2-4209 through 15.2-4212 of the Regional Cooperation Act, and provide technical and financial assistance to planning district commissions or other appropriate regional entities for this purpose. Further, we recommend that each metropolitan area develop its Regional Strategic Plan consistent with the State's goals referred to in Recommendation 1 above. In particular, we recommend that the Regional Strategic Plan address questions such as the siting of facilities of greater than local significance and the integration of transportation and land use planning to achieve its regional goals. At the same time, we acknowledge the value and legislative requirement for local comprehensive plans under the Code of Virginia and caution against a "top-down" approach to regional reviews and coordination. Moreover, we recommend that existing adoption and amendment procedures for Regional Strategic Plans under the Regional

Cooperation Act be reviewed to ensure that they provide a streamlined process for interlocal action.

**Recommendation 11: Provide Business Incentives for Quality Regional Development**

We recommend that the State provide technical and financial assistance to metropolitan areas that offer developers “fast-track” permitting and utilities connections for projects that direct growth to areas consistent with state and regional visions and goals. Similarly, we recommend that regional entities review their administrative procedures to ensure administrative simplicity and to avoid increased compliance costs for businesses.

- **Revenue-Sharing**

**Recommendation 12: Promote Interlocal Revenue Sharing to Reduce Fiscal Disparities**

We recommend that the State provide technical and financial incentives to encourage interlocal revenue-sharing among localities within a metropolitan area.

- **State Orientation Towards Regionalism**

**Recommendation 13: Require State Agencies to Review Their Mission Statements and Strategic Plans**

We recommend that all State agencies be required to review their mission statements and strategic plans to determine what changes could be made in their programs and operations to strengthen the Commonwealth's metropolitan areas and to accomplish its other goals for vital communities as outlined in Recommendation 1.

**Recommendation 14: Consolidate State Regional Offices**

We recommend that the regional offices of State agencies be located, to the extent possible, in one building or complex in a single locality within a metropolitan area. We recommend that the choice of the particular locality and site be made only after consultation with regional leaders. We believe that consolidating state agency offices in this manner in regional facilities will promote regional identity, increase state officials' awareness of regional issues, and promote networking among representatives of different State agencies with regional responsibilities. We further recommend that State regional offices and other State facilities be made available to regional

dialogues and related activities.

**Recommendation 15: Build State Capacity to Work with Metropolitan Areas**

We recommend that State officials be educated about the importance of metropolitan areas, that they be given training about how to work with regional leaders, and that they be directed to develop annual work programs to support regional initiatives and problem-solving.

- **State Local Assistance**

**Recommendation 16: Review State Aid Formulas**

We recommend that the State review funding formulas, such as the composite index that is used to calculate the local share of public school costs, to determine how they might be better aligned with the new State/Regional Partnership policy. To address existing fiscal disparities, one option would be to use a single regional component for all localities in the metropolitan area. Another approach might be to take into consideration the cost of localities' service responsibilities in addition to their fiscal capacity. The ACIR believes that a cost-of-services factor would begin to address existing fiscal imbalances and provide some relief for communities facing financial overburden, such as those central cities with a high concentration of low-income residents and extraordinary demands for high-cost public services.

**Recommendation 17: Encourage Administrative Relief for Consolidated Services**

We recommend that the State provide technical and financial assistance to encourage metropolitan areas to consolidate delivery of services. We also recommend that State officials be given discretion within specified limits to grant waivers of administrative rules and program regulations such as grant or loan requirements for this purpose. We further recommend that the State ensure no loss of State funds following functional consolidations for a definite, extended period of time. Finally we recommend that the State bar grants for conflicting projects such as funds for local jail improvements where opportunities exist to create a regional correctional facility.

- **Regional Resource Centers**

**Recommendation 18: Create Regional Resource Centers**

The ACIR recognizes that regional planning district commissions typically serve their constituent communities as regional resource centers. Therefore, we recommend that the State continue to rely on the regional planning district commissions where appropriate as resource centers for the State's metropolitan areas. All planning district commissions should make their decision support tools, such as geographic information system (GIS) maps, visualization tools, and other aids for public involvement, available to assist the metropolitan areas within their respective regions in regional decision-making. We recommend that if additional resource centers are created for metropolitan areas, the Commonwealth should consider housing such new resource centers in existing regional facilities, such as universities, State regional offices, or other regional entities. When possible, these resource centers should be located in core cities. Such centers could also give interested members of the community an opportunity to gain access to specific information about the metropolitan area and relevant issues and a place for training sessions and meetings. We further recommend that each metropolitan area's resource center develop and maintain an official regional website and that such site be linked to other metropolitan areas' websites in a statewide regional information network that connects regional decision-makers and involved citizens throughout the Commonwealth. Information should be made available through this means about the practical aspects of establishing multijurisdictional entities, about successful regional models from Virginia and elsewhere, and other relevant subjects.

- **Procurement**

**Recommendation 19: Encourage Metropolitan Areas to Coordinate Procurement and to Create Unified or Compatible Information Systems**

We recommend that the State provide technical and financial assistance to provide incentives for regional purchasing agreements and unified or compatible regional information systems. We believe that creation of a unified or compatible GIS system throughout the metropolitan area or a unified or compatible system for the recordation of legal documents, for example, could achieve economies of scale and facilitate business transactions, thereby promoting greater regional economic development.

- **Telecommunications**

**Recommendation 20: Encourage Metropolitan Areas to Provide “Last Mile” Connection to Wide-Spectrum Telecommunications**

We recommend that the State provide technical and financial assistance to encourage metropolitan areas to wire their communities for the “last mile” of high-capacity telecommunications service from the street directly to homes and businesses. We believe that this measure will promote technological advances within the community that can help the metropolitan area gain a competitive advantage in economic development in the changing economy.

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- **Inner City Revitalization**

**Recommendation 21: Create a “Neighborhood GI Bill”**

We recommend that the Commonwealth create a program to promote both college attendance and neighborhood revitalization by offering to pay college tuition costs for eligible inner city residents and residents from rural communities who commit to a period of qualifying service and residency in the community working with regional leaders and grassroots activists to revitalize income-qualified neighborhoods or rural areas of poverty. Receipt of the tuition grant would also be contingent on successful performance outcomes.

- **Affordable and Fair Housing**

**Recommendation 22: Encourage Affordable and Fair Housing Initiatives**

We recommend that the State provide technical and financial assistance to promote initiatives to disperse low-and moderate-income housing throughout the metropolitan area. We recommend in particular that such incentives be restricted to metropolitan areas that do not have exclusionary zoning laws that call for large lot sizes, building codes that require certain minimum floor space, or other standards that may unnecessarily increase the cost of new homes.

- **Workforce Development**

**Recommendation 23: Increase State Funding for the Operational Costs of Schools**

The ACIR is aware that the current method of funding the State's

educational standards of quality has been the subject of a study that the Joint Legislative Audit and Review Commission recently conducted. We recommend that the State increase its funding for public school costs. We believe that quality education is critical for improving the economic and social health of the Commonwealth, and we believe that the state, rather than localities, should bear the greater burden for paying such costs.

**Recommendation 24: Encourage Regional Adult Literacy and Other Workforce Training Initiatives**

We recommend that the State provide technical and financial assistance to encourage regional adult literacy, English As a Second Language, and related workforce training programs.

- **Transit**

**Recommendation 25: Encourage Regional Transit Projects to Connect Workers to Jobs throughout the Metropolitan Area**

We recommend that the State provide technical and financial assistance to encourage metropolitan areas to develop transit projects to help workers get to jobs in areas that are not convenient to their residences.

**III. Smaller, Nonmetropolitan Cities and Towns**

- **Local Government Structural Options**

**Recommendation 26: Preserve the Right of Cities to Revert to Town Status and Encourage Consolidation**

We recommend that the State preserve the right of cities with populations of less than 50,000 to revert to town status. We also recommend that the State provide additional financial and technical assistance to encourage local government consolidation.

**Recommendation 27: Preserve the Right of Towns to Annex**

We recommend that the State retain current annexation statutes that allow towns to annex.

- **Telecommunications**

**Recommendation 28: Restore Local Authority to Own, Operate, Sell, or Lease Telecommunications Equipment**

We recommend that the restriction against local ownership, sales, and leasing of telecommunications equipment be lifted to restore this authority to localities. We believe that localities can provide an important service to their residents, especially in those areas where telecommunications companies are reluctant to invest. By doing so, they can build capacity within the metropolitan area, improving quality of its workforce.

**IV. Other Recommendations**

- **Equal City/County Taxing Authority**

**Recommendation 29: Eliminate the Distinction in Taxing Authority Between Counties and Cities**

We recommend that the distinction in taxing authority between counties and cities be eliminated to reflect their equal service responsibilities and to equalize their bargaining power in interlocal dialogues.

**Recommendation 30: Provide Alternative Broader-based Sources of Revenue for Local Governments**

The ACIR recognizes that localities depend to a disproportionate extent on real property taxes for revenue and that for some communities this source of funds declined or grew only modestly in recent years. By comparison, State income taxes grew at an accelerated rate during the same period because the state's individual income tax could better capture gains from fundamental changes in the economy, such as rapid growth in the services sector. However, the ACIR also recognizes that in light of Virginia's current depressed economy and projected revenue shortfalls, a proposal to return a portion of the State's income tax collections to localities is not feasible at present. Given these conditions, the ACIR recommends that localities be given greater authority to improve revenue sources and that the State find a more equitable means of sharing revenues with the localities.



# **Appendices**



## Appendix A

### SENATE JOINT RESOLUTION NO. 218

*Requesting the Advisory Commission on Intergovernmental Relations to study and develop recommendations of the Commission on the Condition and Future of Virginia's Cities.*

Agreed to by the Senate, March 9, 2000

Agreed to by the House of Delegates, March 8, 2000

WHEREAS, House Joint Resolution No. 432 (1998) established a Commission on the Condition and Future of Virginia's Cities; and

WHEREAS, the Commission has completed its charge and will issue a report with recommendations to the 2000 Session of the General Assembly; and

WHEREAS, the Commission hosted two statewide summits for the purpose of soliciting input from the Commonwealth's cities and other interested parties; and

WHEREAS, the Commission received and considered dozens of excellent suggestions; and

WHEREAS, by necessity the Commission was forced to focus on a manageable number of recommendations for introduction to the 2000 General Assembly; and

WHEREAS, the Commonwealth and its localities may benefit from a continued study of issues which were not fully explored by the Commission during its deliberations; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Advisory Commission on Intergovernmental Relations be requested to study and develop recommendations of the Commission on the Condition and Future of Virginia's Cities. Technical assistance shall be provided to the Advisory Commission on Intergovernmental Relations by the Commission on Local Government.

All agencies of the Commonwealth shall provide assistance to the Advisory Commission on Intergovernmental Relations for this study, upon request.

The Advisory Commission on Intergovernmental Relations shall submit an interim report to the Governor and to the 2001 Session of the General Assembly, and shall complete its work in time to submit its findings and recommendations to the Governor and the 2002 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.



## Appendix B

### **Summary of the Recommendations of the Commission on the Condition and Future of Virginia's Cities**

1. Revise the Standards of Quality (SOQ) and adjust the formulas for distributing funds to meet the Standards to assure that localities are receiving from the state funding for 55% of the actual cost of public education and review and revise the Standards and formulas biennially to meet this objective.
2. Adopt legislation requiring the Governor to include in his budget recommendations for FY2002 language and adequate funds to implement the Commission's recommendation regarding the SOQs and the funding formulas.
3. Assure sufficient funding for the administration and remedial programs associated with the Standards of Learning.
4. Create a Housing Enterprise Zone program aimed at revitalizing blighted areas and increasing investment in housing development in areas that are close to work centers.
5. Increase state funding for public transit programs, and assure that new transportation funding is apportioned so that the public transit allocation applies to these funds.
6. Increase state funding levels for school construction assistance to local school divisions by making permanent the allocation from lottery proceeds.
7. Develop a comprehensive state urban policy that clearly articulates how the state will take into account the effect that its policies, programs and new incentives will have on the state's urban areas.
8. Enable localities to create a regional authority to undertake joint economic development projects and share in their costs and revenues.
9. Increase the appropriation for the Virginia Removal or Rehabilitation of Derelict Structures Fund to \$10 million per year.
10. Give a preference to city locations when sites public facilities, and whenever possible lease such facilities.
11. Increase funding for the early intervention reading program and the child care subsidy program.

12. Create a state grant or long-term, no-interest loan program to enable localities to assemble, plan, clear and remediate downwardly transitioning sites for sale to private corporations for redevelopment.
13. Restore the appropriation to the Virginia Housing Partnership Fund.
14. Increase funding for the Regional Competitiveness Act by \$15 million per year and restrict the new funding to newly implemented regional services.
15. Raise the cap on tax credits for rehabilitation projects in urban enterprise zones to \$250,000.
16. Provide increased funding for shared services, such as social services, mental health and public health, whenever the cost per capita (based on locality population) of providing the service exceeds by at least 10% the statewide average per capita cost of providing the same service.
17. Revise the distribution formula for the Virginia Department of Transportation road maintenance funding to better recognize the higher traffic volume in urban areas.
18. Increase funding for the transportation revenue sharing program by \$10 million and restrict the use of the additional amount to regional public transit and other transportation projects.
19. Expand an adequately funded pre-school intervention program for children in poverty by increasing coverage from 60% to 100% of eligible children.
20. Create a new class of city that would permit, in consultation with an adjoining county, the transfer of selected functions to that county without loss of the city's identity; and, the city would be able to expand its territorial boundaries in a "town-like" arrangement.
21. Expand an adequately funded pre-school intervention program for children in poverty by making the state share of funding a minimum of 55%.
22. Transfer the funding for programs serving "at-risk" children into the SOQ, thereby assuring their continuation.
23. Assume 100% of the costs of funding the Comprehensive Services Act.
24. Adopt a resolution to reconstitute the Commission to receive the report of the Commission on Virginia's State and Local Tax Structure for the 21st Century.

**Proposals to be Forwarded  
to the  
Commission on Virginia's  
State and Local Tax Structure  
for the 21st Century**

25. Allow the various regions in Virginia to create regional transportation districts with the authority to levy regional taxes within the district for highway and public transit purposes.
26. Dedicate a portion of the state corporate income tax to the regions of the state and within regions a disproportionately higher share should go to fiscally stressed localities.
27. Raise the brackets for the personal income tax from \$0 - \$3,000 to \$0 - \$4,000 and from \$3,000 - \$5,000 to \$4,000 - \$6,000.
28. Fund the Work Incentive Program (or Earned Income Tax Credit) from the General Fund.
29. Enable a regional sales tax that would fund only inter-jurisdictional services.
30. Expand eligibility for the Water Quality Improvement Fund.
31. Share state tax revenues with localities, such as the personal income tax.
32. Expand options for local revenues, such as a split real estate tax rate, payroll tax, etc.
33. Compensate localities more equitably for revenues lost on state-owned tax-exempt properties.
34. Create local or state tax credits for including transit subsidies as employee benefits.
35. Enact a personal income tax deduction for individuals using public transit.



### **Geographic Definition of Virginia's Metropolitan Statistical Areas**

Metropolitan areas are defined by the Office of Management and Budget based upon the size of the economy and commuting trends. A metropolitan statistical area generally includes more than one locality and often includes many, sometimes even across state lines. Below are the metropolitan statistical areas for Virginia as defined on June 30, 1999 that were used for the presentation of 2000 Census data.

#### **Charlottesville, VA (MSA)**

Albemarle County, Virginia  
Charlottesville, Virginia (Independent City)  
Fluvanna County, Virginia  
Greene County, Virginia

#### **Danville, VA (MSA)**

Danville, Virginia (Independent City)  
Pittsylvania County, Virginia

#### **Johnson City-Kingsport-Bristol, TN-VA (MSA)**

Carter County, Tennessee  
Hawkins County, Tennessee  
Sullivan County, Tennessee  
Unicoi County, Tennessee  
Washington County, Tennessee  
Bristol, Virginia (Independent City)  
Scott County, Virginia  
Washington County, Virginia

#### **Lynchburg, VA (MSA)**

Amherst County, Virginia  
Bedford County, Virginia  
Bedford City, Virginia (Independent City)  
Campbell County, Virginia  
Lynchburg, Virginia (Independent City)

#### **Norfolk-Virginia Beach-Newport News, VA-NC (MSA)**

Currituck County, North Carolina  
Chesapeake, Virginia (Independent City)  
Gloucester County, Virginia  
Hampton, Virginia (Independent City)  
Isle of Wight County, Virginia  
James City County, Virginia  
Mathews County, Virginia  
Newport News, Virginia (Independent City)  
Norfolk, Virginia (Independent City)  
Portsmouth, Virginia (Independent City)  
Poquoson, Virginia (Independent City)

**Geographic Definition of Virginia's Metropolitan Statistical Areas**  
(continued)

Suffolk, Virginia (Independent City)  
Virginia Beach, Virginia (Independent City)  
Williamsburg, Virginia (Independent City)  
York County, Virginia

**Richmond-Petersburg, VA (MSA)**

Charles City County, Virginia  
Chesterfield County, Virginia  
Colonial Heights, Virginia (Independent City)  
Dinwiddie County, Virginia  
Goochland County, Virginia  
Hanover County, Virginia  
Henrico County, Virginia  
Hopewell, Virginia (Independent City)  
New Kent County, Virginia  
Petersburg, Virginia (Independent City)  
Powhatan County, Virginia  
Prince George County, Virginia  
Richmond, Virginia (Independent City)

**Roanoke, VA (MSA)**

Botetourt County, Virginia  
Roanoke, Virginia (Independent City)  
Roanoke County, Virginia  
Salem, Virginia (Independent City)

**Washington, DC-MD-VA-WV (PMSA)**

District of Columbia  
Calvert County, Maryland  
Charles County, Maryland  
Frederick County, Maryland  
Montgomery County, Maryland  
Prince Georges County, Maryland  
Alexandria, Virginia (Independent City)  
Arlington County, Virginia  
Clarke County, Virginia  
Culpeper County, Virginia  
Fairfax City, Virginia (Independent City)  
Fairfax County, Virginia  
Falls Church, Virginia (Independent City)  
Fauquier County, Virginia  
Fredericksburg, Virginia (Independent City)  
King George County, Virginia  
Manassas, Virginia (Independent City)  
Manassa Park, Virginia (Independent City)  
Loudoun County, Virginia

**Geographic Definition of Virginia's Metropolitan Statistical Areas**  
(continued)

Prince William County, Virginia  
Spotsylvania County, Virginia  
Stafford County, Virginia  
Warren County, Virginia  
Berkeley County, West Virginia  
Jefferson County, West Virginia





**The Brookings Institution**

# **The Future of Virginia's Cities and Landscapes**

**Center on Urban & Metropolitan Policy**

Presentation to the  
Commonwealth of Virginia  
Advisory Commission on Intergovernmental Relations  
October 16, 2000



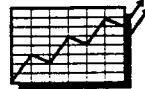
*"The sign of a truly educated person is to be deeply moved by statistics."*

-George Bernard Shaw

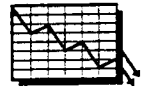
## ? Major Questions ?

- What are the major trends affecting metropolitan areas today?
- How do Virginia's Cities reflect these trends?
- What is the New Metropolitan Agenda?

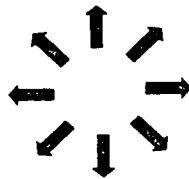
**What are the major trends affecting metropolitan areas today?**



### Major Trends Affecting U.S. Metro Areas

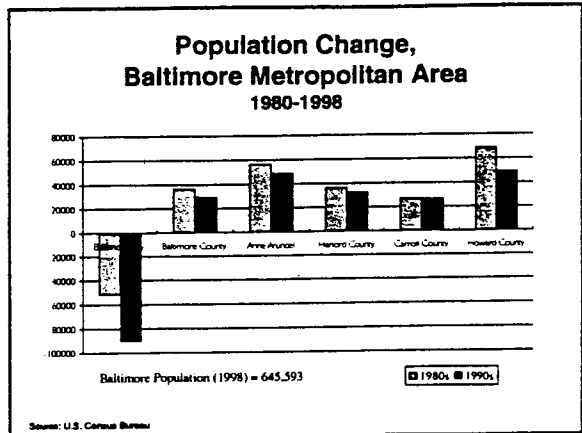
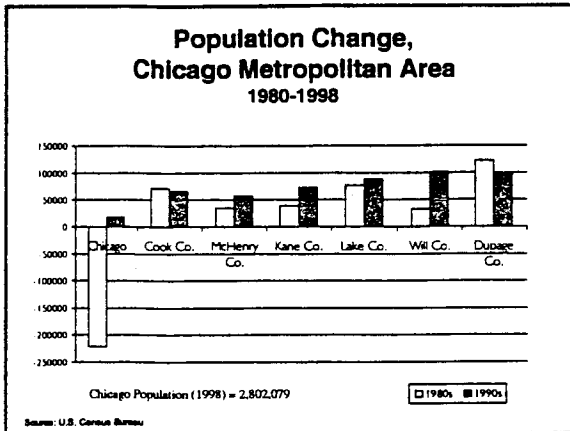


- Metropolitan Areas are Decentralizing
- Poverty is Becoming More Concentrated in Central Cities
- Suburbs Are Facing Severe Challenges

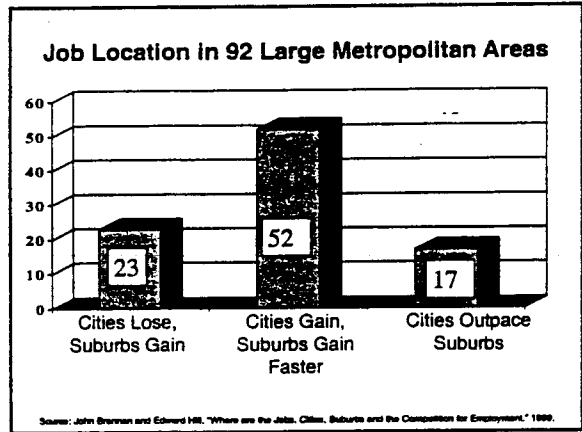


**1. Decentralization Is the Dominant Trend in U.S. Metropolitan Areas.**

**Outer Suburbs Are Experiencing A Population Boom.**



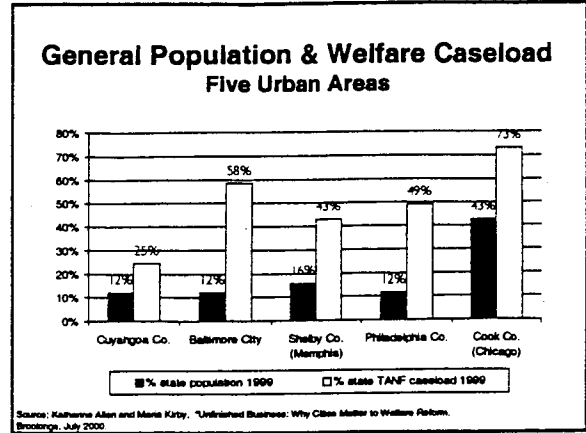
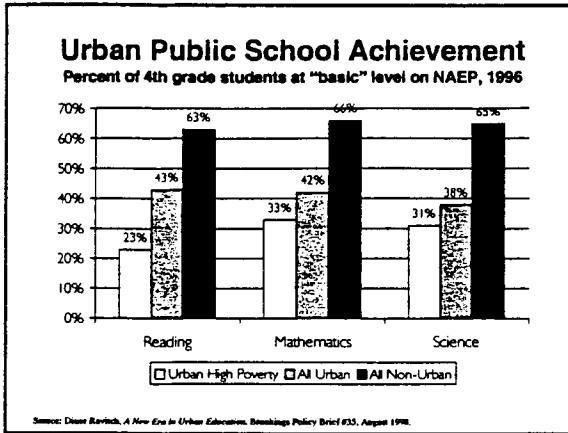
## Suburbs Are Experiencing Substantial Job Growth.



## 2. Poverty is Becoming More Concentrated in Central Cities.

Between 1970 and 1990,  
the number of people living in neighborhoods  
where 40% or more of the residents are poor  
nearly doubled:  
from 4.1 million to 8 million people.

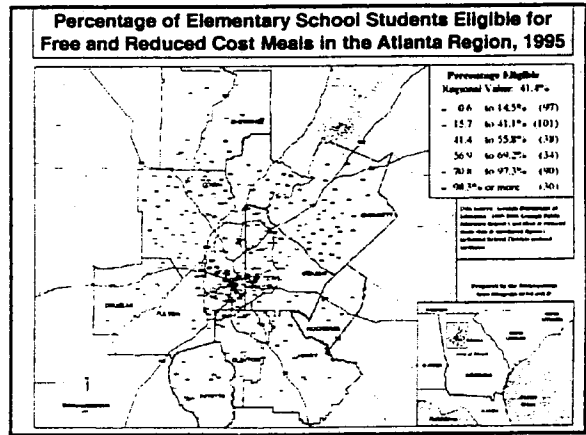
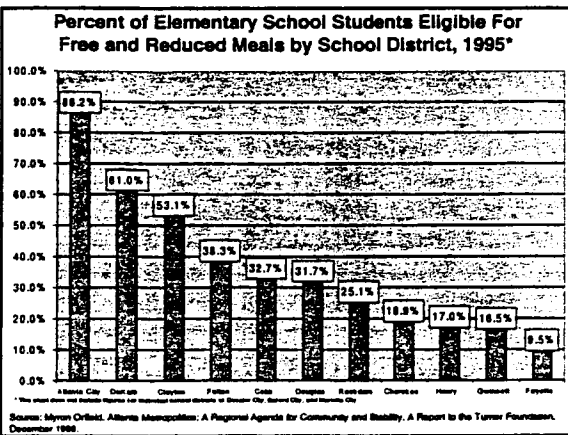
Source: Paul Jargensky, *Poverty and Place*, Russell Sage, 1997.



## 3. Suburbs Are Facing Severe Challenges.

## Older Suburbs Are Beginning to Take on Many of the Challenges of Central Cities.

- Increasing School Poverty
- Declining Fiscal Capacity
- Declining Commercial Corridors and Retail Malls



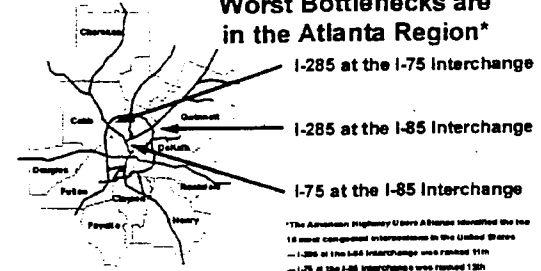
### Newer Suburbs Are also Experiencing Severe Challenges, Such As:

- Choking Congestion
- Overcrowded Schools
- Loss of Open Space



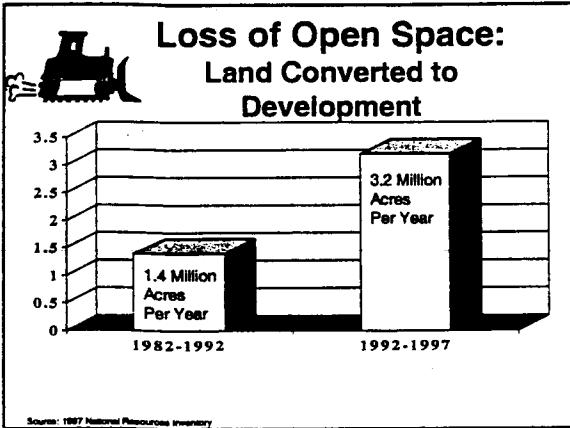
### Traffic Congestion

#### Three of America's Worst Bottlenecks are in the Atlanta Region\*



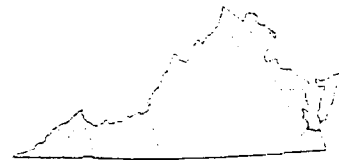
\*The American Highway Users Alliance identified the top 18 most congested interchanges in the United States  
 -- I-285 at the I-85 interchange was ranked 11th  
 -- I-75 at the I-85 interchange was ranked 12th  
 -- I-285 at the I-75 interchange was ranked 18th

Source: American Highway Users Alliance, *Unraveling America's Arteries & Prioritizing Solutions for Roadway Highway*, November 1998



Source: 1997 National Resources Inventory

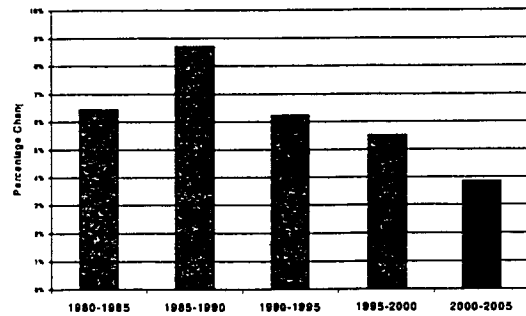
### How Does Virginia Reflect These Trends?



### Population



### Virginia's Population Growth in 5 Year Periods, 1980-2005



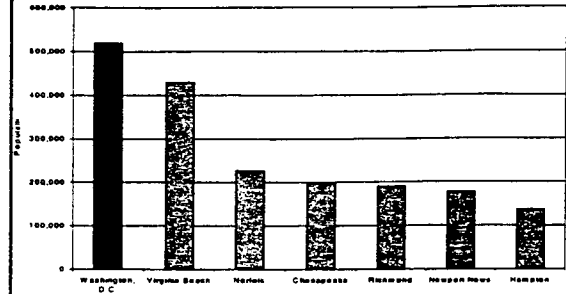
Source: U.S. Census Bureau

### Northern Virginia Population Growth 1990-1999

County	Population (1999)	Change
Loudoun	70,099	81.3%
Prince William	55,887	26.0%
Spotsylvania	29,964	52.2%
Stafford	30,905	49.6%
Fairfax	127,407	15.6%

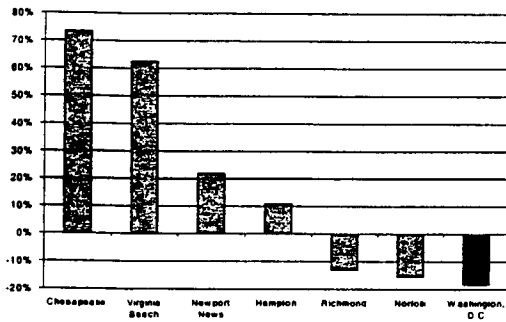
Source: U.S. Bureau of Economic Analysis

### Central City Population 1998



Source: U.S. Bureau of Economic Analysis

### Central City Population Shifts 1980-1998



Source: U.S. Bureau of Economic Analysis

### Jobs

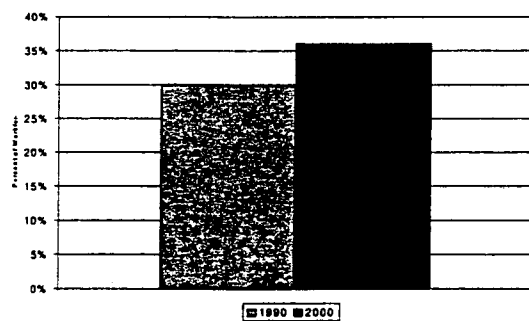


### Northern VA vs. State, Employment Growth 1990 - 2000



Source: U.S. Bureau of Labor Statistics and Northern Virginia Economic Development Coalition

### Northern VA's Share of Workforce



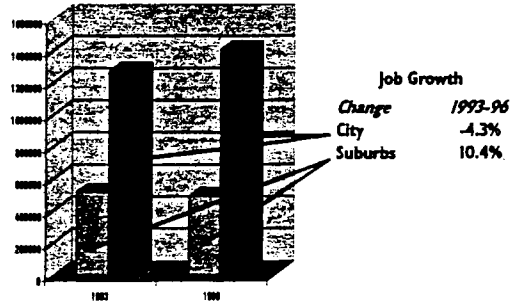
Source: U.S. Bureau of Labor Statistics and Northern Virginia Economic Development Coalition

**10 Large Metropolitan Areas:  
Percent of Office Space Located in Suburbs  
1999**

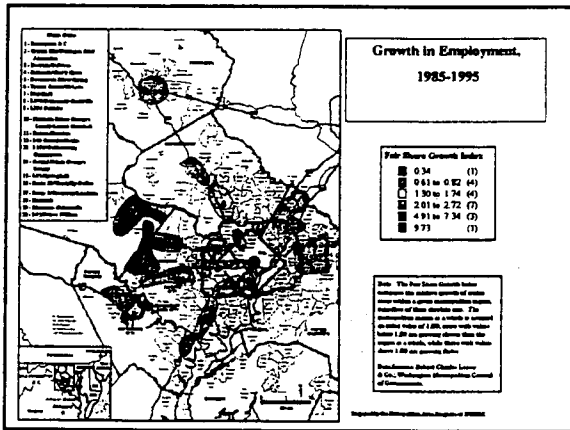
1. Detroit	69.5
2. Atlanta	65.8
3. Washington	57.7
4. Miami	57.4
5. Philadelphia	55.2
6. Los Angeles	48.5
7. Boston	44.8
8. Denver	42.0
9. Chicago	40.5
10. San Francisco	37.0

Sources: Robert E. Lang, "Office Sprawl: The Evolving Geography of Real Estate," Brookings, Forthcoming.

**City vs. Suburb Job Location  
Washington, D.C.**



Sources: John Brennan, Edward Hill, "Where are the Jobs? Cities, Suburbs, and the Competition for Employment?" Brookings, November 1999.

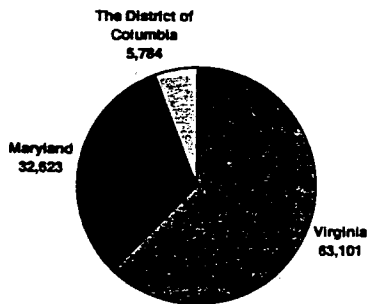


**Estimated High Tech Employment, 1997**

City	Number Employed
1. San Jose	212,249
2. Washington	138,662
3. Boston	133,745
4. Minneapolis	66,738

Sources: Craig, Joseph, A Comparison of Metropolitan High Technology Centers, Brookings, Forthcoming.

**Location of Tech Jobs  
in the Washington Region, 1998**

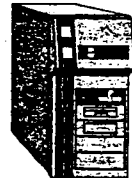


Sources: The Washington Post.

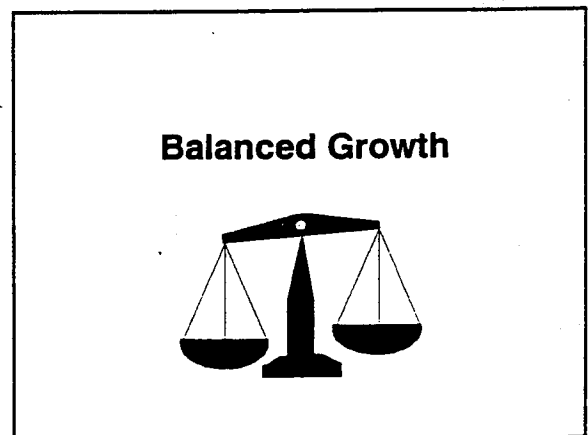
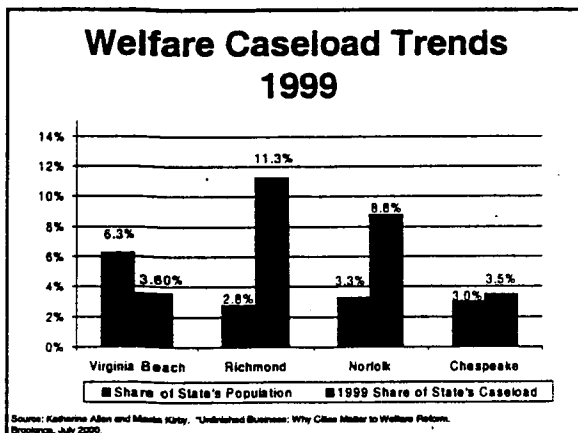
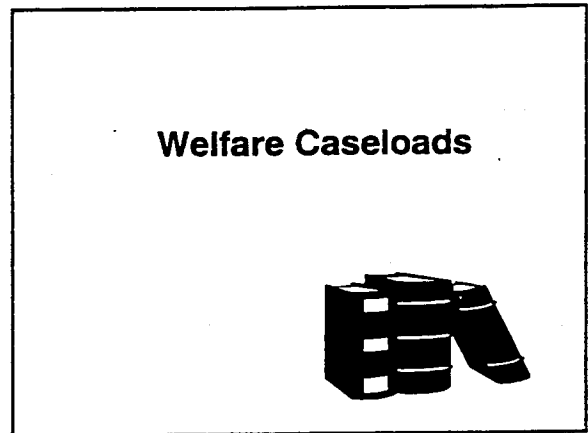
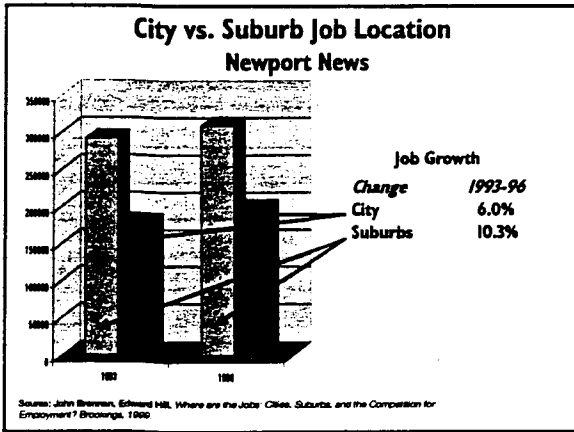
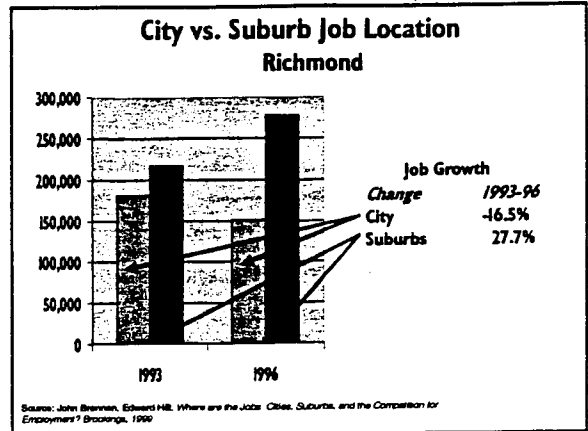
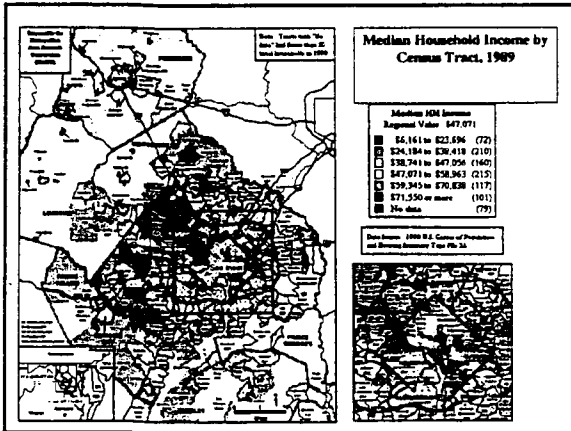
**The Tech Economy**

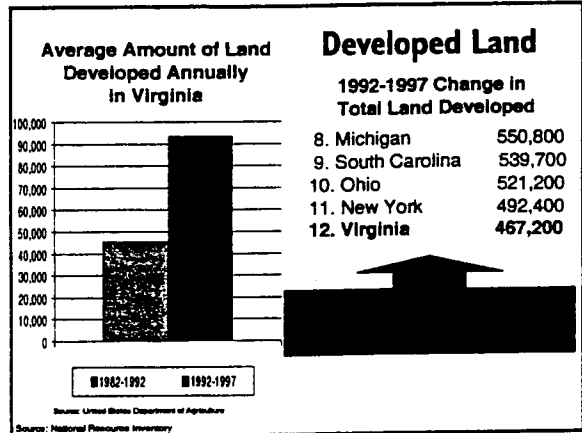
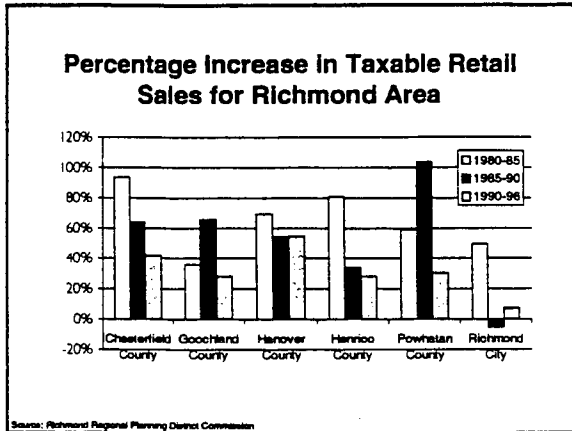
More than 50 percent of all Internet traffic worldwide passes through the state...

...the information technology and telecommunications sectors account directly and indirectly for more than 9.4 percent of Virginia's jobs and 10 percent of state income.



Sources: State of Virginia, Economic Development Partnership.

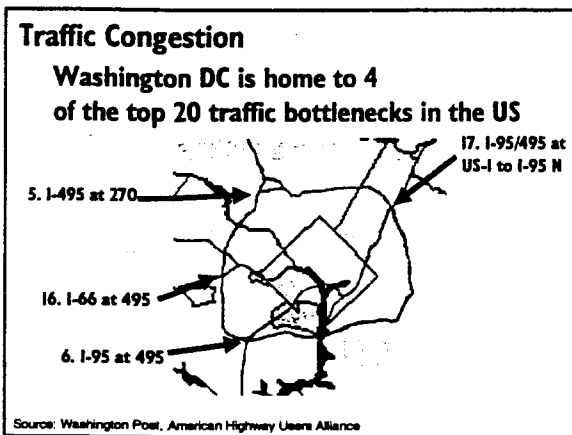
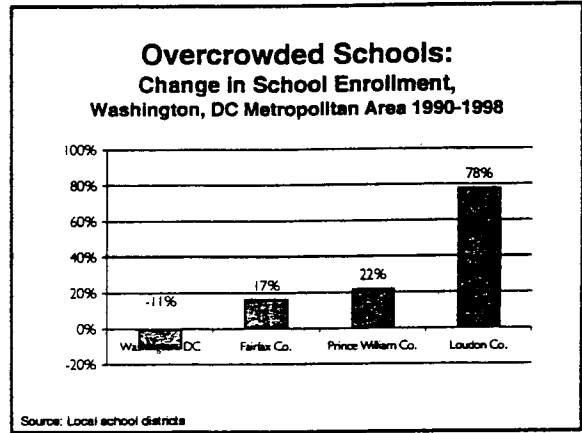




### Loudoun County

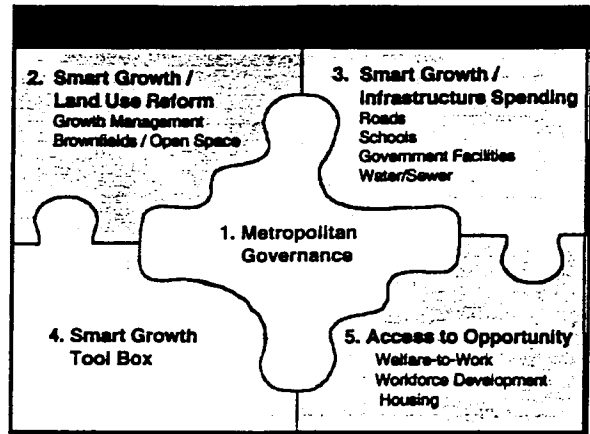
- A new resident Moves to Loudoun County every 45 minutes.
- In 1965 there were approximately 300 dairy farms....  
.... in mid 1999, there were two left.
- Developers are building 6,000 homes a year in the County, over 40,000 more have been approved and are awaiting construction.
- Residential properties require between \$1.16 and \$1.39 in public services per \$1 paid in property taxes.

Source: Land Trust of Virginia

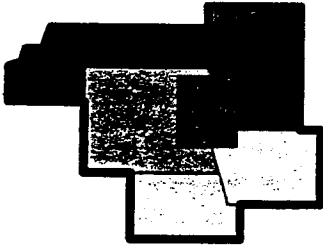


- ### America's Most Ozone Polluted Metro Areas
1. Los Angeles
  2. Bakersfield
  3. Fresno
  4. Visalia
  5. Houston
  6. San Diego
  7. Washington
  8. Charlotte
  9. Atlanta
  10. Merced
- Source: American Lung Association

## What is the New Metropolitan Agenda?

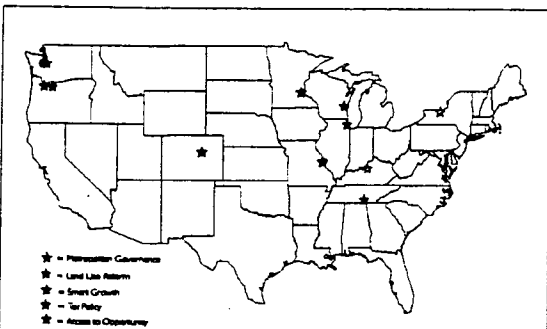


## Regional Responses

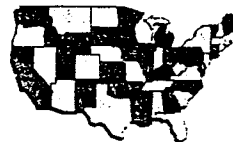


*“Regional governance is like the corpse at a funeral— you expect it to be there but you don’t expect it to do much.”*

## Regional Response



## State Responses



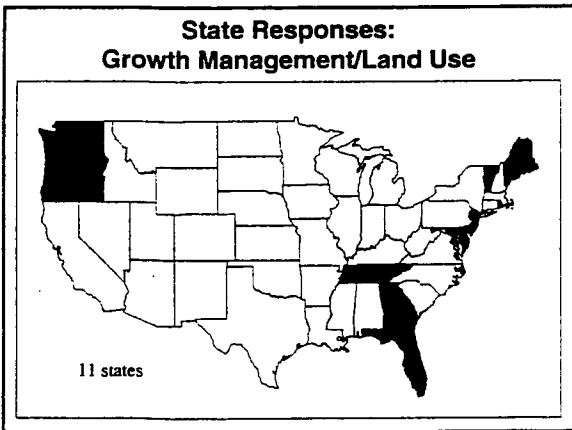


## Georgia Regional Transportation Authority

*Created by the State Legislature in 1999 to combat air pollution, traffic congestion and sprawl development*

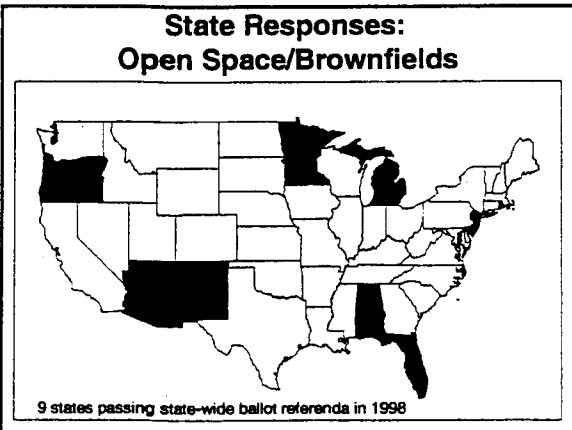
GRTA's authority lies only in the metro Atlanta area which is currently out of compliance with the Federal Clean Air Act. The Authority does have the power to move into other areas of the state if and when they fall out of compliance with the Federal regulations.

GRTA approval is required for major highway and development projects that affect the metro Atlanta region. Governments that do not cooperate with GRTA face a cutoff of many state and federal funds, including money for road-building.




### Urban Growth Boundaries

Requires the development of county growth plans which must identify urban growth boundaries, planned growth areas, and rural areas in each county large enough to account for anticipated growth for the next twenty years or lose access to state transportation funds



### Pennsylvania's Growing Greener Program

It will invest nearly \$650 million over the next five years to preserve farmland and protect open space; eliminate the maintenance backlog in State Parks; clean up abandoned mines and restore watersheds; and provide new and upgraded water and sewer systems.



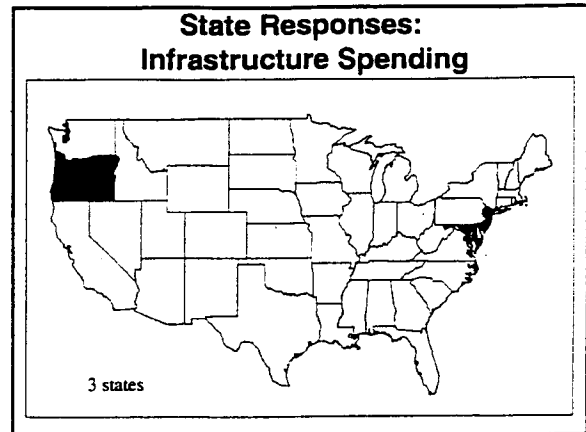

**Open Space Bond Referendum**

**Passed in 1998.**

Sets aside \$1 Billion over 10 years to permanently save a million acres of resource lands.

Financed by State setting aside \$98 million a year of state sales tax revenues for 10 years and the allocation of \$1.0 billion in bond proceeds to preserve open space and historic resources.


16 Counties and 92 municipalities are now authorized to dedicate a portion of their property taxes or sell bonds to fund open space and farmland preservation and/ or park development and maintenance.

**SMART growth**

### Maryland


- 1 Targets major state funding (e.g. transportation, housing, state facilities) to Priority Funding Areas.
- 2 Priority areas include all municipalities, inner beltway areas, enterprise zones, industrial areas and new planned growth areas with water/ sewer.



### New Jersey: Rethinking Transportation Policy


This past summer, the New Jersey legislature passed a bill signed by the Governor that **emphasizes a "fix-it-first" transportation policy**. Specific provisions require the state DOT to focus on the rehabilitation and technical augmentation of existing transportation facilities with new highway construction to come only after explicit approval of the legislature.

### Minnesota Subsidy Accountability Law



The law mandates an annual reporting procedure for tracking economic development grants, loans and Tax Increment Financing. Each local, regional, or state agency that provides the subsidies must report both the goals and results.

### Smart Growth Toolbox




Smart Codes  
New Jersey

**Pennsylvania Center for Local Government Services**  
Executive Order 1999-1

- Develop an inventory of sound land use practices.
- Advise local governments about tools to manage growth.
- Assist local governments seeking to implement land use objectives of the Commonwealth.
- Encourage regional cooperation in planning and zoning.
- Assist state agencies in identifying laws, regulations, and policies, including the disbursement of public funds, that will advance the Commonwealth's land use objectives.
- Report annually to the Governor on land use trends and make recommendations regarding changes to law or policy.

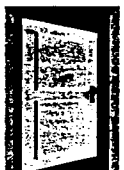
Passed by the state legislature in 1998, smart codes recognize the added costs to meet certain building standards - such as hallway widths- that often becomes a costly disincentive to redeveloping old buildings in older areas.

Smart Codes have been a boon for Newark which experienced a 60% increase in such rehab projects in the first year after they were in place - up from less than 2% the year before.




Inclusionary Zoning  
Montgomery County, MD

Requires new developments of more than 50 units to set aside 15% of the units for low and moderate income households.



Transfer of Development Rights

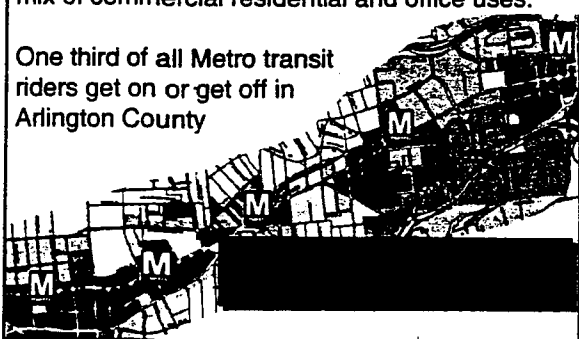
Allowing owners to transfer the right to develop their property to higher density "receiving areas" in other parts of the County, this program, perhaps the best in the nation, has preserved roughly 47,000 acres of farmland since its creation in 1980.



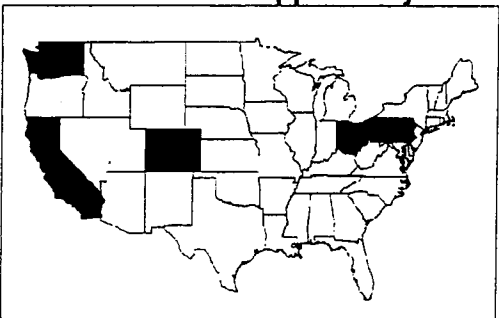
Urban Villages (Metro Stations)  
Arlington County, VA

Sector plans around each metro station establish land use and development guidelines to ensure a mix of commercial residential and office uses.

One third of all Metro transit riders get on or get off in Arlington County



State Responses:  
Access to Opportunity





## The California Tax Credit Allocation Committee

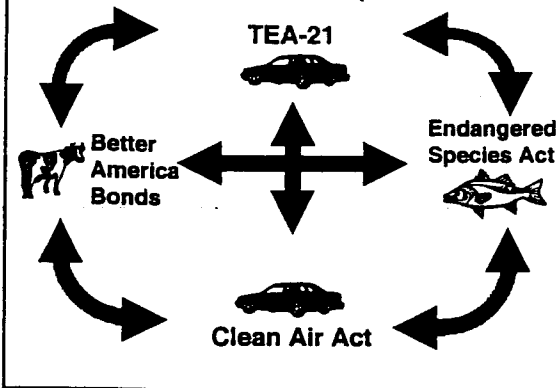
Approximately \$450 million per year is awarded in federal and state tax credits to assist in the construction and rehabilitation of affordable rental housing.

- Applicants are determined by a point system that focuses limited tax credits in a manner consistent with sustainable growth.
- Points are allocated if the property is located within a set distance of transit corridors, park and recreational facilities, retail grocery shopping, schools and senior centers.

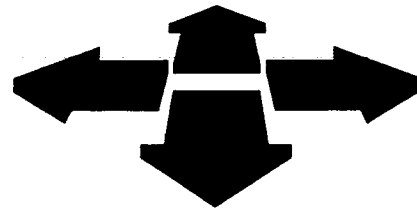
## The Federal Response



### The Federal Response



## Where Do We Go From Here?

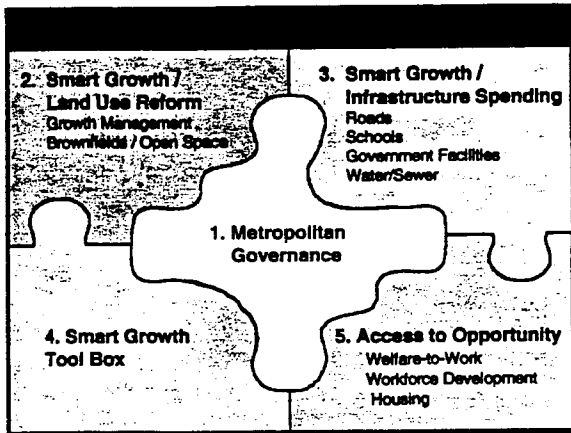


## General Observations

- State and Federal Governments are Key to Set Rules of Development Game
- Metropolitan Agenda is Mutually Consistent and Reinforcing
- Composition of Metro Coalitions Varies State to State
- Immediate Point of Policy Intervention Also Varies
- Housing is Absent from Metro Agenda
- Land use/Environmental Agenda will be Most Successful When Coupled with Urban Reinvestment Effort

## Ten Next Steps for Regional and State Reforms

1. Fill empirical holes
2. Identify policy reforms- top-down
3. Identify policy reforms- bottom-up
4. Develop strategies for achieving policy reform
5. Market & disseminate ideas
6. Understand consumer/voter/business
7. Build capacity of key constituencies
8. Support network of key constituencies
9. Convene
10. Cross-pollinate



**“If you always do what you’ve done, than you will always get what you’ve got”**

**[www.brookings.edu/urban](http://www.brookings.edu/urban)**

**ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS**

**“QUALITY OF LIFE” Conference**

for Virginia Communities

Mary Washington College, Fredericksburg, Virginia

Monday, October 16, 2000

**Break-Out Session: Growth Management Panel**

Moderator: The Honorable J. T. (Jack) Ward, ACIR Vice-Chairman;  
Chairman, Hanover County Board of Supervisors

Panelists: Senator Malfourd W. “Bo” Trumbo, 22nd Senatorial District  
John Hodges, Dep. County Administrator, Hanover County  
Chris Miller, President, Piedmont Environmental Council  
Kim Tingley, Owner, Tingley Construction Company

Approximately 30 individuals attended this session. A few offered comments on the issue or engaged in dialogue with panelists and/or audience.

Moderator Ward welcomed the panelists and participants in the audience. He asked each panel member for a brief introduction.

In order to focus discussions, Mr. Ward outlined the purpose of conference in general terms and highlighted more specifically some of the major growth management issues for the break session. He asked each panel member to begin by sharing their experiences and their peculiar interest in the topic.

**Senator Bo Trumbo**, the session’s first presenter, offered that the issues need to be defined. In other words, what do we mean by “growth management,” adding quickly, “because many of the communities I represent need growth.”

He referred to small cities--like Clifton Forge--that need to develop or entice jobs in the area.

Referring to Towns like Fincastle--Need to preserve community character.

Senator Trumbo again inquired/canvassed others for a definition of the term “Smart Growth,” and “who” determines “Smart Growth?” Is it the State, or is it the locality? In other words, who makes the decisions?

Senator Trumbo wanted to insure that if there are constraints applied, that you should do it in such a way to not relegate certain areas of the State as recreation only communities. Such towns and small cities need to be sustainable and not solely dependent on tourism.

**Chris Miller** was the next presenter. He cited that the overall growth rate for the State of Virginia was 1%. There was a 1.5% growth rate in the growth crescent, apparently referring to the Northern Virginia geographical area down to and including Stafford, Spotsylvania, and Fredericksburg.

Mr. Miller made a statement with a question: "What incentives and/or disincentives are needed and how may they be utilized or applied to facilitate when and where growth should occur? How and when do you commit additional rural lands for more growth?"

Are there opportunities for "greenfields," i.e., rural lands or other lands under 3,000 acres that might apply for this designation?

Take "cheap" farmland into the growth plan.

Mr. Miller commented on and cited "underutilized" areas where cities or "first communities" may be take advantage of such properties. The City of Roanoke was mentioned.

High Tech" opportunities for small communities. Need to provide cable and internet access to these communities. This will help forgo some of the cost of shifting populations to areas where high tech jobs may be found. (Perhaps this statement was a reference to tele-commuting and e-tech employment.)

Mr. Miller stated that the new economy needs human capital.

What are the costs of sprawl? Mr. Miller had this to say:

- Education
- School modernization and revitalization
- New construction costs, maintenance, coupled with revitalization.
- Transportation. Roads to facilitate 100-mile trips. May require tax increase.

Miller commented that there is also a cost to the environment. The environment is polluted and degraded as driving increases. Need to reduce the amount of pollution. Water quality is degraded. And chemicals get into or travel into tributaries that lead to the Chesapeake Bay.

There is a major loss of farmland and forestal districts. Need to preserve the agricultural economy which is important to the State. Need to identify, develop, and encourage recreational uses.

Tourism is an economic issue; adds to the quality of life in our communities.

Next Mr. Miller mentioned "Impact Fees" for adequate public facilities.

Chris Miller gave a litany of needs:

- Need expanded funding for “Main Street Communities.”
- Need to reinvest in established communities.
- Need ways to encourage public-private partnerships; to incentivize opportunities.
- Need better and “more” detailed community planning.
- Need GIS capability Statewide.
- Education for local officials. Need to train local officials, BOS, municipal councils, planning commission members.

In part response to a question by Senator Trumbo regarding who will make the decisions about growth management-smart growth, Chris Miller stated that local officials are the ones making or who should make the decisions.

Need funds for purchasing conservation easements. Need to protect critical areas. Miller indicated that 80% of the land could be protected.

**John Hodges**, Deputy County Administrator, Hanover, had this to say:

- Good planning will help a jurisdiction be successful in court on actions pertaining to zoning and land use issues.
- Need community support for any action plan.
- Community character shaped by where infrastructures are located.

Mr. Hodges noted that the General Assembly has given the tools to the county.

Education and training for planning commission members on how to effectively utilize these tools. Training is being provided these officials and to interested citizens annually.

Need to promote a rural - preserve open space. Hodges indicated that this may take the form of one (1) house per 6-1/4 acres.

Need open space agreements with and between Board of Supervisors, citizens, and landowners.

Need funds for infrastructure. Part of this is obtained through proffers on new construction.

**Mr. Kim Tingley**, owner of Tingley Construction, commented

- Need to reinvest in central cities.
- Policies can not be exclusionary; there must be room for everybody.
- Need a strong economy. That can be done through successful crime reduction programs

- Need to recognize that residential growth is not an independent action. It leads to and supports retail and commercial activity. In other words, if you want retail and commercial activity, you must be willing to accept residential growth along with it.

Again, returning to Senator Trumbo's question about who makes the decisions, Mr. Tingley indicated, depending on funding source and regulations, that it is a combination of actors consisting of local, State and federal officials.

The floor was then opened by the Moderator for questions.

There was the question of "property rights." How do you take this into consideration when planning for growth?

A local government structure question. What distinguishes a dependent town from an independent town, or is there such a thing? I think someone answered this question by saying that there is no such thing in Virginia government. All towns are dependent on the county(ies) in which they are located.

Need vision and planning. What rights or opportunities are there for "overzoning," say for commercial land, etc. Do localities have the right?

How do you discourage residential growth? Whatever you do will increase the cost of (affordable) housing.

There is a need for intergovernmental decision making. Do not need a regional government, but there is a need for regional decision making.

Questions and comments from the floor were, for the most part, received for further consideration. Questions were not necessarily directed to any particular panel member, and no other participant(s) in the audience actually responded to the person offering the comment.

*Recorder: George Urquhart*

*Advisory Commission on Intergovernmental Relations  
2000-2001 Regional Conference Series*

Quality of Life: The Future of Virginia's Cities and Landscapes  
Fall 2000 Conference  
Mary Washington College, Fredericksburg, VA  
October 16, 2000

## **PANEL DISCUSSION: INTERLOCAL FISCAL DISPARITIES**

Moderator: Bruce Katz  
Director, Center on Urban and Metropolitan Policy  
Brookings Institution

Panel Members: Stephen Ziony  
Principal Economist  
Commission on Local Government

David Canada  
City Manager  
City of Petersburg

The Honorable Steven Landes  
Virginia House of Delegates  
Chair, Rural Virginia Prosperity Commission

**THEME: Opportunities for New Alliances**

Panel Moderator Bruce Katz, in summing up presentations made by the three panel members, characterized the overall theme of the panel presentations as "opportunities for different types of alliances." This was not a stated theme prior to the panel discussion. Rather, this theme emerged and developed through the presentations offered by the three panel members. At the close of the panel discussion, Mr. Katz stated that similar discussion of new alliances between urban and rural localities is occurring in other states as well.

## Presentation by Stephen Ziony, Principal Economist, Commission on Local Government

Mr. Ziony opened his presentation with an overview of the fiscal stress index, which is prepared annually by Mr. Ziony and published by the Commission on Local Government. Publication of the fiscal stress index is part of the mission and responsibility of the Commission on Local Government as established by state law. The most recent report, *Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities 1997/98*, was made available to conference attendees.

Mr. Ziony described the fiscal stress index as a "three-variable indicator." The three variables are revenue capacity, revenue effort, and median adjusted gross income (AGI). Mr. Ziony explained how each of the three variables is calculated for each Virginia locality (135 counties and cities) and how the three variables are combined into one stress index figure for each locality. For additional information on the methodology and results, Mr. Ziony referred conference participants to the published report.

Mr. Ziony cautioned that the fiscal stress index establishes fiscal strain relative to other localities. No determination or definition of fiscal stress is made "in absolute terms." The stress index constitutes a ranking of the 135 Virginia counties and cities in relative terms.

In terms of results, the fiscal stress index reveals that cities experience greater stress, on average, than counties. Typically, the cost of local government "burdens cities to a greater degree than it does counties."

Mr. Ziony reported that fourteen state agencies use the stress index or the revenue capacity component in funding formulas. Of these, ten use the stress index and four use revenue capacity. The dollar amounts involved in distributions using these funding formulas, however, remain "relatively small." Mr. Ziony stated that the reason for only limited use of the stress index in funding formulas is that it is "not to the advantage of counties." Of the three indicators utilized in compilation of the stress index, the one which "creates cleavage" between counties and cities is revenue effort. All of the cities (100 percent), but only one quarter (25 percent) of the counties, fall above the midpoint on revenue effort.

Mr. Ziony stated that unacceptability of the fiscal stress index, or the revenue effort component, to counties "does not mean there are no grounds for coalition." Mr. Ziony presented a series of statistical tables which reveal opportunities for coalition around the use of selected indicators for funding formula purposes. The examination focused on the other two components of the fiscal stress index—revenue capacity and adjusted gross income. What is found is a correlation to "demographically challenged localities," defined as those with population loss, no population growth, or relatively low population growth rates (rates under five percent per year). These localities, whether urban or rural, are experiencing many of the same difficulties, such as loss of housing, loss of business, and increase in dependent population segment.

The statistics suggest a coalition between cities and rural counties. A coalition based on very to moderately weak rankings in both revenue capacity and adjusted gross income would bring together 51 localities—29 counties and 22 cities (Table D and Table 4). When the selection is further limited to localities with negative growth, no growth, or growth under five percent, the number of localities is reduced to 44—23 counties and 21 cities (Table 6).

In conclusion, Mr. Ziony stated his intent to demonstrate that there are possibilities for the creation of coalitions around the use of different indicators in funding formulas. The potential indicators he selected are meant to be examples of the indicators which could be used. There are a number of other possible indicators, and others could be added to the ones which he chose for analysis.

Copies of the tables prepared and presented by Mr. Ziony are attached.

### Presentation by David Canada, City Manager, City of Petersburg

Mr. Canada stated that the City of Petersburg is focused almost exclusively on economic development. Petersburg finds itself in a bind, however, because it needs to maintain high tax rates in order to meet the service needs of its population. These high tax rates, in turn, are a disincentive to economic development.

The City of Petersburg has experienced substantial population loss in the last eight years. City population declined from 50,000 in 1992 to 34,000 in 2000. The loss has been primarily in the white middle class segment of the City population. In more recent years, however, there has also been out migration of middle-class African Americans. Currently, the population of Petersburg is 78 percent African American.

Mr. Canada stated that he has advocated use of the fiscal stress index for funding distribution purposes. He indicated an interest in Mr. Ziony's suggestion of a coalition among localities "with common interests, although different characteristics"—namely, a coalition of cities with rural counties. Mr. Canada stated that the most important indicator for Petersburg is revenue effort, precisely the indicator which Mr. Ziony pointed out as unacceptable to counties.

Mr. Canada explained that due to its "high needs population," the City of Petersburg's social services costs are high. The City has high tax rates, but feels that it cannot reduce taxes without cutting back on necessary services. The City of Petersburg has a high real property tax rate (\$1.40 per \$100). Assessments, on the other hand, are low, which means that the high tax rate does not necessarily produce high revenues to the City. City of Petersburg Business, Professional and Occupational License (BPOL) taxes are "at the maximum." In addition, Petersburg has "one of the highest" machinery and tools tax rates in Virginia.

## Presentation by Steve Landes, Virginia House of Delegates, Chair, Rural Prosperity Commission

Delegate Landes reported on the work of the Rural Virginia Prosperity Commission. Delegate Landes began his presentation with acknowledgement of the point made by the previous two speakers that “rural Virginia does have a lot in common with some of its urban counterparts.”

Delegate Landes stated that the Rural Virginia Prosperity Commission, in the course of its hearings throughout the Commonwealth, is coming to appreciate the degree of diversity in rural Virginia. The Commission is dealing both with change over time and with differences between regions. What is rural today is not the same as what was rural in the past. At the same time, what is rural in one part of the state is very different from what is rural in another part of the state. For example, rural in the Shenandoah Valley is different from rural in the Northern Neck.

One of the first tasks of the Commission was to come up with a definition of “rural.” In defining rural, the Commission is using a “composite of statistics,” including population density, degree of business development, and non-metropolitan land use designation.

According to Delegate Landes, the transition to a new economy is increasing the disparities between rural areas and urban/suburban areas. Rural areas are unprepared for the new information technology economy and do not offer the same opportunities. The youth, or “seed corn,” are leaving rural areas, and the out migration tends to drain away potential community leaders and entrepreneurs. The results are a decline in rural commerce, lowered property values, and a widening gap between rural and urban income levels. Rural localities have less income, and they are less able to support public services.

Delegate Landes pointed out that urban and suburban localities need to recognize that rural problems are their problems as well. Urban and suburban localities are forced to subsidize rural populations, through such mechanisms as transfer payments to rural citizens in need. At the same time, relocation of rural populations to metropolitan areas adds to urban problems such as traffic congestion.

The goal of the Rural Virginia Prosperity Commission, as described by Delegate Landes, is “seamless economies” extending from rural to urban areas. It is the intention of the Commission to call on the private sector, as well as government, to be part of the solution. Delegate Landes envisions the creation of “rural hubs,” and anticipates that the Commission will provide models and policies for the creation of these rural hubs. Delegate Landes stressed the need for long-term commitment in order to accomplish the vision of the Commission.

Attachments:

1. Table A 1997/98 Fiscal Stress Profile by Locality and Region: All Cases
2. Table B 1997/98 Fiscal Stress Profile by Locality and Percentage Change in Population, 1992-97: All Cases
3. Table C 1997/98 Fiscal Stress Profile by Locality and Percentage Change in Population, 1992-97: 83 Cases (Selection Constraint: Capacity Level or AGI Level)
4. Table D 1997/98 Fiscal Stress Profile by Locality and Percentage Change in Population, 1992-97: 51 Cases (Selection Constraints: Levels of Capacity and AGI)
5. Table 1.1: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Jurisdictional Class
6. Table 1.2: Crosstabulation of Median Adjusted Gross Income, 1997 with Jurisdictional Class
7. Table 1.3: Crosstabulation of Revenue Effort, 1997/98 with Jurisdictional Class
8. Table 1.4: Crosstabulation of Fiscal Stress, 1997/98 with Jurisdictional Class
9. Table 1.5: Crosstabulation of Pct. Change in Population, 1992-97 with Jurisdictional Class
10. Table 2.1: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Pct. Change in Population, 1992-97
11. Table 2.2: Crosstabulation of Median Adjusted Gross Income, 1997 with Pct. Change in Population, 1992-97
12. Table 2.3: Crosstabulation of Revenue Effort, 1997/98 with Pct. Change in Population, 1992-97
13. Table 2.4: Crosstabulation of Fiscal Stress, 1997/98 with Pct. Change in Population, 1992-97
14. Table 3: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median Adjusted Gross Income, 1997
15. Table 4: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median Adjusted Gross Income, 1997 by Jurisdictional Class
16. Table 5: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median Adjusted Gross Income, 1997 by Pct. Change in Population, 1992-97
17. Table 6: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median AGI, 1997 by Jurisdictional Class and Pct. Change in Population, 1992-97



Table A  
1997/98 Fiscal Stress Profile by Locality and Region: All Cases

Locality	Region	Revenue Capacity Per Capita 1997/98	Revenue Effort Classification, 1997/98	Median Agi Classification, 1997	Stress Index Classification, 1997/98
Chesapeake City	Tidewater (PD 23)	Moderately Strong	Very Strong	Very Strong	Above Average
Alleghany County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Strong	Moderately Strong	Moderately Strong	Above Average
Colonial Heights City	Southside (PD's 13, 14, 19)	Very Strong	Very Strong	Moderately Strong	Above Average
Tazewell County	Southwest Virginia (PD's 1, 2, 3)	Very Weak	Very Weak	Moderately Weak	Above Average
Carrroll County	Southwest Virginia (PD's 1, 2, 3)	Very Weak	Very Weak	Moderately Weak	Above Average
Wythe County	Southwest Virginia (PD's 1, 2, 3)	Moderately Weak	Moderately Weak	Moderately Weak	Above Average
Buckingham County	Southside (PD's 13, 14, 19)	Very Weak	Very Weak	Moderately Weak	Above Average
Grayson County	Southwest Virginia (PD's 1, 2, 3)	Very Weak	Very Weak	Very Weak	Above Average
Henry County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Weak	Very Weak	Moderately Weak	Above Average
Pulaski County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Page County	Northern Valley (PD's 6, 7)	Moderately Weak	Very Weak	Moderately Weak	Above Average
Southampton County	Tidewater (PD 23)	Moderately Strong	Moderately Weak	Moderately Weak	Above Average
Manassas Park City	Northern Virginia (PD 8)	Moderately Strong	Very Strong	Very Strong	Above Average
King and Queen County	Chesapeake Fringe (PD's 17, 18, 22)	Very Weak	Moderately Strong	Moderately Strong	Above Average
Montgomery County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Caroline County	Northern Piedmont (PD's 9, 10, 16)	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Dinwiddie County	Southside (PD's 13, 14, 19)	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Cumberland County	Southside (PD's 13, 14, 19)	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Richmond County	Chesapeake Fringe (PD's 17, 18, 22)	Moderately Strong	Very Weak	Very Weak	Above Average
Scott County	Southwest Virginia (PD's 1, 2, 3)	Very Weak	Very Weak	Moderately Weak	Above Average
Giles County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Weak	Moderately Weak	Moderately Weak	Below Average
Westmoreland County	Chesapeake Fringe (PD's 17, 18, 22)	Moderately Strong	Very Weak	Moderately Strong	Below Average
Rockingham County	Southside (PD's 13, 14, 19)	Moderately Weak	Very Weak	Very Weak	Below Average
Amelia County	Southside (PD's 13, 14, 19)	Moderately Strong	Very Weak	Very Weak	Below Average
Patrick County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Strong	Moderately Strong	Moderately Strong	Below Average
Amherst County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Weak	Very Weak	Moderately Weak	Below Average
Rockbridge County	Northern Valley (PD's 6, 7)	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
Washington County	Southwest Virginia (PD's 1, 2, 3)	Moderately Weak	Very Weak	Moderately Weak	Below Average
Isle of Wight County	Tidewater (PD 23)	Moderately Strong	Moderately Strong	Moderately Weak	Below Average
Appomattox County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Weak	Very Weak	Moderately Weak	Below Average
Bland County	Southwest Virginia (PD's 1, 2, 3)	Very Weak	Very Weak	Moderately Weak	Below Average
Gloucester County	Chesapeake Fringe (PD's 17, 18, 22)	Moderately Strong	Moderately Strong	Moderately Strong	Below Average
Campbell County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Weak	Moderately Weak	Moderately Strong	Below Average
Pittsylvania County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Very Weak	Very Weak	Moderately Weak	Below Average
King George County	Northern Piedmont (PD's 9, 10, 16)	Moderately Strong	Moderately Strong	Very Strong	Below Average
Shenandoah County	Northern Valley (PD's 6, 7)	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
Rockingham County	Northern Valley (PD's 6, 7)	Moderately Weak	Very Weak	Moderately Strong	Below Average
Floyd County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Strong	Moderately Strong	Moderately Strong	Below Average
Halifax County	Southside (PD's 13, 14, 19)	Very Strong	Very Weak	Moderately Weak	Below Average
Essex County	Chesapeake Fringe (PD's 17, 18, 22)	Moderately Strong	Very Weak	Moderately Weak	Below Average
Harrison County	Northern Piedmont (PD's 9, 10, 16)	Moderately Strong	Very Weak	Moderately Weak	Below Average
Highland County	Northern Valley (PD's 6, 7)	Moderately Strong	Very Weak	Moderately Weak	Below Average
Nelson County	Northern Piedmont (PD's 9, 10, 16)	Very Strong	Very Weak	Moderately Weak	Below Average
Warren County	Northern Valley (PD's 6, 7)	Very Strong	Very Weak	Very Weak	Below Average
Frederick County	Northern Valley (PD's 6, 7)	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
York County	Tidewater (PD 23)	Moderately Strong	Moderately Strong	Very Strong	Below Average
Greene County	Northern Piedmont (PD's 9, 10, 16)	Moderately Weak	Moderately Weak	Very Strong	Below Average

Source: Staff, Commission on Local Government

Table A  
1997/98 Fiscal Stress Profile by Locality and Region: All Cases

Locality	Region	Revenue Capacity Per Capita Classification, 1997/98	Revenue Effort Classification, 1997/98	Median AGI Classification, 1997	Stress Index Classification, 1997/98
Prince George County	Southside (PD's 13, 14, 19)	Very Weak	Moderately Weak	Very Strong	Below Average
Franklin County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Strong	Very Weak	Moderately Weak	Below Average
Orange County	Northern Piedmont (PD's 9, 10, 16)	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
Craig County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Weak	Very Weak	Moderately Strong	Below Average
Roanoke County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Very Strong	Moderately Strong	Very Strong	Below Average
Mathews County	Chesapeake Fringe (PD's 17, 18, 22)	Very Strong	Moderately Weak	Moderately Strong	Below Average
Nanassas City	Northern Virginia (PD 8)	Very Strong	Moderately Strong	Very Strong	Below Average
Augusta County	Northern Valley (PD's 6, 7)	Moderately Strong	Moderately Strong	Moderately Strong	Below Average
Prince William County	Northern Virginia (PD 8)	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
Fluvanna County	Northern Piedmont (PD's 9, 10, 16)	Moderately Strong	Very Strong	Very Strong	Below Average
Henrico County	Richmond (PD 15)	Moderately Strong	Moderately Weak	Very Strong	Below Average
Middlesex County	Chesapeake Fringe (PD's 17, 18, 22)	Very Strong	Moderately Strong	Very Strong	Below Average
Northumberland County	Chesapeake Fringe (PD's 17, 18, 22)	Very Strong	Very Weak	Very Weak	Below Average
Lancaster County	Chesapeake Fringe (PD's 17, 18, 22)	Very Strong	Very Weak	Very Weak	Below Average
Spotsylvania County	Northern Piedmont (PD's 9, 10, 16)	Very Strong	Very Weak	Moderately Weak	Below Average
Clarke County	Northern Valley (PD's 6, 7)	Moderately Strong	Very Weak	Very Weak	Below Average
Bedford County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Moderately Strong	Moderately Strong	Very Strong	Below Average
King William County	Chesapeake Fringe (PD's 17, 18, 22)	Moderately Strong	Very Weak	Very Strong	Below Average
Poquoson City	Tidewater (PD 23)	Very Strong	Moderately Weak	Very Strong	Below Average
Botetourt County	Southern Piedmont-Valley Industrial Zone (PD's 4, 5, 11, 12)	Very Strong	Very Strong	Moderately Strong	Below Average
Alexandria City	Northern Virginia (PD 8)	Very Strong	Moderately Weak	Very Strong	Below Average
Louisiana County	Northern Piedmont (PD's 9, 10, 16)	Very Strong	Moderately Strong	Moderately Strong	Low
James City County	Tidewater (PD 23)	Very Strong	Moderately Strong	Very Strong	Low
Stafford County	Northern Piedmont (PD's 9, 10, 16)	Moderately Strong	Moderately Strong	Very Strong	Low
Chesterfield County	Richmond (PD 15)	Very Strong	Moderately Strong	Very Strong	Low
Fairfax City	Northern Virginia (PD 8)	Very Strong	Very Strong	Very Strong	Low
Albemarle County	Northern Piedmont (PD's 9, 10, 16)	Very Strong	Moderately Weak	Very Strong	Low
New Kent County	Richmond (PD 15)	Very Strong	Moderately Weak	Very Strong	Low
Powhatan County	Richmond (PD 15)	Very Strong	Moderately Weak	Very Strong	Low
Fauquier County	Northern Piedmont (PD's 9, 10, 16)	Moderately Strong	Very Weak	Very Strong	Low
Rappahannock County	Northern Piedmont (PD's 9, 10, 16)	Very Strong	Moderately Strong	Very Strong	Low
Arlington County	Northern Virginia (PD 8)	Very Strong	Very Weak	Moderately Strong	Low
Henover County	Richmond (PD 15)	Very Strong	Moderately Strong	Very Strong	Low
Fairfax County	Northern Virginia (PD 8)	Very Strong	Moderately Weak	Very Strong	Low
Goochland County	Richmond (PD 15)	Very Strong	Moderately Strong	Very Strong	Low
Surry County	Southside (PD's 13, 14, 19)	Very Strong	Very Weak	Very Strong	Low
Falls Church City	Northern Virginia (PD 8)	Very Strong	Moderately Weak	Moderately Weak	Low
Loudoun County	Northern Virginia (PD 8)	Very Strong	Very Strong	Very Strong	Low
Bath County	Northern Valley (PD's 6, 7)	Very Strong	Moderately Strong	Very Strong	Low

Source: Staff, Commission on Local Government

Table 8  
1997/98 Fiscal Stress Profile by Locality and Percentage Change in Population, 1992-97: All Cases

Locality	Percentage Change in Population, 1992-97	Revenue Capacity Per Capita Classification, 1997/98	Revenue Effort Classification, 1997/98	Median AGI Classification, 1997	Stress Index Classification, 1997/98
Norfolk City	-8.27%	Very Weak	Very Strong	Very Weak	High
Emporia City	.00%	Moderately Weak	Very Strong	Very Weak	High
Portsmouth City	-4.91%	Very Weak	Very Strong	Very Weak	High
Newport News City	.11%	Very Weak	Very Strong	Moderately Weak	High
Petersburg City	-9.71%	Very Weak	Very Strong	Very Weak	High
Covington City	1.45%	Very Weak	Very Strong	Very Weak	High
Hopewell City	-4.29%	Very Weak	Very Strong	Moderately Weak	High
Clifton Forge City	.00%	Very Weak	Very Strong	Very Weak	High
Lynchburg City	-1.67%	Moderately Weak	Very Strong	Moderately Weak	High
Richmond City	-3.68%	Moderately Strong	Very Strong	Moderately Weak	High
Galax City	6.15%	Moderately Weak	Very Strong	Very Weak	High
Hampton City	.95%	Very Weak	Very Strong	Moderately Strong	High
Roanoke City	-1.86%	Moderately Weak	Very Strong	Very Weak	High
Franklin City	3.57%	Moderately Weak	Very Strong	Very Weak	High
Bristol City	-1.69%	Moderately Weak	Very Strong	Moderately Weak	High
Hartsville City	-1.27%	Moderately Weak	Very Strong	Very Weak	High
Charlottesville City	-5.69%	Moderately Weak	Very Strong	Moderately Weak	High
Buchanan County	-7.62%	Moderately Strong	Very Strong	Moderately Weak	High
Buena Vista City	-3.13%	Very Weak	Moderately Strong	Very Weak	High
Norton City	-4.65%	Very Weak	Very Strong	Moderately Weak	High
Greensville County	3.60%	Moderately Weak	Very Strong	Very Weak	High
Lexington City	.00%	Very Weak	Very Strong	Moderately Weak	High
Bedford City	-1.59%	Moderately Weak	Moderately Strong	Very Weak	High
Waynesboro City	-1.07%	Moderately Weak	Very Strong	Moderately Weak	High
Danville City	-4.88%	Moderately Weak	Moderately Strong	Moderately Weak	High
Sussex County	-1.96%	Very Weak	Moderately Strong	Very Weak	High
Radford City	-4.88%	Moderately Weak	Moderately Strong	Very Weak	High
Northampton County	-7.77%	Moderately Weak	Moderately Strong	Very Weak	High
Staunton City	-4.47%	Moderately Weak	Moderately Strong	Moderately Weak	High
Suffolk City	13.37%	Moderately Weak	Very Strong	Moderately Strong	High
Lee County	-.82%	Very Weak	Moderately Weak	Very Weak	Above Average
Williamsburg City	-.85%	Very Strong	Very Strong	Very Weak	Above Average
Lunenburg County	8.77%	Very Weak	Moderately Weak	Very Weak	Above Average
Dickenson County	-3.95%	Very Weak	Moderately Strong	Very Weak	Above Average
Fredericksburg City	.50%	Very Strong	Very Strong	Very Weak	Above Average
Harrisonburg City	5.94%	Moderately Strong	Moderately Strong	Moderately Strong	Above Average
Accomack County	-.62%	Moderately Weak	Moderately Strong	Moderately Weak	Above Average
Salem City	3.35%	Moderately Strong	Very Strong	Very Weak	Above Average
Wise County	-3.25%	Very Weak	Moderately Strong	Moderately Weak	Above Average
Mottoway County	-11.18%	Very Weak	Moderately Strong	Moderately Weak	Above Average
Smyth County	-.30%	Very Weak	Moderately Weak	Very Weak	Above Average
Brunswick County	3.09%	Very Weak	Moderately Weak	Moderately Weak	Above Average
Prince Edward County	5.65%	Very Weak	Moderately Weak	Very Weak	Above Average
Virginia Beach City	2.44%	Very Weak	Moderately Weak	Very Weak	Above Average
Charlotte County	5.93%	Moderately Weak	Very Strong	Moderately Strong	Above Average
Winchester City	-.89%	Very Weak	Moderately Weak	Very Weak	Above Average
Russell County	1.04%	Very Strong	Moderately Strong	Moderately Weak	Above Average
Charles City County	6.25%	Moderately Strong	Moderately Strong	Moderately Strong	Above Average

Source: Staff, Commission on Local Government

Table B  
1997/98 Fiscal Stress Profile by Locality and Percentage Change in Population, 1992-97: All Cases

Locality	Percentage Change in Population, 1992-97	Revenue Capacity Per Capita Classification, 1997/98	Revenue Effort Classification, 1997/98	Median AGI Classification, 1997	Stress Index Classification, 1997/98
Chesapeake City	16.22%	Moderately Strong	Very Strong	Very Strong	Above Average
Allegheny County	-3.05%	Moderately Strong	Moderately Strong	Moderately Strong	Above Average
Colonial Heights city	1.83%	Very Strong	Very Strong	Moderately Strong	Above Average
Tazewell County	-0.85%	Very Weak	Very Weak	Moderately Weak	Above Average
Carroll County	4.07%	Moderately Weak	Moderately Weak	Moderately Weak	Above Average
Hythe County	1.92%	Very Weak	Very Weak	Very Weak	Above Average
Buckingham County	12.31%	Very Weak	Very Weak	Moderately Weak	Above Average
Grayson County	1.23%	Moderately Weak	Very Weak	Moderately Weak	Above Average
Henry County	-0.53%	Moderately Weak	Very Weak	Moderately Weak	Above Average
Pulaski County	.00%	Moderately Weak	Moderately Weak	Moderately Weak	Above Average
Page County	2.69%	Moderately Weak	Very Weak	Moderately Weak	Above Average
Southampton County	2.91%	Moderately Weak	Moderately Weak	Moderately Weak	Above Average
Manassas Park City	20.00%	Moderately Strong	Very Strong	Moderately Strong	Above Average
King and Queen County	3.17%	Moderately Strong	Moderately Strong	Very Strong	Above Average
Montgomery County	3.23%	Very Weak	Moderately Strong	Moderately Strong	Above Average
Caroline County	6.44%	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Dinwiddie County	14.35%	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Cumberland County	3.80%	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Richmond County	17.81%	Moderately Strong	Very Weak	Very Weak	Above Average
Scott County	-1.70%	Very Weak	Very Weak	Moderately Weak	Below Average
Giles County	-.61%	Moderately Weak	Very Weak	Moderately Weak	Below Average
Westmoreland County	-.63%	Moderately Strong	Very Weak	Moderately Strong	Below Average
Mecklenburg County	4.73%	Moderately Weak	Very Weak	Very Weak	Below Average
Anelia County	10.87%	Moderately Strong	Moderately Strong	Very Weak	Below Average
Patrick County	5.14%	Moderately Weak	Very Weak	Moderately Weak	Below Average
Amherst County	3.42%	Moderately Weak	Very Weak	Moderately Strong	Below Average
Rockbridge County	5.29%	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
Washington County	4.46%	Moderately Weak	Very Weak	Moderately Weak	Below Average
Isle of Wight County	9.62%	Moderately Strong	Moderately Strong	Moderately Strong	Below Average
Appomattox County	3.97%	Moderately Weak	Very Weak	Moderately Weak	Below Average
Bland County	4.55%	Very Weak	Very Weak	Moderately Strong	Below Average
Gloucester County	7.35%	Moderately Strong	Moderately Strong	Moderately Strong	Below Average
Campbell County	2.67%	Moderately Weak	Moderately Weak	Moderately Strong	Below Average
Pittsylvania County	5.21%	Very Weak	Very Weak	Moderately Weak	Below Average
King George County	13.89%	Moderately Strong	Moderately Strong	Very Strong	Below Average
Shenandoah County	7.95%	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
Rockingham County	8.24%	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
Floyd County	5.65%	Moderately Weak	Very Weak	Moderately Strong	Below Average
Culpeper County	11.46%	Moderately Strong	Moderately Strong	Moderately Strong	Below Average
Halifax County	26.10%	Moderately Strong	Very Weak	Moderately Weak	Below Average
Essex County	2.22%	Very Strong	Very Weak	Moderately Weak	Below Average
Harrison County	2.46%	Moderately Strong	Very Weak	Moderately Strong	Below Average
Highland County	-3.85%	Very Strong	Very Weak	Very Weak	Below Average
Nelson County	5.30%	Very Strong	Moderately Weak	Moderately Strong	Below Average
Warren County	4.32%	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
Frederick County	12.50%	Moderately Strong	Moderately Strong	Very Strong	Below Average
York County	19.49%	Moderately Strong	Moderately Strong	Very Strong	Below Average
Greene County	18.26%	Moderately Weak	Moderately Weak	Very Strong	Below Average

Source: Staff, Commission on Local Government

Table B  
 1997/98 Fiscal Stress Profile by Locality and Percentage Change in Population, 1992-97: All Cases

Locality	Percentage Change In Population, 1992-97	Revenue Capacity Per Capita Classification, 1997/98	Revenue Effort Classification, 1997/98	Median AGI Classification, 1997	Stress Index Classification, 1997/98
Prince George County	8.54%	Very Weak	Moderately Weak	Very Strong	Below Average
Franklin County	9.25%	Moderately Strong	Very Weak	Moderately Weak	Below Average
Orange County	9.38%	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
Craig County	11.11%	Moderately Weak	Very Weak	Moderately Strong	Below Average
Roanoke County	1.24%	Very Strong	Moderately Strong	Very Strong	Below Average
Mathews County	5.75%	Very Strong	Moderately Weak	Moderately Strong	Below Average
Manassas City	11.63%	Very Strong	Moderately Strong	Very Strong	Below Average
Augusta County	8.76%	Moderately Strong	Moderately Weak	Moderately Strong	Below Average
Prince William County	10.79%	Moderately Strong	Very Strong	Very Strong	Below Average
Fluvanna County	27.34%	Moderately Strong	Moderately Weak	Very Strong	Below Average
Henrico County	8.51%	Very Strong	Moderately Strong	Very Strong	Below Average
Middlesex County	4.44%	Very Strong	Very Weak	Moderately Weak	Below Average
Northumberland County	4.55%	Very Strong	Very Weak	Very Weak	Below Average
Lancaster County	1.82%	Very Strong	Very Weak	Very Weak	Below Average
Spotsylvania County	28.64%	Moderately Strong	Moderately Strong	Very Strong	Below Average
Clarke County	5.79%	Very Strong	Moderately Weak	Very Strong	Below Average
Bedford County	15.26%	Moderately Strong	Very Weak	Very Strong	Below Average
King William County	9.48%	Moderately Strong	Very Weak	Very Strong	Below Average
Poquoson City	-.90%	Moderately Strong	Moderately Weak	Very Strong	Below Average
Botetourt County	10.85%	Very Strong	Very Strong	Very Strong	Below Average
Alexandria City	2.53%	Very Strong	Moderately Weak	Very Strong	Below Average
Louisa County	11.06%	Very Strong	Moderately Weak	Very Strong	Below Average
James City County	16.67%	Very Strong	Moderately Strong	Very Strong	Below Average
Stafford County	23.96%	Moderately Strong	Moderately Strong	Very Strong	Below Average
Chesterfield County	8.26%	Very Strong	Moderately Strong	Very Strong	Below Average
Fairfax City	-.97%	Very Strong	Moderately Weak	Moderately Strong	Low
Albemarle County	12.66%	Very Strong	Moderately Weak	Very Strong	Low
New Kent County	15.32%	Very Strong	Moderately Weak	Very Strong	Low
Powhatan County	24.26%	Very Strong	Moderately Weak	Very Strong	Low
Fauquier County	3.17%	Moderately Strong	Very Weak	Very Strong	Low
Rappahannock County	2.94%	Very Strong	Moderately Strong	Very Strong	Low
Arlington County	2.96%	Very Strong	Very Weak	Moderately Strong	Low
Hanover County	16.47%	Very Strong	Moderately Strong	Very Strong	Low
Fairfax County	7.12%	Very Strong	Moderately Weak	Very Strong	Low
Goochland County	16.11%	Very Strong	Moderately Strong	Very Strong	Low
Surry County	-.00%	Very Strong	Very Weak	Very Strong	Low
Falls Church City	4.26%	Very Strong	Very Strong	Moderately Weak	Low
Loudoun County	41.85%	Very Strong	Moderately Strong	Very Strong	Low
Bath County	-.00%	Very Strong	Very Weak	Moderately Weak	Low

Source: Staff, Commission on Local Government

Table C  
 1997/98 Fiscal Stress Profile by Locality and Percentage Change in Population, 1992-97: 83 Cases  
 [Selection Constraint: Capacity Level or AGI Level]

Locality	Percentage Change in Population, 1992-97	Revenue Capacity Per Capita, 1997/98	Median AGI, 1997	Revenue Effort Classification, 1997/98	Stress Index Classification, 1997/98
Accomack County	-.62%	Moderately Weak	Very Weak	Moderately Weak	Above Average
Amherst County	3.42%	Moderately Weak	Moderately Strong	Very Weak	Below Average
Appomattox County	3.97%	Moderately Weak	Moderately Weak	Very Weak	Below Average
Bath County	-.00%	Very Strong	Moderately Weak	Very Weak	Low
Bland County	4.55%	Very Weak	Moderately Strong	Very Weak	Below Average
Brunswick County	3.09%	Very Weak	Very Weak	Moderately Weak	Above Average
Buchanan County	-7.62%	Very Weak	Very Weak	Moderately Strong	High
Buckingham County	12.31%	Very Weak	Moderately Weak	Very Weak	Above Average
Campbell County	2.67%	Moderately Weak	Moderately Strong	Moderately Weak	Below Average
Caroline County	6.44%	Moderately Weak	Moderately Strong	Moderately Weak	Above Average
Carroll County	4.07%	Very Weak	Moderately Weak	Very Weak	Above Average
Charlotte County	5.93%	Very Weak	Moderately Weak	Moderately Weak	Above Average
Craig County	11.11%	Moderately Weak	Moderately Strong	Very Weak	Below Average
Cumberland County	3.80%	Moderately Weak	Very Weak	Very Weak	Below Average
Dickenson County	-3.95%	Very Weak	Very Weak	Moderately Strong	Above Average
Dinwiddie County	14.35%	Moderately Weak	Moderately Strong	Moderately Weak	Above Average
Essex County	2.22%	Very Strong	Moderately Weak	Very Weak	Below Average
Floyd County	5.65%	Moderately Weak	Moderately Strong	Very Weak	Below Average
Franklin County	9.25%	Moderately Strong	Moderately Weak	Very Weak	Below Average
Giles County	-.61%	Moderately Weak	Moderately Strong	Moderately Weak	Below Average
Grayson County	1.23%	Very Weak	Very Weak	Very Weak	Above Average
Greene County	18.26%	Moderately Weak	Very Weak	Very Weak	Below Average
Greensville County	3.60%	Very Weak	Very Weak	Moderately Strong	Above Average
Halifax County	26.10%	Moderately Strong	Moderately Weak	Moderately Strong	Above Average
Henry County	-.53%	Moderately Weak	Moderately Weak	Very Weak	Below Average
Highland County	-3.85%	Very Strong	Very Weak	Very Weak	Below Average
Lancaster County	1.82%	Very Strong	Very Weak	Very Weak	Below Average
Lee County	-.82%	Very Weak	Very Weak	Very Weak	Above Average
Lunenburg County	8.77%	Very Weak	Very Weak	Moderately Weak	Above Average
Mecklenburg County	4.73%	Very Weak	Very Weak	Moderately Weak	Above Average
Middlesex County	4.44%	Very Strong	Moderately Weak	Very Weak	Below Average
Montgomery County	3.23%	Very Weak	Moderately Strong	Very Weak	Below Average
Northampton County	-.77%	Moderately Weak	Moderately Strong	Moderately Weak	Above Average
Northumberland County	4.55%	Very Strong	Very Weak	Moderately Strong	Above Average
Nottoway County	-11.16%	Very Weak	Very Weak	Very Weak	Below Average
Page County	2.69%	Moderately Weak	Moderately Weak	Moderately Weak	Above Average
Patrick County	5.14%	Moderately Weak	Moderately Weak	Very Weak	Above Average
Pittsylvania County	5.21%	Very Weak	Moderately Weak	Very Weak	Below Average
Prince Edward County	5.65%	Very Weak	Moderately Weak	Very Weak	Below Average
Prince George County	8.54%	Very Weak	Very Weak	Moderately Weak	Below Average
Pulaski County	-.00%	Moderately Weak	Very Strong	Moderately Weak	Above Average
Richmond County	17.81%	Moderately Strong	Moderately Strong	Moderately Weak	Below Average
Russell County	1.04%	Very Weak	Moderately Weak	Very Weak	Below Average
Scott County	-1.70%	Very Weak	Moderately Weak	Very Weak	Below Average
Smyth County	-.30%	Very Weak	Moderately Weak	Very Weak	Below Average
Southampton County	2.91%	Moderately Weak	Moderately Strong	Moderately Weak	Above Average
Surry County	-.00%	Very Strong	Moderately Weak	Moderately Weak	Low

Source: Staff, Commission on Local Government

Table C  
 1997/98 Fiscal Stress Profile by Locality and Percentage Change in Population, 1992-97: 83 Cases  
 [Selection Constraint: Capacity Level or AGI Level]

Locality	Percentage Change in Population, 1992-97	Revenue Capacity Classification, 1997/98	Median AGI Classification, 1997	Revenue Effort Classification, 1997/98	Stress Index Classification, 1997/98
Sussex County	-1.96%	Moderately Weak	Very Weak	Moderately Strong	Above Average
Tazewell County	-.85%	Very Weak	Moderately Weak	Very Weak	Above Average
Washington County	4.46%	Moderately Weak	Moderately Weak	Very Weak	Below Average
Westmoreland County	-.63%	Moderately Strong	Very Weak	Very Weak	Below Average
Wythe County	-3.25%	Very Weak	Moderately Weak	Moderately Strong	Above Average
Bedford City	1.92%	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Bristol City	-1.59%	Moderately Weak	Very Weak	Moderately Weak	High
Buena Vista City	-1.69%	Moderately Weak	Moderately Weak	Very Strong	High
Charlottesville City	-3.13%	Very Weak	Moderately Weak	Very Strong	High
Clifton Forge City	-5.69%	Moderately Strong	Moderately Weak	Very Strong	High
Covington City	.00%	Very Weak	Very Weak	Very Strong	High
Danville City	1.45%	Very Weak	Very Weak	Very Strong	High
Emporia City	-4.88%	Very Weak	Very Weak	Moderately Strong	Above Average
Franklin City	.00%	Moderately Weak	Very Weak	Very Strong	High
Franklin City	3.57%	Moderately Weak	Very Weak	Very Strong	High
Galax City	6.15%	Moderately Weak	Very Weak	Very Strong	High
Hampton City	.95%	Very Weak	Moderately Weak	Very Strong	High
Harrisonburg City	5.94%	Moderately Strong	Moderately Weak	Moderately Strong	Above Average
Hopewell City	-4.29%	Very Weak	Moderately Weak	Very Strong	High
Lexington City	.00%	Very Weak	Moderately Weak	Very Strong	High
Lynchburg City	-1.67%	Moderately Weak	Moderately Weak	Very Strong	High
Martinsville City	-1.27%	Moderately Weak	Moderately Weak	Very Strong	High
Newport News City	.11%	Very Weak	Very Weak	Very Strong	High
Norfolk City	-8.27%	Very Weak	Very Weak	Very Strong	High
Norton City	-4.65%	Moderately Weak	Very Weak	Very Strong	High
Petersburg City	-9.71%	Very Weak	Very Weak	Very Strong	High
Portsmouth City	-4.91%	Very Weak	Very Weak	Very Strong	High
Radford City	-4.86%	Very Weak	Very Weak	Very Strong	High
Richmond City	-3.68%	Moderately Strong	Moderately Weak	Moderately Strong	Above Average
Roanoke City	-1.86%	Moderately Weak	Moderately Weak	Very Strong	High
Staunton City	-4.47%	Moderately Weak	Very Weak	Very Strong	High
Suffolk City	13.37%	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Virginia Beach City	2.44%	Moderately Weak	Moderately Strong	Very Strong	Above Average
Waynesboro City	-1.07%	Moderately Weak	Moderately Weak	Very Strong	Above Average
Williamsburg City	-.85%	Very Strong	Very Weak	Very Strong	High
Winchester City	-.89%	Very Strong	Moderately Weak	Moderately Strong	Above Average

Source: Staff, Commission on Local Government

Table D  
 1997/98 Fiscal Stress Profile by Locality and Percentage Change in Population, 1992-97: 51 Cases  
 [Selection Constraints: Levels of Capacity and AGI]

Locality	Percentage Change in Population, 1992-97	Revenue Capacity Per Capita Classification, 1997/98	Median AGI Classification, 1997	Revenue Effort Classification, 1997/98	Stress Index Classification, 1997/98
Accomack County	.62%	Moderately Weak	Very Weak	Moderately Weak	Above Average
Appomattox County	3.97%	Moderately Weak	Moderately Weak	Very Weak	Below Average
Brunswick County	3.09%	Very Weak	Very Weak	Moderately Weak	Above Average
Buchanan County	-7.62%	Very Weak	Very Weak	Moderately Strong	High
Buckingham County	12.31%	Very Weak	Moderately Weak	Very Weak	Above Average
Carroll County	4.07%	Very Weak	Moderately Weak	Very Weak	Above Average
Charlotte County	5.93%	Very Weak	Very Weak	Very Weak	Above Average
Cumberland County	3.80%	Moderately Weak	Very Weak	Moderately Strong	Above Average
Dickenson County	-3.95%	Very Weak	Very Weak	Very Weak	Above Average
Grayson County	1.23%	Very Weak	Very Weak	Very Weak	Above Average
Greensville County	3.60%	Very Weak	Very Weak	Moderately Strong	High
Henry County	-.53%	Moderately Weak	Moderately Weak	Very Weak	Above Average
Lee County	-.82%	Very Weak	Very Weak	Moderately Weak	Above Average
Lunenburg County	8.77%	Very Weak	Very Weak	Moderately Weak	Above Average
Mecklenburg County	4.73%	Moderately Weak	Very Weak	Moderately Weak	Above Average
Northampton County	-.77%	Moderately Weak	Very Weak	Very Weak	Below Average
Nottoway County	-11.18%	Very Weak	Very Weak	Moderately Strong	Above Average
Page County	2.69%	Moderately Weak	Very Weak	Moderately Weak	Above Average
Patrick County	5.14%	Moderately Weak	Very Weak	Very Weak	Below Average
Pittsylvania County	5.21%	Very Weak	Moderately Weak	Very Weak	Below Average
Prince Edward County	1.04%	Very Weak	Very Weak	Moderately Weak	Above Average
Russell County	-1.70%	Very Weak	Moderately Weak	Moderately Weak	Above Average
Scott County	-.30%	Very Weak	Very Weak	Moderately Weak	Below Average
Smyth County	-1.96%	Moderately Weak	Very Weak	Moderately Weak	Above Average
Sussex County	-.85%	Very Weak	Moderately Weak	Very Weak	Above Average
Tazewell County	4.46%	Moderately Weak	Moderately Weak	Very Weak	Below Average
Washington County	-3.25%	Very Weak	Moderately Weak	Very Weak	Above Average
Wise County	1.92%	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Bedford City	-1.59%	Moderately Weak	Very Weak	Moderately Weak	Above Average
Bristol City	-1.69%	Moderately Weak	Very Weak	Moderately Strong	Above Average
Buena Vista City	-3.13%	Very Weak	Moderately Weak	Very Strong	High
Clifton Forge City	.00%	Very Weak	Moderately Weak	Very Strong	High
Covington City	1.45%	Very Weak	Very Weak	Very Strong	High
Danville City	-4.88%	Very Weak	Very Weak	Very Strong	High
Emporia City	.00%	Moderately Weak	Very Weak	Moderately Strong	Above Average
Franklin City	3.57%	Moderately Weak	Very Weak	Very Strong	High
Galax City	6.15%	Moderately Weak	Very Weak	Very Strong	High
Hopewell City	-4.29%	Very Weak	Moderately Weak	Very Strong	High
Lexington City	.00%	Very Weak	Moderately Weak	Very Strong	High
Lynchburg City	-1.67%	Moderately Weak	Moderately Weak	Very Strong	High
Martinsville City	-1.27%	Moderately Weak	Very Weak	Very Strong	High
Newport News City	.11%	Very Weak	Moderately Weak	Very Strong	High
Norfolk City	-8.27%	Very Weak	Very Weak	Very Strong	High
Norton City	-4.65%	Moderately Weak	Very Weak	Very Strong	High
Petersburg City	-9.71%	Very Weak	Very Weak	Very Strong	High
Portsmouth City	-4.91%	Very Weak	Very Weak	Very Strong	High

Source: Staff, Commission on Local Government

Table D  
 1997/98 Fiscal Stress Profile by Locality and Percentage Change in Population, 1992-97: 51 Cases  
 (Selection Constraints: Levels of Capacity and AGI)

Locality	Percentage Change in Population, 1992-97	Revenue Capacity Per Capita Classification, 1997/98	Median AGI Classification, 1997	Revenue Effort Classification, 1997/98	Stress Index Classification, 1997/98
Radford City	-4.88%	Very Weak	Moderately Weak	Moderately Strong	Above Average
Roanoke City	-1.86%	Moderately Weak	Very Weak	Very Strong	High
Staunton City	-4.47%	Moderately Weak	Moderately Weak	Moderately Strong	Above Average
Waynesboro City	-1.07%	Moderately Weak	Moderately Weak	Very Strong	High

Source: Staff, Commission on Local Government

Table 1.1: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Jurisdictional Class

			Jurisdictional Class		
			Counties	Cities	Total
Revenue Capacity Per Capita, 1997/98	Very Strong	Count	25	8	33
		% within Revenue Capacity Per Capita, 1997/98	75.8%	24.2%	100.0%
		% within Jurisdictional Class	26.3%	20.0%	24.4%
	Moderately Strong	Count	28	7	35
		% within Revenue Capacity Per Capita, 1997/98	80.0%	20.0%	100.0%
		% within Jurisdictional Class	29.5%	17.5%	25.9%
	Moderately Weak	Count	21	13	34
		% within Revenue Capacity Per Capita, 1997/98	61.8%	38.2%	100.0%
		% within Jurisdictional Class	22.1%	32.5%	25.2%
	Very Weak	Count	21	12	33
		% within Revenue Capacity Per Capita, 1997/98	63.6%	36.4%	100.0%
		% within Jurisdictional Class	22.1%	30.0%	24.4%
Total		Count	95	40	135
		% within Revenue Capacity Per Capita, 1997/98	70.4%	29.6%	100.0%
		% within Jurisdictional Class	100.0%	100.0%	100.0%

Table 1.2: Crosstabulation of Median Adjusted Gross Income, 1997 with Jurisdictional Class

			Jurisdictional Class		Total
			Counties	Cities	
Median AGI, 1997	Very Strong	Count	26	7	33
		% within Median AGI, 1997	78.8%	21.2%	100.0%
		% within Jurisdictional Class	27.4%	17.5%	24.4%
	Moderately Strong	Count	29	6	35
		% within Median AGI, 1997	82.9%	17.1%	100.0%
		% within Jurisdictional Class	30.5%	15.0%	25.9%
	Moderately Weak	Count	21	13	34
		% within Median AGI, 1997	61.8%	38.2%	100.0%
		% within Jurisdictional Class	22.1%	32.5%	25.2%
	Very Weak	Count	19	14	33
		% within Median AGI, 1997	57.6%	42.4%	100.0%
		% within Jurisdictional Class	20.0%	35.0%	24.4%
Total	Count	95	40	135	
	% within Median AGI, 1997	70.4%	29.6%	100.0%	
	% within Jurisdictional Class	100.0%	100.0%	100.0%	

Table 1.3: Crosstabulation of Revenue Effort, 1997/98 with Jurisdictional Class

			Jurisdictional Class		Total
			Counties	Cities	
Revenue Effort, 1997/98	Very Strong	Count	1	32	33
		% within Revenue Effort, 1997/98	3.0%	97.0%	100.0%
		% within Jurisdictional Class	1.1%	80.0%	24.4%
	Moderately Strong	Count	26	8	34
		% within Revenue Effort, 1997/98	76.5%	23.5%	100.0%
		% within Jurisdictional Class	27.4%	20.0%	25.2%
	Moderately Weak	Count	35		35
		% within Revenue Effort, 1997/98	100.0%		100.0%
		% within Jurisdictional Class	36.8%		25.9%
	Very Weak	Count	33		33
		% within Revenue Effort, 1997/98	100.0%		100.0%
		% within Jurisdictional Class	34.7%		24.4%
Total	Count	95	40	135	
	% within Revenue Effort, 1997/98	70.4%	29.6%	100.0%	
	% within Jurisdictional Class	100.0%	100.0%	100.0%	

Table 1.4: Crosstabulation of Fiscal Stress, 1997/98 with Jurisdictional Class

			Jurisdictional Class		Total
			Counties	Cities	
Fiscal Stress, 1997/98	High	Count	2	22	24
		% within Fiscal Stress, 1997/98	8.3%	91.7%	100.0%
		% within Jurisdictional Class	2.1%	55.0%	17.8%
	Above Average	Count	29	13	42
		% within Fiscal Stress, 1997/98	69.0%	31.0%	100.0%
		% within Jurisdictional Class	30.5%	32.5%	31.1%
	Below Average	Count	48	3	51
		% within Fiscal Stress, 1997/98	94.1%	5.9%	100.0%
		% within Jurisdictional Class	50.5%	7.5%	37.8%
	Low	Count	16	2	18
		% within Fiscal Stress, 1997/98	88.9%	11.1%	100.0%
		% within Jurisdictional Class	16.8%	5.0%	13.3%
Total		Count	95	40	135
		% within Fiscal Stress, 1997/98	70.4%	29.6%	100.0%
		% within Jurisdictional Class	100.0%	100.0%	100.0%

Table 1.5: Crosstabulation of Pct. Change in Population, 1992-97 with Jurisdictional Class

			Jurisdictional Class		Total
			Counties	Cities	
Pct. Change in Population, 1992-97	10.00% or Higher	Count	25	4	29
		% within Pct. Change in Population, 1992-97	86.2%	13.8%	100.0%
		% within Jurisdictional Class	26.3%	10.0%	21.5%
	5.00% to 9.99%	Count	24	2	26
		% within Pct. Change in Population, 1992-97	92.3%	7.7%	100.0%
		% within Jurisdictional Class	25.3%	5.0%	19.3%
	0.01% to 4.99%	Count	29	12	41
		% within Pct. Change in Population, 1992-97	70.7%	29.3%	100.0%
		% within Jurisdictional Class	30.5%	30.0%	30.4%
	No Change or Decline	Count	17	22	39
		% within Pct. Change in Population, 1992-97	43.6%	56.4%	100.0%
		% within Jurisdictional Class	17.9%	55.0%	28.9%
Total	Count	95	40	135	
	% within Pct. Change in Population, 1992-97	70.4%	29.6%	100.0%	
	% within Jurisdictional Class	100.0%	100.0%	100.0%	

Table 2.1: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Pct. Change in Population, 1992-97

			Pct. Change in Population, 1992-97				Total
			No Change or Decline	0.01% to 4.99%	5.00% to 9.99%	10.00% or Higher	
Revenue Capacity Per Capita, 1997/98	Very Strong	Count	5	13	6	9	33
		% within Revenue Capacity Per Capita, 1997/98	15.2%	39.4%	18.2%	27.3%	100.0%
		% within Pct. Change in Population, 1992-97	12.8%	31.7%	23.1%	31.0%	24.4%
	Moderately Strong	Count	4	5	11	15	35
		% within Revenue Capacity Per Capita, 1997/98	11.4%	14.3%	31.4%	42.9%	100.0%
		% within Pct. Change in Population, 1992-97	10.3%	12.2%	42.3%	51.7%	25.9%
	Moderately Weak	Count	13	13	4	4	34
		% within Revenue Capacity Per Capita, 1997/98	38.2%	38.2%	11.8%	11.8%	100.0%
		% within Pct. Change in Population, 1992-97	33.3%	31.7%	15.4%	13.8%	25.2%
	Very Weak	Count	17	10	5	1	33
		% within Revenue Capacity Per Capita, 1997/98	51.5%	30.3%	15.2%	3.0%	100.0%
		% within Pct. Change in Population, 1992-97	43.6%	24.4%	19.2%	3.4%	24.4%
Total		Count	39	41	26	29	135
		% within Revenue Capacity Per Capita, 1997/98	28.9%	30.4%	19.3%	21.5%	100.0%
		% within Pct. Change in Population, 1992-97	100.0%	100.0%	100.0%	100.0%	100.0%

Table 2.2: Crosstabulation of Median Adjusted Gross Income, 1997 with Pct. Change in Population, 1992-97

			Pct. Change in Population, 1992-97				Total
			No Change or Decline	0.01% to 4.99%	5.00% to 9.99%	10.00% or Higher	
Median AGI, 1997	Very Strong	Count	1	6	6	20	33
		% within Median AGI, 1997	3.0%	18.2%	18.2%	60.6%	100.0%
		% within Pct. Change in Population, 1992-97	2.6%	14.6%	23.1%	69.0%	24.4%
	Moderately Strong	Count	2	15	12	6	35
		% within Median AGI, 1997	5.7%	42.9%	34.3%	17.1%	100.0%
		% within Pct. Change in Population, 1992-97	5.1%	36.6%	46.2%	20.7%	25.9%
	Moderately Weak	Count	18	9	4	3	34
		% within Median AGI, 1997	52.9%	26.5%	11.8%	8.8%	100.0%
		% within Pct. Change in Population, 1992-97	46.2%	22.0%	15.4%	10.3%	25.2%
	Very Weak	Count	18	11	4		33
		% within Median AGI, 1997	54.5%	33.3%	12.1%		100.0%
		% within Pct. Change in Population, 1992-97	46.2%	26.8%	15.4%		24.4%
Total	Count	39	41	26	29	135	
	% within Median AGI, 1997	28.9%	30.4%	19.3%	21.5%	100.0%	
	% within Pct. Change in Population, 1992-97	100.0%	100.0%	100.0%	100.0%	100.0%	

Table 2.3: Crosstabulation of Revenue Effort, 1997/98 with Pct. Change in Population, 1992-97

			Pct. Change in Population, 1992-97				Total
			No Change or Decline	0.01% to 4.99%	5.00% to 9.99%	10.00% or Higher	
Revenue Effort, 1997/98	Very Strong	Count	17	11	1	4	33
		% within Revenue Effort, 1997/98	51.5%	33.3%	3.0%	12.1%	100.0%
		% within Pct. Change in Population, 1992-97	43.6%	26.8%	3.8%	13.8%	24.4%
	Moderately Strong	Count	11	6	7	10	34
		% within Revenue Effort, 1997/98	32.4%	17.6%	20.6%	29.4%	100.0%
		% within Pct. Change in Population, 1992-97	28.2%	14.6%	26.9%	34.5%	25.2%
	Moderately Weak	Count	5	9	13	8	35
		% within Revenue Effort, 1997/98	14.3%	25.7%	37.1%	22.9%	100.0%
		% within Pct. Change in Population, 1992-97	12.8%	22.0%	50.0%	27.6%	25.9%
	Very Weak	Count	6	15	5	7	33
		% within Revenue Effort, 1997/98	18.2%	45.5%	15.2%	21.2%	100.0%
		% within Pct. Change in Population, 1992-97	15.4%	36.6%	19.2%	24.1%	24.4%
Total	Count	39	41	26	29	135	
	% within Revenue Effort, 1997/98	28.9%	30.4%	19.3%	21.5%	100.0%	
	% within Pct. Change in Population, 1992-97	100.0%	100.0%	100.0%	100.0%	100.0%	

Table 2.4: Crosstabulation of Fiscal Stress, 1997/98 with Pct. Change in Population, 1992-97

			Pct. Change in Population, 1992-97				Total
			No Change or Decline	0.01% to 4.99%	5.00% to 9.99%	10.00% or Higher	
Fiscal Stress, 1997/98	High	Count	18	5	1		24
		% within Fiscal Stress, 1997/98	75.0%	20.8%	4.2%		100.0%
		% within Pct. Change in Population, 1992-97	46.2%	12.2%	3.8%		17.8%
	Above Average	Count	15	16	6	5	42
		% within Fiscal Stress, 1997/98	35.7%	38.1%	14.3%	11.9%	100.0%
		% within Pct. Change in Population, 1992-97	38.5%	39.0%	23.1%	17.2%	31.1%
	Below Average	Count	3	16	17	15	51
		% within Fiscal Stress, 1997/98	5.9%	31.4%	33.3%	29.4%	100.0%
		% within Pct. Change in Population, 1992-97	7.7%	39.0%	65.4%	51.7%	37.8%
	Low	Count	3	4	2	9	18
		% within Fiscal Stress, 1997/98	16.7%	22.2%	11.1%	50.0%	100.0%
		% within Pct. Change in Population, 1992-97	7.7%	9.8%	7.7%	31.0%	13.3%
Total	Count	39	41	26	29	135	
	% within Fiscal Stress, 1997/98	28.9%	30.4%	19.3%	21.5%	100.0%	
	% within Pct. Change in Population, 1992-97	100.0%	100.0%	100.0%	100.0%	100.0%	

Table 3: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median Adjusted Gross Income, 1997

		Median AGI, 1997				Total	
		Very Strong	Moderately Strong	Moderately Weak	Very Weak		
Revenue Capacity Per Capita, 1997/98	Very Strong	Count % within Revenue Capacity Per Capita, 1997/98	18 54.5%	6 18.2%	5 15.2%	4 12.1%	33 100.0%
	Moderately Strong	Count % within Median AGI, 1997	13 54.5%	15 17.1%	6 14.7%	1 12.1%	35 24.4%
	Moderately Weak	Count % within Revenue Capacity Per Capita, 1997/98	1 2.9%	11 32.4%	10 29.4%	12 35.3%	34 100.0%
Total	Very Weak	Count % within Median AGI, 1997	1 3.0%	3 8.6%	13 38.2%	16 48.5%	33 100.0%
		Count % within Revenue Capacity Per Capita, 1997/98	33 24.4%	35 25.9%	34 25.2%	33 24.4%	135 100.0%
		Count % within Median AGI, 1997	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Staff, Commission on Local Government

Table 4: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median Adjusted Gross Income, 1997 by Jurisdictional Class

Jurisdictional Class	Revenue Capacity Per Capita, 1997/98		Median AGI, 1997				Total
			Very Strong	Moderately Strong	Moderately Weak	Very Weak	
Counties	Very Strong	Count	14	4	4	3	25
		% within Revenue Capacity Per Capita, 1997/98	56.0%	16.0%	16.0%	12.0%	100.0%
	Moderately Strong	Count	10	14	3	1	28
		% within Revenue Capacity Per Capita, 1997/98	38.5%	48.3%	14.3%	5.3%	29.5%
Moderately Weak	Count	1	9	6	5	21	
	% within Revenue Capacity Per Capita, 1997/98	4.8%	42.9%	28.6%	23.8%	100.0%	
Very Weak	Count	1	2	8	10	21	
	% within Revenue Capacity Per Capita, 1997/98	3.8%	31.0%	28.6%	26.3%	22.1%	
Total		Count	26	29	21	19	95
		% within Revenue Capacity Per Capita, 1997/98	27.4%	30.5%	22.1%	20.0%	100.0%
		% within Median AGI, 1997	100.0%	100.0%	100.0%	100.0%	100.0%

Table 4: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median Adjusted Gross Income, 1997 by Jurisdictional Class

Jurisdictional Class	Median AGI, 1997					Total
	Very Strong	Moderately Strong	Moderately Weak	Very Weak		
Cities	Revenue Capacity Per Capita, 1997/98	Very Strong	Count	% within Revenue Capacity Per Capita, 1997/98	Count	% within Revenue Capacity Per Capita, 1997/98
		Moderately Strong	Count	% within Revenue Capacity Per Capita, 1997/98	Count	% within Revenue Capacity Per Capita, 1997/98
		Moderately Weak	Count	% within Revenue Capacity Per Capita, 1997/98	Count	% within Revenue Capacity Per Capita, 1997/98
		Very Weak	Count	% within Revenue Capacity Per Capita, 1997/98	Count	% within Revenue Capacity Per Capita, 1997/98
	Total	Count	% within Revenue Capacity Per Capita, 1997/98	Count	% within Revenue Capacity Per Capita, 1997/98	

Source: Staff, Commission on Local Government

Table 5: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median Adjusted Gross Income, 1997 by Pct. Change in Population, 1992-97

Pct. Change in Population, 1992-97	Revenue Capacity Per Capita, 1997/98		Median AGI, 1997				Total
			Very Strong	Moderately Strong	Moderately Weak	Very Weak	
No Change or Decline	Very Strong	Count	1		3	1	5
		% within Revenue Capacity Per Capita, 1997/98	20.0%		60.0%	20.0%	100.0%
	Moderately Strong	Count		1	2	1	4
		% within Revenue Capacity Per Capita, 1997/98		25.0%	50.0%	25.0%	100.0%
Moderately Weak	Count			5	7	13	
	% within Revenue Capacity Per Capita, 1997/98			38.5%	53.8%	100.0%	
Very Weak	Count			8	9	17	
	% within Revenue Capacity Per Capita, 1997/98			47.1%	52.9%	100.0%	
Total		Count	1	2	18	18	39
		% within Revenue Capacity Per Capita, 1997/98	2.6%	5.1%	46.2%	46.2%	100.0%
		% within Median AGI, 1997	100.0%	100.0%	100.0%	100.0%	100.0%

Table 5: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median Adjusted Gross Income, 1997 by Pct. Change in Population, 1992-97

Pct. Change in Population, 1992-97	Revenue Capacity Per Capita, 1997/98		Median AGI, 1997				Total
			Very Strong	Moderately Strong	Moderately Weak	Very Weak	
0.01% to 4.99%	Very Strong	Count	5	3	2	3	13
		% within Revenue Capacity Per Capita, 1997/98	38.5%	23.1%	15.4%	23.1%	100.0%
		% within Median AGI, 1997	83.3%	20.0%	22.2%	27.3%	31.7%
	Moderately Strong	Count	1	4			5
		% within Revenue Capacity Per Capita, 1997/98	20.0%	80.0%			100.0%
		% within Median AGI, 1997	16.7%	26.7%			12.2%
	Moderately Weak	Count		5	4	4	13
		% within Revenue Capacity Per Capita, 1997/98		38.5%	30.8%	30.8%	100.0%
		% within Median AGI, 1997		33.3%	44.4%	36.4%	31.7%
	Very Weak	Count		3	3	4	10
		% within Revenue Capacity Per Capita, 1997/98		30.0%	30.0%	40.0%	100.0%
		% within Median AGI, 1997		20.0%	33.3%	36.4%	24.4%
Total		Count	6	15	9	11	41
		% within Revenue Capacity Per Capita, 1997/98	14.6%	36.6%	22.0%	26.8%	100.0%
		% within Median AGI, 1997	100.0%	100.0%	100.0%	100.0%	100.0%

Table 5: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median Adjusted Gross Income, 1997 by Pct. Change in Population, 1992-97

Pct. Change in Population, 1992-97	Revenue Capacity Per Capita, 1997/98	Very Strong	Median AGI, 1997				Total
			Very Strong	Moderately Strong	Moderately Weak	Very Weak	
5.00% to 9.99%	Very Strong	Count % within Revenue Capacity Per Capita, 1997/98	4 66.7%	2 33.3%			6 100.0%
	Moderately Strong	Count % within Revenue Capacity Per Capita, 1997/98	1 9.1%	8 72.7%	2 18.2%		11 100.0%
	Moderately Weak	Count % within Revenue Capacity Per Capita, 1997/98		2 50.0%	1 25.0%	1 25.0%	4 100.0%
	Very Weak	Count % within Revenue Capacity Per Capita, 1997/98	1 20.0%			3 60.0%	5 100.0%
	Total	Count % within Revenue Capacity Per Capita, 1997/98	6 23.1%	12 46.2%	4 15.4%	4 15.4%	26 100.0%

Source: Staff, Commission on Local Government

Table 5: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median Adjusted Gross Income, 1997 by Pct. Change in Population, 1992-97

Pct. Change in Population, 1992-97	Revenue Capacity Per Capita, 1997/98		Median AGI, 1997				Total
			Very Strong	Moderately Strong	Moderately Weak	Very Weak	
10.00% or Higher	Very Strong	Count	8	1			9
		% within Revenue Capacity Per Capita, 1997/98	88.9%	11.1%			100.0%
	Moderately Strong	Count	11	2	2		15
		% within Revenue Capacity Per Capita, 1997/98	73.3%	13.3%	13.3%		100.0%
	Moderately Weak	Count	1	3			4
		% within Revenue Capacity Per Capita, 1997/98	25.0%	75.0%			100.0%
	Very Weak	Count				1	1
		% within Revenue Capacity Per Capita, 1997/98	5.0%	50.0%		100.0%	100.0%
	Total	Count	20	6	3		29
		% within Revenue Capacity Per Capita, 1997/98	69.0%	20.7%	10.3%		100.0%
		% within Median AGI, 1997	100.0%	100.0%	100.0%		100.0%

Table 6: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median AGI, 1997 by Jurisdictional Class and Pct. Change in Population, 1992-97

Jurisdictional Class	Pct. Change in Population, 1992-97	Revenue Capacity Per Capita, 1997/98	Median AGI, 1997				Total
			Very Strong	Moderately Strong	Moderately Weak	Very Weak	
Counties	No Change or Decline	Very Strong			2	1	3
		Moderately Strong	Count	% within Revenue Capacity Per Capita, 1997/98	66.7%	33.3%	100.0%
	Moderately Weak	Count	% within Revenue Capacity Per Capita, 1997/98	28.6%	12.5%	17.6%	
	Very Weak	Count	% within Revenue Capacity Per Capita, 1997/98	1	50.0%	50.0%	
		Total	Count	% within Revenue Capacity Per Capita, 1997/98	7	8	17
			Count	% within Revenue Capacity Per Capita, 1997/98	25.0%	50.0%	100.0%
			Count	% within Revenue Capacity Per Capita, 1997/98	50.0%	25.0%	23.5%
			Count	% within Revenue Capacity Per Capita, 1997/98	4	4	8
			Count	% within Revenue Capacity Per Capita, 1997/98	50.0%	50.0%	100.0%
			Count	% within Revenue Capacity Per Capita, 1997/98	57.1%	50.0%	47.1%
			Count	% within Revenue Capacity Per Capita, 1997/98	11.8%	41.2%	100.0%
			Count	% within Revenue Capacity Per Capita, 1997/98	100.0%	100.0%	100.0%

Table 6: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median AGI, 1997 by Jurisdictional Class and Pct. Change in Population, 1992-97

Jurisdictional Class	Pct. Change in Population, 1992-97	Median AGI, 1997				Total	
		Very Strong	Moderately Strong	Moderately Weak	Very Weak		
Counties	0.01% to 4.99%	Revenue Capacity Per Capita, 1997/98	3	1	2	2	8
		Very Strong	37.5%	12.5%	25.0%	25.0%	100.0%
		% within Median AGI, 1997	100.0%	10.0%	25.0%	25.0%	27.6%
		Moderately Strong		3			3
		% within Revenue Capacity Per Capita, 1997/98		100.0%			100.0%
			30.0%			10.3%	
		Moderately Weak	4	4	3	11	
		% within Revenue Capacity Per Capita, 1997/98		36.4%	27.3%	100.0%	
		% within Median AGI, 1997	40.0%	50.0%	37.5%	37.9%	
		Very Weak		2	3	7	
		Count		2	3	7	
		% within Revenue Capacity Per Capita, 1997/98		28.6%	42.9%	100.0%	
		% within Median AGI, 1997	20.0%	25.0%	37.5%	24.1%	
		Total	3	10	8	29	
		Count		10	8	29	
		% within Revenue Capacity Per Capita, 1997/98	10.3%	34.5%	27.6%	100.0%	
		% within Median AGI, 1997	100.0%	100.0%	100.0%	100.0%	

Source: Staff, Commission on Local Government

Table 6: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median AGI, 1997 by Jurisdictional Class and Pct. Change in Population, 1992-97

Jurisdictional Class	Pct. Change in Population, 1992-97	Median AGI, 1997				Total
		Very Strong	Moderately Strong	Moderately Weak	Very Weak	
Counties	5.00% to 9.99%	Revenue Capacity Per Capita, 1997/98	4	2		6
		% within Revenue Capacity Per Capita, 1997/98	66.7%	33.3%		100.0%
	Moderately Strong	1	8	1		10
	% within Median AGI, 1997	16.7%	16.7%	10.0%		25.0%
	Moderately Weak	Count		2	1	3
		% within Revenue Capacity Per Capita, 1997/98		66.7%	33.3%	100.0%
	Very Weak	Count	1		3	5
		% within Revenue Capacity Per Capita, 1997/98	20.0%		60.0%	100.0%
Total		Count	6	12	3	24
		% within Revenue Capacity Per Capita, 1997/98	25.0%	50.0%	12.5%	100.0%
		% within Median AGI, 1997	100.0%	100.0%	100.0%	100.0%

Table 6: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median AGI, 1997 by Jurisdictional Class and Pct. Change in Population, 1992-97

Jurisdictional Class	Pct. Change in Population, 1992-97	Revenue Capacity Per Capita, 1997/98	Median AGI, 1997				Total
			Very Strong	Moderately Strong	Moderately Weak	Very Weak	
Counties	10.00% or Higher	Very Strong	Count 7	Count 1	Count 2	Count 2	Count 13
		Moderately Strong	% within Revenue Capacity Per Capita, 1997/98 87.5%	% within Revenue Capacity Per Capita, 1997/98 12.5%	% within Revenue Capacity Per Capita, 1997/98 15.4%	% within Revenue Capacity Per Capita, 1997/98 15.4%	% within Revenue Capacity Per Capita, 1997/98 100.0%
		Moderately Weak	% within Median AGI, 1997 41.2%	% within Median AGI, 1997 20.0%	% within Median AGI, 1997 40.0%	% within Median AGI, 1997 66.7%	% within Median AGI, 1997 52.0%
		Very Weak	% within Revenue Capacity Per Capita, 1997/98 33.3%	% within Revenue Capacity Per Capita, 1997/98 66.7%	% within Revenue Capacity Per Capita, 1997/98 40.0%	% within Revenue Capacity Per Capita, 1997/98 100.0%	% within Revenue Capacity Per Capita, 1997/98 100.0%
		Total	Count 17	Count 5	Count 3	Count 25	Count 25
			% within Revenue Capacity Per Capita, 1997/98 68.0%	% within Revenue Capacity Per Capita, 1997/98 20.0%	% within Revenue Capacity Per Capita, 1997/98 12.0%	% within Revenue Capacity Per Capita, 1997/98 100.0%	% within Revenue Capacity Per Capita, 1997/98 100.0%
			% within Median AGI, 1997 100.0%	% within Median AGI, 1997 100.0%	% within Median AGI, 1997 100.0%	% within Median AGI, 1997 100.0%	% within Median AGI, 1997 100.0%

Table 6: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median AGI, 1997 by Jurisdictional Class and Pct. Change in Population, 1992-97

Jurisdictional Class	Pct. Change in Population, 1992-97	Revenue Capacity Per Capita, 1997/98	Median AGI, 1997				Total
			Very Strong	Moderately Strong	Moderately Weak	Very Weak	
Cities	No Change or Decline	Very Strong	Count	1	1	2	2
			% within Revenue Capacity Per Capita, 1997/98	50.0%	50.0%	100.0%	100.0%
		Moderately Strong	Count			2	2
			% within Revenue Capacity Per Capita, 1997/98			18.2%	9.1%
Moderately Weak	Count			4	5		
	% within Revenue Capacity Per Capita, 1997/98			44.4%	55.6%		
Very Weak	Count			4	5		
	% within Revenue Capacity Per Capita, 1997/98			36.4%	50.0%		
Total			1	11	10	22	
			4.5%	50.0%	45.5%	100.0%	
			100.0%	100.0%	100.0%	100.0%	

Table 6: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median AGI, 1997 by Jurisdictional Class and Pct. Change in Population, 1992-97

Jurisdictional Class	Pct. Change in Population, 1992-97	Revenue Capacity Per Capita, 1997/98		Median AGI, 1997				Total
				Very Strong	Moderately Strong	Moderately Weak	Very Weak	
Cities	0.01% to 4.99%	Very Strong	Count	2	2		1	5
			% within Revenue Capacity Per Capita, 1997/98	40.0%	40.0%		20.0%	100.0%
		Moderately Strong	Count	1	1			2
			% within Revenue Capacity Per Capita, 1997/98	50.0%	50.0%			100.0%
Moderately Weak	Count		1		1	2		
	% within Revenue Capacity Per Capita, 1997/98		20.0%		50.0%	16.7%		
Total		Very Weak	Count			1	1	3
			% within Revenue Capacity Per Capita, 1997/98			33.3%	33.3%	100.0%
			% within Median AGI, 1997			100.0%	33.3%	25.0%
Total			Count	3	5	1	3	12
			% within Revenue Capacity Per Capita, 1997/98	25.0%	41.7%	8.3%	25.0%	100.0%
			% within Median AGI, 1997	100.0%	100.0%	100.0%	100.0%	100.0%

Table 6: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median AGI, 1997 by Jurisdictional Class and Pct. Change in Population, 1992-97

Jurisdictional Class	Pct. Change in Population, 1992-97	Revenue Capacity Per Capita, 1997/98	Median AGI, 1997				Total
			Very Strong	Moderately Strong	Moderately Weak	Very Weak	
Cities	5.00% to 9.99%	Very Strong	Count				
			% within Revenue Capacity Per Capita, 1997/98				
			% within Median AGI, 1997				
			Total	1	100.0%	100.0%	100.0%
Cities	5.00% to 9.99%	Moderately Strong	Count				
			% within Revenue Capacity Per Capita, 1997/98				
			% within Median AGI, 1997				
			Total	1	100.0%	100.0%	100.0%
Cities	5.00% to 9.99%	Moderately Weak	Count				
			% within Revenue Capacity Per Capita, 1997/98				
			% within Median AGI, 1997				
			Total	1	100.0%	100.0%	100.0%
Cities	5.00% to 9.99%	Very Weak	Count				
			% within Revenue Capacity Per Capita, 1997/98				
			% within Median AGI, 1997				
			Total	1	100.0%	100.0%	100.0%
		Total	Count				
			% within Revenue Capacity Per Capita, 1997/98				
			% within Median AGI, 1997				
			Total	2	100.0%	100.0%	100.0%

Source: Staff, Commission on Local Government

Table 6: Crosstabulation of Revenue Capacity Per Capita, 1997/98 with Median AGI, 1997 by Jurisdictional Class and Pct. Change in Population, 1992-97

Jurisdictional Class	Pct. Change in Population, 1992-97	Median AGI, 1997				Total
		Very Strong	Moderately Strong	Moderately Weak	Very Weak	
Cities	10.00% or Higher	Count	1			1
		% within Revenue Capacity Per Capita, 1997/98	100.0%			100.0%
	Moderately Strong	Count	2			2
		% within Revenue Capacity Per Capita, 1997/98	100.0%			100.0%
Moderately Weak	Count	66.7%			50.0%	
	% within Revenue Capacity Per Capita, 1997/98		100.0%		100.0%	
Total	Total	Count	3	1		4
		% within Revenue Capacity Per Capita, 1997/98	75.0%	25.0%		100.0%
		Count	100.0%			100.0%
		% within Revenue Capacity Per Capita, 1997/98	100.0%			100.0%
		Count				
		% within Revenue Capacity Per Capita, 1997/98				

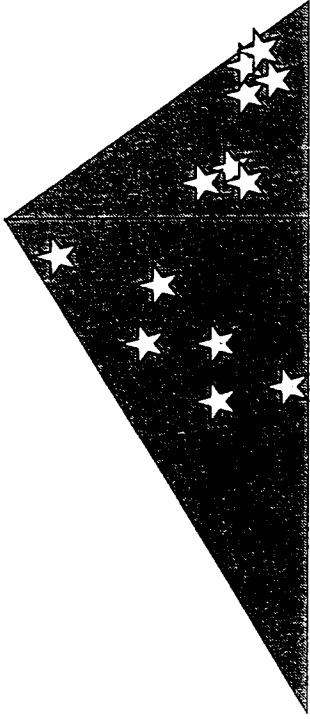


# **Virginia First Cities**

## **Our Fiscal Reality 2001**

# Virginia First Cities

- **Charlottesville**
- **Danville**
- **Hampton**
- **Hopewell**
- **Lynchburg**
- **Newport News**
- **Norfolk**
- **Petersburg**



- **Portsmouth**
- **Richmond**
- **Roanoke**
- **Staunton**
- **Winchester**

# **First Cities Request**

***For the Commonwealth of  
Virginia to take a leadership  
role in enhancing the future  
of the First Cities.***



# **Why Invest in First Cities: Return on Investment**

- **1st Cities represent 17% of the population and 22% of the wages in the State**
- **Reuse of existing infrastructure and developed areas is less costly than funding sprawl (Smart Growth)**
- **The economic vitality of the region & core are inter-related**
- **City problems (e.g. crime, blight) will spread to neighboring localities if not addressed**

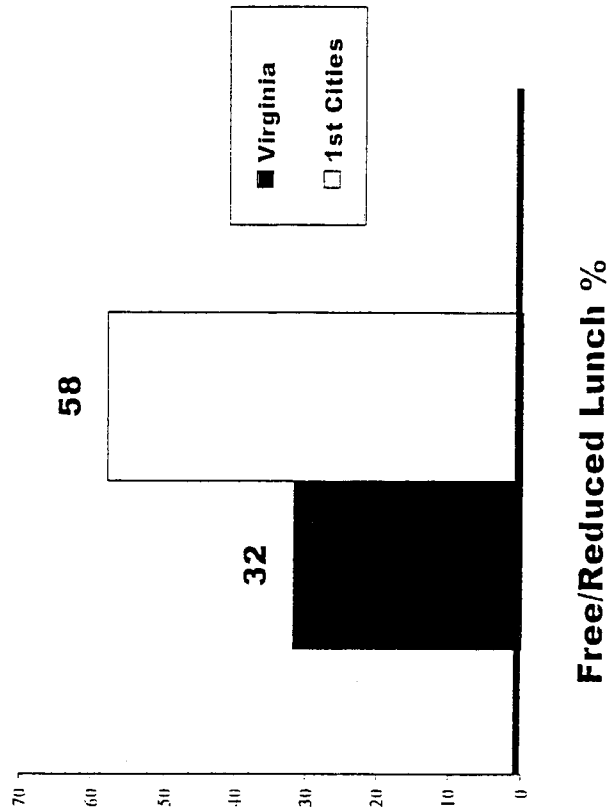
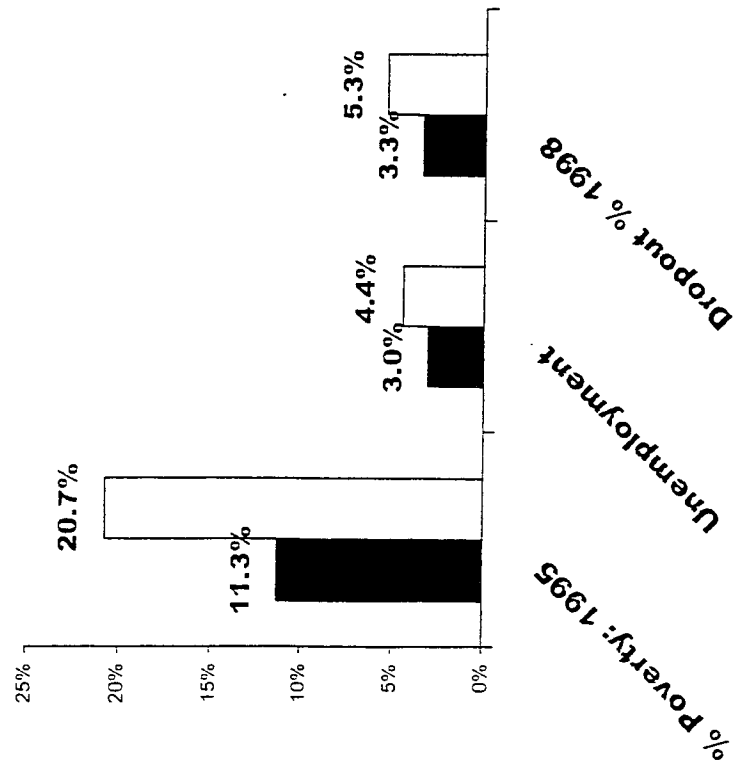
# **Why Invest in First Cities: State Support Needed**

- ① Demographics drive high service responsibilities**
- ② Revenue capacity is very limited**
- ③ State funding formulas are inadequate**
  - overestimate capacity**
  - fail to take account of revenue effort**

# **First Cities Reality # 1: Costly Demographics**

- ➔ **17% of Virginia's total population**
- ➔ **31.5% of Virginia's poverty population**
- ➔ **27.9% of Virginia's students on free or reduced lunch**
- ➔ **30% of Virginia's property and violent crime**
- ➔ **Older, more costly physical infrastructure**

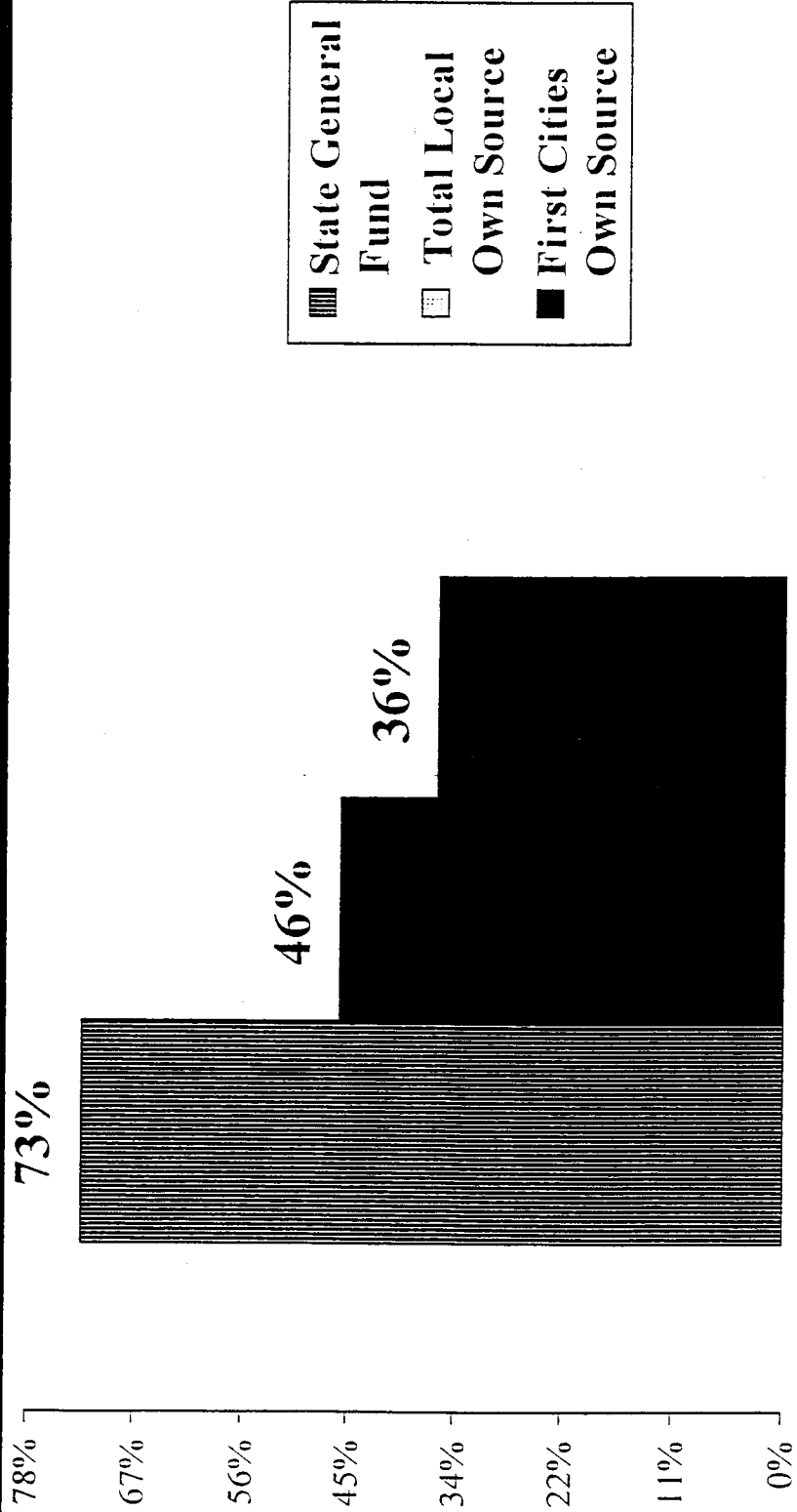
# Demographics in the First Cities



# **First Cities Reality #2: Fiscal Capacity Limited**

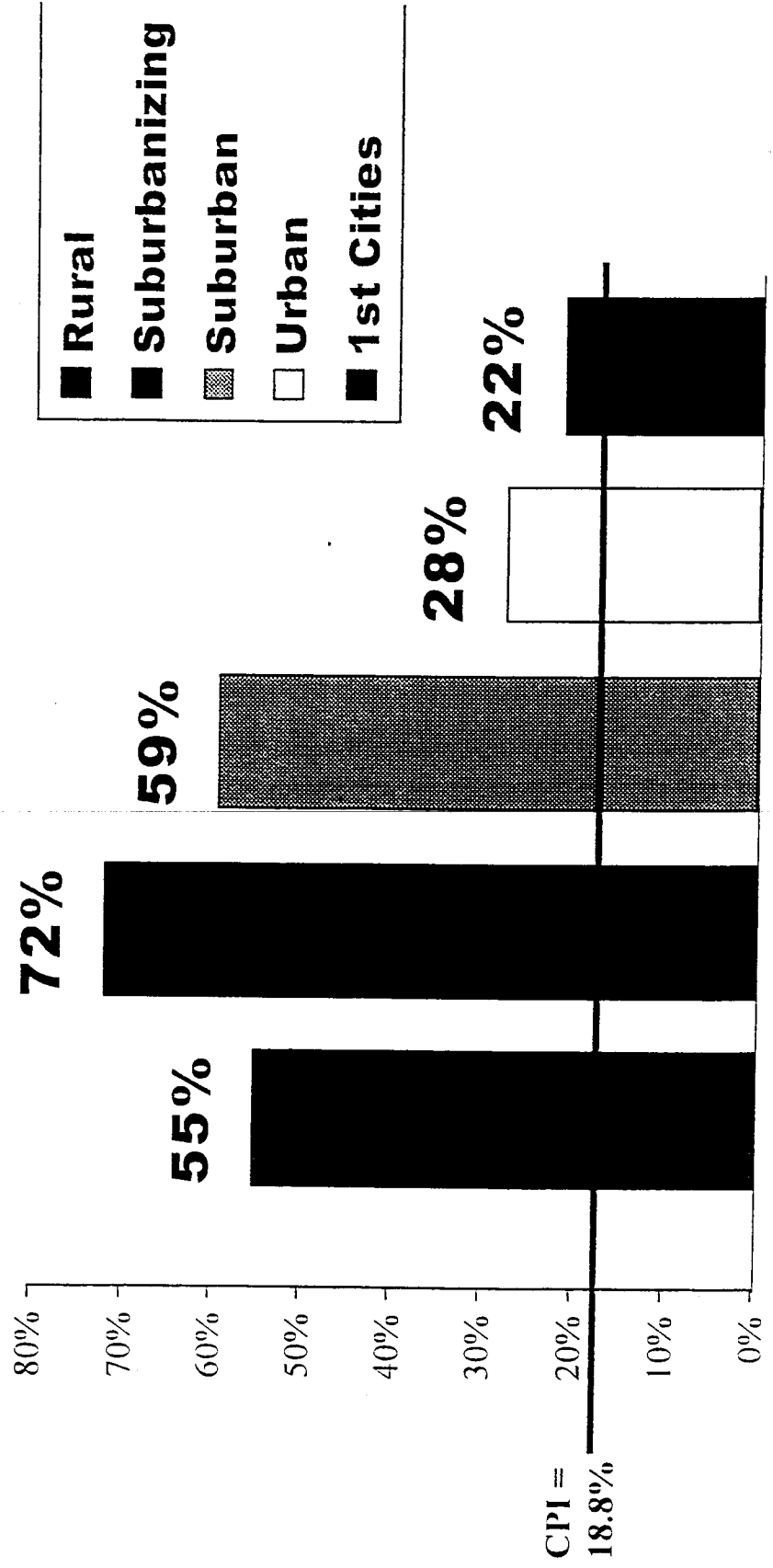
- Revenue growth half the state's growth from 1992-1999
- Highest tax rates in the state
- 10 of the most fiscally stressed localities in the state
- State severely limits localities revenue sources
- Local tax structure too heavily dependent on real estate tax

# Revenue Growth 1992-1999\*

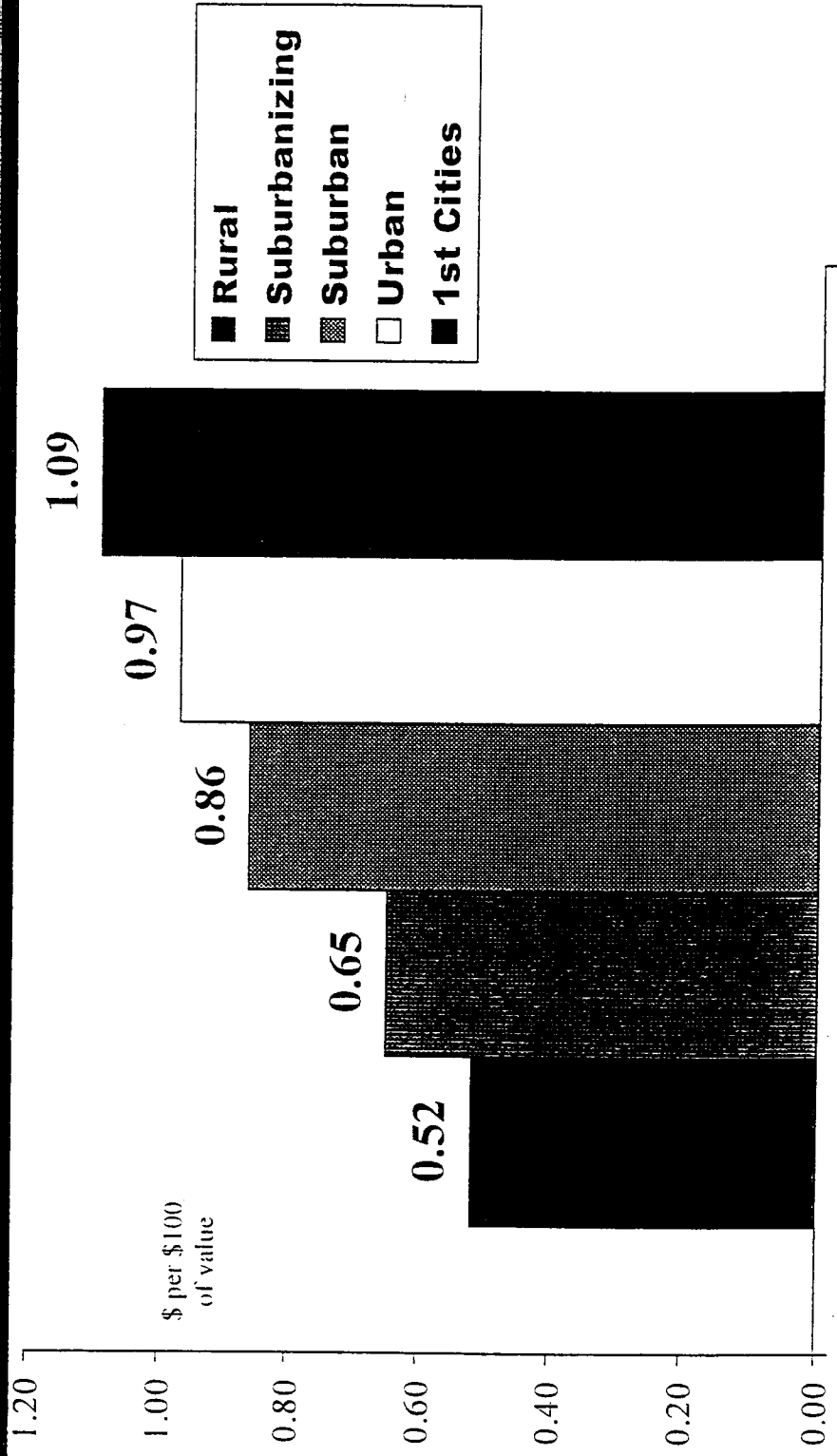


\*Forecasted 1999 Local Revenues

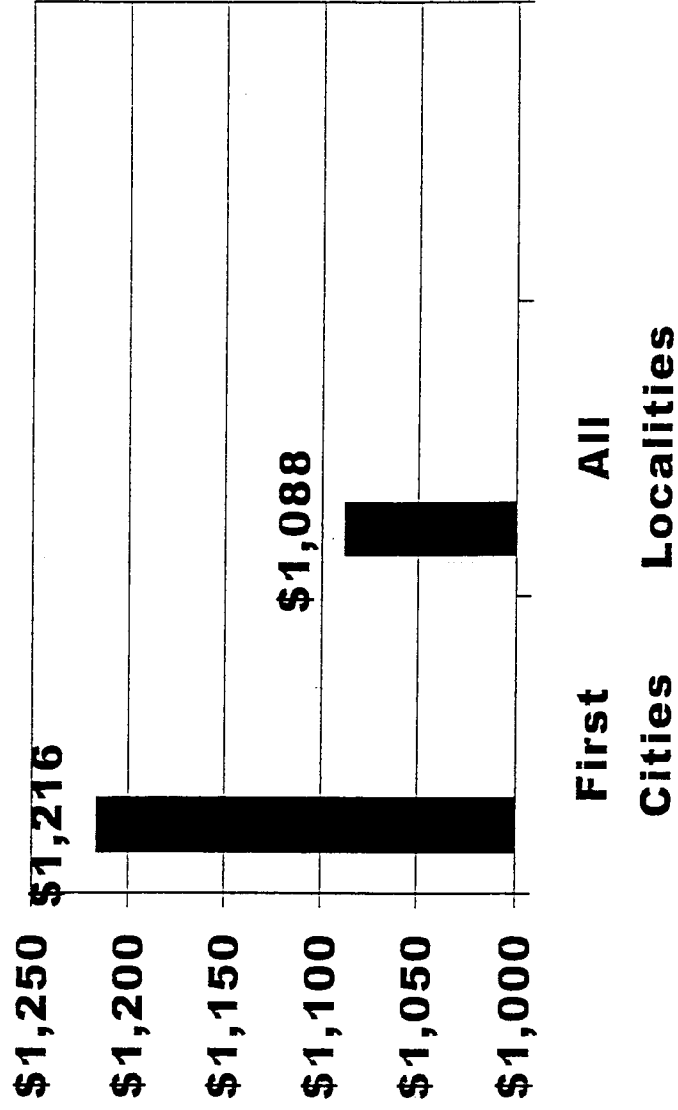
# Real Estate Revenue Growth 1992-1999



# Average 1999 Effective Real Estate Rates



## Debt Loads are Increasing Cumulative 1992-99 Debt Proceeds per Capita

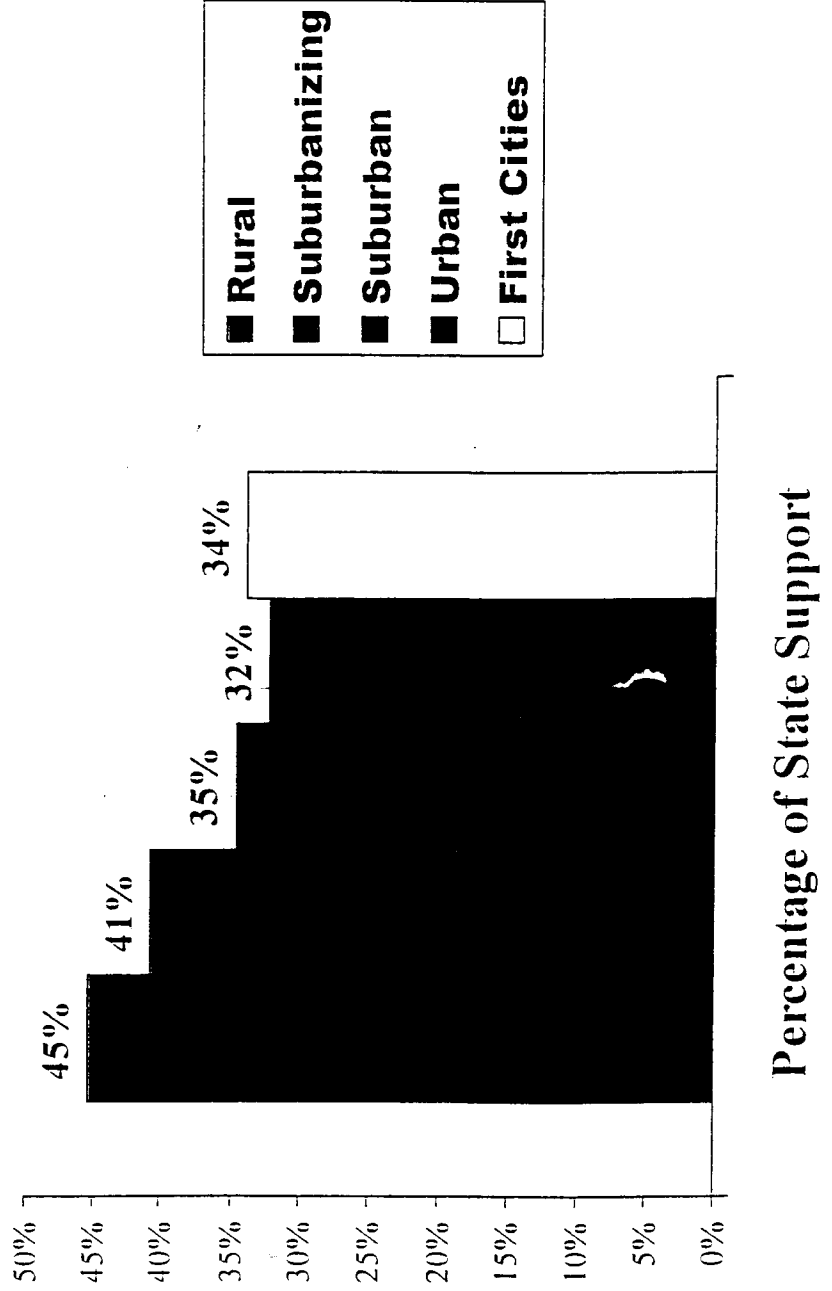


Source: Auditor of Public Accounts Comparative Reports on Local Revenues

# **First Cities Reality #3: State Funding Inadequate**

- **Education**
- **Street Maintenance**
- **Mandated Human Service Programs**
- **HB 599**

# Cities Do Poorly in State Aid to Localities



# Education Funding

- **Virginia ranks 44th in state K-12 educational funding relative to personal income**
- **Virginia localities rank 19th**

Source: U.S. Census Bureau. Shared sales tax considered local revenue as required by state law

# **First Cities Funding for Education FY 2000**

<b>First Cities Funding</b>	<b>\$508 Million</b>
<b>Required SOQ Effort*</b>	<b>277 Million</b>
<b>Add. Cities Funding</b>	<b>\$ 231 Million</b>

**First City supplements to K-12 education average 78% more than SOQ requires.**

**\*Standards of Quality**

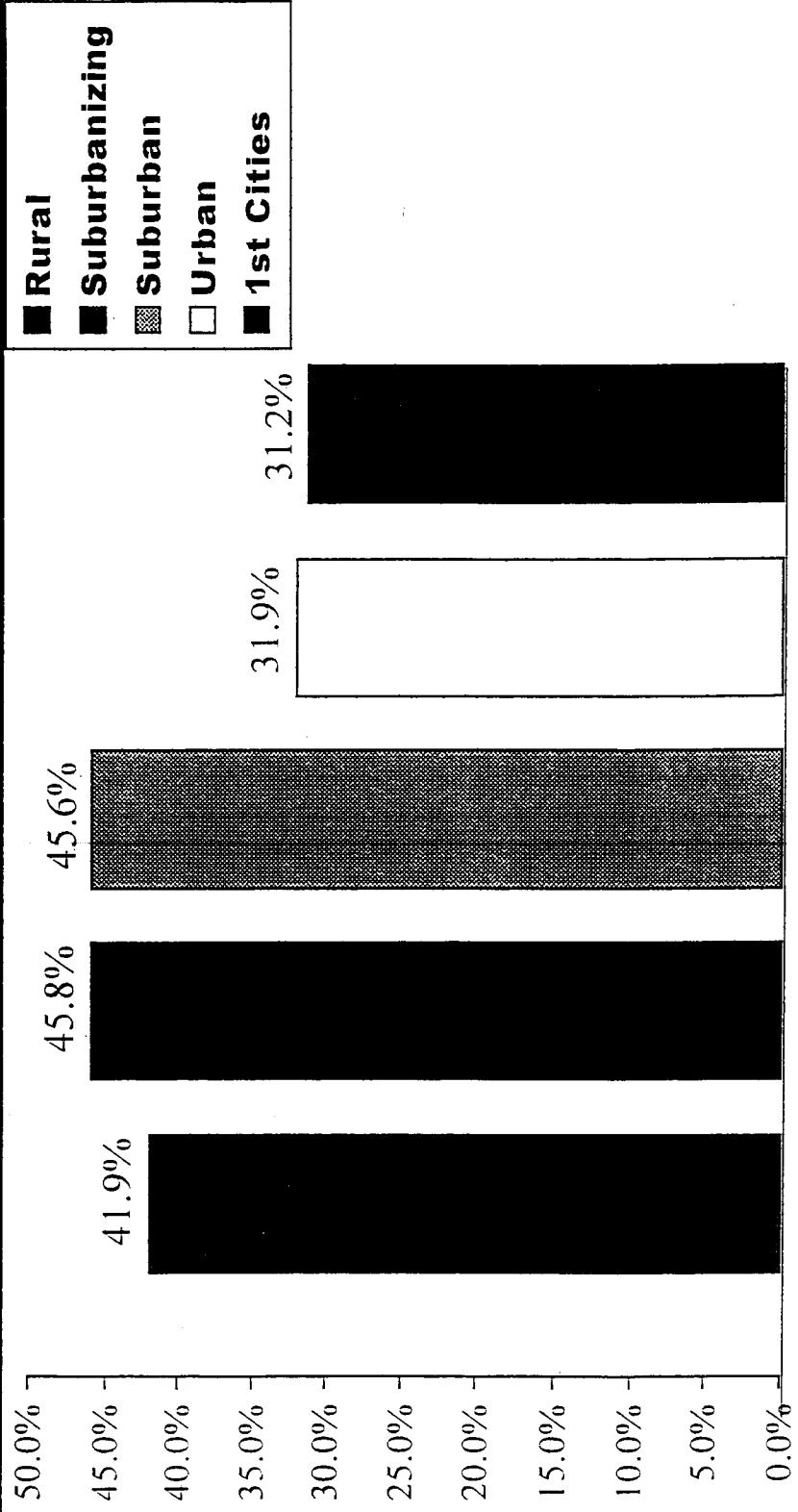
# Composite Index

- **State formula used to distribute \$3 billion in education funds to localities**
- **Should measure locality's ability to pay for K-12 education**
- **Composite Index overstates First Cities ability to fund education**
  - **Adjusted gross income accounts for 40% of formula. Localities can not access.**
  - **Revenue effort not included**

# **Composite Index Shortfall**

- **Composite Index should include revenue effort factor**
- **If Composite Index was adjusted for 50% of the CLG revenue effort calculations, First Cities would receive an additional \$54 million annually**

# Local Revenue to Education 1992-1999



# Composite Index Inequality

LOCALITY	COLG		LOCALITY	COLG	
	CI	REV. EFFORT		CI	REV. EFFORT
WISE	0.2237	0.74	YORK	0.3881	0.99
PETERSBURG	0.2240	1.28	LYNCHBURG	0.3901	1.38
PORTSMOUTH	0.2253	1.43	SHENANDOAH	0.3908	0.64
SCOTT	0.2353	0.50	CHESTERFIELD	0.4055	0.90
SMYTH	0.2625	0.70	ROANOKE CITY	0.4078	1.32
HOPEWELL	0.2673	1.42	STAUNTON	0.4131	1.09
BUCKINGHAM	0.2694	0.52	BOYD	0.4148	0.63
TAZEWELL	0.2753	0.58	ESSEX	0.4529	0.61
NORFOLK	0.2798	1.61	RICHMOND CITY	0.4536	1.48
NEWPORT NEWS	0.2799	1.58	LEXINGTON	0.4578	1.12
HAMPTON	0.2803	1.39	HANOVER	0.4693	0.73
PITTSYLVANIA	0.2805	0.51	HIGHLAND	0.5502	0.60
ACCOMACK	0.3151	0.70	CHARLOTTEVILLE	0.5509	1.38
DANVILLE	0.3157	0.95	WINCHESTER	0.5643	1.04
CAROLINE	0.3169	0.73	MIDDLESEX	0.5658	0.56

# **Mandated Human Services**

- **First Cities account for 23% of all expenditures statewide for:**
  - **health**
  - **social services**
  - **jails**
  - **community service boards**
  - **comprehensive services act**
- **First Cities spend over \$94 million annually on mandated services**

# First Cities Spending Trends

- Since 1992, all localities have spent more of their revenue on health and welfare and public safety, and less on education.
- First Cities spend a significantly greater percentage on health and welfare, public safety, and public works, and less on education than the statewide average.

	FY 1992		FY 1999	
	Statewide	1st Cities	Statewide	1st Cities
Public Safety	11.2%	17.7%	14.3%	18.4%
Public Works	5.6%	9.0%	6.8%	8.5%
Health and Welfare	9.9%	11.3%	11.3%	14.6%
Education	62.0%	50.1%	55.2%	46.3%
Other	12.4%	12.0%	12.4%	12.2%

# **Street Maintenance**

→ **From FY 1990 to FY 2001 the funding per lane mile increased:**

**VDOT Maintained County Roads: 68%**

**VDOT Payments to Cities : 34%**

→ **Arlington & Henrico get more state funding per lane mile than cities**

→ **Fair formula would allocate \$27 million more annually to First Cities**

# **HB 599**

- **State approved 599 funds as “quid pro quo” for annexation ban**
- **State under-funded 599 obligations from 1982-1999, costing First Cities \$204 million**
- **Formula unfair; population counted twice**
- **Counties’ share of 599 funds growing at cities’ expense**

# Total Fiscal Impact of State Funding Inequities

→ SOQ	\$ 125	Million
→ Composite Index	54	Million
→ Street Maintenance	27	Million
→ Human Services	94	Million

**ANNUAL IMPACT**     \$ 300 Million

→ HB 599 One Time Funds-\$ 204 Million

## **State Aid to Policies Encourage Out-migration from the Urban Core**

- Most state aid to localities is for education - City school population is declining. 3 of every 4 state aid dollars are for education.**
- State aid is minimal for services that cities must spend more of their dollars on: human services, law enforcement, infrastructure, parks, cultural projects**
- Result-cities have much higher revenue burdens / tax rates than surrounding localities. Development and population shifts to the relatively less expensive surrounding areas, increasing stress and costs there.**

# **Summary of First Cities**

- **Additional State investment in Cities is economically prudent**
- **Budgets are driven by demographics and older infrastructure**
- **Revenues are severely restricted by the State, local tax structure and our demographics**
- **State funding formulas are inadequate**

# Solutions

\* Recommended by the Tax Structure Commission

- **Increase State investment for inner city redevelopment**
- **Assume all costs for State mandated human services and jails\***
- **Return a portion of the State income tax to localities\***
- **Refrain from further state restrictions on local revenue sources**
- **Supplement State funding for education\*, street maintenance, and 599**

# Data Sources

- **Comparative Reports of Local Government Revenues and Expenditures, Auditor of Public Accounts**
- **VDOT Data**
- **U.S. Bureau of the Census**
- **Dept. of Taxation Annual Reports**
- **1999 Crime in the Commonwealth**
- **By Va. Dept. Criminal Justice Services**
- **Superintendent's Annual Reports for Virginia,**
- **Dept of Education Data**

