

DRAFT MINUTES

**Town of Hillsville – Carroll County
Oral Presentations
Commission on Local Government
10:30 a.m., November 16, 2010
Board of Supervisors Meeting Room
Carroll County Government Center
605-1 Pine Street
Hillsville, Virginia**

Members Present

Harold H. Bannister, Jr., Chairman
Wanda C. Wingo, Vice Chairman
Vola T. Lawson
Kathleen K. Seefeldt
Cole Hendrix

Members Absent

Staff Present

Susan Williams, Local Government Policy Manager
Zack Robbins, Senior Policy Analyst

Call to Order

Mr. Bannister called the meeting to order at 10:43 a.m. on November 16, 2010 in the Board of Supervisors Meeting Room at the Carroll County Government Center in Hillsville, Virginia.

I. Oral Presentations by Town of Hillsville and County of Carroll Representatives on Proposed Voluntary Settlement Agreement

A. Introductory Remarks

Mr. Bannister welcomed those in attendance, introduced the members of the Commission and staff and asked Ms. Williams to provide an overview of the Commission's review process. Ms. Williams stated that the Commission is in Hillsville as part of its review of a proposed voluntary settlement agreement between the Town of Hillsville and Carroll County. She indicated that the proposed agreement provides for the immediate annexation to the Town of Hillsville of approximately 610.8 acres of territory located in Carroll County; revenue sharing with respect to certain taxes collected from that annexed area; waiver of future annexation and

city status rights by the Town for a period of 40 years; and settlement of pending litigation and resolution of water and sewer services issues between the Town and the County.

Ms. Williams explained that, with respect to a proposed agreement that is negotiated under the authority of Section 15.2-3400 of the Code of Virginia – such as the one proposed here – the Commission is required to report, in writing, its findings and recommendations as to whether the proposed settlement is in the best interest of the Commonwealth. She further stated that the Commission was required to hold the public hearing that they held the night before; take the tour the members took that morning and hear the oral presentations from the Town and County that were about to take place.

Ms. Williams reminded the members that they agreed at a prior meeting to keep the record open for the receipt of additional citizen comment through Tuesday, November 30, 2010 and to close the record as of the close of business that day. She further stated that deadline does not apply to any additional information the members or staff may need to request from either party.

Finally, Ms. Williams stated that, as determined at a prior meeting, the Commission will endeavor to render its report to the affected local governments prior to the end of January 2011. She reminded members that the Commission is scheduled to meeting on Monday, January 10 in Richmond, and it is anticipated that a draft report will be ready for their consideration at that time.

Mr. Bannister then asked the town and county representatives to proceed with their oral presentations.

B. Oral Presentations

Mr. Carter Glass, representing the Town of Hillsville, reviewed the evolution of the proposed agreement. Around 1998, a dispute arose between the County and Town regarding termination of a 1950s contract for the provision of utilities to in-town county offices. Between 2000 and 2002, disputes arose regarding calculation of charges for the wholesale provision of utilities from the Town to the County under a 1986 agreement. Lawsuits were subsequently filed with the Circuit Court by the Town and County, which are currently being held in abeyance, and

hopefully will be stricken from the Court's docket upon approval of the agreement before the Commission.

In 2005, an agreement was reached, similar to the one presently under review, with a precondition that the utility components of that agreement would need to be approved by USDA Rural Development. The Town and County ultimately were unable to obtain approval from that agency, thereby nullifying the agreement.

In 2007 and 2008, Town and County staff had negotiated another agreement, and were prepared to submit it to their respective council and board; however, several new members were elected to the Carroll County Board of Supervisors resulting in this agreement not being approved.

The lawsuits were scheduled for trial in June 2009. About two months before the trial, a council member and board member began discussions and negotiations, resulting in the current proposed agreement.

Mr. Glass said the proposed agreement would resolve boundary and utility issues between the two parties, and that it is a result of lengthy negotiation between the two parties.

Mr. Glass then stated that the 1995 voluntary settlement agreement between Hillsville and Carroll County had a 15-year bar on additional annexation proceedings, which would expire next month. The new agreement, which would avoid a contested annexation proceeding, has a 40-year bar on annexation proceedings, and would add about one square mile of the most valuable land in the vicinity to the town limits. The agreement would also give the County flexibility to add other small parcels to the Town's corporate limits if economically feasible.

The agreement would essentially reverse the existing revenue sharing agreement, in that the Town would now make revenue sharing payments to the County, and would cause the three pending lawsuits to be settled and dismissed, relieving either party of the financial risk associated with the lawsuits. Additionally, the agreement clarifies the utility rate calculation for water sales to the County, and states that county buildings would be billed for utility service in the same manner as commercial utility customers within the Town.

Mr. Josh Heslinga, also representing the Town of Hillsville, then called the Town's first witness, Mr. Greg Yonce, town council member.

Mr. Yonce stated that he represents the Laurel Fork District, and has worked in the real estate business in Hillsville and Carroll County for 25 years. He then reviewed commercial and residential growth patterns in the area, and stated that there is demand for additional commercial in the area, particularly a sit-down restaurant.

Mr. Yonce then addressed the evolution of the current agreement, addressing the 40-year bar on seeking city status and additional annexation proceedings, and stated that he believed the agreement would be positive for businesses and residents of both the Town and the proposed boundary adjustment area.

Mr. Heslinga then called his second witness, Mr. Larry South, Town Manager.

Mr. South made remarks regarding the Town's financial condition, services offered, zoning, and how all would be affected by the agreement. He also addressed the relationship between the annexation area and the existing corporate limits.

Mr. South then described one additional parcel on the east side of Airport Road that was not included in the metes and bounds description of the original Notice of Voluntary Settlement Agreement; however, the property owners have notified the town that they wish to be included. The parcel is located on the east side of Airport Road at the northern limits of the boundary adjustment area, and is shown as being included on Map Exhibit 1, but not on Map Exhibit 2. The County and Town agree to the inclusion of this property in the boundary adjustment area.

Mr. Hendrix asked questions regarding the significance of liquor-by-the-drink, expenses and revenues generated by the annexation area, and impact on Town services.

Mr. South stated that the ability to sell liquor is desirable to restaurants seeking to locate at the interchange area, most of the anticipated revenue growth would occur through new development, and that additional police protection and trash collection is anticipated.

Regarding utilities, Mr. South indicated that the existing utility operations would be generally unaffected by the agreement; however, the County has made some changes to

operations that are separate from the agreement that may have some effect on the Town's enterprise fund. Mr. South also provided some background on the rejection of the earlier agreement by USDA Rural Development.

Ms. Wingo asked how much of the general fund is designated for fund balance by policy.

Mr. South stated that there is no policy; however, 12-13 percent is typically reserved for fund balance.

Mr. Bannister then asked for the population of the annexation area.

Mr. Heslinga stated that it is estimated to be between 40 and 60 people.

Mr. Jim Cornwell, Carroll County Attorney, said that there are no schoolchildren in the annexation area.

Mr. Bannister then asked how the zoning process would be handled in the annexation area.

Mr. Glass stated that the Code of Virginia provides transitional zoning procedures; however, the Town Council would need to assign zoning categories for annexed properties. Mr. Glass indicated that this is not addressed in the agreement; however, it would be addressed prior to the effective date of annexation.

Mr. Bannister asked if the residents affected by the annexation have been notified.

Mr. South stated that individual residents were not notified; however, there has been significant press coverage to notify the public.

Ms. Williams asked for clarification that the additional parcel on Airport Road was not included in the metes and bounds description and map exhibits or in the size of the parcel as described in the agreement.

Mr. Glass said that Exhibit 1 shows the additional parcel included, but that the parcel was not included in most of the other exhibits because the Board of Supervisors had already advertised for its intent to adopt the Voluntary Settlement Agreement when the property owner

requested to be included. Due to timing and advertising cost constraints, the parties decided not to amend the submittal until the request was before the Commission. The Town Council has agreed to the inclusion of the property in the annexation area.

Mr. Cornwell stated that the County concurred with the inclusion of the property in the annexation area.

Mr. Gary Larrowe, Carroll County Administrator, stated that the property was 4.921 acres.

Ms. Seefeldt asked questions regarding fire protection.

Mr. South stated that the volunteer fire department receives funds from both the county and town, provides 24 hour service, and it is adequate for the proposed development of the annexation area.

Mr. Cornwell began his remarks on behalf of Carroll County by stating that the County does not have a zoning ordinance, whereas the Town does, and that land use planning in the interchange area will benefit economic development. He further addressed how additional development in this area will be beneficial to the County and public service authority.

Mr. Cornwell then called upon Mr. Wesley Hearst, Chairman of the Carroll County Board of Supervisors for questioning.

Mr. Hearst stated that he represents the Pine Creek District, and that he believes that the agreement has resulted in improved relations between the County and Town. He further addressed how the agreement will benefit both localities and their citizens.

Mr. Hearst confirmed that there is a strong community of interest between the annexation area and Town, and stated that this agreement had no effect upon the public service authority.

Mr. Gary Larrowe introduced himself as the Carroll County Administrator, and Mr. Cornwell proceeded to question him. Mr. Larrowe explained how the agreement has improved relations between the County and Town, and will prepare the area for the future.

Mr. Larrowe then stated that he serves as Director of the Carroll County Public Service Authority, and that the Authority would be unaffected by the agreement.

Mr. Larrowe said that he believes there is a community of interest between the Town and the annexation area, and that both localities would benefit economically from the agreement.

Mr. Bannister then asked for any questions from the Commission or staff.

Ms. Williams asked if the Parkdale site mentioned in the 1995 agreement was the same as the Magnolia site that was shown on the tour. Mr. Larrowe confirmed that it is.

Ms. Williams asked if the Boundary Adjustment Area B is the same area recommended for annexation in the Commission's 1995 report on the Hillsville-Carroll County Voluntary Settlement Agreement. Mr. Glass stated that he believes it is.

Mr. Robbins asked if any additional information could be provided regarding the public safety impact of the agreement. Mr. Cornwell responded by stating that the two jurisdictions have a mutual aid agreement, which would be unaffected. The primary law enforcement responsibility would shift from the County Sheriff's office to the Town Police Department.

Mr. Bannister asked Carroll County representatives to describe the proposed expansion of utilities in Carroll County. Mr. Larrowe explained that the County is rapidly expanding its utility service area through economic stimulus funding, and is also working with Wythe County and Wytheville to construct a regional water plant, and that the county participates in a solid waste authority with the City of Galax and Grayson County.

Ms. Williams inquired as to whether the relocation of county facilities outside of the town limits is no longer an issue as it had been in 1995. Mr. Larrowe confirmed that the County had made a significant investment in its new office facilities and that the county does not intend to relocate its offices.

C. Closing Statement

The Chairman and other Commission members then individually commended the parties for their cooperation and thanked them for hosting the Commission.

II. Adjournment

There being no further business to come before the Commission, the meeting was adjourned at 12:30 p.m.

Harold H. Bannister, Jr.
Chairman

Susan B. Williams
Local Government Policy Manager