

**Report on the
Town of Vinton - County of Roanoke
Gain-Sharing Agreement**



**Commission on Local Government
Commonwealth of Virginia**

October 1999

March 9, 1999

**GAIN SHARING AGREEMENT BETWEEN THE
TOWN OF VINTON AND THE COUNTY OF ROANOKE**

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This AGREEMENT is made and entered into this _____ day of March, 1999, and executed in quintuplicate originals (each executed copy constituting an original) by and between the **TOWN OF VINTON, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "Town"), and the **COUNTY OF ROANOKE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "County").

WHEREAS, the Town and the County have reached this Agreement, pursuant to Title 15.2, Chapter 34 of the Virginia Code, providing for the sharing of certain revenue, for the sharing of costs of certain public services, for joint advisory review of certain planning and zoning matters, for the waiver of certain annexation rights, and for other matters; and,

WHEREAS, the ability of the Town to meet the future service needs of its citizens and to increase and to stabilize its revenues is of critical importance; and,

WHEREAS, the ability of the County to preserve its tax revenue base, to protect its jurisdictional boundaries, and to meet the demands for public services is also of critical importance; and,

WHEREAS, the Town and the County have reached this Agreement to address the mutual concerns of each jurisdiction, to promote strong and viable units of local government, and to encourage economic growth and development.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties agree with each other as follows:

SECTION 1. DEFINITIONS

The parties hereto agree that the following words, terms and abbreviations as used in this Agreement shall have the following defined meanings, unless the context clearly provides otherwise:

1.01 Town: "Town" shall mean the Town of Vinton, Virginia.

1.02 Code: "Code" shall mean the Code of Virginia of 1950, as amended.

1.03 Commission: "Commission" shall mean the Commission on Local Government.

1.04 County: "County" shall mean the County of Roanoke, Virginia.

1.05 Court: "Court" shall mean the Special Three-Judge Court appointed by the Supreme Court of Virginia pursuant to Title 15.2, Chapter 30, § 15.2-3000 of the Code.

1.06 Section; Subsection: "Section" or "subsection" refers to parts of this Agreement unless the context indicates that the reference is to parts of the Code.

1.07 Consumer Price Index ("CPI"): "Consumer Price Index" shall mean the index of consumer prices as determined by the Bureau of Labor Statistics and released in the Blue Chip Economic Indicators Report. The base line CPI shall be the first quarter 1998, which was 162.0. Annual increases shall be computed based upon the first quarter of subsequent years.

1.08 East Roanoke County: "East Roanoke County" shall mean that area of Roanoke County located south of Stewart Knob, north of the Roanoke River, west of the

Roanoke/Bedford County line, and east of eastern corporate line of the Town of Vinton. A map showing the boundaries of this area is attached hereto as Exhibit A.

1.09 Newly Constructed Property: "Newly Constructed Property" shall mean any real estate tax parcels in East Roanoke County on which any buildings, structures or other improvements of any kind are constructed or made after July 1, 1999, where such construction requires the issuance of a building permit and a certificate of occupancy or other permit authorizing the owner to use such building, structure or improvement. For purposes of this Agreement, any such building, structure or other improvement shall be deemed to have been constructed or made as of the date of issue of the certificate of occupancy or other permit authorizing the owner to use such building, structure or improvement. "Newly Constructed Property" shall not include, however, any tax parcel on which repairs, reconstruction or additions to existing structures or buildings are made, unless the cost (as listed on the building permit) of the repair, reconstruction or addition exceeds twenty-five percent (25%) of the assessed value of the existing structure or building at the time the building permit is issued. If the building permit does not contain the estimated cost of the repair, reconstruction or addition, then the cost for this purpose shall be based on the difference between the assessed value of the existing structure or building at the time the building permit is issued and the assessed value of the structure or building after the repairs, reconstruction, or additions have been made and are reflected in the assessments for the structure or building. Once a particular tax parcel is designated as Newly Constructed Property for purposes of this Agreement, that tax parcel shall be considered Newly Constructed Property for the remainder of the term of this Agreement.

1.10 Local Sales and Use tax: “Local Sales and Use tax” shall mean that tax provided for in Chapter 6 of Title 58.1 (§ 58.1-605 et seq.), or any successor provision, of the Code of Virginia.

1.11 Real Estate tax: “Real Estate tax” shall mean that tax provided for in Chapter 32 of Title 58.1 (§ 58.1-3200 et seq.), or any successor provision, of the Code of Virginia.

1.12 Personal Property tax: “Personal Property tax” shall mean that tax provided for in Art. 1, Chapter 35 of Title 58.1 (§ 58.1-3500 et seq.), or any successor provision, of the Code of Virginia.

1.13 Business, Professional, and Occupational License (“BPOL”) tax: “Business, Professional, and Occupational License tax” shall mean that tax provided for in Chapter 37 of Title 58.1 (§ 58.1-3700 et seq.), or any successor provision, of the Code of Virginia.

1.14 Machinery and Tool tax: “Machinery and Tool tax” shall mean that tax provided for in Art. 2, Chapter 35 of Title 58.1 (§ 58.1-3507 et seq.), or any successor provision, of the Code of Virginia.

1.15 Motor Vehicle License tax: “Motor Vehicle License tax” shall mean that tax provided for in Art. 11, Chapter 6 of Title 46.2 (§ 46.2-752 et seq.), or any successor provision, of the Code of Virginia.

1.16 Bank Franchise tax: “Bank Franchise tax” shall mean that tax provided for in Chapter 12 of Title 58.1 (§ 57.1-1200 et seq.), or any successor provision, of the Code of Virginia.

1.17 Food and Beverage tax: “Food and Beverage tax” shall mean that tax provided for in Art. 7.1, Chapter 38 of Title 58.1 (§ 58.1-3833 et seq.), or any successor provision of the Code of Virginia.

1.18 Admission tax: “Admission tax” shall mean that tax provided for in Art. 5, Chapter 38 of Title 58.1 (§ 58.1-3817 et seq.), or any successor provision, of the Code of Virginia.

1.19 Transient Occupancy tax: “Transient Occupancy tax” shall mean that tax provided for in Art. 6, Chapter 38 of Title 58.1 (§ 58.1-3819 et seq.), or any successor provision, of the Code of Virginia.

1.20 Consumer Utility tax: “Consumer Utility tax” shall mean those taxes provided for in Art. 4, Chapter 38 of Title 58.1 (§ 58.1-3812 et seq.), or any successor provision, of the Code of Virginia, including taxes on consumers of telecommunication services, of enhanced 911 emergency telephone services, and of utility services provided by any water or heat, light and power company.

1.21 Cable Television tax: “Cable Television tax” shall mean that tax imposed on providers of cable television service as provided in Chapter 37 of Title 58.1 (§ 58.1-3703), or any successor provision, of the Code of Virginia.

1.22 Preemptive Taxes: “Preemptive Taxes” shall include the Town’s Cable Television tax, Consumer Utility tax, Food and Beverage tax, Admissions tax, Motor Vehicle License tax, and Transient Occupancy tax, as they are defined above, or any other tax imposed by the Town which would bar the County from assessing and collecting that same tax within the limits of the Town.

SECTION 2. EXISTING PAYMENTS BY THE COUNTY

2.01 General: The County currently allocates a portion of its Local Sales and Use tax revenues to the Town and makes certain payments to the Town for solid waste collection and disposal services and for fire/emergency medical care services. The County agrees to continue making those payments to the Town for each fiscal year beginning July 1, 1999 and ending June 30, 2019, in accordance with the conditions set forth in this Section. The County's obligation to make such payments shall be subject to the annual appropriation of sufficient funds by the County Board of Supervisors.

2.02 Local Sales and Use Tax Revenues: Pursuant to Chapter 191 of the 1966 Acts of Assembly, the County is required to pay to the Town a percentage of revenues generated from all Local Sales and Use taxes collected within the entire County, based on the ratio of the total population of the Town to the total population of the entire County. In calculating the percentage of Local Sales and Use taxes to be paid to the Town, the County agrees that, for each fiscal year beginning July 1, 1999 and ending June 30, 2019, it shall use 11.77% as the ratio of the Town's total population to the total population of the entire County regardless of the actual Town to County population ratio in any particular year. The County further agrees to make such payments to the Town on a monthly basis.

2.03 Conditions of Payments of Local Sales and Use Tax Revenues: If the Virginia General Assembly, after the effective date of this Agreement, amends Virginia Code Section 58.1-605(B), or any successor provision, to decrease the current one

percent (1%) rate for Local Sales and Use taxes which a county may levy to provide revenue for general governmental purposes, then the Town's share of such tax revenues would decrease along with the County's share. On the other hand, if the rate for Local Sales and Use taxes is increased, then the Town's share of the additional revenue generated by that portion of the sales tax exceeding the current one percent (1%) rate shall be calculated on the basis of the ratio of the total population of the Town to the total population of the entire County, as provided in Chapter 191 of the 1966 Acts of Assembly; however, the parties agree that the Town's share of such additional revenue shall never be less than ten percent (10%).

If the General Assembly increases the Local Sales and Use tax rate, but eliminates or limits the authority of the County to impose any of the local taxes identified in Section 3.03 of the Agreement, the Town's percentage share of the revenue generated by that portion of the Local Sales and Use tax rate exceeding one percent (1%) will be reduced. Under those circumstances, the Town would be entitled to share in the additional revenue only to the extent the revenue from the increased sales tax rate was not offset by the revenues lost by the County as a result of the General Assembly action to eliminate or limit the County's authority to impose any such local taxes, as determined during the first full fiscal year in which such changes in taxes are effective. Once the applicable portion of additional sales tax revenue has been calculated (expressed as a ratio of the additional sales tax revenue not offset by the revenue lost from the other local tax to the total additional revenue generated by that portion of the higher sales tax rate exceeding 1%), it shall be applied to all allocations of Local Sales and Use tax revenues generated by that

portion of the Local Sales and Use tax rate exceeding one percent (1%) during the remainder of the term of this Agreement. There is attached hereto and incorporated herein Exhibit B entitled "Example of Change in Sales Tax Rate," which illustrates the calculations described in this Section of the Agreement.

2.04 Solid Waste Collection and Disposal: For each fiscal year beginning July 1, 1999 and ending June 30, 2019, the County shall pay the Town a sum of \$110,000 for solid waste collection and disposal services provided by the Town to Town residents. The County agrees to pay \$55,000 to the Town by October 1 of each fiscal year and the remaining \$55,000 by April 1 of each fiscal year.

2.05 Conditions of Payments for Solid Waste Collection and Disposal: The County's promise to make the payments provided for in Section 2.04 is conditioned upon (i) the Town continuing to provide solid waste collection and disposal services, either directly with Town personnel or by contract with other service providers such as the regional solid waste authority and (ii) the County continuing to use any general tax revenues to provide solid waste collection and disposal services within the unincorporated portions of the County. Thus, the County will have no obligation to make such payments if, for example, (i) the County's solid waste collection services are funded entirely by a fee assessed against the users of the County service and no general tax revenues in any amount are used to fund that service or (ii) the regional solid waste authority assumes all responsibility for collection of solid waste in the unincorporated portions of the County and the authority charges all users a fee to cover the entire cost of providing that service.

2.06 Reductions in Payments for Solid Waste Collection and Disposal:

The County's payments to the Town for solid waste collection and disposal services shall be reduced proportionally, if (i) the Town changes its method of providing solid waste collection or disposal services and (ii) such changes result in a reduction of the Town's total operating and capital costs of providing such services compared to its operating and capital costs during the 1997-98 fiscal year, which totaled \$312,768. For example, if the Town's total costs for solid waste collection and disposal services are reduced in the 2000-01 fiscal year to \$250,214 (a 20% reduction compared to the total costs of \$312,768 in fiscal year 1997-98), because of a new automated method of collecting refuse, then the County's payment would be reduced by twenty percent (20%), from \$110,000 to \$88,000.

2.07 Fire/Emergency Medical Care Services: For each fiscal year beginning July 1, 1999 and ending June 30, 2019, the County shall pay the Town a sum equal to one-half of the costs of the annual salaries and fringe benefits of the Town's paid firefighters and emergency medical care personnel in return for the fire and emergency medical services provided by the Town within the unincorporated part of the County depicted on the map attached as Exhibit A. The County's share of the salaries and fringe benefits of the Town's fire and emergency medical care personnel shall not increase, from year to year, by more than twice the rate of increase of the Consumer Price Index for the preceding calendar year, or ten percent (10%), whichever is less. For example, if the Town's salary and benefit costs increase by eight percent (8%) over the preceding fiscal year and if the Consumer Price Index increased by only three percent (3%), then the County shall not be

obligated to pay any portion of the increased costs exceeding six percent (6%). The County agrees to make this payment to the Town as billed on a quarterly basis.

2.08 Conditions of Payments of Fire/Emergency Medical Services: The County's promise to make the payments provided for in Section 2.07 is conditioned upon (i) the Town continuing to provide fire and emergency medical services with Town personnel and (ii) the County continuing to use any general tax revenues to provide fire and emergency medical services within the unincorporated portions of the County. Thus, the County will have no obligation to make such payments if, for example, its fire and emergency medical services are funded entirely by a fee assessed against the users of the County service and no general tax revenues are used to fund that service. If the Town increases the number of authorized positions for paid fire or emergency medical care personnel beyond the number that presently exists, the County shall not be obligated to pay any portion of the salary or fringe benefits for such additional Town employees if such additional personnel would result in an increase in the total costs of salaries and fringe benefits for fire protection services and emergency medical care services compared to the funding for such services in the preceding fiscal year, unless such an additional position has been approved by the County. Thus, for example, if the Town hired an additional emergency medical care employee, but the total salary and fringe benefit costs for that service did not increase above the total costs for the preceding year because certain existing personnel were used only on a part-time basis, such additional positions would not require County approval.

SECTION 3. GAIN SHARING

3.01 Purpose of Gain Sharing: The purpose of this Section is to describe the terms upon which the County agrees to share with the Town a portion of certain local tax revenues generated by new development that occurs within East Roanoke County during the period beginning July 1, 1999 and ending June 30, 2019.

3.02 Calculation of Gain Sharing Payments: In accordance with the payment schedule set forth in Section 3.14, the County agrees to pay to the Town fifty percent (50%) of certain local tax revenues collected by the County from Newly Constructed Property in East Roanoke County during the period beginning July 1, 1999 and ending December 31, 2019, except (i) as otherwise adjusted in Sections 3.09, 3.10, and 4.03(d), and except (ii) as reduced by an amount equal to fifty percent (50%) of the County's costs to provide certain services to Newly Constructed Property in East Roanoke County, as described in Sections 3.11 and 3.12. Such payments of local tax revenues, as adjusted or reduced, shall be referred to as the "Gain Sharing Payments." There is attached hereto and incorporated herein an Exhibit C entitled "Example of Gain Sharing Payments to the Town of Vinton," which illustrates the calculations described in this Section of the Agreement.

3.03 Tax Revenues Included In Gain Sharing Payments: The County's obligation to make Gain Sharing Payments shall apply to the following local taxes which it collects from the property assessments of Newly Constructed Property, and from transactions, privileges, and activities directly associated with, or conducted on, Newly

Constructed Property: Real Estate tax; Personal Property tax; Machinery and Tool tax; BPOL tax; Motor Vehicle License tax; Bank Franchise tax; Food and Beverage tax; Admission tax; and Transient Occupancy tax. Other local taxes currently imposed by the County (for example, the Local Sales and Use Tax, Consumer Utility tax, Utility License tax, and E911 tax) shall not be part of the Gain Sharing Payments.

3.04 Tax Revenues Included In Gain Sharing Payments -- Calculation of

Personal Property Tax Revenue: To simplify the administration of this Agreement, the personal property taxes collected in connection with Newly Constructed Property will be estimated, in part, for purposes of determining the Gain Sharing Payments. For Newly Constructed Properties used for residential purposes, Personal Property taxes will be deemed to be a sum equal to a percentage of the Real Estate tax revenue collected from Newly Constructed Properties. The percentage shall be the ratio of Personal Property taxes collected in the entire County (minus business Personal Property taxes) to Real Property taxes collected in the entire County. Personal Property taxes collected in connection with Newly Constructed Properties used for commercial or industrial purposes will not be estimated; instead, the actual Personal Property taxes collected from such Newly Constructed Properties shall be determined by the County and shall be shared by the Town and the County pursuant to the provisions of Section 3.02.

3.05 Tax Revenues Included In Gain Sharing Payments -- Calculation of Motor

Vehicle License Tax Revenue: To simplify the administration of this Agreement, the Motor Vehicle License taxes collected in connection with Newly Constructed Property will be estimated, in part, for purposes of determining the Gain Sharing Payments. For

Newly Constructed Properties used for residential purposes, Motor Vehicle License taxes will be deemed to be a sum equal to a percentage of the Personal Property tax revenues collected from Newly Constructed Properties as described in Section 3.04. The percentage shall be the ratio of Motor Vehicle License taxes collected in the entire County to Personal Property taxes collected in the entire County. Motor Vehicle License taxes collected in connection with Newly Constructed Properties used for commercial or industrial purposes will not be estimated; instead, the actual Motor Vehicle License taxes collected from such Newly Constructed Properties shall be determined by the County and shall be shared by the Town and the County pursuant to the provisions of Section 3.02.

3.06 Tax Revenues Included In Gain Sharing Payments -- Local Tax Replaced by State Funding: In the event the General Assembly repeals or limits the authority of the County to collect any of the local taxes designated in Section 3.03, but provides that the State will reimburse the County for the loss of all or any part of such tax revenues, then the County agrees that such revenues received from the State shall be subject to the gain sharing provisions of Section 3.02. For example, the General Assembly has adopted legislation that will limit the authority of localities to collect Personal Property taxes on motor vehicles and will provide for the reimbursement of localities by the State for the tax revenues that they would otherwise collect from such personal property. The reimbursement received by the County from the State for Personal Property taxes that the County would have otherwise collected from the owners of motor vehicles normally garaged, stored or parked at Newly Constructed Property, shall constitute part of the County revenues subject to the gain sharing provisions of Section 3.02. However, the

parties further agree that the Town will not share in any categorical revenues (for example, funds for education) which are returned to the County by the State for special governmental purposes and which are not available to the County to use for general fund expenditures.

3.07 Tax Revenues Included In Gain Sharing Payments – Local Tax Replaced By Another Local Tax: In the event the General Assembly repeals or limits the authority of the County to collect any of the local taxes designated in Section 3.03, but grants the County the authority to impose a new local tax, then revenues collected from part or all of such new tax from Newly Constructed Property, or the owners of Newly Constructed Property, shall constitute part of the County revenues subject to the gain sharing provisions of Section 3.02, as long as the new local tax may be used for general governmental purposes. Under such circumstances, the purpose of this Section is to keep the parties in the same relative position by permitting the Town to share only in that portion of the revenues from the new tax equal to the amount of revenue that would have been generated from the tax repealed or limited by the General Assembly during the first fiscal year during which the new tax becomes effective. The portion of the revenue generated by the new local tax to be shared by the Town shall equal the ratio of the County's total annual loss of revenue from Newly Constructed Property as a result of the elimination or limitation of such taxes designated in Section 3.03 to the County's total annual gain in revenue from Newly Constructed Property as a result of the imposition of the new local tax, based on the first full fiscal year during which the new tax becomes effective. Once the applicable portion of the revenue generated by the new local tax has

been calculated, that ratio shall be applied to the new local tax revenue from Newly Constructed Property during the remainder of the term of this Agreement.

If there is a disagreement between the parties as to the correct allocation of the new tax that will be subject to the gain sharing provisions, it shall be resolved by arbitration pursuant to Section 7.02.

3.08 Business Conducted At Multiple Locations -- BPOL Tax: Where a business conducts operations at more than one location in the County and where one of the locations constitutes Newly Constructed Property and the other does not constitute Newly Constructed Property, the parties recognize that the County, under certain circumstances, may not be able to obtain sufficient information to allocate the gross receipts of the business between the two locations. For example, a commercial business may have an existing operation in East Roanoke County, which would not be subject to the gain sharing provisions of Section 3.02. It may construct a new building across the street in which it houses an additional group of employees and that building would constitute Newly Constructed Property. In that situation, the business owner may not be able to allocate gross receipts of its business between the two locations or the County might not be able to compel the business owner to make such an allocation. Under those circumstances, the parties agree that the BPOL tax attributable to the Newly Constructed Property shall be that percentage of the total BPOL tax paid by the business equal to the ratio of the square footage of building space at the Newly Constructed Property to the total square footage of building space at both locations of the business.

3.09 Preemptive Taxes: The Town and the County agree that so long as the Town imposes any Preemptive Taxes, the amount of the Gain Sharing Payments made by the County to the Town pursuant to Section 3.02 of this Agreement shall be adjusted in the following manner:

(a) If the Town assesses a Preemptive Tax with a rate lower than the County's rate for that same tax, the County, during that fiscal year, shall deduct from the Gain Sharing Payments paid by the County pursuant to Section 3.02, an amount equal to the difference between the actual tax revenue collected by the Town from that Preemptive Tax within its corporate boundaries, based on its existing tax rate, and the tax revenue that the Town would have collected from that Preemptive Tax within its corporate boundaries, based on a rate equal to the County's higher tax rate. The parties agree that the provisions of this subsection shall not become effective until July 1, 2002.

(b) If, at any time during the period beginning July 1, 1999 and ending December 31, 2019, the Town repeals a Preemptive Tax and the County then assesses and collects such tax within the corporate limits of the Town, the County agrees to make an annual payment to the Town for an amount equal to the revenues the Town would have collected within its corporate limits from the Preemptive Tax based on its tax rate in effect at the time the Preemptive Tax was repealed. If the Town tax rate for the Preemptive Tax at the time it was repealed was less than the County's tax rate for such tax, then a portion of the County's revenue from such tax collected within the Town's corporate boundaries shall then be included in the total tax revenues to be shared between the Town and the County, as provided for in Section 3.02. The amount to be included in

the tax revenues subject to the Gain Sharing Payments shall be equal to the difference between the amount of tax revenue which the County would have collected at the Town's tax rate prior to the repeal of the Preemptive Tax and the amount of tax revenue actually collected by the County at its higher tax rate.

3.10 Reduction for Excess Sales Tax Payments: The Gain Sharing Payments to be made by the County as set forth in Section 3.02 shall be reduced each fiscal year by an amount equal to fifty percent (50%) of the Local Sales and Use tax revenues received by the Town pursuant to Section 2.02 in excess of the amount the County would be required to pay the Town under Chapter 191 of the 1966 Acts of Assembly if the actual Town to County population ratio were used rather than a percentage of 11.77%. For purposes of this section, the parties agree that the actual Town to County population ratio used in making this calculation shall never be less than ten percent (10%). For example, if the actual Town to County population ratio is 10.5%, then the reduction would equal fifty percent (50%) of the difference between the Local Sales and Use tax revenues calculated by using the 10.5% ratio and by using the 11.77% ratio. If the actual ratio was 9.2%, then the reduction would equal fifty percent (50%) of the difference between the Local Sales and Use tax revenues calculated by using the minimum 10% ratio and by using the 11.77% ratio. The actual Town to County population ratio shall be based on the most current decennial census.

3.11 Service Cost Reductions: The amount of the Gain Sharing Payments paid by the County as set forth in Section 3.02 shall be reduced by a sum (the "Service Cost Reductions") equal to fifty percent (50%) of the County's costs to provide law

enforcement and traffic control, solid waste collection and disposal, and fire and rescue services to Newly Constructed Property in East Roanoke County. The costs of providing such services shall be calculated as follows:

The number of Newly Constructed Properties in East Roanoke County shall be multiplied by the average number of persons per detached household in Roanoke County as determined by the most current decennial census. The product of that calculation shall be multiplied by the County's per capita costs to provide law enforcement and traffic control, solid waste collection and disposal, and fire and rescue services throughout the County as a whole, based on the expenditures for such services as shown in the County's most recent Comprehensive Annual Financial Report ("CAFR") and based on the estimated population of the County as shown by the most recent decennial census or the most recent population estimate by the Bureau of the Census, whichever is later. The product of that calculation shall then be divided by two.

For purposes of this Section, "law enforcement and traffic control" shall include all expenses to provide law enforcement services and traffic control (including police traffic services, alcohol countermeasures, and driver improvement services), but shall not include the costs of detention services (such as the County jail), the costs of courtroom security, or the costs of service of process. "Solid waste collection and disposal" shall include all expenses for the collection and disposal of residential, commercial, or industrial solid waste, but shall not include costs of recycling solid waste. "Fire and rescue services" shall include all expenses of providing fire fighting and fire prevention services and ambulance, rescue and paramedic services. The "costs" of those services shall include all operating and capital expenditures by the County as shown on Exhibit F-1 ("Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and

Actual - General Fund”) of the County’s most current CAFR; however, for any capital expenditure funded by debt of any sort, the total expenditure for such capital item shall be excluded, but the annual debt service associated with such capital expenditure shall be included. In addition, the County’s “costs” shall not include expenditures from state or federal funds of any kind.

3.12 Limitations on Service Cost Reductions: In computing the Town’s share of the Gain Sharing Payments paid by the County as set forth in Section 3.02, any increase in the Service Cost Reductions, as calculated in Section 3.11, shall not exceed, in any fiscal year, twice the rate of increase of the Consumer Price Index for the preceding calendar year, or ten percent (10%), whichever is less, compared to the Service Cost Reductions for the preceding fiscal year. The parties further agree that at no time shall the reduction for the costs of such services in Section 3.11 exceed the Town’s share of those local tax revenues as calculated in Section 3.02. Therefore, even if the County’s costs of providing services as calculated in Section 3.11 should exceed the Town’s share of such tax revenues, the Town shall have no obligation to make any payment to the County.

3.13 Conditions of Service Cost Reductions: The Service Cost Reductions shall be subtracted from the Gain Sharing Payments paid by the County as set forth in Section 3.02 only if the County itself continues to provide the services specified in Section 3.11 and the County continues to fund each of those services at least partially through its general tax revenues.

3.14 Schedule of Gain Sharing Payments; Implementation Expenses: Beginning July 1, 1999 and ending June 30, 2019, the County shall make Gain Sharing Payments to the Town in accordance with the schedule described in this Section.

The County shall calculate the Gain Sharing Payment for each fiscal year beginning July 1, 2000, on the basis of the County's audited financial records of the prior year and shall pay to the Town such sum in two equal installments. The first installment of one-half of the calculated Gain Sharing Payments shall be due on December 31 of each fiscal year, and the second installment of one-half of the calculated Gain Sharing Payments shall be due on June 30 of each fiscal year.

The fiscal year beginning July 1, 2000 will be the first full fiscal year for which audited financial records will be available to determine the tax revenues generated from Newly Constructed Properties. Therefore, the Gain Sharing Payment for the 1999-2000 fiscal year will not be based on audited financial records for the preceding year; instead, for that fiscal year, the County shall make a Gain Sharing Payment of \$31,000, one-half to be paid on December 31, 1999, and the other half to be paid on June 30, 2000. In the event the Court has not approved the Agreement by December 31, 1999, the Gain Sharing Payment for the first half of the 1999-2000 fiscal year will be paid by the County immediately after such later date when the Court enters its order approving the Agreement.

The parties recognize that the County will incur certain expenses ("Implementation Expenses") in implementing the Gain Sharing provisions of Section 3 of this Agreement, including personnel and other costs for software programming, data

entry, and the calculation of the Gain Sharing Payments. The Town agrees that the total amount of its Gain Sharing Payment in each fiscal year will be reduced by a sum equal to ten percent (10%) of the County's total Implementation Expenses that were incurred in the prior fiscal year. Thus, for example, the initial Gain Sharing Payment of \$31,000 for the 1999-2000 fiscal year shall be reduced by 10% of the County's total Implementation Expenses, if any, incurred during the fiscal year ending June 30, 1999.

3.15 Minimum Payment: In no event shall the Gain Sharing Payments for any fiscal year of this Agreement be less than \$31,000 minus 10% of the County's Implementation Expenses as described in Section 3.14, regardless of the Service Cost Reductions or other adjustments that would otherwise apply to the Gain Sharing Payments.

3.16 Appropriation of Sufficient Funds: The County's obligation to make payments under this Section shall be subject to the annual appropriation of sufficient funds by the County Board of Supervisors.

3.17 Recordkeeping Requirements. The County agrees to create and maintain all records necessary to make the revenue and expenditure calculations required under this Agreement. The County further agrees to prepare annually a summary of the Gain Sharing Payments between the Town and the County. The summary shall provide the following information:

- (a) the method by which the County calculated the amount of tax revenue to be shared with the Town for each revenue source, pursuant to Section 3.02 of this Agreement;

(b) the adjustments the County made, if any, to the amounts owed to the Town due to the Town's imposition of any Preemptive Taxes, pursuant to Section 3.09 of this Agreement.

(c) the method by which the County calculated its annual costs of providing certain services, pursuant to Section 3.11 of this Agreement.

(d) a list of all property designated by the County as Newly Constructed Property.

The County shall provide the Town with a copy of this summary no later than November 1 of each year during the term of this Agreement. The County agrees to maintain all memoranda and working papers relating to, or used in preparation of each summary of the Gain Sharing Payments in accordance with the regulations concerning financial records retention and disposition promulgated pursuant to the Virginia Public Records Act (Va. Code § 42.1-76 et seq.) by the State Library Board.

SECTION 4. JOINT PUBLIC IMPROVEMENTS AND ECONOMIC DEVELOPMENT

4.01 Public Improvements for Commercial or Industrial Development: The Town and the County agree to negotiate the joint funding of the costs of providing public improvements (such as water and sewer facilities and public roads) for each commercial or industrial development built in East Roanoke County after the effective date of this Agreement. The parties acknowledge that this Agreement does not bind either of them to share in the costs of any such public improvement project.

4.02 Other Public Improvement Funding: The Town and the County further agree to negotiate, during the term of this Agreement, the joint funding of proposed publicly-funded and publicly-owned capital projects (such as a fire station or fire truck), costing \$75,000 or more, in the Town or East Roanoke County. The parties acknowledge that this Agreement does not bind either of them to share in the cost of any capital project.

4.03 McDonald Farm Economic Development Project: The Town and the County further agree to negotiate, during the term of this Agreement, the joint funding of the costs of a publicly-subsidized economic development project ("Project") on the property owned by the Town which is commonly known as the McDonald Farm (the "Property") in East Roanoke County. The parties acknowledge that this Agreement does not bind either of them to share in the costs of the Project. However, if the parties reach an agreement to fund jointly the costs of development of the Project ("Costs of Development"), then all new tax revenues generated by the Project ("New Tax Revenues") shall be shared by the County with the Town on the basis of the percentage of each locality's total contributions toward the Costs of Development and subject to the following conditions:

(a) "New Tax Revenues" shall include all those local tax revenues listed in Section 3.03 of this Agreement collected by the County from the property assessments of the Project and from transactions, privileges and activities directly associated with, or conducted on, the Property.

(b) "Costs of Development" shall mean all local funds expended by the County and the Town and any in-kind donations by the County and the Town for the development of the Project including, but not limited to, land acquisition, site development, water and sewer facilities, other public improvements, and planning, engineering, architectural and marketing services related directly to the Project. Any state or federal funding contributed by the County or the Town and the time and expenses of County and Town personnel shall be excluded from the Costs of Development. For purposes of this Section, the value of the Property, which the Town proposes to contribute to the Project, shall be deemed to be \$1,500,000, which represents the parties' best estimate of the Property's current fair market value. If the parties have not reached an agreement to fund jointly the Costs of Development of the Project, within three years following Court approval of this Agreement, then the value of the Property shall be the fair market value of the Property at such time as the parties do reach agreement on the joint funding of the Development Costs of the Project, based upon an appraisal of the Property by an appraiser selected jointly by the parties.

(c) The County shall pay the Town its percentage of the New Tax Revenues during each fiscal year in accordance with the same payment schedule set forth in Section 3.12 for Gain Sharing Payments, except that the County's obligation to pay a percentage of the New Tax Revenues from the Project shall continue in perpetuity. The initial payment of New Tax Revenues shall begin with the fiscal year in which the first buildings, structures or other improvements on the Property have been completed and revenues generated.

(d) The New Tax Revenues generated by the Project shall be distributed in accordance with the provisions of this Section and shall not be considered part of the tax revenues subject to the separate gain sharing provisions in Section 3.02. However, if the Property is developed without an agreement, the distribution of revenues will not be based on the provisions of this Section and will instead be distributed as follows: (i) if neither the County nor the Town participate in funding the Costs of Development, then the Property shall constitute Newly Constructed Property and the tax revenues from the Property shall be subject to the gain sharing provisions of Section 3.02; (ii) if the County does not participate in funding the Costs of Development, but the Town does expend local funds for the Costs of Development, the Town shall receive all New Tax Revenues from the Property; (iii) if the Town does not participate in funding the Costs of Development, but the County does expend local funds for the Costs of Development, the County will receive all New Tax Revenues from the Property.

(e) The County's obligation to make payments to the Town as provided in this Section is subject to the annual appropriation of sufficient funds by the County Board of Supervisors.

(f) The County agrees to create and maintain all records necessary to determine the Costs of Development and the New Tax Revenues. The County further agrees to prepare annually a summary of the calculation of the payments to the Town of its share of New Tax Revenues from the Property.

SECTION 5. PLANNING AND ZONING

5.01 Promotion of Residential and Commercial Development: The Town and the County agree to encourage and promote residential and commercial development in East Roanoke County.

5.02 Advisory Review of County Planning Actions: The County further agrees to permit the Town to undertake an advisory review of all rezoning applications, variance applications, special use permit applications, and proposed amendments to the County's comprehensive plan for tax parcels located within East Roanoke County. The County shall notify the Town within 5 business days of the filing or submission of any such application or amendment. The Town shall provide comments, if any, no less than 5 business days before public hearings of the County Planning Commission and the Board of Supervisors and before final action is to be taken to approve or disapprove of such application or amendment.

5.03 Advisory Review of Town Planning Actions: The Town agrees to permit the County to undertake an advisory review of all rezoning applications, variance applications, special use permit applications, and proposed amendments to the Town's comprehensive plan for tax parcels located within one-quarter of a mile of the Vinton-East Roanoke County boundary line. The Town shall notify the County within 5 business days of the filing or submission of any such application or amendment, and the County shall provide comments, if any, no less than 5 business days before public hearings of the Town Planning Commission and the Town Council and before final action is to be taken to approve or disapprove of such application or amendment.

SECTION 6. ANNEXATION

6.01 Moratorium on Town or Citizen-Initiated Annexation Suits: The Town agrees that, during the period beginning July 1, 1999 and ending June 30, 2019, it shall not, either directly or indirectly, (i) file an annexation notice against the County with the Commission, (ii) adopt any ordinance for annexation, (iii) institute any court action or other proceeding for annexation against the County, or (iv) support any citizen-initiated annexation suit against the County.

6.02 Mutually Approved Changes of Boundaries: The Town and the County agree that mutually approved boundary adjustments are not prohibited by this Agreement.

6.03 Annexation Where Funding Not Appropriated: The County's obligations to make payments to the Town as provided in this Agreement are subject to the annual appropriation of sufficient funds by the County Board of Supervisors. If the Board of Supervisors declines, for any reason, to appropriate funds sufficient to make any of the payments, or appropriates such sufficient funds, but fails to make any of the payments, the Town is authorized to annex into its corporate limits, by ordinance, the area herein defined as East Roanoke County. The Town agrees to attach as an exhibit to any such ordinance a plan which specifies how the Town will extend its general government services to the newly incorporated area. The incorporation of East Roanoke County into the Town shall automatically take effect on the date specified in the ordinance without any action by the Commission or any court.

SECTION 7. REMEDIES AND ENFORCEMENT

7.01 Remedies for Town Breaches: If the Town files an annexation suit in violation of Section 6.01 herein or in any other way breaches this Agreement, the County shall be authorized to stop all payments made to the Town as required by this Agreement, including the payments set forth in Sections 2.02, 2.04, 2.07, 3.02, and 4.03. The Town's failure to withdraw the annexation suit, upon a written request by the County, shall also render null and void the 1979 Utility Service Area Agreement between the Town and the County.

7.02 Resolution of Disputes: If a dispute arises between the Town and the County with respect to the calculation of any payments to be made pursuant to the Agreement, or with respect to any other alleged breach, the parties agree that the disputed issue shall be settled by arbitration in accordance with the terms of the Uniform Arbitration Act, Article 2, Chapter 11 of Title 8.01 of the Code of Virginia, unless the parties jointly agree to resolve the matter by some other process. The Town and the County further agree that judgment on any award rendered as a result of an arbitration may be entered only by the Court affirming and giving full force and effect to this Agreement or by any successor Court appointed pursuant to Title 15.2, Chapter 30, § 15.2-3000 of the Code.

SECTION 8. CONSOLIDATION

8.01 Consolidation; Incorporation of East Roanoke County: If the County should agree to consolidate with one or more local governments, and such consolidation is approved by referendum, the Town shall (i) continue to exercise all of the rights, powers and duties provided to towns under the general laws of the Commonwealth of Virginia and as authorized by the Town's Charter and any special legislation enacted by the General Assembly, and shall (ii) be authorized to proceed with the incorporation of East Roanoke County as provided for by Section 5.03 prior to the effective date of the consolidation.

SECTION 9. COMMISSION AND COURT APPROVAL

9.01 Commission Approval: The Town and the County agree to initiate the steps necessary and required by Title 15.2, Chapter 34 of the Code (in particular § 15.2-3400, paragraphs 3, 4, 5 and 6 of the Code) and Title 15.2, Chapter 29 of the Code (§ 15.2-2900 et seq.) to obtain a review of this Agreement by the Commission.

9.02 Submission to Court: Following the issuance of the report of findings and recommendations by the Commission, the Town and the County agree that they will submit this Agreement in its present form to the Court for approval, as required by Title 15.2, Chapter 34 of the Code (in particular § 15.2-3400, paragraphs 3, 4, 5 and 6 of the Code), unless both parties agree to any change in this Agreement as hereinafter provided.

9.03 Termination if Agreement Modified: The Town and County agree that if this Agreement is not affirmed without modification by the Court, this Agreement shall

immediately terminate. However, the parties may waive termination by mutually agreeing to any recommended modifications.

SECTION 10. TERM OF AGREEMENT

10.01 Term of the Agreement: This Agreement shall cover the period beginning July 1, 1999 and ending June 30, 2019, except that the provisions of Sections 4.03 and 6.03 shall continue in perpetuity. In the event this Agreement is not approved by the Court until after July 1, 1999, the County's obligation to make payments to the Town as set forth in Sections 2.02, 2.04, 2.07, and 3.02 shall be retroactively effective to apply as of July 1, 1999, and any payments that would have been due prior to the date the Court enters its order approving the Agreement shall be made by the County immediately after that date.

SECTION 11. MISCELLANEOUS PROVISIONS

11.01 Binding on Future Governing Bodies: This Agreement shall be binding upon and inure to the benefit of the Town and the County, and each of the future governing bodies of the Town and the County, and upon any successor to either the Town or the County.

11.02 Amendments to Agreement: This Agreement may be amended, modified or supplemented, in whole or in part, by mutual consent of the Town and the County, by a written document of equal formality and dignity, duly executed by the authorized representative of the Town and the County.

11.03 Collection of Personal Property Taxes: The Town and the County mutually agree to assist each other with the collection of personal property taxes from taxpayers in the County and the Town. Specifically, the parties agree that (i) the Town shall accept, at its Treasurer's Office, payments of County personal property taxes and shall remit such amounts to the County; (ii) the County shall accept, at its Treasurer's Office, payments of Town personal property taxes and shall remit such amounts to the Town; and (iii) to the extent permitted by law, the Town shall not issue a Town motor vehicle license decal to any taxpayer who has not paid both Town and County personal property taxes owed at that time; and (iv) to the extent permitted by law, the County shall not issue a County motor vehicle license decal to any taxpayer who has not paid both County and Town personal property taxes owed at that time. These mutual obligations to assist with the collection of personal property taxes shall not include the initiation of court actions to collect delinquent personal property taxes.

WITNESS the following signatures and seals.

TOWN OF VINTON, VIRGINIA, a municipal corporation of
the Commonwealth of Virginia

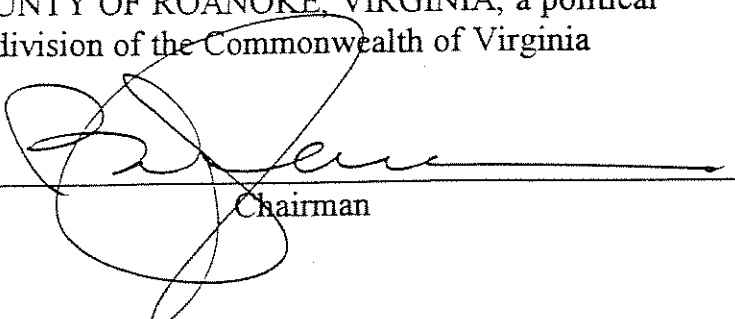
By: *Charles S. Hill*
Mayor

ATTEST:

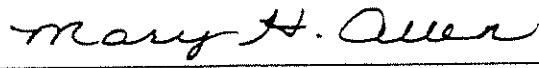
Carolyn S. Ross
Clerk

March 9, 1999

COUNTY OF ROANOKE, VIRGINIA, a political
subdivision of the Commonwealth of Virginia

By: 
Chairman

ATTEST:


Clerk

579551 v. 10

APPROVED AS TO FORM


EXHIBIT B**EXAMPLE OF CHANGE IN SALES AND USE TAX RATE****I. Increase of 1/2% in Sales and Use Tax Rate**

This Exhibit illustrates the calculation of the County's Payment of Sales and Use Tax Revenues to Vinton, pursuant to Section 2.02 and Section 2.03 of the Agreement, where the General Assembly has authorized an increase in the current one percent (1%) rate.

Item 1: Current Vinton Share of 1% Local Sales and Use Tax Revenue Based on 11.77% Ratio of Town to County Population as Required by Agreement	=	\$700,000
Item 2: Total Revenue to the County from 1/2% Additional Local Sales and Use Tax Authorized by General Assembly	=	\$2,973,662
Item 3: Actual Town to County Population Ratio, but Not Less than 10% (assumed to be 10% for this example)	=	10%
Item 4: Vinton's Share of Additional Local Sales and Use Tax Revenue from 1/2% Additional Local Sales and Use Tax	=	\$297,366

Formula:

Item 2 Multiplied by Item 3	=	Item 4
\$2,973,662 Times 10%	=	\$297,366
Town's Share of Additional Local Sales and Use Tax Revenue from Additional One-Half of One Percent Tax Rate	=	\$297,366

II. Increase of 1/2% in Sales and Use Tax Rate and Limitation of BPOL Tax

Where the General Assembly authorizes an increase in the Local Sales and Use Tax rate, but limits the authority of the County to impose one of the local taxes subject to the gain sharing provisions in Section 3.03 of the Agreement, the Town's share of the tax revenue generated by that portion of the Local Sales and Use tax rate exceeding one percent will be reduced in accordance with Section 2.03 of the Agreement. The following is a hypothetical example of the calculation of Vinton's share of the additional Sales and Use Tax revenues under those circumstances, assuming that the General Assembly authorized an increase of

one-half of one percent in the local option Sales and Use Tax, but at the same time limited the County's authority to impose BPOL taxes by substantially lowering the maximum tax rates:

Item 1: Total County Revenue from 1/2% Additional Sales and Use Tax during First Fiscal Year in which Changes in Taxes are Effective	=	\$2,973,662
Item 2: Total County Loss of BPOL Revenue during First Fiscal Year in which Changes in Taxes are Effective	=	\$2,000,000
Item 3: Additional Sales and Use Tax (Not Offset by Loss of BPOL Tax Revenue) to be Shared with Vinton (First Fiscal Year)	=	\$973,662
Item 4: Ratio of Additional Sales and Use Tax Not Offset by Loss of BPOL Tax to Total Additional Sales and Use Tax Revenue (based on First Fiscal Year)	=	32.74%
Item 5: Actual Town to County Population Ratio, but Not Less than 10% (assumed to be 10% for this example during First and Second Fiscal Years in which Changes in Taxes are Effective)	=	10%
Item 6: Vinton's Share of Additional Sales and Use Tax Revenue from 1/2% Additional Local Sales and Use Tax Revenue in First Fiscal Year in which Changes in Taxes are Effective	=	\$97,366
Item 7: Total Additional County Revenue from 1/2% Additional Sales and Use Tax during Second Fiscal Year in which Changes in Taxes are Effective	=	\$3,200,000
Item 8: Additional Sales and Use Tax (Not Offset by Loss of BPOL Tax Revenue) to be Shared with Vinton (Second Fiscal Year)	=	\$1,047,680
Item 9: Vinton's Share of Additional Sales and Use Tax Revenue from 1/2% Additional Local Sales and Use Tax Revenue in Second Fiscal Year in which Changes in Taxes are Effective	=	\$104,768

Formula:

First Fiscal Year in which Tax Changes are Effective:

Item 1 Minus Item 2	=	Item 3
\$2,973,662 Minus \$2,000,000	=	\$973,662

March 9, 1999

Ratio of Item 3 to Item 1	=	Item 4
\$973,662 Divided by \$2,973,662	=	32.74%
Total Additional Sales and Use Tax Revenue from 1/2% Additional Sales and Use Tax Revenue to be Shared with Vinton (Item 1 Times Item 4)	=	\$973,662
Town Share - Item 5 (10%)	=	\$97,366

Second Fiscal Year in which Tax Changes are Effective:

Item 7 Times Item 4	=	Item 8
\$3,200,000 Times 32.74%	=	\$1,047,680
Total Additional Sales and Use Tax Revenue from 1/2% Additional Sales and Use Tax Revenue to be Shared with Vinton	=	\$1,047,680
Town Share - Item 5 (10%)	=	\$104,768

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EXHIBIT C

EXAMPLE OF GAIN SHARING PAYMENTS TO THE TOWN OF VINTON

This Exhibit illustrates the calculation of Gain Sharing Payments to be made to the Town pursuant to Section 3.02 of the Agreement. It gives a sample computation of the Town's share of local tax revenues subject to the Gain Sharing Payments and then shows an example of adjustments pursuant to Section 3.10 and 3.11 for Excess Sales Tax Payments and for Service Cost Reductions, based on the County's 1996-97 Comprehensive Annual Financial Report ("CAFR"). Finally, it illustrates the local taxes to be shared pursuant to Section 3.07 of the Agreement where the General Assembly replaces an existing local tax subject to the Gain Sharing Payments with a new local tax.

I. TOWN'S SHARE OF LOCAL TAX REVENUES

A. Real Estate Taxes

Item 1: Number of Newly Constructed Properties	=	25 assumed
Item 2: County Tax Rate	=	\$1.13/\$100 assessed value
Item 3: Total Assessed Value (assume for this example that each Newly Constructed Property has an assessed value of \$135,000)	=	\$3,375,000
Item 4: Distribution of real estate tax revenue:		
50% County		
50% Town		

Formula:

Total Assessed Value of Newly Constructed Properties	X	County Tax Rate
\$3,375,000	X	\$1.13/\$100 value
Total real estate tax revenue from Newly Constructed Properties	=	\$38,137
County Share	=	\$19,068
Town Share	=	\$19,068

B. Personal Property Taxes

Personal property tax revenues collected from owners of Newly Constructed Properties used for residential purposes will be estimated by calculating the ratio of personal property taxes collected throughout the County as a whole (less personal property taxes paid by businesses) to real property taxes collected throughout the County as a whole and multiplying the real estate tax revenues collected from Newly Constructed Properties by that ratio.

Item 1: Total Real Estate Tax Revenue	=	\$41,956,514 (from CAFR)
Item 2: Total Personal Property Tax Revenue (including State payments reimbursing County for personal property taxes)	=	\$19,158,727 (from CAFR)
Item 3: Deduct Personal Property Taxes Paid by Businesses	=	\$4,000,000 (County records)
Item 4: Total Adjusted Personal Property Tax Revenue	=	\$15,158,727
Item 5: Personal Property to Real Estate Tax Ratio	=	36%

Formula:

Ratio of Personal Property Tax Revenues to Real Estate Tax Revenues

Item 4 Divided by Item 1	=	Ratio
\$15,158,727 divided by \$41,956,514	=	36%

Calculation of Tax to be shared:	=	\$38,137
Total Real Estate Tax Revenue from Newly Constructed Properties (as calculated in Section I.A. on page 1 of this Exhibit)		
Multiplied by Ratio	=	36%
Estimated Personal Property Tax Revenue to be shared	=	\$13,729
County Share	=	\$6,865
Town Share	=	\$6,865

C. Motor Vehicle License Taxes

Motor vehicle license tax revenue collected from owners of Newly Constructed Properties used for residential purposes will be estimated by calculating the ratio of total motor vehicle license taxes collected throughout the County as a whole to total personal property taxes collected throughout the County as a whole, multiplied by the total personal property taxes of Newly Constructed Properties.

Item 1: Total Personal Property Tax Revenue	=	\$19,158,727 (from CAFR)
Item 2: Total Motor Vehicle License Tax Revenue	=	\$1,532,536 (from CAFR)
Item 3: Total Personal Property Tax Revenue from Newly Constructed Properties (as estimated above)	=	\$13,729
Item 4: Ratio of Motor Vehicle Tax Revenue to Personal Property Tax Revenue	=	7.99%
Item 5: Total Motor Vehicle License Tax to be Shared	=	\$1,097

Formula:

Item 2 Divided by Item 1	=	Item 4
\$1,532,536 Divided by \$19,158,727	=	7.99%

Multiply Item 3 by Item 4	=	Item 5
Total Motor Vehicle License Tax Revenue	=	\$1,097

County Share	\$548
Town Share	\$548

D. Local Tax Revenues from Newly Constructed Properties Used for Commercial/Industrial Properties

The Gain Sharing Payments also include local taxes generated by Newly Constructed Properties used for commercial or industrial purposes. The personal property and motor vehicle license taxes for such properties will be determined on the basis of the actual taxes collected from each such Property and will not be estimated, as will be done for Newly Constructed Properties used for residential purposes. Other local taxes generated by such commercial or industrial Properties, including Machinery and Tool tax, BPOL tax, Bank Franchise tax, Food and Beverage tax, Admission tax and Transient Occupancy tax, shall be determined for each Property and shared equally.

II. SERVICE COST REDUCTIONS

The Town's 50% share of tax revenues collected from Newly Constructed Properties shall be reduced by a sum equal to 50% of the County's costs to provide law enforcement and traffic control, solid waste collection and disposal, and fire and rescue services to Newly Constructed Properties in East Roanoke County. The following is an example of the determination of the Service Cost Reductions.

Item 1: Calculation of population of Newly Constructed Properties

Average number of persons per detached household (most current U.S. Census)	=	2.54
Number of Newly Constructed Properties	=	25 assumed
Total Number of persons in Newly Constructed Properties	=	63.5

Item 2: Calculation of Expenses to Serve Newly Constructed Properties

Law enforcement and traffic control (from CAFR)	=	\$7,908,793
Estimated County Population from 1995 U.S. Census estimate	=	81,717
Cost per capita	=	\$96.78
63.5 persons for Newly Constructed Properties multiplied by \$96.78	=	\$6,146
Solid Waste Collection and Disposal (from CAFR)	=	\$3,552,404
Estimated County Population from 1995 U.S. Census estimate	=	81,717
Cost per capita	=	\$43.47
63.5 persons for Newly Constructed Properties multiplied by \$43.47	=	\$2,760
Fire and Rescue (from CAFR)	=	\$4,171,256
Estimated County Population from 1995 U.S. Census estimate	=	81,717
Cost per capita	=	\$51.05
63.5 persons for Newly Constructed Properties multiplied by \$51.05	=	\$3,242
Total Expenses Shared with Roanoke County	=	\$12,148
County Share	=	\$6,074
Town Share	=	\$6,074

III. EXCESS SALES TAX ADJUSTMENT

The Town's share of local tax revenues from Newly Constructed Properties shall be reduced by a sum equal to 50% of the amount of the Local Sales and Use tax revenues received by the Town pursuant to Section 2.02 of the Agreement that exceeds the amount required to be paid to the Town by Chapter 191 of the 1966 Acts of the General Assembly.

Under Section 2.02 of the Agreement, the payment of Local Sales and Use tax is based on a ratio of 11.77%. The actual Town to County population ratio is 9.65% based on the 1990 population. The minimum population ratio for determining the "excess" Sales and Use tax shall be 10%. The following is an example of the calculation of the excess Sales and Use tax adjustment:

During year 1 of the Agreement, the Sales and Use tax revenue paid to Vinton is \$704,963 (using the actual FY 1997 payment) based on a ratio of 11.77%. The amount that would have been paid on the basis of a 10% ratio is \$598,949. The "excess" Sales and Use tax payment is \$106,014, one-half of which (\$53,007) is subtracted from the Town's share of local tax revenues from Newly Constructed Properties.

IV. CALCULATION OF VINTON'S NET SHARE OF LOCAL TAX REVENUES

Vinton's Share of Total Local Tax Revenues from Newly Constructed Properties:

Real Property (Vinton Share)	\$19,068
Personal Property (Vinton Share)	\$ 6,865
Motor Vehicle License (Vinton Share)	\$ 548
Total Revenue	\$26,481
Less:	
Service Cost Reductions	(\$6,074)
Excess Sales Tax	(\$53,007)
Vinton's Net Share of Local Tax Revenue	(\$32,600)
Minimum Vinton Payment (Section 3.13 of the Agreement)	\$31,000

V. EXAMPLE OF LOCAL TAX REPLACED BY ANOTHER LOCAL TAX

Pursuant to Section 3.07 of the Agreement, the Town is entitled to share in the revenues collected by the County from a new local tax that replaces an existing local tax that is subject to the Gain Sharing Payments. The following is an example of the calculation of the revenues to be shared from such a new tax where the General Assembly repeals the BPOL tax but grants the County the authority to impose a local income tax:

Item 1: Total BPOL Tax Revenue Lost by County from Newly Constructed Properties during First Fiscal Year in which Changes in Taxes are Effective	=	\$600
Item 2: Total Income Tax Revenue from Owners of Newly Constructed Properties during First Fiscal Year in which Changes in Taxes are Effective	=	\$1,000
Item 3: BPOL to Income Tax Ratio	=	60%
Item 4: Total Local Income Tax to be Shared in First Fiscal Year in which Changes in Taxes are Effective	=	\$600
Item 5: Total Income Tax Revenue from Owners of Newly Constructed Properties during Second Fiscal Year in which Changes in Taxes are Effective	=	\$1,400
Item 6: Total Local Income Tax to be Shared in Second Fiscal Year in which Changes in Taxes are Effective	=	\$840

Formula:

First Fiscal Year in which Tax Changes are Effective:

Item 1 Divided by Item 2	=	Item 3
\$600 Divided by \$1,000	=	60%
Multiply Item 2 by Item 3	=	Item 4
\$1,000 by 60%	=	\$600
Income Tax from Owners of Newly Constructed Properties to be Shared by County and Town	=	\$600
County Share	=	\$300
Town Share	=	\$300

March 9, 1999

Second Fiscal Year in which Tax Changes are Effective:

Item 5 Times Item 3	=	Item 6
\$1,400 Times 60%	=	\$840
Income Tax from Owners of Newly Constructed Properties to be Shared by County and Town	=	\$840
County Share	=	\$420
Town Share	=	\$420

#579448 v4

**STATISTICAL PROFILE OF THE TOWN OF VINTON,
THE COUNTY OF ROANOKE, AND THE EAST ROANOKE COUNTY AREA**

	<u>Town of Vinton</u>	<u>County of Roanoke</u>	<u>East Roanoke County Area</u>
Population(1)	7,175	81,600	4,400
Land Area (Square Miles)	3.20	250.83	4.87
Total Assessed Values(2)			
Real Estate(3)	\$287,070,700	\$3,969,240,000	\$155,941,100
Public Service Corporation	\$8,740,379	\$166,801,649	\$2,491,398
Personal Property(4)	\$32,401,867	\$581,197,512	\$13,095,700
Machinery and Tools	\$10,177,675	N/A	\$0
Merchant's Capital	N/A	N/A	N/A

NOTES:

(1) Town and County population estimates are for 1998; East Roanoke County Area population is a 1994 estimate.

(2) Assessed Values for the Town are for 1994, the County for 1998; the East Roanoke County Area is a 1995 estimate.

(3) Real Estate values for the Town include those for mobile homes.

(4) Personal Property values for the County include those for machinery and tools.

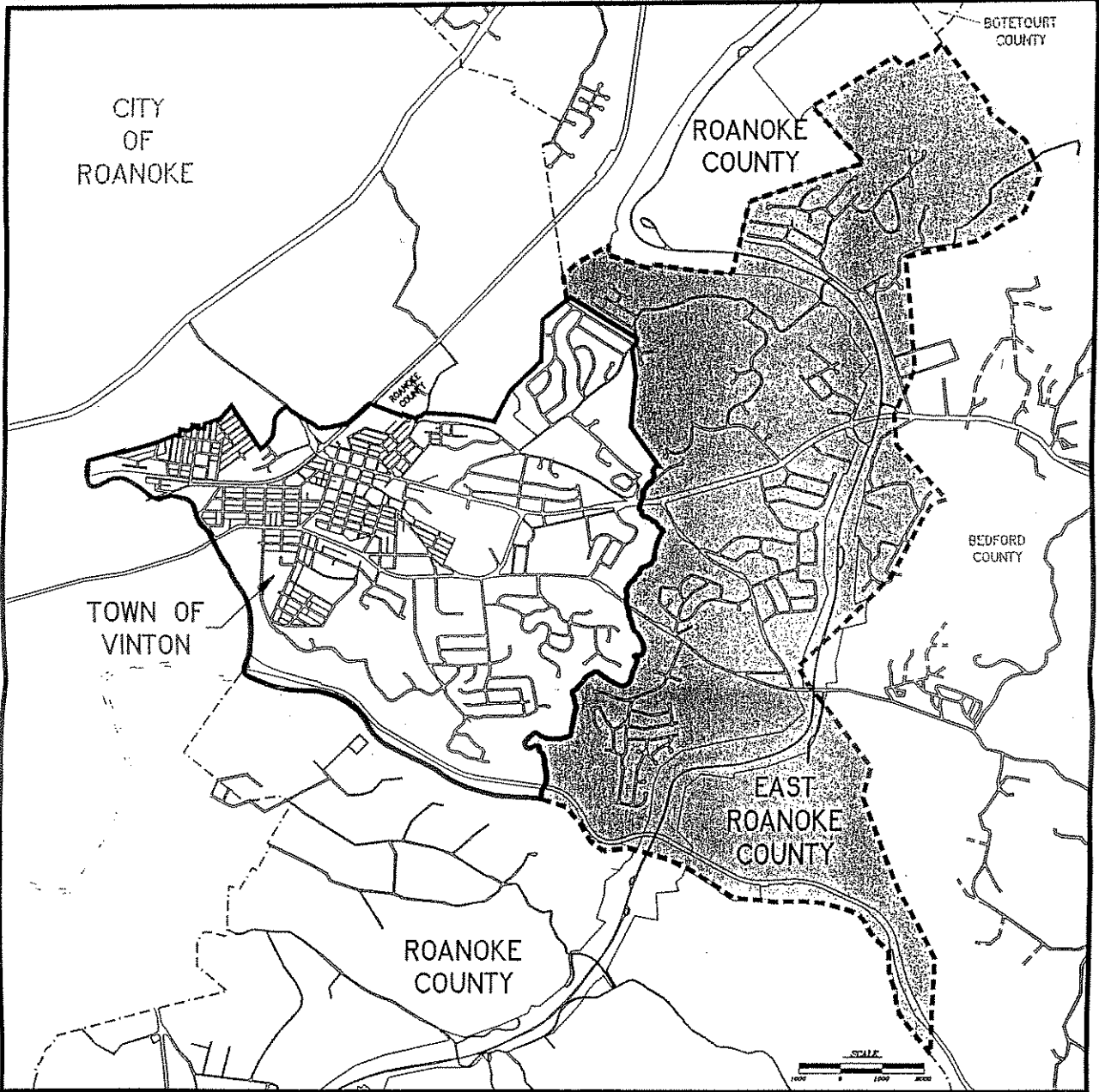
County Population, Land Area, and Assessed Value statistics include those for the East Roanoke County Area.

N/A = Not Available/Not Applicable.


SOURCES:

Town of Vinton and County of Roanoke, Notice by the Town of Vinton and the County of Roanoke of Their Intent to Petition for Approval of a Voluntary Settlement Agreement and Supporting Data.


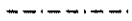

U. S. Department of Commerce, Bureau of the Census, "Population of Towns in Virginia, 1990-98" (electronic data set), June 30, 1999.



LEGEND

 EAST ROANOKE COUNTY

GENERAL LEGEND

-  TOWN LINE
-  COUNTY LINE
-  LIMITS OF EAST ROANOKE COUNTY

MAP OF THE
TOWN OF VINTON, VIRGINIA
AND ENVIRONS

EAST ROANOKE COUNTY



R. STUART ROYER & ASSOCIATES, INC.
CONSULTING ENGINEERS & SURVEYORS
RICHMOND, VIRGINIA

MARCH 1999

MAP NO. A

Appendix D

**Fiscal Attributes of the Town of Vinton and County of Roanoke
Quantitative Elements of the Proposed Gain-Sharing Agreement**

Table 1
Projected Annual Gain-Sharing Entitlements of Vinton Town under the Assumption of 25 Newly Constructed Residential Units Per Year

Year	Cumulative Number of Newly Constructed Residential Units	Real Property Tax Dimension			Personal Property Tax Dimension			Motor Vehicle License Tax Dimension			Sales Tax Dimension			Expenditure Dimension			Adjusted Gain-Sharing Entitlement of Town/2	
		(A) County Revenue at 50% of Total	County Revenue Yield Per Residential Unit	Annual Percentage Change in County Revenue	(B) County Revenue at 50% of Total	Annual Percentage Change in County Revenue	County Revenue Yield Per Residential Unit	Annual Percentage Change in County Revenue	(C) County Revenue at 50% of Total	Annual Absolute Change in County Revenue	Annual Percentage Change in County Revenue	County Revenue Yield Per Residential Unit	Annual Percentage Change in County Revenue	(D) County Payment Reduction for Excess Town Revenue	Annual Percentage Change in County Payment Reduction for Excess Town Revenue	County Costs Per Residential Unit		Annual Percentage Change in County Costs Per Residential Unit
1	25	\$19,075	\$783.00	107.00%	\$5,175	108.00%	\$207.00	\$500	\$500	\$20.00	0.00%	\$51,600	\$51,600	113.00%	\$6,600	6.50%	(\$26,850)	(\$33,650)
2	50	\$39,485	\$789.70	55.25%	\$10,764	58.00%	\$215.28	\$1,000	\$500	\$20.00	0.00%	\$53,785	\$289.68	59.75%	\$14,484	6.50%	(\$2,536)	(\$17,020)
3	75	\$61,301	\$817.35	38.00%	\$16,792	38.67%	\$223.89	\$1,500	\$500	\$20.00	0.00%	\$56,045	\$308.51	42.00%	\$23,138	6.50%	\$23,548	\$410
4	100	\$84,595	\$845.95	29.38%	\$23,285	30.00%	\$232.85	\$2,000	\$500	\$20.00	0.00%	\$59,399	\$328.56	33.13%	\$32,856	6.50%	\$51,481	\$18,625
5	125	\$109,445	\$875.56	24.20%	\$30,270	24.80%	\$242.16	\$2,500	\$500	\$20.00	0.00%	\$60,851	\$349.52	27.80%	\$43,740	6.50%	\$81,364	\$37,624
6	150	\$135,931	\$906.21	20.75%	\$37,777	21.33%	\$251.85	\$3,000	\$500	\$20.00	0.00%	\$63,407	\$372.67	21.71%	\$55,900	6.50%	\$113,301	\$57,401
7	175	\$164,136	\$937.92	18.29%	\$46,836	18.88%	\$261.92	\$3,500	\$500	\$20.00	0.00%	\$66,070	\$396.89	19.81%	\$69,455	6.50%	\$147,402	\$77,947
8	200	\$194,150	\$970.75	16.44%	\$58,480	17.00%	\$272.40	\$4,000	\$500	\$20.00	0.00%	\$68,845	\$422.69	18.33%	\$84,537	6.50%	\$183,785	\$99,248
9	225	\$226,063	\$1,004.72	15.00%	\$73,666	15.56%	\$283.29	\$4,500	\$500	\$20.00	0.00%	\$71,737	\$450.16	17.15%	\$101,266	6.50%	\$222,567	\$121,281
10	250	\$259,973	\$1,039.89	13.85%	\$84,263	14.40%	\$294.62	\$5,000	\$500	\$20.00	0.00%	\$74,750	\$479.42	16.18%	\$119,855	6.50%	\$307,853	\$144,024
11	275	\$295,979	\$1,076.29	12.91%	\$95,600	13.45%	\$306.41	\$5,500	\$500	\$20.00	0.00%	\$77,889	\$510.58	15.37%	\$140,410	6.50%	\$354,827	\$167,443
12	300	\$334,187	\$1,113.96	12.12%	\$107,709	12.67%	\$318.67	\$6,000	\$500	\$20.00	0.00%	\$81,160	\$543.77	14.11%	\$163,131	6.50%	\$404,347	\$191,496
13	325	\$374,707	\$1,152.94	11.46%	\$120,635	12.00%	\$331.41	\$6,500	\$500	\$20.00	0.00%	\$84,569	\$578.11	13.60%	\$185,212	6.50%	\$467,168	\$216,135
14	350	\$417,854	\$1,193.30	10.89%	\$134,421	11.43%	\$344.67	\$7,000	\$500	\$20.00	0.00%	\$88,121	\$616.76	12.76%	\$216,865	6.50%	\$513,248	\$241,303
15	375	\$463,149	\$1,235.06	10.40%	\$149,118	10.95%	\$358.46	\$7,500	\$500	\$20.00	0.00%	\$91,822	\$656.85	13.60%	\$246,317	6.50%	\$572,755	\$266,931
16	400	\$511,316	\$1,278.29	9.87%	\$164,776	10.50%	\$372.80	\$8,000	\$500	\$20.00	0.00%	\$95,879	\$695.16	13.16%	\$279,816	6.50%	\$635,767	\$292,939
17	425	\$562,288	\$1,323.03	9.59%	\$181,447	10.12%	\$387.71	\$8,500	\$500	\$20.00	0.00%	\$103,884	\$745.01	12.76%	\$316,630	6.50%	\$702,765	\$319,137
18	450	\$616,202	\$1,369.34	9.25%	\$189,188	9.78%	\$403.22	\$9,000	\$500	\$20.00	0.00%	\$108,248	\$793.44	12.42%	\$357,046	6.50%	\$773,641	\$345,719
19	475	\$673,201	\$1,417.27	8.95%	\$218,059	9.47%	\$419.34	\$9,500	\$500	\$20.00	0.00%	\$112,794	\$845.01	12.11%	\$401,380	6.50%	\$848,699	\$372,261
20	500	\$733,434	\$1,466.87				\$436.12	\$10,000	\$500	\$20.00	0.00%	\$112,794	\$899.94		\$449,968		\$948,699	\$388,731

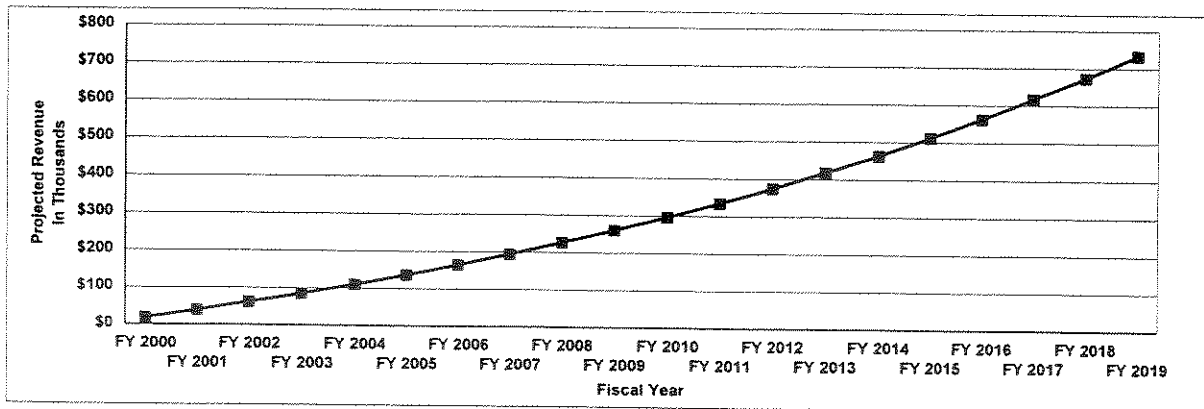
1 The percentages differ slightly from 4.20 across years 2, 17, and 18 because of errors in the baseline dataset transmitted by the parties.

2 For any given year the preliminary entitlement of the town has been calculated through the subtraction of factor D from the sum of factors A, B, and C. This amount, when reduced by the value of factor E, yields the town's adjusted entitlement during the period in question. [Across the four initial years of the projection interval, the town would be guaranteed an annual payment of \$31,000 (less 10% of the county's "implementation" outlays) under the revenue-sharing agreement. According to Roanoke County, start-up costs in the amount of \$1,000 will be deducted from the town's payment during FY 2000, the first year of the proposed gain-sharing arrangement. (Paul M. Mahoney, County Attorney, Roanoke County, communication with staff of Commission on Local Government, June 24, 1999.)]

Data Source: Table 3B: Estimated Net Revenue to Vinton from New Construction in East Roanoke County in Carter Glass, IV, communication with staff of Commission on Local Government, July 7, 1999.

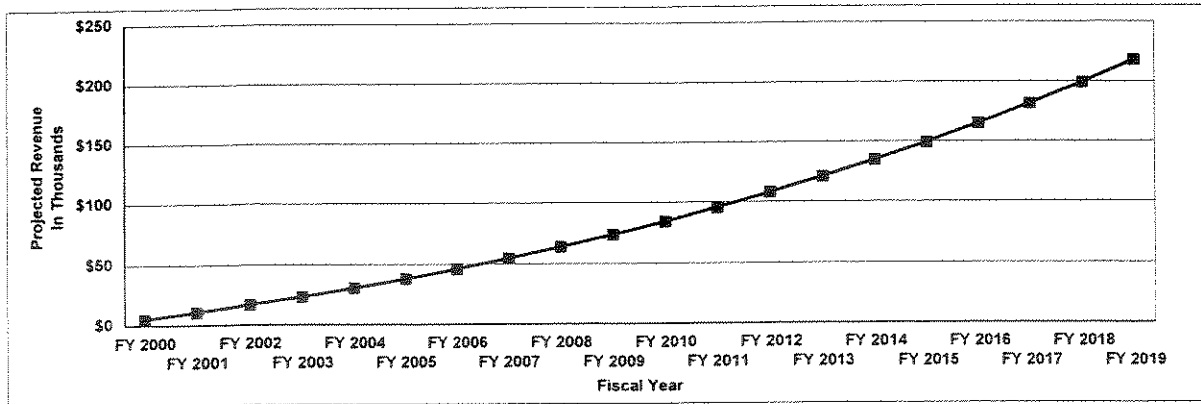
Staff, Commission on Local Government

Chart 1.1
Projected Real Property Tax Revenue of Roanoke County from the Gain-Sharing Area at 50% of Total
under the
Assumption of 25 Newly Constructed Residential Units Per Year
FY 2000-19



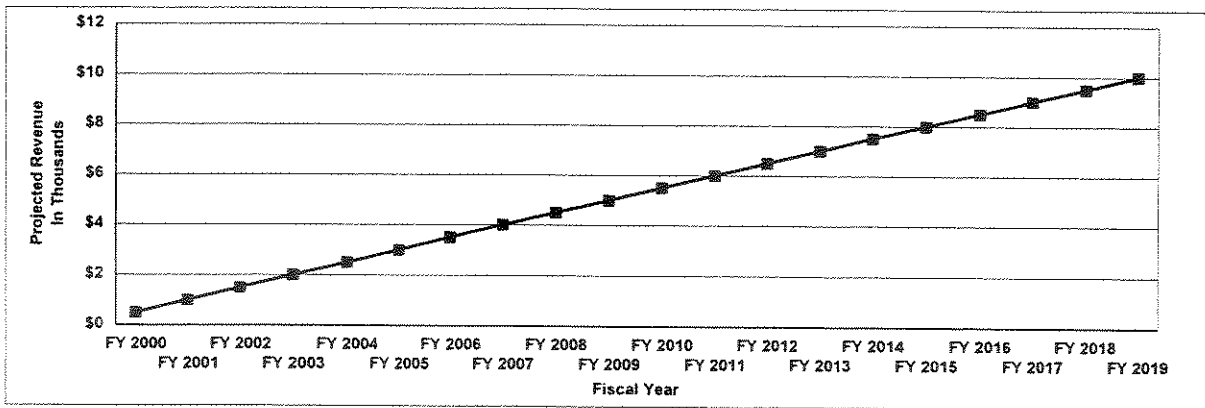
Staff, Commission on Local Government

Chart 1.2
Projected Personal Property Tax Revenue of Roanoke County from the Gain-Sharing Area at 50% of Total
under the
Assumption of 25 Newly Constructed Residential Units Per Year
FY 2000-19



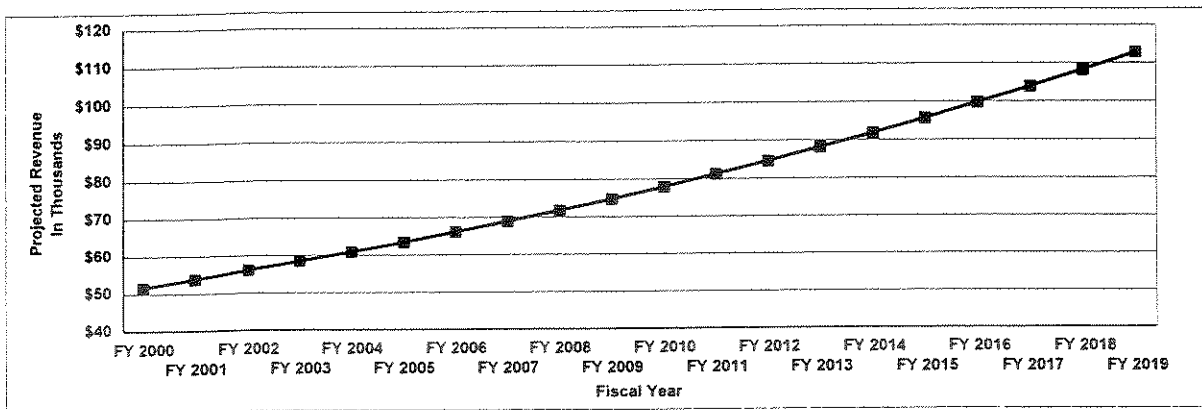
Staff, Commission on Local Government

Chart 1.3
Projected Motor Vehicle License Tax Revenue of Roanoke County from the Gain-Sharing Area at 50% of Total
under the
Assumption of 25 Newly Constructed Residential Units Per Year
FY 2000-19



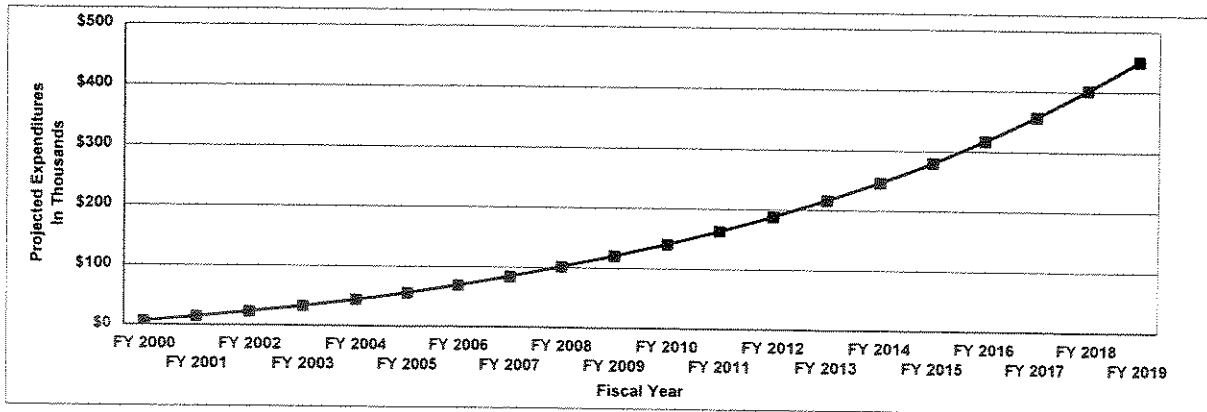
Staff, Commission on Local Government

Chart 1.4
Projected Excess Sales and Use Tax Revenue of Vinton Town from Roanoke County at 50% of Total
FY 2000-19



Staff, Commission on Local Government

Chart 1.5
Projected Service Expenditures of Roanoke County in the Gain-Sharing Area at 50% of Total
under the
Assumption of 25 Newly Constructed Residential Units Per Year
FY 2000-19



Staff, Commission on Local Government

Table 2
Roanoke County, Local Revenue Profile by Category, FY 1990-98

Dimension	Real Property Tax													
	Fiscal Period													
	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	Minimum, FY 1990-98	Maximum, FY 1990-98	Range, FY 1990-98	Mean, FY 1990-98	Median, FY 1990-98
Total Revenue (1)	\$29,127,645	\$31,003,910	\$32,561,710	\$34,159,481	\$35,951,222	\$37,816,678	\$39,849,215	\$42,052,727	\$44,320,399	\$29,127,645	\$44,320,399	\$15,192,754	\$36,304,443.00	\$35,851,222.00
Absolute Annual Change in Total Revenue (2)	--	\$1,876,265	\$1,557,800	\$1,594,771	\$1,694,741	\$1,965,458	\$2,032,637	\$2,203,512	\$2,287,672	\$1,557,800	\$2,287,672	\$709,872	\$1,899,094.25	\$1,920,860.50
Relative Annual Change in Total Revenue (3)	--	6.44%	5.02%	4.90%	4.96%	5.48%	5.37%	5.63%	5.39%	4.90%	5.14%	4.64%	5.39%	5.38%
Per Capita Revenue (4)	\$374.92	\$390.16	\$406.46	\$425.54	\$443.09	\$462.77	\$490.41	\$516.11	\$545.53	\$374.92	\$545.53	\$170.61	\$450.55	\$443.09
Absolute Annual Change in Per Capita Revenue (5)	--	\$15.24	\$16.30	\$19.07	\$17.56	\$19.68	\$27.64	\$25.70	\$29.42	\$15.24	\$29.42	\$14.18	\$21.33	\$19.37
Relative Annual Change in Per Capita Revenue (6)	--	4.06%	4.18%	4.69%	4.13%	4.44%	5.97%	5.24%	5.70%	4.06%	5.97%	1.91%	4.80%	4.57%

Dimension	Personal Property Taxes													
	Fiscal Period													
	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	Minimum, FY 1990-98	Maximum, FY 1990-98	Range, FY 1990-98	Mean, FY 1990-98	Median, FY 1990-98
Total Revenue (1)	\$11,523,725	\$11,550,177	\$11,359,177	\$11,421,868	\$13,241,213	\$14,893,635	\$16,650,291	\$17,343,104	\$17,999,622	\$11,359,233	\$17,999,622	\$6,641,369	\$13,997,988.67	\$13,241,213.00
Absolute Annual Change in Total Revenue (2)	--	\$26,452	(\$191,944)	\$63,665	\$1,819,315	\$1,652,422	\$1,756,656	\$692,810	\$656,516	(\$191,944)	\$1,819,315	\$2,011,259	\$809,487.13	\$674,665.50
Relative Annual Change in Total Revenue (3)	--	0.23%	-1.69%	0.56%	15.93%	12.48%	11.79%	4.16%	3.79%	-1.66%	15.93%	17.59%	5.91%	3.97%
Per Capita Revenue (4)	\$148.33	\$145.35	\$141.76	\$142.30	\$163.65	\$182.26	\$204.91	\$212.65	\$221.55	\$141.76	\$221.55	\$79.77	\$173.66	\$163.65
Absolute Annual Change in Per Capita Revenue (5)	--	(\$2.98)	(\$3.57)	\$0.52	\$21.35	\$18.60	\$22.65	\$7.94	\$8.70	(\$3.57)	\$22.65	\$26.22	\$9.15	\$8.32
Relative Annual Change in Per Capita Revenue (6)	--	-2.01%	-2.45%	0.36%	15.01%	11.37%	12.43%	3.89%	4.09%	-2.45%	15.01%	17.46%	5.33%	3.98%

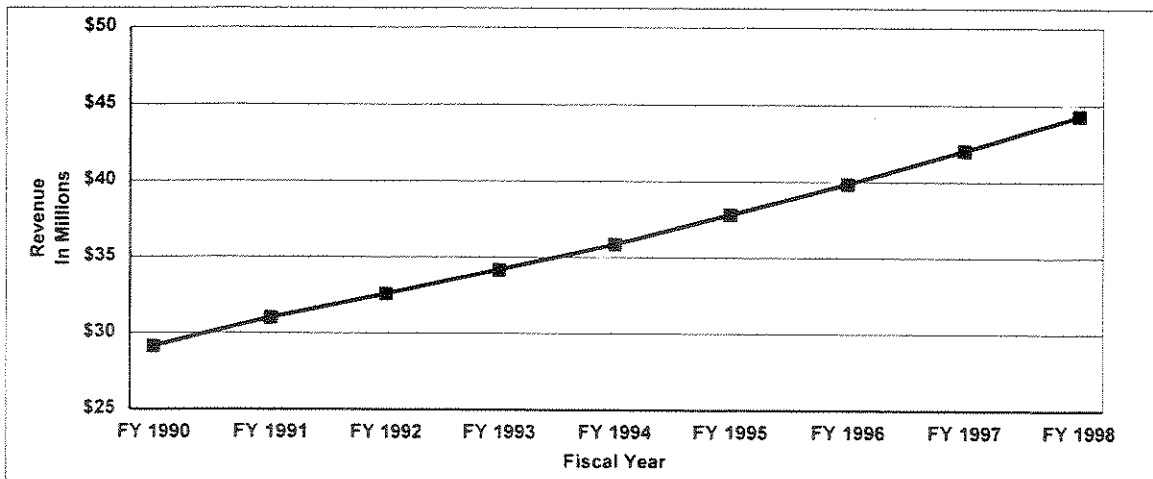
Dimension	Motor Vehicle License Taxes													
	Fiscal Period													
	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	Minimum, FY 1990-98	Maximum, FY 1990-98	Range, FY 1990-98	Mean, FY 1990-98	Median, FY 1990-98
Total Revenue (1)	\$1,344,801	\$1,370,739	\$1,381,766	\$1,459,369	\$1,446,231	\$1,491,960	\$1,503,245	\$1,532,536	\$1,553,433	\$1,344,801	\$1,553,433	\$208,632	\$1,453,786.67	\$1,459,369.00
Absolute Annual Change in Total Revenue (2)	--	\$25,938	\$11,027	\$77,603	(\$13,138)	\$45,729	\$11,285	\$29,291	\$20,897	(\$13,138)	\$77,603	\$90,741	\$26,079.00	\$23,417.30
Relative Annual Change in Total Revenue (3)	--	1.93%	0.80%	5.62%	-0.90%	3.16%	0.76%	1.95%	1.36%	-0.90%	5.62%	6.52%	1.89%	1.65%
Per Capita Revenue (4)	\$17.31	\$17,2496	\$17,2484	\$18.18	\$17.87	\$18.26	\$18.50	\$18.81	\$19.12	\$17,2484	\$19.12	\$1.87	\$18.06	\$18.18
Absolute Annual Change in Per Capita Revenue (5)	--	(\$0.06)	(\$0.0012)	\$0.93	(\$0.31)	\$0.38	\$0.24	\$0.31	\$0.31	(\$0.31)	\$0.93	\$1.24	\$0.23	\$0.28
Relative Annual Change in Per Capita Revenue (6)	--	-0.35%	-0.01%	5.41%	-1.69%	2.14%	1.33%	1.67%	1.66%	-1.69%	5.41%	7.10%	1.27%	1.49%

Dimension	Local Sales and Use Taxes ¹													
	Fiscal Period													
	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	Minimum, FY 1990-98	Maximum, FY 1990-98	Range, FY 1990-98	Mean, FY 1990-98	Median, FY 1990-98
Total Revenue (1)	\$4,966,123	\$5,001,484	\$4,894,562	\$5,398,666	\$5,618,977	\$5,713,809	\$5,910,217	\$5,946,778	\$6,408,309	\$4,894,562	\$6,408,309	\$1,513,747	\$5,532,991.67	\$5,618,977.00
Absolute Annual Change in Total Revenue (2)	--	\$35,361	(\$106,922)	\$442,104	\$282,311	\$94,832	\$196,408	\$36,561	\$461,531	(\$106,922)	\$6,408,309	\$568,453	\$180,273.25	\$145,620.00
Relative Annual Change in Total Revenue (3)	--	0.71%	-2.14%	9.03%	5.29%	1.69%	3.44%	0.62%	7.76%	-2.14%	9.03%	11.17%	3.30%	2.56%
Per Capita Revenue (4)	\$63.92	\$62.94	\$61.10	\$68.49	\$69.45	\$69.92	\$72.73	\$72.98	\$78.88	\$61.10	\$78.88	\$17.78	\$68.71	\$69.45
Absolute Annual Change in Per Capita Revenue (5)	--	(\$0.98)	(\$1.84)	\$5.39	\$2.96	\$0.47	\$2.81	\$0.25	\$5.89	(\$1.84)	\$5.89	\$7.74	\$1.87	\$1.64
Relative Annual Change in Per Capita Revenue (6)	--	-1.54%	-2.93%	8.82%	4.45%	0.69%	4.02%	0.34%	8.08%	-2.93%	8.82%	11.75%	2.74%	2.35%

¹ The yearly revenue totals include amounts remitted to Vinton Town by Roanoke County.

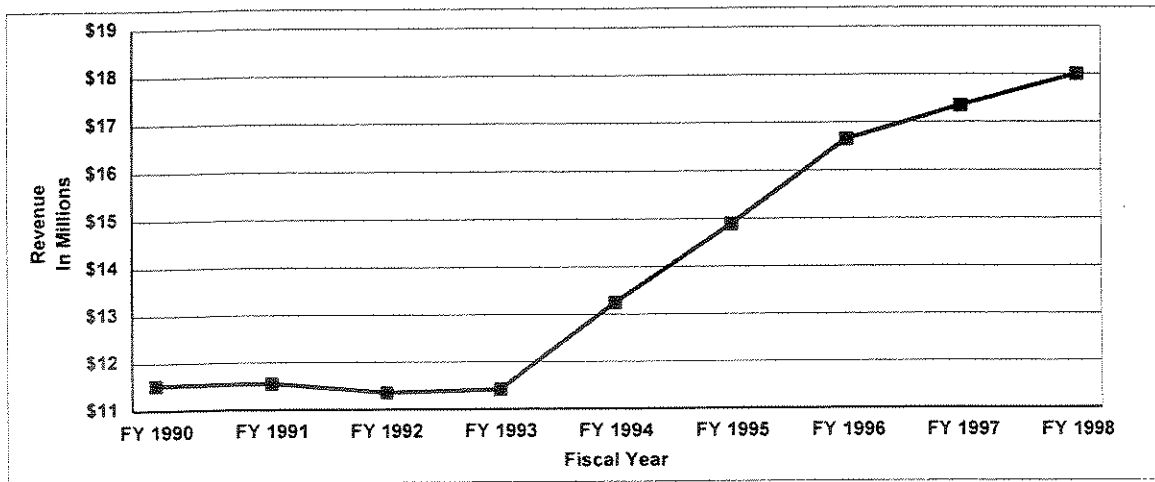
Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1990-93, Exhibit B (as supplemented by unpublished transmittal forms), FY 1994-98, Exhibits B and B-2, Center for Public Service, University of Virginia, "Census Counts and Estimates" (unpublished table), March, 1991; and U.S. Census Bureau, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (electronic dataset), June 30, 1998.

Chart 2.1
Real Property Tax Revenue in Roanoke County
FY 1990-98



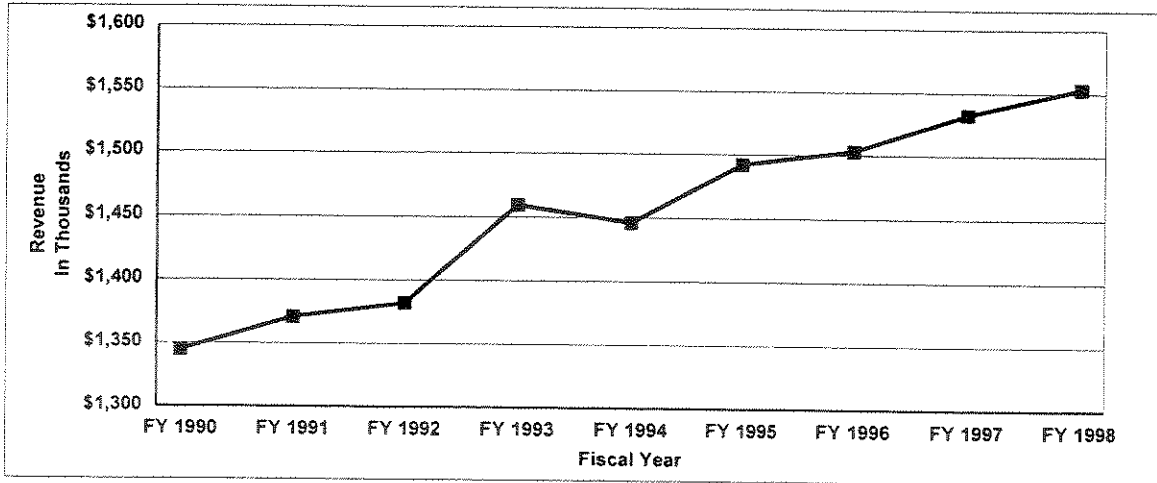
Staff, Commission on Local Government

Chart 2.2
Personal Property Tax Revenue in Roanoke County
FY 1990-98



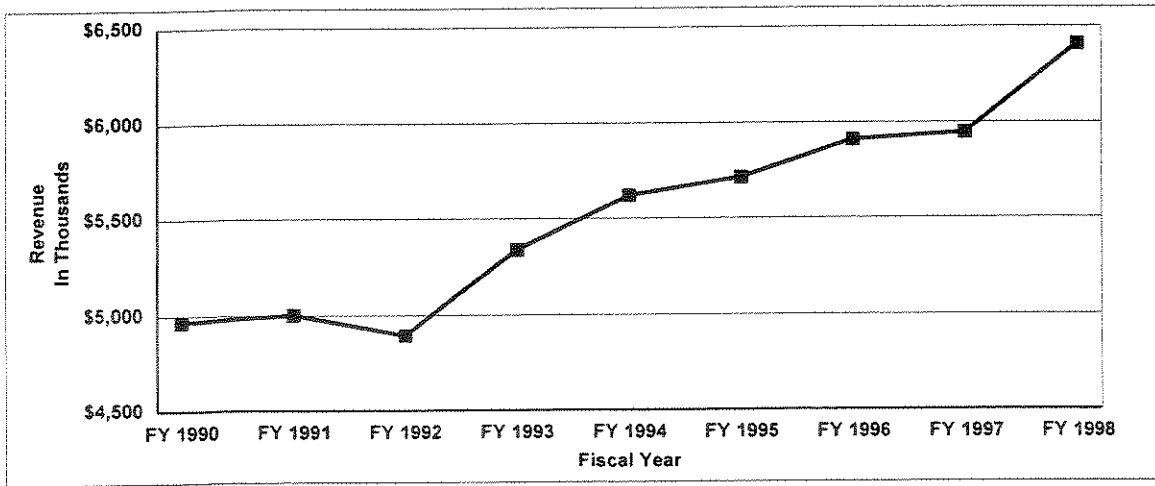
Staff, Commission on Local Government

Chart 2.3
Motor Vehicle License Tax Revenue in Roanoke County
FY 1990-98



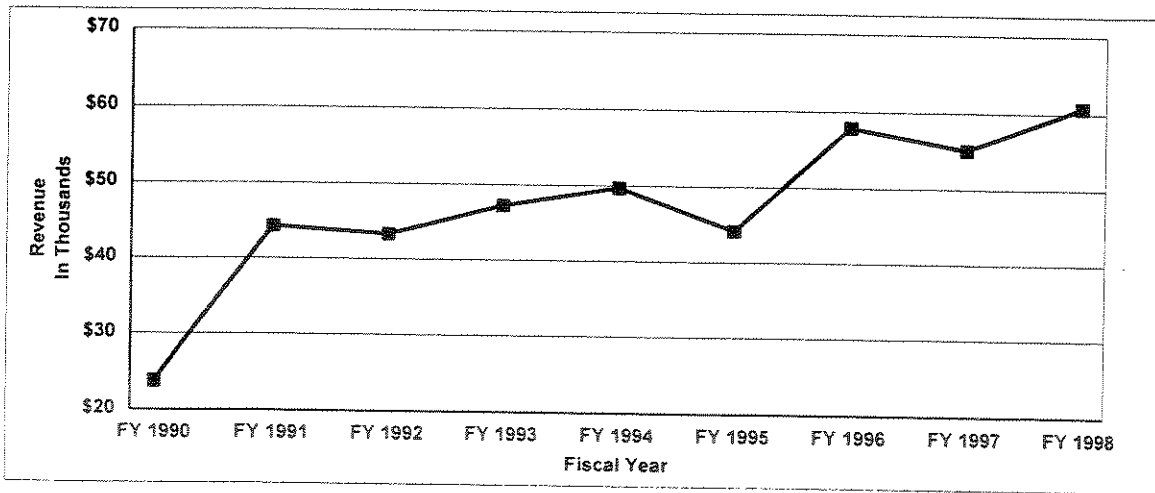
Staff, Commission on Local Government

Chart 2.4
Local Sales and Use Tax Revenue in Roanoke County
FY 1990-98



Staff, Commission on Local Government

Chart 2.5
Excess Sales and Use Tax Revenue of Vinton Town from Roanoke County at 50% of Total
FY 1990-98



Fiscal Year	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Amount	\$23,779	\$44,263	\$43,317	\$47,230	\$49,728	\$44,170	\$57,903	\$55,143	\$60,716

Staff, Commission on Local Government

Table 3
Roanoke County: Unadjusted Local Operating Expenditure Profile by Category, FY 1990-98¹

Dimension	Law Enforcement and Traffic Control														Median, FY 1990-98
	Fiscal Period														
	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	Minimum, FY 1990-98	Maximum, FY 1990-98	Range, FY 1990-98	Mean, FY 1990-98		
Total Spending (1)	\$4,042,166	\$4,122,510	\$4,198,443	\$4,500,864	\$5,048,540	\$5,501,442	\$6,899,728	\$8,864,379	\$7,317,448	\$4,042,166	\$7,317,448	\$3,275,280	\$5,388,868.87	\$5,048,540.00	
Absolute Annual Change in Total Spending (2)	--	\$80,344	\$75,933	\$302,221	\$547,876	\$452,902	\$1,398,286	(\$35,349)	\$453,067	(\$35,349)	\$1,398,286	\$1,433,635	\$409,410.00	\$377,561.50	
Relative Annual Change in Total Spending (3)	--	1.99%	1.84%	7.20%	12.17%	8.97%	25.42%	-0.51%	6.00%	-0.51%	25.42%	25.93%	7.96%	6.90%	
Per Capita Spending (4)	\$52.03	\$51.88	\$52.41	\$56.07	\$62.40	\$67.32	\$94.91	\$84.25	\$90.07	\$51.88	\$90.07	\$38.19	\$66.81	\$62.40	
Absolute Annual Change in Per Capita Spending (5)	--	(\$0.15)	\$0.53	\$3.66	\$6.33	\$4.93	\$17.59	(\$0.67)	\$5.82	(\$0.67)	\$17.59	\$16.26	\$4.75	\$4.29	
Relative Annual Change in Per Capita Spending (6)	--	-0.29%	1.02%	6.99%	11.28%	7.89%	26.13%	-0.78%	6.91%	-0.78%	26.13%	26.91%	7.39%	6.95%	

Dimension	Fire and Rescue Services														Median, FY 1990-98
	Fiscal Period														
	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	Minimum, FY 1990-98	Maximum, FY 1990-98	Range, FY 1990-98	Mean, FY 1990-98		
Total Spending (1)	\$2,792,140	\$3,319,096	\$3,471,483	\$3,329,694	\$4,319,892	\$4,580,861	\$4,269,951	\$4,699,040	\$4,699,040	\$2,792,140	\$4,699,040	\$1,906,900	\$3,856,894.44	\$5,930,863.00	
Absolute Annual Change in Total Spending (2)	--	\$528,956	\$152,387	(\$41,799)	\$990,098	\$260,989	(\$311,910)	\$430,089	\$430,089	(\$311,910)	\$430,089	\$913,089	\$238,362.50	\$324,989.00	
Relative Annual Change in Total Spending (3)	--	18.87%	4.59%	-4.08%	18.06%	6.04%	-6.81%	10.07%	10.07%	-6.81%	18.87%	25.66%	7.08%	7.97%	
Per Capita Spending (4)	\$35.84	\$41.77	\$43.33	\$41.48	\$48.58	\$52.88	\$56.37	\$57.84	\$57.84	\$35.84	\$57.84	\$21.50	\$47.84	\$48.58	
Absolute Annual Change in Per Capita Spending (5)	--	\$5.83	\$1.57	(\$1.85)	\$7.10	\$4.28	\$3.51	(\$3.96)	\$5.45	(\$3.96)	\$5.45	\$11.08	\$2.74	\$3.90	
Relative Annual Change in Per Capita Spending (6)	--	16.22%	3.75%	-4.27%	17.12%	8.81%	6.84%	-7.06%	10.40%	-7.06%	17.12%	24.18%	6.45%	7.73%	

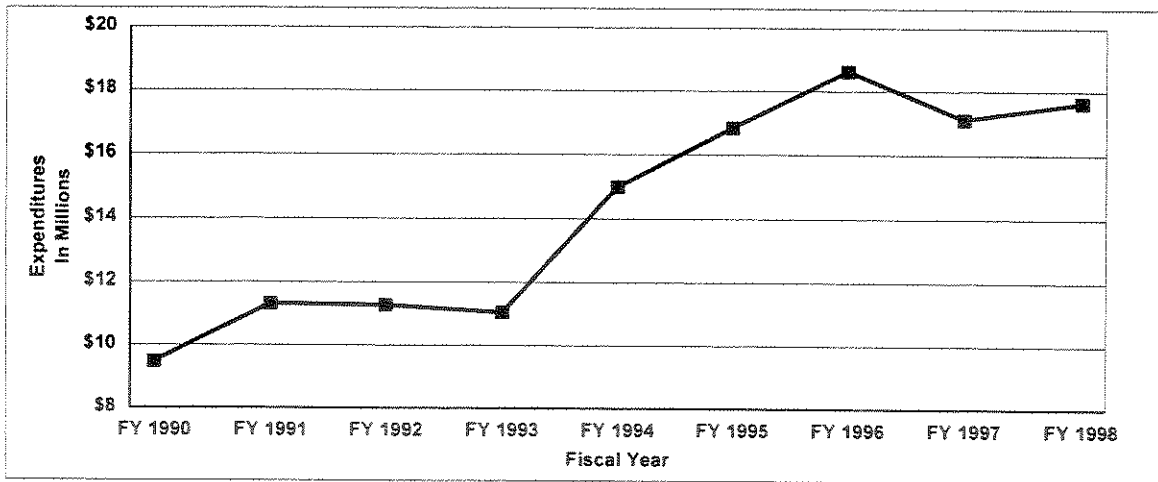
Dimension	Sanitation and Waste Removal														Median, FY 1990-98
	Fiscal Period														
	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	Minimum, FY 1990-98	Maximum, FY 1990-98	Range, FY 1990-98	Mean, FY 1990-98		
Total Spending (1)	\$2,647,217	\$3,875,750	\$3,615,057	\$3,221,584	\$6,018,509	\$7,148,574	\$5,974,200	\$5,615,971	\$5,615,971	\$2,647,217	\$7,148,574	\$4,502,357	\$5,015,289.22	\$5,615,971.00	
Absolute Annual Change in Total Spending (2)	--	\$1,228,533	(\$260,693)	(\$393,473)	\$2,796,925	\$1,001,232	(\$1,173,374)	(\$358,229)	(\$358,229)	(\$1,173,374)	\$2,796,925	\$3,972,299	\$371,094.25	(\$65,430.00)	
Relative Annual Change in Total Spending (3)	--	46.41%	-6.73%	-10.88%	86.82%	16.64%	-16.44%	-6.00%	-6.00%	-16.44%	86.82%	103.26%	13.96%	-2.07%	
Per Capita Spending (4)	\$34.07	\$48.77	\$45.13	\$40.14	\$74.38	\$85.90	\$87.99	\$89.13	\$89.13	\$34.07	\$89.13	\$53.91	\$62.09	\$69.13	
Absolute Annual Change in Per Capita Spending (5)	--	\$14.70	(\$3.65)	(\$4.99)	\$34.25	\$11.52	\$2.09	(\$14.67)	(\$4.20)	(\$14.67)	\$34.25	\$48.91	\$4.38	(\$0.76)	
Relative Annual Change in Per Capita Spending (6)	--	43.14%	-7.48%	-11.06%	85.33%	15.48%	2.43%	-16.67%	-5.72%	-16.67%	85.33%	102.00%	13.18%	-1.65%	

Dimension	Consolidated Services/2														Median, FY 1990-98
	Fiscal Period														
	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	Minimum, FY 1990-98	Maximum, FY 1990-98	Range, FY 1990-98	Mean, FY 1990-98		
Total Spending (1)	\$9,481,523	\$11,317,356	\$11,284,993	\$11,051,942	\$14,997,932	\$16,841,075	\$18,630,163	\$17,107,530	\$17,632,457	\$9,481,523	\$18,630,163	\$9,148,640	\$14,260,552.33	\$14,997,932.00	
Absolute Annual Change in Total Spending (2)	--	\$1,835,833	(\$32,363)	(\$233,051)	\$3,945,990	\$1,843,143	\$1,789,088	(\$1,522,633)	\$524,927	(\$1,522,633)	\$3,945,990	\$5,468,623	\$1,018,866.75	\$1,157,007.50	
Relative Annual Change in Total Spending (3)	--	19.36%	-0.29%	-2.07%	35.70%	12.29%	10.62%	-8.17%	3.07%	-8.17%	35.70%	43.88%	8.82%	6.85%	
Per Capita Spending (4)	\$122.04	\$142.42	\$140.87	\$137.69	\$185.38	\$206.09	\$229.27	\$209.96	\$217.03	\$122.04	\$229.27	\$107.23	\$176.75	\$185.36	
Absolute Annual Change in Per Capita Spending (5)	--	\$20.38	(\$1.55)	(\$3.18)	\$47.67	\$20.72	\$23.19	(\$19.31)	\$7.07	(\$19.31)	\$47.67	\$66.99	\$11.87	\$13.73	
Relative Annual Change in Per Capita Spending (6)	--	16.70%	-1.09%	-2.26%	34.62%	11.18%	11.25%	-8.42%	3.37%	-8.42%	34.62%	43.05%	8.17%	7.27%	

1 Unadjusted outlays include expenditures supported by categorical aid from federal and/or state sources.
2 This category reflects the aggregation of spending data across the three target functions--law enforcement and traffic control, fire and rescue services, and sanitation and waste removal.

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1990-98, Exhibits C-3 and C-4; Center for Public Service, University of Virginia, "Census Counts and Estimates" (unpublished table), March, 1991; and U.S. Census Bureau, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (electronic dataset), June 30, 1999.
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Chart 3
Selected Service Expenditures in Roanoke County/1
FY 1990-98
[Including Outlays Supported by Categorical Aid from Federal and/or State Sources]



1

This exhibit reflects the county's annual operating expenditures relative to law enforcement and traffic control, fire and rescue services, and sanitation and waste removal.

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Roanoke County, Adjusted Local Operating Expenditure Profile by Category, FY 1992-98/1

Dimension	Law Enforcement and Traffic Control											
	Fiscal Period						Minimum, Maximum, Range, Mean, Median, FY 1992-98					
	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1992-98	FY 1992-98	FY 1992-98	FY 1992-98	
Total Spending (1)	\$4,119,718	\$4,444,292	\$4,703,482	\$3,777,025	\$4,745,180	\$4,447,190	\$4,730,827	\$3,777,025	\$4,745,180	\$988,165	\$4,423,960.57	\$4,447,190.00
Absolute Annual Change in Total Spending (2)	--	\$324,574	\$259,190	(\$926,457)	\$963,165	(\$298,000)	\$283,637	(\$926,457)	\$968,165	\$1,894,622	\$101,851.50	\$271,413.50
Relative Annual Change in Total Spending (3)	--	7.86%	5.83%	-19.70%	25.63%	-6.28%	6.38%	-19.70%	25.63%	45.33%	3.29%	6.10%
Per Capita Spending (4)	\$51.43	\$55.37	\$58.13	\$48.22	\$58.40	\$54.58	\$58.23	\$46.22	\$58.40	\$12.18	\$54.62	\$55.37
Absolute Annual Change in Per Capita Spending (5)	--	\$3.94	\$2.76	(\$11.91)	\$12.18	(\$3.82)	\$3.85	(\$11.91)	\$12.18	\$24.09	\$1.13	\$3.21
Relative Annual Change in Per Capita Spending (6)	--	7.67%	4.89%	-20.49%	26.35%	-6.54%	6.69%	-20.49%	26.35%	46.84%	3.11%	5.84%

Dimension	Fire and Rescue Services											
	Fiscal Period						Minimum, Maximum, Range, Mean, Median, FY 1992-98					
	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1992-98	FY 1992-98	FY 1992-98	FY 1992-98	
Total Spending (1)	\$3,432,426	\$3,208,205	\$3,888,216	\$4,273,484	\$4,504,022	\$4,182,759	\$4,652,850	\$3,208,205	\$4,652,850	\$1,444,645	\$4,020,394.57	\$4,182,759.00
Absolute Annual Change in Total Spending (2)	--	(\$224,221)	\$680,011	\$385,268	\$231,338	(\$322,063)	\$470,091	(\$322,063)	\$880,011	\$1,002,074	\$203,404.00	\$308,303.00
Relative Annual Change in Total Spending (3)	--	-6.53%	21.20%	9.91%	5.41%	-7.15%	11.24%	-7.15%	21.20%	28.35%	5.66%	7.66%
Per Capita Spending (4)	\$42.85	\$39.97	\$48.06	\$52.30	\$55.44	\$51.33	\$57.27	\$39.97	\$57.27	\$17.30	\$49.60	\$51.33
Absolute Annual Change in Per Capita Spending (5)	--	(\$2.88)	\$8.09	\$4.24	\$3.14	(\$4.10)	\$5.94	(\$4.10)	\$6.09	\$12.19	\$2.40	\$3.68
Relative Annual Change in Per Capita Spending (6)	--	-6.72%	20.23%	8.82%	6.01%	-7.40%	11.58%	-7.40%	20.23%	27.63%	5.42%	7.42%

Dimension	Sanitation and Waste Removal											
	Fiscal Period						Minimum, Maximum, Range, Mean, Median, FY 1992-98					
	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1992-98	FY 1992-98	FY 1992-98	FY 1992-98	
Total Spending (1)	\$3,808,726	\$3,221,584	\$6,018,509	\$6,616,242	\$7,149,574	\$5,974,200	\$5,615,971	\$3,221,584	\$7,149,574	\$3,927,990	\$5,457,829.43	\$5,974,200.00
Absolute Annual Change in Total Spending (2)	--	(\$587,142)	\$2,796,925	\$597,733	\$633,332	(\$1,175,374)	(\$358,229)	(\$1,175,374)	\$2,796,925	\$3,972,299	\$334,540.83	\$87,551.50
Relative Annual Change in Total Spending (3)	--	-10.73%	86.82%	9.93%	8.05%	-18.44%	-6.00%	-18.44%	86.82%	103.26%	11.94%	1.03%
Per Capita Spending (4)	\$45.05	\$40.14	\$74.38	\$80.96	\$87.99	\$73.32	\$69.13	\$40.14	\$87.99	\$47.85	\$67.28	\$73.32
Absolute Annual Change in Per Capita Spending (5)	--	(\$4.91)	\$34.25	\$6.68	\$7.02	(\$14.67)	(\$4.20)	(\$14.67)	\$34.25	\$48.91	\$4.01	\$1.19
Relative Annual Change in Per Capita Spending (6)	--	-10.90%	85.33%	8.85%	8.67%	-16.67%	-5.72%	-16.67%	85.33%	102.00%	11.59%	1.48%

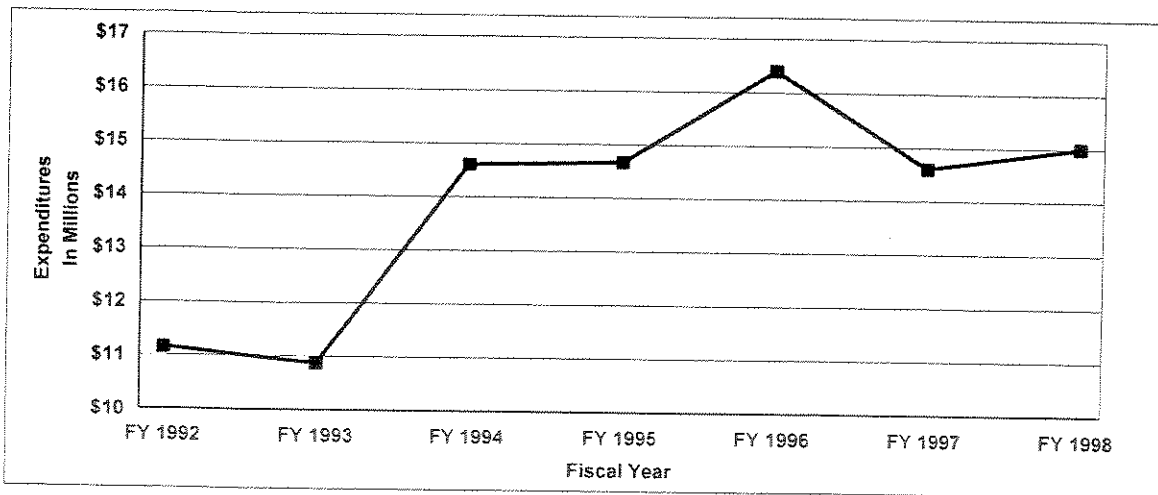
Dimension	Consolidated Services ²											
	Fiscal Period						Minimum, Maximum, Range, Mean, Median, FY 1992-98					
	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1992-98	FY 1992-98	FY 1992-98	FY 1992-98	
Total Spending (1)	\$11,160,870	\$10,874,081	\$14,610,207	\$14,666,751	\$16,389,586	\$14,804,148	\$14,999,848	\$10,874,081	\$16,389,586	\$5,525,505	\$13,902,184.57	\$14,610,207.00
Absolute Annual Change in Total Spending (2)	--	(\$286,789)	\$3,736,126	\$58,544	\$1,732,635	(\$1,795,437)	\$395,499	(\$1,795,437)	\$3,736,126	\$5,531,563	\$639,796.33	\$226,021.50
Relative Annual Change in Total Spending (3)	--	-2.57%	34.36%	0.39%	11.81%	-10.95%	2.71%	-10.95%	34.36%	45.31%	5.96%	1.55%
Per Capita Spending (4)	\$139.32	\$135.47	\$180.57	\$179.48	\$201.82	\$179.24	\$184.83	\$135.47	\$201.82	\$66.35	\$171.50	\$179.48
Absolute Annual Change in Per Capita Spending (5)	--	(\$3.85)	\$45.10	(\$1.09)	\$22.34	(\$22.59)	\$5.39	(\$22.59)	\$45.10	\$67.69	\$7.55	\$2.15
Relative Annual Change in Per Capita Spending (6)	--	-2.76%	33.29%	-0.60%	12.45%	-11.19%	3.01%	-11.19%	33.29%	44.48%	5.70%	1.20%

1 Adjusted outlays capture the difference between Roanoke's overall expenditures and the sum of its categorical aid from federal and/or state sources.

2 This exhibit reflects the aggregation of spending data across the three target functions—law enforcement and traffic control, fire and rescue services, and sanitation and waste removal.

Data Sources: Auditor of Public Accounts, **Comparative Report of Local Government Revenues and Expenditures, FY 1990-98**, Exhibits C-3 and C-4 (as supplemented by unpublished transmittal forms); Center for Public Service, University of Virginia, "Census Counts and Estimates" (unpublished table), March, 1991; and U.S. Census Bureau, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (electronic dataset), June 30, 1999.

Chart 4
Selected Service Expenditures in Roanoke County/1
FY 1992-98
[Excluding Outlays Supported by Categorical Aid from Federal and/or State Sources]



1

This exhibit reflects the county's annual operating expenditures relative to law enforcement and traffic control, fire and rescue services, and sanitation and waste removal.

Staff, Commission on Local Government

Table 5
Alternative Price Index Scenarios
for the
Purchase of Local Government Goods and Services

Fiscal Year	Price Index Compounded at 2% Annually	Price Index Compounded at 3% Annually	Price Index Compounded at 4% Annually
FY 2000	Base Year	Base Year	Base Year
FY 2001	1.0200	1.0300	1.0400
FY 2002	1.0404	1.0609	1.0816
FY 2003	1.0612	1.0927	1.1249
FY 2004	1.0824	1.1255	1.1699
FY 2005	1.1041	1.1593	1.2167
FY 2006	1.1262	1.1941	1.2653
FY 2007	1.1487	1.2299	1.3159
FY 2008	1.1717	1.2668	1.3686
FY 2009	1.1951	1.3048	1.4233
FY 2010	1.2190	1.3439	1.4802
FY 2011	1.2434	1.3842	1.5395
FY 2012	1.2682	1.4258	1.6010
FY 2013	1.2936	1.4685	1.6651
FY 2014	1.3195	1.5126	1.7317
FY 2015	1.3459	1.5580	1.8009
FY 2016	1.3728	1.6047	1.8730
FY 2017	1.4002	1.6528	1.9479
FY 2018	1.4282	1.7024	2.0258
FY 2019	1.4568	1.7535	2.1068

Estimated Real Value of Projected Revenue-Sharing Payment to Vinton Town in FY 2019/1

Current Dollars	\$398,731	\$398,731	\$398,731
Constant Dollars	\$273,701	\$227,391	\$189,255

1

The current-dollar amount is the projected net revenue payment to Vinton under the assumption of 25 newly constructed properties per year in East Roanoke County. This figure does not reflect the implementation costs which the county government would incur during the final year of the gain-sharing program.

Data Source: "Table 3B: Estimated Net Revenue to Vinton from New Construction in East Roanoke County," in Carter Glass, IV, communication with staff of Commission on Local Government, July 7, 1999.

Staff, Commission on Local Government

Table 6
 Projected Revenue-Sharing Payments to Vinton Town
 in
 Current-Dollar and Constant-Dollar Terms
 under the
 Assumption of 25 Newly Constructed Residential Units Per Year in East Roanoke County

Fiscal Year/1	Projected Current-Dollar Yield/2	Projected Constant-Dollar Yield		
		Under Price Index Compounded at 2% Annually	Under Price Index Compounded at 3% Annually	Under Price Index Compounded at 4% Annually
FY 2000	\$31,000	\$31,000	\$31,000	\$31,000
FY 2001	\$31,000	\$30,392	\$30,097	\$29,808
FY 2002	\$31,000	\$29,796	\$29,220	\$28,661
FY 2003	\$31,000	\$29,212	\$28,369	\$27,559
FY 2004	\$37,624	\$34,759	\$33,428	\$32,161
FY 2005	\$57,401	\$51,990	\$49,515	\$47,179
FY 2006	\$77,947	\$69,215	\$65,279	\$61,603
FY 2007	\$99,248	\$86,401	\$80,698	\$75,420
FY 2008	\$121,281	\$103,512	\$95,740	\$88,619
FY 2009	\$144,024	\$120,513	\$110,382	\$101,189
FY 2010	\$167,443	\$137,362	\$124,593	\$113,118
FY 2011	\$191,496	\$154,013	\$138,341	\$124,392
FY 2012	\$216,136	\$170,422	\$151,593	\$134,998
FY 2013	\$241,303	\$186,535	\$164,316	\$144,920
FY 2014	\$266,931	\$202,300	\$176,473	\$154,146
FY 2015	\$292,939	\$217,658	\$188,026	\$162,659
FY 2016	\$319,137	\$232,474	\$198,876	\$170,390
FY 2017	\$345,718	\$246,899	\$209,165	\$177,482
FY 2018	\$372,261	\$260,642	\$218,664	\$183,758
FY 2019	\$398,731	\$273,701	\$227,391	\$189,255
Total	\$3,473,623	\$2,668,796	\$2,351,168	\$2,078,318
Percentage of Current Dollar Total	-	76.83%	67.69%	59.83%

1
 FY 2000 is the designated base year for the computation of annual price index values covering the FY 2001-2019 interval.

2
 The current-dollar amounts have not been adjusted to reflect the implementation costs which Roanoke County would incur under the gain-sharing program.

Data Source: "Table 3B: Estimated Net Revenue to Vinton from New Construction in East Roanoke County," in Carter Glass, IV, communication with staff of Commission on Local Government, July 7, 1999.

Table 7
 Roanoke County and Vinton Town: Population Profile, 1990-98

Geographic Area	4/1/90 Census Population	7/1/90 Estimated Population	7/1/91 Estimated Population	7/1/92 Estimated Population	7/1/93 Estimated Population	7/1/94 Estimated Population	7/1/95 Estimated Population	7/1/96 Estimated Population	7/1/97 Estimated Population	7/1/98 Estimated Population
Roanoke County	79,294	79,465	80,110	80,267	80,911	81,718	81,257	81,480	81,243	80,839
Vinton Town	7,643	7,660	7,596	7,513	7,468	7,503	7,434	7,408	7,299	7,175
Balance of Roanoke County	71,651	71,805	72,514	72,754	73,443	74,215	73,823	74,072	73,944	73,664
Town Pct. Of County Population	9.64%	9.64%	9.48%	9.36%	9.23%	9.18%	9.15%	9.09%	8.98%	8.88%

Data Source: U.S. Census Bureau, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (electronic dataset), June 30, 1999.

Staff, Commission on Local Government

Table 8
Local Sales and Use Tax Revenue Profile for Roanoke County and Vinton Town, FY 1983-98

Revenue Breakdown	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Roanoke Sub-Total	\$2,709,224	\$3,104,604	\$3,485,008	\$3,403,464	\$3,705,586	\$3,926,260	\$4,140,633	\$4,421,952	\$4,412,809	\$4,318,472	\$4,708,540	\$4,957,623	\$5,054,088	\$5,203,390	\$5,241,815	\$5,646,046
Vinton Sub-Total	\$369,224	\$415,282	\$463,387	\$454,565	\$497,804	\$525,224	\$556,557	\$544,171	\$588,675	\$576,080	\$628,126	\$661,354	\$659,721	\$706,827	\$704,963	\$762,263
Countywide Total	\$3,078,448	\$3,519,886	\$3,968,405	\$3,858,029	\$4,203,370	\$4,451,484	\$4,697,190	\$4,966,123	\$5,001,484	\$4,894,562	\$5,336,666	\$5,618,977	\$5,713,809	\$5,910,217	\$5,946,778	\$6,408,309
Vinton Percentage of Countywide Total	11.99%	11.80%	11.71%	11.78%	11.84%	11.80%	11.85%	10.96%	11.77%	11.77%	11.77%	11.77%	11.55%	11.96%	11.85%	11.89%

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1983-93 (Exhibit B) and FY 1994-98 (Exhibit B-2).

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Table 9
Local Sales and Use Tax Revenue Profile for Roanoke County and Vinton Town, FY 1990-98

Revenue Breakdown	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Roanoke Sub-Total	\$4,421,952	\$4,412,809	\$4,318,472	\$4,708,540	\$4,957,623	\$5,054,088	\$5,203,390	\$5,241,815	\$5,646,046
Vinton Sub-Total	\$544,171	\$588,675	\$576,090	\$628,126	\$661,354	\$659,721	\$706,827	\$704,963	\$762,263
Countywide Total	\$4,966,123	\$5,001,484	\$4,894,562	\$5,336,666	\$5,618,977	\$5,713,809	\$5,910,217	\$5,946,778	\$6,408,309
Vinton Percentage of Countywide Total	10.96%	11.77%	11.77%	11.77%	11.77%	11.55%	11.96%	11.85%	11.89%
Excess Town Revenue/1	\$47,558.70	\$88,526.60	\$86,633.80	\$94,459.40	\$99,456.30	\$88,340.10	\$115,805.30	\$110,285.20	\$121,432.10
50% of Excess Town Revenue	\$23,779.35	\$44,263.30	\$43,316.90	\$47,229.70	\$49,728.15	\$44,170.05	\$57,902.65	\$55,142.60	\$60,716.05

1

This dimension indicates the variance between the town's actual receipts in a given year and the amount that Vinton would have been paid under a 10% allocation of countywide revenue.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1990-93 (Exhibit B) and FY 1994-98 (Exhibit B-2).

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Table 10
 Projected Excess Sales and Use Tax Revenue of Vinton Town from Roanoke County, FY 1999-FY 2003

Fiscal Year	Projected Revenue		
	Muller Method (A)	Trend Extrapolation Method/1 (B)	Variance (A-B)
FY 1999	---	\$115,592	---
FY 2000	\$103,200	\$119,097	-\$15,897
FY 2001	\$107,570	\$122,601	-\$15,031
FY 2002	\$112,090	\$126,105	-\$14,015
FY 2003	\$116,798	\$129,610	-\$12,812

1

The predicted values stem from a linear curve-estimation model which was chosen after the evaluation of 11 alternative regression equations. The annual amounts reflect the difference between 11.77% and 10% of Roanoke County's estimated sales tax collections during the FY 1999-FY 2003 interval.

Data Source: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1983-93 (Exhibit B) and FY 1994-98 (Exhibit B-2).

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Table 11.1
Local Revenue Distributions
for
Roanoke County and the State at Large
FY 1998

Revenue Category	Roanoke County			All Counties and Cities		
	Absolute Distribution	Per Capita Distribution	Percentage Distribution	Absolute Distribution	Per Capita Distribution	Percentage Distribution
Property Tax Revenue						
Real Property Tax	\$44,320,399	\$545.53	45.71%	\$3,592,253,266	\$533.17	40.85%
Public Service Corporation Property Taxes	\$1,919,533	\$23.63	1.98%	\$219,421,777	\$32.57	2.50%
General Personal Property Tax	\$17,821,326	\$219.36	18.38%	\$1,351,832,233	\$200.64	15.37%
Mobile Homes Property Tax	\$178,296	\$2.19	0.18%	\$8,230,436	\$1.22	0.09%
Machinery and Tools Tax	\$1,968,563	\$24.23	2.03%	\$166,705,707	\$24.74	1.90%
Merchants' Capital Tax	--	--	--	\$9,219,356	\$1.37	0.10%
Property Tax Penalties	\$311,870	\$3.84	0.32%	\$36,715,506	\$5.45	0.42%
Property Tax Interest	\$161,369	\$1.99	0.17%	\$25,498,455	\$3.78	0.29%
Sub-Total	\$66,681,356	\$820.76	68.77%	\$5,409,876,736	\$802.95	61.52%
All Other Tax Revenue						
Local Sales and Use Taxes	\$5,646,046	\$69.50	5.82%	\$633,220,152	\$93.98	7.20%
Consumers' Utility Taxes	\$4,215,174	\$51.88	4.35%	\$378,941,913	\$56.24	4.31%
Business License Taxes	\$3,515,846	\$43.28	3.63%	\$351,832,149	\$52.22	4.00%
Franchise License Taxes	\$1,335,548	\$16.44	1.38%	\$39,703,351	\$5.89	0.45%
Motor Vehicle License Taxes	\$1,553,433	\$19.12	1.60%	\$106,401,651	\$15.79	1.21%
Bank Stock Tax	\$272,546	\$3.35	0.28%	\$29,295,715	\$4.35	0.33%
Taxes on Recordation and Wills	\$558,925	\$6.88	0.58%	\$39,410,611	\$5.85	0.45%
Tobacco Taxes	--	--	--	\$32,126,203	\$4.77	0.37%
Admission and Amusement Taxes	\$31,217	\$0.38	0.03%	\$10,077,231	\$1.50	0.11%
Transient Occupancy Tax	\$546,149	\$6.72	0.56%	\$70,962,142	\$10.53	0.81%
Restaurant Food Tax	\$2,339,858	\$28.80	2.41%	\$169,332,194	\$25.13	1.93%
Coal, Oil, and Gas Taxes	--	--	--	\$19,621,958	\$2.91	0.22%
E-911 Service Tax	\$617,813	\$7.60	0.64%	\$62,849,507	\$9.33	0.71%
Other Non-Property Taxes	--	--	--	\$6,540,811	\$0.97	0.07%
Sub-Total	\$20,632,555	\$253.96	21.28%	\$1,950,315,588	\$289.47	22.18%
Non-Tax Revenue						
Permits, Fees, and Licenses	\$744,244	\$9.16	0.77%	\$119,342,605	\$17.71	1.36%
Fines and Forfeitures	\$544,812	\$6.71	0.56%	\$55,394,568	\$8.22	0.63%
Charges for Services	\$6,094,188	\$75.01	6.29%	\$811,520,019	\$120.45	9.23%
Investment of Funds	\$1,983,916	\$24.42	2.05%	\$196,733,315	\$29.20	2.24%
Rental of Property	\$87,786	\$1.08	0.09%	\$57,612,637	\$8.55	0.66%
Payments in Lieu of Taxes from Enterprise Activities	--	--	--	\$38,682,188	\$5.74	0.44%
Interlocal Transfer Payments	--	--	--	\$1,895,895	\$0.28	0.02%
Miscellaneous Non-Tax Sources	\$188,257	\$2.32	0.19%	\$152,873,410	\$22.69	1.74%
Sub-Total	\$9,643,203	\$118.70	9.95%	\$1,434,054,637	\$212.85	16.31%
Grand Total	\$96,957,114	\$1,193.42	100.00%	\$8,794,246,961	\$1,305.27	100.00%

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits B and B-2; and U.S. Census Bureau, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (electronic dataset), June 30, 1999.

Table 11.2
Local Revenue Distributions
for
Vinton Town and Selected Large Towns
FY 1998

Revenue Category	Vinton Town			Selected Large Towns/1		
	Absolute Distribution	Per Capita Distribution	Percentage Distribution	Absolute Distribution	Per Capita Distribution	Percentage Distribution
Property Tax Revenue						
Real Property Tax	\$125,501	\$17.19	3.86%	\$29,371,452	\$109.07	20.24%
Public Service Corporation Property Taxes	\$3,832	\$0.53	0.12%	\$1,480,114	\$5.50	1.02%
General Personal Property Tax	\$334,461	\$45.82	10.28%	\$8,061,016	\$29.93	5.56%
Mobile Homes Property Tax	\$81	\$0.01	0.002%	\$67,437	\$0.25	0.05%
Machinery and Tools Tax	\$101,777	\$13.94	3.13%	\$4,590,435	\$17.05	3.16%
Merchants' Capital Tax	--	--	--	--	--	--
Property Tax Penalties	\$3,849	\$0.53	0.12%	\$419,075	\$1.56	0.29%
Property Tax Interest	\$1,283	\$0.18	0.04%	\$341,669	\$1.27	0.24%
Sub-Total	\$570,784	\$78.20	17.54%	\$44,331,198	\$164.62	30.56%
All Other Tax Revenue						
Local Sales and Use Taxes	\$762,263	\$104.43	23.43%	\$11,473,879	\$42.61	7.91%
Consumers' Utility Taxes	\$194,175	\$26.60	5.97%	\$10,706,251	\$39.76	7.38%
Business License Taxes	\$304,647	\$41.74	9.36%	\$15,511,227	\$57.60	10.69%
Franchise License Taxes	\$149,350	\$20.46	4.59%	\$2,599,123	\$9.65	1.79%
Motor Vehicle License Taxes	\$69,183	\$9.48	2.13%	\$3,463,076	\$12.86	2.39%
Bank Stock Tax	\$81,507	\$11.17	2.51%	\$3,925,420	\$14.58	2.71%
Taxes on Recordation and Wills	--	--	--	--	--	--
Tobacco Taxes	--	--	--	\$1,908,860	\$7.09	1.32%
Admission and Amusement Taxes	\$845	\$0.12	0.03%	\$845	\$0.003	0.001%
Transient Occupancy Tax	\$1,230	\$0.17	0.04%	\$4,003,112	\$14.87	2.76%
Restaurant Food Tax	\$370,505	\$50.76	11.39%	\$18,172,123	\$67.48	12.53%
Coal, Oil, and Gas Taxes	--	--	--	\$202,968	\$0.75	0.14%
E-911 Service Tax	\$50,724	\$6.95	1.56%	\$641,634	\$2.38	0.44%
Other Non-Property Taxes	--	--	--	\$70,314	\$0.26	0.05%
Sub-Total	\$1,984,429	\$271.88	61.00%	\$72,678,832	\$269.89	50.09%
Non-Tax Revenue						
Permits, Fees, and Licenses	\$7,590	\$1.04	0.23%	\$1,790,153	\$6.65	1.23%
Fines and Forfeitures	\$91,222	\$12.50	2.80%	\$2,220,613	\$8.25	1.53%
Charges for Services	\$223,267	\$30.59	6.86%	\$11,770,867	\$43.71	8.11%
Investment of Funds	\$203,985	\$27.95	6.27%	\$5,861,511	\$21.77	4.04%
Rental of Property	\$160,141	\$21.94	4.92%	\$1,734,488	\$6.44	1.20%
Payments in Lieu of Taxes from Enterprise Activities	--	--	--	\$270,368	\$1.00	0.19%
Interlocal Transfer Payments	--	--	--	--	--	--
Miscellaneous Non-Tax Sources	\$11,944	\$1.64	0.37%	\$4,425,553	\$16.43	3.05%
Sub-Total	\$698,149	\$95.65	21.46%	\$28,073,553	\$104.25	19.35%
Grand Total	\$3,253,362	\$445.73	100.00%	\$145,083,583	\$538.77	100.00%

1

As defined by the State Auditor's office, this sub-group covers 33 localities (including Vinton). On July 1, 1997, the population levels of the various jurisdictions ranged from 2,951 (Colonial Beach) to 34,213 (Blacksburg).

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits B and B-2; and U.S. Census Bureau, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (electronic dataset), June 30, 1999.

Staff, Commission on Local Government

Table 11.3
 Absolute and Per Capita Local Revenue Distributions
 for
 Vinton Town and Roanoke County
 FY 1998

Revenue Category	Absolute Level of Town Revenue	Absolute Level of County Revenue	Town/County Absolute Revenue Ratio	Per Capita Level of Town Revenue	Per Capita Level of County Revenue	Town/County Per Capita Revenue Ratio
Property Tax Revenue						
Real Property Tax	\$125,501	\$44,320,399	0.003	\$17.19	\$545.53	0.032
Public Service Corporation Property Taxes	\$3,832	\$1,919,533	0.002	\$0.53	\$23.63	0.022
General Personal Property Tax	\$334,461	\$17,821,326	0.019	\$45.82	\$219.36	0.209
Mobile Homes Property Tax	\$81	\$178,296	0.0005	\$0.01	\$2.19	0.005
Machinery and Tools Tax	\$101,777	\$1,968,563	0.052	\$13.94	\$24.23	0.575
Merchants' Capital Tax	--	--	N.A.	--	--	N.A.
Property Tax Penalties	\$3,849	\$311,870	0.012	\$0.53	\$3.84	0.137
Property Tax Interest	\$1,283	\$161,369	0.008	\$0.18	\$1.99	0.088
Sub-Total	\$570,784	\$66,681,356	0.009	\$78.20	\$820.76	0.095
All Other Tax Revenue						
Local Sales and Use Taxes	\$762,263	\$5,646,046	0.135	\$104.43	\$69.50	1.503
Consumers' Utility Taxes	\$194,175	\$4,215,174	0.046	\$26.60	\$51.88	0.513
Business License Taxes	\$304,647	\$3,515,846	0.087	\$41.74	\$43.28	0.964
Franchise License Taxes	\$149,350	\$1,335,548	0.112	\$20.46	\$16.44	1.245
Motor Vehicle License Taxes	\$69,183	\$1,553,433	0.045	\$9.48	\$19.12	0.496
Bank Stock Tax	\$81,507	\$272,546	0.299	\$11.17	\$3.35	3.329
Taxes on Recordation and Wills	--	\$558,925	0.000	--	\$6.88	0.000
Tobacco Taxes	--	--	N.A.	--	--	N.A.
Admission and Amusement Taxes	\$845	\$31,217	0.027	\$0.12	\$0.38	0.301
Transient Occupancy Tax	\$1,230	\$546,149	0.002	\$0.17	\$6.72	0.025
Restaurant Food Tax	\$370,505	\$2,339,858	0.158	\$50.76	\$28.80	1.762
Coal, Oil, and Gas Taxes	--	--	N.A.	--	--	N.A.
E-911 Service Tax	\$50,724	\$617,813	0.082	\$6.95	\$7.60	0.914
Other Non-Property Taxes	--	--	N.A.	--	--	N.A.
Sub-Total	\$1,984,429	\$20,632,555	0.096	\$271.88	\$253.96	1.071
Non-Tax Revenue						
Permits, Fees, and Licenses	\$7,590	\$744,244	0.010	\$1.04	\$9.16	0.114
Fines and Forfeitures	\$91,222	\$544,812	0.167	\$12.50	\$6.71	1.864
Charges for Services	\$223,267	\$6,094,188	0.037	\$30.59	\$75.01	0.408
Investment of Funds	\$203,985	\$1,983,916	0.103	\$27.95	\$24.42	1.144
Rental of Property	\$160,141	\$87,786	1.824	\$21.94	\$1.08	20.305
Payments in Lieu of Taxes from Enterprise Activities	--	--	N.A.	--	--	N.A.
Interlocal Transfer Payments	--	--	N.A.	--	--	N.A.
Miscellaneous Non-Tax Sources	\$11,944	\$188,257	0.063	\$1.64	\$2.32	0.706
Sub-Total	\$698,149	\$9,643,203	0.072	\$95.65	\$118.70	0.806
Grand Total	\$3,253,362	\$96,957,114	0.034	\$445.73	\$1,193.42	0.373

Data Sources: Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1998, Exhibits B and B-2; and U.S. Census Bureau, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (electronic dataset), June 30, 1999.

Table 12.1
Local Operating Expenditure Distributions
for
Roanoke County and the State at Large
FY 1998

Expenditure Category	Roanoke County			All Counties and Cities		
	Absolute Distribution	Per Capita Distribution	Percentage Distribution	Absolute Distribution	Per Capita Distribution	Percentage Distribution
General Government Administration						
Legislative	\$250,558	\$3.08	0.18%	\$28,652,292	\$4.25	0.23%
General and Financial Administration	\$4,869,918	\$59.94	3.50%	\$475,109,007	\$70.52	3.79%
Board of Elections	\$189,330	\$2.33	0.14%	\$18,154,282	\$2.69	0.14%
Sub-Total	\$5,309,806	\$65.36	3.81%	\$521,915,581	\$77.46	4.16%
Judicial Administration						
Courts	\$1,885,908	\$23.21	1.35%	\$152,547,955	\$22.64	1.22%
Commonwealth's Attorney	\$532,849	\$6.56	0.38%	\$58,825,131	\$8.73	0.47%
Sub-Total	\$2,418,757	\$29.77	1.74%	\$211,373,086	\$31.37	1.69%
Public Safety						
Law Enforcement and Traffic Control	\$7,317,446	\$90.07	5.25%	\$772,792,905	\$114.70	6.16%
Fire and Rescue Services	\$4,699,040	\$57.84	3.37%	\$497,262,074	\$73.81	3.96%
Correction and Detention	\$4,737,824	\$58.32	3.40%	\$329,050,218	\$48.84	2.62%
Inspections	\$690,956	\$8.50	0.50%	\$68,673,486	\$10.19	0.55%
Other Protection	\$194,976	\$2.40	0.14%	\$72,422,781	\$10.75	0.58%
Sub-Total	\$17,640,242	\$217.13	12.66%	\$1,740,201,464	\$258.29	13.88%
Public Works						
Maintenance of Highways, Streets, Bridges, and Sidewalks	—	—	—	\$294,904,930	\$43.77	2.35%
Sanitation and Waste Removal	\$5,615,971	\$69.13	4.03%	\$350,580,931	\$52.03	2.80%
Maintenance of General Buildings and Grounds	\$5,961,400	\$73.38	4.28%	\$193,233,029	\$28.68	1.54%
Sub-Total	\$11,577,371	\$142.50	8.31%	\$838,718,890	\$124.49	6.69%
Health and Welfare						
Health	\$425,333	\$5.24	0.31%	\$111,959,107	\$16.62	0.89%
Mental Health and Mental Retardation	\$1,894,900	\$23.32	1.36%	\$456,082,475	\$67.69	3.64%
Welfare/Social Services	\$6,056,900	\$74.55	4.35%	\$839,453,740	\$124.59	6.69%
Sub-Total	\$8,377,133	\$103.11	6.01%	\$1,407,495,322	\$208.91	11.22%
Education						
Instruction	\$68,490,592	\$843.03	49.16%	\$5,319,134,409	\$789.48	42.41%
Administration, Attendance, and Health	\$4,110,834	\$50.60	2.95%	\$310,471,350	\$46.08	2.48%
Pupil Transportation Services	\$4,165,956	\$51.28	2.99%	\$339,284,463	\$50.36	2.71%
Operation and Maintenance Services	\$8,114,319	\$99.88	5.82%	\$706,331,293	\$104.84	5.63%
School Food Services and Other Non-Instructional Operations	\$3,088,043	\$38.01	2.22%	\$351,819,798	\$52.22	2.81%
Contributions to Community Colleges	—	—	—	\$2,676,519	\$0.40	0.02%
Sub-Total	\$87,969,744	\$1,082.80	63.14%	\$7,029,717,832	\$1,043.37	56.05%
Parks, Recreation, and Cultural Services						
Parks and Recreation	\$2,344,319	\$28.86	1.68%	\$269,949,647	\$40.07	2.15%
Cultural Enrichment	\$233,108	\$2.87	0.17%	\$42,891,867	\$6.37	0.34%
Public Libraries	\$1,719,657	\$21.17	1.23%	\$146,001,737	\$21.67	1.16%
Sub-Total	\$4,297,084	\$52.89	3.08%	\$458,843,251	\$68.10	3.66%
Community Development						
Planning and Community Development	\$1,686,125	\$20.75	1.21%	\$313,076,827	\$46.47	2.50%
Environmental Management	—	—	—	\$9,239,236	\$1.37	0.07%
Cooperative Extension Program	\$57,155	\$0.70	0.04%	\$8,665,935	\$1.29	0.07%
Sub-Total	\$1,743,280	\$21.46	1.25%	\$330,981,998	\$49.13	2.64%
Nondepartmental¹						
Sub-Total	—	—	—	\$2,403,236	\$0.36	0.02%
Grand Total	\$139,333,417	\$1,715.02	100.00%	\$12,541,650,660	\$1,861.47	100.00%

1

Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures*, FY 1998, Exhibits C and C-1 through C-8; and U.S. Census Bureau, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (electronic dataset), June 30, 1999.

Table 12.2
Local Operating Expenditure Distributions
for
Vinton Town and Selected Large Towns
FY 1998

Expenditure Category	Vinton Town			Selected Large Towns/1		
	Absolute Distribution	Per Capita Distribution	Percentage Distribution	Absolute Distribution	Per Capita Distribution	Percentage Distribution
General Government Administration						
Legislative	\$102,082	\$13.99	2.93%	\$3,037,540	\$11.28	1.93%
General and Financial Administration	\$377,729	\$51.75	10.84%	\$18,514,291	\$68.75	11.76%
Board of Elections	--	--	--	\$21,894	\$0.08	0.01%
Sub-Total	\$479,811	\$65.74	13.77%	\$21,573,725	\$80.11	13.70%
Judicial Administration						
Courts	--	--	--	\$19,195	\$0.07	0.01%
Commonwealth's Attorney	--	--	--	--	--	--
Sub-Total	--	--	--	\$19,195	\$0.07	0.01%
Public Safety						
Law Enforcement and Traffic Control	\$980,696	\$134.36	28.15%	\$40,711,340	\$151.18	25.86%
Fire and Rescue Services	\$212,640	\$29.13	6.10%	\$4,408,362	\$16.37	2.80%
Correction and Detention	--	--	--	--	--	--
Inspections	--	--	--	\$1,067,949	\$3.97	0.68%
Other Protection	\$18,390	\$2.52	0.53%	\$171,318	\$0.64	0.11%
Sub-Total	\$1,211,726	\$166.01	34.78%	\$46,358,969	\$172.15	29.45%
Public Works						
Maintenance of Highways, Streets, Bridges, and Sidewalks	\$818,107	\$112.08	23.48%	\$33,276,216	\$123.57	21.14%
Sanitation and Waste Removal	\$435,459	\$59.66	12.50%	\$12,569,886	\$46.66	7.98%
Maintenance of General Buildings and Grounds	\$62,267	\$8.53	1.79%	\$10,049,887	\$37.32	6.38%
Sub-Total	\$1,315,833	\$180.28	37.77%	\$55,895,989	\$207.57	35.51%
Health and Welfare						
Health	--	--	--	\$7,353	\$0.03	0.005%
Mental Health and Mental Retardation	--	--	--	--	--	--
Welfare/Social Services	\$510	\$0.07	0.01%	\$343,121	\$1.27	0.22%
Sub-Total	\$510	\$0.07	0.01%	\$350,474	\$1.30	0.22%
Education						
Instruction	--	--	--	\$7,386,114	\$27.43	4.69%
Administration, Attendance, and Health	--	--	--	\$436,559	\$1.62	0.28%
Pupil Transportation Services	--	--	--	\$278,708	\$1.03	0.18%
Operation and Maintenance Services	--	--	--	\$829,595	\$3.08	0.53%
School Food Services and Other Non-Instructional Operations	--	--	--	\$408,590	\$1.52	0.26%
Contributions to Community Colleges	--	--	--	--	--	--
Sub-Total	--	--	--	\$9,339,566	\$34.68	5.93%
Parks, Recreation, and Cultural Services						
Parks and Recreation	\$351,848	\$48.20	10.10%	\$14,398,409	\$53.47	9.15%
Cultural Enrichment	--	--	--	\$407,930	\$1.51	0.26%
Public Libraries	--	--	--	\$567,421	\$2.11	0.36%
Sub-Total	\$351,848	\$48.20	10.10%	\$15,373,760	\$57.09	9.77%
Community Development						
Planning and Community Development	\$123,935	\$16.98	3.56%	\$8,237,262	\$30.59	5.23%
Environmental Management	--	--	--	\$99,857	\$0.37	0.06%
Cooperative Extension Program	--	--	--	--	--	--
Sub-Total	\$123,935	\$16.98	3.56%	\$8,337,119	\$30.96	5.30%
Nondepartmental/2						
Sub-Total	--	--	--	\$179,474	\$0.67	0.11%
Grand Total	\$3,483,663	\$477.28	100.00%	\$157,428,271	\$584.61	100.00%

1

As defined by the State Auditor's office, this sub-group covers 33 localities (including Vinton). On July 1, 1997, the population levels of the various jurisdictions ranged from 2,951 (Colonial Beach) to 34,213 (Blacksburg).

2

Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures*, FY 1998, Exhibits C and C-1 through C-8; and U.S. Census Bureau, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (electronic dataset), June 30, 1999.

Table 12.3
 Absolute and Per Capita Local Operating Expenditure Distributions
 for
 Vinton Town and Roanoke County
 FY 1998

Expenditure Category	Absolute Level of Town Spending	Absolute Level of County Spending	Town/County Absolute Spending Ratio	Per Capita Level of Town Spending	Per Capita Level of County Spending	Town/County Per Capita Spending Ratio
General Government Administration						
Legislative	\$102,082	\$250,558	0.407	\$13.99	\$3.08	4.535
General and Financial Administration	\$377,729	\$4,869,918	0.078	\$51.75	\$69.94	0.863
Board of Elections	--	\$189,330	0.000	--	\$2.33	0.000
Sub-Total	\$479,811	\$5,309,806	0.090	\$65.74	\$65.36	1.006
Judicial Administration						
Courts	--	\$1,885,908	0.000	--	\$23.21	0.000
Commonwealth's Attorney	--	\$532,849	0.000	--	\$6.56	0.000
Sub-Total	--	\$2,418,757	0.000	--	\$29.77	0.000
Public Safety						
Law Enforcement and Traffic Control	\$980,696	\$7,317,446	0.134	\$134.36	\$90.07	1.492
Fire and Rescue Services	\$212,640	\$4,699,040	0.045	\$29.13	\$57.84	0.504
Correction and Detention	--	\$4,737,824	0.000	--	\$58.32	0.000
Inspections	--	\$690,956	0.000	--	\$8.50	0.000
Other Protection	\$18,390	\$194,976	0.094	\$2.52	\$2.40	1.050
Sub-Total	\$1,211,726	\$17,640,242	0.069	\$166.01	\$217.13	0.765
Public Works						
Maintenance of Highways, Streets, Bridges, and Sidewalks	\$818,107	--	N.A.	\$112.08	--	N.A.
Sanitation and Waste Removal	\$435,459	\$5,615,971	0.078	\$59.66	\$69.13	0.863
Maintenance of General Buildings and Grounds	\$62,267	\$5,961,400	0.010	\$8.53	\$73.38	0.116
Sub-Total	\$1,315,833	\$11,577,371	0.114	\$180.28	\$142.50	1.265
Health and Welfare						
Health	--	\$425,333	0.000	--	\$5.24	0.000
Mental Health and Mental Retardation	--	\$1,894,900	0.000	--	\$23.32	0.000
Welfare/Social Services	\$510	\$6,056,900	0.0001	\$0.07	\$74.55	0.001
Sub-Total	\$510	\$8,377,133	0.0001	\$0.07	\$103.11	0.001
Education						
Instruction	--	\$68,490,592	0.000	--	\$843.03	0.000
Administration, Attendance, and Health	--	\$4,110,834	0.000	--	\$50.60	0.000
Pupil Transportation Services	--	\$4,165,956	0.000	--	\$51.28	0.000
Operation and Maintenance Services	--	\$8,114,319	0.000	--	\$99.88	0.000
School Food Services and Other Non-Instructional Operations	--	\$3,088,043	0.000	--	\$38.01	0.000
Contributions to Community Colleges	--	--	N.A.	--	--	N.A.
Sub-Total	--	\$87,969,744	0.000	--	\$1,082.80	0.000
Parks, Recreation, and Cultural Services						
Parks and Recreation	\$351,848	\$2,344,319	0.150	\$48.20	\$28.86	1.671
Cultural Enrichment	--	\$233,108	0.000	--	\$2.87	0.000
Public Libraries	--	\$1,719,657	0.000	--	\$21.17	0.000
Sub-Total	\$351,848	\$4,297,084	0.082	\$48.20	\$52.89	0.911
Community Development						
Planning and Community Development	\$123,935	\$1,686,125	0.074	\$16.98	\$20.75	0.818
Environmental Management	--	--	N.A.	--	--	N.A.
Cooperative Extension Program	--	\$57,155	0.000	--	\$0.70	0.000
Sub-Total	\$123,935	\$1,743,280	0.071	\$16.98	\$21.46	0.791
Nondepartmental/1						
Sub-Total	--	--	N.A.	--	--	N.A.
Grand Total	\$3,483,663	\$139,333,417	0.025	\$477.28	\$1,715.02	0.278

1

Nondepartmental outlays subsume residual operating expenditures (e.g., annexation costs and out-of-court settlements of tort claims).

Data Sources: Auditor of Public Accounts, *Comparative Report of Local Government Revenues and Expenditures*, FY 1998, Exhibits C and C-1 through C-8; and U.S. Census Bureau, "Population Estimates for States, Counties, Places, and Minor Civil Divisions: Annual Time Series, July 1, 1990 to July 1, 1998" (electronic dataset), June 30, 1999.

Staff, Commission on Local Government

Table 13
Selected Operating Expenditures of Roanoke County by Category and Data Source, FY 1990-98

Fiscal Year and Expenditure Category	Data Source		Absolute Deviation of (A) from (B)	Percentage Deviation of (A) from (B)
	Auditor of Public Accounts/1 (A)	Roanoke County/2 (B)		
FY 1990				
Law Enforcement and Traffic Control	\$4,042,166	\$4,852,203	-\$810,037	-16.69%
Fire and Rescue Services	\$2,792,140	\$2,491,654	\$300,486	12.06%
Sanitation and Waste Removal/Refuse Disposal*	\$2,647,217	\$1,860,133	\$787,084	42.31%
FY 1991				
Law Enforcement and Traffic Control	\$4,122,510	\$5,290,433	-\$1,167,923	-22.08%
Fire and Rescue Services	\$3,319,096	\$2,887,855	\$431,241	14.93%
Sanitation and Waste Removal/Refuse Disposal*	\$3,875,750	\$2,908,480	\$967,270	33.26%
FY 1992				
Law Enforcement and Traffic Control	\$4,198,443	\$5,524,535	-\$1,326,092	-24.00%
Fire and Rescue Services	\$3,471,493	\$3,069,150	\$402,343	13.11%
Sanitation and Waste Removal/Refuse Disposal*	\$3,615,057	\$2,173,558	\$1,441,499	66.32%
FY 1993				
Law Enforcement and Traffic Control	\$4,500,664	\$5,747,903	-\$1,247,239	-21.70%
Fire and Rescue Services	\$3,329,694	\$3,131,543	\$198,151	6.33%
Sanitation and Waste Removal/Refuse Disposal*	\$3,221,584	\$2,418,366	\$803,218	33.21%
FY1994				
Law Enforcement and Traffic Control	\$5,048,540	\$6,558,721	-\$1,510,181	-23.03%
Fire and Rescue Services	\$3,930,883	\$3,652,045	\$278,838	7.64%
Sanitation and Waste Removal/Refuse Disposal*	\$6,018,509	\$3,529,192	\$2,489,317	70.54%
FY 1995				
Law Enforcement and Traffic Control	\$5,501,442	\$6,806,027	-\$1,304,585	-19.17%
Fire and Rescue Services	\$4,319,892	\$4,022,213	\$297,679	7.40%
Sanitation and Waste Removal/Refuse Disposal*	\$7,019,741	\$3,402,425	\$3,617,316	106.32%
FY1996				
Law Enforcement and Traffic Control	\$6,899,728	\$7,779,126	-\$879,398	-11.30%
Fire and Rescue Services	\$4,580,861	\$4,377,788	\$203,073	4.64%
Sanitation and Waste Removal/Refuse Disposal*	\$7,149,574	\$3,452,636	\$3,696,938	107.08%
FY 1997				
Law Enforcement and Traffic Control	\$6,864,379	\$7,908,793	-\$1,044,414	-13.21%
Fire and Rescue Services	\$4,268,951	\$4,171,256	\$97,695	2.34%
Sanitation and Waste Removal/Refuse Disposal*	\$5,974,200	\$3,552,404	\$2,421,796	68.17%
FY 1998				
Law Enforcement and Traffic Control	\$7,317,446	\$8,284,287	-\$966,841	-11.67%
Fire and Rescue Services	\$4,699,040	\$4,546,201	\$152,839	3.36%
Sanitation and Waste Removal/Refuse Disposal*	\$5,615,971	\$3,777,925	\$1,838,046	48.65%

1
Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, FY 1990-98, Exhibits C-3 and C-4.

2
Roanoke County, Comprehensive Annual Financial Report, FY 1990-98, Exhibit F-1.

*
Each year the State Auditor's publication subsumes all of the county's refuse collection and disposal expenditures under the rubric of sanitation and waste removal. (Auditor of Public Accounts, Uniform Financial Reporting Manual, 1993, p. 3-112.) As for Roanoke's audit report, the "refuse disposal" line (see the public works dimension of Exhibit F-1) encompasses only a portion of these outlays.

FISCAL DATA: THE ISSUE OF FORECASTING

As a consequence of the growing interest in Virginia in interlocal revenue-sharing agreements, and in recognition of the difficulty and complexity of measuring the prospective fiscal significance of such instruments, the Commission considers it appropriate to offer the extended comment which follows relative to the Town of Vinton - Roanoke County gain-sharing plan. While we fully recognize the problems and costs associated with obtaining the necessary data for projection purposes, and while we appreciate the inherent limitations which characterize all such projections, it is important that the localities of this Commonwealth be cognizant of the various principles and methodologies which have gained general acceptance in the realm of statistical research. We commend the Town of Vinton and Roanoke County for their perseverance in the development of their gain-sharing plan, and we offer these comments with a full appreciation of the desire of those jurisdictions to constrain the cost of data collection and analysis associated with their revenue-sharing arrangement. Their agreement, however, which is endorsed in this Commission's report, affords an opportunity to offer comment on a number of statistical considerations to all jurisdictions which might undertake the development of similar instruments in the future.

THE ROANOKE/VINTON PROJECTION EXERCISE

In developing their "preferred" forecast¹ of net tax revenues under the gain-sharing plan included in the interlocal agreement, the Town of

¹**Joint Notice**, Tab P, Table 3B. The Town has indicated that the "most probable scenario" will result in 25 new units becoming subject to the gain-sharing program each year during the 20-year period of the interlocal agreement. (See Carter Glass, IV, Special Counsel, Town of Vinton, letter to staff of Commission on Local Government, July 7, 1999.)

Vinton and Roanoke County operated with the following suppositional framework: (1) invariant growth in the number of newly constructed single-family homes (i.e., 25 per year) throughout the course of the 20-year program, (2) perfect equivalence in the household size of each residential structure (i.e., "2.9" persons)² over that period, (3) complete constancy across time in the local tax rate for each of the specified revenue instruments, (4) total uniformity among all housing units with regard to the number of registered motor vehicles and with respect to the taxable valuation of the real estate and personal property associated with each during any given year,³ (5) the full and timely payment of annual tax obligations by every household, and (6) continuous (i.e., uninterrupted) growth in each revenue and expenditure variable of relevance to the forecasting enterprise during the 20-year period of the agreement. Based on these assumptions of stability and homogeneity, Vinton and Roanoke County offered a series of projections in which (1) motor vehicle license tax receipts display linear expansion (i.e., yearly increases of constant absolute magnitude), (2) "excess" sales tax collections increase exponentially (i.e., at a uniform annual rate in percentage terms), and (3) real estate tax revenues, personal property tax receipts, and expenditures for the designated public safety and public works activities register in each case yearly growth at decreasing rates of change on the basis of exponential variation in dollar amounts per residential unit.

The modeling effort undertaken by the two jurisdictions did not employ any of the widely utilized methods for time-series analysis, ranging from

²This statistic closely mirrors the 1990 Census figure (i.e., 2.96) with respect to the number of persons per family in all housing units, whether detached or otherwise, throughout Roanoke County. (Bureau of the Census, U.S. Department of Commerce, **1990 Census of Population, General Population Characteristics, Virginia**, p. 215.)

³It has been assumed that the number of vehicles per household will be static during the entire 20-year period.

trend extrapolation procedures to vector autoregression techniques. The County's recent fiscal history (as summarized in Tables 2 through 4, along with Charts 2.1 through 4, of Appendix D) yields compelling statistical grounds for questioning the projection methodology utilized by the parties and their expectation that unidirectional change, whether encompassing linear or exponential movement, will characterize revenue and expenditure streams relative to the gain-sharing program over the first twenty years of the next century. On the latter point, the line "1" profiles in Tables 2 and 3 disclose that none of the County's fiscal characteristics manifested, between FY 1990 and FY 1998, a pattern of yearly expansion consistent with the model embodied in the "25 new units" forecast by the parties covering the FY 2000-19 time span. Indeed, only one measure (the real property revenue dimension) yielded annually rising dollar amounts in absolute terms throughout this period. According to Table 2, however, collections from the real estate tax, contrary to the forecasting structure advanced by the Town and County, did not grow at steadily decreasing rates over the specified measurement interval. As for the remaining tax categories, each revenue source generated declining returns either in FY 1992 or FY 1994. With respect to Roanoke County's expenditures for public safety and public works (see Table 3),⁴ total spending on the targeted services diminished over the

⁴Under the negotiated gain-sharing arrangement between Roanoke County and Vinton, the Town's proceeds will be subject to offsets reflecting the County's operating, capital, and debt service expenditures (apart from costs funded with State and federal aid) relative to law enforcement and traffic control, fire and rescue services, and solid waste collection and disposal in East Roanoke County. According to the agreement, these disbursements will be identified each year on the basis of entries in Exhibit F-1 of Roanoke County's Comprehensive Annual Financial Report (CAFR). The expenditure component of the cited table, however, only records operating outlays inclusive of intergovernmental transfer payments. Further, to the extent that Roanoke County's yearly audit reports record spending on capital projects and debt service, they offer no functional breakdowns for the specific outlay dimensions pertaining to this agreement. Furthermore, while Exhibit F-1 of Roanoke's annual CAFR presents a listing of categorical aid from the State and federal governments in support of local operations, it does not relate such funding directly to the relevant expenditure

course of FY 1992, FY 1993, and FY 1997.⁵ These recent instances of curtailed fiscal measures across the County at large cannot easily be reconciled with the localities' anticipation of sustained revenue and expenditure growth for a span of two decades under the gain-sharing program.

THE REAL VALUE OF THE ESTIMATED TRANSFER PAYMENTS

In addition to concerns regarding the accuracy of the parties' long-term

dimensions. That linkage can be made only through an examination of the County's "Form 100" transmittal filing with the Virginia Auditor of Public Accounts.

With respect to the three services addressed by the agreement, moreover, the Exhibit F-1 spending figures across the FY 1990-98 interval differ from those shown for the "corresponding" expenditure categories in Exhibits C-3 and C-4 of the State Auditor's yearly **Comparative Report on Local Government Revenues and Expenditures** covering the same fiscal year. In numerous cases (see Appendix D, Table 13) the variances between the County's CAFR and the State Auditor's annual reports are quite appreciable, particularly with respect to the law enforcement and solid waste categories. Regarding the latter function, it is noteworthy that each year the State Auditor's report incorporates all of the County's refuse collection and disposal expenditures into the sanitation and waste removal category of Exhibit C-4. Within Roanoke's CAFR, though, only a portion of such disbursements is included in the "refuse disposal" entry under the public works classification of Exhibit F-1. This County document, in sum, cannot serve by itself as a data source for the computation of net interlocal transfer payments.

Although the parties to the present issue may be comfortable with the information provided by the County's annual audit reports, it is the view of this Commission that jurisdictions developing future revenue-sharing agreements should base their work on fiscal statistics which conform rigorously to the classification principles embodied in Auditor of Public Accounts, **Uniform Financial Reporting Manual** (rev. July, 1993).

⁵Periodic expenditure reductions can also be found in the time-series data (see Table 4) when the impact of federal and state categorical aid is removed from the inventory of jurisdictional outlays.

forecast of the revenue-sharing amounts,⁶ it should be noted that the projected payments to the Town do not factor out the County's implementation expenses and, more significantly, the rising unit costs of public sector goods and services which the Town will confront in the future. With respect to the latter issue, the Commission's staff has applied three alternative price index scenarios (see Appendix D, Tables 5 and 6) to the revenue-sharing estimates developed under the assumption of 25 newly constructed residential units in East Roanoke County becoming subject to the gain-sharing plan each year. The result of this simulation effort, involving the transformation of current-dollar amounts into constant-dollar figures, illustrates the potentially corrosive effects of inflation on the real purchasing power of the Town's receipts under the gain-sharing program. If one assumes an inflation rate of 3% compounded annually following the base year (FY 2000), it can be seen that a gain-sharing payment of \$398,731 in FY 2019 would finance the acquisition of goods and services which Vinton could have bought for only \$227,391 during the first year of the proposed agreement. Over the full span of the revenue-sharing program, moreover, the real worth of the Town's cumulative proceeds from the interlocal arrangement would be \$2,351,168 in terms of reduced purchasing power. That figure represents just 67.7% of the current-dollar 20-year total of gain-sharing payments (\$3,473,623)⁷ projected by the parties.

ALTERNATIVE APPROACHES TO FORECASTING

In projecting revenues and expenditures across a 20-year span, Vinton

⁶The Town's consultant has acknowledged that revenue-sharing estimates become "increasingly unreliable" beyond the fifteenth year. (Glass, letter to staff of Commission on Local Government, July 7, 1999.) From our standpoint, however, projection techniques, even the most sophisticated ones, generally yield annual results that can be cited with great confidence only across a narrow forecasting range of perhaps no more than five years.

⁷**Joint Notice**, Tab P, Table 3B.

and Roanoke County employed a series of growth-rate constants reflecting simple averages, or adaptations thereof, computed from various historical data series.⁸ Their approach to the calculation of these projection factors varied.⁹ In that regard, the following observations are particularly significant. First, on the real estate and personal property tax dimensions, the localities generated mean scores relative to time-series data for surrogate measures (i.e., the assessed valuation of real property and the level of personal income) rather than the directly pertinent variables (i.e., revenues). Second, while apparently defining the 1987-95 period as their basic historical period upon which to base their projections, the two jurisdictions changed the time frame in producing averages for local-option sales tax revenues and for refuse collection/disposal outlays, in order to incorporate more current measures. That is, they did not impose a standardized historical time frame for all indicators. Third, the localities departed from the real estate average computed from historical values based on consideration of recent economic conditions and altered the historical expenditure average for fire/rescue services in anticipation of impending fiscal circumstances. Such computational practices are not consistent with the principles prescribed for quantitative research. However, the

⁸With respect to the values of any given baseline variable, the two localities determined the yearly rates of change over a specified time span, added the yearly rates of change, and divided the resulting total by the number of annual percentages. The computed quotient, or a revised version of it, then served as a forecasting "driver" across years 2 through 20 of the projection interval. The parties utilized this mean-score strategy in developing estimates for all of the fiscal variables except the motor vehicle license tax indicator. In relation to motor vehicle decal sales, the parties' annual revenue forecasts are multiplicative products denoting levies tied to the assumption of long-term stability in three elements--the additional number of single-family homes per year (i.e., 25), the vehicular total per residential unit (i.e., 2), and the local decal fee for each taxable object (i.e., \$20). Such anticipated receipts, it should be emphasized, constitute speculative values unconstrained by historical revenue data.

⁹See the background information in Glass, letter to staff of Commission on Local Government, July 7, 1999.

correction of these measurement concerns would still leave unaddressed a more fundamental issue. Specifically, conventional mean scores (i. e., averages), whether exact or adjusted, do not capture the variability (i.e., the inter-year fluctuations in direction and/or magnitude) exhibited by the underlying data series.¹⁰ Reliable predictions of fiscal attributes must be grounded in the effective statistical analysis of the discrete values comprising historical data series.

With that principle in mind, the parties to the gain-sharing agreement might have employed other modeling procedures which carry substantial endorsement among forecasting professionals. Such procedures include (1) simple univariate techniques [e.g., linear and logarithmic trend extrapolation procedures], (2) advanced single-variable methods [e.g., moving-average (MA), autoregressive (AR), and autoregressive moving-average (ARMA) approaches], and (3) complex multivariate strategies [e.g., standard multiple regression (i.e., conditional forecasting) and vector autoregression techniques].¹¹ The most elementary time-series procedures, such as trend extrapolation methods, can be utilized with data from a limited number of measurement periods (as few as 10 to 15). The higher-level procedures, whether univariate or multivariate approaches, generally require time-ordered statistics across at least 40 to 50 observation periods. Because

¹⁰Between FY 1990 and FY 1998, the County's sanitation and waste removal expenditures (see Appendix D, Table 3) grew at an average annual rate of 13.96%. More significantly, however, the relative "growth" profile of jurisdictional outlays for refuse collection and disposal manifested considerable volatility on a year-to-year basis, as follows: FY 1991 (46.41%), FY 1992 (-6.73%), FY 1993 (-10.88%), FY 1994 (86.82%), FY 1995 (16.64%), FY 1996 (1.85%), FY 1997 (-16.44%), and FY 1998(-6.00%).

¹¹A detailed review of these forecasting tools can be found in Robert S. Pindyck and Daniel L. Rubinfeld, Econometric Models and Economic Forecasts, 4th ed. (Boston: Irwin/McGraw-Hill, 1998), chapters 15-19 (as well as pp. 399-405 and 431-35); and Francis X. Diebold, Elements of Forecasting (Cincinnati: South-Western College Publishing, 1998), chapters 4-12.

of their historical data requirements, the latter techniques currently are beyond the bounds of practicability for most fiscal researchers operating with annual statistics in the Virginia context. It is the Commission's judgment, however, that the jurisdictions involved in this gain-sharing plan could have beneficially applied extrapolation methods to their forecasting exercise on the basis of historical indicators developed for East Roanoke County and the County at large with the assistance of the State Auditor's office and the County's revenue commissioner, treasurer, and finance director.

For demonstration purposes the staff of the Commission, utilizing sales tax revenue totals across the FY 1983-98 interval, estimated the Town's "excess" payments from Roanoke County during the FY 1999-FY 2003 time span through the use of a linear trend model. This extrapolation device was selected as the best-fitting mathematical image of the historical data series from among 11 alternative regression equations (including inverse, quadratic, cubic, s-curve, and exponential models) after a comparative analysis of the various options with measures gauging explanatory power, statistical significance, and internal forecasting validity.¹² As shown in Table 10 of Appendix D, the Commission's projections exceed those generated by the procedure utilized by the parties for the corresponding fiscal periods. While the two revenue series display a measure of convergence over time, the pattern of diminishing variances can be attributed, in significant degree, to the localities' assumption (which varies from the historical experience) that countywide tax receipts will expand at a rate of 4.2% each year of the

¹²That evaluative effort rested on the modeling of (1) the longitudinal series of Countywide receipts and (2) a logarithmic transformation of the latter statistical array as functions of time treated in linear and exponential terms. For background material on bivariate regression and its applicability to trend-based projection exercises, see Pindyck and Rubinfeld, Econometric Models and Economic Forecasts, chapters 1-3 and pp. 467-75; and Diebold, Elements of Forecasting, pp. 15-28 and chapter 4.

revenue-sharing program.¹³

¹³See Glass, letter to staff of Commission on Local Government, July 7, 1999. As documented by Table 2 of Appendix D, Roanoke County's sales tax collections, which declined by 2.14% in FY 1992, registered increases varying between .71% and 9.03% at other stages of the FY 1990-98 interval.

**Members
of the
Virginia Commission
on
Local Government**

**Frank Raflo, Chairman
Peter T. Way, Vice Chairman
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**REPORT ON THE
TOWN OF VINTON - COUNTY OF ROANOKE
GAIN-SHARING AGREEMENT**

PROCEEDINGS OF THE COMMISSION

On May 10, 1999 the Town of Vinton and the County of Roanoke submitted to the Commission on Local Government for review a proposed interlocal agreement negotiated by the two jurisdictions under the authority of Section 15.2-3400 of the Code of Virginia.¹ Consistent with the Commission's Rules of Procedure, the joint submission was accompanied by data and materials supporting the proposed agreement, and notice of the proposed agreement was given by the parties to 25 other political subdivisions with which they were contiguous or with which they shared functions, revenues, or tax sources.² The proposed agreement contains provisions which would for a 20-year period (1) commit Roanoke County to continue certain annual payments previously made to the Town by its own volition, (2) require the County to share with the Town certain future local tax revenue which is derived from a portion of the County identified in the accord as the "East Roanoke County" area, (3) establish a moratorium on Town-initiated or supported annexations, and (4) engage the two jurisdictions in joint economic development and planning efforts.³

In conjunction with its review of the proposed settlement, the Commission met in Vinton on May 25, 1999 to receive oral testimony from

¹Town of Vinton and County of Roanoke, **Notice by Town of Vinton and County of Roanoke of Their Intent to Petition for Approval of a Voluntary Settlement Agreement and Supporting Data** (hereinafter cited as **Joint Notice**).

²**Rules of Procedure**, Rules 3.7, 3.8.

³**Gain Sharing Agreement Between the Town of Vinton and the County of Roanoke, March 9, 1999** (hereinafter cited as **Agreement**). See **Appendix A** for the complete text of the **Agreement**.

the two jurisdictions in support of the agreement. In addition, the Commission held a public hearing, advertised in accordance with Section 15.2-2907(B) of the Code of Virginia, on the evening of May 25, 1999 at the Vinton Senior Citizens Center in Vinton.⁴ In order to afford additional opportunity for citizen comment, the Commission agreed to keep open its record for written submissions from the public through June 8, 1999.

SCOPE OF REVIEW

The Commission on Local Government is directed by law to review negotiated interlocal agreements, such as the one before us, prior to their presentation to the courts for ultimate disposition. Upon receipt of notice of such proposed agreements, the Commission is directed "to hold hearings, make investigations, analyze local needs" and to submit a report containing findings of fact and recommendations regarding the issue to the affected local governments and to any court which may subsequently be convened to review the instrument.⁵ With respect to a proposed agreement negotiated under the authority of Section 15.2-3400 of the Code of Virginia, the Commission is required to determine in its review "whether the proposed settlement is in the best interest of the Commonwealth."

As we have noted in previous reports, it is evident that the General Assembly encourages local governments to attempt to negotiate cooperative agreements to address interlocal concerns. Indeed, one of the statutory responsibilities of this Commission is to assist local governments in such efforts. In view of this legislative intent, the Commission believes that proposed interlocal agreements, such as that negotiated in this instance by the Town of Vinton and Roanoke County, should be approached with respect

⁴No person appeared to testify before the Commission at the public hearing.

⁵Sec. 15.2-2907(A), Code of Va.

and a presumption of their compatibility with applicable statutory standards. The Commission notes, however, that the General Assembly has decreed that interlocal agreements negotiated under the authority of Section 15.2-3400 of the Code of Virginia shall be reviewed by this body prior to their final adoption by the local governing bodies. We are obliged to conclude, therefore, that while interlocal agreements are due respect and should be approached with a presumption of their consistency with statutory standards, such respect and presumption cannot be permitted to render our review a **pro forma** endorsement of any proposed accord. Our responsibility to the Commonwealth and to the affected localities requires more.

GENERAL CHARACTERISTICS OF THE TOWN OF VINTON, THE COUNTY OF ROANOKE, AND THE GAIN-SHARING AREA

TOWN OF VINTON

The Town of Vinton, which was incorporated by the General Assembly in 1884, shares the entirety of its western and northern boundaries with the City of Roanoke.⁶ As of 1990, Vinton had a population of 7,665 persons, reflecting a decline in its populace of 4.5% during the preceding decade.⁷ A population estimate for 1998 placed the Town's populace at 7,175 persons,

⁶J. Devereux Weeks, **Dates of Origin of Virginia Counties and Municipalities** (Charlottesville: Institute of Government, University of Virginia, 1967).

⁷U. S. Department of Commerce, Bureau of the Census, **1980 Census of Population, Number of Inhabitants, Virginia**, Table 5; and **1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 2. As of 1990, Vinton's population represented 9.7% of Roanoke County's total population. Less than one-third of Virginia's 189 towns experienced an increase in population during the decade of the 1980's.

a further decrease of 6.4% since the 1990 decennial census.⁸ Based on its land area of 3.2 square miles and the 1998 population estimate, the Town has a population density of 2,242 persons per square mile.⁹

The data indicate that the Town's population is older and less affluent than that of the State as a whole. As of 1990 (the most recent year for which data are available), the median age of Vinton's residents was 36.0 years, an age somewhat greater than the statewide median (32.6 years). Further, the percentage of Vinton's 1990 population age 65 years or older was 15.7%, again a statistic higher than the comparable measure for the Commonwealth overall (10.7%).¹⁰ With respect to income, Bureau of the Census data reveal that, as of 1989 (the latest year for which such data are available), median family income in the Town was \$31,591, or approximately 83% of the statistic for the Commonwealth as a whole (\$38,213) at that time.¹¹

While statistics reveal that the growth in Vinton's total assessed property values between FY1989 and FY1998 (54.0%) was less than that which occurred during the same period in Roanoke County as a whole (66.7%), the Town does not appear to confront any major fiscal concerns.¹²

⁸**1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 2; and "Population of Towns in Virginia, 1990-98" (electronic data set), June 30, 1999. See **Appendix B** for a statistical profile of the Town of Vinton, Roanoke County, and the gain-sharing area. See **Appendix C** for a map of the East Roanoke County area.

⁹**Ibid.**, Table 16.

¹⁰**Ibid.**, Table 2.

¹¹**1990 Census of Population and Housing, Summary Social, Economic, and Housing Characteristics, Virginia**, Table 10.

¹²**Joint Notice**, Tab C.

Currently, Vinton has a real estate tax rate of \$0.05 per \$100 of assessed value and carried, as of the end of FY1998, no bonded debt of a general government nature.¹³ Further, while the Town of Vinton does play a significant role in the provision of public services in the eastern portion of Roanoke County, particularly in the functional areas of public safety, public works, and recreation, its local-source revenue burden in recent years has been less than the average for towns of comparable size. In FY1998 Vinton generated local-source revenue of \$445.73 per capita to meet its service responsibilities, a statistic 17.3% lower than the average for Virginia's 33 largest towns considered collectively (\$538.77).¹⁴

In regard to the Town's physical development, 1993 land use data (the latest available) reveal that 52.5% of Vinton's total area was devoted to residential development, 9.8% to commercial enterprise, 7.6% to industrial activity, and 6.7% to public or semi-public uses, with 23.4% (481 acres) remaining undeveloped. However, exclusive of land affected by major environmental constraints (e.g., steep slopes or location within the 100-year flood plain), Vinton retains only 269 acres, or 13.1% of total land, vacant and generally suitable for development.¹⁵

¹³Town of Vinton, Virginia, **Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 1998**. The Town reports debt payable from enterprise revenues of \$182,856. (*Ibid.*) In terms of indebtedness of any nature, according to data published by the Auditor of Public Accounts only one of Virginia's 33 largest towns (Altavista) carried a smaller total unfunded debt than Vinton as of the end of FY1998. (Auditor of Public Accounts, Commonwealth of Virginia, **Comparative Report on Local Government Revenues and Expenditures, Year Ended June 30, 1998**, Exh. G.)

¹⁴**Appendix D**, Table 10.2. **Appendix D** contains a set of statistical tables examining the fiscal attributes of the Town of Vinton and Roanoke County and quantitative elements of the proposed agreement.

¹⁵Town of Vinton, **Comprehensive Plan**, Dec. 1994, p. 99.

With respect of the Town's employment base, data indicate that the municipality contains several manufacturing concerns which employ collectively approximately 900 persons.¹⁶ Also located within the Town are a number of commercial establishments and professional offices serving the community at large.¹⁷ In sum, the Town is an important center of commerce and services for eastern Roanoke County.

COUNTY OF ROANOKE

The County of Roanoke was created in 1838 from territory formerly a part of Botetourt and Montgomery Counties.¹⁸ Between 1980 and 1990 the County's population increased from 72,945 to 79,332 persons, or by 8.8%.¹⁹ The official population estimate for 1998 placed the County's populace at 81,600, a further increase of 2.9% since the last decennial census.²⁰ On the basis of its 1998 population estimate and an area of 250.7 square miles, the County has an overall population density of 325 persons per square mile.²¹

¹⁶**Joint Notice**, Sec. "Community of Interest," p. 1.

¹⁷**Ibid.**, pp. 2, 3. Also located within Vinton are three of Roanoke County's elementary schools.

¹⁸**Dates of Origin of Virginia Counties and Municipalities**.

¹⁹**1980 Census of Population, Number of Inhabitants, Virginia**, Table 2; and **1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 1. Between 1980 and 1990 the population of the unincorporated portion of Roanoke County increased by 10.4%.

²⁰Weldon Cooper Center for Public Service, "Population Estimates for Virginia's Counties and Independent Cities" (electronic dataset), January 1999.

²¹**1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 16.

With regard to the nature of its population, statistical indices disclose that the age profile of Roanoke County reflects a population which is older than that of the State generally, but with an income level significantly higher than that of the Commonwealth overall. Data indicate that, as of 1990 (the most recent year for which data are available), the median age of residents of Roanoke County was 37.3 years, a statistic slightly higher than that of the Town (36.0 years) and in excess of that for the State as a whole (32.6).²² Similarly, the statistics disclose that, as of 1990, 13.5% of the County's population was age 65 or over, a figure less than that of the Town (15.7%) but surpassing that of the State generally (10.7%).²³ In terms of earnings, Bureau of the Census data disclose that the median family income for Roanoke County residents in 1989 was \$42,223, a figure 33.7% above that for the Town (\$31,591) and 10.5% in excess of the comparable statistic for the Commonwealth overall (\$38,213).²⁴ More recent data disclose that Roanoke County residents continue to surpass those of the State generally in terms of income. Based on tax returns submitted to the Virginia Department of Taxation, the average gross income (AGI) of Roanoke County residents in 1996 (\$27,262) exceeded that for the State as a whole (\$24,618) by 10.7%.²⁵

²²**Ibid.**, Table 1. Data for Roanoke County include that for the residents of Vinton.

²³**Ibid.**

²⁴**1990 Census of Population and Housing, Summary Social, Economic, and Housing Characteristics, Virginia**, Table 10.

²⁵Weldon Cooper Center for Public Service, University of Virginia, AGI Data (1990-1996). Available ftp: ftp://ftp.virginia.edu/pub/cps/income/income.html # AGI, Sep. 9, 1999. AGI statistics generated by the Virginia Department of Taxation differ from the money income measures produced by the Bureau of the Census. In 1989 total AGI in Virginia constituted a figure only 83% of the total money income measure reported by the Bureau of the Census for the Commonwealth as a whole that year. Part of the distinctions due to the fact that the Bureau of the Census money income

With respect to Roanoke County's fiscal condition, statistics indicate that from FY1989 to FY1998 the total assessed value of taxable property in the County increased from \$2,829.7 million to \$4,712.2 million, or by 66.5%, a growth rate paralleling that of the Commonwealth during that general period.²⁶ In terms of Roanoke County's commercial base, between 1989 and 1998 the County's taxable retail sales rose by 34.7%, a statistic significantly less than that for the State overall (48.1%).²⁷ Overall, however, the data disclose that the County generally is fiscally strong. Recent calculations by this agency analyzing the comparative fiscal condition of Virginia's counties and cities during the 1996/97 fiscal period classified Roanoke County as a jurisdiction with "below average stress."²⁸

In regard to the nature of its economic development, the data reveal that Roanoke County has experienced growth and diversification in its commercial base in recent years. The number of nonagricultural wage and salary positions in the County grew between 1980 and 1990 from 19,800 to 25,547, or by 29.0%, while the official estimate for 1998 placed the number of such positions in the County at 30,168, a further increase of 18.1% since

measure includes transfer payments such as most Social Security and welfare benefits, as well as the income of persons living in Virginia but maintaining legal residence in another state. [See Samuel R. Kaplan, **1994 Virginia AGI** (Charlottesville: Weldon Cooper Center for Public Service, University of Virginia, 1996), pp.11, 12.]

²⁶**Joint Notice**, Tab C. The assessed values for Roanoke County include those for the Town of Vinton. While statewide assessment statistics for FY1998 are not yet available, the growth in total assessed property values for all Virginia's counties and cities during the FY1988-97 was 63.5%. (Virginia Department of Taxation, **Annual Report**, Fiscal Years 1989, 1998.)

²⁷Virginia Department of Taxation, **Taxable Sales in Virginia Counties and Cities, Annual Report**, 1989, 1998.

²⁸Commission on Local Government, **Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities, 1996/97**, Table 6.3, May 1999.

1990.²⁹ These statistics disclose, however, that as of April 1999 approximately 40% of the County's total civilian labor force in Roanoke County (50,050 persons) still sought employment outside Roanoke County, continued to be engaged in agricultural or forestal activities, or was unemployed.³⁰ Indeed, evidence suggests that agricultural and forestal activities remain significant components of Roanoke County's land use activity. As of 1997, there were 273 farms in the County occupying a total of 26,688 acres (16.6% of the County's total land area), with the average market value of their agricultural products being \$18,470.³¹ Further, 1992 data disclose that 107,085 acres in Roanoke County (67% of the County's total land area) were classified as "timberland."³² While current land use data are not available, the statistics reviewed above reveal that the County

²⁹Virginia Employment Commission, "ES-202 Annual Average Employment - Roanoke County" (unpublished data); and "Covered Employment and Wages in Virginia by 2-Digit SIC Industry for Quarter Ending March 31, 1998" (unpublished data).

³⁰*Ibid.*, "Estimated Labor Force Data - Roanoke County," (unpublished electronic data set). The term "civilian labor force" is defined to include all individuals 16 years of age or over (exclusive of persons serving in the armed forces) within a specified geographic area who are either employed or unemployed.

³¹U. S. Department of Agriculture, National Agricultural Statistics Service, **1997 Census of Agriculture, Virginia**, Table 1, p. 172. The average market value of agricultural products generated by Roanoke County farms in 1997 was 32.4% of the statewide per farm average (\$57,027).

³²U. S. Department of Agriculture, Forest Service, **Forest Statistics for the Northern Mountains of Virginia, 1992**, Table 1. The Forest Service defines "timberland" as property being at least 16.7% stocked by forest trees of any size, or formerly having had such tree cover and not currently developed for nonforest use, capable of producing 20 cubic feet of industrial wood per acre per year and not withdrawn from timber utilization by legislative action. Such property may also be included in the Census Bureau's definition of "farm land." Roanoke County's timberland, which is 67% of its total land area, includes approximately five square miles of national forest land. (*Ibid.*, Table 2.)

has experienced significant residential and non-residential growth during the past decade, but they concurrently disclose that a major component of the jurisdiction retains its rural character.

GAIN-SHARING AREA

Under the terms of the proposed settlement, Roanoke County will share with Vinton certain local tax revenues generated by future development in an area identified by the parties as "East Roanoke County." That area embraces unincorporated territory generally located between Vinton and the County's eastern boundary with Bedford County.³³ East Roanoke County contains approximately 4.9 square miles and approximately 4,400 persons.³⁴ Based on these statistics, East Roanoke County has a population density of 898 persons per square mile, or nearly three times that of the County overall (325 persons per square mile). Although the area is traversed by two secondary roadways, State Routes 24 and 634, East Roanoke County is not accessible to other unincorporated portions of County territory except by passage through Vinton.

In terms of the nature of its development, East Roanoke County currently contains seven major residential subdivisions, a small shopping center, scattered commercial establishments, a County high school and middle school, and utility lines and appurtenances belonging to the Town of Vinton.³⁵ Also located in the area is Virginia's Explore Park and a portion of

³³"East Roanoke County" is defined in the interlocal agreement to embrace that portion of Roanoke County "located south of Stewart Knob, north of the Roanoke River, west of the Roanoke/Bedford County line, and east of [the] eastern corporate line of the Town of Vinton." (**Agreement**, Sec. 1.08.)

³⁴**Joint Notice**, "General Data," p. 2.

³⁵**Ibid.**, Sec. "Community of Interest," pp. 2, 3.

the Blue Ridge Parkway, both of which are major tourist attractions of importance to the economy of the region and the Commonwealth generally.³⁶ Exclusive of these two publicly owned facilities, the County has estimated that the East Roanoke County area contains approximately 1,000 acres of vacant property, but that between 50%-70% of that property is restricted in its development potential by steep slopes and other major environmental constraints.³⁷ The remaining vacant parcels in the area are also restricted in their development potential by steep topography and, to some extent, by the currently limited availability of public utilities from the Town.³⁸

STANDARDS FOR REVIEW

As indicated previously, the Commission on Local Government is charged with reviewing proposed interlocal agreements negotiated under the authority of Section 15.2-3400 of the Code of Virginia for the purpose of determining whether such proposals are "in the best interest of the Commonwealth." In our judgment, the State's interest in this and other proposed interlocal agreements is fundamentally the preservation and promotion of the general viability of the affected localities. In this instance,

³⁶Explore Park, which is located in the southeastern portion of the East Roanoke County area, contains 1,100 acres and is devoted to depicting Native American folkways and the colonial frontier culture of Virginia. In 1998 Virginia's Explore Park was visited by approximately 90,000 persons. (J. Evans, Virginia Recreational Facilities Authority, communication with staff of Commission on Local Government, Aug. 19, 1999.) The Blue Ridge Parkway transits East Roanoke County with one interchange of that roadway being located in the area.

³⁷Paul M. Mahoney, County Attorney, County of Roanoke, letter to staff of Commission on Local Government, June 24, 1999.

³⁸*Ibid.*; and County of Roanoke, "Zoning Map - Gainsharing Area," June 3, 1999. In addition, the Blue Ridge Parkway limits the extension of public utilities from the Town to certain portions of the East Roanoke County area.

the Commission is required to review a proposed agreement which would for a 20-year period (1) commit the County to the annual payment of certain funds which it has previously paid to the municipality by its own volition, (2) require the County to share with Vinton certain local tax revenues derived from new development in the East Roanoke County area, (3) establish a moratorium on Town-initiated or supported annexations, and (4) engage the two jurisdictions in joint economic development and planning efforts. A proper analysis of the proposed Town of Vinton - Roanoke County agreement, as mandated by statute, requires consideration of the ramifications of these provisions on the future viability of the two jurisdictions.

INTERESTS OF THE TOWN OF VINTON

The following sections of this report consider the impact of the provisions of the proposed agreement on the Town of Vinton.

Continuation of Existing Payments by the County

In terms of immediate impact, the element of the proposed agreement of principal significance to the Town of Vinton is that which commits Roanoke County to continue certain annual payments to the municipality in accordance with its voluntary practice of previous years. The commitment in question entails the distribution of local sales tax receipts and the payment of funds to support Vinton's solid waste collection/disposal and fire/emergency services. The nature and significance of these commitments are discussed below.

Local Sales Tax Distribution. Pursuant to an uncodified statute enacted by the 1966 session of the General Assembly, Roanoke County is required to allocate to the Town of Vinton a portion of its local sales tax receipts based

upon the ratio of the population of the Town to that of the entire County.³⁹ Notwithstanding the fact that Vinton's population has constituted a continually decreasing percentage of the County's population since the enactment of that legislation, Roanoke County has continued to distribute to the Town an amount predicated on the ratio of 11.77% which applied at the time of enactment . The proposed agreement commits Roanoke County to continue to distribute to Vinton annually the same 11.77% of its local sales tax receipts during the 20-year period of the accord.⁴⁰ According to data submitted by the parties, the County's payment of local sales tax monies to Vinton in FY1998 constituted \$139,060 in excess of that required by the 1966 noncodified act.⁴¹ While the proposed agreement states that any additional County's sales tax receipts resulting from any increase in local tax rates which might be authorized by the General Assembly would be distributed on the basis of the Town/County population ratio then existing (but not less than 10%), this element of the proposed instrument will provide the Town of Vinton with a continuing and significant source of revenue to assist it in meeting its fiscal responsibilities.⁴²

³⁹Virginia Acts of Assembly, 1966, Ch.191. This uncodified act established a distributional arrangement which provides the Town of Vinton a larger proportion of local sales tax receipts than that provided towns generally by statute. General State law directs counties to distribute to their towns an amount equal to the ratio of a town's schoolage population to that of the county generally multiplied by one-half of the county's local sales tax receipts (Sec. 58.1-605, Code of Va.) The two Virginia towns which operate separate school systems (Colonial Beach and West Point) do receive a larger proportion of their county's sales tax receipts in recognition of their bearing responsibility for public education.

⁴⁰**Agreement**, Sec. 2.02

⁴¹**Joint Notice**, Tab L, Table 1. This measurement of the "excess local sales tax" paid rests upon a 1990 Town/County population ratio of 9.6% rather than a more current estimate. See **Appendix D**, Tables 7, 8.

⁴²**Agreement**; Sec. 2.03.

Support of Municipal Solid Waste Collection and Disposal Services.

Roanoke County has contributed \$110,000 annually in recent years to the Town of Vinton in support of the municipality's solid waste collection and disposal services. This County contribution to the municipality has been founded upon the fact that the County has provided solid waste collection and disposal services to the residents of its unincorporated areas through the use of general fund revenues which have been derived, in part, from collections from Vinton residents. The proposed agreement commits the County to continue these payments for the 20-year duration of the accord.⁴³ This commitment, however, is subject to termination if and when the County ceases to provide this service to the residents of its unincorporated areas from general fund revenues.⁴⁴ Further, the County's contribution to the Town is subject to reduction in the event that Vinton reduces its expenditures for solid waste collection and disposal services through the introduction of efficiencies or as a consequence of other action.⁴⁵ The proposed agreement does not, however, allow for any increase in County support for these municipal services resulting from any additional service cost which may be confronted by Vinton in its management of its solid wastes. Accordingly, the relative significance of this payment to the Town of Vinton can be expected to decrease with the passage of time.

Contributions and Support of Municipal Fire/Emergency Services.

Roanoke County has also voluntarily borne in recent years one-half of the cost of the annual salaries and fringe benefits of Vinton's paid firefighters and emergency medical personnel. This annual payment has been made, again, in recognition of the fact that the County provides these services in the unincorporated portions of its jurisdiction through general fund

⁴³**Ibid.**, Sec. 2.04.

⁴⁴**Ibid.**, Sec. 2.05.

⁴⁵**Ibid.**, Sec. 206.

revenues raised, in part, within Vinton. Further, this County's contribution may also be based upon recognition that the Town provides fire and emergency services to non-municipal residents in Roanoke County.⁴⁶ The contribution by Roanoke County to the Town for these services totalled \$117,780 in FY1998.⁴⁷ Under the terms of the proposed agreement, the County agrees to continue such payments during the 20-year period of the accord.⁴⁸ The County's commitment to the payment of one-half of the salaries and fringe benefits of these municipal personnel is subject to annual increase to assist the Town with the growing cost of these services. However, no annual increase in the County's payment shall be greater than twice the rate of the increase in the Consumer Price Index for the preceding calendar year, or 10% of the preceding year's cost, whichever is less.⁴⁹ As in the case of the County's support for municipal solid waste collection and disposal services, its contribution to Vinton's fire and emergency medical services is subject to termination if and when the County ceases to fund such services in its unincorporated areas with general fund revenues.⁵⁰

Summary. According to data submitted by the jurisdictions, the aggregate benefit of these various provisions to the Town of Vinton in

⁴⁶The Town has advised that 63% of its responses to fire calls in FY1998-99 were made to sites in Roanoke County outside municipal boundaries, while 36% of its responses to calls for emergency medical attention went to similar sites beyond its corporate limits. (Carter Glass, IV, Special Counsel, Town of Vinton, letter to staff of Commission on Local Government, Sep. 4, 1999.)

⁴⁷**Joint Notice**, Tab L, Table 1.

⁴⁸**Agreement**, Sec. 2.07.

⁴⁹**Ibid.**

⁵⁰**Ibid.**, Sec. 2.08.

FY1998 totalled \$366,840.⁵¹ These voluntary contributions by the County constituted collectively 8.6% of Vinton's general fund revenue in FY1998 (\$4.2 million).⁵² While these contributions currently represent a significant component of Vinton's current general fund revenues, the excess sales tax contribution substantially reduces Vinton's receipts under the gain-sharing provisions of the agreement (reviewed below), and the County's contributions in support of the several municipal services are subject to termination. These qualifying conditions of this revenue flow to Vinton must be noted.

GAIN-SHARING PROVISIONS

Elements of Plan. The proposed agreement calls for Roanoke County to share with the Town of Vinton for a 20-year period a portion of certain revenues which it will collect from new development in "East Roanoke County."⁵³ Specifically, the agreement calls for the County to pay the Town 50% of its collections of real estate; personal property; machinery and tools; business, professional, and occupational license (BPOL); motor vehicles license; bank franchise; food/beverage; admissions; and transient occupancy taxes derived from "Newly Constructed Property in the specified area."⁵⁴ Such "Newly Constructed Property" is defined in the agreement to be any tax parcel on which any "building, structure or improvement" is constructed or modified so as to require the issuance of a building permit

⁵¹**Joint Notice**, Tab L, Table 1.

⁵²**Ibid.**

⁵³The agreement defines "East Roanoke County" as that territory located south of Stuart Knob, north of the Roanoke River, west of the Roanoke/Bedford County line and east of the corporate line of the Town of Vinton." (**Agreement**, Sec. 1.08.)

⁵⁴**Agreement**, Secs. 3.02, 3.03.

and a certificate of occupancy, except those parcels on which repairs, reconstruction, or additions to existing facilities constitute 25% or less of the assessed value of the existing structure.⁵⁵ In terms of the revenue to be shared with the Town, the agreement provides that in the event that the General Assembly supplants a local tax with a State reimbursement, or in the event that the legislature replaces one local tax source with another, such replacement or new revenue source will be subject to the gain-sharing provisions in the agreement.⁵⁶ These provisions are intended to maintain the initial gain-sharing relationship established by the two jurisdictions following instances where that relationship would otherwise be altered by State legislative action. It should also be noted that the proposed agreement contains provisions concerning County tax sources which are subject to partial or full preemption by a concurrent Vinton levy. One provision appears designed to induce the Town to raise its rates relative to such preemptive taxes to those imposed by the County,⁵⁷ while the other appears intended to discourage the Town from repealing such a tax in order to receive potentially a larger payment from the County under the gain-sharing plan.⁵⁸

Limitations on Gain-Sharing. A major restriction affecting the significance of the gain-sharing revenues to be paid Vinton under the terms of the proposed agreement is that which reduces such payment annually by 50% of the excess local sales tax receipts contributed to the municipality under the previously discussed element of the accord. The annual reduction

⁵⁵**Ibid.**, Sec. 1.09.

⁵⁶**Ibid.**, Secs. 3.06, 3.07.

⁵⁷**Ibid.**; Sec. 3.09(a). This provision does not become effective until July 1, 2002.

⁵⁸**Ibid.**, Sec. 3.09 (b).

shall constitute an amount equal to one-half of the difference between the amount which would be paid the Town based upon the distribution percentage of 11.77% and that derived from the application of the percentage of the actual Town to County population ratio. However, this reduction is constrained by the fact that the Town to County population ratio shall never be deemed to be less than 10%. While the reduction to the annual gain-sharing payment to Vinton resulting from the excess sales tax adjustment is inconsequential during the first several years due to a minimum payment provision (discussed below), it becomes increasingly significant in later years.⁵⁹

A second reduction in the annual gain-sharing payment to Vinton results from provisions in the proposed agreement whereby that payment is reduced by an amount equal to 50% of the County's cost to provide law enforcement and traffic control, solid waste collection and disposal, and fire and rescue services to Newly Constructed Property in East Roanoke County.⁶⁰ In determining the County's cost for the provision of such services, all State and federal assistance included in the County's expenditures is to be removed from the calculation. The jurisdictions estimate that, assuming the gain-sharing provisions will apply to 25 units the first year after the agreement's implementation, the reduction in the gain-sharing payment to Vinton the initial year will be \$6,800.⁶¹ The proposed agreement limits any increase in this deductible expense in any fiscal year to twice the rate of increase in the Consumer Price Index for the

⁵⁹**Ibid**, Sec. 3.10.

⁶⁰**Ibid**., Sec. 3.11.

⁶¹See **Joint Notice**, Tab P, Table 3B. The calculations presented in this table are based on an estimate of 25 additional tax parcels becoming subject to the gain-sharing provisions each year.

preceding calendar year, or 10%, whichever is less.⁶²

An additional reduction in the gain-sharing payment to Vinton derives from a requirement in the agreement by which the Town is required to pay 10% of the cost to the County for implementing the plan's provisions.⁶³ While the parties have not provided estimates of such implementation cost, the nature of the relevant data, the calculations, and the record-keeping required by the agreement suggest that the time and resources committed to the task may not be inconsequential.⁶⁴

Notwithstanding the reduction in the annual gain-sharing payment to the Town of 50% of the excess sales tax payment and 50% of the County's cost for the provision of law enforcement and traffic control, solid waste collection and disposal, and fire and rescue services in the East Roanoke County area, the proposed agreement provides that the annual gain-sharing payment to Vinton will not be reduced below \$31,000, less 10% of the County's implementation cost.⁶⁵ Estimates by the jurisdictions indicate that, assuming the application of the plan to 25 tax parcels initially and an additional 25 each year, the Town would receive the minimum distribution of \$31,000 (less 10% of the implementation cost) for each of the first four years following the initiation of the interlocal agreement.⁶⁶ In terms of the

⁶²**Agreement**, Sec. 3.12.

⁶³**Ibid.**, Sec. 3.14.

⁶⁴The County has stated that it will withhold \$1,000 from the Town's payment the initial year as the municipality's portion of the implementation costs. (Mahoney, letter to staff of Commission on Local Government, June 24, 1999.)

⁶⁵**Agreement**, Sec. 3.15.

⁶⁶**Joint Notice**, Tab P, Table 3B.

future significance of the gain-sharing provisions to Vinton, projections by the two jurisdictions indicate that from the fifth year following the initiation of the agreement through the 20th year, the annual gain-sharing payments to the Town would increase slowly from \$37,624 to \$398,731.⁶⁷ However, the projected future yields to Vinton require adjustment in recognition of the reduced value of those amounts in terms of constant dollars. Assuming an annual increase of 2% in the cost of local government goods and services over the 20-year period of the agreement, the projected value of the gain-sharing payment to Vinton in the twentieth year (\$398,731) would be reduced in terms of constant dollars to \$273,701, while an annual increase of 4% in the cost of such goods and services would reduce the value of the final payment in constant dollars to \$189,255.⁶⁸

Analysis of Projections. In an effort to evaluate the quantitative impact of the gain-sharing provisions in the interlocal agreement on the Town of Vinton, the Commission has carefully reviewed the data elements and methodology employed in the projections made by the parties. Based on that analysis, we offer the observations presented below.

In terms of the basic data elements which are used to make the projections regarding the future value of the gain-sharing provisions, there are a number of points which merit note. First, some of the data upon which the gain-sharing projections have been made were founded upon 1996 statistics. For example, the real estate and personal property revenue projections rest upon taxable valuations for single-family homes and motor vehicles which fail to reflect the real and inflationary growth in values

⁶⁷**Ibid.**

⁶⁸See **Appendix D**, Table 6.

between FY1996 and FY2000.⁶⁹ Second, the estimate of the Town's receipt of excess sales tax money received from the County in FY2000 (\$103,200),⁷⁰ which is used as a basis for projecting future excess sales tax receipts, is a figure substantially less than the money actually remitted to the municipality in preceding years.⁷¹ Third, while the proposed agreement calls for the reduction in Vinton's gain-sharing payment resulting from County expenditures for the specified services to be based upon local-source outlays only, the instrument specifies that the calculation of the deduction will be derived from a specific table in the County's Comprehensive Annual Financial Report (CAFR) whose disbursement figures include intergovernmental monies.⁷² Further, the referenced table in the County's CAFR does not provide discrete expenditure data for all functional categories of relevance to the gain-sharing calculations.⁷³ While the Commission anticipates that the parties will adjust the data in the referenced table to accord with the terms of the agreement, the language directing reliance on that table does not carry that qualification. Finally, the referenced exhibit in the County's CAFR carries data which differ from entries in the State

⁶⁹The Town has acknowledged that the average assessed valuation of single-family dwelling units in 1996 constitutes a conservative estimate of the figure which more appropriately might have been used in the projection exercise. (Glass, letter to staff of Commission on Local Government, July 7, 1999.)

⁷⁰**Joint Notice**, Tab P, Table 3B.

⁷¹See the data for FY1996-FY1998 in **Appendix D**, Table 9.

⁷²**Agreement**, Sec. 3.11. This section of the proposed agreement directs the parties to utilize Exhibit F-1 of the County's most current Comprehensive Annual Financial Report for the expenditure figures used to calculate the service cost reduction.

⁷³The referenced exhibit also fails to isolate any capital project or debt service costs of relevance to the interlocal agreement.

Auditor's annual report for the same expenditure categories.⁷⁴ Such variation in local and State reporting of functional expenditures should be noted by the parties and addressed.

With respect to the projection methodology utilized by the parties in their data submissions to this Commission, several observations should be made. First, the projections encompass directional and quantitative patterns which do not conform with historical profiles for the County at large.⁷⁵ Second, the projected growth rates in relevant County expenditure figures differ from those anticipated by the County itself.⁷⁶ Thirdly, the historical data used for the projections are derived inappropriately from differing time frames. Finally, the projections, in instances, are founded upon historical mean statistics (e.g., the average increase in a particular dimension over a number of years) which fail to capture the variability in the underlying data series from which they are drawn.⁷⁷ While this Commission recognizes the general tendency for entities to base projections on readily available data and on simplifying assumptions of consistency, there are alternative methodologies which can yield more statistically valid

⁷⁴**Appendix D**, Table 13.

⁷⁵See **Appendix D**, Tables 2-4. These tables show recent variation in revenues and expenditures in the various dimensions which cannot be reconciled with the growth projections yielded by the parties forecasting exercise.

⁷⁶See Glass, letter to staff of Commission on Local Government, July 7, 1999; and Diane D. Hyatt, Director of Finance, County of Roanoke, letter to staff of Commission on Local Government, July 23, 1999.

⁷⁷See the annual percentage change figures posited by the parties for projection purposes recorded in **Appendix D**, Table 1.

projections and which, accordingly, merit consideration.⁷⁸

In sum, the restrictions which apply to Vinton's receipt of gain-sharing payments under the proposed agreement appear to limit its current and future value to the Town. While the projections made by the parties of the future value of the annual payments to Vinton might be refined, such refinements would not, in our judgment, substantially change the quantitative significance of those payments.

Collaboration Regarding Development

The proposed agreement contains several provisions calling for collaborative effort between the parties with respect to future development in the East Roanoke County area. First, the instrument accords each jurisdiction an opportunity to offer advisory comment on all rezoning, variance, and special use permit applications and on all proposed amendments to the comprehensive plan of the other. The Town of Vinton will be granted an opportunity to offer such advisory comment on all such matters affecting any parcel in East Roanoke County, while the County will be accorded such opportunity with respect to such matters in the municipality within one-quarter mile of the boundary separating the two jurisdictions.⁷⁹ This mutual review authority will enable the two localities to offer advisory comment on proposed extraterritorial development and other land use concerns which can affect their viability. In our judgment, this opportunity for interjurisdictional review and comment on planning and zoning matters is a positive attribute of the agreement for both localities.

⁷⁸**Appendix E** offers a detailed commentary on elements of the gain-sharing provisions and projections in this proposed agreement intended to be of assistance to Virginia localities considering the development of interlocal revenue-sharing arrangements.

⁷⁹**Agreement**, Secs. 5.02, 5.03.

The proposed agreement also commits the two jurisdictions to endeavor to negotiate joint funding of public improvements to support commercial and industrial development in the East Roanoke County area.⁸⁰ Further, the agreement commits the two localities specifically to endeavor to negotiate the collaborative development of Town-owned property, known as the McDonald Farm, in that area.⁸¹ With respect to the latter element, under certain conditions the development of the McDonald Farm could yield a flow of revenue extending beyond the 20-year term of the other provisions of the agreement and running in perpetuity. While the fiscal significance of these provisions cannot be quantitatively evaluated at the current time, the expression of collaborative intent is consistent with the best interest of both jurisdictions.

Annexation Authority

The proposed agreement prohibits the Town of Vinton from initiating any annexation action and from supporting any similar action initiated by citizen petition during the 20-year period of the agreement.⁸² While these provisions would essentially preclude, except by agreement with Roanoke County, any extension of Vinton's boundaries for a 20-year period, the other provisions of the settlement afford the Town an opportunity to share in the economic growth on its periphery. Further, the proposed agreement states that if the County fails for any reason to make the required payments to the Town, Vinton is authorized to annex by ordinance the totality of East

⁸⁰**Ibid.**, Secs. 4.01-4.02.

⁸¹**Ibid.**, 4.03.

⁸²**Ibid.**, Sec. 6.01. The agreement does not require the Town to reject a citizens petition for annexation.

Roanoke County.⁸³ Furthermore, the agreement also authorizes Vinton to annex East Roanoke County by ordinance in the event the County consolidates by referendum with any adjoining jurisdiction.⁸⁴

INTERESTS OF ROANOKE COUNTY

The following sections of this report consider the impact of the proposed agreement on the interests of Roanoke County.

Sustenance of Town of Vinton

The proposed agreement constitutes an instrument by which Roanoke County provides financial support to the Town of Vinton and thereby enhances the ability of that jurisdiction to serve as a major source of urban services to residents throughout the eastern portion of the County. In FY1998 Vinton expended approximately \$3.5 million in general fund monies for the provision of public services to its residents and other Roanoke County inhabitants who utilized the municipality's facilities and programs.⁸⁵ In terms of law enforcement/traffic control and parks/recreation, Town expenditures in FY1998 exceeded those of the County on a per capita basis.⁸⁶ Further, at the current time the Town's utility systems serve 1,672 water connections and 1,393 sewer connections to Roanoke County residents living beyond the municipal boundary.⁸⁷ To the extent that Vinton

⁸³**Ibid.**, Sec. 6.03.

⁸⁴**Ibid.**, Sec. 8.01.

⁸⁵See **Appendix D**, Table 12.3.

⁸⁶**Ibid.**

⁸⁷Glass, letter to staff of Commission on Local Government, Sep. 4, 1999.

is able to meet the urban service needs of those residents, the responsibilities of the County are reduced.

While this financial support which will be provided by Roanoke County to Vinton under the terms of the agreement currently constitutes a significant component of the Town's resources, it imposes an extremely modest burden on the County. According to estimates by the localities, the County's contributions to the municipality resulting from the payment of excess sales taxes and for the support of solid waste collection/disposal and fire/emergency services in FY1998 (\$366,840) constituted only 0.36% of the County's general fund revenues that fiscal year.⁸⁸ Further, while the precise future impact of the gain-sharing provisions cannot be determined, projections by the two jurisdictions suggest, and this Commission concurs, that the annual payment to Vinton from that element of the agreement will constitute an extremely modest component of the County's general fund revenues in the years ahead.⁸⁹ In sum, the proposed agreement assists in the fiscal preservation of Vinton as an instrument for the provision of public services in Roanoke County at extremely modest cost to the latter jurisdiction. In our judgment, this consequence of the proposed agreement is clearly in the interest of Roanoke County.

Interjurisdictional Cooperation

The proposed agreement, as noted earlier, contains several other provisions promoting collaborative action between the two jurisdictions. First, under the terms of the proposed agreement each jurisdiction is permitted to offer advisory comment on all rezoning, variance, and special use permit applications, as well as on proposed amendments to the other's

⁸⁸**Joint Notice**, Tab M, Table 2.

⁸⁹**Appendix D**, Table 1.

comprehensive plan. The County will be accorded such review opportunity with respect to such issues affecting any parcel situated in the municipality within a quarter mile of its jurisdictional line.⁹⁰ This mutual review authority rests upon recognition that the nature and quality of development in one locality can have major consequences for an adjoining jurisdiction. Second, the proposed agreement expresses the intent of the two jurisdictions to collaborate in the joint funding of public improvements and publicly-owned capital projects.⁹¹ Finally, the proposed agreement specifically commits the two jurisdictions to endeavor to collaborate with respect to the development of the McDonald Farm, a Town-owned parcel of property considered to have major development potential.⁹² The tax revenues raised from that property following its development are to be shared by the two jurisdictions based upon the type of funding arrangements which are ultimately made regarding development costs. While the fiscal significance of this element of the proposed agreement is contingent upon future negotiations and development plans, it constitutes a collaborative opportunity consistent with the interests of Roanoke County.

Annexation Moratorium

Clearly, a fundamental issue which motivated Roanoke County in the development of the proposed agreement was its interest in maintaining East Roanoke County in its unincorporated state and subject to the County's land use and development control instruments. Consistent with that County concern, the proposed agreement precludes an annexation initiative by the Town of Vinton and similarly precludes the municipality's support for any citizen-initiated annexation action during the 20-year duration of the

⁹⁰**Agreement**, Secs. 5.02, 5.03.

⁹¹**Ibid.**, Secs. 4.01, 4.02.

⁹²**Ibid.**, Sec. 4.03.

accord.⁹³ If, however, the Roanoke County Board of Supervisors concluded at any time during the 20-year life of the proposed agreement that the County would be best served by Vinton's annexation of East Roanoke County, it could authorize the expeditious annexation of that property by withholding the payments due Vinton pursuant to other provisions of the accord.⁹⁴ In our judgment, this latitude of action is in the interest of Roanoke County.

INTERESTS OF THE COMMONWEALTH

The paramount interests of the State in this proposed agreement and in the resolution of all other interlocal issues subject to the Commission's review is, in our judgment, the preservation and promotion of the viability of the affected local governments. Clearly, the provisions of the proposed agreement by which (1) the County sustains the ability of Vinton to serve the residents within and adjoining the Town, (2) the municipality is permitted to share in revenues derived from new development in the East Roanoke County area, and (3) cooperation is engendered regarding the promotion and regulation of development and the extension of services to that area are consistent with the interests of both jurisdictions and, accordingly, are in the best interests of the Commonwealth.

FINDINGS AND RECOMMENDATIONS

In the preceding sections of this report the Commission has reviewed the various provisions in the interlocal agreement negotiated by the Town of Vinton and Roanoke County. While this Commission has noted with concern the qualified nature of the County's payments to the Town for support of the municipality's solid waste collection/disposal and fire/emergency medical

⁹³**Ibid.**, Sec. 6.01.

⁹⁴**Ibid.**, Sec. 6.03.

services, and while the proceeds to Vinton under the gain-sharing element appear modest, the current fiscal condition of Vinton does not, in our judgment, require modification of the instrument as presented. Accordingly, we find the proposed agreement consistent with the "best interest of the Commonwealth," and we recommend the court's approval.


CONCLUDING COMMENT

This Commission has been advised that the agreement reviewed in this report is the product of years of interlocal negotiation. We commend the leadership of the two jurisdictions for their perseverance in developing this interlocal accord. The proposed agreement, in our view, attests to recognition by that leadership of the interdependence of the two localities and their commitment to continued collaborative action for the mutual benefit of their residents.

Respectfully submitted,


Frank Raflo, Chairman


Peter T. Way, Vice Chairman


James J. Heston


James E. Kickler


Geline B. Williams