

**Covington City Council
City Hall 333 W. Locust Street
Covington, VA 24426**

Mayor and Members of City Council:

Re: CONSOLIDATION PROPOSAL

The Alleghany County Board of Supervisors has reviewed and considered the proposal for consolidation that was presented to us by Covington City Council at the conclusion of the most recent joint meeting of our two governing bodies held on March 16th. We appreciate the effort made by City Council to develop and present that proposal. The following outline represents the thoughts of a majority of this Board regarding how we might best accomplish the consolidation of our two governmental structures.

Structure of Government

- **Consolidated County with Covington becoming a “Tier” City**
- **Consolidated County and Tier City both continue with their own governing bodies – County wishes to retain its structure of seven (7) Supervisors all elected by district; Tier City decides this item itself**
- **Consolidated County retains its Traditional form of government with an appointed County Administrator; Tier City decides whether to retain or change its current Council- Manager form with an appointed City Manager**

Commissioner of Revenue and Treasurer

- **Consolidated County will have one (1) Commissioner and one (1) Treasurer. Services to be provided to Tier City to be determined.**

Commonwealth Attorney & Clerk of Courts

- **These functions, including the Court system, would become part of the Consolidated County structure. Tier City, as part of Consolidated County would receive any of these services it is due.**

Law Enforcement

- **Sheriff will handle law enforcement in Consolidated County; and courtroom security, jail, service of civil process and other constitutional duties for both Consolidated County and Tier City (same as currently)**

- **Tier City would decide whether or not it wishes to operate and fund its own Police Department.**

Streets, Roads and Highways

- **Consolidated County roads would continue to be maintained by VDOT and Tier City would continue to maintain its streets and receive payments from VDOT.**

Existing Joint Services

- **DSS, CSB, CSA, and Health Department would continue to operate as they do now, but now all local funding would be provided by Consolidated County.**

Library

- **Tier City would continue to operate the Covington Library. Consolidated County would continue to make annual contributions to both the Covington Library and the Clifton Forge Library.**

Utilities

- **Tier City would continue to own, operate and maintain its own Water & Sanitary Sewer utilities systems. Consolidated County would continue to own, operate and maintain its own systems. Each system would be self-supporting with a rate structure based upon user fees sufficient to generate the revenue required for O & M and debt service.**

Solid Waste

- **Consolidated County would assume responsibility for all Solid Waste Collection and Disposal within Tier City, but Tier City would retain responsibility for Peter's Mountain Landfill.**

Other Services

- **Consolidated County and Tier City would continue to operate and fund their own separate Parks & Recreation, Fire, and Rescue functions. Consolidated County would make contributions to Tier City Fire & Rescue in the same manner as it contributes funds to Fire & Rescue entities within the County.**

- **Consolidated County could assume responsibility for Building Inspection and Soil & Erosion Control permitting for both Consolidated County and Tier City.**
- **Planning, Zoning, and Code Enforcement functions would continue to be administered separately by each locality.**
- **Consolidated County would fund and operate a consolidated E-911 system.**
- **Consolidated County would assume responsibility for Cooperative Extension Service function.**
- **Tier City and Consolidated County would continue to fund and operate their own Building and Grounds operations.**
- **Consolidated County and Tier City would each administer their own Animal Control functions.**
- **Consolidated County would assume responsibility for Registrar and Electoral Board.**

Debt Service

- **Consolidated County would assume a portion of the debt for current City School system as part of the new Consolidated School System. That amount would be determined by the two governing bodies during further negotiations and discussions of this consolidation process. Tier City would retain responsibility for all other City debt.**

Schools

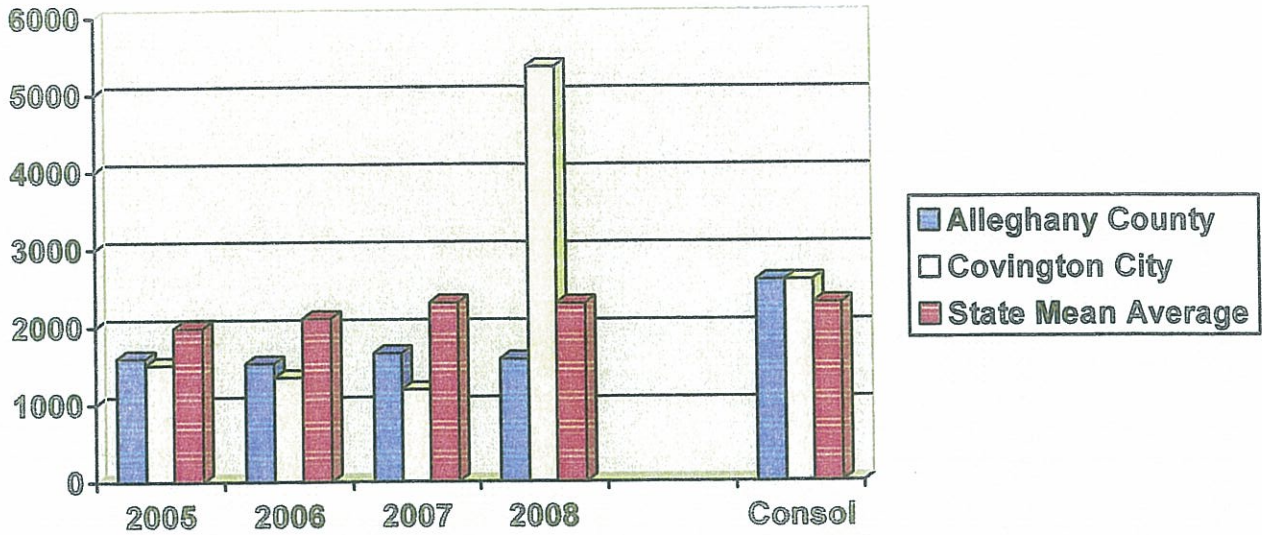
- **Recognize that it will take a period of time to complete full consolidation of the two school systems.**
- **Initially operate two (2) high schools. The School Board will determine when to consolidate the high schools into one building.**
- **Merge the curriculums as soon as possible, but within five (5) years.**
- **Current population at each school remains as is until School Board decides differently.**
- **The School Board to be appointed not elected. One member appointed by Board of Supervisors from each of the seven (7) Consolidated County election districts. This is what has been done in the past, it has worked, and we see no need to change.**
- **There will not be as large a savings in consolidation of the school systems as expected because of the cost associated with equalization of the pay scales.**
- **This Board of Supervisors requests that the above items be addressed with the financial impact to the taxpayers being a major consideration.**
- **Consolidated County would assume ownership of all school assets. School debt of Tier City to be decided as set forth above.**
- **Most importantly: Let the School Board run the schools.**

We acknowledge that before more meaningful discussion and consideration of the concepts we present above can occur, a detailed financial study of the foregoing must be completed.

**By: Board of Supervisors
County of Alleghany, Virginia**

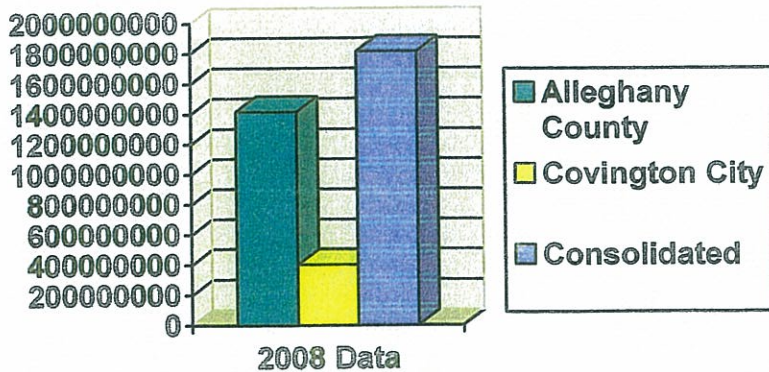
April 6, 2009

Net Bonded Debt In \$ Per Capita
Per 2008 Audit Data



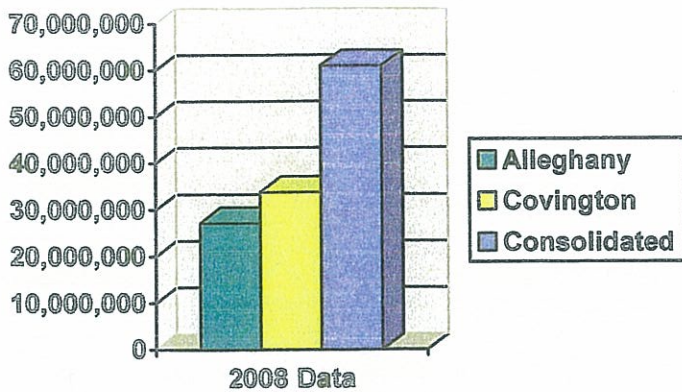
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Consolidation</u>
Alleghany County	1599	1530	1656	1577	2592
Covington City	1512	1350	1190	5364	2592
State Mean Avg. (All Counties)	1987	2108	2307	2300	2300 est.

Assessed Value of Real Estate
Per 2008 Audit Data



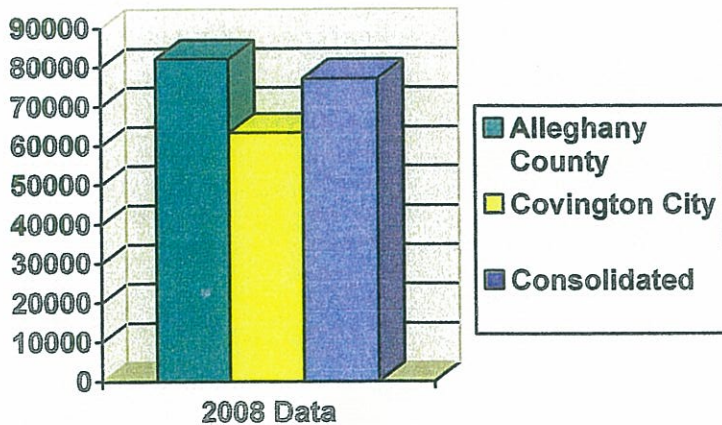
	<u>2008</u>
A. County Assessed Real Estate	\$1,413,806,000
C. City Assessed Real Estate	\$ 399,362,000
Post Consolidation Real Estate	\$1,813,168,000

2008 Net Bonded Debt to Consolidated Debt
Per 2008 Audit Data



<u>Debt</u>	
Allegheny County Debt	\$ 27,140,846
Covington City Debt	\$ 33,812,244
Post Consolidation Debt	\$ 60,953,090

Assessed Property Value In \$ Per Capita
Per 2008 Audit Data



<u>2008 Data</u>	
Allegheny County	\$ 82,126
Covington City	\$ 63,365
Post Consolidation Value	\$ 77,097