

MECHANISMS FOR INTERGOVERNMENTAL COOPERATION
IN THE
SOUTHEASTERN VIRGINIA PLANNING DISTRICT:
AN EVALUATION

by

Thomas Joseph Christoffel

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APPROVED:

~~_____~~
A.W. Herbert, Chairman

~~_____~~
A.W. Steiss

~~_____~~
J.L. Intermaggio

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TABLE OF CONTENTS

ACKNOWLEDGEMENTS ii

INTRODUCTION 1

Chapter

 I. VIRGINIA'S GOVERNMENTAL FRAMEWORK 11

 II. THE SITUATION IN SOUTHEASTERN VIRGINIA 31

 III. THE COOPERATIVE SERVICES STUDY 55

 IV. A STATE RESPONSE TO COOPERATIVE NEEDS 93

 V. CONCLUSIONS AND RECOMMENDATIONS. 110

BIBLIOGRAPHY 129

VITA 134

INTRODUCTION

In September 1972, the four Virginia cities of Norfolk, Portsmouth, Virginia Beach, and Chesapeake, presented to the state's Division of State Planning and Community Affairs the recommendations of a cooperative services study undertaken by the Washington, D.C. consulting firm of Hammer, Greene, Siler Associates. It was initiated to explore means of achieving intergovernmental cooperation in urban services primarily among the four cities, but included the possibility of expanding cooperation to involve the other members of the Southeastern Virginia Planning District, those being the cities of Suffolk, Nansemond, and Franklin, and Southampton and Isle of Wight Counties. Entitled "A Cooperative System of Municipal Service Delivery for the Southeastern Virginia Planning District," the study recommended creation of four new regional mechanisms, including an urban services corporation, a new area-wide commission, a regional incentive fund, and a regional bank.

State and federal monies funded the study, with the state expecting recommendations to be made relative to implementing existing legislative provisions for development of the Southeastern Virginia Planning District into a multi-purpose

service district. Instead, the recommended mechanisms were presented as an alternative to the service district. This was considered unacceptable to the state administration. Without the support of the Division of State Planning and Community Affairs and Governor Linwood Holton's administration, it appeared futile to attempt passage of legislation in support of the recommendations, given the short time period between release of the study and the 1973 General Assembly session in January.

On October 19, 1972, Governor Holton called an Ad Hoc Committee to review the Virginia Area Development Act, the existing legislation which provides for planning districts and provides the potential for such districts to become service districts. It is considered to have been called partly in response to the challenge presented by the Tidewater cities' recommendations. With both the Chairman of the Southeastern Virginia Planning District Commission and its Executive Director appointed to the Ad Hoc Committee, the area waited to present its recommendations to the group when it met and then to await the Ad Hoc Committee's legislative recommendations for the 1973 General Assembly.

After holding one day of hearings in November, the Ad Hoc Committee deliberated for over a month, finally releasing its findings and recommendations in early January, 1973, just before the General Assembly convened. Although its proposals were for voluntary assumption of a service

delivery function by the planning district commissions and removed some of the barriers to service district formation, the Ad Hoc Committee's recommendations were opposed on the grounds that they threatened regional government. This opposition was so strong that the bill embodying the proposals was killed in legislative committee instead of being deferred for study until the next session as many had requested.

Throughout the proceedings, the Southeastern Virginia Planning District Commission took no stand on the recommended changes to the Virginia Area Development Act, but instead alerted the state that it would come forward with legislative proposals in 1974 based on the Hammer, Greene, Siler Associates recommendations. Several members of the Southeastern Virginia Planning District Commission supported the Ad Hoc Committee's proposals for use by other planning districts, but did not feel them adequate to the specific needs of the region. At present, the Executive Director of the Commission has the task of preparing a legislative package which embodies the recommendations of the Hammer, Greene, Siler Associates study.

As written, the cooperative services study presents an ideal combination of mechanisms which would produce inter-governmental cooperation with no loss of local control or of the political identity of a jurisdiction. A basic point made by the four cities through the study is that, if the

state wants regional cooperation, then it must provide incentives. Simple efficiency, which may be obtained through voluntary cooperation, does not overcome the animosities and rivalries between jurisdictions, but money will. Thus the recommendations are loaded with incentives to be provided by the state. There does not seem to be any question that the mechanisms would work to generate the necessary cooperation, but the major question is: "Where will the money come from to make it work?"

Passage of the recommendations of the cooperative services study, as written, would be a great triumph for the Tidewater cities, but it is unlikely that they have the political power necessary to gain such special treatment for themselves alone. What must be determined is how the ideas can be made acceptable to the state legislators and the state administration, particularly the Division of State Planning and Community Affairs. In Tidewater's favor is a state-wide apprehension of the service district as a form of regional government; a local recognition of the need for cooperation, but with a desire to do so on a selective basis; and general support for a business management approach to service delivery. A major obstacle is the fiscal conservatism of the state, which is at the same time responsible for its AAA bond rating, thereby creating an incentive out of using the full faith and credit of the state in bond financing.

The problem is one of implementation. This paper will explore the thesis that intergovernmental cooperation can best be achieved in the Southeastern Virginia Planning District through the establishment of mechanisms along the lines of those recommended in "A Cooperative System of Municipal Service Delivery for the Southeastern Virginia Planning District," as opposed to creation of a Service District as provided for under the Virginia Area Development Act. Although this thesis is limited to the Southeastern Virginia proposals relative to the service district concept, the reader should be aware that this case is one example of the on-going process of attempting to improve governance in metropolitan areas.

Relative to this process, the author's literature search led to the conclusion that Virginia is a unique state as far as having provided generally suggested solutions to allow localities to deal with their problems cooperatively. For example: (1) cities and towns have limited extra-territorial zoning powers; (2) jurisdictions may provide jointly any service they provide individually; (3) metropolitan councils have been formalized as planning district commissions; (4) an urban county form of government is provided for; (5) a variety of regional special districts may be established (6) annexation and consolidation are provided for, with annexation decisions handled by a State Annexation Court; (7) city

and county governments are separated to avoid duplication; and (8) planning districts may become multi-purpose service districts.

Improved governance of a region can be approached in two basic ways, either through the use of voluntary mechanisms or by some governmental reorganization of responsibilities/functions within the region. The majority of approaches applied thus far have been voluntary, in that many states have provided permissive legislation like Virginia, but left it up to the individual localities to reach cooperative agreements. Often services are contracted between jurisdictions, but this sometimes results in the contractee paying higher prices. The major example of effective operation of a contract system is the "Lakewood Plan," under which Los Angeles County provides services to local municipalities under contract. Cooperation in services is only one aspect of regional needs that can be met through contracting. Coordination among several jurisdictions relative to land use and development is important, but usually only obtainable through voluntary councils of government or regional planning commissions, or, in some regions, both.

These voluntary bodies are often reacted to as though they were governments, though they seldom have any powers (in Virginia, legislation specifically prohibits the Planning

District Commissions from implementation of programs). Their basic function is that of serving as regional clearing-houses, hopefully improving governance of the metropolitan area or region through increased communication between the local governments. They are also charged with drawing regional plans, however, the plans cannot be made binding upon a jurisdiction unless it votes to accept each plan.

Although most councils of government/regional planning commissions have no potential for becoming legitimate governmental units directly, they may be active in promoting governmental restructuring within their regions. Virginia is unique in that it provides the possibility for its Planning Districts to become multi-purpose Service Districts, a type of elected regional government. This leads to discussion of the second method for improving governance of a region, which is through a reorganization of governmental responsibilities/functions. This may be accomplished by a restructuring of existing governmental units or by the creation of new units of government.

The most direct way to bring governmental unity to a region is through a consolidation of governments. This has generally occurred where a single large city and the county in which it was located were able to consolidate. Examples are the ne UNIGOV in Indianapolis-Marion County, Indiana; Nashville-Davidson County, Tennessee; Columbus-

Muscogee County, Georgia; and Jacksonville-Duval County, Florida. The basic process in these consolidations was that the major city was converted into an urban services district and the remainder of the county placed in a general services district. Tax levels then reflect the level of services provided in each district.

Another method of reorganization calls for a second tier of government to be created above that of existing local governments, which has designated region-wide responsibilities, as well as the powers to plan and implement programs. This second tier of government may be elected, as is the case in Miami-Dade County, Florida (considered as an urban county form of government), or be appointed by the first tier governments, as in Metropolitan Toronto (known as a federated form of government). In Minnesota, the state legislature created the Twin-Cities Metropolitan Council, made up of state-appointed representatives, and gave it the task of and power to coordinate development in its jurisdiction. The Council is actually a third tier of government since it operates above the counties. Both the Toronto and Twin-Cities solutions were imposed on those regions by their respective provincial and state governments. These forms would generally be considered regional governments.

Regional government has become a buzz word to some extent, both in Virginia (in relation to the Service District) and in the rest of the country. It raises the specter of big government to the localities, one which would limit their rights and result in their tax monies being spent in other areas of the region. No definition of regional government has been encountered by the author, and even the Virginia constitution has left that to its General Assembly. Working from basic governmental definitions, regional government might be defined as a mechanism which brings governmental unity to a group of jurisdictions which are already joined as a unit economically, socially, and geographically. This may occur through a consolidation of existing governments, or the creation of a new tier of elected or appointed officials which, as a body, have powers of taxation, regulation, and direct operation of public facilities. It would also have veto power over some actions of the lower tier governments.

Although most local officials will readily agree that many problems are regional in nature and should be dealt with on such a basis, the price, that being the loss of some local prerogatives, is generally considered too high. At issue between the Tidewater cities and the Virginia state

administration now is whether the region will be limited to state provided options to improve governance in their region, or whether the state administration will approve and support in principle, the cooperative mechanisms the region is proposing.

I. VIRGINIA'S GOVERNMENTAL FRAMEWORK

Virginia is noted for its simplicity of local government. Unlike any other state, cities and counties are entirely separate from each other, mutually exclusive in territory and government. The theory behind this separation is that urban areas should be governed by cities and rural areas by counties, although the distinction has become difficult to make in some areas. The interim step between rural and urban is the town, which may be designated a city, when a population of 5,000 or more is reached. In the past this system has provided a limited layering of governmental units. The new Virginia Constitution, ratified by state-wide referendum on November 3, 1970, added another possible layer, that of regional government.

As defined in the Constitution, regional government "means a unit of general government organized as provided by law within defined boundaries, as determined by the General Assembly."¹ Under existing Virginia law, there is

¹Virginia, Constitution, Art. 7, sec. 1, (4).

only one provision for a governmental unit that is considered to be a regional government, i.e., the service district. Although the provision for regional government exists in the constitution, the strong localism of Virginian county, city, and town governments works against the establishment of any such governmental unit. Adoption of the regional government language was based on the requirement of referendum approval in each jurisdiction proposed as a part of any regional government. This provision makes it impossible for a jurisdiction to be forced to join such a governmental unit if its voters disapprove.

Virginia's move to the service district concept in 1968 and the constitutional provision for regional government are both innovative and unique in the United States. They are meant to provide a mechanism which can deal in a comprehensive and representative fashion with regional problems that may be a result of either rapid urbanization or of declining population in a region. While the state has provided the service district mechanism and a potential for developing other governmental mechanisms, initiatives must come from the localities. Even though these alternatives are available, most regional problems are dealt with by resorting to a traditional solution, the special district.

Special Districts in Virginia

The special district, or its early equivalent, has

existed in Virginia since colonial times. At the time of the Revolution, special commissions were created to build and repair roads, erect bridges and construct and maintain tobacco warehouses.² These commissions were followed by internal improvement companies organized by the state. After the Civil War, the county road district and local school district were introduced in the reconstruction constitution. Later revisions to the constitution eliminated most of the road districts, but they returned slowly by special legislation. Eventually they were eliminated by the Byrd Road Act of 1932 when the state assumed responsibility for roads. In 1910, the drainage district was introduced. It had the power to levy taxes, exercise eminent domain and, under the supervision of the circuit judge, do whatever was necessary to carry out their duties.³

It was not until the 1920's that the special district reached maturity in Virginia, eventually to take three basic forms: local districts, regional districts and state authorities. The local district developed out of the need for providing new and better services as a consequence of growth. Counties were faced with the problem of extreme differences

²Makielski, S.J., Jr., and Temple, David G., Special District Government in Virginia (Charlottesville, Va.: The University Printing Office, 1967), pp. 5-6.

³Ibid., pp. 10-19.

of service needs within their boundaries. The existing Virginia constitution limited the power of localities to meet these differences. Section 168 said:

All taxes, whether State, local or municipal, shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax....⁴

A device to circumvent this restriction came into being with the Sanitary District law of 1926, which enabled Henrico and Chesterfield counties to establish sanitary districts upon petition of property owners in the proposed districts. Such a district had power to levy taxes and service charges, incur debts, construct and operate water, sewer and other public service systems. The next step came in 1938, when the state created a housing authority in every city and county which could obtain local referendum approval. This action was in response to emerging federal programs. After World War II, the local district device was used to respond to new needs ranging from parking to airport construction.

Regional districts differ from local districts in that they involve more than one locality. The governing board of such districts is usually appointed by the governing bodies of the localities on some basis of representation. The first regional district was the Norfolk-Portsmouth-Norfolk County Bridge Authority in 1928, but it never achieved a working

⁴Ibid., p. 23.

program. In 1942, regional housing authorities were provided for, and after the war, other districts included airport construction, parks, recreation, metropolitan transportation, water and sewer. Although there are provisions for many general authorities, often localities request a special act. Makielski and Temple explain:

This practice stems from the difficulty of meeting the requirements of the various localities through general law. Typically, localities are anxious to have the formula for representation determined by a special act rather than be left to the vague terms of general law.⁵

This point should be kept in mind when considering the difficulties in establishing service districts under existing legislation.

The next step was the state authority which developed in response to pressures created by the war effort. In 1942 the General Assembly created the Elizabeth River Tunnel Commission for the purpose of supplying transportation links between Portsmouth, Norfolk and Norfolk County, a task the regional district could not handle due to poor organization and intergovernmental disputes. Commission members were appointed by the governor from the cities and county and from other parts of the state which helped to raise it above local politics. After the war, the pressures of industrialization and urbanization made wider use of state authorities necessary.

⁵Ibid., p. 32.

Again a constitutional conflict was involved:

In 1923 Virginia had adopted "pay as you go" as the guiding fiscal policy of the State, and in 1928 the principle had been written into law in the State Constitution as Section 184 and 184a. Although it was possible to contract debts under the 1928 provisions, the requirement for a Statewide referendum effectively hampered any extensive use of the power.⁶

Just as the local district served to evade Section 168, the state authority was used to evade Sections 184 and 184a. It was possible to do so because state authorities were considered separate subdivisions and thus "could incur debt without - at least in theory - obligating the State."⁷ Consequently fifteen more state authorities were formed after World War II, including the Virginia State Ports Authority, succeeded by the Virginia Port Authority, and the Chesapeake Bay Ferry District, replaced by the Chesapeake Bay Bridge and Tunnel District, both important in Southeastern Virginia.

Additionally there are what can be considered combined forms. During the early 1930's, pollution of the Chesapeake Bay became a serious threat to the shellfish industry in the Hampton Roads area. In 1934 a commission was created to develop a plan to end the water pollution, but proved inadequate. In 1938 two acts were passed by the General Assembly, one providing for tidal waters sanitation districts and a second creating the Hampton Roads Sanitation District. These

⁶Ibid., p. 34.

⁷Ibid., p. 36.

districts differed from local and regional districts in that they had to be instituted by petition and referendum in each locality and the governing board was to be appointed by the governor. In 1940, the district was organized for Hampton Roads, and since that time has played a central role in the development of Tidewater. The other type of combined district was the Soil Conservation District created in 1938. The governing body of this type district has three elected members and two appointed by the state. It has only limited powers, but can establish binding land-use regulations with referendum approval.

As a short-term solution to immediate problems, the special district has been generally valuable and effective in Virginia. The concept has limitations, however, and is criticized for: (1) its inflexibility due to specialization and commitment to the financially feasible; (2) its diseconomies in higher bond interest rates and long-term costs from lack of coordination with other agencies; (3) its limited responsiveness to the public, with the exception of some special interest groups; and (4) the fragmentation of local government caused by the delegation of functions. Another problem is that once a special district is formed, it is generally difficult to have dissolved or force into consolidation, demonstrating that they are generally free from local political control. Makielski and Temple conclude:

No amount of improvement of the State and local general government units can make a full impression on the needs of the State as long as such important functions as port development, major highway arteries, recreation development, industrial development, and water and sewer services lie outside of the policy-making and administrative control of the general units of government.⁸

In spite of the performance of special districts, the state was aware of the problems inherent in the proliferation of these mechanisms. Between 1959 and 1966, the state-wide total increased from 132 to 305 special districts with the majority being in response to demands for urban services.⁹

Planning Districts and Service Districts

In 1966, Governor Mills E. Godwin, Jr. appointed the Virginia Metropolitan Areas Study Commission to investigate the state's urban problems and to make recommendations as to how such problems might be dealt with by state and local government. More popularly known as the "Hahn Commission," after its chairman, Dr. T. Marshall Hahn, President of the then Virginia Polytechnic Institute, it first produced a report entitled: "Governing the Virginia Metropolitan Areas: An Assessment." This report outlined three broad problem areas of concern to the cities: first, service problems such as water, sanitation, air pollution, transportation, core deterioration, parks and open space; second, governmental

⁸ Ibid., p. 125.

⁹ Ibid., p. 112.

problems such as annexation, intergovernmental agreements and governmental fragmentation in metropolitan areas; and third, the absence of metropolitan level policy-making bodies.

Although numerous urban problems existed, the Commission noted that, theoretically, Virginia localities could meet almost all of their service and governmental problems under then existing statutory and constitutional arrangements which provided for intergovernmental agreements and special districts.¹⁰ In the Hahn Commission's view, what was necessary in order to meet the existing and emerging regional problems was an area-wide perspective which localities lacked, but creation of such a perspective could only be brought about through the exercise of state leadership and creation of incentives for action. In its summary report, the limited success in meeting area-wide problems was considered due to broad factors:

(1) . . . failure of the State to assume a more positive role in restructuring its political subdivisions and encouraging them to work together on matters involving area-wide resources and needs.

(2) . . . the inadequacy of local governments individually to meet area-wide problems. This inadequacy stems from limited jurisdiction, limited finances, and insufficient intergovernmental cooperation.¹¹

In its search for a mechanism to deal with the second factor

¹⁰Virginia Metropolitan Areas Study Commission, Governing the Virginia Metropolitan Areas: An Assessment (Richmond, Va.: The Commission, April 17, 1967), p. 50.

¹¹ . . . Metropolitan Virginia: A Program for Action, (Richmond, Va.: The Commission, Nov. 15, 1967), p. 6.

mentioned above, the Hahn Commission looked at such alternatives as regional planning commissions, councils of government, public service authorities, abandonment of city-county separation, increased state responsibilities for services like highways and welfare, annexation and consolidation. It concluded, however, that none of these alone had proven successful in resolving metropolitan problems in Virginia or in any other state.

Specifically, the Hahn Commission's recommendations were: (1) establish a State Commission on Local Government; (2) expand the State Division of Planning to include Community Affairs; (3) divide the state into planning districts; and (4) provide the means for advancing from a planning district to a service district. With the exception of the Commission on Local Government, all of these recommendations were embodied in the Virginia Area Development Act of 1968, thus establishing Virginia as a leader and innovator in dealing with the problems of localities.

The proposed Commission on Local Government was to have consisted of three members elected by the General Assembly for six year terms. It would have operated in place of the annexation courts in those planning districts which include all or part of a Standard Metropolitan Statistical Area and had not established service districts by January 1, 1972. It also was to have jurisdiction over all incorporations and town-city transitions throughout the state. For those

jurisdictions within Standard Metropolitan Statistical Areas, it would have had review authority for the establishment of public authorities and special service districts under existing legislation and over all proposed intergovernmental agreements and contracts. This recommendation was killed in the General Assembly because it was believed that the courts adequately handled these functions.

The 1968 Commission on Constitutional Revision later recommended inclusion of a section under Article VII, Local Government which would have required the General Assembly to create such a commission. It was deleted as unnecessary in Senate debates on April 10, 1969, because it was determined that the General Assembly would have power to create such a commission if it became necessary. The thought was expressed that such a state agency would be antagonistic to the localities.¹²

As a result of passage of the Virginia Area Development Act, the State Planning Division was expanded in 1968 to become the Division of State Planning and Community Affairs. The new Community Affairs section assumed the tasks of collecting information relevant to boundary changes, form and status changes of governments, and intergovernmental agree-

¹²Virginia. Constitutional Convention, Proceedings and Debates of the Senate of Virginia pertaining to Amendment of the Constitution, (1970), pp. 430-433.

ments and arrangements. It was also given the function of providing relevant information to planning districts and state subdivisions, as well as assisting in the preparation of consolidation agreements and service district plans. The first job of the planning section was to divide the state into planning districts and was accomplished on July 1, 1969, with the demarcation of twenty-two such districts. In the determination of the composition of these planning districts, the legislation directed that it be based upon:

The community of interest among the governmental subdivisions, the ease of communications and transportation, geographic factors and natural boundaries of the planning district to the provision of services and performance of governmental functions in the area by a service district.¹³

Once this process had been accomplished, it was then the responsibility of the jurisdictions within the defined planning district to establish a planning district commission. Membership on these commissions must be set forth in a planning district charter agreement, but each county, city, or town of 3,500 is to have at least one representative. Individual members are appointed by the localities they represent, and at least a majority of the commissioners, but not substantially more, must be elected officials of the governing bodies. The commission's legal purpose is:

¹³Virginia Code, sec. 2.1-63.5 (d).

To promote the orderly and efficient development of the physical, social and economic elements of the district by planning, and encouraging and assisting governmental subdivisions to plan for the future. It shall not be the duty of the commission to perform the functions necessary to implement the plans and policies established by it or to furnish governmental services to the district.¹⁴

Each commission is to prepare a comprehensive plan for elements of import throughout the district, such as the physical, social, and economic. Once such plans are proposed by the commission, they are to be submitted to the local planning commissions and the Division of State Planning and Community Affairs for review and comment, prior to the commission's own public hearings and approval. Each plan element is then submitted to the local governing bodies for their adoption. If adopted, it is then effective with respect to all actions of the commissions and the localities adopting it. In addition, each planning district commission is also designated as the A-95 review authority for both state and federal loan or grants-in-aid requests.¹⁵

¹⁴Virginia Code, sec. 15.1-1405.

¹⁵Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 required that in each metropolitan area a regional planning agency be charged with the responsibility of reviewing and commenting upon local government applications for specified federal aid programs. The Office of Management and Budget was charged with designating agencies to carry out the review function and implemented the process administratively through its Circular A-95, which extended the project review concept to non-metropolitan areas as well. Later revisions expanded the types of programs included in the A-95 review process. In Virginia, the process was also expanded to include some state aid programs.

As recommended by the Hahn Commission, the Virginia Area Development act also included provisions for conversion of the planning district commissions to service district commissions. The principal difference between the two is that the planning commission is an advisory body to the local governments and has no implementation powers, while the service district is a governmental unit charged with specific service functions, as agreed to by all of the jurisdictions in the service district, having the power to plan and implement. At anytime after the establishment of a planning district commission, its members can prepare a plan for conversion to a service district. To date, no planning district commission has taken such a step.

The jurisdictions of the planning district are the basis for a service district and any proposed service district plan must include all of the planning district member jurisdictions, even though the services themselves need only be proposed for delivery to jurisdictions constituting a majority of the district's population. The plan must include: (1) the charter; (2) boundaries of the single-member election districts; (3) services and functions to be performed and financing; (4) terms and conditions to undertake additional services and functions; (5) terms of agreements with other governmental units; (6) terms of arrangements for continuing the functions of the planning district commission;

and (7) a schedule for submission of the plan to governmental units and voters for approval, since the proposal must be approved by each governmental unit and the voters of each jurisdiction. If the proposal does not gain approval from any single governmental unit or voter referendum, the entire proposal fails. Additionally:

The plan shall assure that the services to be initially provided by the service district shall be of sufficient number and importance to produce a meaningful governmental unit and program and shall provide the framework of government for the eventual performance by the service district of all of the functions and services which are appropriate for performance on a district-wide basis.¹⁶

The charter of the district must set forth such additional items as the composition of membership of the new commission, procedures for charter amendment, and provisions for the addition or withdrawal of governmental subdivisions from the district. The basic requirement for service district commission membership is that a majority of the members be elected from specially drawn single-member election districts. These election districts must lie "wholly within either a city or county" and must be of nearly equal population, thus setting the basic district equal to the size of the smallest city or county in the service district.¹⁷

¹⁶Virginia Code, sec. 15.1-1422(b).

¹⁷Virginia Code, sec. 15.1-1428(a).

The remainder of the service district commission officials are to be elected members of the governmental subdivision appointed by the governing bodies. The former are to be known as elected members, while the latter are official members, each to have one vote. Each county or town of more than 3,500 must have at least one official member. Once drawn, the plan is to be submitted to the Division of State Planning and Community Affairs for review and recommendations, after which it is to be returned to the governing bodies for their approval previous to the voter referendums. Unless the service district plan receives approval from every jurisdiction at every step, it cannot be implemented.

The general powers of the service district include the rights to: (1) sue and be sued; (2) contract and be contracted with; (3) contract debts, borrow money, and make and issue bonds; (4) condemn property in its name; and (5) make and enforce ordinances, rules and regulations. Upon creation of the service district, the planning district commission terminates and the planning function is assumed by the service district commission. It would continue to receive state aid for planning on the same basis as had been provided the planning district.

As provided for in legislation, the service district

has no powers of direct taxation. It may instead levy on each of its governmental subdivisions an annual assessment, pro-rated on the true value of taxable property in the subdivision, in proportion to the true value of taxable realty within the service district as of the preceding January 1. The localities in turn, are permitted permitted to make a separate tax levy on real estate to cover the service district's assessment. A service district would also be authorized to charge and collect fees, rents, and charges for services, which are to be uniform throughout the district for the same type, class, and amounts of service. It can require property owners or tenants within the district to connect with its systems and to contract for such connections. A third source of financing can be the issuance of bonds, up to 6 percent interest over a maximum of 40 years, to a total previously approved in the service district plan.

Upon creation of the service district, cities and towns would not be permitted to annex any portion of any county within the district without the concurrence of the government which would be affected and the service district commission. This provision was intended to be an incentive for counties to join in such districts, since the threat of annexation has always been a barrier to city-county cooperation in Virginia. To counterbalance this incentive for the counties, since annexation is the major means by which a city is able to expand its tax base, the Hahn Commission unsuccessfully

recommended that upon creation of a service district, the state first assume the costs and administration of public welfare for all local governments participating and, no later than July 1, 1975, assume full responsibility for expressways and arterial and primary roadways for service district cities and counties.¹⁸ The failure to include these incentives which would have benefited the cities, makes the annexation provision an impediment for their support of service district formation.

Analysis

Considering the Virginia Area Development Act in relation to the Virginian history of special district evolution, the service district appears as a logical extension of that process. Dividing the state into designated planning districts was simply an extension of an existing policy of the state to supply financial support to voluntary regional planning commissions as part of, or in alliance with, economic development councils. Although the state administration would draw the districts, formation of the planning commissions remained voluntary. It was not until late 1972, that all of the commissions were organized. Two have yet to be staffed.

¹⁸Virginia Metropolitan Areas Study Commission, Metropolitan Virginia: A Program for Action, p. 25.

Intended to combat the proliferation of special districts, the service district concept can be viewed itself as a multi-purpose special district which has been engineered to correct some of the inherent evils of the special district form, yet retain the management orientation. The Hahn Commission accomplished this objective by: (1) direct election of a majority of service district commission members to ensure public responsiveness; (2) individual governmental approvals and public referendums to ensure that no localities were forced into service agreements that they do not approve of (like the tidal waters sanitation districts); (3) continuance of the regional planning function guaranteeing coordination throughout the district; and (4) a multi-purpose potential permitting the functions of the districts to be increased as local needs dictated without requiring formation of new agencies.

Unfortunately the prospect of an elected layer of new government, among other problems, has been more frightening to the local politicians than an expansion of the existing layer of special districts in their own regions. Although the service district is a governmental mechanism, it was not intended to be a regional government, as Dr. T. Marshall Hahn told a 1973 joint hearing of the Senate Local Government Committee and the House Committee on Counties, Cities and Towns, attended by the author.

The Virginia Area Development Act was written so that a service district plan could have been begun immediately upon formation of the planning district commission, yet to date, no region has taken that step. The Richmond Regional Planning Commission has initiated a feasibility study to determine if a service district would be workable in that region, which may be a preliminary step to drawing a plan. The study also intends to make recommendations as to how the Virginia Area Development Act might be modified to remove some of the barriers to service district formation. Regardless of recommendations the Richmond study might make, what may be workable in that planning district may not be workable in other planning districts of the state. The Southeastern Virginia Planning District considers itself a region where the service district concept, as it now stands, is unworkable.

II. THE SITUATION IN SOUTHEASTERN VIRGINIA

Norfolk, Portsmouth, Chesapeake, and Virginia Beach, are the major cities of Southeastern Virginia. With a 1970 census count of 678,000, the four cities, as the Norfolk-Portsmouth Standard Metropolitan Statistical Area, ranked 47th in the nation. It is also the largest located entirely within Virginia, accounting for 14.6 percent of the state's population.¹ Along with the cities of Suffolk, Nansemond, and Franklin, plus the counties of Southampton and Isle of Wight, these localities make up the state's 20th Planning District, the Southeastern Virginia Planning District. Together, the four cities account for about 85 percent of the district's population, but only one third of the total land area. Collectively, the cities exhibit typical urban problems relating to: water resources; air pollution control; solid waste disposal; lack of efficient mass transit; misuse of land resources; race relations; and limitations on placement of low-income housing. They also share special problems related to heavy federal military involvement in the region and their relative geographic isolation. Since these are

¹U.S. Bureau of the Census, Statistical Abstract of the United States: 1971 (92d' edition), (Washington, D.C.: U.S. Government Printing Office, 1971), p. 850.

regional problems, an argument can be made for a coordinated, regional approach in seeking solutions. Although as members of the Southeastern Virginia Planning District the four major cities have the option of forming a service district along with the other jurisdictions, they have demonstrated no interest in doing so. Instead, they have sought other means for solving their regional problems. In order to understand the motivation of these cities, it is necessary to be aware of their histories.

Southeastern Virginia's Erratic Growth

Norfolk is the oldest of the cities, being first surveyed in 1680 as part of the English policy of creating towns through which commercial activities could be channeled.² Portsmouth, on the opposite bank of the Elizabeth River, was conceived from its founding as a shipbuilding center because of the abundance of fir and pine trees nearby, and its location. The wealth of both cities was first built on supplying the West Indies with food. After the Revolution, however, British regulations kept Americans out of the islands, and by 1830, when trade was again opened, it was no longer important to the economy of these communities. During the same period, the region had neglected to secure rail service projects and other interests had risen in

²Brown, A. Theodore and Glaab, Charles N., A History of Urban America, (Toronto: The MacMillan Co., 1967), p. 12.

Richmond and Petersburg to prevent it from doing so. "In 1851 the Virginia legislature actually supported a rail link that helped develop the Baltimore port rather than assisting the Virginia harbor to the south."³

After the Civil War, Richmond's power was diminished and the Hampton Roads area (Southeastern Virginia plus the peninsula cities of Hampton and Newport News to the north) was able to get rail connections which brought cotton, grain, and coal to the port. Unfortunately, the harbor remained a bulk cargo port since there were few imports to balance the large outgoing loads and generate spin-off industries. This imbalance was due in part to the problems of internal transportation which are related to the geography of the region. Until the late 1880's, development had been oriented to the waterfront, with each of the Hampton Roads cities evolving rather independently. Travel inland was limited because water, in the form of creeks, rivers, and bays, posed transportation barriers. With some bridge construction and the introduction of cheap transportation in the form of the streetcar, both Norfolk and Portsmouth began to expand. Since their development was late and at low density, compared to other major seaboard cities, it might have been controlled to their advantage. However, such control

³Henry, L. and Reed, T.J., "The METRO ECONOMY: An Overview," Metro Magazine, March; 1973, p. 21.

development was precluded by rapid growth during World War I, as a consequence of the expansion of Naval activities and increases in shipbuilding. After the war, a severe Naval cutback, coupled with the depression, resulted in a stagnation of the cities. In 1935, 5,000 of Norfolk's 34,000 homes stood vacant.⁴

The advent of World War II again meant prosperity for the cities and more expansion to accomodate a new influx of military people and shipyard workers. Unlike the previous war, its settlement did not reverse or halt the region's growth. At the war's end, both Norfolk and Portsmouth found themselves fully developed, which led them to pursue policies of annexation. In 1949, the Norfolk city council adopted an ordinance providing for annexation of parts of both Norfolk and Princess Anne Counties, but the State Supreme Court ruled the city could only proceed against one county at a time. Consequently, it began proceedings against Tanner's Creek section of Norfolk County, which finally became part of Norfolk on January 1, 1955. The next step was an attempt to annex 33 square miles of Princess Anne County in 1956, which resulted in the awarding of 13.5 square miles by the State Annexation Court effective January 1, 1959.⁵

⁴Schlegel, Marvin W., Conscripted City: Norfolk in World War II, (Norfolk, Va.: Norfolk War History Commission, 1951), p. 14.

⁵Wertenbaker, Thomas J., Norfolk: Historic Southern Port, ed. Marvin W. Schlegel, (Durham, N.C.: Duke University Press, 1962), pp. 363-365.

In 1957, the idea of regional planning was introduced to the area with the creation of the Tidewater Virginia Development Council which was to promote and encourage economic development. In 1959, the Southeastern Virginia Regional Planning Commission was formed by the then existing cities of Norfolk, Portsmouth, South Norfolk, Virginia Beach, and Suffolk, and the counties of Princess Anne, Nansemond and Norfolk. From the beginning this Commission was conceived of as an advisory body. It began studies of zoning, land use, transportation, sewer, water, solid waste, recreation and open space, but annexation was not to be a subject for Commission study. Operation began on a contribution of two cents per capita, in addition to a basic state grant, and continued at a low funding level until 1964, when the per capita share was raised to ten cents. In its 1967 study, the Hahn Commission rated this regional planning commission ineffective up to that time.

Government Consolidations

Although annexation was not to be a subject for the regional planning commission, it was a prominent issue in the region and was responsible for the consolidations that formed the Virginia Beach and Chesapeake of today. Norfolk's annexation of part of Princess Anne County in 1959 was the first the county had suffered, and this prompted action by the Kellam Organization (an element of the state-wide Byrd

Organization), which controlled the politics of Princess Anne County and the city of Virginia Beach. The Kellam group was composed of elected officials of the city and county who openly acknowledged Sidney S. Kellam as their leader and spokesman.⁶ The problem facing Princess Anne County was that it depended upon Norfolk for the extension of water service to continue development. Those extensions would later support Norfolk's claims that the territory was urban and therefore subject to annexation. This situation reflects the basic barrier to city-county cooperation throughout Virginia, since county improvements tend to reinforce claims that areas of the county along city borders are, in fact, urban and should be governed by an urban government.

After informal talks with Norfolk officials in early 1960, Kellam proposed that a study be made of a borough system of metropolitan government for the area. In return for his support of this study, he received an informal pledge from Norfolk that no annexation proceedings would be initiated against the county for five years. A week later a committee was formed of six area governments, but on October 3, 1961, when Virginia Beach and Princess Anne

⁶Temple, David G., Merger Politics: Local Government Consolidation in Tidewater Virginia, (Charlottesville, Va.: The University Press of Virginia, 1972), p. 38.

County announced their intention to merge, the committee had not met for a year. Kellam had been chairman of the committee.⁷

Although Norfolk had no annexation pending, the Kellam forces created a "1963 annexation" which they campaigned against. Norfolk suggested that it be allowed to join the merger, but in the meeting to consider that possibility, a threatening posture was assumed, it warning of a payroll tax and an end to water service. The Norfolk city council later voted to fight the merger, which only helped to polarize the proconsolidation forces in their effort to "tweak the nose of 'bully Norfolk.'"⁸ In the consolidation referendum, the proposition carried the county by 7,476 to 1,759 and the city by 1,539 to 242.⁹

The consolidation of the city of South Norfolk and Norfolk County, which produced the City of Chesapeake, was not as easily won as the Virginia Beach merger, since those promoting it were not as organized as the Kellam group. Annexation was a real threat to Norfolk County, it having suffered four annexations since 1948, resulting in a loss

⁷Ibid., p. 74.

⁸Ibid., p. 75.

⁹Ibid., p. 82.

of 33 square miles, approximately 110,000 people, and an estimated revenue of \$1,881,000.¹⁰ In December 1961, Portsmouth city council voted to enter another annexation suit claiming almost 45 square miles of the county.

As the Virginia Beach merger began to appear as though it would succeed, it became apparent that Norfolk County would then remain the only avenue for the city of Norfolk's continued expansion. Consequently, merger talks with South Norfolk began in October, 1961. Although it was suggested that Portsmouth be included in these talks, the idea was not received openly by either of the other two governments. In this consolidation there were numerous issues, such as school systems, taxes, and loss of identity for the city. The vote for merger in the county was 4,839 to 2,046, while in South Norfolk it was much closer, passing 1,809 to 1,376.¹¹

Both consolidations became effective on January 1, 1963, thus removing annexation as a barrier to cooperation among the four cities, but perhaps replacing it with those of resentment and rivalry, now that both Norfolk and Portsmouth were land-locked. Portsmouth did gain 10.6 square miles from the new city of Chesapeake later, based on an annexation suit filed before the merger referendum.

¹⁰Ibid., p. 83.

¹¹Ibid., p. 92.

Another annexation problem in the late 1960's arose between the city of Suffolk and Nansemond County, which first resulted in the incorporation of Nansemond as a city surrounding Suffolk. On the orders of the State Annexation Court, the two cities were to explore the possibilities of merger which did end in referendum approval for a consolidated city of Suffolk. That consolidation becomes effective on January 1, 1974. At that time, Southeastern Virginia will have reduced eight jurisdictions to five in a period of fifteen years.

For both Princess Anne and Norfolk counties, consolidation and incorporation were a form of self-protection from further annexations. David G. Temple studied the mergers in progress and made this observation about them:

From the viewpoint of the traditional metropolitan reformer the Tidewater mergers probably were undertaken for the wrong reasons and involved the wrong governments. The significant issues of the mergers did not include the overlap or duplication of functions or services, the establishment of uniform levels of service, or any other aspect of economy and efficiency. Little or no concern was given to promoting the unity of the metropolitan area.¹²

Since these issues were not concerns of the mergers, they were destined to be dealt with at a later time. The first years of both new cities were spent in building adequate city governments and learning to deal with their sprawling

¹²Ibid., p. 171.

constituencies. Virginia Beach's task was considerably more difficult due to the rapid growth it was experiencing. To date, over ten years after its merger became effective, Virginia Beach is still operating on the zoning ordinances from the county and old city as it continues working to adopt a new comprehensive zoning ordinance. During the period 1960-1970, the area which became the city of Virginia Beach more than doubled in population, increasing 86,888 or 102 percent and that which became Chesapeake gained by 23,333 or 35.2 percent. During the same period Norfolk gained only about 3,000 new residents, yet with a population of 307,951 remained the state's largest city. In the same period Portsmouth lost 11,210, a decrease of 9.2 percent.¹³

This reduction in the number of jurisdictions did not immediately improve the workings of the regional planning commission, but once the four cities became governmental equals, the stage was set for later attempts at dealing with their regional problems. This came in 1968 with passage of the Virginia Area Development Act which provided for the formal division of the state into planning districts and increased funding to the resulting commissions. For Southeastern Virginia, the State Division of Planning and Community Affairs nearly doubled the area of the existing

¹³Hammer, Greene, Siler Associates, Memorandum Report: The Economic Setting for Public Services in the Four Cities, (Washington, D.C.: The Associates, February, 1972), p. 9.

regional planning commission by adding the city of Franklin and the counties of Southampton and Isle of Wight to create the 20th Planning District.

In the state's original plans, a district encompassing both sides of the Hampton Roads harbor was considered, but the cities on either side were opposed. Additionally, both Virginia Beach and Norfolk were against the inclusion of the counties, arguing that as rural areas, they had little in common with the metropolitan area. The two cities would rather have seen a four-city district, or a district composed of only themselves. However, others considered inclusion of the counties necessary, because they held the untapped water resources for the region. The state defined boundaries were eventually accepted by Norfolk and the renamed Southeastern Virginia Planning District Commission was chartered in 1969.

A Study of Cooperative Possibilities

In the same year that the regional planning commission was formed, Mayor Roy B. Martin (Norfolk) proposed that the four cities undertake a study of possibilities for achieving cooperation, including a consideration of merger. The other cities balked at the idea of merger, so it was removed from further proposals, but interest in the possibility of such a study grew. An application was submitted for state funding, but the cities were informed that the application should

be processed through the planning district. This was done, but it was not until 1971 that state and federal monies were finally approved and the Washington, D.C. consulting firm of Hammer, Greene, Siler Associates could begin the study. Although the state was under the impression that recommendations as to how a service district might be achieved in Southeastern Virginia would be produced, in retrospect, the initial undertaking of the study could itself be viewed as a rejection of that concept by the four cities.

The task of the consultants in their cooperative services study was essentially the same as that of the Hahn Commission, that is, to devise a mechanism that would prevent further fragmentation of the service delivery system in the four cities. Because this was an already developed metropolitan area, it was necessary too that such a mechanism be able to deal with existing fragmentation. The extent of fragmentation the consultants found in existing regional service delivery, led them to describe it as a "crazy-quilt." Of the twenty authorities, health agencies, advisory councils, and regional organizations considered significant, only three were found to serve the same area as the 20th Planning District, including the district commission itself.

Authorities in Southeastern Virginia

There are four public facility authorities operating

in Southeastern Virginia, with a fifth inoperative, and three more proposed. The Hampton Roads Sanitation District is the largest and serves both sides of Hampton Roads, including Norfolk, Virginia Beach, Chesapeake, Nansemond, Newport News, and Hampton, and the counties of York, James City and Isle of Wight. Suffolk is under state order to have its effluent treated, however, the district cannot handle the additional load without expansion of its facilities. All existing plants are at capacity and many need immediate improvement. A shut-off of new connections is threatened on both sides of Hampton Roads by the State Water Control Board. Portsmouth maintains its own facilities which also serve adjacent areas in the region.

Considered the first step toward the creation of state authorities, the Elizabeth River Tunnel District and Commission has operated in the region since 1942. It was responsible for the first bridge-tunnel linking Norfolk and Portsmouth in 1952 and an additional tunnel in 1962. At first, the 40 cent, one-way, tolls were gladly paid because they eliminated an inconvenient ferry ride. After twenty years, however, the tolls themselves have become barriers to circulation between Norfolk and Portsmouth. The operations of the Commission will be taken over shortly by a state transportation agency. It was created by the 1973 General Assembly in order to provide state assistance in financing of a tunnel connection between the peninsula and Portsmouth.

The existing toll cannot be eliminated, however, until the present bonds are retired, though it may be reduced in the future.

In July, 1970, the Virginia Port Authority succeeded the less than successful Virginia State Port Authority created in 1952, with the purpose of unifying publicly owned port facilities. This was accomplished in 1971 with the final agreement for the city-owned, Norfolk International Terminals, which followed the earlier unification of Portsmouth and Newport News terminals. The facilities are now leased to private operators by the Authority, while it handles promotions and relations with connecting services. The Authority has been financed directly from the state general fund, but its 1974 appropriation was reduced by the General Assembly at a time when the Authority is finding it more difficult to promote the port overseas because of dollar devaluation. Since the harbor is one of the major resources of the area, it is considered essential that the state continue financial support and that port activities be coordinated with local economic development, which is not the case now.

The Norfolk Port and Industrial Authority is a local special district, but it has the potential to operate regionally. Previously it operated the Norfolk International Terminals, but is now concerned mainly with operation of the

Norfolk Regional Airport. It is also involved in development of Norfolk as a cruise port and in operation of its portion of the Norfolk Industrial Park. The Authority is governed by a five-man commission appointed by the city council and can acquire and operate virtually any type of facility approved by the council. It has the potential to operate mass transit lines beyond the city limits with the permission of the jurisdictions served. Plans to meet the region's transit needs, however, have resulted in the formation of a transportation district which is in the process of being organized.

There is one additional authority on the books, but currently inoperative. The Tidewater Recreation and Stadium Authority was created in 1968 by the four cities for the purpose of building a metropolitan stadium, a necessary step to attracting professional football to the region. A study was undertaken which considered two sites, one in Norfolk near the airport and another in the Greenbrier area of Chesapeake, near the I-64 and I-264 interchange on the Chesapeake-Virginia Beach city line. Norfolk supported its site against the other, which the remaining three cities preferred. No agreement was ever reached and in 1970 both Norfolk and Portsmouth ended their participation, leaving the authority existing as a legal entity only.

In addition to these authorities, proposals are pend-

ing for a regional water authority that would be involved in the development of new water resources (Norfolk and Portsmouth own the existing systems), as well as one for a regional open space agency, in addition to the transportation district already mentioned. At the local level, Norfolk, Portsmouth, and the South Norfolk area of Chesapeake, all have Redevelopment and Housing Authorities, but none have the potential for constructing low-income housing out of their own jurisdictions. Norfolk established a Norfolk Area Medical Center Authority in 1964, and although governed by a seven member commission appointed by that city council, its service area is considered to be within a 50 mile radius of the city. Its principal activity has been the establishment of the Eastern Virginia Medical School. Along with this authority, there are six other regional organizations involved in the human resources field, with eight semi-independent sub-organizations, spin-off agencies and experimental projects.

Human Resources Agencies

Two Health-Welfare-Recreation Planning Councils operate within the region, one for Norfolk, Virginia Beach, and Eastern Chesapeake, and another for Portsmouth and Western Chesapeake, each working as the planning unit for its respective United Fund. A recently completed study has recommended that both merge to create a Tidewater Area

Planning Council and that the new council establish a formal working relationship with the Southeastern Virginia Planning District Commission.¹⁴ The Norfolk planning council worked under contract with the state to develop the Southeast Virginia Area-wide Model Project, a nonprofit corporation to improve social service delivery to the elderly. That project is one of the agencies whose boundaries conform to those of the 20th Planning District and was developed from the Tidewater Senior Citizen's Center, a spin-off council agency. The other agency serving the entire planning district is the United Drug Abuse Council, Incorporated, also a former subdivision of the Norfolk planning council. Originally serving the four cities only, it was authorized in July 1970 by the 20th Planning District Commission to be the drug abuse control agent for the entire district, since the Commission could not operate such a program.

A third agency involved in health planning is the Tidewater Regional Health Planning Council, established as a nonprofit organization in June 1969 under the U.S. Public Health Service Act. Its purpose is to develop a comprehensive health plan for its region, which includes the 20th

¹⁴Health-Welfare-Recreation Planning Council of the United Communities, A Report on Social Welfare and Related Services to Children and Youth, (Richmond: Division of State Planning and Community Affairs, August, 1972), pp. 100-2.

and 22nd Planning Districts, and to facilitate health service coordination.¹⁵ This Council is also to review and comment on grants for medical and health programs or facilities, though its recommendations do not have binding power over final federal action on applications. It is now engaged in an attempt to establish an experimental health service delivery system under a Department of Health, Education and Welfare grant, though current presidential budget actions may restrict or eliminate such funds.

The Southeastern Tidewater Opportunity Project, Incorporated, (STOP), was established in 1965 and is the Community Action Agency for the region. STOP operates in all of the 20th Planning District member jurisdictions, with the exception of Southampton County, which does not support it. Programs of the agency involve manpower and child development (including Head Start and the Neighborhood Youth Corps), in addition to the provision of social services, medical services, and day care centers. Legal aid is provided in Norfolk, Virginia Beach, and Eastern Chesapeake, the jurisdictional area of that United Fund which supports the legal aid program. The 20th Planning District Commission exercises A-95 review over STOP proposals. Present presidential actions to dismantle the Office of Economic Opportunity can be expected to have a negative impact on

¹⁵The 22d Planning District consists of the counties of Northampton and Accomack located on the Eastern Shore.

this agency's ability to carry on its programs.

Another regional organization in the human resources field is the Tidewater Community College, which is part of the state-wide system of two-year colleges. Campuses are presently located in Virginia Beach, Chesapeake, and Nansemond (also serving Portsmouth), with a fourth planned in Norfolk. The college is financed by the state, but the localities must first provide land, landscaping, and parking. The head of the Tidewater Virginia Development Council indicated that his organization is looking to these colleges to train people to meet the needs of industry, thus providing the region another resource to help attract new firms.¹⁶

In addition to the previously described human resource agencies, each jurisdiction operates its own departments for health, education, and welfare. There are also a variety of other voluntary organizations operating in the region, ranging from the American Red Cross to Union Mission. While most are financed by private contributions, some involve the support of local governments and consequently pose problems of duplication and coordination for public agencies.

Economic Development and Councils of Government

Federal military involvement is the area's economic base and is credited as the major reason for the current

¹⁶The Virginian-Pilot (Norfolk), February 4, 1973.

level of development in Tidewater. According to a recent study:

The federal government employs 34,800 civilians workers, or nearly 16 percent of the Norfolk-Portsmouth labor force. Military personnel amount to 94,000 on the southside of Hampton Roads and 26,000 on the peninsula.¹⁷

Shipbuilding is the major industry in the area, but the largest firm, Newport News Shipbuilding and Drydock Company, is located on the peninsula, thus giving that region a balance between government-related activity and manufacturing. While it is the harbor that gives the area its current economic potential, the geographic factors that make it an asset also create transportation problems, particularly for the southside of Hampton Roads. The four cities are limited by the Atlantic Ocean on one side, the Chesapeake Bay on another, and by the harbor itself on a third side. The land transportation costs inherent in the Tidewater location have worked against the entry of new industry. Given the current one-industry nature of the area and the long term prospects for a reduction in defense manpower and activities, an effective means of coordinating and promoting the area's private industry and port activities is necessary.

At the regional level, economic development is promoted by the Tidewater Virginia Development Council, which assists its member cities and towns in their search for

¹⁷Henry and Reed, op. cit., p. 23

new industry. It has not been exceedingly successful. Portsmouth withdrew in 1970, feeling that its dues could be better spent through the city Industrial Development Authority and Port and Industrial Commission. At the insistence of Virginia Beach, per capita support of the Council was reduced, and consequently it is now operating on a limited budget. The other three cities also have their own economic development agencies, Norfolk using its Port and Industrial Authority, while both Chesapeake and Virginia Beach use individual Industrial Development Authorities with city development departments to support them. Although the cities appear to be cooperating at the regional level, they in fact compete among themselves for any business that might be interested in Tidewater.

In addition to the 20th Planning District Commission, two loosely structured councils of government exist in the area. One is the Hampton Roads Area-wide Cooperative Committee, through which local elected officials are to meet and discuss problems of mutual concern. The Area-wide committee consists of the four cities plus Suffolk, Newport News, Hampton and York County. The Committee meets irregularly and has not produced any notable improvements in cooperation or coordination. The other organization, the Western Tidewater Community Council, was recently formed by Portsmouth, Suffolk, and Nansemond in order to discuss

their joint problems and to help counterbalance Norfolk's influence. It has yet to demonstrate any impact in the region. Chesapeake turned down its invitation to join in the formation of the Council.

Implications of the "Crazy-Quilt"

In comparison to other metropolitan areas, this "crazy-quilt" might be judged a simple "hot-pot holder," not immediately threatening to the region. Except for the complaints raised by Virginia Beach residents about the rates they must pay for Norfolk's water, there is little public outcry about the existing service systems. A major factor relating to the fragmentation in the area is the fact each of the four contiguous municipalities has a strong identity. The greatest barriers to cooperation are the resultant attitudes each city has towards the others, not only as evidenced in the political arena, but also as shared by their residents. Although it can be granted that the city boundaries are arbitrary to an extent, it appears that each generates its own high-school-like loyalties. In an attitude survey, done by the author in 1971, to determine the images local people had of the Tidewater cities, respondents consistently gave highly positive images to their own city, while being disparaging of its neighbors. While others saw Portsmouth as a decaying slum, its residents considered it

a progressive city with much potential.¹⁸

Norfolk's long standing dominance in the region is a source of irritation to the other jurisdictions, which existed prior to their becoming municipalities, as the anti-annexation mergers demonstrated. That dominance is continually being challenged. The major thrust of competition comes from Portsmouth, as evidenced by the formation of the Western Tidewater Community Council, and Virginia Beach, which has a real potential to surpass Norfolk in total population. Furthermore, the relationship between Portsmouth and Chesapeake is not optimum, since Portsmouth controls that city's water supply, as well as because of residual bad feelings as a result of the anti-annexation merger. Both Chesapeake and Virginia Beach have large areas of undeveloped land and compete for industrial development.

In commissioning the Hammer, Greene, Siler Associates study, the cities were expressing an awareness of the need for achieving cooperation among themselves, however, not through a governmental mechanism that would require them to give up some of their sovereignty to a regional body. With both Norfolk and Portsmouth as long term competitors and

¹⁸Christoffel, T.J., "Transportation, Circulation and Orientation in and Among the Cities of Planning District 20," (unpublished paper, June 3, 1971).

the young cities of Chesapeake and Virginia Beach seeking their own identities, separate from either of the older cities, the service district is not now the answer. Whatever the solution, it must allow each to cooperate on its own terms.

III. THE COOPERATIVE SERVICES STUDY

Although the formal title of the Hammer, Greene, Siler Associates report is, "A Cooperative System of Municipal Service Delivery for the Southeastern Virginia Planning District," it is referred to locally as the "cooperative services study." In spite of the date on the report, September, 1972, it was not widely circulated at that time due to the cold reception it received from the Division of State Planning and Community Affairs. Previous to the September report which contained recommendations for new mechanisms as an alternative to the service district, four memorandum reports were produced. They were compilations of data about the economic setting, municipal service delivery systems, interjurisdictional service delivery, and projected resources and requirements for the four cities. The conclusions and recommendations of the September report do not follow directly from the memorandum reports nor were they intended to develop that way. Thus, it was not until the end of the study that the state administration learned it had not developed along the expected line, namely, recommendations for service district implementation.

The four cities had intended to present their innovative recommendations to federal, state, and local officials

in a special meeting at SCOPE, Norfolk's cultural and convention center, with the Governor and representatives of State Planning and Community Affairs in attendance and, hopefully, giving their support. In view of the conflict the study generated, the Tidewater cities did not think it wise to push for legislation immediately, to the possible detriment of other area legislation planned for the 1973 General Assembly. Clearly, without the support of the Governor and his administration, Tidewater would not have a chance of passing its package in 1973.

On October 19, 1972, Governor Linwood Holton requested Dr. T. Marshall Hahn, Jr., to head an Ad Hoc Committee to review the Virginia Area Development Act. This development appeared to provide Tidewater with an opportunity to have its propositions legitimately reviewed and perhaps incorporated into existing legislation. Additionally, the Southeastern Virginia Planning District Commission Executive Director, Robert F. Foeller, and Chairman, Harold S. Atkinson (city manager of Franklin), were to sit on the Ad Hoc Committee. Unfortunately, the short timeframe in which the Ad Hoc Committee operated, worked against the Tidewater interests and, ultimately, against its own proposals, as will be discussed in the following chapter.

Criteria for Cooperative Mechanisms

In the September report, the purpose of the study is stated as that of exploring:

. . . the practical possibilities of cooperative actions by the Four Cities (and hopefully also the smaller jurisdictions in the planning district) in the joint provision of public services.¹

One city manager made the point that the consultants were not hired to prove the practicality of a preconceived plan, but that the recommendations were made based on their assessment of what might work to meet the needs of the four cities. It is perhaps for this reason that the study reads in parts as though the ideas came first and the rationale to support them were developed later.

Considering what they identified as the "Tidewater style" of approaching public issues, the consultants listed seven workability/productivity criteria which a cooperative mechanism must meet in order to work. They are:

- a. The mechanism should allow for voluntary participation of local governments in any joint arrangements for service delivery, substituting incentives for fiat.
- b. It should provide for selective participation rather than require across-the-board or multi-functional participation, with full opportunity for evaluating the benefits that participation would offer.

¹Hammer, Greene, Siler Associates, A Cooperative System of Municipal Service Delivery for the Southeastern Virginia Planning District (Washington, D.C.: The Associates, September, 1972), p. 3.

- c. It should allow some basis for securing performance standards in the provision of service through joint efforts.
- d. It should avoid too heavy a reliance on developing "trade-offs" from one government to another as a basis for joint agreements, substituting so far as practicable the principle of "pay-for-what-you-get" in service delivery.
- e. It should avoid arbitrary definitions, of new service districts, substituting the same principle as above for application within the full geographic boundaries of existing jurisdictions.
- f. It should provide channels through which the more controversial issues might be handled in a systematic and orderly fashion at a low built-in political temperature.
- g. It should provide flexibility in the means through which services might be delivered (including the possibilities of utilizing private enterprise under public contract wherever possible).²

These criteria for a cooperative mechanism also could be viewed as criticisms of the service district concept, since of the seven, a service district might only accommodate the last requirement. Because an elected service district commission would result in local-regional politics, there apparently could be no "low-built-in political temperature." These conditions reflect the desires of the local politicians, as perceived by the four city managers, who worked with the consultants as a "Technical Committee" to determine the limits as to what would or would not work.

Perhaps the most significant point the study makes in

²Ibid., p. 28. (emphasis in original)

its discussion of underlying problems is that:

. . . simple awareness of the problems is not enough of a motivating force to support or sustain any system of cooperative efforts, although it may be persuasive in specific instances where interjurisdictional or regional responses might clearly offer the only feasible alternative for action. There must be incentives beyond the promise that things might improve the cooperative way.³

This statement reflects the fact that local governments and their citizens are, for the most part, concerned more about control than simple efficiency. Should a real crisis arise, such as the pollution of tidal waters in the 1930's or a bridge-tunnel for the Elizabeth River, a solution can be achieved. Even at these times, however, it took state action to bring the localities into cooperation. The federal government has used the incentive approach in programs like "open space" where an additional five percent of costs will be paid for cooperative setups between several jurisdictions, as opposed to a simply local proposal.

To achieve cooperation within the criteria established, the consultants recommended the establishment of an urban services corporation, a new area-wide commission, a regional incentive fund, and a regional bank. It was suggested that these new mechanisms be included under the Virginia Area Development Act as an alternative to the service district.

³Ibid., p. 29. (emphasis in original)

New Mechanisms

In the report, the corporation is named the Tidewater Urban Services Corporation and given the acronym TUSCO. It would be a mechanism for the delivery of urban services on the basis of contracts negotiated by the local governments or existing regional agencies. These contracts would undergo a review conducted by the new area-wide or Tidewater Commission, potentially composed of the top elected official of each participating jurisdiction, with one-third of the total membership representing the state. Approval of contracts would be based on feasibility studies initiated by the local governments, regional agencies, or the Tidewater Commission, but financed by the Commission. Many of the studies could conceivably be done by the 20th Planning District Commission staff, which remains intact under this plan. One of the major objectives of TUSCO is to provide a high degree of management competence which as a large corporation, it could afford. The contract system is expected to insure delivery of services commensurate with their costs.

A regional Incentive Fund would have money available for use in programs undertaken by TUSCO for operating purposes (the corporation will not take over policy functions). These monies are to be administered by the Tidewater

Commission as a 10 to 20 percent supplement of operating costs or capital costs. They could be used to reduce costs to local government of a service, either resulting in savings to their operating budgets or a reduction in the cost of service to the consumer. In the delivery of services, performance reviews would be provided for in the contracts. Both the governments and consumers would be able to make problems known directly to TUSCO, although direct dealings between TUSCO employees and citizens would be kept to a minimum. With the approval of the Tidewater Commission, contracts may be cancelled for cause.

The fourth mechanism proposed is the regional bank or TIDEBANK. Its services would be available to local governments, whether or not they participated in any regional or intergovernmental arrangements. Its purposes would be that of assisting:

. . .local governments in the marketing of their general obligation and revenue bonds, serve as a general fiscal advisor and agent on behalf of local governments, and act as a depository for TUSCO and for the Tidewater Commission....⁴

Perhaps the most significant incentive the bank would offer, is the concept that bond issues undertaken through this institution to cover TUSCO capital improvement programs, would qualify for Commonwealth of Virginia guarantees, putting the full faith and credit of the state behind such

⁴Ibid., p. 53.

issues. This provision would require constitutional revision, and therefore may be difficult to implement.

The Tidewater Commission and the Incentive Fund

The Tidewater Commission is considered the "pivotal" element in the total proposal, being the direct representative of both state and local governments. It is pictured as "a vehicle through which existing governments might effectively work together on a regional basis," rather than a new layer of government.⁵ This Commission would be responsible for overseeing TUSCO and TIDEBANK, in addition to administering the Incentive Fund. The study recommends that the Tidewater Commission be funded entirely by the state "as an indication of the state's direct interest and responsibility for local affairs."⁶ Federal and local monies might be used as available, but it is intended that the primary responsibility for support belong to the state. A small staff would be employed by the Commission.

Membership on the Tidewater Commission is suggested as the top elected official from each of the participating jurisdictions, with one third of the total membership being state appointed representatives. Thus the full commission might consist of six members, the four cities plus two state

⁵Ibid., p. 54.

⁶Ibid., p. 55.

representatives; up to twelve members, with all eight 20th Planning District jurisdiction members plus four from the state; or more, since it is proposed that TUSCO also be able to operate on the peninsula. The rationale for giving equal representation to all localities is that the Tidewater Commission is a coordinating vehicle and not a government. In all situations, the state representatives are expected to provide any necessary balance and perspective.

In addition to its review authority over TUSCO contracts, this Commission would have power to appoint a majority of the Board of Directors of TUSCO, which are to be rotated on a regular basis to assure public responsiveness. It would also have an "advise and consent" role in selection of the corporation's officers, as well as approval power over the TUSCO annual operating budget, and proposed capital improvements programming. It is recommended that the Commission itself have a public advisory committee with which quarterly review sessions could be conducted.

The Incentive Fund is to be administered by the Commission for those urban programs which the state determines eligible for such support, when implemented through the TUSCO mechanism. Its suggested source of funding is the state's share of general revenue-sharing monies, but not by diversion of any shares that would be directly available to

the localities. Although it is considered possible that the local governments may want to cooperate through the TUSCO mechanism even if no monetary incentives were available, the availability of add-on incentives and the benefits of state assistance in bond financing "are regarded as essential to make the machinery work on a broad scale."⁷ To implement such proposals under these conditions would mean that additional funds have to be made available from state and federal sources. As such, this particular proposal is posed as a test of state and federal support for regional approaches to service delivery, making the answer "more money" if there is real support.

In the review of these TUSCO contracts for which incentive funding would be made available, the Commission is to make certain that the programs are consistent with comprehensive regional plans. Under the proposals, the 20th Planning District Commission would continue to be responsible for A-95 review for all direct state and federal grants-in-aid to local governments and their conformance review would be a necessary step for the approval of TUSCO contracts by the Tidewater Commission. Incentive Fund monies are also suggested as the funding source for the feasibility studies. The other alternative would be for the Tidewater Commission to pay for the studies out of its operating

⁷Ibid., p. 59.

budget, which is also to be funded by the state.

Tidewater Urban Bank

The Tidewater Urban Bank or TIDEBANK, would be established as an instrument of the Commonwealth of Virginia and made responsible to it and the Tidewater Commission. As proposed, its Board of Directors would include state and local public representatives, as well as representatives from local banks and financial houses. Its chief executives would be appointed by the governor with the advise and consent of both the General Assembly and the Tidewater Commission. These measures are considered necessary in view of the proposed full faith and credit provisions for bonds issued by the bank in support of TUSCO operations. In the bond process, the Tidewater Commission would be responsible for reviewing and approving the bank's certification of bond issues to the state. Because of the state's AAA bond rating, advantages are expected in the bond market with regards to financing charges and interest rates.

TIDEBANK would be able to provide additional services to localities, whether or not they participated in TUSCO programs. Some of those suggested are: technical services on a fee basis; liaison to bond rating agencies and bond houses; and serving as a financial repository for federal, state, and local revenues generated in Tidewater. Another

function could be that of serving as an agent for the localities in bond issues:

. . . purchasing issues directly from the governments and reselling them at strategic times in the market. [In order to do this] . . . TIDEBANK could borrow from private banks and also be authorized to issue obligations to the State Treasurer, who could purchase⁸ them to assure the financing integrity of the Bank.

It is planned that interest on such obligations would yield comparable returns with outstanding marketable obligations of the state.

Tidewater Urban Services Corporation

Now that the basic interrelationships are laid out, it is necessary to consider the details of the Tidewater Urban Services Corporation. TUSCO is envisioned as a regional service delivery mechanism which would perform services for existing governments and regional agencies on the basis of contracts. It is to be headed by a Board of Directors which may include state officials, elected or appointed local officials, and members from the public at large. The study suggested that its president should be a nationally recognized local government administrator, in order to help establish the credibility of the corporation. This requirement is in line with the objective that the corporation provide a high degree of management competence.

⁸Ibid., p. 71

In its enabling legislation, TUSCO could be authorized to undertake a full range of municipal services in its contracts, ranging from health to tax assessment, information systems to housing and redevelopment. The report suggests that the power to lease and/or acquire municipal government service systems, including facilities and equipment, also be included. It would have the power to issue its own tax exempt bonds secured by revenue from contracts. Subsidy corporations could be created to carry out contracts, but such action must be specified in any contract, previous to its approval by the Tidewater Commission. It is suggested that the potential for expansion of its operations to peninsula jurisdictions also be included in the charter. Start-up funds for the corporation are to be a repayable, non-interest loan from the state or TIDEBANK, and thereafter operating funds would be derived from contract services. No estimate of start-up costs is given by the study.

Contracting is considered the heart of the service delivery system. Programs must be based on service delivery for two or more localities and cannot be activated until the process of feasibility study, contract proposal, and Tidewater Commission review and approval is completed. The contracts are intended to guarantee the delivery of specific types of services, at specific quality and performance levels, for specified charges. Services would

be at all times limited to those approved in the contract and additional services would require separate contracts. These contracts would be binding on the jurisdictions for their duration, but could be terminated for cause, with approval of the Tidewater Commission. At the end of a contract period, the service could be dropped or the contract renegotiated. TUSCO would also be able to contract with independent regional agencies to provide management services or to take over operational responsibilities. Policy-making is to remain in the hands of the local governments and the public agencies, with TUSCO's role only being that of providing technical services.

Reviews of contract performance are to be provided for at regular intervals, as specified in the contract terms, with procedures established to assure performance in accordance with contract terms and conditions. Consumers of services could make any complaints known directly to TUSCO, as well as to their local governments. Payment for the services might be accomplished by direct billing of users by TUSCO or the local governments, or direct payments out of government operating funds.

It is the potential availability of incentives to local jurisdictions through the use of the TUSCO mechanism, that is to ensure its success. The availability of add-ons

from the Incentive Fund for regional programs, in addition to the lower costs of financing capital improvements through TIDEBANK, would mean that local governments could provide services to their citizens at lower costs through TUSCO than on their own, or that they could improve the level of services for the same cost. These add-on funds could be transferred directly to TUSCO in partial payment of service delivery or to the local governments for their own disposition.

In operation, TUSCO is projected to be able to handle a variety of services. Those considered likely candidates in the study are:

- 1) regional problems which can be handled only on a regional basis (e.g., pollution);
- 2) services involving a common dependence on a regional resource (e.g., sewer and water);
- 3) services in which there might be obvious efficiencies in a common undertaking (e.g., airport, regional parkland); and
- 4) services involving federal or state requirements (e.g., transportation and housing).⁹

Some of the possibilities raised deal with the existing regional authorities and special districts, such as the consolidation of responsibilities for sewer, water and solid waste functions in a TUSCO subsidiary Hampton Roads Sanitation District Corporation. Another would combine functions of the new transportation district, Virginia Port

⁹ Ibid., p. 67.

Authority, and the Norfolk Port and Industrial Authority to realign port development, industrial development, and transportation functions. It is suggested that an improved health services program could be provided through a TUSCO subsidiary combining functions of the three existing health planning councils, the Norfolk Medical Center Authority, and other city service units, under contract.

An Evaluation

When the Division of State Planning and Community Affairs was presented with the preceding recommendations, it was surprised, to say the least. From the outset it had believed that the Tidewater cities were using the service district concept as a base for their study and that recommendations would be made as to how that concept might be made more achievable. Although these mechanisms were suggested as amendments to the Virginia Area Development Act as an alternative package to the service district, their adoption could make service district formation even less likely, since it offers no such incentives upon its formation.

Although the state has not yet formally evaluated and published its views on the Hammer, Greene, Siler Associates recommendations, the proposals were considered as written.¹⁰

¹⁰Telephone interview with Stanley S. Kidwell, Jr., Division of State Planning and Community Affairs, April 3, 1973.

No attempt was made to achieve a compromise that would give both Tidewater and the state something each could live with. Since the mechanisms were proposed as alternatives to service districts, the state perhaps looked at the impact of state-wide implementation. What would be the end result of having a corporation, an area-wide commission, a regional incentive fund, and a regional bank in every planning district? What would happen should a corporation operate in more than one planning district, giving it and the area-wide commission a larger scope than either of the planning district commissions? Although state-wide application may not have been the intent of the Tidewater cities, the state is obligated to consider such possible problems.

TIDEBANK

Of the study recommendations, the full faith and credit provision for the state's guarantee of TUSCO bonds through TIDEBANK appears to have been a major obstacle to the state administration, since the Virginia constitution does not now permit it, and thus, a constitutional revision would be required. Presently the constitution reads:

Neither the credit of the Commonwealth nor of any county, city, town, or regional government shall be directly or indirectly, under any device or pretense whatsoever, granted to or in aid of any person, association or corporation; . . . nor shall the Commonwealth assume an indebtedness of any county, city, town, or regional government, nor lend its credit to the same.¹¹

¹¹Virginia, Constitution, Art. 10. sec. 10.

Although use of the term "corporation" in the constitution excludes "municipal corporations, other political subdivisions and public institutions owned or controlled by the Commonwealth," in the previous article, the character of TUSCO in any case, makes it ineligible for the state's full faith and credit.¹² Neither could the bonds be issued directly to the cities on behalf of TUSCO, as is suggested.

There are provisions in the constitution for use of full faith and credit of the Commonwealth. The General Assembly can authorize the creation of debt for single purpose capital projects, provided they are approved in a state-wide referendum.¹³ It can also authorize the creation of debt for specific revenue producing capital projects of institutions and agencies administered by the state's executive department, or institutions of higher learning, by a two-thirds vote of each house. Previous to this authorization:

. . .the Governor shall certify in writing, filed with the Auditor of Public Accounts, his opinion, based upon responsible engineering and economic estimates, that the anticipated net revenues to be pledged to the payment of principle of and interest on such debt will be sufficient to meet the payment of principle and interest on such debt will be sufficient to meet such payments as the same become due....¹⁴

¹² Ibid., Art. 9, sec. 7.

¹³ Ibid., Art. 10, sec. 10.

¹⁴ Ibid., Art. 10, sec. 9., (b).

It was through the application of the above section 9 (c), that the Elizabeth River Tunnel Commission and the Richmond-Petersburg Turnpike Authority were consolidated into a new state agency by the 1973 General Assembly thus providing eventual state help in financing improvements for both facilities. Refinancing of existing debt is prohibited under the same article.

Both of the provisions for use of the state's full faith and credit were questioned in constitutional revision hearings and, consequently were put before the people as separate proposals in the constitutional referendum. While the constitution itself was approved by 576,776 to 226,219, the 9(c) proposal was approved by 484,274 to 265,784 and 9(b) 504,315 to 261,220.¹⁵ Although each received less support than the constitution, they did pass by adequate margins.

If TUSCO were to try to utilize the 9(c) provision, it would first have to prove itself economically viable, then have legislation sponsored for specific capital projects to be backed by the state, as well as transferring its administration to the state, as preliminaries to the political job of obtaining passage. The study does not suggest in what manner the constitution be revised, leaving this project to the Division of State Planning and Community Affairs.

¹⁵Virginia, Constitutional Convention, op. cit., p. 817.

One estimate of the time necessary to gain passage of any such revision was five years, however with strong support it might be accomplished in two years. Changes to the Constitution can be made either through an amendment approved by the General Assembly sessions divided by an election, plus a referendum, or through a constitutional convention with special elected delegates and a subsequent referendum on its proposals.¹⁶

Although "pay as you go" is no longer a part of the constitution, the General Assembly is still a fiscally conservative body. When the Ad Hoc Committee to Review the Virginia Area Development Act touched on the bond bank concept, they suggested that it be considered on a state-wide rather than regional basis and withheld judgement pending completion of a study underway at the Tayloe Murphy Institute of the University of Virginia. Although the study has not yet been released, its preliminary proposals do not appear to meet the needs of the Tidewater cities.

It will begin from the premise that there is not an immediate need for such a bank, because there are no localities in Virginia that cannot market their bonds. (Norfolk has an AA rating and the other three cities are rated A.)

¹⁶Virginia, Constitution, Art. 12, sec. 1 & sec. 2.

Vermont is the only state currently operating a bond bank, but that was necessary because some of its localities could not sell their bonds. By this reasoning, although a city is A rated, the fact that it could save money by use of the state's AAA rating, does not constitute a need. Another obstacle taken into account by the Institute study, is that the state's own strong banking system, which is noted as having "A great pride in being able to take care of its own," would probably oppose a bond bank proposal which could also mean a loss of some of its business.¹⁷

The recommendations of the Tayloe Murphy Institute study will not go as far as proposing a state bank, but instead suggest consideration of expansion of the present Virginia Public School Authority to include purchase of other local bond issues besides school bonds. Presently the Authority buys bonds from the localities and makes consolidated issues. As a state authority, the full faith and credit of the state is not used, however, its bond issues are backed by the localities that issue them, as well as the Literary Fund. The Literary Fund was established in 1810 as the recipient of miscellaneous state income sources for the purpose of making loans for school construction to the poorer localities of Virginia. The Fund is con-

¹⁷Telephone interview with Eleanor May, Tayloe Murphy Institute, April 3, 1973.

trolled by the State Board of Education and its monies are made available to guarantee Public School Authority bonds.

The Authority was established in 1963, but in 1969, at constitutional revision hearings, testimony indicated that the Board of Education wished to phase out the Authority, since it was not performing its function adequately. Although rated AA, its bonds were selling at a higher rate on the market, since buyers did not accept them as such.¹⁸ Since that time the Authority's performance has improved, however, these recommendations may conflict with existing plans for it. The Institute expects the need for public school facilities to level off or decline in the future, thus making other urban services eligible for financing, however, if this is the case, it is not likely to occur soon enough for the large cities.

Another Institute recommendation will be that the existing State Commission on local Debt be expanded and coordinated with the functionally expanded Public School Authority. The Commission's present function is to assist localities which do not often issue bonds and thus have little or no experience in the process. Again this is suggested with the smaller jurisdictions in mind, since the large localities are expected to already have such expertise.

¹⁸Virginia. Constitutional Convention, op. cit., pp. 236-238.

In these expanded operations, it will be recommended that only general obligation bonds be considered and not revenue bonds, again a point that would make this arrangement unsuitable to the needs of Tidewater.¹⁹

The basic problem is that there is a limit to how much debt the state can finance and still maintain its AAA rating. While the constitution sets the legal limit, the real setting is done by the market. Every public project in the state could benefit from the state's backing of its own bond issues, however, since it could not be granted to all, in the past it was granted to none. Now it is available to those public projects which can be engineered to meet the 9 (c) provisions. In bringing this proposal forward, either as a regional bank or state bank, the Tidewater cities must prepare themselves for a battle. Should they immediately not be successful, they will have to decide whether or not TUSCO is to proceed in operations by revenue bonds, or under their own bond backing, and if so, how that burden will be shared.

The Division of State Planning and Community Affairs should reconsider this proposal, since it may also be adaptable to the service district. As the legislation is now written, the service district has no taxing power, but makes an annual assessment on the jurisdictions, whereupon they

¹⁹Telephone interview with George Pugh, Tayloe Murphy Institute, February 15, 1973 and April 15, 1973.

may make a separate tax levy on real estate to cover the assessment. A service district plan must include the amount or percent of such a levy, so the voters know in advance how much the service district could cost them. Although the levy is similar to a tax, it does not have the advantage of being considered a tax for the purpose of issuing bonds. As a result, it is possible that the service district may encounter problems in selling bonds.²⁰ Such a full faith and credit provision for service districts, as well as TUSCO, may be an answer to both problems.

Tidewater Commission and TUSCO

In dealing with the special district problem, the Hahn Commission chose to make the mechanism multi-purpose and responsive to the public through the elective process. The Hammer, Greene, Siler Associates solution to the same problem can be considered as a fracturing of the special district mechanism, which takes the control function, normally handled by the board of directors, and puts it out in public view as the Tidewater Commission. Regional districts and state authorities usually have state and local members on their boards, but they are often appointed by the governor. In this arrangement, the cities would have control over

²⁰Stanley S. Kidwell, Jr., "Proposed Changes to Service District Legislation," Presented to the Governor's Committee on State-Local Cooperation, October 21, 1971.

their member, be he the mayor or his appointed representative. The service part of the special district is presented as a corporation to give emphasis to the business management approach in service delivery. It also offers an administration-policy dichotomy, since the existing governments, authorities and regional agencies would have complete control over policy.

Beyond the basic split, there are numerous safeguards to keep the mechanisms responsive to the public. TUSCO also has a Board of Directors and its members must be rotated periodically to prevent the settling-in that occurs in most special districts. The Tidewater Commission has control over a majority of these appointments; input in the selection of the corporation's officers plus approval authority over the TUSCO budget and capital improvement expenditures. An Advisory Committee is to keep the Tidewater Commission in touch with the people in reference to TUSCO's operations and its own. All necessary operations of TUSCO must conform to regional plans, as approved by the 20th Planning District Commission through the Tidewater Commission. This web of checks and balances is to assure that the mechanisms do not deteriorate into a super-authority.

Establishment of new area-wide commissions, like the Tidewater Commission, might be considered undesirable by the state for several reasons. If implemented throughout

the state, over 150 state representatives would be committed as its share of the commission memberships. Each state commission member would have to be selected so that there was no conflict between his interests and those of the region. The area-wide commissions, themselves, would put a strain on the local elected manpower in the performance of its functions. As described, the tasks of the Tidewater Commission involve considerable review requirements in relation to the cooperation, incentive fund, and regional bank. It must initiate feasibility studies, review the studies, review contracts based on the studies, decide on the use of incentive money, review bond issues on capital improvements, and review performance of contracts. Since a contract need only include two jurisdictions, the permutations of service possibilities might easily swamp the Commission.

None of the Tidewater governments have full-time mayors elected at large, but instead one elected from among the city councilmen. As such he may not have a clear mandate to represent the entire city on the Commission, even though, presumably, that would not be his function. If appointed representatives are used, the Commission may slip from public view and begin to deteriorate into an authority-like mechanism. Given the potential volumes of review requirements, the bulk of that function can be expected to

be delegated to its staff.

Funding of the area-wide commissions would also present problems for the state, since it is to pay their entire costs. At the present time, the state has not adequately financed the planning district commissions, with the 1973 General Assembly turning down legislation that would have raised the minimum grant from \$10,000 to \$30,000, and increased the maximum per capita match from 20 cents to 25 cents. No cost estimate is provided for the Tidewater Commission, nor is it suggested that the cities join in supporting it on a permanent basis. Funding the commission with revenues from TUSCO operations would put it in a position of being dependent upon the agency it is to regulate which could interfere with its effectiveness. Another question mark in the Commission's budget relates to the feasibility studies which it is to fund. If that money comes out of the Commission's operating budget, it may appear quite costly relative to the planning district.

Another factor to be considered by the state is the relationship between the planning district commissions and the area-wide commissions. If the state chooses to support the new commissions, this may come at the expense of the planning district commissions. In any region, the area-wide commission could be expected to have more power than the planning district commission because of its political

membership and the incentives it would control. Although the planning district commission would maintain A-95 review authority and be required to certify compliance with regional plans, to date the A-95 mechanism has not proven itself particularly effective as a control device. Proposals are written to conform to regional requirements and other regional agencies tend not to raise strong disagreements, because bad feelings could later sabotage their own proposals. The planning district commission's greatest source of input under these mechanisms might be through the feasibility studies it conducts. State support of such area-wide commissions might be taken as an abandonment of the planning district commissions, which could be followed by actions to cripple them, such as a reduction in local financing. The planning district commissions and their requirements are just tolerated by most Virginia localities.

For the consultants to put the Tidewater Commission function in the hands of the Southeastern Virginia Planning District Commission might have been more acceptable to the state, but it would not have met the needs of the localities, as far as their maintaining the appearance of local independence. Working through the Executive Committee of the planning district for example, would mean that all of the jurisdictions would have some control over TUSCO, whether or not they participated, and with that, there

could be connotations of a non-elected service district.

The idea of TUSCO probably presents the least problems of the four mechanisms, since it is so similar to an authority. The choice of the corporation terminology provides a reinforcement of its business management approach to service delivery, and hopefully avoids the bad connotations authorities have. Traditionally, authorities are limited in the functions they can perform and the geographic areas in which they operate. TUSCO would operate within the 20th Planning District and possibly the 21st Planning District, but it would not have to serve the entire area with every service it might provide, nor would it have to deliver the same level of service to every area, since that would be determined by the contracting jurisdictions. This flexibility gives it a strong appeal over the service district as it is now structured.

The current mix of jurisdictions within planning districts, such as the counties and cities of the 20th, may be satisfactory for planning because of issues like transportation, water, and open space. That same area, however, is not necessarily optimum for the delivery of services, since the need for urban services is naturally concentrated in the urban areas. These needs vary from city to city as well, but the service district does not easily

accomodate such variances. All services to be provided by the district must be approved by all of the members of the district and all of the members of the planning district must become members of the service district. TUSCO would provide a means for the cities to cooperate between themselves as they saw fit.

TUSCO would offer management services and thus provide a means to consolidate various authority functions through contracting and/or subsidiary corporations. Although authorities are noted for their refusals to be consolidated or eliminated, the TUSCO mechanism would provide for a central collecting of their functions for management and implementation, thus providing at least an indirect means of coordination. The availability of incentives in working through TUSCO, coupled with political pressures, could bring these elements together operationally, which may provide for a later consolidation of policy-making functions in a governmental mechanism.

There is no mechanism like TUSCO operating in the United States today and the only one that it might approach is the New York State Urban Development Corporation, but TUSCO would not have the power to initiate projects as the Urban Development Corporation does. For the state to support the concept as an alternative to the service district is not as likely as its giving support to TUSCO as a regional service

mechanism related to existing special districts. Creating a TUSCO-like mechanism at the state level would not be a solution since that could divert it from concentrating on Tidewater's service needs. At the state level it would undoubtedly become an authority, since the constitution prohibits the undertaking of internal improvements other than public roads and parks, and thus not be eligible for state bond backing.²¹

Even if approved as an authority-related mechanism, there is still the question of TUSCO start-up costs, which are to be provided in a non-interest bearing loan from the state or from TIDEBANK. No cost estimates are provided, but again the state could be faced with the prospect of twenty-two such loans, something the service district is not now entitled to receive, and another obstacle to its formation. Even Literary Fund loans to localities carry an interest charge of three percent.

Regional Incentive Fund

Virginia already has a state Urban Assistance Incentive Fund, which was established along with the Virginia Area Development Act in 1968. It is intended to help fund

²¹Virginia, Constitution, Art. 10, sec. 10.

programs containing "innovative methods, approaches and concepts for social, cultural, economic, and educational problems...."²² It was from this fund that the four cities, working through the 20th Planning District Commission, obtained \$25,000 in state monies for their cooperative services study. Current support for the fund is at only \$75,000 each for fiscal years 1973 and 1974. Although Virginia is one of the few states to have such a fund, its lack of financial support to date does not suggest that a regional fund would be adequately supported. A regional Incentive Fund would create the most visible incentives to regional cooperation, but what amount is needed and how would it be earmarked as "only for Tidewater?"

The suggested source for incentive monies, as well as the rest of the mechanisms, is the state's share of general revenue-sharing. Under the presently approved five year, federal revenue-sharing program. Virginia is expected to receive the following amounts for respective fiscal years: \$45,000,000 for 1972-73; \$40,000,000 for 1974; \$41,000,000, for 1975; \$42,000,000 for 1976; and \$33,000,000 for 1977 (ending December 31, 1976). The 1973 General Assembly did not appropriate \$30,000,000 of the estimated \$85,000,000 in revenue-sharing money from fiscal years 1972, 1973, and 1974.

²²Virginia Code, sec. 15.1-1503 (b) (1).

This money was not spent for three basic reasons: (1) there was concern that this was a high estimate and the actual amounts will be lower; (2) there was concern about the impoundment of the funds or a necessity to use them for categorical grants; and (3) the fiscal conservatism of the legislators. Of the revenue-sharing money appropriated, the highest priority item was an increase in state educational aid, which only netted the Tidewater cities enough of a funding increase to begin kindergarten programs in the public schools. Other items receiving these monies were state employee salaries, Medicaid, public welfare, correctional facilities, and the general fund.²³

A basic Tidewater contention is that the state has the money, but it is in the wrong places and priorities need to be adjusted. The state's general fund biennium budget for fiscal years 1973 and 1974 was \$2,375,589,715 and the 1973 General Assembly added \$72,650,795 for fiscal year 1974, for a total of \$2,448,240,510. It also added \$93,344,250 to the special fund biennium budget of \$2,660,543,855, for a two year total of \$2,753,878,105. Of that budget, the Division of State Planning and Community Affairs received \$4,323,845 for the biennium, with \$277,520 added

²³Telephone interview with Barry Lipman, Virginia Department of Taxation, April 4, 1973.

by the 1973 General Assembly. Special revenue-sharing also adds \$1,795,760 for programs for the aged, economic studies, and planning assistance.²⁴

In simple figures, the Division of State Planning and Community Affairs receives \$4.5 million out of a state budget of \$5.1 billion. Since this is less than one percent of the total budget and there is approximately \$30,000,000 unappropriated at this time, it does seem that money could be made available to the localities to enhance cooperation. Through a regional Incentive Fund, monies would be applied to those functional areas approved by the state. The state's priorities might set the add-on for cooperation in solid waste at five percent, while low-income housing in a suburban area like Virginia Beach, might pay a twenty percent add-on for capital costs.

Given the existence of the state Urban Assistance Incentive Fund, it may be more reasonable to request an expansion of that fund to provide monies for cooperative agreements and necessary feasibility studies. If the fund was administered on a regional-population basis, the appropriation might need to be quite high in order for the 20th

²⁴Telephone interview with Richard Marshall, Division of State Planning and Community Affairs, April 13, 1973.

Planning District's 16 percent of the state's population to provide sizable incentives. If the fund were administered on a combination of first-come-first-serve and priority rating of types of cooperation, Tidewater might do well.

Since the current federal revenue-sharing program is experimental, there may be a reluctance for the state legislators to commit funds to long-term projects which would require that the state continue to feed the fund, should revenue-sharing end in 1976. It may be possible, however, to start an expanded fund on an experimental basis for the duration of revenue-sharing. While this would not permit yearly operational funding of projects as envisioned in the Tidewater study, it would be a beginning. In forming such proposals, however, the Tidewater cities must take note of existing opposition to the use of state money to promote regionalism. During the 1973 General Assembly a resolution was introduced to amend the constitution to:

. . .make it unconstitutional for a state agency or an official to use public funds to induce any local government to join a planning district or participate in a regional government.²⁵

²⁵The Virginian-Pilot (Norfolk), January 31, 1973.

While such a proposition is unlikely to become part of the constitution, it does reflect a strong attitude against the incentive approach. Aid to jurisdictions for simple cooperative agreements between themselves, or through a mechanism like TUSCO, would not appear to fall into the category of incentives opposed, but that point will have to be made clear to the General Assembly by the Tidewater cities.

Prospects for Implementation

Although the state administration only considered the Hammer, Greene, Siler Associates proposals as written, interviews by the author, with the city managers of Chesapeake, Portsmouth, and Virginia Beach, have revealed considerable flexibility on the part of each manager as to how the mechanisms might be implemented. With the existence of local revenue-sharing receipts, they felt it possible that the cities could provide some of the start-up money for TUSCO. It might even be called an authority. Each mentioned that solid waste disposal was a necessary service that the corporation could readily assume. The bond bank was not considered absolutely essential, though financing incentives should be explored. As for the Incentive Fund, they did not feel that great sums of money need be involved.

What amazed one city manager, was that the four cities, as the largest metropolitan area in Virginia, could pre-

sent a cooperative proposal which all had agreed upon, and it was not given serious consideration by the state administration. Part of that difficulty can be traced to the nature of the study and the consequent expectations of the state, since it really only suggests what can be done to achieve cooperation in Tidewater. This occurred because the cities had to route their study through the planning district commission in order to get funds and thus had to deal with the possibility of a service district. Recommendations were then presented as amendments under the Virginia Area Development Act. If the study had not had to operate within these constraints, the recommendations might have come forward as new legislative proposals and not generated direct competition for the service district concept.

Another problem was the state's commitment to the service district concept. The observation has been made that a state government's involvement in urban problems is directly related to the governor's own concern. Governor Linwood Holton, the incumbent, is a strong supporter of the planning district and service district concept. In 1972, he directed all state agencies to conform their multijurisdictional administrative districts to planning district boundaries, or to use a combination of planning districts as building blocks for larger adminis-

trative units. ²⁶ He has spoken frequently in support of regionalism and called the Ad Hoc Committee to Review the Virginia Area Development Act in response to problems in achieving service districts. In 1974, Virginia will have a new governor and both of the leading candidates come from the Tidewater area, former Governor Mills E. Godwin, from Nansemond, and the present Lieutenant Governor Henry Howell, from Norfolk. With a local governor in the statehouse and a retooling of the mechanisms in response to some of the problems noted here, legislative success may be achievable for Tidewater.

²⁶Commonwealth of Virginia, Office of the Governor, Executive Order Number Fifteen, January, 1972.

IV. A STATE RESPONSE TO COOPERATIVE NEEDS

On October 19, 1972, Governor Holton called his Ad Hoc Committee to Review the Virginia Area Development Act. It was headed by Dr. T. Marshall Hahn, who chaired the earlier Virginia Metropolitan Areas Study Commission. The reason for its being called was not specifically stated, but as far as the Tidewater cities were concerned, it was partially a response to their proposals in the cooperative services study.

In a single day of hearings on November 15, 1972, the Ad Hoc Committee listened to local and state government representatives; members and staff of planning district commissions; civic organization leaders and private citizens' on the subject of planning districts and the provisions of the Virginia Area Development Act. During that hearing the Tidewater cities made public the recommendations of their cooperative services study in a presentation to the Ad Hoc Committee, but it did not gain immediate acceptance or support from the representatives present. Much of the concern was with the present state of planning districts. Dr. Carl Stark, mayor of Wytheville and president of the Virginia Municipal League, told the Ad Hoc Committee that the present system of planning districts "is already tend-

ing to encroach on local prerogatives and it needs, if anything, to be restrained," and that the service district "is unacceptable to most of our citizens."¹

The Problems

In its subsequent report, the Ad Hoc Committee reviewed the rationale of the Metropolitan Areas Study Commission report in its recommendations which provided for planning districts and the potential for service districts. In the Ad Hoc Committee's view, the need for a regional service mechanism had increased, but both the short existence of planning district commissions and local opposition to the service district idea, had worked against formation of service districts. Apprehension on the part of local officials was related to several factors, including: the provision for election of service district commission members from single-member election districts; the allocation of costs for area-wide services on the basis of the true value of locally taxed real estate; and a fear that once created, services might be added on without local approval.²

¹The Virginian-Pilot, (Norfolk), November 16, 1972.

²The Governor's Ad Hoc Committee to Review the Virginia Area Development Act, Report of the Governor's Ad Hoc Committee to Review the Virginia Area Development Act, (Richmond, Va.: The Ad Hoc Committee, December 21, 1972), p. 5.

Of the problems considered in the Ad Hoc Committee's report, that of single-member election districts is the most significant, since this feature is what spells regional government to the localities. Local elected officials fear the development of a broad political base by the elected service district officials with the subsequent creation of a new layer of politics that would reduce their own power. Another problem created by the single-member election districts, not covered in the Ad Hoc Committee's report, has to do with the actual drawing of the single-member districts. In accordance with legislation, these districts are to lie "wholly within either a city or county" and must be of nearly equal population.³ This is interpreted by the Division of State Planning and Community Affairs to mean that counties or cities may not be combined to form districts, so the minimum population of a district would be determined by the smallest county or city in the proposed service district. In the Southeastern Virginia Planning District, population 770,000, the smallest member is the city of Franklin with a population of about 6,900. Based on the law, there would have to be over one hundred voting districts in this planning district for as many service district elected commissioners. These would be joined by representatives of the governing bodies appointed to the

³Virginia Code, 15.1-1428 (a).

service district commission. The result could be a very unwieldy service mechanism.

Although financing of the service district operations is to be allocated on the basis of locally taxed real estate according to the Virginia Area Development Act, the Ad Hoc Committee considered that provision to be under control of the service district members and could be precluded from the charter proposal. The rationale for the provision, however, is stated as an intention "to assure the lowest possible financing costs for capital projects."⁴ This may have been the thought, but it does not deal with the problem noted in the previous chapter, relative to expected difficulties in marketing service district bonds because the assessment is not a direct tax. Other than providing the service district with taxing authority, the only other methods for financing would be revenue bonds, or the issue of general obligation bonds by the localities for the service district. Fears of additional, unwanted services were considered to be without foundation, since the Virginia Area Development Act requires referendum approval for the addition of any services beyond those included in the charter.

Another issue not addressed in the Ad Hoc Committee report, is the requirement that all planning district mem-

⁴The Ad Hoc Committee, op. cit., p. 5.

bers must be included in the formation of a service district and, in order for adoption, the charter agreement must be approved by each governing body and the voters of each jurisdiction. A problem results in this case from the differences in service needs among jurisdictions, such as in the 20th Planning District. Although the four cities need service in the area of mass transit, the counties, which have little or no need, would have to agree to its inclusion in the charter and see part of their assessment spent on transit for the cities. The underlying point here is that a grouping of governmental subdivisions which is logical for area-wide planning, is not necessarily a logical grouping for the provision of intergovernmental services.⁵

Linked to this problem is the requirement for total approval by the voters of each jurisdiction, which may preclude specialized urban functions from the service district charter, because rural areas may not need them and thus, not approve the charter. Because the service district totally replaced the planning district commission, it would not be possible under existing legislation for the four cities to form a service district among themselves while

⁵ Stanley S. Kidwell, Jr., "Proposed Changes to Service District Legislation," Presented to the Governor's Committee on State-Local Cooperation, October 21, 1971.

retaining membership on the planning district commission, then providing the opportunity for the remaining cities and counties to join as they needed the services.

Considering these problems in light of the strong localism of Virginia government, and the restrained tolerance of, if not open opposition to regional planning, reveals a climate where any service district, as currently provided for in the Virginia Area Development Act, is highly unlikely. In spite of these issues, the Ad Hoc Committee noted:

. . . a growing awareness of the need for a delivery system which could provide certain services on a regional basis (and an interest) . . . in the possibility of structuring planning district commissions to provide managerial, administrative, and fiscal approaches for the resolution of area-wide problems.⁶

In the Virginia Area Development Act, planning district commissions were specifically prohibited from engaging in programs of implementation, and a 1972 interpretation by the Commonwealth's Attorney General held that prohibition to cover the administration of state and federal grants. As a result of that ruling, several planning district commissions, including that of the 20th Planning District, had to have individual member jurisdictions or regional agencies administer grants on their behalf.

As an example of service uses of limited powers, the

⁶The Ad Hoc Committee, op. cit., p. 5.

Ad Hoc Committee cited the LENOWISCO Planning District Commission's (Lee, Wise, and Scott Counties and the city of Norton) successful request for special legislation in 1972 to legalize their cooperative program of stream clearance and solid waste disposal. Limited powers of implementation for such programs were granted to LENOWISCO Commission on an experimental basis until 1976 and have thus far proven beneficial to that region as far as its Planning District Commission and the Ad Hoc Committee were concerned. In order to deal with similar requirements for limited operations in other planning districts, the Ad Hoc Committee considered it wise to provide for such possibilities in general legislation, rather than to require each planning district commission to request special legislation for each possible program. For the Ad Hoc Committee there was evident need for a mechanism short of a service district to provide some regional services, deterring the formation of single-purpose authorities and at the same time providing a transition to the service district.

Legislative Recommendations

In response to the needs of the state for regional cooperation, as perceived by the Ad Hoc Committee, it made two sets of recommendations, one concerning the existing planning district commissions and another dealing with the

obstacles to formation of service district commissions. The major recommendation in the first set was the planning district commissions be able to provide services which did not require capital projects and long term borrowing, through establishment of operating divisions. As envisioned by the Ad Hoc Committee, requests for services would have to come from two or more jurisdictions and the agreement for provision of a service would have to be approved by each participating government and the planning district commission. A service could be provided through operational capabilities the planning district commission might build-up or by contract, thus allowing the utilization of private enterprise. The Division of State Planning and Community Affairs would have an opportunity to review the agreements and make comments, but not have disapproval authority. In order to use the mechanism the Ad Hoc Committee noted that the planning district commissions needed the power to contract with localities to secure payment, rate setting authority, and the stated power of short-term borrowing.

It also recommended an increase in funding for the planning district commissions to meet growing state and federal program review requirements. Stating that a typical planning district requires a minimum annual budget of

\$50,000, it suggested that the present aid formula be increased from a maximum match of 20 cents per capita to 25 cents with a minimum total grant of \$30,000 instead of only \$10,000. Addressing the "fear that appointed members who hold no elective office are unresponsive to the needs of the appointing governmental subdivisions,"⁷ the Ad Hoc Committee recommended that the local governments be able to set membership requirements without a limit to the number of elected officials. The existing requirement is that "not substantially more than a majority" be elected members of governing bodies of member jurisdictions.⁸ This proposal paves the way for the set of recommendations on the service district commission, since it would allow planning district commissions made up entirely of elected officials, if the localities desire such an arrangement.

In order to provide services requiring long-term capital projects, the planning district commissions would have to initiate the transition to a service district. To deal with the opposition to elected service district commissioners, the Ad Hoc Committee recommended that the law be changed so that service district commission members would be appointed by the local governments on the same basis as

⁷Ibid., p. 8.

⁸Virginia Code, sec. 15.1-1403 (b) (4).

the planning district commission members had been appointed. Following through from the previous recommendation for planning district commissions, this provision would mean that all of a jurisdiction's service district commission members could be elected representatives of that local government if it wished. In order to provide for the one-man, one-vote representation that single-member election districts would have assured, the Ad Hoc Committee suggested the use instead of proportionate membership or weighted voting. The only other recommendation made concerning service districts, was that the 6 percent statutory limit on bond interest for service district bonds be eliminated.

In its report, the Ad Hoc Committee addressed the ideas of an incentive fund and a bond bank. In reference to the fund:

It was felt that such incentives would be too costly to be acceptable to the State or the localities. Furthermore, localities could tend to create an incentive fund by imposing surcharges on other services, thereby raising the cost of such services and working hardship on the marginal consumer. It also was feared that the potential for abuse would be increased by the likelihood that an otherwise undesirable or uneconomical service could be established because of the availability of the incentive fund.⁹

This statement does not reflect an adequate understanding of the incentive fund concept as presented in the Hammer, Greene, Siler, Associates study, particularly relating to

⁹The Ad Hoc Committee, op. cit., p. 13.

the idea that the fund might be created by the imposition of surcharges on other services. It would also be the responsibility of the state to determine which services would be eligible for incentive funding. The Ad Hoc Committee felt that the bond bank idea did deserve study, but declined making recommendations, since it did not have time to adequately study the concept, preferring to await the completion of a study at the Tayloe Murphy Institute (previously discussed), whose recommendations might be reviewed by other un-named groups. It did register "serious reservations about the use of the full faith and credit of the Commonwealth to back obligations of local political subdivisions, and recommended that the concept be considered on a state, rather than regional basis.¹⁰

Thirteen of the fifteen Ad Hoc Committee members adopted the recommendations, including both members from the Southeastern Virginia Planning District Commission. In Robert F. Foeller's view, the good points outweighed the bad, considering application to the rest of the state, even though the recommendations did not meet the expressed needs of Tidewater.¹¹ Two members of the Ad Hoc Committee issued strongly dissenting statements. Edward G. Council,

¹⁰Ibid., p. 16.

¹¹Interview with Robert F. Foeller, Executive Director, Southeastern Virginia Planning District Commission, March 15, 1973.

III, Executive Director of the Richmond Regional Planning Commission, opposed giving the planning district commissions the powers of implementation. In his view, allowing these commissions to implement would cause them to proliferate within themselves in responding to the combination of needs and levels of service its members might require. Such action "would break with the precedent and the wisdom of separating planning and implementation."¹² This statements reflects a belief that planning is an advisory function and planners should not have the responsibility of implementation. Henry L. Marsh, II, a Richmond city councilman, opposed both the implementation powers and elimination of single-member election districts, because a regional government could be created which was not directly accountable to a local constituency. He was also concerned about the lack of safeguards concerning user fees, service delivery, and the use of service fees by planning district commissions.¹³

Legislative Recommendations Rejected

On January 3, 1973 the "Report of the Governor's Ad Hoc Committee to Review the Virginia Area Development Act," was released, only one week before the beginning of the

¹²The Ad Hoc Committee, op. cit., p. 22.

¹³Ibid., p. 24.

1973 session of the General Assembly. As a consequence of the short timeframe between release of the recommendations and their introduction as legislation, most of those individuals throughout the state whose support would be necessary to gain passage of the proposals did not have adequate time to study them and take reasoned stands on the issues. Others opposed it immediately as another attempt to force regional government on the localities. Chairman of thirteen of the state's twenty-two planning district commissions met and recommended that the Ad Hoc Committee report be referred to the Virginia Advisory Legislative Council for further study and the Legislative Committee of the Virginia Municipal League requested the General Assembly take no action on the recommendations until the 1974 session. The haste with which the Ad Hoc Committee met and reached its conclusions worked against its recommendations. By contrast, the 1968 Hahn Commission conducted its inquiries over a year's time and held numerous public hearings throughout the state, as it worked out its recommendations. The hurried-up nature of the recommendations raised suspicions among those opposed to planning districts and service districts.

On January 25, 1973, when the question of endorsing the Ad Hoc Committee report came before the Southeastern Virginia Planning District Commission, there was some con-

fusion, since a majority of the members had not had the opportunity to read and discuss the recommendations. While they were all aware of the Hammer, Greene, Siler Associates study, it was first at this meeting that the full Commission was presented with an explanation of its findings by a representative of the consultants. Some of the Commission members who had read the Ad Hoc Committee report wanted the Commission to endorse it to insure that the report would be referred for consideration in 1974 if not adopted in 1973. The majority, however, did not feel that they could vote on such a proposition. On a motion by Norfolk city manager, G. Robert House, Jr., the Commission agreed to "alert" the state that "we will come aggressively next year for legislation on the Hammer report."¹⁴ In effect, the Commission rejected the Ad Hoc Committee report, although some members felt its provisions should be available to other planning district commissions.

On February 6, 1973, the Senate Local Government Committee and the House Committee on Counties, Cities and Towns held a joint hearing on the Ad Hoc Committee's legislative package. The author attended this hearing and based solely on the testimony presented to the two committees, it would have been difficult to predict their action two days later when the bill was killed. The majority of speakers either

¹⁴The Virginian-Pilot, (Norfolk), January 26, 1973.

endorsed the proposals or suggested that they be referred to the following session. One Senator was concerned with the urgency of the recommendations and wanted to know why there was such a hurry, since his committee was not flooded with special legislative requests for planning district implementation powers. He also wanted to know what other committee or group the recommendations might be referred to. None of the speakers questioned were able to give adequate answers. The most influential speaker against the legislation was Dr. Carl Stark, mayor of Wytheville and president of the Virginia Municipal League. He said the League was not opposed to regional cooperation, but it was opposed to regional government. Passing the proposed legislation would require the redrawing of planning commission charters and the formation of new commissions, so the League thought the ideas needed more study.

Supporting testimony was presented by Dr. T. Marshall Hahn, Chairman of the Ad Hoc Committee; T. Edward Temple, State Secretary of Administration; Robert H. Kirby, Director, Division of State Planning and Community Affairs; Billy W. Frazier of Scott County, also president of the Association of Counties (but not speaking on the Association's behalf); and a number of county and planning district commission members. Henry L. Marsh, II, who wrote one of the dissenting opinions, indicated more time was needed to review the recommendations. Mayor Jack Barnes of Portsmouth spoke generally of the need

to deal with single-purpose authorities and mentioned the Tidewater cooperative services study by Hammer, Greene, Siler Associates, as a stronger alternative than the present Ad Hoc Committee proposals. However, he did not oppose the committee's recommendations, since they may be suitable for other planning districts. Four speakers were completely against the proposals; one a county official from Chesterfield County (it borders Richmond, but has not joined the Richmond Regional Planning District); Kenneth White, Chairman of the Virginia Taxpayers Association (questioning by the legislators revealed the Association having approximately five hundred members); and two individuals who were simply against regionalism, one because it "was a step toward communism."

Although there appeared to be enough support for carrying the proposals over until the 1974 session. apparently the legislators paid more attention to local officials who urged that the bill be killed. At this time, the future of the Ad Hoc Committee recommendations is uncertain. As far as the Division of State Planning and Community Affairs is concerned, the proposals will probably not be resurrected unless that is the desire of the new governor.¹⁵ Regardless of the state administration's actions in 1974, the problems that brought those proposals into existence will not go away

¹⁵Interview with Stanley S. Kidwell, Jr., Division of State Planning and Community Affairs, March 5, 1973.

and the Tidewater cities are determined to have their recommendations presented to the 1974 session of the General Assembly.

V. CONCLUSIONS AND RECOMMENDATIONS

In 1968, Virginia established itself as an innovator and leader among states, with respect to dealing with the problems of its localities, by passage of the Virginia Area Development Act. Provisions for the service district under that legislation appeared, at the time, to be an adequate and realistic mechanism which localities could use to deal with governmental fragmentation caused by a proliferation of special districts within their regions. Unfortunately, the service district concept has not been able to achieve the job it was intended to do. Its failure thus far can be attributed to a number of factors.

A majority of local politicians throughout the state, purporting to reflect the views of their constituents, see the service district as an unwanted regional government. Inclusion of references to regional government in the 1970 revision of the state constitution, along with the traditional governmental units of the county, city, and town, seems to have reinforced fears that the state is pushing regional government. Since the service district is the only regional governmental mechanism on the books that looks like a regional government, it is opposed as such. The fact

that it was not designed as, or intended to be, a regional government has not reduced these fears.

The Virginia Metropolitan Area Study Commission, was charged at the outset, to deal with the metropolitan areas of the state and to make recommendations as to how their problems might be dealt with. The majority of its investigations did center on the urbanized and urbanizing areas of the state, but in the end, its recommendations were made applicable statewide. Dividing the state into planning districts, which were also to serve as the basis of service districts, had a greater impact on the localities in its implementation, than did any of the other recommendations. At the outset, the Division of State Planning and Community Affairs had intended to divide the state into twenty districts, however, it took twenty-two finally to complete the job.¹ Even that increase did not solve all of the problems, since four districts cover over 2,500 square miles (the 20th Planning District covers 2,016 square miles) and thus may be too large to provide adequate services, while many of the smaller districts have equally small populations, again posing service problems as well as immediate financial problems in operating a planning district commission.²

¹Interview with Stanley S. Kidwell, Jr., Division of State Planning and Community Affairs, March 5, 1973.

²Jane M. Saunier, "Virginia's Planning Districts in Transition," The University of Virginia Newsletter, (Vol. 49, No. 5) January 15, 1973, p. 18.

Although the planning district concept was a logical expansion and formalization of the then existing regional planning commissions, it did register shocks for many of the small localities which had no previous experience with planning, traditionally an urban development. Today, only a bare majority of planning districts contain a city with population greater than 15,000 and these districts contain 82 percent of the state's population, while eight of the planning districts, by contrast, have no urban place with a population above 6,000.³ The introduction of regional planning to these mostly rural areas was perhaps taken like regional government, where in metropolitan areas like Richmond and Tidewater, regional planning commissions had existed for some time and did not appear to be a threat to existing governments.

Although basing the service districts on the planning districts was perhaps logical, in retrospect, it may have been an unfortunate move since the planning district commission would always be seen as the first step to this regional government mechanism. It is also unfortunate in some cases because of the disparities caused by the mix of rural and urban jurisdictions created during the drawing of some planning districts, as occurred in the 20th Planning District. The requirement for the service district to assume the

³Ibid., p. 17

boundaries of the planning district conceals an implicit assumption that all of the jurisdictions within the district would be developing at comparable rates and require relatively homogeneous regional services. Norfolk and Virginia Beach were perhaps correct in arguing for a four-city planning district when considering services, however, the larger district was consistent with the legal requirements relating to long-term prospects for future development. The four cities quickly determined that the service district was not immediately suitable to their needs and set out to discover other means of achieving cooperative arrangements between themselves, which resulted in the subject study.

Service delivery is not yet at a crisis stage in Tidewater, though in some services it appears close. If the Hampton Roads Sanitation District cannot get funds to improve its facilities, new construction in the region may be curtailed or even halted. Although a regional water authority is in the process of being formed, it will begin operation with no real assets, yet the region is projected to reach the limits of its existing water resources in the 1980's. With such a short supply of water, the region may soon face even greater problems in attracting industry. Several oil companies would like to locate refineries in the region, but the water resources are not adequate for their operations (desalinization is being considered). There are problems of

economic development as a result of the defense economy. However, in the recent announcement of nation-wide military reductions, Tidewater showed its strength, suffering only two minor reductions, while gaining eighteen naval ships and 8,000 men, with other additions to civilian facilities.⁴ This should be considered a mixed blessing, since the region already is experiencing a tight housing situation which such an influx of new residents can only compound.

The recommendations of the cooperative services study would create an ideal situation which would optimize service delivery cooperation in Tidewater and perhaps be able to deal with such problems. The state's apparent reaction to these proposals was that the Tidewater cities were asking too much in the way of special treatment, besides completely ignoring the service district. The state administration's rigid posture may have been because it views its job as implementing existing legislative packages that would help achieve intergovernmental cooperation based on the situation in a particular region. Whatever the reason, Tidewater was perceived as raising a challenge.

In response to this and other rumblings about the Virginia Area Development Act and its general failure to

⁴The Virginian-Pilot (Norfolk), April 17, 1973.

accomplish its goals with the service district mechanism. Governor Linwood Holton called his Ad Hoc Committee in an attempt to discover and deal with the issues. In this case, haste made waste, although the Governor was perhaps correct in attempting to use the last legislative session in his term of office to further the cause of regionalism as he saw it. The resultant recommendations of the Ad Hoc Committee do appear to have been influenced by the Tidewater study, as there are some similarities between the proposed operating division of the planning district commission and TUSCO. The obvious parallels are in the contract basis for service delivery and the fact that only two jurisdictions need cooperate, a recognition of the variety of needs within the planning district. However, these proposals ran into another prejudice: the separation of planning and implementation.

Regional planning is an advisory function, as far as most localities are concerned, which they may support or just tolerate, however, they are intent upon keeping implementation authority for themselves. While the Ad Hoc Committee proposed the operations division as an interim step to the service district, setting the transition upward contingent upon the needs for long-term capital investments, some reacted to this as simply eliminating the need for that ultimate step, since the short-

term borrowing provisions need only be changed to long-term at a later time. For these reasons the Ad Hoc Committee recommendations were not suitable to many localities throughout the state.

Throughout Virginia history, Tidewater has consistently been the odd man out. It suffered the early hostility of the Richmond area which worked against the development of its port previous to the Civil War, then experienced erratic progress, being built-up for one war, then abandoned, then built-up again. In spite of apparent hostility, the state has had occasion to play large coordinating roles in the area with the results producing necessary innovations later found applicable to the entire state. Tidewater was the source of the regional district developed as a means of providing crossings for the Elizabeth River, but when that mechanism failed (the concept did survive for later applications) the Elizabeth River Tunnel Commission was developed, which became the precedent for later state authorities. That body used commissioners appointed by the Governor from the localities as well as the state which served as a means of achieving agreement where local politics had previously caused failure. The establishment of the Hampton Roads Sanitation District is another example of a case where it took state action to achieve a solution to a regional problem of Tidewater. It also took the state to unify the ports through

the recent Virginia Port Authority; however, this occurred with less monetary support than other state governments have given their ports. With its recommendations for TUSCO and the related mechanisms, Tidewater is again setting a pace for Virginia to match, challenging the state government to assert its leadership one more time in this unique region. Looking into the future, the state has several choices: (1) it may do nothing and let the Tidewater proposals die (perhaps necessitating that they be fought to death in the coming years); (2) it may seek to achieve a compromise solution amenable to Tidewater and the administration; or (3) it may choose to impose its own solution on the region, just as was done for Metropolitan Toronto and the Twin-Cities. The second alternative would appear to be the most rational; the third unlikely.

If the state remains rigidly in support of the service district concept, it may, in the long run, be doing a disservice towards the cause of better governance of regions. The constitution does not limit the form of a regional government to that of the service district. Since the service district was not developed as a regional government (statements on its behalf claim that it is not a regional government), then the constitution is providing for governmental mechanisms which have yet to be introduced into Virginia as legislation. In light of these future possibilities, it

may be unwise to limit them by strict insistence on the service district, which, if implemented as an elected body, may in the future not prove adaptable to a unitary regional government. While the Tidewater area is obviously not ready for a regional government, the next twenty or thirty years may see the region develop to a point where some form of regional government is both feasible and necessary. TUSCO might easily adapt to such a change in the political structure of the region, however, a service district may not.

The Tidewater system of cooperative mechanisms would be costly to the state if implemented as written, however that should not necessarily be the first concern. Robert F. Foeller, Executive Director of the 20th Planning District Commission, noted that in proposals like this, "people don't see the savings, they see the costs."⁵ It is very likely that the state's reaction was based on the costs, without attempting to go deeper and confront the issues. The most obvious one raised was that the state must create incentives. This should not have been a new idea to the state, since incentives were first proposed by the Hahn Commission of 1968. While the cooperative services study creates a number of incentive possibilities, no figures are stated, perhaps meaning that Tidewater is asking

⁵ Interview with Robert F. Foeller, Executive Director, Southeastern Virginia Planning District Commission, March 15, 1973.

for the world or that there is considerable flexibility in what might be acceptable. The latter seems more reasonable based on the author's investigations.

The other major issue is the unsuitability of the service district concept to the needs of the Southeastern Virginia Planning District Commission and the cities of Norfolk, Portsmouth, Chesapeake, and Virginia Beach in particular. Opposition to the idea is not new for the state; however, the reasons for its unsuitability in this particular case ought to be taken into consideration. Given the optimism of the Hahn Commission at the time the legislation was proposed and passed, providing for immediate formation of service districts upon organization of the planning district commissions, the failure for this to occur should call for a reassessment of the assumptions upon which they were based, one more comprehensive than that of the Ad Hoc Committee.

Part of the fault may lie in the drawing of the districts as previously discussed (which is to say that the concept may have been more viable in Tidewater with a four-city district), but another elemental problem is the unanimous referendum approval provision. While this may be in the best tradition of Jeffersonian democracy, it was more likely the crucial element which allowed the service district to get on the books. Like the constitutional provision for

regional government, which has a similar referendum requirement, this frees the General Assembly from the necessity of having to impose a solution on a region or creating a Commission on Local Government with the power to do so. The General Assembly provided a framework, but left it up to the localities to use that framework. Although Virginia can be called an innovator on the one hand, from another view, the service district provisions might now be seen as a shirking of leadership responsibilities by the General Assembly, since the concept has not proved achievable.

Although Governor Holton made an attempt to provide leadership that would bring about improved regional cooperation, talk was not enough and the Tidewater cities called the state on it. Money is what makes cooperation, as the federal government has long been aware and now it may be up to the states to learn that lesson, should the Nixon Administration succeed in transferring that responsibility to them.

The Tidewater cities are well aware of the advantages of cooperation and the four city managers of the major cities, along with the Hammer, Greene, Siler Associates, were able to reach agreement on a system of cooperative mechanisms, which would work within the political and practical constraints of the region. Although the state has thus far rejected those propositions, it seems necessary and proper

that they consider them in light of the problems and potentials described previously, since they are bound to meet the issues in the 1974 session of the General Assembly.

RECOMMENDATIONS

As proposed, the mechanisms of the cooperative services study represent an ideal situation to optimize cooperation among the four cities and the other members of the planning district. In spite of the disparities between the mechanisms recommended for Tidewater and the service district, it does appear possible to the author to accommodate each of the concepts by slightly modifying the mechanisms. The proposals are written for the Tidewater area and, by the large helping of incentives that are dished to Tidewater, the region appears egocentric, but now the task of the Tidewater cities is to give the mechanisms a broad enough appeal to gain support for passage, even over the opposition of the state administration, if necessary. The following recommendations are made in an attempt to make the proposals acceptable to the Division of State Planning and Community Affairs and the jurisdictions of the 20th Planning District.

TIDEBANK

Since the biggest obstacle was TIDEBANK, it seems wise to deal with its possibilities first. Such a recommendation is easy for consultants to make, but difficult

to achieve, particularly considering Virginia's record in assisting its localities. As discussed previously, there are many obstacles to achieving a regional or state backed bond bank, much less have its guarantees available for a mechanism like TUSCO. The biggest barrier is of course the fiscal conservatism of the state which must be overcome in order to achieve a constitutional revision. Use of the state's AAA bond rating for bonds issued in behalf of TUSCO improvements would be an incentive to the cities, but does the viability of TUSCO hinge on it? The answer to that question should be no. If that were not the case, TUSCO would not be workable for the two to five years or more necessary to gain the constitutional provision. Such a proposition would be extremely helpful for financing long-term capital projects, but it is not impossible that TUSCO and its cities could eventually finance its own improvements.

A reasonable tact appears to be for the cities to suggest a single state bank. The Ad Hoc Committee's reference both to the idea and the Tayloe Murphy Institute study have perhaps created an awareness of the concept in the state, though the recommendations of the latter will not contribute to the Tidewater argument. Considering the impact of the bank idea on the state administration relative to the other proposed mechanisms, it may be best to work on those mechanisms in the 1974 General Assembly and not

introduce the bond bank idea as an element directly related and necessary to their operation, perhaps holding its introduction until the 1975 session.

The constitutional revision must be proposed in such a way that the possibility of using the full faith and credit is extended to other areas of the state, whether or not an urban services corporation mechanism is used. If there are no prospects for other such mechanisms besides Tidewater, the provision could go to a modified service district, in view of the previously discussed problems service districts may encounter in issuing bonds, or regional authorities. Another fact for the state relative to the service district might be to undertake a policy of making the service district look less like a regional government by introducing proposals for real regional government forms, such as a federated system. By contrast, the service district may begin to look less radical to those areas that might be able to use it.

INCENTIVE FUND

If there are going to be incentives, they should be made available throughout the state on an equitable basis. As previously suggested, it appears wiser to expand the existing state Urban Assistance Incentive Fund than to create the need for twenty-two regional funds. Such an expansion

might be proposed as a three year experiment for the duration of the existing revenue-sharing program, at which time it might be taken over by state funding, continued with federal funds, or terminated if it proves inefficient. A \$5 million dollar yearly appropriation to the fund would provide \$800,000 for the 20th Planning District localities, based on their 16 percent of the state's population. Monies might also be allocated on a first-come-first-served system, based on state determined priorities for types of cooperative service agreements. The former would provide each planning district with its population share of incentives, while the later may allow the metropolitan areas, or presently cooperating localities, to achieve a greater share than population alone might warrant.

These incentive monies would be available for feasibility studies or a basic percent of the start-up costs for a given project. Capital improvements would not be eligible for long-term commitments by the fund until it might be permanently instituted. However, the state bank, if achieved, may be linked to the provision of financing incentives for long-term projects. Studies should only need to encompass services between two jurisdictions, though the percent of start-up may be rated on the number of jurisdictions participating. The monies could be used for regional mechanisms like the Tidewater Commission's budget needs or the

start-up funding of TUSCO, as well as for the later programs through those mechanisms.

These requests for monies would be channelled through the existing planning district commissions, since every locality has one, where each would not have a Tidewater Commission. The planning district would certify compliance with regional plans if they are applicable to any of the proposals. The commissions might also set local priorities on programs, however, that might better be accomplished at the state level to avoid creation of local conflicts. Any monies not appropriated because no proposals were made from a particular region would be redistributed through the fund.

Tidewater Commission

With the administrative functions relative to TIDEBANK and the Incentive Fund eliminated by the previous recommendations, the Tidewater Commission should appear more reasonable to the state in its major function as watchdog over the operations of TUSCO. It would not pose a threat to the operations of the planning district commission, since it would not have direct control over the incentive monies, but neither would the commission have control. Incentive funding would be the responsibility of the state alone and depend upon the methods and priorities it might set for distributing the monies.

Funding of the Tidewater Commission could come from the Incentive Fund, as previously suggested, or from the participating localities in an agreement with the 20th Planning District Commission. Currently, the state will match per capita contributions of the jurisdictions up to 20 cents, but the Tidewater localities now only contribute 18 cents per capita. Participants in the TUSCO services and Tidewater Commission might raise their contributions up to the 20 cent limit, which when matched by the state, would create up to a 4 cent per capita fund for the Tidewater Commission, providing such an agreement was acceptable to the state. Additional economies could be achieved by the Tidewater Commission through a sharing of the Planning District Commission facilities and personnel as they might be available.

The Tidewater Commission's functions would be basically those set out for it in the study, with the primary role being that of ensuring that contracts are equitable and the services delivered accordingly. Should the bond bank become a reality, or other similar mechanism be established, its process of certifying TUSCO bonds could become quite important, since use of the mechanism would no doubt, be linked to TUSCO's economic viability. The Commission would have its review authority over TUSCO Board of Directors appointments, the operating budget, and capital improvement plans. Public hearings might be made part of these processes.

TUSCO

TUSCO would be implemented basically as conceived in the cooperative services study. Its enabling legislation should not be written as part of the Virginia Area Development Act as a service district alternative, since it is not a governmental mechanism. Should the corporation terminology not achieve acceptance, it might be considered as a regional district, building on that tradition. In either case it would still require creation of a Tidewater Commission or similar body to exercise the control function. Start-up funding might come from the expanded Incentive Fund and/or appropriations from general revenue-sharing receipts or the general funds of the participating localities. Until a state bank was available to assist in bond marketing, funds for capital projects might come from TUSCO backed revenue bonds or through the localities backing bonds for specific improvements relative to their own TUSCO-related cooperative agreements. The review process instituted by the Tidewater Commission for bond issues should be thorough, since establishing the economic viability of TUSCO may be a precondition for its use of a state-backed bank for bond issues, as is now the case for 9 (c) bond issues.

The advantage of implementing these mechanisms in the Tidewater area, as opposed to the service district, is that this system would provide a means of achieving cooperation

among the existing governments and regional special districts and agencies, without threatening their existence. As such it may serve as an agent of change over time which might bring about a restructuring of the governments. The system would be adaptable to governmental changes, including a transition to a service district, a consolidation of governments, or a federated, borough, or other acceptable form of regional government, or the continuation of the present structure of jurisdictions.

The Planning District Commission would continue to function as it is presently authorized, without its powers being diminished. Substantial intergovernmental cooperation accomplished through the TUSCO mechanism can be expected to be an impetus to the development of regional plans that the localities would choose to implement through the system. It is suggested that the state administration view the Tidewater Commission and TUSCO mechanisms as a transitional, yet immediate, means of achieving cooperative service delivery in the Southeastern Virginia Planning District and other planning districts, which do not have homogeneous service requirements. The proposed system is only one step in the ongoing evolution of local government as it comes face to face with change and should be viewed with this perspective.

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MECHANISMS FOR INTERGOVERNMENTAL COOPERATION
IN THE
SOUTHEASTERN VIRGINIA PLANNING DISTRICT:
AN EVALUATION

by

Thomas Joseph Christoffel

(ABSTRACT)

New mechanisms proposed for achieving intergovernmental cooperation, primarily among the four major cities of the Southeastern Virginia Planning District, were evaluated relative to existing legislative provisions for the planning district to become a multi-purpose service district.

Those new mechanisms included: an urban services corporation; a regional urban bank; a regional incentive fund; and an area-wide commission to oversee the other mechanisms. They were not acceptable to the state administration as presented in a consultants' report.

In the evaluation, the mechanisms were found to be more appropriate to the needs of the region than the service district or proposed modifications to that concept. Recommendations were made aimed at achieving compromise mechanisms acceptable to the state and the region.