REPORT OF THE
JOINT SUBCOMMITTEE STUDYING

GREATER RICHMOND AREA REGIONALISM

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

SENATE DOCUMENT NO. 39

COMMONWEALTH OF VIRGINIA
RICHMOND
1998

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Final Report of the Joint Subcommittee Studying Greater Richmond Area Regionalism

To: The Honorable James C. Gilmore, III, Governor of Virginia
and
The General Assembly of Virginia

Richmond, Virginia
May, 1998

EXECUTIVE SUMMARY

The joint subcommittee studying Greater Richmond area regionalism (SJR 61-1996) began its second year of work by hiring a consultant to examine four service areas. The information gathered was needed to determine if any portion of one or more of the services could be provided on a regional basis in the City of Richmond and the Counties of Chesterfield and Henrico.

During its first year, 1995, the joint subcommittee had decided which service areas it wanted studied and which consultant would perform the work. The four service areas selected were transportation/public transit, water and wastewater, health and social services. The consultant was David M. Griffith & Associates, Ltd.

The consultant met several times with a special subcommittee of the joint subcommittee throughout the fall of 1996. During each of these meetings, the consultant would provide an update on how it was progressing with its work and seek further guidance from the special subcommittee in order to be sure that all of the information which the subcommittee was interested in was being collected.

By December, it was clear that the consultant's report would not be completed before early January. This would not allow the joint subcommittee enough time to thoroughly absorb all of the findings in order for it to make legislative recommendations to the 1997 General Assembly. Therefore, the Greater Richmond area regionalism study was continued for an additional year through SJR 261.

The consultant's final report was delivered to the joint subcommittee in the early fall with an actual presentation of the findings during December of 1997. While there were some areas in which regionalization could prove to be beneficial, the report indicated that the Greater Richmond area localities are involved in a

number of joint endeavors and therefore no widespread overhaul of any service area was recommended by the consultant.

The joint subcommittee held its final meeting on January 16, 1998, and agreed with Consultant's finding that a comprehensive public transit system could reduce the need for more road capacity and promote the region's economic goals. As a result, it recommended that the Metropolitan Planning Organization's short-term public transit vision be supported by a request for the Commonwealth to provide an annual investment of $5.2 million and a capital investment of $2.1 million.

I. INTRODUCTION

During 1996, the joint subcommittee studying Greater Richmond area regionalism turned the bulk of the work over to the consultant, David M. Griffith & Associates, Ltd., which was selected by the subcommittee after a lengthy process during 1995. Senate Joint Resolution 61 (1996) continued the study begun in 1995 by Senate Joint Resolution 383, in order for the consultant to do its analysis of certain service areas and how or if they might be offered on a regional basis. (See Appendix A for SJR 61.)

The consultant's analysis required the collection of volumes of data from each of the three localities involved (the Counties of Chesterfield and Henrico and the City of Richmond), numerous interviews with local officials and employees and, finally, the compilation of all the information gathered. Realizing such work could not be completed prior to the 1997 General Assembly Session, the joint subcommittee supported a resolution continuing the study for one final year. During 1997, the consultant completed and delivered its final report to the joint subcommittee.

The members of the subcommittee were Senators Henry L. Marsh, III, (Chairman), Joseph B. Benedetti and Benjamin J. Lambert, III, Delegates John Watkins, (Vice-Chairman), Franklin P. Hall, Dwight C. Jones and A. Donald McEachin, Mr. Robert B. Ball, Sr., Mr. David A. Kaechele, Mr. Lane B. Ramsey, Mr. Robert J. Grey, Jr., Mr. Gordon F. Rainey, Jr., Mr. Virgil R. Hazelett, Mr. Robert C. Bobb (replaced in December, 1997, by acting City Manager Connie Bawcum), Mr. V. W. Henley and Mr. Charles R. Warren.

This is not the first time regionalism in the greater Richmond area has been the topic of a study. The subject was analyzed in a 1988 report, "The Future of the Capital Area", which was prepared by Virginia Commonwealth University, a study team and consultants. This was followed by The Richmond First Club's Committee Reports on Regional Cooperation in 1989. Then in 1990, the Grayson Commission concluded its work begun in 1986 and produced House Document 69 which examined the broader topic of local government structures and relationships.

The legislative initiative which led directly to the current study was House Bill 1088 which was introduced during the 1994 General Assembly Session by Delegate John Watkins. That bill called for the formation of a Richmond Regional Government for the City of Richmond and the Counties of Chesterfield and Henrico, subject to voter approval. The purpose of such a government was to acquire, construct, maintain and operate the water and sewer, waste disposal and transportation facilities. Much debate occurred during the session and finally it was agreed that the Senate Committee on Local Government would study the bill during the interim. It did so but made no recommendation during the 1995 session. Instead, Senate Joint Resolution 383 was passed which directed a joint subcommittee to examine the need for and the fiscal impact of various methods of providing the cost-effective delivery of basic governmental services in the Greater Richmond area.[1]

The subcommittee decided that a cost-benefit analysis would best be done by an unbiased third-party consultant so during 1995 it undertook the lengthy request for proposals process in order to select the best candidate. Once the subcommittee settled on a consultant and knew what the fee for such an undertaking would be, it had to seek a continuance of the study and request more money from the General Assembly to pay for the consulting services. When it was certain that the subcommittee would receive the money, it signed a contract with David M. Griffith & Associates, Ltd. ("Consultant") to perform the cost-benefit analysis.

II. ACTIVITIES OF THE COMMISSION

Consultant began its work in 1996 by meeting with a special steering committee made up of Senators Marsh, Benedetti and Lambert, Delegate Watkins, Mr. Bobb, Mr. Hazelett, Mr. Ramsey and Mr. Grey. Consultant reviewed what was outlined in the contract but wanted to be sure it was including all the areas the joint subcommittee expected to be covered. It then began the process of collecting all of the data necessary to perform the cost-benefit analysis.

The steering committee met with Consultant four times from September through December. Each time Consultant would report on its progress and seek further guidance from the committee. The four service areas which it was directed to focus on were public transit, water and wastewater, health and social services.

Knowing that the amount of information gathered by Consultant was voluminous and the time to examine it was quickly running out, the steering committee decided during its final meeting with Consultant in December to recommend to the full subcommittee continuing the study for one additional year, which the full subcommittee did by unanimously adopting SJR 261 (Appendix B) for introduction during the 1997 Session. Consultant agreed because there was some

[1] The interim report for SJR 383 can be found in House Document 32 (1996).

additional analysis it needed to complete and it wanted the full subcommittee to have adequate time to process all of the information.

Consultant completed its work and issued its report during the late summer of 1997 (Appendix C). The presentation of its findings to the joint subcommittee was made in December. The most significant findings were summarized as follows:

Transportation/Public Transit—

• Regionalization could enhance Richmond's ability to maintain its road infrastructure.

• Several low-capacity functions (traffic signal maintenance) could benefit from regionalization.

• Joint procurement in transportation could reduce costs without structural change.

• A comprehensive public transit system could reduce the need for more road capacity and promote the region's economic goals.

• The Metropolitan Planning Organization's (MPO) short-term public transit vision could be achieved with an annual investment of $5.2 million, plus $2.1 million in capital costs.

• Expansion of the transit system would contribute to welfare reform success in the region.

Water and wastewater—

• Wastewater regionalization could be a viable approach to Richmond's separation problem.

• Consolidation would reduce some administrative support costs.

• Several low-capacity functions (lab services and line televising) could benefit from regionalization.

Health and Human Services—

• Consolidation of social services would result in some cost savings but local service delivery would be impacted.

• A regionalized and privatized approach to welfare reform would provide a prototype approach in the area.

• A regional intergovernmental Comprehensive Services Act agreement to establish a joint contract management system could reduce costs and improve services.

• A consolidated Mental Health/Mental Retardation/Substance Abuse Services Authority could serve as a model for regionalizing services.

• A consolidated public health operation could reduce administrative costs but current efforts like sharing medical personnel are more feasible.

During its final meeting in January 1998, the joint subcommittee decided on its recommendations and received a report from the Counties of Chesterfield and Henrico and the City of Richmond which provided a review of the legislative actions needed to meet the recommendations of Consultant (Appendix D). A budget amendment was adopted by the joint subcommittee (see IV. Findings and

Recommendations herein) as well as a resolution to extend the study for an additional year (SJR 123-Appendix E.)

III. ISSUES

1. **What services should be delivered on a regional basis in the City of Richmond and the Counties of Chesterfield and Henrico?**

2. **If one or more services should be delivered on a regional basis, how, when and to what extent would they be offered?**

IV. FINDINGS AND RECOMMENDATIONS

The joint subcommittee was pleased to learn that a number of regional programs are currently in existence and more are planned for the future in the Greater Richmond area. It did, however, determine that the transportation area would benefit from more regional cooperation and extra incentives from the Commonwealth.

The joint subcommittee agreed with Consultant's finding that a comprehensive public transit system could reduce the need for more road capacity and promote the region's economic goals. It also believes that expansion of the transit system would contribute to welfare reform success in the region. Therefore, it is the recommendation of the joint subcommittee that an amendment to the 1999-2000 budget be submitted in the amount of $ 7.3 million ($5.2 million for operations, plus $2.1 million in capital costs) in order to fund the Metropolitan Planning Organization's short-term public transit vision.

The joint subcommittee extends it gratitude to everyone who contributed to a successful study. We look forward to following the progress of the Richmond area localities in their continued efforts regarding regionalism.

Respectfully submitted,

Senator L. Marsh, III, *Chairman*
Delegate John Watkins, *Vice-Chairman*
Senator Joseph B. Benedetti
Senator Benjamin J. Lambert, III
Delegate Franklin P. Hall
Delegate Dwight C. Jones
Delegate A. Donald McEachin
The Honorable Robert B. Ball, Sr.
The Honorable Connie Bawcum
The Honorable Virgil R. Hazelett
The Honorable David Kaechele
The Honorable Lane B. Ramsey
Mr. Robert Grey, Jr.
Mr. V.W. Henley
Mr. Gordon F. Rainey, Jr.
Mr. Charles R. Warren

SENATE JOINT RESOLUTION NO. 61

Continuing the Joint Subcommittee Studying Greater Richmond Area Regionalism.

Agreed to by the Senate, March 9, 1996
Agreed to by the House of Delegates, March 9, 1996

WHEREAS, Senate Joint Resolution No. 383 (1995) established a joint subcommittee to examine the delivery of certain government services in the Greater Richmond area; and

WHEREAS, the joint subcommittee met five times during 1995 to determine which, if any, government services should be considered for regionalization; and

WHEREAS, the joint subcommittee decided that a cost-benefit analysis performed by an outside consultant would be helpful to the study; and

WHEREAS, the joint subcommittee decided to participate in the request for proposals (RFP) process to contract with a consultant to perform such an analysis; and

WHEREAS, the RFP process was extremely time-consuming; and

WHEREAS, the joint subcommittee was allotted $10,000 for consulting services; and

WHEREAS, the cost-benefit analysis will require more funding and time for its completion; and

WHEREAS, the goals of the joint subcommittee cannot be achieved without such an analysis; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Subcommittee Studying Greater Richmond Area Regionalism be continued to decide upon and contract with a consultant to perform the cost-benefit analysis to enable the joint subcommittee to complete its goal of determining which, if any, government services should be offered on a regional basis in the Greater Richmond Area.

The direct costs of this study shall not exceed $20,000. Any expenses incurred by the joint subcommittee for contracting consulting services shall only be funded from funds as may be appropriated by the General Assembly for such purposes, subject to terms and conditions in the Appropriation Act.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the Commission on Local Government. All agencies of the Commonwealth shall provide assistance to the Commission, upon request.

The joint subcommittee shall be continued for one year only and shall complete its work in time to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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SENATE JOINT RESOLUTION NO. 261

Continuing the Joint Subcommittee Studying Greater Richmond Area Regionalism.

Agreed to by the Senate, January 24, 1997
Agreed to by the House of Delegates, February 20, 1997

WHEREAS, Senate Joint Resolution 383 (1995) established a joint subcommittee to examine the delivery of certain government services in the Greater Richmond area; and

WHEREAS, the joint subcommittee decided that a cost-benefit analysis performed by an outside consultant would be helpful to the study and the joint subcommittee went through the RFP process in order to select a consultant to perform such an analysis; and

WHEREAS, a cost-benefit analysis required more funding and time for its completion; and

WHEREAS, Senate Joint Resolution No. 61 (1996) continued the study to allow the consultant to complete its work; and

WHEREAS, the consultant, David M. Griffith & Associates, Inc., gathered volumes of information regarding public transit, water and wastewater, health and social services; and

WHEREAS, more time is needed to carefully consider the information gathered and recommendations of the consultant regarding the other three areas of services; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Subcommittee Studying Greater Richmond Area Regionalism be continued. The joint subcommittee shall complete its goal of determining which, if any, government services should be offered on a regional basis in the Greater Richmond area. The members duly appointed pursuant to Senate Joint Resolution No. 383 (1995) shall continue to serve, except that any vacancies shall be filled as provided in the enabling resolution.

The direct costs of this study shall not exceed $20,000.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the Commission on Local Government. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall be continued for one year only and shall complete its work in time to submit its findings and recommendations to the Governor and the 1998 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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APPENDIX C

STRATEGIC REVIEW OF SELECTED REGIONALIZATION ALTERNATIVES FOR THE GREATER RICHMOND AREA

Commonwealth of Virginia

July 1997

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Executive Summary

COMMONWEALTH OF VIRGINIA STRATEGIC REVIEW OF SELECTED REGIONALIZATION ALTERNATIVES IN THE GREATER RICHMOND AREA

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Table of Contents (cont.)

COMMONWEALTH OF VIRGINIA
Strategic Assessment of Selected Regionalization Alternatives for the Greater Richmond Area

Executive Summary

In 1995, the Virginia General Assembly established a Joint Legislative Subcommittee to assess opportunities for regionalizing certain services in the Greater Richmond area (i.e., the City of Richmond, Henrico County and Chesterfield County). Our preliminary findings concerning the potential regionalization of these services (i.e., water and wastewater, road transportation, public transit, social services, mental health, mental retardation and substance abuse, public health and housing services) are summarized below and presented in greater detail in this report.

Service	Preliminary Findings
1. Water and wastewater services	√ Wastewater regionalization could be a viable approach to Richmond's wastewater/stormwater separation problem √ Consolidation would reduce administrative support costs √ Consolidation of most individual utility service components would not significantly reduce costs √ Several low-capacity functions (e.g., lab services and line televising) could benefit from regionalization
2. Road transportation	√ Regionalization could significantly enhance the City's ability to maintain its road infrastructure √ Consolidation would not materially reduce administrative and support costs for public works departments √ Consolidation of most individual road transportation functions would not significantly reduce costs √ Several low-capacity functions (e.g., traffic signal maintenance) could benefit from regionalization √ Joint procurement offers opportunities to reduce road transportation-related costs without structural change
3. Public transit	√ A comprehensive public transit system could reduce the need for more road capacity and promote economic goals √ Limited mass transit service is cited by human service professionals as a barrier to effective service delivery √ Expansion of public transit throughout the region could further other public policy objectives (e.g., welfare reform) √ The MPO's short-term public transit vision could be achieved at an annual cost of $5.2 million (plus capital) √ Expanding the existing public transit system would build on GRTC's current structure and broad public support

Executive Summary (cont.)

Service	Preliminary Findings
4. Human services	√ Consolidation of social services would result in some administrative cost savings, but such benefits could be offset by the impact on local service integration initiatives √ A regionalized (and privatized) approach to welfare reform could enhance the metro area's prospects for successful implementation and provide a prototype approach for jointly administering social services at a later date √ A regional intergovernmental CSA agreement to establish a joint contract management system and build mutually-needed facilities (e.g., juvenile sexual offenders facility) could reduce costs and improve services √ A consolidated Behavioral Services Authority offers promise as a model for regionalizing MH/MR/SA services, but several implementation issues require resolution √ A consolidated public health operation could reduce administrative costs, but cooperative efforts within the current structure (e.g., sharing of specialized medical personnel and facilities) would be more feasible at this time

The Commonwealth of Virginia has relatively permissive enabling legislation for regionalizing local government services. Local governments have numerous regionalization options, many of which are easier to implement than consolidation. Richmond, Henrico County and Chesterfield County have had several cooperative ventures over the years, but strong support from the Commonwealth will be required to facilitate dramatic structural changes like consolidation.

One of the greatest barriers to improving the regional delivery of some services is the manner in which they are funded. If the Commonwealth decides to promote regionalization, it should consider revising funding mechanisms to facilitate desired regionalization alternatives. For example, it could foster the regionalization of social services by restructuring social service funding formulae. It could consider using the implementation-dedicated portion of the motor vehicle fuel tax as an operational subsidy for public transportation throughout the state.

Other Commonwealth policies should be reconciled with any policy to promote regionalization. Regarding local Social Service and Community Service Boards, for example, the Commonwealth should consider offering incentives to regions which establish a single regional Human Services Council. The Commonwealth also should consider awarding performance bonuses to local jurisdictions which successfully implement regionalization models consistent with established state regionalization policy. Moreover, it should consider reallocating state resources which could be made available to a new regional entity or venture. In short, the Commonwealth should promote rather than mandate regionalization.

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Project Objectives and Scope

I. Project Objectives and Scope

Senate Joint Resolution No. 383 (SJR 383), which was passed by the Virginia General Assembly in 1995, established a Joint Legislative Subcommittee to assess opportunities for regionalizing certain services in the Greater Richmond area. The legislation defined the study area as comprising the City of Richmond, Henrico County and Chesterfield County (hereinafter referred to as the Richmond metro area).

The scope of the study is limited to certain services as follows:

- Water and wastewater collection, treatment and distribution
- Road planning, construction and maintenance
- Public transit service
- Social services (e.g., foster care, protective services and economic assistance programs)
- Mental health, mental retardation and substance abuse services
- Public health services (e.g., disease prevention, community education, Women Infants and Children, family planning and indigent health)
- Public housing programs

The Richmond metro area has numerous cooperative regional efforts in place, including a statutorily-mandated regional planning district. Despite these initiatives (or perhaps because of prior successes), many proponents of regionalization believe that additional opportunities for improving the coordination of local services remain.

This study was intended to help the Joint Legislative Subcommittee assess the relative feasibility of regionalization alternatives. This project's objectives were to: 1) identify viable service regionalization alternatives, 2) assess the relative feasibility of these alternatives and (3) identify realistic strategies for implementing the proposed regionalization models.

Our scope of services included the following tasks:

- Review key documents (e.g., financial reports, operating budgets, capital budgets and annual reports) and obtain relevant service data (e.g., costs, workloads, practices and performance measurement data)
- Review the operating environment, organizational structure, financial condition, and local control concerns of each jurisdiction
- Review applicable legal parameters, analyze readily available information (e.g., operating budgets), and interview key administrators of the three jurisdictions
- Define the services to be examined and obtain an understanding of the nature and scope of the service demands and levels in each jurisdiction

- Prepare profiles of services, including service areas, clients served, expenditures, resources and workload indicators
- Conduct a literature scan of regionalization approaches in Virginia and the US and identify viable regionalization alternatives for the region
- Identify common service indicators, develop unit costs for each service category selected by the Joint Subcommittee and identify any associated benefits with selected regionalization alternatives
- Draft evaluation criteria for the Joint Subcommittee to use in evaluating alternatives and assess selected regionalization alternatives using the evaluation criteria approved by the Committee
- Identify preliminary opportunities for regionalization
- Identify implementation issues and suggest implementation strategies
- Summarize key findings and recommendations in a report to the Joint Subcommittee

Our analysis was based in large part on our discussions with program staff in the three jurisdictions and associated data collection activities. We also interviewed representatives of other service providers, including the Greater Richmond Transit Company (GRTC) and Richmond Redevelopment and Housing Authority (RRHA), as well as other organizations with potential interest in regionalization (e.g., Virginia Department of Social Services, Virginia Health Department and the Planning District Commission).

Throughout this project, we attempted to identify the most promising regionalization alternatives for the Joint Subcommittee's consideration. In addition to conventional consolidation options, we considered alternatives to consolidation which offer similar opportunities to reduce costs, improve services and reduce fiscal disparities. Where appropriate and practical, we compared such alternatives to current operations. We met with members of the Joint Subcommittee on a regular basis to apprise them of our progress and to solicit their input on critical project issues.

For the most promising regionalization alternatives, we identified critical implementation barriers and issues (e.g., legal authority and community support). We identified strategies for addressing such implementation issues. These issues and strategies were presented to the Joint Subcommittee throughout the project and are summarized in this report.

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Profile of Jurisdictions

II. Profile of Jurisdictions

A. Overview

The three local entities participating in this study—Richmond City, Henrico County and Chesterfield County—are remarkably similar. Under Virginia law, each entity serves as an independent local government providing all services typically provided by counties and cities in other states. They have similarly-sized populations and operating budgets. Their management structures and practices appear relatively similar. They possess solid credit ratings and management reputations.

Since schools lack independent taxing authority in Virginia, the three entities exercise budgetary control over their respective school systems. However, this study does not address school issues. As noted in the previous section of this report, we have addressed only those operational functions set forth in the RFP. The Joint Subcommittee is considering including an analysis of educational services at a later time.

B. City of Richmond

Richmond, the capital of Virginia since 1779, is 62.5 miles in size and the economic and cultural hub of a metropolitan area of 865,000 persons. Several Fortune 500 firms (e.g. Ethyl Corp., Philip Morris, USA, and Metropolitan Life Insurance), as well as three major universities. The Fifth Federal Reserve Bank and several regional banks are based in Richmond, making it the financial center of central Virginia.

Other relevant characteristics of the City of Richmond include:

- An estimated 1995 population of 201,100
- An estimated 1995 unemployment rate of 6.0%
- The City has 46% of the region's private sector jobs
- A City Manager form of government with a nine-member City Council
- General obligation bond ratings of AA from Standard and Poor's and A1 from Moody's, and revenue bonds ratings of A+ from Standard and Poor's and A from Moody's
- Declining debt burdens (e.g., the general fund ratio of bonded debt to assessed valuation was reduced from 3.4% in 1994 to 3.2% in 1995 and the percent of general fund debt service to total expenditures and transfers was reduced from 9.6% in 1988 to 7.9% in 1995)
- The $28.3 million general fund balance (including $10.6 million reserved, $1.2 million designated and $16.5 million undesignated) represents about 7.2% of general fund operating revenues ($390.2 million)

According to the City's Consolidated Community Development Plan, the City's average household size dropped from 2.89 in 1970 to 2.25 in 1990.

The number of white households declined by 4,795 and the number of African-American households grew by 4,092. The City's African-American population grew from 42% of the City's total population in 1970 to 55% of the total population in 1990. The City's apparent loss of middle-income, married-couple households and younger families to the suburban counties has serious implications for the City, if not the entire area.

C. Henrico County

Henrico County, with 245 square miles, is situated between the James and Chickahominy rivers and borders the City of Richmond on the west, north and east. Established in 1634 as one of Virginia's eight original counties, Henrico's initial boundaries encompassed an area from which ten counties and several cities (including the cities of Richmond, Charlottesville and Colonial Heights) were later formed. Several companies, including Best Products Company, Circuit City, S&K Brands and Reynolds Metals, are headquartered in Henrico County.

Other relevant characteristics of Henrico County include:

- An estimated 1995 population of 237,581
- An assessed real property valuation of $11.2 million
- An estimated 1995 unemployment rate of 3.4%
- A County manager form of government with a 5-member Board of Supervisors elected by district
- A total County work force of 2,917 full-time equivalent employees (12.3 County government employees per 1,000 residents)
- An adopted FY96 general fund operating budget of $350.4 million
- From 1986 to 1995, total expenditures (excluding school costs) increased from $200.3 million to $378.5 million, and health and social service costs rose from $7.9 million to $23.2 million
- General obligation bond ratings of AAA from Standard & Poor's and AAA from Moody's Investors Service
- Stable and low debt burdens (e.g., the ratio of net bonded debt to assessed valuation decreased from 1.3% in 1991 to 1.0% in 1995 and the ratio of debt service to general fund expenditures has remained stable at 5% to 6% over the last 10 years)
- The $64.9 million general fund balance (including $13.4 million reserved, $11.3 million designated and $40.2 million undesignated) represents about 21.1% of general fund operating revenues ($306.9 million)

According to Henrico's FY96 operating budget, the County is continuing its efforts to *right-size* County government and cut taxes. Through attrition and retirement, the Board of Supervisors plans to reduce the number of County positions by 10% over the next five years. The County also plans to continue it efforts to encourage economic and residential development through major construction projects, such as a water purification plant.

D. Chesterfield County

With an area of 446 square miles, Chesterfield County is geographically the largest jurisdiction involved in the study. Recognized in 1994 by American Demographics Inc. as one of the 20 fastest growing areas in the nation, it probably now has the largest population among the three jurisdictions. With 22% of the region's office space, Chesterfield is also becoming an important commercial activity center.

Other relevant characteristics of Chesterfield County include:

- An estimated 1995 population of 239,000
- An estimated 1995 unemployment rate of 3.6%
- Estimated median family income of $57,191 in 1995
- A County Administrator form of government with a five-member Board of Supervisors
- A County government work force of 2,358 full-time equivalent employees (9.9 county employees per 1,000 population)
- General obligation bond rating of AAA from Moody's and AA+ from S&P
- Declining and moderate debt burdens (e.g., the ratio of debt to assessed valuation decreased from 2.5% in 1991 to 2.1% in 1995 and the ratio of debt service costs to general government expenditures decreased from 10.6% in 1991 to 9.8% in 1995)
- The $49.7 million general fund balance ($11.4 million reserved, $11.7 million designated and $26.5 million undesignated) represents about 16.5% of general fund operating revenues ($300.4 million)
- From 1986 to 1995, total revenues increased from $185.3 million to $414.0 million and intergovernmental revenues increased from $76.0 million to $158.8 million
- From 1986 to 1995, total expenditures increased from $215.6 million to $400.3 million while health and welfare expenditures increased from $7.4 million to $31.9 million

During 1995, the County experienced new business investments of $119 million and 664 new jobs. Taxable retail sales increased 6% during 1995 with similar growth projected for 1996. The County does not anticipate a return to the revenue growth rates of the 1980s, but it is experiencing significant economic activity (e.g., DSC Logistics' new distribution center, DuPont's refurbished facility and Carter-Wallace's expansion).

E. Future Prospects

While the current operating characteristics of the three entities are similar, the evidence we reviewed suggests that their respective future prospects may be markedly different. In "The Future of the Capital Area 2000/2010 What It May Be–What It Should Be," published in 1986 by the Virginia Commonwealth University, the future prospects of the Richmond area, and

its component entities, were examined. The study projected that, by 2000, the area's population and employment opportunities would grow, but that this growth would not be equally distributed throughout the region.

For example, by the year 2000, the populations of Chesterfield and Henrico were projected to grow to 250,300 and 237,000, respectively. In contrast, the population of the Richmond City was projected to decline to 203,500. Employment was projected to increase to 87,200 jobs in Chesterfield, 142,400 jobs in Henrico and 237,200 jobs in Richmond, but the rates of growth were expected to vary. From 1986 to 2010, the City's operating revenue was projected to grow at an annual rate of 1.0% (the slowest of the three entities) while its expenditures were projected to grow at an annual rate of 2.8%.

Since the study was published in 1986, growth has indeed occurred in Chesterfield and Henrico and Richmond has suffered a population loss. However, the decline of Richmond's population has been more accelerated than expected. According to the City's Consolidated Plan, published by its Department of Community Development in May, 1995, the City's population fell to 203,000 in 1990 (the projected population for the year 2000). From 1980 to 1990, the City's population dropped 19% while the population of the surrounding counties of Chesterfield, Hanover and Henrico grew by 45%.

In Appendix A, additional profile data is presented on Richmond, Chesterfield and Henrico. As summarized below, some of this data underscores the challenges of operating an older central city, especially in comparison to newer suburban jurisdictions.

- From 1989 to 1993, Richmond's population declined by 3.6% while Chesterfield's population grew by 15% and Henrico's by 8.4%
- Richmond's median adjusted gross income in 1993 was about 27% lower than Henrico's and 41% lower than Chesterfield's
- Richmond's per capita welfare and social service expenditures in FY95 were at least four times higher than Chesterfield's and Henrico's
- Richmond's unfunded per capita debt in FY95 was at least two times higher than Chesterfield's and Henrico's
- Richmond's per capita local revenues in FY94 were about 30% higher than Chesterfield's and Henrico's

According to the Virginia Commission on Local Government in its "Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities 1993-94", Richmond ranks much higher than Henrico and Chesterfield in both revenue effort and fiscal stress indicators. In terms of revenue effort for FY94, Richmond was ranked first among Virginia's local governments (i.e., generated the most revenue for its revenue capacity) while Chesterfield and Henrico were ranked 47th and 48th respectively. According to the Local Government Commission's composite fiscal stress index for FY94, Richmond was ranked third (i.e., the

third highest fiscal stress) while Chesterfield was ranked 123rd and Henrico 101st among all local jurisdictions.

Richmond City, like many other older central cities in the US, is absorbing a larger share of its metropolitan area's low-income and minority population. It is estimated that 17% of families in the City live below the poverty level. Moreover, the City's median family income is 31% lower than Henrico's and 40% less than Chesterfield's. The City's study concluded that, while the City comprises only 23% of the region's population, it accounts for 63% of the region's low-income persons. According to the 1990 census, the City has 57% of the metropolitan area's racial and ethnic minority population, compared to 24% in Henrico and 16% in Chesterfield. While 29,000 new jobs were created in the City during the 1980s, the job growth did not appear to penetrate lower-income neighborhoods. That is, middle income individuals appeared to benefit most from the job creation of the 1980s.

Richmond Metro's future appears promising. The Richmond Metropolitan Statistical Area (MSA) has one of lowest poverty rates in the nation at 9.4%. Henrico and Chesterfield Counties continue to grow. The City continues to serve as the region's economic and cultural center, and its economy is inextricably linked with those of its surrounding counties. Still, the disproportionate concentration of poverty in the City could have adverse consequences for the region and should not be ignored.

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Profile of Current Services

III. Profile of Current Services

A. Introduction

In this section, we have summarized what we regard as the principal defining organizational and operational characteristics of the City of Richmond and the Counties of Chesterfield and Henrico. The service profiles are presented in the following order:

- Water and wastewater treatment
- Road transportation
- Public transit
- Social services
- Mental health
- Public health
- Public housing

In developing the service profiles presented below, we worked closely with the three local jurisdictions to ensure comparable data presentations. However, this objective was difficult to achieve due to several factors, including differences in service definitions, reporting methodologies, cost structures and service levels. Additional data pertaining to the key characteristics of selected services are presented in the appendices.

B. Water and Wastewater Treatment

As indicated by the table on the next page, the two County utilities are roughly comparable in terms of customer composition and system capacities. Each County has about 73,000 total customers. About 94% of Henrico's customers are residential and 95% of Chesterfield's customers are residential. The mix of industrial and commercial customers is also similar for each county. Additional profile data is presented in Appendix B.

The wastewater collection and treatment systems of Henrico and Chesterfield Counties are comparably-sized. Both systems collect and treat 20 to 30 million gallons per day (MGD). Total wastewater collection lines are comparable at 1,470 miles for Chesterfield and 1,130 miles for Henrico.

The water systems of Henrico and Chesterfield Counties are comparable in some respects. Both systems distribute an average of 26 MGD of water (including purchased and stored water). Chesterfield has 1,343 miles of mains and Henrico has 1,121 miles of mains. However, Chesterfield treats an average of 12 MGD of water and Henrico treats an average of 4.2 MGD.

Key Service Characteristics of Utilities

Characteristic	Chesterfield	Henrico	Richmond
Customers			
Residential	70,000	67,485	50,168
Commercial	3,000	4,071	9,715
Industrial	500	573	261
Totals	73,500	72,129	60,204
Water Production (MGD)			
Distribution	26.0	25.8	66.0
Treatment	12.0	4.2	66.0
Wastewater Capacity (MGD)			
Collection	23.0	22.8	55.0
Treatment	20.0	30.0	55.0
Mains (Miles)			
Water	1,343	1,121	1,200
Wastewater Mains	1,470	1,130	1,500
Pump / Lift Stations			
Water	10	9	41
Wastewater	20	22	8
Totals	30	31	49

Note: Water production and wastewater capacity are expressed in average million gallons per day (MGD). Richmond's water production capacity in the table above excludes water sold to Richmond's neighboring counties.

- The City of Richmond has a smaller customer base than the Counties, but operates larger water and wastewater systems. Its water system is larger because it also serves the counties and its wastewater system is larger due in part to combined overflow issues. Richmond serves over 60,000 customers. Only 83% of Richmond's customers are residential, a lower proportion than that of the two Counties.

The City maintains a system of 1,200 miles of water mains and 1,500 miles of sewer collection lines. In terms of water system production, Richmond treats and produces 90 MGD. However, a large portion of the City's water production is sold to three wholesale customers--Chesterfield, Henrico and Hanover counties. In terms of wastewater system capacity, the City of Richmond treats and collects 55 MGD.

As summarized by the table that follows, the water and wastewater system staffing levels of the three utilities vary in certain respects. Richmond, with 366 employees, has higher overall staffing levels than do Chesterfield and Henrico. Part of this variance may be due to Richmond's higher administrative and financial support staffing levels for other functions (e.g., gas and electric utilities) and higher water production levels.

Staffing Levels of Public Utilities

Staff Category	Chesterfield	Henrico	Richmond
Admin./Financial Support	35	41	85
Water Treatment	16	13	69
Wastewater Treatment	37	92	102
Water Line Repair	28	33	46
Wastewater Line Repair	21	33	23
Lab/Technical Services	10	15	14
Engineering / Inspections	68	51	18
Meters	29	13	9
Totals	244	291	366

Note: The staffing numbers were obtained from interviews with utility staff as well as through reviews of organizational charts and budgets. Where possible, staff for non-comparable functions (e.g., gas and electric utilities) were excluded. Henrico's wastewater treatment staffing estimates include treatment plant, wastewater pumping and monitoring, and New Kent WWTF staff.

The relative staffing levels of the three utilities also vary by functional area. These variances are summarized below.

- Water treatment staffing levels expressed as ratios of employees to MGD of water treated would be 3.1 for Henrico, 1.3 for Chesterfield and 1.1 for Richmond.
- Wastewater treatment staffing levels expressed as ratios of employees to MGD of wastewater treated would be 3.1 for Henrico and 1.9 for Richmond and Chesterfield.
- Water main maintenance and repair staffing levels expressed as ratios of employees per 1,000 miles of water line would be 20.8 for Chesterfield County, 29.4 for Henrico County and 38.3 for Richmond.
- Wastewater line maintenance and repair staffing levels expressed as ratios of employees per 1,000 miles of wastewater line would be 14.3 for Chesterfield County, 29.2 for Henrico County and 15.3 for Richmond.
- Engineering and inspection staffing levels in the suburban counties exceed the utility engineering staffing levels in the City.

Such variances could be accounted for by numerous factors such as system comprehensiveness, infrastructure age, main accessibility and preventive maintenance approaches.

The operating expenditures of the water and wastewater utilities are summarized in the table on the following page.

Public Utility Budgets - FY95 (000s)

Category	Chesterfield	Henrico	Richmond
Personnel	8,553	10,287	11,954
Other Operating Costs	14,133	21,753	40,141
Total Operating Costs	22,686	32,040	52,095

Note: Figures for Richmond do not include gas or electric utility costs. Henrico's other operating costs include operation & maintenance, payments in lieu of taxes, and indirect cost allocations, but excludes debt service and depreciation.

Comparing the water and wastewater costs of the jurisdictions, in terms of the number of meters and miles of combined water and wastewater line maintained, leads to the following preliminary observations:

- In Chesterfield, water and wastewater costs are $309 per meter (73,500 meters) and $8,065 per mile of combined line maintained (2,813 miles).
- In Henrico, water and wastewater costs are $443 per meter (72,324 meters) and $14,234 per mile of combined line maintained (2,251 miles).
- In Richmond, water and wastewater costs are $937 per meter (60,276 meters) and $20,757 per mile of combined line maintained (2,700 miles).

The variances in costs per unit could be attributable to a variety of factors, including infrastructure age and preventive maintenance approaches.

In considering regionalization alternatives, there are other service characteristics that should be considered, including the following:

- The City of Richmond is a full service utility with gas and electricity in addition to water and wastewater services.
- Utility-related infrastructure in the counties is generally newer than in Richmond, forcing the City to devote relatively more resources to repairs than to maintenance programs.
- Preventive maintenance levels and targets of urbanized cities versus suburban areas have an impact on staffing levels.
- The City's utility infrastructure is more difficult to access than that of the Counties, thereby increasing the City's staffing requirements.
- Where known, crew sizes are comparable in utilities functions.
- Performance levels are, in many areas, roughly the same (e.g., meter reading in the County areas).
- Service targets and "best management practices" appear comparable among the agencies (e.g., all agencies have a grease trap ordinance and an automated maintenance management system).
- All entities have formalized preventive maintenance programs.
- While there are differences in which services are performed in house versus under contract, all utilize private sector contracts where cost effective and able to meet service requirements.

These factors have an impact on each of the jurisdictions in the greater Richmond area considering a regional service delivery system encompassing all utility functions.

C. Road Transportation

The City of Richmond develops and maintains its own road transportation infrastructure. Virtually all of Chesterfield County's road maintenance is provided by the Virginia Department of Transportation (VDOT). In Henrico County, VDOT maintains some of the road infrastructure. The table below describes some of the principal summary characteristics of the road transportation infrastructure in the greater Richmond region.

Key Service Characteristics for Road Transportation

Category	Chesterfield	Henrico	Richmond
Roads Maintained (Miles)			
Linear miles - local	0	1,168	820
Linear miles - total	1,493	1,332	820
Lane miles - local	0	2,885	1,839
Lane miles - total	3,378	3,648	1,839
Signalized Intersections			
Locally maintained		124	
VDOT maintained		104	
Total	144	224	450
Sweeping Frequency			
Residential	1x / year	1x / year	3x / year
Commercial	1x / year	1x / year	3x / year
Downtown	1x / year	1x / year	3x / year
Percent Work Contracted			
Resurfacing	95%	25%	100%
Seal Coats	95%	100%	40%
Pothole Patching	0%	0%	0%
Curb / Gutter	75%	100%	75%
Street Painting	90%	0%	0%
Signal Maintenance	50%	0%	0%
Street Lights	100%	0%	100%
Street Sweeping	100%	20%	0%
Lot Clearing	NA	100%	0%

Note: Signalized intersection numbers exclude flashes and other warning signals.

Henrico County and Richmond are comparably-sized in terms of road infrastructure, but the City has far more signalized intersections than do the Counties. Street sweeping is performed annually in the Counties and about three times per year in the City. Some transportation-related maintenance work, such as resurfacing, seal coating and curb/gutter maintenance, is contracted out by all three entities. Otherwise, there are few clear regional patterns concerning approaches to contracting for

transportation-related maintenance. More detailed information on road transportation services can be found in Appendix C.

Staffing information for transportation-related functions is summarized in the table below. Road transportation functions (e.g., engineering, road and traffic maintenance) are typically found in public works departments with other maintenance functions (e.g., fleet and facility management). We attempted to allocate staffing for transportation-related engineering and maintenance functions. Chesterfield County employees do not perform these functions.

Road Transportation Staffing Levels

Category	Chesterfield	Henrico	Richmond
Admin./Financial Support	N/A	28	32
Traffic Engineering	N/A	7	7
Traffic Maintenance	N/A	26	26
Engineering / Inspections	N/A	39	33
Road Maintenance	N/A	64	136
Totals		164	234

Note: Chesterfield County does not have road transportation staff since VDOT performs those functions for the County.

Based on the amount of road- and traffic-related infrastructure maintained, Henrico and Richmond share a number of characteristics, including:

- Administration, finance and support staffing levels are similar
- Transportation engineering staffing levels are similar
- Each Department has 26 traffic-related maintenance staff (for signs, street markings and striping, and traffic signals)
- Engineering and inspection staffing levels are similar

However, the number of staff dedicated to road maintenance functions (principally pot hole patching, seal coating, overlays and reconstruction) are very different. Henrico County has 64 staff dedicated to these functions for 1,168 linear miles and 2,885 lane miles of locally-maintained road. In contrast, the City of Richmond has 136 staff dedicated to these functions for 820 linear miles and 1,839 lane miles of locally-maintained road.

As illustrated by the chart that follows, the City spends more on public works than do the counties. According to the FY95 operating budgets for the public works departments of the three entities, Richmond's public works costs exceeded $34.5 million in FY95. Henrico's public works budget was $15.1 million. As indicated above, Chesterfield County's road maintenance is performed by VDOT.

Public Works Operating Budgets - FY95 (000s)

Category	Chesterfield	Henrico	Richmond
Personnel	$327	$8,021	$11,313
Other Operating Expenses	24	7,088	23,242
Total Operating Costs	$351	$15,109	$34,555

Note: Chesterfield County's costs include transportation planning and coordination costs, but not the State's road maintenance costs. We were unable to isolate public works costs on a functional basis.

At first glance, Richmond's public works costs appear much higher than Henrico County's. In FY95, Henrico's budgeted public works costs were $5,237 per local road lane mile maintained. In contrast, the City of Richmond's budgeted public works costs were $18,790 per local road lane mile maintained. These figures are not truly comparable since the City recoups over $13,200 per mile in revenues. Unlike the counties, Richmond's Public Works Department provides solid waste and other services.

Other operating characteristics that are relevant to potential regionalization include the following:

- By statute, Henrico County is one of only two counties in Virginia funded off the top of the gasoline tax (on a per lane mile basis).
- Chesterfield County is essentially a "contract county" with respect to transportation maintenance functions performed by VDOT.
- The transportation-related infrastructure in the Counties is generally newer than in the City of Richmond, a factor which tends to increase the City's relative staffing requirements.
- Where known, crew sizes in the transportation maintenance functions appear relatively similar.
- Performance levels also appear similar in many areas.
- Service targets and "best management practices" also appear comparable among the agencies (e.g., all agencies annually inspect street markings and signs and inspect sidewalks for hazards).
- While there are differences in approach, all entities use private sector contracts where they can cost-effectively meet service demands.

Such factors should be considered in assessing regional road transportation alternatives for Richmond Metro.

D. Public Transit

The Greater Richmond Transit Company (GRTC) is the public transportation service provider to the City of Richmond and neighboring Chesterfield and Henrico Counties. The GRTC is a not-for-profit public service corporation which operates buses in the City of Richmond and in

Chesterfield and Henrico Counties. The table below summarizes some key characteristics of this public transit system.

Key Public Transit Operating Characteristics - FY94

Characteristics	Indicator
Passengers	
Total Annual Passengers	11,007,121
Total Revenue Passengers	9,833,266
Total Free Passengers	1,173,855
Fares	
Average Fare (Total Passengers)	$0.81
Average Fare (Revenue Passengers)	$0.91
Current Cash Fare	$1.25
Service Miles	
Vehicle Miles of Service	4,735,246
Special Vehicle Miles of Service	44,582
Directional Route Miles	401

As measured by GRTC's operating budget for FY96 (summarized in the table below), GRTC spends over $21.2 million per year. About 52 percent of GRTC's operating costs are funded by operating and contract revenues.

Summary of GRTC's Operating Budget - FY96 (000s)

Budget Category	Amount
Operating Expenses	$21,297
Operating Revenues	
Customer	$9,354
Charter	65
Advertising	178
Other	123
Total Operating Revenues	$9,720
Purchase of Service Revenues	
Henrico - Operating	$990
Henrico - STAR	441
Henrico - JOBS Bus	43
Total Purchase of Service Revenues	$1,474
Total Revenues	$11,194
Deficit	($10,103)
Subsidies	
Federal (CMAQ)	$260
Federal (Section 9)	1,189
State (VDRPT)	4,800
Richmond - Operating	3,820
Richmond - JOBS Bus	34
Total Subsidies	$10,103

The GRTC, like most public mass transit providers, is reliant upon public subsidies and operating transfers to remain viable. However, as will be seen in our comparative analysis, GRTC's farebox recovery rate is favorable when compared to prevailing "industry" patterns.

GRTC's public transit system is primarily designed to serve a high-density central city. The GRTC's provision of ADA-mandated services is characterized by the following key characteristics:

- The GRTC is committed to making the fixed route system accessible to the elderly and disabled and, to that end, has begun purchasing lift-capable buses and intends to make all buses in the fleet lift-capable.

- The GRTC contracts for "dial-a-ride" service for the elderly and disabled within the City and both counties; this service is known as Specialized Transportation Assistance for Richmond (STAR).

- GRTC has a half-fare policy for persons 65 and over and disabled persons; this special fare is available at "off-peak" times.

The Richmond area has had public transportation since 1861. In 1888, the first commercially-successful electric street railway in the United States began in Richmond. In 1923, motorized street car service began, and by 1949, become the area's sole public mass transportation source. Since then, Richmond's current public transit system has evolved as follows:

- Until 1961, a predecessor to the Virginia Power Company ran Richmond's transit service.
- In 1962, American Transportation Enterprises, operated as the Richmond and Norfolk divisions of the Virginia Transit Company, acquired Richmond's transit system.
- In 1973, the Norfolk division was sold to the City of Norfolk, and the Richmond division was sold to the City of Richmond/GRTC.
- The City of Richmond took over the provision of public transit in 1973.
- In 1988, Richmond's City Council approved a plan permitting the sale of GRTC stock to Chesterfield and Henrico Counties.
- In 1989, Chesterfield County bought five GRTC shares (a 50% ownership interest), giving Chesterfield County and the City three members each on the six-member GRTC Board.

All routes within the two Counties and Richmond are provided on a contractual basis (i.e. each community pays for the routes which are within its borders). Cross-jurisdictional routes are paid for by each entity based on ridership origin and destination calculations.

The services provided by the GRTC, and the citizens using them, are impacted by a range of transportation issues, including road system capacities, trip reduction programs and the cost of alternatives. The

Richmond Regional Planning District Commission reviewed these factors in their "2015 Long Range Transportation Plan," which was prepared with the assistance of the VDOT and Metropolitan Planning Organization (MPO). The most relevant issues are summarized below:

- Richmond is a Nonattainment Area for ozone quality standards.
- The State Implementation Plan calls for reviewing transportation control measures (e.g., transit, ride-sharing and traffic operations improvements).
- The GRTC is moving towards the use of cleaner-burning fuel buses.
- The Intermodal Surface Transportation Efficiency Act (ISTEA) requires the region to develop several management systems, including congestion, intermodal, pavement, bridge, safety, traffic and public transit management systems.
- While the VDOT considers maintenance of existing facilities its priority, it recognizes the need to mitigate congestion (including federal highway and arterial congestion) concurrently with other improvements.

These issues must be addressed in reviewing regional mass transportation alternatives for the Richmond urbanized area.

E. Social Services

Social services in Virginia are state supervised, but locally administered. Under Title 63.1, the State sets overall policy and monitors local programs, but local governments use their own employees to deliver social services. Local Social Services Boards are required in each city and county.

Subject to State rules, and appointed by the elected officials, these boards must oversee the local delivery of services pursuant to several laws and regulations. Up to 1996, important federal laws included the Social Security Act (SSA) Titles IV-A, IV-B, IV-E, IV-F and XIX, Family Support Act, Omnibus Reconciliation Act, Food and Nutrition Act, Hunger Prevention Act, and Food Stamp and Training Act. Important state laws and regulations include the Virginia Public Welfare and Assistance Law, State Social Services Policies and Department of Social Services (DSS) regulations. Most of this legal framework was dramatically impacted by federal welfare reform in 1996.

Federal welfare reform, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWOA) of 1996, is the most dramatic change in federal welfare policy in decades. As summarized by the table in Exhibit III-A, PRWOA ends the cash welfare entitlement under Title IV-A of the Social Security Act (SSA) and dramatically impacts the Aid to Families with Dependent Children (AFDC) program.

PRWOA creates two block grants to help states enable families to escape welfare and subsidize child care for welfare families. As welfare becomes

Exhibit III-A
Summary of Federal Welfare Reform Provisions

Program	Impact of Welfare Reform
AFDC	• Capped block grant replaces open-ended entitlement; families cannot receive assistance > 60 months over lifetime, but up to 20% of caseload may be exempted from lifetime limit for hardship • After 2 months of receiving assistance, adult must perform community service and after 24 months of receiving assistance, adult must be in work participation program (20 years in FY97 up to 30 in FY2000) • 25% of families must be in work participation (up to 50% in 2002) • Consolidates AFDC IV-A payments, AFDC administration, emergency assistance and JOBS Program into TANF Block Grant • Caps block grant at $16.38 billion per year and provides formula for allocating funds to states (generally based on prior year expenditures) • Provides $800 million supplemental grant fund for FY98 - FY2001 for states with > 10% population growth from 4-90 to 7-94 or with FY94 welfare spending per poor person of < 35% national average • Provides $2 billion contingency fund for FY98 - FY2001 for states with > 6.5% employment rate and > 10% higher than prior 2 years or with > 10% more food stamp recipients than prior 3 months • Provides $1 billion performance bonus fund for FY99 - FY2003 for "high performance" states (criteria to be defined) • Requires states to meet maintenance of effort goal (80% of state's FY94 AFDC IVA and IVF costs or 75% if work participation goals met) • Sets limit of 15% of TANF grant for administrative costs • Establishes state sanctions including dollar for dollar grant reduction; state not meeting requirements assessed 5% initially, increasing 2% per year • Ends individual entitlements 10-1-96, but states have until 7-1-97 to submit plans; states must involve localities in designing plan
Child Care & Development Block Grant (CCDBG)	• Allows states to transfer up to 30% of TANF funds to CCDBG and Social Services Block Grant (Title XX) • Consolidates 8 child care programs into CCDBG effective 10-1-96 • Funds $13.85 billion for entitlements and $7 billion for discretionary; allocation formula based on such factors as AFDC child care programs and number of children under 13 years age • Limits administrative costs to 5%; at least 70% of entitlement funds must be used to provide child care to welfare recipients
Food Stamps and Other Nutrition Programs	• Retains federal entitlement with no spending cap, but benefits cut (from 103% to 100% of thrifty food plan); keeps standard deduction • Requires able-bodied adults 18-50 with no dependents to participate in qualified work program (e.g., JTPA or workfare) 20 hours per week • Enables states to provide simplified Food Stamp program for TANF households and cash out benefits to some households in states where > 50% of food stamp households received AFDC benefits

Exhibit III-A (cont.)
Summary of Federal Welfare Reform Provisions

Program	Impact of Welfare Reform
Child Support Enforcement	• Increases paternity establishment rate from 75% to 90% • Requires states to operate automated centralized collection and disbursement units by 10-1-98
Title XX	• Reduces SSBG from $2.8 billion in FY95 to $2.4 billion in FY97 • Allows states to use Title XX funds to provide noncash assistance to families denied TANF funds due to 5-year limit or family cap
Other Provisions	• Allows states to retain current waivers but only in areas where they exist • Exempts state and local electronic benefit transfer (EBT) systems from requirements of EFT Act's Regulation E • Extends 75% enhanced federal match for Statewide Automated Child Welfare Information Systems by one year to 10-1-97

temporary, food stamps and Medicaid continue as individual entitlements. The new law also reforms children entitlements under the Supplemental Security Income (SSI) Program. By ending the "Individualized Functional Assessment (IFA)" process, the new law is intended to stem recent caseload increases (from 1989 to 1994, the number of children receiving SSI benefits increased from 300,000 to 890,000).

Nationally, the potential impact of welfare reform is staggering. Since 1935, federal entitlement benefits have come to include cash, medical care and food stamps, with a combined median 1995 value of about $12,000 per year (of which about $8,300 is paid with federal funds). The dependency of many families on this aid is well established (of the 4.4 million families on welfare, about 65% will remain on welfare for at least 8 years).

Federal welfare reform not only will break this cord, but it will do so under onerous time pressures. Each state was required to pass legislation, implement new systems and revise budgets within 45 days of the law's enactment. By May 1, 1997, each state must complete individual employability assessments for each AFDC case. By June 30, 1997, each state must terminate its entire AFDC caseload and reassess each case for eligibility for Temporary Assistance for Needy Families (TANF).

In Virginia, welfare reform was initiated in 1995 (prior to the enactment of TANF) by the current gubernatorial administration under a federally-approved Section 1115 waiver. The Virginia Independence Program (VIP) requires able-bodied parents to work within 90 days of receiving AFDC. It provides a family cap (i.e., denied additional AFDC benefits for children born after families on AFDC for ten months). It requires unmarried teenage parents to live with a parent or responsible adult and imposes fiscal sanctions on families with children not complying with preschool immunization or school attendance standards. It also offers one-time financial help for families in crisis.

The work component of VIP, the Virginia Initiative for Employment not Welfare (VIEW) Program, requires AFDC recipients to work for their benefits. Under VIEW, adult recipients must sign a personal responsibility agreement or risk losing AFDC cash benefits. VIEW limits cash benefits to 24 cumulative months, but earned income is disregarded if earnings plus AFDC allotments do not exceed federal poverty guidelines. It also offers transitional Medicaid and day care benefits. The lead agency for implementing VIEW is the Department of Social Services (DSS). Recent estimates of mandated VIEW cases for the three localities are 4,038 for Richmond, 996 for Henrico and 643 for Chesterfield. Any proposed changes related to regionalization must comply with the federal waiver as well as TANF provisions.

Generally, the three jurisdictions provide social services within their respective boundaries, except that Chesterfield also provides services to neighboring Colonial Heights. As illustrated by the table below, the City of

Richmond, with 466 employees, has the largest social services organization in the Richmond metro area. In fact, it is larger than the two county departments combined.

Key Social Service Operating Characteristics - FY95

Indicator	Chesterfield	Henrico	Richmond
Staffing (FTEs)			
Eligibility/financial assistance	56	64	299
Social services	48	30	127
Administration	25	24	40
Totals	129	118	466
Service contracts			
Foster homes	95	47	415
Adoptive homes	7	38	54
Companion	32	18	3
Child day care-regulated	149	95	312
Child day care-unregulated	44	16	12
Other (adult & day care)	114	3	5

Note: Regulated child care facilities represent licensed facilities.

The major social service programs administered by the local agencies include public assistance, adult service, children's services and employment services (see Appendix D for an inventory of human services). Public assistance programs include AFDC (since replaced by TANF), general relief, food stamps, Medicaid and auxiliary grants. Adult service programs include adult protective services, placement services, adult family/foster care and home based/community services. Children's services include Child Protective Services (CPS), foster care, adoption and day care. Employment services include Jobs Opportunities and Basic Skills (JOBS), VIP/VIEW, food stamp employment and training. Some of these programs are discussed in greater detail below and in the appendices.

- Auxiliary grants - payments to eligible aged, disabled and blind persons residing in adult care residences or family care homes
- General Relief - payments to persons who do not meet eligibility criteria for AFDC and SSI
- AFDC foster care - Title IV-E maintenance payments (e.g., for room and board, clothing and personal care) for children needing foster care services or entrusted to a local Social Services Board (SSB)
- Special need/subsidized adoptions - for daily living and medical care for difficult-to-place children
- State-Local Hospitalization - for outpatient and inpatient hospitalization and clinic visits for medically-indigent persons
- AFDC working and transitional child day care - up to 12 months of child day care subsidies to enable recipients to maintain employment

- AFDC education and training child day care - child day care subsidies for those in JOBS program

The local departments also determine client eligibility for all major programs. As indicated by the table below, Richmond serves the largest number of clients and has the greatest service demands.

Key Social Service Workload Characteristics - FY95

Indicator	Chesterfield	Henrico	Richmond
Clients (unduplicated)			
AFDC cases	1,448	2,043	6,892
AFDC recipients	3,340	5,151	19,159
Food stamp cases	3,936	5,132	18,464
Medicaid recipients	10,397	12,591	37,813
CSA-children served	79	280	686
Foster homes approved	85	47	415
Service Indicators (avg. caseload)			
AFDC	1,484	2,086	7,000
Food Stamps	4,016	5,228	20,000
Medicaid	5,949	5,655	12,629
State-local hospitalization	33	33	79
Auxiliary grants	113	414	880
General relief	132	76	1,000
Energy Assistance	1,640	2,360	5,720
Refugee resettlement	2	2	5
Adoptions	30	16	
Foster care	102	101	860
Child day care	248	403	800
Employment services	35	172	1,000
Adult Services	15	218	

Note: Henrico's state-local hospitalization caseload represents applications not actual caseloads.

The Jobs Training Partnership Act (JTPA) program in the Richmond metro area is administered by two separate agencies, the Capital Area Training Consortium (CATC) and the City of Richmond. CATC's service delivery area comprises seven counties. CATC, which is managed by Henrico County, exceeds US Labor Department performance standards. There are also two computerized learning centers in the area.

Most social services are burdened with complicated federal mandates and state and local matching requirements. These federal programs, which include Medicaid, food stamps, Social Services Block Grant (SSBG) and refugee assistance, have spawned numerous distinct funding formulae. However, the most critical funding issue (at least in the view of many social service professionals) is not the complexity of funding, but the inadequacy of funding. As shown by the following table, Richmond shoulders by far the largest share of social service costs in the region.

Social Service Operating Expenditures - FY95 (000s)

Expenditures (000's)	Chesterfield	Henrico	Richmond
AFDC	$4,184	$6,079	$25,005
AFDC-foster care	89	140	1,770
AFDC-emergency assistance	0	0	5
Food stamps	8,755	10,900	37,779
Medicaid	34,091	40,740	135,026
State-local hospitalization	131	23	518
Auxiliary grants	288	332	2,583
General relief	269	133	1,518
Energy assistance	297	399	78
Refugee assistance	4	6	2
Adoptions	150	206	1,321
Foster care	899	2,633	11,039
Child day care	726	1,227	2,900
Protective services	0	1	102
Adult home-based & day care	60	83	375
Employment & training (FSET)	34	83	155
Administration	4,540	4,471	20,000
Totals	$54,517	$67,456	$240,176

Note: Foster care expenditures for Chesterfield and Richmond include CSA costs; Henrico's CSA costs are reported separately.

Each jurisdiction has developed its own approach and philosophy to social services delivery and each has its own priorities for the future. Richmond, for example, has several strategic initiatives underway, including the following:

- Implement the Human Services Automation Project
- Implement a service integration plan via neighborhood service centers and generic case management models and, using service integration as the vehicle, employ 4,000 AFDC recipients within two years
- Implement the Virginia Independence Program (VIP) with an emphasis on truancy and teen pregnancy reduction goals
- Coordinate elderly services with the Capital Area Agency on Aging and participate in the restructuring of long-term care for the elderly

Henrico County's Social Services Department recently reorganized its public assistance application process to serve customers more efficiently. It approved additional fraud investigators to strengthen fraud reduction efforts. It has also taken steps to respond to dramatically higher foster care demands.

Chesterfield County's major initiatives for FY95 included welfare reform, CSA foster care and therapeutic services to at-risk youth, and the implementation of ADAPT, the statewide computer system for benefit

programs. The County reorganized its eligibility units to provide one worker per family, created a single intake unit and cross-trained eligibility staff in all programs.

F. Mental Health

Mental Health (MH), Mental Retardation (MR) and Substance Abuse (SA) programs in Virginia operate subject to Chapter 10 of state statutes and the oversight of local Community Service Boards (CSBs). State law requires local governments to establish or participate in a CSB, unless they establish an independent authority. On July 1, 1996, the City of Richmond established an independent Behavioral Health Authority (BHA).

Most of the state's CSBs are regional in scope (i.e., they serve multiple jurisdictions). Henrico's CSB serves Henrico County, Kent and Charles City. Chesterfield's CSB serves a single jurisdiction. Richmond's new behavioral services authority only serves the City, but it could serve other jurisdictions if so requested. Each CSB submits a performance contract to the State which outlines services, revenues and costs, service levels and performance requirements.

As illustrated by the table below, Richmond maintains larger MH/MR/SA programs than do Chesterfield and Henrico, but the gap is much narrower than it is in social services. Henrico and Chesterfield actually spend more local funds on MH/MR/SA programs than does Richmond.

Key MH/MR/SA Resources - FY95

Indicator	Chesterfield	Henrico	Richmond
Staffing (FTEs)			
MH/MR/SA	168.0	199.0	223.9
Other	0.0	0.0	0.0
Totals	168.0	199.0	223.9
Contract providers	13	10	22
Facilities			
General service facilities	2	11	4
Employment facilities	1	0	2
Community homes	10	6	19

Richmond also carries larger MH, MR and SA caseloads than do Chesterfield and Henrico, but Henrico has a larger sheltered workshop caseload (see table on the following page).

MH/MR/SA Clients (Unduplicated) - FY95

Indicator	Chesterfield	Henrico	Richmond
Mental health	1,713	2,110	9,022
Mental retardation	603	682	797
Sheltered workshop	29	123	50
Substance abuse	1,222	2,052	2,691

The MH service indicators summarized in the table below indicate that the three jurisdictions employ somewhat different service philosophies. For example, Henrico delivers most MH residential services on an in-home basis and Chesterfield places greater emphasis on prevention services. Emergency MH services are mandated by state law.

MH Service Indicators - FY95

Indicator	Chesterfield	Henrico	Richmond
Emergency (service hours)	9,865	19,267	26,231
Outpatient (service hours)	26,633	24,609	35,875
Residential (hours)	2,663	20,364	6,750
Residential (bed-days)	15,121	1,095	21,708
Case mgt. (service hours)	9,716	11,031	59,387
Prevention	5,190	2,810	3,064
Psychosocial rehab. (hours)	71,354	86,199	87,294
Inpatient (bed days)	89	345	1,054
Intensive in-home (hours)	959	3,437	16,284

Note: Psychosocial rehabilitation services include vocational service; residential service includes highly intensive, intensive and supervised services; Henrico's intensive in-home service hours based on a partial fiscal year (annualized).

The MR service indicators summarized below reflect some apparent differences in service delivery strategies. For example, Richmond delivers significant vocational and day support services while Henrico and Chesterfield emphasize case management and intervention services.

MR Service Indicators - FY95

Indicator	Chesterfield	Henrico	Richmond
Residential (hours)	4,484	14,080	1,987
Residential (bed-days)	15,414	6,935	17,242
Vocational (hours)	12,222	31,217	73,774
Case management	14,223	12,503	3,811
Day support	4,996	19,661	64,792
Early intervention	6,187	6,993	2,429
Residential respite (bed-days)	115	123	

Note: Henrico delivers most MR residential service on an in-home basis. Henrico's residential bed-days includes contract waiver services.

The SA service indicators summarized in the table below illustrate some variations in service delivery emphasis. For example, Richmond delivers significant methadone maintenance services while Henrico has adopted a philosophy of emphasizing detoxification services more than maintenance programs.

SA Service Indicators - FY95

Indicator	Chesterfield	Henrico	Richmond
Outpatient	23,377	27,676	28,945
Case management	2,144	3,426	8,653
Prevention	2,701	8,015	7,423
Methadone detoxification	21	6,737	1,367
Methadone maintenance	5,349	0	13,856
Hosp.-based detox. (bed-days)	0	180	2,295

MH/MR/SA services are funded from several sources, including federal grants, state general funds, Medicaid, fees for service, client payments, donations and local funds. The federal MH Services Block Grant includes Serious Emotionally Disturbed Children/Adolescents and SA funds. State revenue includes MH/MR/SA and administration funds.

The most significant revenue sources are state funds, service fees and Medicaid. Local governments provide limited financial support; in fact, statewide the total local government contribution is only about $100 million. About 75% of the CSBs are "10% agencies" (i.e., the local government provides 10% of the operating funds). Richmond's local contribution is less than 10%. In contrast, Chesterfield provides 35% of its funding and Henrico provides about 50% of its funding from local sources.

Mental health funding is largely formula-driven. Prior to 1987, Chapter 10 funds were awarded based on individual service and cost proposals, Since 1987, the state has used a formula incorporating such factors as need, ability to pay, CSB population size, state categorical revenue for MH housing, census management and waiting lists.

As indicated by the table on the following page, Richmond incurs higher expenditures in every service category but MR. Both Henrico and Chesterfield incur higher MR expenditures than Richmond.

MH/MR/SA Operating Expenditures - FY95 (000s)

Expenditures	Chesterfield	Henrico	Richmond
Mental health	$3,351	$4,256	$8,053
Mental retardation	5,226	4,538	3,104
Substance abuse	1,443	2,731	5,122
Administration	321	590	812
Totals	$10,341	$7,859	$9,038

Note: Chesterfield's administration costs include allocation costs; Henrico's MR costs include $492,000 in sheltered workshop costs and $488,000 in transportation costs.

The City of Richmond plans to build strong linkages among private agencies and the BHA. It could use the BHA to provide expanded contract services for at-risk youth with MH, MR and SA problems. Ultimately, it could explore the feasibility of operating the BHA as a managed care authority for CSA.

Henrico expanded its Supported Employment Program by shifting more clients from sheltered employment conditions to jobs with local businesses. Through Section VIII funding and the Medicaid Waiver Program, Henrico assisted more clients in locating suitable housing. The County also established a Specialized Family Services Team to meet the needs of children and adolescents with serious emotional disturbances.

Chesterfield's services include crisis intervention, prevention, medical, case management and residential services. Chester House is a clubhouse for adults with serious and persistent mental illness. The Child and Adolescent Services Team (CAST) offers specialized services to children with serious mental health needs. Chesterfield's Infant Program is an early intervention program for infants with diagnosed or suspected development delays.

G. Public Health

State law requires each city and county to operate a local health department or establish a state agency health district. Henrico County operates a single-locality state agency health district while Chesterfield County participates in a health district with Powhatan County and the City of Colonial Heights. A health district is a state agency and most employees are state employees.

The City of Richmond, effective July 1, 1996, began operating a local health department. As part of a local health department, employees of the Richmond Health Department are considered City (rather than state) employees. The state still supports the services provided by the Richmond Health Department. This trend of reverting to local health departments began with Arlington County. In 1995, Fairfax County followed suit.

As reflected by the data presented in the following table, Richmond has the largest public health organization in terms of facilities and staffing levels. Chesterfield has the second largest organization.

Key Public Health Resource Characteristics - FY95

Indicator	Chesterfield	Henrico	Richmond
Local Staff (FTEs)	13.0	0.0	17.0
State Staff (FTEs)	83.9	79.0	112.5
Total staff	96.9	79.0	129.5
Public health facilities	4	2	7
Contract providers	2	1	1

Note: This data does not reflect Richmond's decision to contract out medical services.

From a legal and regulatory perspective, there are several types of services provided by local health departments, as follows:

- Services prescribed by statute (e.g., communicable disease treatment, food establishment regulation and human waste disposal regulation)
- Services required by federal grants (e.g., WIC, Family Planning, Child Specialty Services and AIDS Information and Testing)
- Services provided as a consequence of intergovernmental agreements (e.g., Medicaid service and Department of Agriculture inspections)
- Services recommended by the Board of Health (e.g., Maternal and Infant Health Program, well baby services and prenatal care)
- Services provided at the option of local governments (e.g., lead poisoning prevention, environmental nuisance inspection and school health services)

From a client perspective, the health departments provide two broad types of services: medical services which are primarily provided to low-income persons and other targeted populations; and environmental health services which are provided to the general population. To varying degrees, local public health departments also offer planning and policy development assistance to local governments.

Medical services include low-cost services targeted to low-income populations (e.g., family planning, prenatal care, WIC nutrition and well child exams), low-cost services intended to prevent disease transmission (e.g., immunizations, tuberculosis therapy, sexually transmitted disease diagnosis and HIV testing), and community education and screening programs (e.g., cholesterol screening, parental education, health counseling and communicable disease surveillance). Environmental health services include well permitting and regulation, animal rabies control and food safety inspections.

As indicated by the table below, the three jurisdictions serve relatively similar client populations. Of course, the City serves far more lower-income clients than do Chesterfield or Henrico counties.

Key Public Health Client Characteristics - FY95

Indicator	Chesterfield	Henrico	Richmond
Residents	234,700	233,300	198,700
Clients visiting clinics	23,013	23,014	20,524
Family planning enrollees	3,865	1,346	2,132
WIC enrollees	8,780	3,210	8,521
Food establishments	580	689	1,343

Medical services provided by the three jurisdictions vary according to local needs and service philosophy. As illustrated by the table that follows, Richmond provides more WIC/nutrition, sexually-transmitted disease (STD) and lead screening services, but Henrico and Chesterfield offer more preventive services, such as immunizations and school nursing services.

Medical Service Indicators - FY95

Indicator	Chesterfield	Henrico	Richmond
Patient visits	44,625	23,014	40,053
Family planning visits	3,337	1,519	3,703
Maternity/pediatric clinic visits	5,511	4,914	3,467
WIC/nutrition visits	4,632	7,764	8,654
STD clinic visits	475	526	5,206
STD field investigations		595	1,480
Immunizations given	17,649	13,111	4,028
School nursing-pupil consults	4,628	0	0
Nursing home screenings	343	204	326
Dental visits	953	2,814	275
Lead screenings			1,176

Note: Maternity/pediatric clinic visits include newborn clinic visits. Chesterfield had 10,229 maternity pediatric visits including additional nursing visits made to the facility. Chesterfield's school nursing-pupil consultations would total 63,919 if all home visits, immunizations, health screenings, pregnancy tests and conferences were included.

Some additional comments are provided below regarding some of the medical services provided in the Richmond area.

- Childhood immunizations are state-mandated
- STD services, which include screening, diagnosis, treatment and surveillance, are also state-mandated
- Child Specialty Services, provided in response to amendments to the Education of Handicapped Act (PL 99-457), include prevention and early intervention services for developmentally-delayed children
- Maternal health services are intended to reduce infant mortality rates

- WIC offers nutrition counseling to pregnant and post-partum patients

As indicated by the following table, there are some important differences in the environmental health services provided by the three jurisdictions. For instance, Richmond provides more food inspection and permit services than do Henrico and Chesterfield.

Environmental Health Service Indicators - FY95

Indicator	Chesterfield	Henrico	Richmond
Food service inspections	2,168	2,145	5,276
Food permits issued	598	700	1,543
Food enforcement actions	46	238	78
Food plan reviews	110	185	141
On-site water/sewer applications	603	307	0
On-site water/sewer permits	578	271	0
Living environment inspections		230	587
Environmental complaints	830	312	1,064
Animal control (rabies)	858		682

Note: Chesterfield's numbers include indicators for Powhatan County and Colonial Heights. Henrico's animal control program is handled by the Police Department.

The State funds public health costs to a degree, requiring local governments to fund a portion of other operating costs (e.g., supplies and medical equipment), but not personnel costs. Localities must match a percentage of the state allocation, as determined by the Joint Legislative Audit and Review Commission (JLARC). The percentage of costs contributed by local health authorities is based in part on the Fiscal Stress Index which is updated by the Commission on Local Government. The current matching formulae are 45% for Henrico and Chesterfield and nearly 42% for Richmond.

The funding of public health programs is not determined by a need-based formula. If a locality determines that its public health function is understaffed (based on caseload ratios or other factors), it usually must bear the additional costs of funding the staffing gap with local dollars. In the last General Assembly session, HB 21 was passed which commissioned a task force to develop a need-based funding formula for localities.

As indicated by the table on the following page, Richmond's public health expenditures are slightly higher than those of Chesterfield and significantly higher than those of Henrico. Administrative expenditures are similar.

Public Health Operating Expenditures - FY95 (000s)

Indicator	Chesterfield	Henrico	Richmond
Medical Services	$2,599	$1,509	$3,060
Environmental Services	627	444	814
Administration	686	656	757
Totals	$3,912	$2,609	$4,631

Note: Chesterfield's costs include costs for Powhatan County and Colonial Heights. Without Powhatan County and Colonial Heights, Chesterfield's total costs would be $3.274 million or about 16% lower.

Richmond's primary public health focus is on promoting public/private partnerships to develop a healthy communities strategy and improve the delivery of health care services. According to its FY95 Annual Report, the Richmond City Health Department had several achievements last year:

- The Harris, South Richmond, Civic and Calhoun clinics served over 18,000 citizens and the mobile clinic van visited targeted areas at least 3 days per week
- The Nursing Division (with RRHA) expanded case management services into 10 housing communities and expanded service to day care centers
- The Health Department won a $450,000 family planning grant and a $500,000 prenatal grant to help reduce unwanted pregnancies and improve pregnancy outcomes
- The Health Department won a $1 million annual Healthy Start grant from DHHS to improve the health of young women and children
- The Health Department received a $3.2 million HUD grant to rehabilitate housing and reduce lead exposure to children in 1,200 houses

The City's goals include enrolling 2,500 low-income women in WIC, maternity and family planning clinics and reducing the teen pregnancy rate by 50 percent within five years.

Due to downsizing in Henrico County (as well as the State), few new initiatives are anticipated for Henrico's public health program. Rather, the department will emphasize the maintenance of existing programs and services. One exception, Henrico's "Silver Platter Award" program, was initiated to promote sanitary food handling practices.

Chesterfield County's relatively strong financial commitment to public health has enabled it to expand public health services. It expanded School Health services, the Seibel Children's Health Care Center, and the Medallion program for AFDC patients. It is improving its capacity to dispense health information in epidemiology and environmental science. It initiated the first school-based clinic in the metro area with a public-private partnership. It initiated a child abuse prevention and family improvement

program in conjunction with the local CSB and Virginia's DSS. Nevertheless, Chesterfield officials have the same concerns as other public health officials about their ability to meet the growing public health needs.

H. Public Housing

As illustrated by the following table, public housing services are predominately concentrated in the City of Richmond. While Section 8 housing units are distributed throughout the metro area, public housing units are located solely within the City's boundaries.

The Richmond Redevelopment and Housing Authority (RRHA) is the principal public housing agency in the metro area. RRHA, which is an independent subdivision of the Commonwealth of Virginia, was established in 1940 by the City as its primary agency for eliminating blight and developing low-income housing. Today, RRHA provides a full complement of housing, redevelopment and related social services to low-income City residents.

Public Housing Service Indicators - FY95

Indicator	Chesterfield	Henrico	Richmond
Public housing residents served	0	0	33,250
Public housing facilities	0	0	17
Public housing units managed	0	0	4,500
Section 8 apartment complexes	7	27	9
Section 8 housing units filled	588	2,132	2,300
Applications processed-PH	0	0	2,231
Applications processed-§8		410	1,357
Applications on waiting list-PH	0	0	830
Applications on waiting list-§8	496	160	3,582
Housing inspections	1,333	0	5,931

Housing services provided by Henrico and Chesterfield County are generally limited to CDBG and Section 8 programs. Chesterfield County does, however, conduct a relatively large number of housing inspections.

As a result, Chesterfield and Henrico have very limited housing staffs. In contrast, RRHA has 395 employees and an operating budget of nearly $62 million. Chesterfield and Henrico spend significant parts of their small housing budgets on CDBG programs. Reflecting the needs of its constituents, RRHA spends about 77% of its operating budget on public housing and Section 8 and Rehabilitation programs.

Public Housing Resource Indicators - FY95

Indicator	Chesterfield	Henrico	Richmond
Staffing (FTEs):			
Housing programs	4.0	0.0	395.0
Other programs	0.0	2.5	0.0
Totals	4.0	2.5	395.0
Expenditures:			
Low-Rent Housing	$0	$0	$32,873
Section 8 & Mod. Rehab.	167	0	14,697
CDBG	136	390	6,083
Cooperation Agreements	0	0	7,582
Other Local Funds	0	0	453
Totals	$303	$390	$61,688

The RRHA provides a myriad of services, including operation of public housing facilities, administration of Section 8 voucher and certificate programs, housing facility maintenance and repair, home ownership assistance and neighborhood redevelopment and conservation. Its neighborhood improvement programs are funded by CDBG (via the City) and its housing services are primarily funded by HUD, the Virginia Housing Development Authority (VHDA), Home Investment Partnership Funds, Richmond Capital Improvement Program Funds, and state and local lenders. Its FY95 expenditures are presented below by program type.

RRHA Revenues and Expenses - FY95 (000s)

Category	Public Hsg.	§8 Rehab	CDBG	City	Other Local	Totals
Revenues						
Grants-federal	$25,334	$14,263	$0	$0	$0	$39,597
Grants-City	0	0	4,604	2,644	0	7,248
Rental income	7,741	0	3	4,207	13	11,964
Interest	299	260	163	383	276	1,381
Other	282	2	133	272	349	1,038
Total Revenues	$8,322	14,525	4,903	7,506	638	61,228
Expenditures						
Operations & Projects	19,785	976	4,308	5,574	255	30,898
Housing Assistance	0	13,491	0	0	0	13,491
Interest	2,438	230	0	644	198	3,510
Returned to Grantor	0	0	767	678	0	1,445
Total Expenditures	22,223	14,697	5,075	6,896	453	49,344
Other Outlays						
Capital Expenditures	10,650	0	0	15	0	10,665
Loans Issued	0	0	1,008	671	0	1,679
Total Other Outlays	10,650	0	1,008	686	0	12,344
Total exp. & outlays	$32,873	$14,697	$6,083	$7,582	$453	$61,688

RRHA operates 17 public housing developments (3,923 units) in the City, with 17,000 residents. Its largest developments are also its oldest. The 8 largest developments account for over 90% of the total units--and all were built before 1970. Five of these developments (i.e., Gilpin Court, Hillside Court, Creighton Court, Whitcomb Court and Fairfield) account for 66% of all units-- all were completed before 1958, making them RRHA's oldest facilities. The only development completed since 1986--the 34-unit Carver development--was built in 1994 and will be purchased through the Homeownership Lease/Purchase Program.

RRHA operates 8 low-income elderly and disabled developments with 572 units and two private Section 8 housing developments with 62 units. These residents must meet federal and RRHA eligibility requirements (e.g., age, disability and income). Most of these units were built during the 1970's, with the most recent facility completed in 1986.

Through the Section 8 program, private landlords lease units to low-income families qualifying for federal rent subsidies. The Section 8 Certificate and Voucher programs enable residents to live in inspected units with a 70% HUD rent subsidy (i.e., attached to the tenant). The Section 8 Moderate Rehabilitation Program (MRP) provides rehabilitation loans to landlords who agree to rent property to Section 8 recipients for 15 years (i.e., attached to the unit). There are 1,195 units in the Section 8 Certificate program, 162 units in the Voucher program and 980 units in the MRP.

RRHA, through its Urban Homesteading and Rehabilitation Program, has helped rehabilitate over 4,770 single and multi-family residential units in such residential areas as Carver, Fairfield, Jackson Place, Jefferson Park, Randolph, Southside and Washington Park. RRHA's Lease/Purchase Homeownership Program enables qualifying low-income families to buy their own homes. RRHA also provides various social, economic and educational programs (e.g., the Richmond Business and Employment Development Corporation, Parent/Tot, Garfield F. Childs Memorial Fund, Gilpin Safe Haven, Midnight Basketball League and Weed and Seed programs).

Henrico County has no staff devoted to housing and/or rental assistance programs. In Henrico, 16 apartment complexes were built or renovated under the Section 8 program. The County offers a listing of Section 8 apartment complexes and low-rent apartments, but it provides no staff for the inspection of these facilities.

Chesterfield has a small housing office which manages a rental assistance program for low and moderate income families and provides housing information and referral services to residents. The Chesterfield Housing Office, which is funded in part by federal and state grants, has experienced an increase in demand for affordable rental housing. The number of applicants on the waiting list for rental assistance has increased

considerably in recent years. During FY96, HUD took possession of the Park Lee Apartments and the County discontinued the MRP.

Current Regionalization Efforts

IV. Current Regionalization Efforts

A. Enabling Legislation

The Commonwealth of Virginia has relatively permissive enabling legislation for regionalizing local government services. State lawmakers have empowered local governments in Virginia to exercise a variety of regionalization options ranging from regional governments to joint facilities management agreements. Those options involving the restructuring of local governments typically require voter approval. Those options that merely affect the way local governments perform a certain service typically can be implemented through a formal agreement between or among the local governments seeking the change.

The most dramatic regionalizational alternatives available to local governments in Virginia entail the restructuring of the local governments themselves (i.e., the creation of a new regional government, the consolidation of existing local governments or the reversion of an existing local government). As illustrated by the table below, these options usually require prior voter approval which is often difficult to obtain.

Summary of State-Authorized Regionalization Models -Structural

Regional Alternative	Statute	Examples
√ Regional government (by general law or special act)	Constitution Art. VII, §2	Roanoke regional government; rejected (1990)
√ Full consolidation of local governments	§15.1-1130-32	Suffolk and Nansemond (1974)
√ Partial consolidation of local governments (e.g., tier city form)	§15.1-1135, 1138 & 1146	City of Staunton & Augusta County; rejected (1984)
√ Reversion of local governments	§15.1-965.9	City of South Boston (1995)
√ Sharing of constitutional officers (e.g., sheriff)	§15.1-40.2	

Suffolk and Nansemond approved a full consolidation of local governments in 1974, but many similar restructuring efforts have failed in Virginia. Plans that fundamentally change the relationship of voters to their local governments can be difficult to explain and sell to voters.

Legislators in Virginia also have attempted to promote the regionalization of local governments through specific legislation (see table). Typically, these new regional entities are statutory (i.e., they are created by statute). In some cases, legislators have determined that state interests required them to mandate new regional entities, such as regional planning districts. In other instances, special legislation has been enacted to require or enable new regional entities (e.g., transportation and utility authorities).

Summary of State-Authorized Regionalization Models - Statutory

Regional Alternative	Statute	Examples
√ Planning district comm. (may perform nonplanning services)	§15.1-1405	Virginia created 22 planning districts (1968)
√ Special legislation reg. authorities		
• Road, parking & sports facility	Ch. 178	Richmond Metro. Auth. (1986)
• Transp. planning & system	Ch. 630	No. Va. Transportation Comm.
• Sewage collection & treatment	Ch. 334	Hampton Roads Sanitation Dist.

The most popular and frequently-implemented regionalization model in Virginia has been the contract model (i.e., the regionalization option implemented by way of a formal contract between or among the parties). Some of these alternatives are summarized below.

Summary of State-Authorized Regionalization Models - Contract

Regional Alternative	Statute	Examples
√ Economic growth sharing agreements	§15.1-21.2 & 1167.1	City of Charlottesville and Albemarle County
√ Joint exercise of powers	§15.1-21	New River Valley EDA
√ Joint facilities development and operation	§15.1-304	City of Charlottesville and Albemarle County landfill
√ Joint functional activity authority		
• Regional jail	§53.1-105	Piedmont Regional Jail
• Juvenile facilities	§16.1-309	Fredericksburg, Stafford, etc.
• Libraries	§42.1-37	Pamunkey Regional Library
• Social services	§63.1-38, 44	York County and Poquoson
• Mental health services	§37.1-194	
• Planning	§15.1-443	Appomattox County/Town
√ Joint authorities		
• Public svc. auth. (water, sewer)	§15.1-1239	Upper Occoquan Sewer Auth.
• Redev. and housing authority	§36.1 et. seq.	Accomack-Northampton HDC
• Transportation district	§15.1-1342	Potomac & Rappah'ck Dist.
• Local transp. improvement dist.	§33.1-409	Route 28 Improvement Dist.
• Industrial development authority	§15.1-1373	Covington & Alleghany County
• Hospital or health center comm.	§15.1-1514	Northern Virginia HCC

Virginia law also authorizes local governments to enter into various voluntary and informal fiscal and service arrangements.

B. Current Regionalization Efforts

The Richmond metro area has regionalized numerous services and functions. A few of these regionalization models are what were described above as statutory models. However, most of them have been brought about through formal and informal agreements among the participating local jurisdictions (see table on following page).

Current Regionalization Efforts in Richmond Metro Area

Type of Service/Example	Type	CC	HC	RC
Planning and Economic Development:				
• Richmond Regional Planning Dist. Comm.	Statutory	√	√	√
• Appomattox Basin Industrial Corp.	Contract	√		
• Greater Richmond Partnership, Inc.	Contract	√	√	√
• James River Certified Development Corp.	Contract		√	√
• Metro. Richmond Conv. & Visitors Bureau	Contract	√	√	√
• Capital Area Training Consortium	Contract	√	√	
Transportation:				
• Richmond Metropolitan Authority	Statutory	√	√	√
• Capitol Region Airport Commission	Statutory	√	√	√
• Capitol Region Taxicab Advisory Board	Contract	√	√	√
• Greater Richmond Transp. Co. (GRTC)	Contract	√	√	√
• Metro. Richmond Air Quality Comm.	Contract	√	√	√
• Richmond Area MPO	Contract	√	√	√
• Ridefinders	Contract	√	√	√
• STAR	Contract		√	√
Utilities:				
• Appomattox River Water Authority	Statutory	√		
• Regional Water Planning Committee	Contract	√	√	√
• Natural gas agreements	Contract	√	√	√
• Water supply agreements	Contract	√	√	√
• Wastewater treatment agreements	Contract	√	√	√
Social Services:				
• Capitol Area Coalition of Local Svc. Bds.	Informal	√	√	√
• Central Va. Coalition of CSA Coordinators	Informal	√	√	√
• Domestic Violence Task Force	Informal	√	√	√
• Long Term Care Planning Group	Informal	√	√	√
Health/Mental Health:				
• Capital Area Agency on Aging	Contract	√	√	√
• Child/Adolescent Treatment & Prevention	Informal	√	√	√
• Community Services Board	Contract		√	
• Infant Early Intervention Program	Informal	√	√	√
• Kids County-foundation grant	Informal	√	√	√
• Local Disabilities Services Board	Contract	√	√	
• MH/SA Emergency Service Program	Informal	√	√	
• Reciprocal Personnel/Mutual Assistance	Contract		√	√
• Regional Community Services Boards	Informal	√	√	

Note: CC = Chesterfield County, HC = Henrico County and RC = Richmond City.

Statutory regionalization models include the Richmond Regional Planning District Commission, Richmond Metro Authority (RMA), Capital Region Airport Commission and Appomattox River Water Authority. Regional structures created by formal agreement include the Richmond Area MPO, Regional Economic Development Partnership, and Metropolitan Richmond Convention and Visitors Bureau. Informal agreements have been most frequently employed in social, public health and mental health services.

Some of these entities are discussed below:

- The Richmond Metro Authority (RMA) was created to manage toll roads, parking facilities and sports facilities, but may be empowered to assume other responsibilities and functions.
- The Regional Economic Development Partnership, which comprises the City of Richmond and Counties of Chesterfield, Hanover, and Henrico, was created to promote economic development in the metropolitan area.
- The Capital Regional Area Airport Commission was created in 1975 to coordinate regional airport efforts; each jurisdiction's financial interest in the Commission is determined on the basis of proportional population.
- The Appomattox River Water Authority was created by the Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights to coordinate water management issues.
- The Central Virginia Waste Management Authority was created by the Water and Sewer Authorities Act of 1973.

It is clear that, in many areas, Richmond, Chesterfield and Henrico have determined that is in their best interests to work together. Other successful cooperative efforts include regional airport expansion and regional ball park construction. Moreover, they continue to work together to pursue other opportunities, such as a regional public safety communication center and convention center expansion. Regionalization efforts pertaining to the functions studied herein are discussed below.

C. Water and Wastewater

In utility operations, there are many forms of cooperation, principally with respect to the purchases of capacity from the other agencies. As a result, the agencies in the region operate in a loose alliance of water and wastewater capacity sharing.

In water and wastewater, the agencies in the region have cooperated in a number of areas, including the Regional Water Planning Committee, the Appomattox River Water Authority, and various water supply and wastewater treatment agreements. On the other hand, there are limited cooperative efforts pertaining to utility maintenance operations.

D. Transportation

The region has cooperative transportation-related planning efforts (e.g., through the MPO and Richmond Metropolitan Authority). Regional transportation planning occurs in the greater Richmond region much like it does in virtually every major metropolitan area in the country. The MPO develops the long-range transportation plan for the region and supports local short-range transportation planning efforts. There is also a regional transit provider under contract with the GRTC. There are limited cooperative efforts pertaining to transportation maintenance operations.

Mass transit/paratransit services are structured as a regionalized service, but services are primarily delivered to the City. GRTC, as the sole provider of standard bus service in the region, and with cross-jurisdictional capabilities, is organized as a regionalized service provider. However, transit/paratransit services are not comprehensively delivered throughout the region. GRTC primarily functions as a City transit system with limited service to Henrico County and Chesterfield County.

The relationship between the City and the two Counties in the GRTC service area is integral to understanding the transit system in the Richmond urbanized area, as well as the issues which might be faced in any proposed changes to the system. The key elements of this relationship are summarized below.

- In 1989, the City sold half-ownership of the GRTC to Chesterfield County. Henrico was also offered the option to buy an equal share of ownership in GRTC, but they declined.
- About 88% of the routes operated by the GRTC are operated in the City, with 11% are operated in Henrico and only 1% in Chesterfield.
- GRTC's Board of Directors comprises six members -- three appointed by the City of Richmond, and three appointed by Chesterfield County.
- Routes are provided to an area based on a contract for service between the GRTC and the jurisdiction -- shortfalls for specific routes are covered by the jurisdiction where service takes place, on a pro rata basis.

As noted above, this organizational approach to providing public transit has resulted in relatively efficient operations. Farebox revenue represents nearly 51% of total revenue, a high level of cost recovery from this source for a public transit provider. This level of efficiency is directly related to GRTC's policy of requiring the jurisdiction to cover the shortfall on a per route basis--only those routes which are most able to support themselves are chosen for service. The farebox recovery ratio for the City of Richmond approaches 60%, while that of the counties falls closer to 30%. The farebox recovery ratio for paratransit is approximately 25%.

E. Human Services

There are some successful regionalization efforts involving human services. For example, Chesterfield County delivers social services to Colonial Heights. JTPA programs are regionalized to a degree (only the City operates an independent program). Richmond Henrico and Chesterfield coordinate some job training programs with other agencies (e.g., RRHA) and have created a one-stop job center using a private agency.

Cooperative regional efforts to address foster care and day care issues are underway. The Robert Woods Johnson Foundation children services grant, under the Chamber of Commerce's leadership, is bringing local agencies together to plan youth services. Henrico hired the CSA Coordinator for the

area and, together, the three entities are striving to expand youth services and improve CSA program outcomes for youth while controlling costs.

In child protective services, the three entities have an informal agreement to investigate suspected child abuse cases in one locality when on-call investigative staff in that locality are overloaded. About 50% of the City's juvenile boot camp caseload includes youths from other localities. In adult protective services, the YWCA operates two emergency shelters for battered women and manages a rape hot line for all three entities.

In public health medical services, epidemiology functions are regionalized with respect to the surveillance of communicable diseases. Multiple jurisdictions coordinate events and activities in cases of disease outbreaks. Henrico and Richmond share "floating" physicians in selected medical disciplines. The new Healthy Families program, based on a successful model in Hawaii, is designed to provide a wide range of prenatal, infant and parenting services to first-time mothers among at-risk populations.

In environmental health services, Henrico County participates in a reciprocal relationship with the City of Richmond to coordinate or provide certain types of inspections. Henrico has staff trained in septic tank inspections and the City has staff trained in lead paint inspections. Chesterfield has a similar relationship with the City.

Other Regionalization Models

V. Other Regionalization Models

A. Overview

We conducted a scan of regionalization approaches employed throughout the nation. To obtain additional perspectives on regionalization, we surveyed other jurisdictions which could offer some practical alternatives for the Richmond metro area. The focus of this survey was on metro areas of comparable size and those with experience in regional service delivery.

A wide array of regionalization models have been implemented throughout the country. Those models, many of which are viewed as successful (at least in the communities in which they have been tried), include the following:

- Federated (two-tier) structure - one governmental entity with two layers of government, one layer for regional services and one for local services
- City-county consolidation (unitary, single-tier regional government) - a single entity delivers all municipal, county and regional services; most mergers have been executed by voter referendum (e.g., Nashville and Jacksonville), but the merger in Indianapolis was achieved by statute
- Combined planning and services district or authority (regional government arrangements overlayed on existing local governments); usually granted broad, flexible charters to address regional needs identified by participating localities
- Other multi-purpose services district or authority (duties limited to cluster of inter-related services); very similar to combined planning and service districts, but rarer than single-purpose regional authorities
- Single-purpose service district/regional joint district; more common than multiple-purpose regional authorities and frequently linked to specific funding sources (e.g., federal grants or local user fees)
- Formal regional planning and service arrangements; usually require enabling authority and a formal contract to implement, but usually no structural change is required
- Intergovernmental service delivery arrangements; difficult to implement at the regional level due to the complexity of executing contracts among multiple localities
- Private, intercommunity and public-private arrangements

Selected examples of regionalization models currently used in the US and Canada are listed in Exhibit V-A. These models range from structural approaches like, Metro-Dade's federated model, to public-private partnerships in Cleveland, Ohio and Chattanooga, Tennessee.

Most of the models listed above are structural, statutory or formal contract models. The major exception is the private or public-private partnership model which typically functions most effectively with active public participation, but does not usually require a formal agreement with

Exhibit V-A
Representative Regionalization Models - US and Canada

Model	Selected Examples
Federated structure	• Miami-Dade • Toronto
City-county merger	• Unitary model (e.g., Edmonton, Calgary and Winnipeg) • City-county consolidation (e.g., Indianapolis-Marion County/Unigov, Nashville-Davidson County, Jacksonville-Duval County, Lexington-Fayette County and Baton Rouge-East Baton Rouge Parish) • Traditional consolidation (e.g., Baltimore, Denver and San Francisco)
Combined planning and service district	• Minneapolis-St. Paul Metropolitan Council (planning, public transit and sewage treatment) • Portland's Metropolitan Service District (solid waste disposal, zoo, convention center and regional parks) • Greater Vancouver Regional District (planning, sewage, water, air quality, housing, industrial development and regional parks) • Seattle Metro
Other multi-purpose service district	• Regional port or development authority with broad real estate, financing and taxing powers (e.g., Delaware River Port Authority, Bi-State Development and Port Authority of New York and New Jersey) • Urban services district (e.g., Nashville Metro)
Single-purpose service district/ regional joint district	• Water treatment (e.g., Metro Sanitary District of Greater Chicago and Metro St. Louis Sewer District) • Water supply (e.g., Metro Water District of Southern California and Denver Water District) • Air pollution control (e.g., South Coast Air Quality Management Dist.) • Transportation (e.g., Washington Metro Transportation Auth., Denver Regional Transit Dist., Greater Cleveland Regional Transit Auth.) • Industrial development (e.g., Pittsburgh's Reg. Ind. Dev. Auth.)
Formal regional planning and service model	• Joint fiscal plans (e.g., Minneapolis-St. Paul, St. Louis County, unified property tax sharing or revenue redistribution) • Regional asset sharing districts (e.g., Denver, Allegheny County) • Regional planning councils (e.g., MPO and Metro Washington COG) • Boundary commission (e.g., St. Louis County, Portland Metro Area Local Government Boundary Commission) • Regional coordinating groups (e.g., Portland's Forum on Cooperative Urban Services and Hartford's Capitol Region Partnership)
Intergovernmental service delivery model	• Intergovernmental service agreements (e.g., Los Angeles County and Jefferson County-Louisville's revenue sharing/service compact) • Joint powers authorities • Joint administration agreements, mutual aid agreements and other joint ventures (e.g., arterial roads, parks, library, public health)
Private, inter-community and public-private partnership model	• Business-driven mechanisms (e.g., Build Up Greater Cleveland) • Community-driven mechanisms (e.g., Minneapolis/St. Paul Citizens League, Confluence St. Louis, Greater Cleveland Citizens League) • University-driven mechanisms (e.g., University of Pennsylvania Center for Greater Philadelphia, Portland State University's Institute of Portland Metropolitan Studies) • Multi-sector mechanisms (e.g., Chattanooga Venture, Greater Indianapolis Progress Comm. and Detroit Metropolitan Affairs Corp.)

participating local governments. In addition, there are virtually countless informal regionalization models in place throughout the US.

B. Water and Wastewater

Regional cooperation in water and wastewater is quite common. Our survey of selected metropolitan areas identified several regional water and wastewater activities as summarized below.

- Indianapolis - Unigov provides water and wastewater services to all governmental bodies involved
- Jacksonville/Duval County - The City annexed the County and provides water and wastewater services within the area
- Minneapolis/St. Paul - the District Commission (recently consolidated from four separate commissions) provides for the collection and treatment of wastewater for parts of seven counties in the metropolitan area (within metropolitan service line)
- Dayton/Montgomery County - the City sells water to unincorporated areas of the County and both entities process wastewater for each other
- San Francisco - the regional entity sells water to most cities and counties in northern California and smaller, multi-jurisdictional agencies are typically provide wastewater services
- Albany, New York - the regional entity sells water to adjoining localities
- Virginia Beach/Hampton Roads- the entities are conducting more planning for regional expansion of water and wastewater services

These communities and local governments have evidently found it in their best interests to forge regional water and wastewater service arrangements.

C. Transportation

The regionalization of road maintenance and construction activities is less common than the regionalization of water and wastewater services. Our limited survey identified two examples pertaining to road maintenance/construction. In Indianapolis, Unigov has provided road maintenance services to most of the municipalities in Marion County for over 20 years. In Jacksonville/Duval, the City provides all public works maintenance services to all jurisdictions within the area, with the exception of four small municipalities. We identified no formal mutual aid agreements in our survey, but learned that informal arrangements are common in all of the agencies.

Regionalized mass transit is more the rule than the exception in the nation's major metropolitan areas. The jurisdictions in the Richmond area and GRTC have employed an approach to public transit which, in many respects, is distinctive. These characteristics are summarized below.

- The GRTC, unlike regional transit authorities in many other communities, lacks the legal authority to levy taxes.
- Resource allocation decisions (i.e., route location, service frequency and service type) are made by the participating jurisdictions in Richmond, not a regional transit provider.
- GRTC's cost structure requires the jurisdiction which benefits from an inefficient route or service (i.e., one that does not break even) to absorb the incremental cost.
- Outside of the City, the current public transit system is more efficient than it is comprehensive (i.e., the system serves those areas of which most effectively utilize public transit services).
- Chesterfield County, which owns 50% of GRTC, uses the area's public transit system the least.

Our survey of other regional transportation providers indicates that the GRTC is operating within a set of constraints which limit its ability to expand the scope or character of its services to the region. Should the decision be made to change the character of the GRTC regional service (for example by serving areas where the cost-recovery potential is less than the current 50% systemwide rate), there would have to be a fundamental review of the region's commitment to transit.

D. Human Services

Formal regionalization models have been less common in human services than in other service areas. The most common formal regionalization models have been experienced in federally-funded programs that offer some funding incentives for regionalizing services. Examples of such programs have included elderly services, job training and development and juvenile justice-related youth services.

Other examples of regional human service initiatives are highlighted below.

- Florida Healthy Kids, Inc., established by the Florida legislature with state, local and private funding, provides comprehensive health care to over 20,000 children through school districts, resulting in more favorable managed care rates with providers and lower emergency room costs
- The Greater Vancouver Regional District provides regional health care
- Solano County, California has implemented integrated one-stop shopping for human services and, in conjunction with several cities and private health care providers, the Solano Health Care Partnership
- Western governors established a partnership among states, federal agencies and the private sector to develop an electronic health care card (Health Passport Project) to bridge data gaps and streamline data gathering for common clients

- Charlottesville and Albemarle County share case management data, conduct a joint child day care rate survey, and have adopted a blended regional child day care rate
- Illinois has decentralized day care services and established multiple-county districts to encourage regional cooperation
- The Dayton Business Committee, which represents many of the City of Dayton's private sector employers, agreed to use Montgomery County as its primary vehicle for finding employees
- Mecklenburg County and Charlotte, North Carolina provide funding of $17.9 million to several area hospitals for indigent medical care
- Mecklenburg County and Charlotte, North Carolina established a joint Human Services Council to set human and health service policies, including criteria for the distribution of public funds

Mecklenburg County and the City of Charlotte, North Carolina have explored numerous consolidation opportunities, including human services. For example, they have executed contracts with the Charlotte-Mecklenburg Hospital Authority to provide public health and mental health services.

The Rappahanock Area Community Service Board (RACSB) is a quasi-governmental organization which is chiefly involved in mental health services. However, many of the children served are within the scope of Virginia's CSA initiative. RACSB operates a combined CSA agency for five governments (i.e., Spotsylvania, Caroline, Stafford, King George and Fredericksburg). In addition, the RACSB has an affiliate that provides social services such as foster parent training. This relationship existed prior to CSA and continues to exist despite the complexity of social service funding streams and potential for philosophical differences.

In the Hampton Roads Virginia area, CSA providers tried to reduce residential placement costs by using volume purchasing power. The Newport News Purchasing Department acted as technical purchasing officer and issued an RFP which essentially asked vendors to propose lower rates in exchange for a guaranteed number of beds. The proposed costs were only slightly lower than before, partly due to corporate buyouts which limited the number of providers. While the effort did not generate significant cost savings, it served as a regional "team-building" exercise. It also sent a signal to the vendor community that the local agencies were concerned about costs and were willing to work together to reduce them.

E. Relevant Conclusions

In our surveys of other metropolitan areas and our scan of regionalization literature, we found that communities regionalize services for different reasons. Some of the more common objectives for regionalization are listed below.

- Broaden planning, financing and service delivery capabilities and help ensure adequate basic government services for all residents
- Foster greater inter-governmental cooperation and eliminate the "buck passing" that is associated with cross-jurisdictional urban problems
- Reduce the unnecessary duplication of infrastructure, personnel and other public resources that often accompanies fragmented services
- Ease fiscal and service inequities among different jurisdictions
- Enhance regional opportunities to attract federal and private investment and promote regional economic development
- Bolster public confidence and governmental accountability

Conclusive evidence that the communities we surveyed actually achieved their objectives is more elusive. Few communities have documented any cost savings or other measurable benefits typically associated with consolidation and other regionalization models. Some of our most relevant findings are summarized below.

- Most regionalization efforts have been initiated to improve the delivery or coordination of services; cost savings were a secondary objective
- In most areas, regionalization has occurred in targeted services and authorities later expanded the scope of services
- Some metro areas which have regionalized selected services are considering regionalizing additional services
- Governance structures have varied significantly for regional entities
- All major metropolitan areas have regional transit systems
- Most major metropolitan areas regionalize at least some water or wastewater services; few regionalize road maintenance functions
- Few communities we contacted have significantly regionalized human services within existing governmental structures, except as part of larger city-county consolidations or in response to federal or private funding incentives
- Privatization is an ever-increasing trend in metropolitan areas, even among those that have regionalized services

The diversity of regionalization models is astounding, perhaps reflecting the diversity of the nation's communities and the service demands they face. For every regional problem, whether it is mass transit, water quality or poverty, it seems that there has emerged at least one regionalization model to combat it. As the problems (and potential solutions) have changed, the legislative responses also have evolved.

Our scan indicated that it has become increasingly difficult to anticipate the challenges that will confront local governments across jurisdictional boundaries. Yet, as more responsibilities are shifted from the federal and state governments to localities, the need for stronger regional capacities to address multi-jurisdictional problems could become more acute. If we are unable to predict the problems to be solved regionally, yet recognize the

need for regional problem-solving capacity, the most appropriate legislative response might lie in a flexible regionalization model.

Perhaps the most intriguing model of the formal regionalization models we reviewed is Portland's Metropolitan Service District. Originally intended to address solid waste disposal problems, it has been subsequently chartered to address other issues (e.g., zoo, convention center and regional park issues). Its greatest appeal may very well be its flexibility. More of a mechanism than a government, it provides community leaders and voters with a tool for addressing cross-jurisdictional problems as they arise. On behalf of 3 counties and 24 municipalities, Portland Metro coordinates regional planning, growth management and municipal boundary issues. Its 7-member board may be the only directly elected regional decision-making body in the US.

Seattle Metro and the Greater Vancouver Regional District are similar to Portland Metro. Seattle Metro is a federation of local governments responsible for regional water pollution control and public transit. It is funded by regional taxes and fees and authorized to issue debt and set transit and sewer rates. The Metro Council includes representatives from the City of Seattle, King County, and other local governments. Key elements of its perceived success include the active participation of local governments, voter approval requirements for specific financing proposals and a regional tax base.

The Greater Vancouver Regional District was established to assume responsibility for regional sewage, water, health, industrial development and planning services. It has since been expanded to include housing, regional parks, air quality control, and 911 emergency communications. Its board comprises representatives of local governments who participate in decisions using weighted voting techniques.

DMG

Assessment of Regionalization Alternatives

VI. Assessment of Regionalization Alternatives

A. Evaluation Criteria

In cooperation with the Joint Legislative Subcommittee, we developed criteria to evaluate selected regionalization alternatives for the services set forth in the Joint Subcommittee's Request for Proposals. After the Joint Subcommittee approved the formal assessment criteria, we used them to support our analysis of expanded regionalization opportunities for the Richmond metro area. The assessment criteria included the following:

- Fiscal impact - The degree to which the regionalization opportunity offers the potential to reduce service costs, increase revenues, strengthen fiscal capacity, enhance financing capabilities and ease fiscal inequities
- Service impact - The degree to which the regionalization opportunity could enhance service delivery, quality, responsiveness and frequency, reduce service inequities and reduce the duplication of services
- Service climate - The extent to which the regionalization opportunity is an expansion of prior cooperative ventures, consistent with current service philosophies and easy to implement
- Legal climate - The extent to which the regionalization opportunity is consistent with current state and local law and agreements
- Public support - The degree to which the regionalization opportunity enjoys broad public support and is perceived to enhance or preserve public representation, voter accessibility and local control
- Economic impact - The degree to which the regionalization model will help enhance regional competitiveness, attract new businesses, retain existing businesses or otherwise enhance the region's image

We strove to apply the above criteria in the context of our understanding of current service delivery systems in the region, existing efforts to regionalize services, and the experiences of other communities. Principal conclusions reached in this analysis are summarized in the following subsections.

B. Water and Wastewater

The experience of jurisdictions in other parts of the country indicates that there are several opportunities to further expand cooperative regional water and wastewater service ventures in the Richmond metro area. Water and wastewater regionalization is relatively common throughout the United States (as demonstrated by our survey of other metropolitan areas).

We evaluated the regionalization potential of several water and wastewater utility functions. Water system regionalization candidates include production and treatment, lab services, transmission, line repair and

construction, plant and station maintenance, meter reading and repairs, and billing and finance. Wastewater system regionalization candidates include collection, treatment and pre-treatment, lab services, inspection and evaluation (including televising), line cleaning, line repair and construction, and plant and station maintenance. Operational support functions (e.g., administration, purchasing, dispatch, information systems and telemetry) also were considered.

Summary of Water and Wastewater Regionalization Opportunities

Function	Fiscal Impact	Service Impact	Service Climate	Legal Climate	Public Support	Econ. Impact
Water						
Prod./treatment				*		
Lab services				*		
Transmission				*		
Repair/constr.				*		
Plant maint.				*		
Meters				*		
Billing				*		
Ops. support				*		
Sewer						
Collection				*		
Treatment				*		
Lab services				*		
Inspection				*		
Cleaning				*		
Repair/constr.				*		
Plant maint.				*		
Ops. support				*		
Key:						
Favorable						
Mixed						
Unfavorable						

* Depends in part on the legality of an existing authority participating in a second authority.

As the above table illustrates, the feasibility of regionalizing individual water and wastewater utility functions appears limited at this time. However, in considering the regionalization of water and wastewater services in the Richmond metro area, the whole may be greater than the sum of the parts. That is, there may be significant long-term benefits to a regional capacity planning and financing process that merit further study. We believe that the following points should be considered:

1. Regionalizing wastewater functions could be a viable approach to solving wastewater/stormwater separation issues. We believe that the regionalization of future wastewater treatment plants should be

strongly considered as the local jurisdictions address water and wastewater separation issues and plan new regional capacity. The regionalization of wastewater services could be an effective approach to resolving Richmond's wastewater and stormwater separation issue. At a minimum, future plant capacity added to solve this problem could be regionally planned and financed. Plants built in the future could be developed under a joint regional authority. From a policy perspective, this approach would recognize the significant regional impact of this issue. This approach also could reduce the cost of water and wastewater administration and lay the foundation for the subsequent consolidation of the region's wastewater system. Many implementation issues, such as debt and rate structures, would have to be resolved as part of any consolidation effort.

2. The complete organizational consolidation of water or wastewater services would reduce administrative and support costs. Regionalizing water or wastewater utilities would significantly reduce the operating costs of providing these services in the greater Richmond area (in spite of the fact that the City would retain a utility devoted to gas and electricity). A review of administrative staffing levels in the three jurisdictions indicates that consolidation could result in the reduction of at least 20 positions (potential annual cost savings of at least $1.5 million). While immediate service impacts might be limited, the long-term effect of improving the coordination of services and system expansion could be significant, both in terms of capacity planning and economic development. Existing production and treatment cooperative agreements in water and wastewater lay the groundwork for more complete organizational consolidation. While common nationally, the transition to regionalization often encounters significant community opposition. At a minimum, complete organizational consolidation should be considered as a way to approach future capacity decisions.

3. The consolidation of most individual utility service components would not significantly reduce costs or improve services. There is little indication that current utility staffing levels pose a major issue. Most of the utilities' service targets and levels conform to prevailing "best practices" in the industry. While differences exist with respect to system age and condition between county and city operations, regionalization would probably do little to address these differences at current funding levels. If additional resources were available (to address separation, for example), regionalization would not be necessary to address these infrastructure items. There is little extra capacity available to share regionwide in the largest functional areas of utilities' operations (e.g., repair and construction of water and wastewater lines and plant operations).

4. There are several "low capacity" utility functions which lend themselves to regionalization. Regionalizing such functions as lab

services and line televising could benefit all agencies in the region. While these functions involve relatively limited resources, their work could be scheduled regionally, thereby minimizing duplication, generating cost savings and improving efficiency.

5. Joint purchasing, billing and selected other operational support functions could reduce utility costs without incurring significant implementation barriers. Many communities have developed regional service capacity or shared arrangements relating to billing, purchasing and, as described above, several smaller support units (including lab services, televising and inspection). Cooperative purchasing (and the scheduling purchases to buy in greater volumes and conform to price cycles and sales) has been shown nationwide to be effective in reducing the costs of predictable, high-volume or high-cost purchases. It is not uncommon for these purchasing arrangements to reduce acquisition costs by up to 10%. As described above, cost savings of a similar magnitude are possible in individual support units.

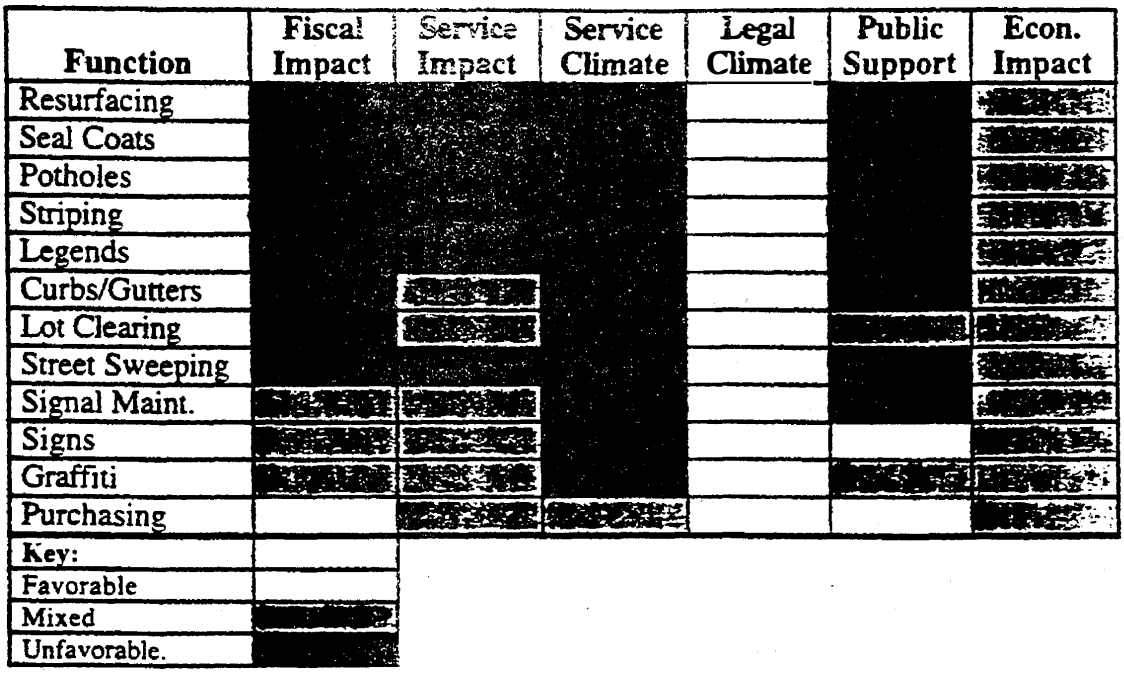
In the final analysis, the regionalization of water and wastewater utilities merits strong consideration, especially as a long-range approach to handling new capacity. There are other parts of the country with long traditions of regionalizing water and wastewater services. As with transportation services, regionalizing individual utilities functions could be pursued as opportunities present themselves. While these individual functions have more limited potential to reduce costs, they may encounter less resistance than complete consolidation of water and/or wastewater services throughout the greater Richmond area.

C. Road Transportation

The experience of local governments throughout the country indicates that there are limited opportunities for regionalizing road transportation-related functions. Potential regionalization candidates for road construction and maintenance include: 1) road maintenance (e.g., road resurfacing, sealcoating, pothole patching, striping, painting of surface legends, curbs and gutters, lot clearing and street sweeping), 2) traffic signals and signs (e.g., fabrication, graffiti removal, repairs, and reflectivity checks) and 3) support (e.g., purchasing and vehicle maintenance).

Utilizing the assessment criteria, as summarized by the table on the following page, it does not appear that there are significant opportunities for regionalizing transportation-related services at this time.

Summary of Transportation-Related Regionalization Opportunities



As the table shows, there are relatively few opportunities to regionalize road transportation-related services in the greater Richmond area. Our conclusions are summarized below.

1. The complete organizational consolidation of road transportation-related services would not reduce administrative support costs. Road and traffic maintenance are individual functions within much larger public works departments. Regionalizing these functions would not eliminate entire public works departments. Management resources would continue to be required, albeit for a reduced set of functions.

2. The consolidation of line transportation services would not significantly reduce costs or improve service. There is little indication that staffing levels in the three agencies are excessive (i.e., surplus staff resources that could be reduced through consolidation). Moreover, most of the region's transportation service targets and levels conform to prevailing "best practices" in the public works industry. While differences exist with respect to age and condition between suburban (county) and urban (city) areas, regionalization would do little to address these differences at current funding levels. If additional resources were available, regionalization would not be necessary to increase attention to these infrastructure items. Most of the road maintenance functions (e.g., resurfacing, seal coating, potholes, curbs and gutter) are high-capacity operations which have limited excess capacity to share regionwide.

3. Regionalizing road transportation functions would likely have a significant positive impact on the City. As noted throughout this analysis, the infrastructure differences which exist in the region are primarily the result of age and density. Richmond's road conditions are less satisfactory than those in the suburbs. At existing resource levels, regionalization could improve the City's infrastructure, but have a negative impact on the condition of roads in the counties. At higher resource levels, regionalizing the service could help ensure that the incremental revenues are allocated to the greatest road infrastructure needs.

4. There are several "low-capacity" functions which could benefit from regionalization (e.g., development of a common contract). Regionalizing selected traffic maintenance functions (e.g., traffic signal maintenance, sign fabrication and repair, sign reflectivity checks and surface painting) could benefit all agencies in the region. The regional scheduling of regular preventive maintenance activities would better enable the three entities to reallocate available capacity on a regional basis. Other jurisdictions which have regionalized these services (through selling or jointly contracting the services to the private sector) have found that better crew utilization and reduced administrative staffing can result in savings of up to 10%. Since these functions are relatively small, these cost savings would be less than $100,000 per year throughout the region.

5. Joint purchasing offers similar opportunities to reduce the cost of road transportation-related services. Many jurisdictions have developed regional public works purchasing cooperatives to reduce the cost of acquiring mutually-needed supplies and equipment. Items which best lend themselves to regional purchasing arrangements include asphalt, concrete, vehicles, tools and equipment, parts, signs, lamps for signals, paint and sweeper brooms. Through better planning and volume buying, cooperative purchasing has been effective nationwide in reducing the costs of predictable large purchases, sometimes by up to 10%. For the three agencies, purchasing responsibility could be divided among existing staff on a functional basis and storage problems could be avoided by "drop shipping" to each agency rather than a central location. We were unable to quantify the cost impact of this regionalization approach.

From a practical perspective, the regionalization of all (or most) of these functions may not be viable in the short term. The experience of other communities, many with long traditions of regionalizing services, bears this out. Nevertheless, we believe that an incremental approach, especially in low-capacity functions and purchasing, could promote regional cooperation and positively impact cost savings and operational efficiency.

D. Public Transit

The Richmond Area MPO, in conjunction with the GRTC, produced the "Comprehensive Transit Study" in 1995. This study was intended to evaluate the Richmond area's public transit system and suggest measures for improving transit service. Based on numerous surveys and extensive original research, the study concluded that:

- Current arrangements for providing service in Henrico County (i.e. contracts with the GRTC) could be used to meet any additional demand.
- All three jurisdictions have areas with a "propensity to use transit services," including areas in Chesterfield and Henrico contiguous to the City (these areas were defined as areas with high population density, high employment density or limited automobile availability).
- Potential transit trip generators (e.g., large employers or shopping areas) are clustered along major roadway corridors, in all three jurisdictions, including US 1, US 60, US 360 and Broad Street.
- Surveys of GRTC riders and non-riders found some common ground, including perceptions that good transit is key to the area's economic health and that service improvements (e.g., more service to outlying areas, reduced fares for frequent users, greater route frequency) would increase their use of transit service.
- The GRTC has identified the areas in which service demand was likely to be the highest and that the MPO suggestions would merely be improvements to an already efficient system.

The MPO used several factors to determine areas which exhibit a "propensity to use transit services." Those factors included:

- Population densities of at least 2 persons per acre
- Employment densities of at least 1 to 5 employees per acre
- Automobile availability of less than 0.7 autos per person
- The location of trip generators (e.g., large employers or shopping areas)

The MPO staff relied in part on this work to develop suggested service enhancements for the GRTC. The Comprehensive Transit Study presented a long-term list of options, and a more pragmatic short-term list of transit options for the Richmond region. The recommended service enhancements are summarized below.

Long Term System Improvements - The MPO considered several alternatives, including the development of 13 trunk route and cross-town bus extensions, the addition of six express bus and park-and-ride alternatives, and the development of five fixed "guide way" (i.e., light rail) alternatives. The MPO considered the provision of the services on a per passenger cost basis. It should be noted that all alternatives would exceed the cost per passenger on existing routes, which ranges from $1.00 to $2.00 (in some cases by a factor of ten or more).

Based on its analysis, the MPO developed a long-term "transit vision" for the Richmond urbanized area, which includes the following elements:

- Three trunk route extensions
- Six circulator / feeder routes connected to the trunk lines
- Four cross-town connections
- Four new express bus routes
- One light-rail line (Broad Street Corridor)
- Additional resources for improved traffic demand management, paratransit, ADA compliance and marketing

The additional costs for each of these functions, and the unfunded operating and capital expenses are summarized on the following page.

Estimated Cost of Long-Term MPO Transit Vision (000s)

Plan Element	Capital Costs	Operating Costs
Direct Service Elements:		
Trunk Route Extensions	$450	$2,336
Circulator / Feeder Services	600	2,603
Cross-town Connections	950	4,244
Express Bus	500	928
Light Rail	48,000	4,695
Subtotal	$50,500	$14,806
Indirect Service Elements:		
TDM Program		$200
Paratransit ADA Compliance		2,547
Expanded Marketing		100
Transfer Centers	$600	
Park and Ride	700	
LRT System Planning	160	
Down. Trans. Mast. Plan.	100	
Paratransit Coordination	50	0
Subtotal	$310	$2,847
Total New Plan Costs	$52,110	$17,653
System Expenses:		
Total New Plan Costs	$52,110	$17,653
Existing Operating Costs		20,805
Elimination of Light Rail Routes	(1,000)	(3,977)
COA Improvement Cost	0	790
Total System Expenses	$51,110	$35,271
System Revenues:		
Estimated Farebox		$12,176
FTA Section 9 Funds		1,933
State Operating Assistance		5,361
Existing Local Contribution		3,794
Total Current Funding	0	$23,264
New Funding Required	$51,110	$12,007

Note: Capital Costs = non-federal share of resulting capital costs (the federal government will pick up a large portion of capital costs related to mass transit service expansion) and Operating Costs = total operating costs for ADA and fixed route service.

The MPO found that these service improvements would place a large demand on the resources of the jurisdictions which would benefit from the new services. These would have to come from the jurisdictions which would directly receive or benefit from the transit services.

Short-Term Transit Options - The MPO also identified several short-term service enhancements which offer immediate promise. The MPO's suggested enhancements are listed below in relative order of priority with the MPO's most promising opportunity at the top.

Route 60 Trunk Route

- Patterson Avenue Trunk Route Extension
- Parham Road Crosstown
- Westside Crosstown
- Laburnum Avenue Crosstown
- West Henrico Trunk Route with Area Circulator / Feeder Routes
- Route 60 Area Circulator / Feeder Routes
- Route 76 Express Service
- Park and Ride Facilities
- Transfer Centers
- Bus Shelters
- Expanded Marketing Function

As summarized in the table below, the MPO's short-term transit vision would require a capital investment of about $2.1 million. These expanded services would also increase annual operating costs by nearly $8.7 million.

Estimated Cost of Short-Term MPO Transit Vision (000s)

Plan Element	Capital Costs	Operating Costs
Direct Service Elements:		
Trunk Route Extensions	$250	$1,134
Crosstown Routes	700	2,791
Circulator/Feeder Routes	200	971
Express Bus Route	100	159
Park and Ride	200	
Transfer Centers	300	
Programmatic Expenses	310	300
Subtotal	$2,060	$5,355
Indirect Service Elements:		
COA Improvements		$790
ADA Compliance		2,547
Subtotal	0	3,337
Total New Costs	$2,060	$8,692

Note: Capital Costs = non-federal share of resulting capital costs (the federal government will pick up a large portion of capital costs related to mass transit service expansion) and Operating Costs = total operating costs for ADA and fixed route service.

It should be noted that this option does not show the impact of farebox recovery on routes. In Exhibit VI-A, we have presented an expanded analysis which considers the impact of alternative farebox recovery levels on MPO's suggested bundle of services. The following points are key to understanding the analysis:

Exhibit VI-A
Estimated Operating and Capital Costs for Short Term Service Expansion for GRTC
(Base Data From MPO "Comprehensive Transit Study")

ALTERNATIVES	Non-Federal Share of Associated Capital Costs	Alternative With 25% Farebox Recovery Rate on New Services	Alternative With 35% Farebox Recovery Rate on New Services	Alternative With 45% Farebox Recovery Rate on New Services	Alternative With 55% Farebox Recovery Rate on New Services	"Most Likely" Alternative (25% Farebox Recovery Rate on New Services)
Direct Service Elements						
Trunk Route Extensions	$ 250,000	$ 1,133,786	$ 1,133,786	$ 1,133,786	$ 1,133,786	$ 1,383,786
Crosstown Routes	700,000	2,790,859	2,790,859	2,790,859	2,790,859	3,490,859
Circulator / Feeder Routes	200,000	970,718	970,718	970,718	970,718	1,170,718
Express Bus Route	100,000	159,302	159,302	159,302	159,302	259,302
Park and Ride	200,000					200,000
Transfer Centers	300,000					300,000
Programmatic Expenses	310,000	300,000	300,000	300,000	300,000	610,000
Total of Above	$ 2,060,000	$ 5,354,665	$ 5,354,665	$ 5,354,665	$ 5,354,665	$ 7,414,665
COA Improvements		789,851	789,851	789,851	789,851	789,851
ADA Compliance		2,547,000	2,547,000	2,547,000	2,547,000	2,547,000
Total Costs for New Services	$ 2,060,000	$ 8,691,516	$ 8,691,516	$ 8,691,516	$ 8,691,516	$ 10,751,516
Current Costs		20,200,000	20,200,000	20,200,000	20,200,000	20,200,000
Total Costs (with New Services)	$ 2,060,000	$ 28,891,516	$ 28,891,516	$ 28,891,516	$ 28,891,516	$ 30,951,516
Farebox Recovery From Existing Services (@ 50% Farebox Recovery)	$ -	$ 10,100,000	$ 10,100,000	$ 10,100,000	$ 10,100,000	$ 10,100,000
Farebox Recovery From New Services (@ Rates Below)		1,657,041	2,192,508	2,727,974	3,263,441	1,657,041
Total Farebox Recovery From All Services - Revenue	$ -	$ 11,757,041	$ 12,292,508	$ 12,827,974	$ 13,363,441	$ 11,757,041
Remaining Costs After Farebox Recovery	$ 2,060,000	$ 17,134,475	$ 16,599,008	$ 16,063,542	$ 15,528,075	$ 19,194,475
Other Sources of Revenue (All Sources Assumed to Remain Constant at Current Levels)						
Charter	N/A	65,000	65,000	65,000	65,000	65,000
Advertising	N/A	178,000	178,000	178,000	178,000	178,000
Other	N/A	123,400	123,400	123,400	123,400	123,400
Henrico Current Contribution	N/A	1,473,939	1,473,939	1,473,939	1,473,939	1,473,939
Richmond Current Contrib.	N/A	3,854,376	3,854,376	3,854,376	3,854,376	3,854,376
State (VDRPT)	N/A	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Federal CMAQ	N/A	259,660	259,660	259,660	259,660	259,660
Federal Section 9	N/A	1,188,728	1,188,728	1,188,728	1,188,728	1,188,728
Total Other Sources of Revenue	$ -	$ 11,943,103	$ 11,943,103	$ 11,943,103	$ 11,943,103	$ 11,943,103
Total Short-Fall (Est.)	$ 2,060,000	$ 5,191,372	$ 4,655,905	$ 4,120,439	$ 3,584,972	$ 7,251,372
Farebox Recovery Ratio (New Service)	N/A	25%	35%	45%	55%	25%
ADA Farebox Recovery Ratio (All Service)	N/A	25%	25%	25%	25%	25%

- The farebox recovery rate for the current system is assumed to remain at approximately 50%.
- The farebox recovery rate for ADA-mandated services is assumed to remain at 25% regardless of the farebox recovery rate for service additions.
- The farebox recovery rate on the additional elements is assumed to be less than that which is currently experienced in the counties.
- Other revenue sources for operating the GRTC (e.g., Henrico County, City of Richmond, State of Virginia and Federal Government) were assumed to remain unchanged after the addition of the new routes.

The base service and cost assumptions utilized by the project team were presented by the MPO staff in the "Comprehensive Transit Study." We have expanded this analysis to include the financial impacts of alternative farebox levels. In the "most likely" scenario, it was assumed that the farebox recovery ratio used in calculating the effective new costs for the additional system elements was 25%, the farebox recovery ratio for the ADA services was 25%, and that existing routes would remain unchanged.

The net operating cost shortfall (i.e., after accounting for all revenue sources) would be nearly $5.2 million in the "most likely" scenario. In addition, there would be nearly $2.1 million in local-share capital costs associated with implementing the various service elements (e.g., purchase buses and equipment and develop park and ride facilities). The amount of state aid and federal support for regional transit should these enhancements be enacted, would not increase under the current arrangements.

We believe that, for a moderate investment in capital and operations, the MPO's short-range plan for the region could be realized. The policy question for the three localities and the Commonwealth of Virginia is how these additional resources should be generated--solely at the local level or through a combination of local and state sources? In our view, the expansion of transit/paratransit services in the Richmond metro area meets most of the regionalization assessment criteria in this study, including:

- A fiscal impact of only $5.2 million per year to realize the MPO's short-range plan (plus initial local capital costs of nearly $2.1 million).
- Improvements in service delivery in Henrico County and especially Chesterfield County.
- Expansion of this system builds upon an existing regional system.
- The GRTC provides a legally-viable model for implementing the expanded service.
- There appears to be broad public support for expanding the transit system at this time.

- The economic development impact of regionalizing transit/paratransit services would likely include increased access to jobs and commercial centers for mass transit passengers.
- As our surveys have demonstrated, most urbanized areas the size of Richmond have relatively well-developed regional transit systems.

Finally, mass transit services affect human services. The lack of a comprehensive regional mass transit system is cited by human service professionals in all three jurisdictions as a significant barrier to the effective delivery of many human services and the implementation of welfare reform. The City has over 36,000 persons 62 and older and 28,000 non-institutionalized persons who are dependent upon public transportation, affordable housing and support services. The expansion of the metro area's mass transit services could enable many of these individuals to live in other jurisdictions and more broadly distribute the relatively high costs of providing public services to this group.

As they look to the future, Richmond metro area leaders should view their public transit system as an economic development tool and an alternative or a complement to the construction of additional road capacity. In that context, they should consider a variety of options, including:

- A regional source of transit funds to mitigate problems which stem from localities having to choose between public transit and other vital services.
- Alternative methods of providing public transit, including neighborhood-based flexible route bus or van services.
- More "transit friendly" development (e.g., building and parking design features which would facilitate the use of public transit).
- Incentives to large employers to encourage the use of mass-transit (e.g., flexible park-and-ride service to specific employers).
- The pooling of local paratransit funds and the regionalization of paratransit dispatch services.

Such ideas are worthy of consideration. Whatever the approach, we believe that the Richmond metro area must address the underlying issue--the lack of a flexible, regional public transportation network connecting residents with employment opportunities and services. In the long run, it could even limit the region's economic growth.

E. Human Services

In Human Services, we focused our assessment on the following regionalization alternatives: Social Services Consolidation, Welfare Reform, a CSA joint venture and a regional Behavioral Services Authority. A summary of our assessment is presented in the table on the following page.

Summary of Human Service Regionalization Opportunities

Alternative	Fiscal Impact	Service Impact	Service Climate	Legal Climate	Public Support	Econ. Impact
Social Service Consolidation						
Welfare Reform Implementation						
CSA Regionalization						
Reg. Behavioral Service Auth.						
Public Health Consolidation						

Key:
Favorable
Mixed
Unfavorable

As the table shows, there are some opportunities to regionalize human services in the greater Richmond area which we believe are worthy of further consideration. Our conclusions are discussed in more detail below.

1. Social Services Consolidation - Title 15.1 allows local governments to consolidate human services to promote integrated services within a single jurisdiction. State law also would allow local governments in the Richmond metro area to consolidate social services operations across jurisdictions (e.g., through a consolidated office or an intergovernmental agreement. Regardless of the organizational model employed, we believe that consolidation offers potential disadvantages and advantages.

Since all local agencies operate under state guidelines, it would appear that the agencies could be consolidated with little adverse impact on service levels and quality. However, despite uniform state standards, the localities in the Richmond metro area appear to employ different service definitions and philosophies which present substantial potential barriers to implementation. For example, the City spends more on general relief and state-local hospitalization than is required by the Commonwealth while Henrico does not exceed state standards. County officials are concerned that the consolidation of social services would unduly drain their resources while the City is concerned that consolidation could dilute its resources and impair its efforts to meet the needs of certain populations.

At first glance, the regional consolidation of social services would be more efficient. It appears that some marginal economies of scale could be achieved. Based on our review of current organizational structures, for example, we have estimated that consolidation could result in the reduction of at least twelve management positions at an annual cost savings of about $900,000. Additional savings could be achieved through the consolidation

of administrative support functions, but these savings would likely be contingent to some degree upon system enhancements.

A decision to consolidate social services should not be made without determining which of three localities should be the lead post-merger entity. Given the size of the City's social service operation, and its experience with the most chronic client populations, the City is probably the most logical candidate. However, the entity with the most sophisticated information systems (probably Henrico County) should probably establish the technology platform for the consolidated entity. The technology issue could be a significant barrier to a successful consolidation. As an alternative, the three entities, through an intergovernmental agreement, could form a joint not-for-profit agency to administer selected social services.

All three entities are understaffed according to state staffing standards (estimated at 70% of standards). However, as caseloads decline under welfare reform restrictions (e.g., in North Carolina, caseload reductions of 20% have been realized), there should be greater opportunities for improving the utilization of caseworkers and reducing overall administrative costs. The decline in welfare recipients will provide opportunities to reduce or redeploy caseworkers despite court cases and federal mandates which tend to increase workloads. Improved case management systems will be essential to streamlining the processing of applications.

In light of welfare reform, and in an effort to provide more comprehensive and cost-effective services to clients, all three entities are moving toward a more "holistic" service integration model. Current integration initiatives involve such services as Medicaid and food stamps. The City's program, which is in the developmental stage and will be piloted in the near future, will offer decentralized services in community-based facilities. Any consolidation effort should facilitate, not undermine, the integration of social services and the involvement of private non-profit and community organizations. Given the dynamic legislative climate for social services, we believe that consolidation efforts should proceed cautiously over the next few years, with an emphasis on targeted intergovernmental agreements rather than more dramatic changes to governmental structures.

2. Welfare reform - The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) signed August 22, 1996, represents the most serious human services challenge--and perhaps the most exciting opportunity--in many years. For a variety of reasons, we believe that regionalization could be an important path to the successful implementation of welfare reform in the Richmond area.

Under federal welfare reform, states have more regulatory flexibility than before, but limited federal funds to take advantage of this greater flexibility. Work requirements, for example, are limited to 20 hours per week through 1998 and, in future years, will increase up to 30 hours per

week (to balance child rearing needs). States will be permitted to create jobs through subsidized public and private employment and community service. The blending of funds from multiple sources is expected to enable states to build more comprehensive child care systems, perhaps using a public or private lead child care agency.

Social service professionals in the Richmond metro area, as well as in other communities, recognize that welfare reform will not work without three essential ingredients: 1) adequate jobs for welfare recipients, 2) adequate transportation to connect welfare recipients to the jobs and 3) adequate child day care to enable welfare recipients to pursue their new careers. Without adequate jobs, transportation and day care, welfare reform is expected by many professionals to fail. If clients cannot get to new jobs, the state may find it difficult to meet the work participation requirements, especially within the time required. The potential sanctions are severe.

We believe that a regionalized approach to welfare reform could help the Richmond area overcome many of these barriers. There are virtually unlimited alternatives for structuring this regional mechanism, but the following features should be considered:

- The active involvement and strong leadership of the business community
- The formation of a regional Human Services Commission to establish measurable objectives for, and monitor, the welfare reform effort
- The creation of a private, not-for-profit organization to administer the regional welfare reform effort
- Aggressive outsourcing of strategically-important service delivery functions, especially those which are most critical to welfare reform (e.g., a contract arrangement for connecting recipients with jobs)
- A comprehensive regional quality child day care system, including such features as a blended regional rate and a regional day care provider recruitment, training and management unit
- A regional mass transit program that helps ensure that employment, training and day care opportunities are accessible to welfare recipients
- A consolidated case management system with uniform eligibility criteria, processing procedures and benefits and a technology platform that serves multiple programs (e.g., child care and work participation)

Perhaps the most exciting development related to welfare reform is the Greater Richmond Chamber of Commerce's contract with local governments in the Richmond metro area to locate jobs for welfare recipients. This innovative partnership, the Greater Richmond Employment Assistance Team, offers the best of regionalization and privatization. It should dramatically improve the access of welfare recipients to private sector jobs, give the business community a vested interest in finding jobs for welfare recipients, and compel the local governments in the Richmond metro area to work together on a critical element of welfare reform.

Some individuals believe that it may be too late for a regional welfare reform entity to be established and effective, particularly given the July 1, 1997 deadlines. But, the vision should not be limited to achieving the short-term goals of welfare reform. Changing welfare procedures without also changing the culture of current service delivery organizations may not be enough to achieve the long-term objectives of welfare reform. Rather, leaders of the Richmond metro area should regard welfare reform as an opportunity to free not only welfare recipients, but government caseworkers and other social service workers as well, from the grips of the current welfare bureaucracy.

3. Comprehensive Services Act - The Comprehensive Services Act (CSA) for At-Risk Youth and Families was implemented in July, 1993. Under CSA, agencies can blend previously discrete funding sources to serve children with persistent emotional and behavior problems, significant disabilities or a significant risk of residential placement. CSA is intended to improve the coordination of such services as intervention, counseling, family reunification, behavioral health therapy, nutritional and educational services. The targeted (or mandated) populations are:

- Special education children placed in private programs
- Disabled children placed in private residential facilities
- Foster care children or those placed in suitable homes or institutions
- Children placed by a court or committed to DYFS

The Commonwealth enacted the CSA in part to contain sharply rising costs without degrading services. The cost increases were frequently attributed to expensive residential treatment programs and inadequate monitoring systems. There was also concern that the multi-entry point system for accessing services was too difficult for clients to navigate.

In response, CSA guidelines require multi-disciplinary Community Policy and Management Teams (CPMTs) to review eligibility and treatment decisions (e.g., case plans) for appropriateness. There are over 90 CPMT's statewide. Local CSA agencies also must appoint Family Assessment and Planning Teams (FAPTs) to control access to services.

Virginia's Secretary of Health and Human Services selects a director to administer the CSA program. To promote broad participation among various state departments, the Secretary designates a "lead department" (e.g., Department of Social Services, Department of Medical Assistance Service and Department of Rehabilitative Services). The Secretary periodically rotates this role.

CSA is a "sum-sufficient" program combining state and local resources to meet the needs of targeted children. The CSA funding formula allocates funds based on a locality's ability to pay and the Health Department's Cooperative Health Formula. However, even if a locality can afford to pay

a higher share, it is not required to pay more than 45% of its total CSA costs. The Commonwealth caps the State's contribution for administrative costs between $5,000 to $25,000 per CSA agency. In recent years, it is our understanding that the Commonwealth has considered imposing other budget caps on local CSA agencies despite the "sum-sufficient" guidelines of the original CSA enabling legislation. Some human service professionals believe that CSA is conceptually sound, but underfunded.

In our view, the CSA program supports the regionalization of services. One successful intergovernmental effort is the Pendleton Project in the Tidewater area. This venture receives CSA funding for a variety of services, including behavioral health and special education. The Rappahanock Area Community Service Board (RACSB) operates a combined CSA agency for its jurisdictions. In addition, an RACSB affiliate provides social services such as foster parent training. In Northern Virginia, Falls Church, Fairfax City and Fairfax County formed a single CSA agency.

A CSA confederation can function independently of other program operations. Thus, the City of Richmond could operate its own social service agency while simultaneously serving as part of an aggregated CSA agency serving multiple jurisdictions. Alternatively, Chesterfield County could combine social service operations with the City of Richmond, but elect to combine CSA activities only with Henrico.

CSA funds have recently been redeployed in a joint effort among Mecklenburg, Lunenburg and Brunswick to provide comprehensive school-based services at a reduced cost, yet improved quality. This effort is noteworthy because it combines intergovernmental cooperation with privatization. Mecklenburg provided a school building, but the service providers are from the private Rivermont School in Lynchburg. The affiliated governments purchase "slots" in the school for their children and compensate Mecklenburg accordingly. The local governments receive financial support from State CSA funds.

Regional schools in the Tidewater area have been developed to augment local school capabilities to deal with CSA children. Individual local governments did not have sufficient caseload to operate their own schools and typically purchased more costly private placement at Grafton School and other providers. Through intergovernmental cooperation, the Tidewater area participants can operate their own school at reduced costs and enjoy greater control over the quality of services received by the children.

The State CSA office will approve bundled regional rates (e.g., Fairfax). Hypothetically, if Henrico and Chesterfield receive comparatively limited state assistance due to their high ability to pay, then regionalizing with the City of Richmond (assuming its ability to pay is lower) could produce significant savings for Henrico and Chesterfield. The total pool of costs for

the region applied to a new bundled rate could be compared to the individual local shares presently expended to arrive at the aggregate cost benefit. The regional partners could then redistribute the savings among themselves on a negotiated basis independent of the State.

Instead of independently negotiating with the same local service providers, the localities should consider developing a regional CSA vendor procurement and contract management process. Regionalizing this process appears to offer significant long-term benefits. First, it could improve service planning and monitoring capabilities. Second, it could encourage more private providers to enter the business (e.g., therapeutic group homes). Third, it could ultimately reduce unit costs. A 5% cost reduction, for example, would save Henrico County over $100,000 per year. The success of this program in the Richmond metro area will depend in part on the supply of providers. Current Richmond area facilities include the Virginia Treatment Center for Children, Charter Westbrook Hospital, West End Behavioral, Poplar Springs and Cumberland Hospital.

Another regionalization opportunity under the CSA program would involve sex offenders. The Richmond metro region could benefit from a regional sex offenders facility. The viability of regional detention centers has been clearly demonstrated. When the number of children to be served in one locality is inadequate to justify a new correctional facility, regional cooperation may provide suitable demand. The City of Richmond has a population of juvenile sex offenders who victimize other children, but this population may be insufficient to justify a new facility just for the City.

Given the regional service deficit for the board, care and treatment of sexual offenders, however, an intergovernmental agreement among the three entities could justify a new facility. It could be feasible for the City to construct a facility and "sell" beds to other jurisdictions. If the facility could fill its beds with offenders from other jurisdictions, then it would be more financially (and politically) viable. Moreover, from a treatment perspective, these children would be closer to their families and communities which in turn could accelerate their habilitation. More effective treatment outcomes could consequently reduce lengths of stay and overall costs.

CSA needs are not likely to diminish in the years ahead. For example, the impact of welfare reform on SSI payments for children will likely push more children into foster care. As all three entities struggle to find appropriate programs for troubled and at-risk children, and the money to fund them, regionalization offers great long-term promise. At a minimum, since local CSA agencies are chiefly responsible for funding administrative costs, they could directly benefit from reducing their administrative costs. If caseloads and service demands continue to escalate, today's relatively small cost savings could become more significant. A study of CSA recently commissioned by the Commonwealth may address some of these issues.

Mental Health - With its transition toward managed care, the MH/MR/SA system is undergoing dramatic change throughout the country. In this climate of change, consolidation or some other form of regionalization may be easier to implement. On the other hand, this uncertain future makes it more difficult to estimate the impact of regionalization on services and costs.

Managed care through the Medicaid program will relieve some of the MH/MR/SA burden from the City and Counties. However, welfare reform is expected to leave many of the poor (or working poor) uninsured. Perhaps the most profound issue facing local governments in MH/MR/SA services is their financial exposure, especially given the perceived scarcity of resources and abundance of legislation and litigation in this arena. Many providers foresee more public/private cooperation to address these issues.

The Behavioral Services Authority recently adopted by the City of Richmond may offer the Richmond metro area a model for the future regionalization of MH/MR/SA services. If its success proves sustainable in Richmond, it could provide a model for regionalizing such services in the metro area. Under current state law, the new Authority can perform MH/MR/SA services in the counties to the extent requested by the counties. In effect, the authority's jurisdictional boundaries can be expanded via contract.

As summarized below, a consolidated Behavioral Services Authority (BSA) for the Richmond metro area could offer some advantages:

- Since local jurisdictions follow state service and reporting guidelines, some economies of scale may be easier to achieve through consolidation
- A consolidated entity could increase the governments' access to the provider network and enhance their negotiating position (e.g., Tidewater's joint psychiatric contracts)
- Full regional consolidation could initially enable the three jurisdictions to eliminate up to 15 administrative positions and achieve annual cost savings of up to $1.1 million
- Consolidating the planning and construction of future MH/MR/SA facilities could minimize duplication and improve cost-effectiveness, particularly if it is done in connection with transit planning
- The three local jurisdictions have had some success with independent authorities (e.g., Chesterfield's nursing home) and non-profit spin off agencies (e.g., Chesterfield and Henrico)
- The jurisdictions have had experience with outsourcing MH/MR/SA services (e.g., City manages 14 contractual treatment programs and one purchase of services contract for adolescent residential treatment)
- Regionalization could help local jurisdictions overcome barriers to effective service delivery (e.g., inadequate transportation, housing, day support and capacity)

- An independent BSA could provide an additional buffer to protect the City and Counties against excessive liability
- An independent authority removes local employees from bureaucratic personnel and procurement rules and arguably creates a more favorable climate for competing with the private sector

There are many formidable implementation barriers which should be considered before pursuing regional consolidation of MH/MR/SA services. Some of those issues are listed below:

- Differences in service philosophies established by local CSBs
- Differences in client populations (unlike many other human services, MH/MR and SA services cut across socio-economic categories)
- Potential funding disparities stemming from differences in the way the localities assign values to various services
- Potential staff resource disparities among local entities
- Accountability for local funds

Other issues loom ahead as well. Should the Commonwealth be in the state hospital business? If so, should state reimbursement rules be modified to improve the utilization of public hospitals? How can the Commonwealth encourage insurance companies to better serve the Richmond area? Should the Commonwealth single-stream funds? Should the regional authority be a provider or a managed care coordinator? More analysis is needed to adequately address these issues.

5. Public Health - We reviewed several options for regionalizing public health operations, including local consolidation and intergovernmental agreements. We concluded that regionalizing environmental public health services offers limited potential at this time and that regionalizing medical services should be linked to managed care initiatives or limited to specialized public health programs where patient access and cost control objectives can be effectively reconciled.

Regionalization offers economies of scale that could benefit managed care networks where physicians, hospitals and other providers must be enrolled as participating providers. The City has an abundance of hospitals and treatment programs. It also appears that some City neighborhoods are closer to county clinics than to those within the City. Sharing facilities could improve resource utilization and strengthen regional public health service delivery. Further analysis of patient flows and the geographic dispersion of facilities is needed to fully assess the potential impact of regionalizing public health services. The Commonwealth's experience with mandatory managed care networks for its employees could contribute further insights.

Regionalizing medical care for the indigent may offer some potential benefits to local governments in the Richmond metro area. For example, a

joint regional contracting process for providing health care services to the medically indigent could increase the leverage of the three jurisdictions vis a vis the area's largest private health care networks. It also could better position the localities to improve linkages with other human services targeted for low-income populations. Given the dynamics of the health care industry and managed care, the relative benefits of this approach are difficult to project. However, a growing number of local governments appear ready to pursue this path, at least through intergovernmental agreements and public-private partnerships.

For many public health medical service patients, access to services is paramount. Yet, for government providers facing revenue constraints, the cost of increasing public health service access cannot be ignored. In selected public health programs, cooperative regional ventures could help local governments address both priorities. One opportunity could be a regional school nursing program. The data we reviewed indicates that, by working with Chesterfield (which has a very active school nursing-student consultation program), Henrico and Richmond might be able to improve Medicaid reimbursement for such services.

Another opportunity could involve the regionalization of certain specialty practices. For example, floating physicians are used in Powhatan, Goochland, Henrico and Richmond to meet certain specialized needs (e.g., pediatrics, obstetrics, and gynecology). When the number of births in Goochland is insufficient to support retaining an obstetrician, Goochland can still retain access to this resource by procuring the obstetrical services on a shared basis with neighboring localities. Similar joint efforts for specialized (e.g., high blood pressure prevention and school health nursing programs) should be explored.

It is unclear whether a consolidated or unified regional public health department, like the one operated in Fairfax County (also serving Fairfax City and Falls Church), would be feasible for the Richmond metro area at this time. There would likely be some nominal cost savings; the consolidation would probably facilitate the elimination of up to six management positions at an annual cost reduction of up to $450,000. However, the City's recent creation of its own health department, and other factors, could prove to be formidable barriers to a unified regional entity. We believe that less dramatic regionalization mechanisms, such as intergovernmental agreements, make more sense for the Richmond metro area at this time.

If Richmond metro leaders determine that a unified regional public health department merits serious consideration, they will have to determine whether it should operate as a state or local entity (i.e., whether employees should be state or local). Currently, Henrico and Chesterfield operate state agency health districts while Richmond operates a local health department. The nuances of managed care, and mix of mandated and non-mandated services, offer local health departments substantial latitude. However, to

become part of a larger regional health district, Henrico and Chesterfield would have to receive approval to withdraw from the State system. This process would include converting state employees into local employees and negotiating a lump sum payment from the State.

6. Other Comments - Greater regional consolidation could adversely affect each entity's ability to integrate social services with related services (e.g., health care). "One-stop shopping" configurations are desired to improve the access of low-income clients to services. While regionalization will not necessarily impair integrated services, any strategy that dislocates the physical proximity of related service and facilities could detrimentally impact clients. Future facility siting decisions should be based on strengthening customer services and improving efficiency.

Greater regional consolidation should be pursued with vigor where there are insufficient human service providers (i.e., service deficits). Service deficits often arise due to insufficient or unevenly distributed service demands. Combined regional demand for services can justify the necessary investment to fill the service void. Ultimately, clients benefit from improved service and local governments benefit from lower costs.

Implementation Issues and Strategies

VII. Implementation Issues and Strategies

A. Implementation Issues

There are numerous factors which could impede or facilitate the implementation of regional service delivery models in the Richmond metro area. These factors, which are outlined below, should be fully addressed, particularly to the extent that more dramatic regionalization models (e.g., consolidation) are considered.

- Demographic characteristics (e.g., social-economic and race variations)
- Financial structure (e.g., fiscal capacity, tax rates, assets, bonded indebtedness, overlapping debt and other liabilities)
- Service structure (e.g., service scope, frequency, quality and costs)
- Personnel policies (e.g., pension benefits and contributions, salary levels and working conditions)
- Representation and accountability (e.g., minority participation, voter accessibility, local autonomy and local values)
- Electoral issues (e.g., nonpartisan elections, term limitations, district elections and elected executive form)
- Regional economic competitiveness

The toughest barriers to the regionalization of services in large urban metropolitan areas are often demographic and political. Even when couched in philosophical terms (e.g., issues about service modalities), resistance to regionalization in many urban areas may be centered around class and race issues. A broad-based dialogue will likely be required before Richmond metro area leaders and citizens will embrace regional initiatives which primarily benefit low-income persons.

Perhaps the most formidable issue facing the Commonwealth, the three local jurisdictions and the Richmond area's civic leadership is one of equity. Today, the three jurisdictions are, for all intents and purposes, relatively strong and equal partners. However, the City of Richmond, like many older urban centers in the US, has many entrenched problems, including limited prospects for growth. If Richmond, for example, experiences the same deterioration that other central cities have experienced, its ability to maintain its infrastructure could suffer, its fiscal capabilities could atrophy and its economic appeal could lose its luster.

Under that scenario, by 2010 the City may not enjoy the bargaining leverage it has today and will enjoy less political clout to determine the terms of any regionalization strategy. The two counties will find regionalization initiatives less appealing. In that event, the implementation barriers typically associated with regionalization will only heighten. Short of major government crises or scandals to arouse voter interest, regionalization will become increasingly futile to promote.

B. Funding Mechanisms

One of the greatest barriers to improving the regional delivery of some services is the manner in which such services are funded. We believe that the Joint Subcommittee should consider alternative funding incentives to facilitate certain regionalization alternatives. A few examples of such incentives are discussed below.

In public transit, the Commonwealth should consider using the implementation-dedicated portion of the motor vehicle fuel tax as an operational subsidy for public transportation. If the Commonwealth were to institute a tax of $.01 per gallon, and dedicated that tax to the support of public transportation, there would be an annual pool of $39.8 million per year to support mass transit programs (using figures from calendar 1995, including the sales of over 3.275 billion gallons of gasoline and 702 million gallons of diesel fuel). Statewide, this would represent about $6.45 per person per year and $14.16 per family (assuming 2.2 persons per family). Out-of-state transients would assume some portion of this cost as they travel through the state.

The Commonwealth could facilitate the regionalization of social services by restructuring social service funding formulae and allotments. For example, the Commonwealth could apply the Cooperative Health Formula used by the Department of Health and CSA. This would provide a more effective funding approach than those currently in place at DSS.

In social services, allotments to local governments are often capped at levels too low to cover costs for mandated services. The funding scheme for social service programs in Virginia can be described as a fixed match with caps. Typically, administrative costs are shared between local and state/federal sources, with the local share set at twenty percent up to the budget cap set by DSS. However, the budgeted funds provided by the State are seldom adequate and localities routinely exceed the cap. The devolution of "unfunded mandates" will only exacerbate the fiscal burdens shouldered by local governments.

The State could provide incentives to regionalize the placement and operation of social service centers by financing the construction of facilities under its industrial development authority. The local governments could then rent the buildings without a substantial capital outlay, raising taxes or incurring additional indebtedness. The State could limit this arrangement to governments which operate regional models within prescribed parameters.

C. Other Regionalization Incentives

If the Commonwealth determines that, as a policy matter, regionalization should be fostered, it should couple any recommended legislative directives with meaningful incentives. In addition to the funding incentives discussed

above, we believe that there are other incentives that the Commonwealth should consider making available to local governments.

In the social services arena, the prompt and successful implementation of ADAPT is critical to the integration and improved coordination of services. By easing the transfer of data among social service agencies, a fully automated eligibility system could also facilitate the regionalization of social services. In public health, a clear state policy on primary care for the medically-indigent, particularly pertaining to funding issues, could provide some impetus for any desired regionalization efforts.

The current state policy concerning local CSBs and SSBs should be reconciled with any policy to promote regionalization. These local boards, while intended to reflect local values and service philosophies, may be resistant to any form of regionalization. Whether the local boards have concerns about management practices or different clientele in adjoining jurisdictions, they will be unlikely to relinquish their authority to another entity. We suggest that the Commonwealth consider offering grants or other monetary incentives to regions which establish a single regional Human Services Council.

The Commonwealth also should consider awarding performance bonuses to local jurisdictions which successfully implement regionalization models consistent with established state regionalization policy. Regionalization models which could be promoted by state policy might include uniform regional eligibility criteria and application procedures, joint regional units providing services to target populations (e.g., children at risk) or the pooling of private and public monies to promote more efficient service delivery (e.g., pooling paratransit funds to regionalize dispatch services).

The Commonwealth should reconcile its current policy regarding regional Social Services offices with any policy it might develop concerning regionalization. The five regional Social Services offices serve primarily as resources for local agencies. Their staff are program-oriented with specialists in such areas as employment, foster care, CPS, adult services, Medicaid, Food Stamps and AFDC. They also have Hearing Officers, licensing staff and Quality Control staff (to review cases in food stamps, AFDC, and Medicaid). The Central Regional Office has 16 employees. If the State decides to promote regionalization (and the devolution of state responsibilities), it should consider making these resources available to the regional entity.

The CSA funding formula only partially rewards local governments for decreasing unit service costs. Obviously, while driving down the unit cost of services is beneficial to local CSA agencies, these benefits are shared with the State. The State might better promote cost reduction and regionalization initiatives by establishing a baseline and allowing CSA agencies to reinvest a greater share of their savings. Many local governments in Virginia have consolidated their resources in specific

service areas, such as foster home inspections, to reduce unit costs, yet maintain local control of the programs.

The movement of cases between localities has always been an important factor in administering social services. The benefits of continuity of care in medicine are also applicable to "treating" children and their families. A regional social service system should reduce case transfers. There may also be financial benefits that accrue to the State by enhancing fraud detection for public assistance programs. The potential for fraud increases with the number of entry points into the system. When public assistance clients receive redundant benefits by applying at multiple localities simultaneously, the State incurs added costs for AFDC (TANF), Food Stamps, General Relief and other programs.

The State has historically had insufficient resources to fully fund all of the staffing needs of local social service offices. If two local agencies elect to combine and now only have a single director, cost savings for the director position should accrue to the agencies who put forth the effort to consolidate. The State should adopt a policy that permits retention of savings produced by local agencies that consolidate operations. The State should examine the consolidation process and offer technical assistance to local offices exploring options. The State should examine the policies of the Department of Social Services to ensure that financial benefits of consolidation remain with the affected agencies.

D. A Framework for the Future

If the Commonwealth and the local jurisdictions decide to move forward with further analyses of regionalization alternatives, we recommend that the business community be asked to provide independent management assistance. Project management could include coordination of a detailed five-year plan for evaluating, building support for, and implementing the selected regionalization alternatives. A structured engagement management methodology, including procedures and sample forms for planning, controlling and documenting a complicated, community-based project, should be used. Most significantly, this effort should involve the establishment and monitoring of measurable objectives for regionalization efforts that are approved and implemented.

Citizens affected by consolidation or other forms of regionalization need the opportunity to express their opinions, concerns, or support regarding any potential reorganization. As a result, we recommend the use of citizen leadership committees throughout the implementation period. In addition, project leaders should conduct opinion polls of residents to ascertain potential support for the most viable regionalization alternatives. If substantial community support is perceived to exist for any one option, a voter referendum may be appropriate. If not, an alternative implementation approach offering greater flexibility may be more appropriate.

Regionalization could adversely affect the participation of certain voters and citizens (e.g., minority voters) in local government. Any regionalization effort which transfers significant service resources and responsibilities to a new regional entity should address regional governance, representation and accountability issues. Care should be taken to ensure that key urban constituencies, particularly those which rely heavily on the services to be regionalized, are effectively involved in the planning, development and implementation of regionalization initiatives.

The involvement of service providers is also extremely important. The identification and implementation of a regional service delivery plan is a component of the Robert Woods Johnson planning grant awarded to the City of Richmond. We understand that the Community Collaborative for Youth--funded by the Robert Woods Johnson Foundation--is structured to ensure the active involvement of local providers in this planning process. The Steering Committee planning the program includes representatives from affected local governments. We recommend that any broad regionalization effort initiated by the Commonwealth ensure strong local participation.

There are a variety of vehicles for regionalizing services, many of which are already employed in the Richmond metro area. The three largest local governments in the area have demonstrated a preference for formal and informal agreements. Given the success that local governments in the Richmond metro area have achieved with this model, we believe that the legislature should exercise great caution before it mandates any structural regionalization alternatives, such as consolidation.

The Community Collaborative for Youth offers potential as an informal model for coordinating regionalization initiatives, at least in the human services arena. The Collaborative is developing a vision statement for youth services (due next spring) and reapplying for funding (next fall). Based on the Savannah Youth Futures Foundation, and headed by the private sector, this group could ultimately oversee the planning and funding of all youth services. If it succeeds, perhaps it could serve as a prototype for coordinating other regionalization initiatives.

The Greater Richmond Employment Assistance Team, the welfare reform partnership between the Greater Richmond Chamber of Commerce and the Richmond metro area's major local governments, offers another potential model for future regionalization efforts. While it is too early to assess the ultimate effectiveness of this partnership, this initiative clearly demonstrates the commitment of the area's local governments to regional cooperation and their willingness to pursue innovative strategies. Such innovation and cooperation should be aggressively supported by the Commonwealth through financial incentives and other assistance.

Some metropolitan areas in the US have concluded that at least some regional problems defy informal regionalization efforts. In some cases, these communities have established new regional governments to address such issues. If state and local leaders conclude that a formal regionalization model is needed in the Richmond metro area to address future regional problems, we recommend a regionalization model similar to that employed in the Portland, Oregon area.

As discussed earlier in this report, Portland's Metropolitan Service District is a flexible governmental mechanism empowered by the state legislature and local voters to address regional problems. On behalf of 3 counties and 24 municipalities, Portland Metro has, over many years, been chartered to address a variety of regional issues, including solid waste disposal, and manage selected regional facilities (e.g., convention center and regional parks). It also coordinates regional planning and growth management issues. Its 7-member board may be the only directly elected regional decision-making body in the US. It has provided Portland's leaders and voters with a flexible mechanism for addressing cross-jurisdictional problems as they arise.

We believe that the Richmond metro area could benefit from a flexible regional entity similar to Portland's. Rather than mandating this body, however, we suggest that the legislature merely enable local voters to approve (or reject) such an entity. In order to increase the prospects of attaining broad voter support, the legislature and local leaders should consider designing a regional entity that would consolidate or improve the oversight of existing regional entities, such as the MPO, Richmond Metro Authority (RMA) and GRTC. Coupled with a board structure that ensures effective local government participation and voter oversight, this model could provide a tool to help the Richmond area's local governments address regional issues (e.g., regional water and wastewater capacity planning and financing) that cannot be effectively solved through less formal means.

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Appendices

Appendix A
Selected Profile Data

RICHMOND REGIONALIZATION STUDY
SELECTED PROFILE DATA

Indicators	Chesterfield	Henrico	Richmond
General Fiscal Data-FY95			
Population	234,700	233,300	198,700
Local revenue	$252,837	$270,836	$335,040
Commonwealth revenue	133,550	120,051	129,195
Federal pass-through revenue	11,465	11,286	37,700
Federal direct aid	2,531	3,595	7,059
Subtotal	$400,383	$405,768	$508,994
Non-revenue receipts	173	7,307	6,337
Transfers to general government	488	0	4,143
Total	$401,044	$413,075	$519,474
Maintenance & operation expenditures	$348,537	$349,694	$472,149
General government capital projects	11,628	18,773	0
General government debt service	40,699	30,059	35,867
Enterprise capital & operations	720	1,191	9,373
	$401,584	$399,717	$517,389
Human Service Fiscal Indicators-FY95			
Health and Welfare Expenditures:			
Health expenditures	$1,905	$1,056	$4,988
Mental health and mental retardation expenditures	10,850	12,132	24,733
Welfare/social service expenditures	9,478	11,186	42,300
Total health and welfare expenditures	$22,233	$24,374	$72,021
Health and Welfare Expenditure Ratios:			
Per capita expenditures - health	$8.12	$4.53	$25.10
Per capita expenditures - mental health/retardation	$46.23	$52.00	$124.47
Per capita expenditures - welfare/social services	$40.38	$47.95	$212.89
Health and Welfare Funding Sources:			
Commonwealth categorical aid	$5,516	$7,291	$19,718
Federal pass-thru	$3,676	$4,620	$19,182
Direct federal aid	$0	$0	$456
Local charges for services	$3,521	$2,221	$5,278
Other Fiscal Indicators-FY95			
Per capita local revenue	$1,077.28	$1,160.89	$1,686.16
Per capita Commonwealth revenue	$569.02	$514.58	$650.20
Per capita federal revenue	$59.64	$63.79	$225.26
Per capita M&O expenditures	$1,485.03	$1,498.90	$2,376.19
Per capita M&O expenditures as % of avg.	98.2%	99.1%	132.0%
Total gross debt	$388,063	$318,809	$661,886
Funds restricted	$14,764	$21,293	$0
Unfunded debt	$373,299	$297,516	$661,886
Unfunded debt per capita	$1,591	$1,275	$3,331

RICHMOND REGIONALIZATION STUDY
SELECTED PROFILE DATA

Indicators	Chesterfield	Henrico	Richmond
Fiscal Stress Indicators-FY94			
Change in population, 1989-93	15.0%	8.4%	-3.6%
Median adjusted gross income 1993	$31,804	$25,549	$18,659
Revenue capacity per capita FY94	$1,095	$1,166	$912
Rank Score (1=lowest capacity)	107.00	112.00	73.00
Relative Stress Score (60.59 = highest stress)	53.58	52.72	55.77
Revenue effort FY94	0.91	0.90	1.69
Rank Score (1=highest effort)	47.00	48.00	1.00
Relative Stress Score (69.43 = highest stress)	56.28	56.03	69.43
Composite fiscal stress index FY94	153.19	158.74	182.52
Rank Score (1=highest stress)	123.00	101.00	3.00
Local Property Tax Revenues			
Per capita local property tax revenue-FY89	$610	$558	$684
Rank	13	16	11
Per capita local property tax revenue-FY94	$719	$705	$842
Rank	19	20	13
FY89-FY94 mean percent property tax change	3.5%	4.8%	4.3%
Rank	120	96	106
Percent local revenue from property tax	70.0%	65.6%	55.0%
Rank	27	51	99
Local Nonproperty Tax Revenues			
Per capita local nonproperty tax revenue-FY89	$184	$239	$404
Rank	43	26	5
Per capita local nonproperty tax revenue-FY94	$205	$259	$458
Rank	49	34	10
FY89-FY94 mean percent nonproperty tax change	2.4%	1.7%	2.6%
Rank	116	123	115
Percent local revenue from nonproperty tax rev.	20.0%	24.1%	29.9%
Rank	73	50	30
Local Non Tax Revenues			
Per capita local nontax revenue-FY89	$109	$122	$151
Rank	25	16	7
Per capita local nontax revenue-FY94	$104	$110	$231
Rank	73	70	10
FY89-FY94 mean percent nontax rev. change	-0.7%	0.8%	13.2%
Rank	134	136	57
Percent local revenue from nontax revenue	10.5%	12.3%	15.1%
Rank	123	99	76
Total Local Revenues			
Per capita local revenue from all sources-FY89	$903	$919	$1,239
Rank	18	16	9

RICHMOND REGIONALIZATION STUDY
SELECTED PROFILE DATA

Per capita local revenue from all sources-FY94	$1,035	$1,074	$1,532
Rank	33	28	10
FY89-FY94 mean percent local rev. change	2.8%	3.2%	4.4%
Rank	129	127	118

Notes:

1. General fiscal, human service fiscal and other fiscal indicator data is from the "Comparative Report of Local Government Revenues and Expenditures" published by the Auditor of Public Accounts for FY95.
2. Fiscal stress indicators are from the "Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities 1993-94" published by the Commission on Local Government.
3. Property tax and other revenue indicators are from "Local-Source Revenue Profile of Virginia's Counties and Cities 1989-94" published by the Commission on Local Government.

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Appendix B
Selected Water and Wastewater Data

RICHMOND REGIONALIZATION STUDY
PUBLIC UTILITIES (WATER / WASTEWATER) DATA

Jurisdiction / Category	Chesterfield	Henrico	Richmond
Number of Crews			
Cleaning	2	3	1
Repair	4	6	6
Inspection / Evaluation	5	13	0
TV Crews	2	3	0
Lift Station Crews	3	8	2
General Excavation	4	0	0
Other	1-2	2	15 (plant)
Average Crew Size			
Cleaning	2	4	3
Repair	5	4	6
Inspection / Evaluation	1	1	0
TV Crews	3	2.5	0
Lift Station Crews	2	2	3
General Excavation	5	0	0
Other	4-5	4	3
System Characteristics			
Jurisdiction Responsible for: (Y / N)			
Water Collection	Y	Y	Y
Water Treatment	Y	Y	Y
Waste Water System	Y	Y	Y
Waste Water Treatment	Y	Y	Y
Number of Customers:			
Residential	70,000	67,485	50,255 (water) 47,811 (waste)
Commercial	3,000	4,071	9,761 (water) 8,719 (waste)
Industrial	500	573	260 (water) 175 (waste)
Number of Calls for Service	20,000	25,058	26,000 (water)
Number of Meters	73,500	72,129	59,823
Number of Meters Read per Reader per Day	263 / day	286 / day	279 / day
Replacement Cycle for Meters?	None	None	Y
Is Meter Reading Automated?	Y - Hand Helds	Y - Hand Helds	Y - Hand Helds
Billing Cycle	Bi-Monthly	Bi-Monthly	Monthly
Amount Collected (in $ millions) (Water and Waste Water (waste))	$22.5 (water) $21.8 (waste)	$24.0 (water) $25.1 (waste)	$33.5 (water) $37.2 (waste)
Miles of line maintained:			
Water	1,343	1,121	1,200
Waste Water	1,470	1,130	1,500
Number of Catch Basins	Not utilities responsibility.	Not utilities responsibility.	20,000

RICHMOND REGIONALIZATION STUDY
PUBLIC UTILITIES (WATER / WASTEWATER) DATA (cont.)

Number of Pump / Lift Stations:			
Water	10	9	41
Waste Water	20	22	8
Water Distribution	26 MGD	25.8 MGD 50 MGD peak	65 MGD avg 90 MGD peak
Waste Water Collection	23 MGD	22.8 MGD avg 30 MGD peak	55 MGD
Average Daily Water Treatment	12 MGD	4.2 MGD	90 MGD
Unaccounted for Water	8.85%	15.2%	8%
Average Daily Waste Water Treat.	20 MGD	33.2 MGD	55 MGD
Number of Special Vehicles in Use:			
Vactors	0	0	3
Rodders	1	1	1
Jet / Hydro Flush	1	0	4
TV Units	2	3	1
Combo Units	1	3	1
Catch Basin Cleaners	0	0	0
Workload Data			
Line Replaced (Water)	52,112 l.f.	?	49,000 l.f.
Line Replaced (Waste Water)	0 l.f.	?	9,300 l.f.
Line Jet / TV (Waste Water)	Target trouble areas only. Others as needed.	Target trouble areas only. Others as needed.	Target trouble areas only. Others as needed.
Main Breaks (Water)	148	313	180
Catch Basins Cleaned	Not utilities responsibility.	Not utilities responsibility.	7,500
Grease Trap Ordinance (Y / N)	Y	Y	Y
Automated Maintenance Manage.?	Y	Y	Y
Name of System if Yes to Above	Hansen	Hansen	
Department Using GIS?	N (Soon)	N	N
Water Conservation Program (Y / N)	N	N	N

Appendix C
Selected Road Tansportation Data

RICHMOND REGIONALIZATION STUDY
ROAD MAINTENANCE DATA

Jurisdiction / Category	Chesterfield	Henrico	Richmond
Number of Crews			
Street Sweeping	N/A	5	6
Signal Maintenance	2 (pro-rated)	6-8 (depends on job)	3
Road Painting	N/A	2	1
Resurfacing / Reconstruction	1	3	8
Lot Clearing	N/A	N/A	0
Pothole Patching	6	3	2
Curb / Gutter / Sidewalks	1	N/A	3
Average Crew Size			
Street Sweeping	N/A	2	2
Signal Maintenance	2	1-6	2
Road Painting	N/A	5	3
Resurfacing / Reconstruction	6-8	20	12
Lot Clearing	N/A	N/A	0
Pothole Patching	2	4-5	2
Curb / Gutter / Sidewalks	5-6	N/A	7
System Charecteristics			
Resposible for Road Maint. (Y/N)?	N - VDOT	Y	Y
Number Maintained by Jurisdiction	3,600	1,721	1 838
Number of Linear Feet of Curb / Gutter Maintained by Jurisdiction	6,000,000	?	10,000,000 (est.)
Number of Signalized Intersections	144	100	450
Utilizing GIS?	N	N	N
Using Pavement Manage. System?	Y	Y	N
Formal Work Scheduling Systems?	Y	Y	Y
Workload Data			
Frequency of Street Sweeping:			
Residential	1x / year	1x / year; 3x / year for intersections	3x / year
Commercial	2 - 3x / year	Same as Above	1x / week
Downtown Areas	2 - 3x / year	Same as Above	2x / week
Average Length of Sleeper Routes	1 - 6 miles	?	22 miles
Number of curb miles swept per week	20 +/-	?	726 miles
Seal Coating	72	89	50 miles
Resurfacing	74	40	53 miles
Reconstruction	4 - 6 miles	0	.6 miles
New Construction	25 - 30 miles	23.1	.5 miles
Potholes Patched	?	?	6,000 s.f.
Street Striping (Miles)	?	?	180+ miles
Crosswalks Painted	?	160 x-walks	290,000 s.f.
Curb Markings Painted	?	?	6 - 8,000 l.f.
Frequency of Street Marking Inspec.	Annual	Annual	Annual

RICHMOND REGIONALIZATION STUDY
ROAD MAINTENANCE DATA (cont.)

Jurisdiction / Category	Chesterfield	Henrico	Richmond
Reflectivity inspections performed?	Y	Y	N
Frequency of Reflectivity Inspections	2X Annual	On Demand	On Demand
Curb and Gutter Repaired	?	?	900 (repaired) 600 s.f. (new)
Sidewalk Inspections Performed?	Y (Complaint)	Y (25% / year)	Y (Complaint)
Are Temporary Fixes Used?	N	Y	Y (but no root barriers)
Frequency of Traffic Signal Maint.	As Needed	Annual	Annual
Jurisdiction Responsible for Lot Clearing?	N	N	N
How Much Clearing is Conducted?	N/A	N/A	N/A
Number of Graffitti Calls	30	?	500-700 (est.)
Approaches to Contracting (% Contracted Out)			
Street Resurfacing	95%	25%	100%
Application of Seal Coats	95%	100%	40%
Pothole Patching	0%	0%	0%
Curb / Gutter Construction	75%	100%	75%
Street / Concrete Painting	90%	0%	0%
Signal Maintenance (Controllers)	50%	0%	0%
Signal Maintenance (Lamps)	50%	0%	0%
Street Light Maintenance	100%	0%	100%
Street Sweeping	100%	20%	0%
Lot Clearing	N/A	100%	0%

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Appendix D
Human Services Inventory

RICHMOND REGIONALIZATION STUDY
HUMAN SERVICES INVENTORY

Program	Description	Clients	State Dept.	State Supv.	State Adm.	Man-dated	Svc. Std.	Local Service Providers CC	HC	RC	Other
Eligibility/Financial Assistance Programs											
AFDC	Includes Medicaid benefits	Indigent families with children	DSS	Yes	No	Yes	1	√	√	√	
AFDC-Foster Care	Includes Medicaid benefits	Children removed from homes	DSS	Yes	No	Yes	1	√	√	√	
AFDC-Emergency Assistance	Includes Medicaid benefits	Indigent families with children	DSS	Yes	No	Yes	1	√	√	√	
Food Stamps (FS)	Includes expedited FS	Indigent households	DSS	Yes	No	Yes	1	√	√	√	
Auxiliary Grants	Includes Medicaid benefits	Blind, aged or disabled poor	DSS	Yes	No	No	2	√	√	√	
General Relief	Provide financial services	Unattached children under 18	DSS	Yes	No	No	2	√	√	√	
Emergency Financial Ass't	Provide short-term aid	Indigent persons	N/A	Yes	No	No	3				Private
Medicaid	Pays medical providers	Indigent households	DMAS	Yes	No	Yes	1	√	√	√	
State & Local Hosp. (SLH)	Provide medical services	Indigent persons	DMAS	Yes	No	Yes	1	√	√	√	
Energy Assistance	Offset home energy costs	Indigent households	DSS	Yes	No	Yes	1	√	√	√	
Refugee Assistance	Includes Medicaid benefits	Selected refugees and entrants	DSS	Yes	No	Yes	1	√	√	√	
Social Assistance Programs											
Protective Services	Investigate neglect & abuse	Children, aged & disabled	DSS	Yes	No	No	1	√	√	√	Private
Adoption Services	Locate adoptive homes	Children free for adoption	DSS	Yes	No	No	1	√	√	√	Private
Foster Care	Locate foster home or facility	Juvenile Court commitments	DSS	Yes	No	No	1	√	√	√	Private
Child Day Care	Purchase day care	Income-eligible families	DSS	Yes	No	Yes	1	√	√	√	Private
Adult Services	Recruit and assign providers	Indigent adults in own homes	DSS	Yes	No	No	1	√	√	√	Private
EPSDT	Promote preventive health care	Indigent households	DSS	Yes	No	No	1	√	√	√	
Information & Referral (I&R)	Link individuals to services	Interested persons	DSS	Yes	No	No	3	√	√	√	
Employment Services	Link recipients to jobs	AFDC & FSET clients	DSS	Yes	No	Yes	1	√	√	√	CATC
Housing											
Public housing management	Manage units	Low-income & elderly	VHDA	No	No	No	1				Authority
Section 8 Assistance Program	Rental program	Low-income	VHDA	No	No	No	1	√			Authority
Moderate Rehabilitation Prog.		Low-income	VHDA	No	No	No	1				Authority
Rental Assistance Prog. (RAP)	Rental program	Low-income	VHDA	No	No	No	1				Authority
Section 236 Program	Rental program	Moderate-income	VHDA	No	No	No	1				
Homeless Services	Link to other services			No	No	No	3			√	

Endnotes:

Program: Child Welfare Services = pre- & post- placement services, custody investigations, delinquency prevention and children in need of supervision or services (CHINS); EPSDT = Early Periodic Screening, Diagnosis and Treatment; STD = Sexually-Transmitted Diseases; Adult Services = home-based, day care and nursing home screening services

State Department: supervising state agency (e.g., Departments of Social Services or Medical Assistance Services)

State Supervised: "Yes" if state sets policy, promulgates regulations and supervises local departments

State Administered: "Yes" if state relies on its own employees to provide services

Mandated: "Yes" if program required by federal or state law, or as condition of intergovernmental revenue

Service Standard: extent to which service standardized by federal/state rule or local practice; 1 = full standardization, 2 = moderate standardization and 3 = limited standardization

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RICHMOND REGIONALIZATION STUDY
HUMAN SERVICES INVENTORY

Program	Description	Clients	State Dept.	State Supv.	State Adm.	Man-dated	Svc. Std.	Local Service Providers CC	HC	RC	Other
Mental Health Services											
Emergency Services	Crisis intervention	Residents in crisis (e.g., adults		Yes	No		2	√	√	√	
Inpatient Services	Acute/intensive psychiatric	with serious mental illness or		Yes	No		2				Private
Outpatient/Case Management	In-home/community treatment	youth with severe emotional		Yes	No		2	√	√	√	Private
Day Support Services	Therapy, rehabilitation, work	disturbance)		Yes	No		2	√	√	√	Private
Residential Services				Yes	No		2	√	√	√	Private
Prevention & Early Inter. Svcs.	Education, training, counseling			Yes	No		3	√	√	√	
Mental Retardation Services											
Emergency Services	Crisis intervention	Residents with mental		Yes	No		2	√	√	√	
Inpatient Services	Acute/intensive psychiatric	retardation or developmental		Yes	No		2				
Outpatient/Case Management	In-home/community treatment	delay plus their families		Yes	No		2	√	√	√	Private
Day Support Services	Therapy, rehabilitation, work			Yes	No		2	√	√		Private
Residential Services				Yes	No		2	√	√		Private
Prevention & Early Inter. Svcs.	Education, training, counseling			Yes	No		3	√	√		Private
Substance Abuse Services											
Emergency Services	Crisis intervention	Residents with serious		Yes	No		2	√	√	√	
Inpatient Services	Acute abuse/detox	substance abuse problems		Yes	No		2				Private
Outpatient/Case Management	Methadone detox./maint.			Yes	No		2	√	√	√	Private
Day Support Services	Day treatment/partial hospital			Yes	No		2				Private
Residential Services				Yes	No		2				Private
Prevention & Early Inter. Svcs.	Education, training, counseling			Yes	No		3	√	√	√	Private

Footnotes:

Program: Child Welfare Services = pre- & post- placement services, custody investigations, delinquency prevention and children in need of supervision or services (CHINS); EPSDT = Early Periodic Screening, Diagnosis and Treatment; STD = Sexually-Transmitted Diseases; Adult Services = home-based, day care and nursing home screening services

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RICHMOND REGIONALIZATION STUDY
HUMAN SERVICES INVENTORY

Program	Description	Clients	State Dept.	State Supv.	State Adm.	Man-dated	Svc. Std.	Local Service Providers CC	HC	RC	Other
Public Health Medical Programs											
Adult Medical Clinic				Yes	Yes	No	2	√			
Baby Care		Infants		Yes	Yes	No	2				
Childhood Immunizations		Children		Yes	Yes	Yes	1			√	Health Dist.
Children Specialty Services		Children		Yes	Yes	Yes	1			√	Health Dist.
Communicable Disease Contro	Investigate & prevent diseases	All citizens		Yes	Yes	Yes	1			√	Health Dist.
Dental Health Services		Children (4-18 years)		Yes	Yes	No	2	√			
Family Planning				Yes	Yes	Yes	1			√	Health Dist.
Home Health Services				Yes	Yes	No	2				
Lead Testing		All citizens		Yes	Yes	No	2			√	Health Dist.
Maternity/Prenatal Care				Yes	Yes	Yes	1			√	Health Dist.
Nursing Home Screening	Screen nursing home applicants	All citizens		Yes	Yes	Yes	1			√	Health Dist.
Pediatrics (Well Child)				Yes	Yes	Yes	1			√	Health Dist.
Pediatrics (Sick Care)				Yes	Yes	No	2				
Refugee/Immigration Services				Yes	Yes	No	3			√	Health Dist.
School Health	Nursing services	Schools and children		Yes	Yes	No	3		√	√	Health Dist.
Tuberculosis Control		All citizens		Yes	Yes	Yes	1			√	Health Dist.
Vital Records		All citizens		Yes	Yes	Yes	1			√	Health Dist.
WIC Nutrition Services	Vouchers & nutritional counsel	Pregnant, post-partum women		Yes	Yes	Yes	1			√	Health Dist.
Public Health Environmental Programs											
Milk/Ice Cream Program				Yes	Yes	Yes	1			√	Health Dist.
Inspections-Restaurant				Yes	Yes	Yes	2			√	Health Dist.
Inspections-Hotel/Motel				Yes	Yes	Yes	2			√	Health Dist.
Inspections-Marina				Yes	Yes	Yes	2			√	Health Dist.
Inspections-Swimming Pool				Yes	Yes	Yes	2			√	Health Dist.
Inspections-Wells/Sewage				Yes	Yes	Yes	2			√	Health Dist.
Environmental Complaints				Yes	Yes	No	3				
Rabies Control				Yes	Yes	Yes	3	√	√	√	Anim. Cont.
Rodent Control	No insect control services			Yes	Yes	No	3	√		√	

Footnotes:

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APPENDIX D

Legislation Required by the Recommendations of the David M. Griffith & Associates Final Report Pursuant to SJR 261

Water/Wastewater Services

1. Form a regional authority for future water/wastewater treatment plants and/or capacity.

   Existing statutory language allows the formation of an authority for this purpose; however, pursuant to § 15.2-5150, legislation would be needed to allow Chesterfield County to belong to two different authorities dealing with the same service (Appomattox River Water Authority and any newly-constituted James River authority).

   Administrative actions would have to be taken to resolve questions of existing debt and rate structures.

2. Regionalize low capacity functions such as lab functions and line televising and initiate joint billing and procurement.

   No legislation needed. Administrative agreements could currently address these activities.

Transportation

1. Regionalize road infrastructure maintenance and low capacity functions such as traffic signal maintenance and initiate joint procurement.

   No legislation needed. Administrative agreements could currently address these activities between the City of Richmond and Henrico County. However, because Chesterfield does not own its roads, no such agreements could be made including Chesterfield. (Statutory authority does exist, however, for Chesterfield to withdraw its secondary road system from the state system provided it purchases both the roads and the equipment to maintain them from the state.) Furthermore, certain low capacity functions are already shared between Richmond and Henrico and the localities also "piggyback" on certain existing state contracts.

2. Create a district transportation commission to support operating expenses of GRTC and to encourage the provision of public transportation services on a regional level.

   Statutory authority currently exists to form such a commission; however, to fund such a commission with a regional gas tax, enabling legislation would be needed to grant taxing authority to the district commission. While five such districts currently exist statewide, only two districts currently have taxing authority.

   Additionally, the State Secretary of Transportation is proposing flexibility funds which would allow for increased use of transportation funds for other transportation needs. The region could support this legislative request.

Human Services

1. Consolidate local Social Services departments.

   No legislation needed. Administrative agreements could currently accomplish this recommendation. The study identified significant technology barriers, however.

2. Regionalize welfare reform efforts.

   No legislation needed. Currently efforts are underway using formal and informal agreements.

3. Bundle rates and develop a regional facility to house youthful sex offenders under the Comprehensive Services Act.

   No legislation needed. Administrative agreements could currently accomplish these recommendations.

4. Consolidate local Mental Health/Mental Retardation/Substance Abuse Services.

   No legislation needed to consolidate Henrico and Chesterfield agencies as they currently exist; **however**, to form a regional Behavioral Health Authority as currently exists in Richmond would require legislative action for Henrico County (statutory authority currently exists for Chesterfield to form a Behavioral Health Authority although Chesterfield has not chosen to initiate such an authority).

5. Consolidate local Public Health departments.

   Legislative action would be necessary to either revert the Richmond Health Department back to the state or to make Henrico and Chesterfield local health departments instead of state co-op departments.

APPENDIX

summary

SENATE JOINT RESOLUTION NO. 123

Continuing the Joint Subcommittee Studying Greater Richmond Area Regionalism.

Agreed to by the Senate, February 13, 1998
Agreed to by the House of Delegates, March 12, 1998

WHEREAS, Senate Joint Resolution No. 383 (1995) established a joint subcommittee to examine the delivery of certain government services in the Greater Richmond area; and

WHEREAS, the joint subcommittee decided that a cost-benefit analysis performed by an outside consultant would be helpful to the study and the joint subcommittee went through the RFP process in order to select a consultant to perform such an analysis; and

WHEREAS, Senate Joint Resolution No. 61 (1996) continued the study to allow the consultant to complete its work; and

WHEREAS, the consultant, David M. Griffith & Associates, Inc., gathered volumes of information regarding public transit, water and wastewater, health and social services; and

WHEREAS, Senate Joint Resolution No. 261 (1997) continued the study in order for the consultant to finalize its report and make its recommendations to the subcommittee; and

WHEREAS, the consultant issued its report in the summer of 1997 in which it recommended that the General Assembly support the Metropolitan Planning Organization's short-range public transportation plan as well as other regional activities; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Subcommittee Studying Greater Richmond Area Regionalism be continued to enable the joint subcommittee to provide oversight to the three local governments involved in this study to ensure the implementation of certain regional plans and programs in the Greater Richmond area.

The direct costs of this study shall not exceed $20,000.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the Commission on Local Government. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall be continued for one year only and shall complete its work in time to submit its findings and recommendations to the Governor and the 1999 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.