

NEWS RELEASE

For more information, contact:
Beth Webb
540.962.0970
allegfnd@aol.com

For Immediate Release

POORE REPORT PROJECTS ANNUAL BENEFITS OF \$7 MILLION WITH MERGER OF GOVERNMENTS IN ALLEGHANY HIGHLANDS

COVINGTON, VA – (May 28, 2008) – More than \$7 million in government savings and funding would be realized annually if the local governments of the Alleghany Highlands merged, according to phase two of a report prepared for The Alleghany Foundation.

Contents of the report were made public today at a meeting of community leaders sponsored by the Alleghany Highlands Chamber of Commerce and the Alleghany Highlands Economic Development Corporation, held at First Christian Church in Covington. The report was developed by K.W. Poore & Associates, Inc., a Richmond consulting firm. The report is available at local government offices, public libraries and at www.AlleghanyFoundation.org.

Phase two of the report projects benefits of \$2.4 million in reduced general fund expenditures annually and \$4.1 million in reduced school spending annually if Covington and Alleghany County, including the towns of Clifton Forge and Iron Gate, merged. There also would be an increase of \$600,000 a year for 15 years in state aid for the schools for a total of \$7.1 million in available funds. The population of the area is approximately 23,000.

In addition to merger, the Poore report studied three other options for governmental structure:

- Reversion, in which the City of Covington would become a town. This structure also would result in government unification. Benefits are projected at \$5.4 million under this option.
- Joint operation of the Covington and Alleghany County school divisions. Benefits are projected at \$350,000.
- No change in the current governmental structure. In this option, real estate taxes could climb from 30 percent to 70 percent within a few years to provide current levels of service and new schools. Fees for water and sewer services could go up from 18 percent to 45 percent due to current and planned improvements to the area's water and wastewater utilities.

The Foundation commissioned K. W. Poore & Associates to prepare an assessment of the community to provide information for the Foundation's use in making decisions on grant requests. After reviewing the information, the Foundation decided to make it available to the entire community and takes no position on government reorganization, said Charles A. Kahle, President.

After releasing phase one of the report last month, Wilson made presentations to approximately 25 community organizations. “Two themes that resulted from those presentations framed the content of phase two,” he said. “First, concentrate funds on economic development and, second, seek more cooperation among local governments.”

One way to achieve cooperation is to combine government functions. Phase two evaluates several options and provides broad data on cost reductions that may be realized by implementing a different government structure in the region. “The resulting savings could be invested in infrastructure and economic development,” Wilson added.

In his report Wilson reviewed the major planned projects – utilities and education – that will increase debt and user fees for Clifton Forge, as well as Covington and Alleghany County. “Given the funding required for these projects, do the governments have the capacity to pay for them and support economic development activities?” the report asks. Wilson then evaluates the options of merger, reversion and joint schools to determine if there are cost reductions.

If the City of Covington were to revert to town status, the savings would be less. “As a town, Covington would still be responsible for most services except the schools, and others already are shared with Alleghany County,” Wilson explained.

A jointly operated school division would result in small savings. “The difference is that there still are two school divisions, but they operate under one school board and administration,” Wilson said. “A jointly operated school division is successful when the level of cooperation is high between the governments.”

Phase one of the Poore report identified declining population and employment as major trends in the Highlands. The population has declined approximately 17 percent from 1970 to 2000. The unemployment rate consistently averages about 1.5 percent higher than the State average. The trends create challenges to move forward in economic opportunity, housing and education while keeping taxes low.

Wilson is available to discuss phase two of his report at meetings of community organizations. Call the Foundation at (540) 962-0970 to schedule a presentation.

###

The Alleghany Foundation was established in 1995 with \$35 million in proceeds from the sale of Alleghany Regional Hospital. Since then, the Foundation has awarded \$26 million in grants in the areas of healthcare, education, recreation, economic development, arts & humanities, historic preservation, and social and community services. Assets of the Foundation currently are \$68 million.