INDEPENDENT FISCAL ANALYSIS

City of Radford, Virginia

Fiscal Crossroads

An Options Analysis

The paths available to the City, and what each means for residents

Prepared by Tommy Turner

Williamsburg and Christiansburg, Virginia

October 2026 · Version 1.3

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An Options Analysis of the City of Radford, Virginia

Tommy N. Turner · Williamsburg and Christiansburg, Virginia

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About the author

Tommy Turner is an independent fiscal researcher based in Virginia. His work examines the financial trajectories of local governments through systematic review of audited financial statements, public meeting records, and direct conversations with subject-matter experts. He has published in the Roanoke Times, Richmond Times-Dispatch, Virginia Mercury, Daily Press, The Virginian-Pilot, and Cardinal News.

This report was prepared independently and without compensation from any party. The author has no financial or contractual relationship with the City of Radford, either candidate host county, the school divisions, the City's auditor of record, Appalachian Power, Blue Ridge Power Agency, or any party to the Pulaski v. Radford litigation. A full statement of independence and a complete publication list appear under About the Author in the back matter.

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How to Read This Document

This is an options analysis, not a recommendation. Its purpose is to lay out the principal structurally meaningful paths the City of Radford can take from its present fiscal position, the mechanics of each, what each would cost a typical household, and the advantages, disadvantages, and failure modes of each. The substantive choice, to tax, to sell, to revert, or some combination, belongs to the Radford City Council and to the City's voters. This document does not make that choice for them. Where the structural evidence points more to one path than another it says so and labels that as analysis, which is distinct from a recommendation of what the community should choose.

> This report is not legal advice. Its characterizations of the litigation, the reversion process, the revenue-sharing agreements, and the state-intervention statute are risk framing drawn from public materials, not legal opinions, and should be reviewed by counsel before the City acts on them.

Two kinds of statement appear throughout, and they are kept deliberately separate. **Description** is sourced fact, drawn from audited financial reports, Virginia statute, court filings, and public records, with material figures attributed to their sources in the text and beneath the tables and exhibits, and the principal sources consolidated in the Notes and Sources section at the back. **Analyst read** is interpretation, marked as such and set off from the description it rests on. A reader who trusts only the description can stop at the sourced facts; a reader who wants the analyst's judgment can weigh it knowing exactly where description ends and inference begins.

The scope is bounded on purpose. This analysis reports what authoritative records already document. It does not generate an engineering estimate for the Little River dam, predict the educational outcomes of a school division merger, or render a legal judgment on the reversion or utility-sale process. Where a path would require specialist work before the City could act on it, the analysis names that work rather than improvising a substitute for it.

This is a longer document than a briefing, and that length is intentional. Radford's position is the product of fourteen years of structural forces, two special-act

revenue-sharing agreements, an aging municipal utility, a dam under federal license, and two adjoining counties with different capacities to absorb it. A short treatment of a decision this consequential would be a disservice. The Executive Summary distills the analysis for senior readers; the companion Resident Impact Brief covers the household question separately for residents; this report is intended to be read in full by the analytically inclined.

Executive Summary

The City of Radford, Virginia is in formal fiscal distress and in active constitutional litigation with Pulaski County over a 1978 revenue-sharing agreement that has been a baseline component of Radford's General Fund revenue for forty-seven years. The Virginia Auditor of Public Accounts issued a preliminary fiscal-distress determination on November 12, 2025 and escalated to a recommendation for state assistance to the Governor and the General Assembly's money committees on March 26, 2026[2]. Pulaski County filed *Pulaski County v. City of Radford* (CL25000421-00)[1] on August 26, 2025, asking the Pulaski Circuit Court to declare the 1978 sales-tax revenue-sharing agreement[3] unconstitutional, and Pulaski stopped making payments to Radford in August 2025. Radford's General Fund balance closed fiscal year 2024 at negative $1,936,204[8], the first negative year-end balance on record[21] across the fourteen-year window this report examines.

At the March 20, 2026 preliminary-injunction hearing in Pulaski Circuit Court, City Manager Todd Meredith testified that the City's cash flow was extremely tight, that Radford owed Appalachian Power roughly $6 million to $7 million in wholesale power arrears, that the City had reduced some thirty-four positions, and that vacancies persisted across police, fire, and public works. Former interim City Manager Craig Meadows characterized the City's situation as distressed and very dire. Judge Bradley W. Finch denied Radford's preliminary injunction, finding no irreparable harm had been demonstrated.

The single most important fact in this report sits beneath those headlines. Radford's General Fund does not cover its own operations[22]. In FY2024 the General Fund took in $25.43 million in revenue[24] and spent $33.14 million. It closed part of the gap by transferring $3.97 million out of its municipal electric utility and into the General Fund. Even counting that transfer as revenue, the General Fund still ran an operating shortfall of roughly $3.74 million for the year. Strip the transfer out, and the operating shortfall is roughly $7.71 million. The structure does not pay for itself even while it collects a hidden subsidy from its own ratepayers. That is the condition every path in this report must answer.

The diagnosis

Four structural forces, taken together, explain how Radford reached this position. First, a sustained scissor between revenue and expenditure across the FY2011–FY2024 window: General Fund revenue grew 37.7 percent, lagging CPI inflation of 41.3 percent, while expenditure grew 63.6 percent. Second, the depletion of the Electric Fund as a covert General Fund subsidy: cumulative transfers of $52.04 million over the fourteen fiscal years FY2011 through FY2024, leaving the Electric Fund at a negative net position at the FY2024 close. Third, a bifurcated charter architecture that splits the cash function under an elected Treasurer from the books function under an appointed Director of Finance, with repeated Director-of-Finance turnover since 2012 compounding coordination friction. Fourth, structural exposure on two special-act revenue-sharing agreements, the 1978 Pulaski instrument now under constitutional challenge and the 1992 Montgomery Route 177 instrument exposed to the same theory, together contributing roughly $420,000 of annual recurring revenue.

The decision space

This report frames Radford's choices as a set of paths rather than a single recommendation, because the evidence does not point to one answer that is right for every value a community might hold. There are two principal paths, and the second divides by host county.

The first path keeps Radford an independent city and closes the gap through taxation and rate increases. A significant single tax move, real estate from $0.84 to $1.04 per $100[27], with meals and lodging each up three points, paired with a phased eight-percent electric-rate restructure and sustained expenditure restraint can move several million dollars a year. At full implementation it raises a median household's all-in annual cost by roughly $665. It preserves the charter, the school division, and the constitutional officers. It also asks already-overcharged ratepayers and taxpayers to fund a structure that the same audit shows cannot fund itself.

The second path sells the electric distribution system to Appalachian Power and reverts from independent city to incorporated town within a county, in that order. The sale moves Radford's customer base onto regulated rates and clears utility-related debt; the reversion moves the school division, the constitutional officers, social services, and the courts to the county, at county scale. The transfer that the electric markup funded is no longer needed, because the obligations it funded have moved. At a balanced residual-town tax rate near $0.29 per $100, mid-range for

Virginia towns, the town balances its own budget with no transfer, and a median household's all-in cost rises by roughly $425 under a Pulaski host or $486 under a Montgomery host, less than under the first path, because the household pays a county rate plus a modest town rate rather than a full city rate, and its power bill holds roughly flat.

The sequencing rule on the second path is everything. The host county and a sale price sufficient to clear the debt must be secured before the City divests; the sale clears the debt only if a market price sufficient to do so is obtained, since the audited net book value of the plant alone does not. Selling first would strand a town with no utility revenue and no county to carry the load, which is weaker on every axis than the starting position.

Two points on framing

Two framing choices govern this report. First, reversion plus utility disposition is presented as a first-class path to evaluate now, not a fallback or a last resort. Second, the host question is open: it is decided on present-day grounds (willingness, absorptive capacity, equity, and community of interest). Pulaski and Montgomery are co-equal candidates, each with its own profile.

One point matters especially for honesty with residents. It would be natural to assume a Radford household pays a visibly higher electric bill than its neighbors on Appalachian Power, and that a sale would lower that bill. The published rates do not support it. At 1,000 kWh a month a Radford residential customer pays about $167.43 before local tax, against about $170.63 for the comparable Appalachian Power Virginia bill. At the household level Radford residential service is at parity, slightly below. The over-extraction is real, but it lives in the aggregate margin across all customer classes, not in a higher residential rate. No path in this report should be sold on the promise that a typical resident's power bill falls. The honest benefit of disposition is the end of the hidden transfer and the budget distortion it creates.

Who decides

Virginia gives the state real tools when a locality reaches fiscal distress, and their limits matter here. Under Va. Code § 15.2-2512.1, enacted in 2024, the Auditor of Public Accounts detects distress, notifies the governing body, may conduct a review, and can escalate to the Governor and four legislative committee chairs; the Governor may then approve a plan of assistance, oversight, or targeted intervention funded from a cash reserve the statute caps at $750,000. The same statute creates an emergency-fiscal-manager mechanism that strips a governing

body of financial authority during a remediation, but that power applies only to localities in Planning District 19, the Crater district around Petersburg. Radford sits in Planning District 4, the New River Valley, and the receivership power does not reach it.

For Radford the consequence is precise. The state can detect, notify, pressure, and bring a modest cooperative plan. It cannot raise the City's taxes, appoint a manager over its finances, seize the utility, or order a reversion. The choice stays with Council and with voters. The distress designation is best understood as a clock: it makes acting urgent, and it does not act for the City.

The interpretive line, earned once

Radford's situation is structurally recoverable, and it is also structurally unsustainable in its present form. Both statements are true, and the tension between them is the reason this is an options analysis rather than a recommendation. A city can tax its way to a balanced budget and remain a city that depends on overcharging its ratepayers to do it. Or it can divest the utility, revert to a town, and let a county carry what a city of 16,500 can no longer carry alone. The audited record supports either as a path to solvency. The harder question is not whether a solvent path exists. It is which kind of community Radford's voters and Council choose to be, and that question is theirs.

1.

Engagement Context

This report is an independent fiscal analysis of the City of Radford, Virginia. It is prepared as a standalone deliverable for multiple audiences: the Radford City Council and the Office of the City Manager (primary), the Director of Finance and the elected Treasurer, the City's auditor of record (Robinson Farmer Cox Associates), the Virginia Auditor of Public Accounts, the bond underwriting community and rating agencies, and the broader community of Radford including the press.

The report is a comprehensive treatment of the City's fiscal position, the structural causes of that position, the strategic options available, and the tax-and-rate path forward. It is intended to be read in full by analytically inclined readers; the Executive Summary distills the analysis for senior audiences; the companion Resident Impact Brief covers the household-impact question separately for residents.

Why this matters now

Virginia's Auditor of Public Accounts has run an annual fiscal-distress early-warning process since at least 2017, first under the Appropriation Act (Item 4-8.03) and since 2024 under Va. Code § 15.2-2512.1. Hopewell is the closest precedent: the Auditor flagged it in the 2017 and 2018 cycles, made a preliminary determination in 2022, and recommended state assistance, which the Commonwealth approved in 2023. Radford was also flagged in 2022 and then found not to meet the criteria. It received its second preliminary determination on November 12, 2025. The next eighteen months, through approximately mid-2027, are the highest-leverage window for Council action.

The Pulaski v. Radford litigation adds a complication unique to Radford. No prior APA fiscal-distress city has faced concurrent constitutional litigation with an adjoining county at the same time as APA monitoring. The combination compresses the City's strategic option space, removes one of the City's recurring revenue streams (the 1978 agreement payments stopped in August 2025), and creates

uncertainty about a second revenue stream (the 1992 Montgomery agreement at structural risk under the same constitutional theory).

Scope

In scope: the fourteen-year audited financial record of the City of Radford (FY2011 through FY2024); FY2025 and FY2026 operational facts established through the litigation evidence and through publicly available corrective-action-plan filings; the council voting register for calendar years 2012 through 2026 (270 minutes files); peer-city comparative analysis for Charlottesville, Harrisonburg, and Williamsburg through FY2024; audited fiscal panels for Pulaski County (FY2014-FY2025, 25 ACFRs) and Montgomery County (FY2005-FY2025 via statistical-section panels in six ACFRs); the November 12, 2025 APA preliminary determination and the March 26, 2026 recommendation for state assistance; the Pulaski v. Radford litigation through the April 29, 2026 docket entry; and forward-looking projection and recommendation for FY2026 through FY2030.

Out of scope: pre-2011 audited financial history beyond what appears in the comparative columns of FY2011 ACFR; specific personnel matters for current officials; alternative governance structures requiring General Assembly action beyond reversion (e.g., consolidated city-county form); litigation strategy for the Pulaski v. Radford case (this report addresses the financial implications of the case, not how Radford should litigate it); school division operating decisions; policy questions related to the underlying causes of Radford's tax-base composition (Radford University's tax-exempt status, the closure of Lynchburg Foundry, the Grede foundry[17]'s possible exit, Radford Arsenal employment dynamics).

Audience-specific reading guidance

Council members and the Office of the City Manager. Read the Executive Summary and the decision-space and paths sections first. The reversion-scenario, utility-disposition, and schools sections provide the underlying analytical work; the household-cost section prices each path.

The Director of Finance and the Treasurer. Read the situation and historical-trajectory sections, the paths in depth, and the household-cost section. The companion workbook contains the full financial models.

The auditor of record and APA staff. Read the methodology and root-cause sections and the appendices for data provenance.

Bond underwriters and rating agencies. Read the Executive Summary, the utility-disposition section, and the risks section.

Press and the community. Read the Executive Summary and the companion Resident Impact Brief.

2.

Methodology

This analysis rests on four streams of primary-source evidence assembled into an integrated corpus: City of Radford audited financial reports, council meeting records, adjacent-county fiscal records, and the Pulaski v. Radford litigation docket. The methodology section below documents the corpus, the extraction approach, the validation checks, and the known limitations.

Primary sources --- City of Radford

The audited annual financial reports of the City of Radford for fiscal years 2011 through 2024 form the principal source for the City's fiscal trajectory. Thirteen of the fourteen ACFRs are PDF-extractable native text documents. The FY2014 ACFR was retrieved as an image-only scan via Virginia Freedom of Information Act request to Radford City staff on May 28, 2026, with the document uploaded by Melissa Skelton --- eleven years after federal filing. Its financial-statement pages were re-read by OCR at 300 dpi and checked against the accounting identity and the FY2013 net-position tie. FY2014 Electric Fund figures, including the $4,187,862 transfer to the General Fund, come from Exhibit 8 of that report.

Council minutes covering calendar years 2012 through 2026 (270 files) form the source for the council voting register and the policy-decision history. Six image-only minutes files were OCR'd separately to support the register. Pre-2012 minutes are not in the corpus; the City's public Archive Center does not extend backward, and Wayback Machine captures of the pre-2012 listing did not surface the actual PDFs through automated retrieval. The 2010 and 2011 council vote register is therefore unrecoverable through public sources at this time.

Primary sources --- adjacent counties

Pulaski County corpus (built parallel to this report): twenty-five audited financial reports covering FY2014 through FY2025; 689 Board of Supervisors agendas covering 2014 through May 2026; eight analytical summary memos documenting the Pulaski v. Radford litigation context. All files reside at `regional_corpus/pulaski/` with full provenance.

Montgomery County corpus (built parallel to this report): six CAFR/ACFR documents spanning FY2009 through FY2025; a fiscal panel covering FY2005 through FY2025 reconstructed from statistical-section panels in the FY2014 and FY2025 ACFRs; 797 agenda files across the Board of Supervisors, Economic Development Authority, Fire/Rescue, Library Board, Planning Commission, and Public Service Authority. FY2015 is documented as an explicit "insufficient coverage" row in the fiscal panel --- that single fiscal year does not appear in either the FY2014 ten-year panel or the FY2025 ten-year panel.

Montgomery's FY2019 through FY2024 full ACFR documents are located on the Issuu platform (montgomeryva account) but gated behind authentication. Their headline fiscal figures are captured in the FY2025 statistical-section ten-year panel; the full documents were not pulled.

Primary sources --- litigation

Pulaski County v. City of Radford, case number CL25000421-00, Pulaski County Circuit Court. Filed August 26, 2025. Documented through (a) the Virginia Courts Case Information System docket (verified through April 29, 2026); (b) Pulaski Circuit Court Clerk records under Spencer A. Rygas; (c) six Radford City Council packets from September 8 through December 8, 2025 (with OCR for scanned content); (d) verbatim excerpts of the Bedsaul demand letter preserved in Cardinal News reporting by Michael Hemphill on November 20, 2025; (e) March 20, 2026 preliminary injunction hearing testimony from Todd Meredith, Craig Meadows, and Ann Shawver per Patriot Publishing post-hearing coverage.

Three foundational documents are not yet retrieved as primary sources and represent known gaps: the 1978 executed contract between Pulaski County and the City of Radford; the Senate Bill 547 (1978) enabling legislation (held at Library of Virginia and HeinOnline; not surfaced via free legislative-information system); and the Bedsaul demand letter as a discrete PDF (verbatim excerpts via Cardinal News only).

Extraction approach

ACFR figures captured by anchored-regex parsing of text-converted PDFs. Canonical exhibits referenced throughout: FY2024 ACFR Exhibit 1 (Statement of Net Position), Exhibit 2 (Statement of Activities), Exhibit 3 (Balance Sheet --- Governmental Funds), Exhibit 5 (Statement of Revenues, Expenditures, and Changes in Fund Balances --- Governmental Funds), Exhibit 8 (Statement of Revenues, Expenses, and Changes in Net Position --- Proprietary Funds), and

Statistical Section Tables 1 through 14. All figures cross-checked against MD&A where the MD&A referenced specific values.

Council votes captured from structured VOTE / AYES / NAYES / ABSTAIN blocks in minutes files. Relevant categories (tax, budget, electric fund, utility rate, ordinance) filtered by keyword match in motion context. Each non-unanimous vote listed in Appendix A was checked against the source minutes. The capture does not read votes recorded member by member ("Mr. Gropman: Yes"), a format several sets of minutes use; votes in that format are listed where located, so Appendix A is a list of verified non-unanimous votes rather than a complete count.

Validation and cross-checks

Multiple cross-checks applied. The Chase Letter to the Editor of April 7, 2018 cited three specific FY2014 ACFR figures; all three were verified to exact match against OCR of the FY2014 ACFR. The FY2024 General Fund balance was reconciled between FY2024 ACFR Exhibit 3 (audited −$1,936,204) and the same report's statistical table of governmental fund balances (−$2,219,609). The $283,405 difference lies entirely in the unassigned balance (−$4,545,839 in Exhibit 3, −$4,829,244 in the statistical table); this report uses the audited Exhibit 3 value throughout.

The audited FY2025 ACFR establishes Montgomery's current real estate rate at $0.76 per $100; $0.89 was the rate before the 2023 reassessment. Montgomery County executed a four-year reassessment in 2023 that lifted real estate values approximately 32 percent (from $9.13B in FY2022 to $12.06B in FY2023), and the County concurrently cut the rate from $0.89 to $0.70, settling at $0.75 in CY2024 and $0.76 in CY2025. The actively managed rate-cut decision is itself analytically significant for the reversion-host analysis: Montgomery's Board of Supervisors chose not to capture the full reassessment-driven revenue increase.

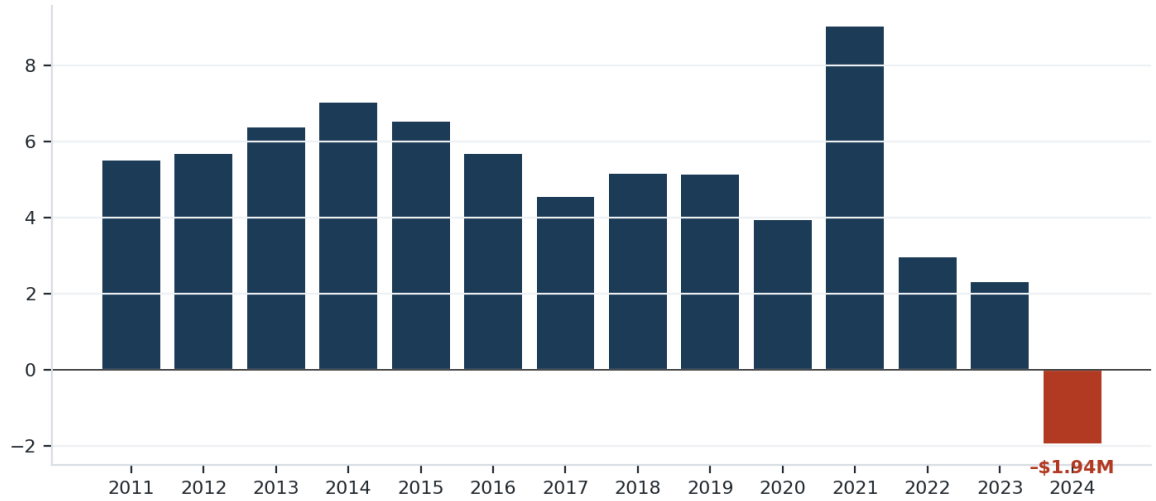
Known limitations

Pre-2012 council vote register gap. FY2025 Radford ACFR not yet published; FY2025 figures cited herein derive from the litigation testimony and from operational interim filings, not audited statements. Montgomery FY2015 statistical-section gap. Montgomery FY2019-FY2024 full ACFR documents gated behind Issuu CDN authentication. The 1978 SB 547 enabling legislation not retrieved as primary source. The executed 1978 contract not retrieved. The Bedsaul demand letter exists in Cardinal News verbatim excerpts but not as discrete PDF in the corpus. These limitations are addressed in detail in the limitations section.

3.

The Situation

Exhibit 2. General Fund balance, FY2011–FY2024 ($M)



Seven facts define Radford's current fiscal position as of May 30, 2026. They reinforce each other. None is opinion. Each is documented in primary-source records --- audited financial statements, the Auditor of Public Accounts determination letter, the Virginia Courts Case Information System, and Patriot Publishing's reporting on the March 20, 2026 preliminary injunction hearing testimony.

Fact 1: The APA fiscal-distress determination

On November 12, 2025, the Virginia Auditor of Public Accounts notified the City --- in a letter to Mayor David Horton and City Manager Todd Meredith --- that Radford's standing in the state's fiscal-distress early-warning system had deteriorated sharply. The city's combined ratio score had reached 88.33 points in the 2025 analysis, up from 70 in 2024 and 55 in 2023, well past the 45-point threshold at which weaker performance triggers concern. The Auditor also cited qualitative factors: the 2023 revenue-anticipation loan, an accruing balance of unpaid wholesale-power obligations to Appalachian Power, overestimated revenue projections across several prior budgets, and the negative electric-reserve-fund balance in FY2024. The letter invited the City into the Office's follow-up review; it did not by itself impose a corrective-action plan.

The process then escalated. On March 26, 2026, the Auditor issued a Recommendation for State Assistance to Governor Spanberger and the chairs of the four legislative committees the statute names, moving Radford up the Va. Code § 15.2-2512.1 ladder from notification to a recommendation that the Commonwealth assess, stabilize, or remediate its situation. The City acknowledged the determination in a March 27, 2026 press release.

Fact 2: The audited negative balance

The FY2024 ACFR (Exhibit 3, Balance Sheet --- Governmental Funds) reports the General Fund total fund balance ending at negative $1,936,204. Component breakdown: Nonspendable $312,551; Restricted $1,848,687; Committed $448,397; Unassigned negative $4,545,839. The negative Unassigned component drives the negative total. Note 1.F (Deficit Fund Balance) of the FY2024 ACFR records: "At June 30, 2024, the General Fund carried a negative fund balance. The General fund also reported negative unassigned fund balance at year end."

Fact 3: Six consecutive years of fund-balance policy breach

The FY2024 ACFR Management's Discussion and Analysis quotes the City's fund balance policy: "The City and School Board shall maintain a fund balance in the general fund equal to 10% of the City's and School Board's operating expenditures." The same MD&A states three pages later: "The City's unassigned fund balance in the general fund has been below 10% since FY 2019." This is a direct statement, in the audited financial report, that the City has been continuously out of compliance with its own fund-balance policy for six consecutive fiscal years.

Fact 4: The contested Council vote of March 10, 2025

On March 10, 2025, acting on budget items from a March 3 work session, Council voted 4-1 to cut library hours by four a week: AYES Mrs. Artrip, Mrs. Foster, Mr. Gillespie, Mr. Wohlford; NAYE Mayor Horton. The vote signals that the Council is not unanimous on budget posture. A sitting mayor has dissented on the budget before: Mayor Bruce Brown and Dr. Harshberger voted against Ordinance #1691, the FY2018 budget, which passed 3-2 on first reading April 17, 2017 and on second reading April 24, 2017. Brown said the budget "continues a trajectory that is not sustainable." Council composition at the time of the vote: Artrip, Foster, Gillespie, Wohlford, Mayor Horton.

Fact 5: The Pulaski v. Radford litigation

On Tuesday, August 26, 2025, Pulaski County filed Pulaski County v. City of Radford in Pulaski County Circuit Court, case number CL25000421-00. The Complaint asks the court to declare the 1978 sales-tax revenue-sharing agreement between Pulaski County and Radford void as unconstitutional under Article VII Section 10 of the Virginia Constitution. The Pulaski County Board of Supervisors had authorized the suit one day earlier, August 25, 2025, by resolution moved by Cloyd District Supervisor Chris Stafford (a Fairlawn resident) and seconded by Draper District Supervisor Dirk Compton. Pulaski stopped making payments to Radford concurrently with filing.

Pulaski v. Radford litigation timeline (case CL25000421-00, Pulaski Circuit Court). Source: Virginia Courts Case Information System docket; Pulaski Circuit Court Clerk records; Patriot Publishing, Cardinal News, WSLS coverage 2025-08-26 through 2026-04-23.

Procedural history through the most recent docket entry (April 29, 2026): Pulaski BoS authorizes suit (August 25); suit filed (August 26); Pulaski serves Notice to Virginia Attorney General under § 8.01-184.1 (August 28); Radford City Council convenes closed session under § 2.2-3711(A)(7) to discuss the lawsuit (September 2 and September 8); Radford files paired response --- demurrer plus answer plus counterclaim plus motion for preliminary injunction (September 25); Virginia Attorney General appears via "Answer From Attorney General" defending the constitutionality of SB 547 (September 29); Pulaski files Answer to Counterclaim (October 29); AGREED ORDER entered between parties for briefing/hearing schedule (January 29, 2026); briefing and reply schedule executes through March 16; consolidated demurrer + preliminary injunction hearing held 9:30 AM March 20, 2026 before Judge Bradley W. Finch; witnesses include Todd Meredith and Craig Meadows for Radford and Ann Shawver for Pulaski; Plaintiff Exhibit 1 and Defendant Exhibits 1-4 entered the day of hearing; **Judge Finch denies the preliminary injunction (no irreparable harm)**; case continued generally. April 27, 2026 a Motion to Withdraw was filed; April 29 the court entered an Order to Withdraw Counsel (most likely the Attorney General's attorney withdrawing after the statute-defense phase concluded). As of May 30, 2026 no future hearing is on the calendar.

> The Pulaski litigation has three concrete fiscal effects on Radford. First, Pulaski stopped paying immediately upon filing --- approximately $200,000 of annual recurring revenue gone from August 2025 forward. Second, the constitutional theory, if successful, has precedential implications for the 1992 Montgomery-Radford Route 177

> revenue-sharing agreement (currently $227K/year, the direct lineal descendant of the same statutory architecture). Third, the political relationship between Radford and Pulaski County is now governed by litigation, which complicates but does not foreclose Pulaski as a reversion partner under Virginia Code § 15.2-4100 --- the litigation is potentially settleable as part of a larger negotiation, addressed in the reversion sections and the litigation section.

Fact 6: AEP wholesale power arrears

At the March 20, 2026 preliminary injunction hearing, Radford City Manager Todd Meredith testified that the City owed Appalachian Power approximately $6 million to $7 million in wholesale power arrears, paid down from peak monthly obligations of approximately $1.5 to $2 million on four months of accumulated arrears. The arrears built up across the second half of FY2025 and the first quarter of FY2026 as Radford's cash position deteriorated. Per Cardinal News reporting (November 20, 2025), the AEP arrears at peak reached approximately $6.5 million.

Illustrative AEP wholesale arrears trajectory August 2024 through March 2026. Source: Meredith testimony March 20, 2026 preliminary injunction hearing per Patriot Publishing post-hearing coverage. Monthly trajectory inferred from peak and current statements; specific monthly figures not in primary source.

The AEP arrears are the most direct operational consequence of the Electric Fund's structural problem. The Electric Fund's net position went negative at FY2024 close ($-433K). Wholesale power costs continued to be billed by AEP to BRPA (Blue Ridge Power Agency) and on to Radford. Without operating margin to fund the bills, Radford fell behind. The arrears are a direct creditor obligation that survives any boundary-restructuring scenario and that compounds with the General Fund's deficit.

Update (fiscal year-end, June 30, 2026). Since the March 2026 testimony the City has reduced the AEP arrears substantially. Radford Vice Mayor Seth Gillespie stated publicly that the City would close fiscal year 2026 two payments behind to Appalachian Power, down from six going on seven payments behind in December 2025; intermediate coverage placed the City at about three payments behind in April 2026. This is an elected official's public update rather than an audited figure, and it is expressed in payments behind, not dollars, so this report does not convert it to a revised balance or restate the peak. Directionally it places the current arrears well below the roughly $6.5 million peak, which improves the debt-clearance arithmetic on Path 2. The precise year-end balance will appear in the FY2026 audited statements.

Fact 7: Some thirty-four positions cut

Meredith testified at the March 20, 2026 hearing that the City had reduced some thirty-four positions. Vacancies persist in police, fire, and public works. Former interim City Manager Craig Meadows characterized the City's situation in testimony as "Distressed. Very dire." Hurricane Helene repairs at Bissett Park --- a 57-acre flagship park on the New River --- had been deferred.

The reduction of some 34 positions is a structural cost cut already made. It is not in the set of Path 1 levers --- it has already been done. The expenditure-restraint lever (the hiring freeze) is therefore about sustaining and extending what has already happened, not initiating it. The marginal additional savings available from a hiring freeze are smaller than they would have been at the start of corrective action because much of the available headroom is already taken.

> The seven facts together. These facts reinforce each other and tell a single coherent story: a city in active fiscal distress, in active constitutional litigation with its closest neighboring county, with a depleted Electric Fund unable to meet wholesale-power obligations, with some thirty-four positions already cut and continuing service-level pressure, with a Council that is not unanimous on budget posture, and with an audited negative General Fund balance for the first time on record. The diagnosis is not subtle. The recovery path will be hard. The alternative is worse.

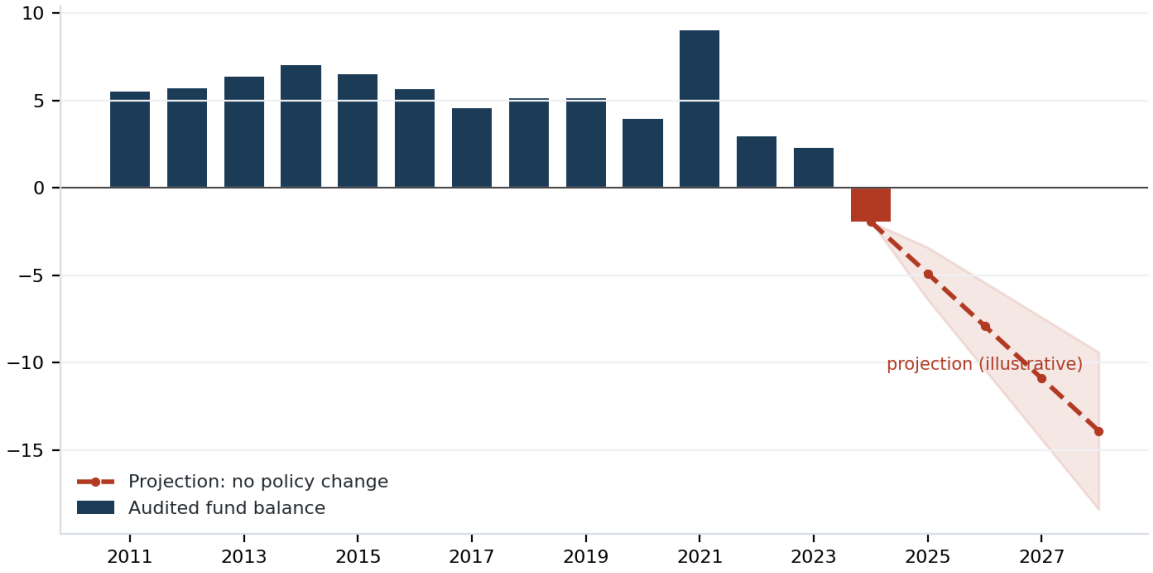
The cost of doing nothing

The status-quo column in the household-cost section's all-in comparison table is labeled unsustainable for a reason that deserves to be made concrete rather than left as a warning. In FY2024 the General Fund spent roughly $7.7 million more than it raised before the electric transfer, and even counting the transfer it ran about $3.7 million in the red and closed the year with a negative balance. If that operating gap persists with no policy change — no tax move, no expenditure restraint, no disposition — the fund balance does not hold flat. It falls further into deficit each year.

The exhibit below projects that trajectory forward. The projection is an analyst extrapolation, not a forecast and not sourced fact: it simply carries the recent operating gap forward at roughly $3 million a year, with a band around it, and it is shown only to give "do nothing" a shape instead of a word. In practice the City

would not reach the later years of this line, because a local government hits a cash crisis — an inability to make payroll or pay vendors, the condition Petersburg reached — well before its accumulated deficit grows that large. That is the real meaning of the trajectory: not that the fund balance reaches a particular negative number on a particular date, but that the current path runs toward a forced reckoning on someone else's timetable rather than a chosen one on Radford's. Every other path in this report is more expensive to a household than the status quo appears to be today, precisely because the status quo is not actually being paid for.

Exhibit 7. General Fund balance, audited FY2011–FY2024 and a no-policy-change pro

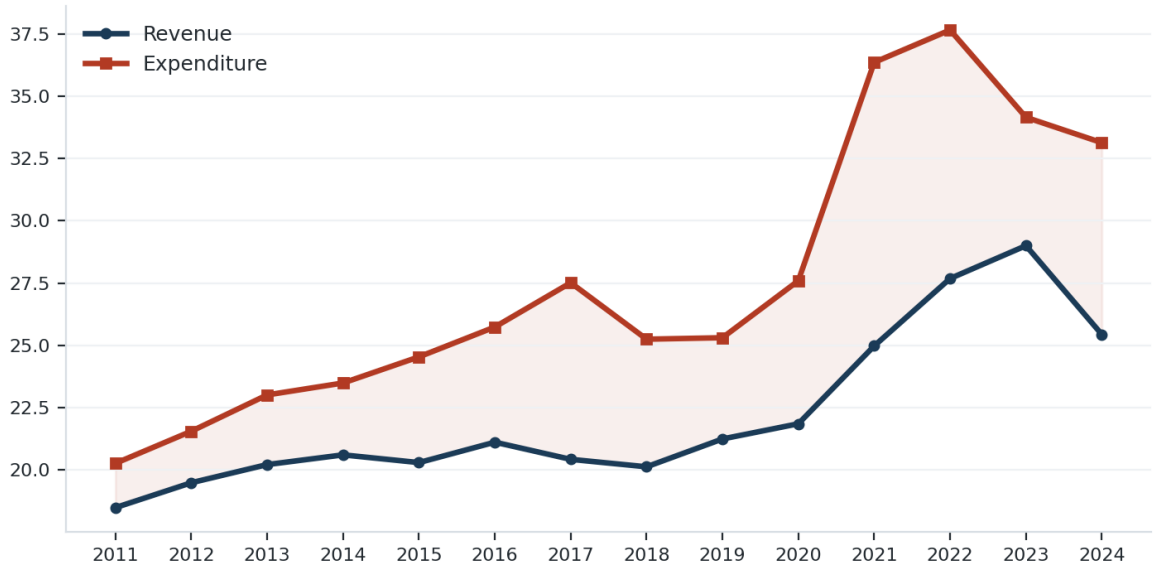


Projection: analyst extrapolation of the FY2024 operating gap held constant, no policy change, with an illustrative error band. Not a forecast. Audited figures through FY2024 from the City ACFRs.

4.

Historical Trajectory: FY2011–FY2024

Exhibit 1. General Fund revenue vs expenditure, FY2011–FY2024 ($M)



The negative balance recorded in FY2024 is the culmination of a fourteen-year trajectory, not a sudden event. The Pulaski lawsuit and the AEP arrears in FY2025-FY2026 are the latest pressure points; the underlying structural pressure was building across the entire window. This chapter documents that trajectory.

The revenue-expenditure scissor

Between FY2011 and FY2024, General Fund total revenues grew from $18.47 million to $25.43 million --- a nominal increase of 37.7 percent. Across the same fourteen-year period, the U.S. Consumer Price Index rose 41.3 percent. The City's revenue base, in real-dollar terms, did not grow. Expenditures grew faster: from $20.25 million in FY2011 to $33.14 million in FY2024, a nominal increase of 63.6 percent. The 25.9 percentage-point spread between revenue growth and expenditure growth compounded annually into a steadily widening operating deficit.

General Fund revenue/expenditure scissor with FY2025+ operational pressures annotated. Source: City of Radford ACFR Exhibit 5, FY2011-FY2024; Meredith and Meadows testimony March 20, 2026 hearing.

General Fund expenditures exceeded General Fund revenues in all fourteen years (Appendix B). Transfers in, chiefly from the Electric Fund, closed part of the gap. After those transfers the fund balance rose in six years (FY2011, FY2012, FY2013,

FY2014, FY2018 and FY2021) and fell in the other eight. FY2013 reflected an Electric Fund revenue surge tied to favorable wholesale-cost conditions; the FY2021 surplus was bond proceeds for the McHarg school renovation parked in the General Fund at year-end, not federal aid, which did not arrive until FY2022. None of those years reflected sustained structural improvement.

Net change in General Fund balance is the closing entry of the annual Statement of Revenues, Expenditures, and Changes in Fund Balances. Cumulatively, across FY2011 through FY2024, the fourteen annual net changes sum to negative $7.42 million. That is the dollar erosion of the General Fund balance over the period, after transfers in from the Electric Fund and other funds.

Why expenditures grew faster than revenues

The audited statements identify the largest expenditure-growth lines. Personnel costs across all governmental funds grew with statewide salary trends. Health and welfare expenditures grew with Medicaid match obligations and the local share of state human-services programs. Public safety grew with the cost of pension and OPEB benefits for sworn personnel. Education, the local share of the school operating budget transferred to Radford City Public Schools, grew with the school division's own personnel cost pressure. None of these growth drivers is unique to Radford. They are the standard set faced by every small Virginia city. The constraint Radford faced was that its revenue base did not grow fast enough to absorb them.

The revenue base is structurally constrained by tax-base composition. Radford's assessed property value grew from $957.5 million in FY2015 to $1.243 billion in FY2024, a 29.7 percent increase. That growth came predominantly from residential reassessment. The City has limited commercial property and limited industrial property. Radford University, the largest employer in the City, occupies tax-exempt land. The Foundation-affiliated commercial development at 604 Tyler Avenue (the REDI agreement addressed in the 2023-2024 council vote sequence) added $24.4 million of new assessed value, but the REDI terms provide for 80 percent tax relief over the first ten years. Marginal new investment generates marginal new revenue; baseline revenue grows only with reassessment.

The fund balance trajectory

General Fund year-end balance, FY2011-FY2024. Dashed line marks 10% of expenditures policy threshold. Source: City of Radford ACFR Exhibit 3, FY2011-FY2024.

Year-end General Fund balance progression: FY2011 $5.50M; FY2012 $5.68M; FY2013 $6.37M; FY2014 $7.02M (peak); FY2015 $6.51M; FY2016 $5.67M; FY2017

$4.54M; FY2018 $5.15M; FY2019 $5.14M; FY2020 $3.94M (COVID); FY2021 $9.01M (school-debt peak); FY2022 $2.96M; FY2023 $2.30M; FY2024 negative $1.94M. The peak was FY2014; the trough (prior to the FY2024 crossover into negative territory) was FY2020 at the COVID nadir. The FY2021 spike was not a recovery. It was bond proceeds for the McHarg school renovation sitting in the fund balance at year-end, with the unassigned portion actually falling $955,191 to $88,460, about 0.2 percent of expenditures. That money transferred out to the School Board in FY2022, and the underlying drawdown resumed and accelerated.

Electric Fund operating margin compression

Electric Fund operating margin compression FY2011-FY2024, with AEP arrears context. Source: City of Radford ACFR Exhibit 8, FY2011-FY2024; AEP arrears per Meredith testimony March 20, 2026 hearing.

Electric Fund operating margin compressed from $1.82 million in FY2011 to $0.14 million in FY2024 --- a 92 percent compression. The Electric Fund's year-end net position fell from $12.23 million (FY2011) to negative $0.43 million (FY2024). The AEP arrears of $6-7 million reported in March 2026 testimony are the most concrete operational consequence: the Electric Fund cannot make wholesale power payments when due. The Electric Fund's structural arc, including the Little River Dam's role in the City's historical municipal-utility independence, is addressed in detail in the disposition section.

Cumulative Electric Fund transfers to General Fund

Across the fourteen-year window (FY2011 through FY2024), the Electric Fund transferred $52.04 million out to other City funds, chiefly the General Fund. The annual transfer peaked at $5.73 million in FY2017, about 29.5 percent of that year's Electric Fund operating revenues. Across the window, transfers equaled about 17 percent of cumulative Electric Fund operating revenues. Cumulatively, the transfers exceed the FY2024 General Fund operating deficit (revenues over expenditures) by a wide margin. The Electric Fund covered General Fund deficits annually that totaled close to the Electric Fund's own retained earnings.

5.

Peer Cohort Comparison

Across an eight-year window (FY2017-FY2024), Radford's General Fund trajectory diverged sharply from three Virginia college-city peers selected for structural similarity. This chapter develops the comparison.

Peer college-city cohort

Charlottesville (population approximately 47,000, anchored by the University of Virginia), Harrisonburg (approximately 52,000, anchored by James Madison University and Eastern Mennonite University), Williamsburg (approximately 16,000, anchored by William & Mary), and Radford form the comparison cohort. The cohort excludes Lexington (smaller, no public university) and Fredericksburg (older, larger university but on a state-line transportation corridor with significantly different employment composition).

Peer cohort snapshot --- audited FY2024-FY2025 figures. Source: Each city's audited ACFR.

FY2024 fiscal profile comparison

Audited FY2024 metrics, four-city cohort:

City	FY24 GF Balance	FY24 GF Rev	Gov NP FY24	Total Debt	Debt/Cap
Charlottesville	$73.87M	$251M	$271.67M	$173.13M	$3,386
Harrisonburg	$82.47M	$134M	$181.24M	$249.16M	$4,450
Williamsburg	$25.61M	$51M	$76.89M	$51.11M	$3,258
Radford	−$1.94M	$25.43M	$34.94M	$29.68M	$1,847

Adjacent counties as comparative context

Montgomery County and Pulaski County are not peer cities --- they are counties --- but they form the relevant regional context for the boundary-options analysis in the reversion sections, and for understanding Radford's positioning within the New River Valley. Audited or best-available FY2025 figures:

Jurisdiction	Population FY25	Total Assessed	RE Rate FY25	GF Position
Montgomery County	103,919 (audited)	$14.18B (audited)	$0.76/$100 (audited)	$61.7M total / $37.0M unassigned
Pulaski County	33,706 (FY2024 ACFR)	$4.089B (audited FY24)	$0.74/$100 (audited)	$27.2M (audited)
City of Radford	16,500 (Census 2020)	$1.24B (audited)	$0.84/$100 (audited)	−$1.94M total / −$4.55M unassigned

General Fund balance trajectory FY2017-FY2024

Across the same eight-year window, Charlottesville and Harrisonburg grew their General Fund balances substantially and Williamsburg's stayed well above zero, while Radford's collapsed below zero. Charlottesville $48.0M → $73.9M (+54%). Harrisonburg $32.7M → $82.5M (+152%). Williamsburg $31.3M → $25.6M (−18%; reflects a FY2019 reclassification of balances into a separate Capital Projects Fund, not a fiscal decline). Radford $4.5M → −$1.9M (−143%; the only cohort city to cross zero).

Three observations. First, all three peers kept positive General Fund balances, and two grew them substantially, despite facing similar structural conditions (tax-exempt university anchor, residential tax base, state-mandated education transfers). Structural conditions do not predetermine fiscal outcome. Council policy choices matter. Second, the peer cities' growth came principally from disciplined expenditure restraint and from local-revenue management, not from extraordinary revenue growth. Third, none of the peers used proprietary fund operating surplus to subsidize General Fund operations at the cumulative scale Radford did. Charlottesville's electric service is provided by Dominion Energy (the City does not own a retail electric utility); Harrisonburg's electric utility transfers to General Fund have been modest and the Electric Fund retains positive equity; Williamsburg does not operate a municipal electric utility. Radford's reliance on Electric Fund subsidy is structurally distinctive within the cohort.

6.

Root Cause Diagnosis

Four causes are visible in the audited financial record. None is sufficient on its own. Taken together they describe the trajectory.

Cause 1: Structural revenue-expenditure imbalance

General Fund revenue growth of 37.7 percent over fourteen years underperformed both CPI inflation (41.3 percent) and expenditure growth (63.6 percent). Three subordinate causes underlie this:

1a. Tax base composition. Radford's assessed property value is predominantly residential. Limited commercial and industrial property. The largest employer in the City, Radford University, occupies tax-exempt land. Marginal new investment generates marginal new revenue; baseline revenue grows only with reassessment.

1b. Expenditure growth drivers. Personnel costs (statewide salary trends); health and welfare (Medicaid match obligations); public safety (pension and OPEB benefits for sworn personnel); education (the local share of the school operating budget). None unique to Radford. The constraint was that Radford's revenue base could not absorb them at peer rates.

1c. Political incrementalism on tax rates. The City's real estate tax rate moved from[26] $0.76 in FY2015 to $0.84 by FY2022, where it held through FY2023 --- about eight cents over roughly seven years, in discrete increments of two to six cents --- before a post-reassessment rollback to $0.69 mid-FY2024. Council then reset the rate to $0.82 for calendar 2025 (Ordinance #1813)[28] and $0.84 for calendar 2026 (Ordinance

#1828). The increments roughly tracked inflation but did not close the structural gap. On April 21, 2026 Council amended the advertised rate down to $0.84 on a 4-1 first reading (Foster dissenting), and adopted it on second reading April 28, 2026 with Foster maintaining her dissent that the budget did not reduce transfers or restore fund balances[29, 30]. Mr. Gropman's three consecutive 2019 dissents on a single two-cent move illustrate the political cost of even small adjustments.

Cause 2: Depletion of the Electric Fund as structural subsidy

Radford operated the Electric Fund as a structural subsidy mechanism for General Fund operations. The mechanism worked while the Electric Fund had retained equity to spend. Cumulative transfers over the fourteen years FY2011 through FY2024: $52.04 million, about 17 percent of Electric Fund cumulative operating revenues across the period. The Electric Fund's net position fell from $12.23M (FY2011) to negative $0.43M (FY2024).

The wholesale-cost side of the Electric Fund contributed independently. Radford has no direct contract with Appalachian Power Company. All wholesale power flows through Blue Ridge Power Agency, the 501(c)(12) joint-action agency. BRPA holds the APCo Formula Rate Contract; BRPA invoices its members under an internal allocation methodology. Purchase of Electricity grew from $15.06M (FY2011) to $17.36M (FY2024), a 15.3 percent nominal increase that retail rate-setting did not match. Operating margin compressed 92 percent. The wholesale arrangement described here was in force through May 31, 2026; a June 1, 2026 transition to market-based supply is noted immediately below.

Wholesale supply transition (effective June 1, 2026). Radford's full-requirements, cost-based wholesale contract with Appalachian Power, run through the Blue Ridge Power Agency and dated August 1, 2017, ended May 31, 2026. On June 1, 2026 the City moved to a market-based portfolio under a Fixed Load Shape structure: from five proposals the City selected the bid from CMS Energy Resource Management at a not-to-exceed price of $55.66 per megawatt-hour, running through December 31, 2028. The product supplies roughly 80 percent of the City's load, with the remainder bought on the wholesale market, and the contract was sized without Radford University (which planned to self-generate; that interconnection has been delayed, so the City must still serve that load at daily market prices). Council approved the agreements on November 12, 2024, and the Blue Ridge Power Agency administers them. The FY2011 through FY2024 margin-compression diagnosis is unaffected, because it covers the cost-based era. What changes is the forward picture: wholesale cost now rests on a market basis with price caps and a rate-stabilization design rather than an annual cost-based reset. The Appalachian Power arrears remain owed under the expired contract; new wholesale obligations run to the new suppliers.

The historical basis for Radford's municipal electric utility status is the City's ownership of a hydroelectric dam on the Little River, documented in council records covering 2013 through 2017. The dam is operating but aging --- a 2017 budget amendment funded $143,658 of refurbishment including wicket gate replacement and turbine shaft/bearing work. The dam supplies a minority share of the City's load (the bulk comes through BRPA from APCo). The strategic position of

the Electric Fund --- including the Little River Dam and the BRPA relationship --- is addressed in detail in the disposition section.

Cause 3: Bifurcated financial-administration architecture

Article VIII Section 8.1 of the Radford charter establishes an elected Treasurer (Virginia Constitutional Officer, compensated under the State Compensation Board formula, not subject to removal by City Council). Chapter 2 Article V of the City Code establishes a Director of Finance reporting to the City Manager. The architecture splits the function --- cash moves through the Treasurer's office; books are kept by the Director of Finance. Reconciliation requires affirmative cross-departmental cooperation with no internal-policy enforcement mechanism; the elected Treasurer cannot be directed by the City Manager. The Director of Finance position has turned over five times since 2012, compounding the coordination friction with personnel instability. This is not unique to Radford --- most Virginia cities operate similar charter splits --- and it is not a defect per se. It is a constitutional design feature reflecting the elected status of Constitutional Officers in Virginia. But the architectural consequence for Radford has been measurable coordination cost.

Cause 4: Inter-local revenue-sharing structural exposure

Two special-act inter-local revenue-sharing agreements have been baseline components of Radford's General Fund revenue for decades. The 1978 Pulaski-Radford agreement (Senate Bill 547, 1978 Virginia General Assembly) paid Radford approximately $195K-$222K annually through FY2024. The 1992 Montgomery-Radford Route 177 agreement (the direct lineal descendant of 1978, same statutory architecture) currently pays approximately $227K annually (FY2026 budget). Combined exposure: approximately $420,000 of annual recurring revenue, baked into Radford's General Fund planning across multiple fiscal years.

Inter-local revenue-share exposure: FY24 actual vs FY26 budgeted vs FY26 realized.

The Pulaski lawsuit reveals that this revenue stream is not contractually secure --- it rests on special-act legislation now under constitutional challenge. If Pulaski wins on its Article VII Section 10 theory, the precedent applies to the 1992 Montgomery agreement as well. The full inter-local revenue-sharing risk analysis is in the revenue-sharing section.

7.

The Decision Space

Exhibit 6. The paths at a glance

	Path 1 — Stay + tax	Path 2 — Sell + revert
Household cost/yr	+$665	+$425–486
City status	Preserved	Surrendered (town)
Schools	RCPS retained	To county division
Electric bill	+8% (rises)	~flat (parity)
Debt cleared	n/a	Only via market sale
Reversible	Yes	Largely irreversible

The preceding sections established the condition: a General Fund that cannot cover its own operations, an electric utility drained to subsidize it, a charter architecture that divides financial responsibility, and two revenue-sharing agreements under constitutional strain. This section frames the choices that follow from that condition. The next section develops each path in detail.

Radford's options are best understood as two principal paths, one of which divides by host county, evaluated against a common set of cross-cutting dimensions. The paths are not ranked here. The purpose of an options analysis is to make each path legible, its mechanics, its cost to a household, its fiscal effect, its legal requirements, and the ways it can fail, so that the people with the authority to choose can choose with full information.

Why this is framed as options, not a recommendation

This analysis is framed as a set of options rather than a single recommendation, for three reasons.

First, the choice is truly value-laden, not merely technical. Whether Radford should remain an independent city at the cost of higher taxes, or surrender its charter to gain a county's fiscal scale, is not a question the audited record answers. The record establishes that both are solvent paths. Which one a community prefers depends on what that community is willing to pay, in money and in identity, to

remain what it has been. That is a decision for Council and voters, not for an analyst.

Second, the independence of this analysis is worth more to its readers than its advice. A document that recommends a course can be discounted by anyone who dislikes the course. A document that lays out the available courses evenhandedly, and shows where each leads, is harder to wave away. The evidence is the same either way; the framing determines whether it persuades.

Third, the most consequential variables on the strongest-looking path are not yet known with the precision a recommendation would require. Whether a utility sale clears the City's debt depends on a market valuation no one has performed. Whether the dam is a manageable liability or a severe one depends on an engineering assessment that does not yet exist. Recommending a path that turns on numbers this analysis cannot supply would overstate what is known. Naming the paths, and naming the work each requires before it can be taken, states the position plainly.

The two principal paths

Path 1, Remain a city and tax into balance. Radford keeps its charter, its school division, and its constitutional officers, and closes the structural gap through a significant tax-rate move, an electric-rate restructure, and sustained expenditure restraint. This is the path the City's prior recovery work developed in detail, and it is preserved in full as the companion Scenario A materials.

Path 2, Sell the distribution utility and revert to a county. Radford sells its electric distribution system to Appalachian Power and reverts from independent city to incorporated town, in that order, so that the host county absorbs the school division and county-scale services and the electric transfer is no longer needed. Path 2 divides into two branches by host: reversion to Pulaski County and reversion to Montgomery County, developed at length in the Montgomery and Pulaski reversion sections.

Paths screened but not separately modeled. Several intermediate options sit between these two and are noted rather than modeled, because each either folds into one of the principal paths or, on the available record, does not close the structural gap on its own: a partial utility sale or operating-management contract; an electric-rate or bond-covenant restructuring without a sale; a water or sewer disposition or PSA transfer; debt restructuring alone; state-assisted recovery in place without reversion; service-sharing with a county short of reversion; school-only regionalization; and a negotiated settlement of the Pulaski litigation without a

boundary change. Any of these could form part of a chosen path; none is a structural solution by itself, which is why the analysis develops the two that are.

A third nominal option, annexation, is foreclosed by the 1979 Annexation Reform Act moratorium, and merger has no modern Virginia precedent and no logical partner. The live choices are Path 1, the two branches of Path 2, and a variant in which the City sells the utility but does not revert — developed as Structure D in the disposition section. Selling without reverting keeps the city's full cost structure in place, so this analysis treats it as a sub-case of Path 1 rather than a fourth path, but it is named where it arises so the reader is not surprised by it.

The cross-cutting dimensions

Four dimensions sit on every path, and no path should be evaluated as if any of them were absent.

The first is the household. Each path changes what a typical Radford household pays in taxes and on its electric bill. The household-cost section sets the all-in figures side by side. The headline is that every sustainable path costs the median household more than the present deficit does, because the deficit is the thing being closed, and that the reversion branches cost the household less in increment than the stay-and-tax path.

The second is the dam. The Little River hydroelectric project is a liability that rides on every path. A city that stays a city carries it indefinitely; a city that sells its distribution system most likely retains the dam anyway, because a buyer wants customers and wires rather than a flood-damaged hydro unit. The disposition section develops the dam.

The third is the schools. The $5.47 million education transfer is the largest single line in the General Fund and the hinge of the reversion logic. the schools section sets out the comparative profile of the dissolving division and the two candidate host divisions.

The fourth is the question of who decides. The state's fiscal-distress authority shapes the timing of every path without choosing among them. the section on state intervention sets out the framework and its limits for a locality in Radford's planning district.

The sequencing rule

One rule governs Path 2 and conditions everything else about it: the host county and a debt-clearing sale price must both be secured before the City divests the

utility. Selling first strands a town with no utility revenue and no county to carry its obligations. The Path 2 depth section develops the rule and its failure modes; it is flagged here because it is the path's central discipline.

8.

The Paths

This section develops each path on common terms: mechanics, household cost, fiscal effect, legal and process requirements, advantages, disadvantages, and failure modes. The two reversion branches are developed further in the Montgomery and Pulaski reversion sections; the utility disposition that Path 2 depends on is developed in the litigation section.

Path 1, Remain a city and tax into balance

Mechanics. This path keeps Radford an independent city and closes the structural gap with four levers, the same instruments the City's prior recovery work identified, presented here as the components of a path rather than as recommendations.

The first lever halts the Electric Fund transfer to the General Fund, allowing the utility to retain its operating margin and rebuild equity for the first time in fourteen years. On its own this removes roughly $3.97 million of General Fund revenue, which the remaining levers must replace.

The second lever is a single significant tax-rate move: real estate from $0.84 to $1.04 per $100, the meals tax up three points to 9.5 percent, the lodging tax up three points to 11.5 percent, with inflation indexing on the bank-stock and consumers'-utility taxes. This raises roughly $3.5 million in annual recurring revenue.

The third lever sustains the hiring freeze that follows the roughly thirty-four positions already cut, defers non-mandatory capital, and opens a regional services-sharing study with Montgomery and Pulaski Counties for back-office functions. This contributes roughly $1.0 million in the first year and $1.5 million in recurring years.

The fourth lever restructures electric rates by roughly eight percent, phased over eighteen months, and replaces the annual power-cost reset with a quarterly one. Given the Appalachian Power arrears, this is the most time-sensitive lever; its General Fund contribution, roughly $0.8 million, arrives only once transfers resume in FY2028 and beyond.

Household cost. At full implementation the tax-rate move and the electric restructure together raise a median household's all-in annual cost by roughly $665, the largest household increase of any path in this analysis. The components are developed in the household-cost section.

Fiscal effect. The combination returns the General Fund to a positive operating posture within the projection window and rebuilds the Electric Fund's equity. It does so while the City continues to carry the $5.47 million education transfer, the dam, and the constitutional-officer and court costs that a city bears.

Advantages. Path 1 preserves Radford's independence, its school division, and its identity as a city. It requires no host county, no buyer, and no referendum. It is fully within Council's own authority and can begin in the next budget cycle. It keeps every structural option open for the future.

Disadvantages. The path asks already-overcharged ratepayers and taxpayers to fund a structure that the same audit shows cannot fund itself. The electric-rate lever, in particular, draws more from the customer base whose over-extraction helped create the problem. It treats the symptom, the deficit, without resolving the underlying mismatch between a city's cost structure and a community of 16,500.

Failure modes. If the tax increases erode the tax base, accelerate out-migration, or simply fail to close the gap, the City re-enters distress with higher rates and the same structural problem, and with less political capital to attempt anything else. The path's success depends on sustained Council discipline across multiple budget cycles and multiple non-unanimous votes, which the recent record shows is not guaranteed.

Path 2, Sell the distribution utility and revert to a county

Mechanics. This path has two moves in a required order. First, the City sells its electric distribution system, its customer base and the poles, wires, substations, and metering that serve them, to Appalachian Power, moving its customers onto regulated rates and applying the proceeds to clear utility-related debt. Second, the City reverts from independent city to incorporated town within a host county, so that the county assumes the school division, the constitutional officers, social services, and the courts at county scale. Because those obligations move to the county, the electric transfer that funded them is no longer needed, and its loss no longer blows a recurring hole in the budget.

The sequencing rule. As the decision-space section stated, the host county and a debt-clearing sale price must both be secured before the City divests. Selling first

strands a town with no utility revenue and no county to carry the load. The order is the discipline that makes the path safe.

Household cost. A median household's all-in annual cost rises by roughly $425 under a Pulaski host and roughly $486 under a Montgomery host, less than under Path 1. The household pays a county real-estate rate plus a modest town rate in place of the full city rate, and its electric bill holds roughly flat on the move to regulated service. The residual town balances its own operating budget at a town real-estate rate near $0.29 per $100, mid-range among Virginia towns. the household-cost section sets out the figures; the schools section develops the town-budget mechanics.

Fiscal effect. The path resolves the structural mismatch rather than financing it. The transfer ends, the over-extraction ends, the school and county-scale obligations move to an entity built to carry them, and the residual town is sized to what a town can fund. The utility sale, if it clears the debt, also retires the Appalachian Power arrears that the distress designation brought into view.

Advantages. Path 2 ends the hidden transfer at its source. It places schools and county services with a county that has the scale to absorb them, which is why the residual town balances at an ordinary town rate. For residents whose primary concern is the long-run cost and stability of local government, it offers a structurally stable end state rather than a recurring battle over rates.

Disadvantages. The path is largely irreversible: a town created through reversion does not return to independent-city status[13]. It surrenders the Radford City Schools division as an institution and direct municipal control over services that move to the county. Its central financial premise, that the sale clears the debt, is unproven: the audited net book value of the electric plant, about $3.67 million, does not on its own clear the roughly $7.6 million in defined debt (Appalachian Power arrears plus Electric Fund bonds). Only a market sale of the customer base and revenue stream does. The $7.6 million reflects the peak arrears; as the situation section notes, the AEP balance had been drawn down to roughly two payments behind by fiscal year-end 2026, so the current defined debt to clear is likely smaller, pending audited confirmation.

Failure modes. The dominant failure mode is divesting out of sequence, selling the utility before a host and a debt-clearing price are secured. A second is entering reversion negotiations from weakness, under the pressure of the distress clock, rather than from the better information a completed valuation and dam assessment would provide. A third is allowing the Pulaski litigation to be read as a barrier to a

Pulaski reversion when, as the litigation section develops, it is better understood as negotiation posture that a reversion would subsume.

How the paths relate

These paths are not strictly mutually exclusive in time. Path 1's levers, halting the transfer, restraining expenditure, restructuring rates, stabilize the City in the near term regardless of the eventual destination, and several of them improve the City's position for a Path 2 negotiation by reducing the obligations a host county would inherit. A City could pursue Path 1's stabilizing moves while commissioning the valuation and dam assessment that Path 2 requires, and decide between them with better information than it has today. What the analysis does not support is treating Path 2 as a distant last resort. The structural evidence places it among the first-class options, and the prerequisites it requires take time the distress clock is already counting.

9.

Path 1 in Depth: The Tax-and-Rate Levers

This section develops Path 1, remain an independent city and close the structural gap through taxation, expenditure restraint, and a rate restructure, at the level of its individual levers. It is the most fully specified path because the City's prior recovery work developed it in detail. The levers are presented as the components of a path the City could choose, with their mechanics, revenue effect, and household impact; none is presented as a directive. Path 2's parallel execution detail follows in the next section.

Six levers make up the path. Four carry direct fiscal effect; two support execution. They are designed to operate together: several are incoherent in isolation and only close the gap when adopted as a coordinated package within a single budget cycle.

Lever 1, Halt the Electric Fund transfer to the General Fund

This lever prepares the FY2026 and FY2027 General Fund budgets with no Electric Fund transfer, and reassesses for FY2028 based on the utility's equity recovery. Its first-order effect is to remove roughly $3.97 million of recurring General Fund revenue, the FY2024 transfer was $3,974,796[6], which the remaining levers must replace. From FY2028 the residual effect is roughly negative $1.5 million, reflecting a partial transfer resumption of about $2.5 million per year once the Electric Fund has rebuilt operating equity under Lever 4.

The rationale is that the Electric Fund ended FY2024 at a negative net position of $433,371, its first negative-equity year on record. A proprietary fund in deficit equity has no surplus to transfer, and continued transfers deepen its condition, expose the City to rate-setting challenges from the Blue Ridge Power Agency and from retail customers, and signal to bond markets that the City has exhausted its internal buffer. The Appalachian Power wholesale arrears of roughly $6 million to $7 million, confirmed in March 2026 testimony, are the operational evidence: the utility cannot meet wholesale obligations while also funding the General Fund.

For a resident, this lever has no direct cost. The transfer it halts is an internal movement between two City funds that never appeared on a utility or tax bill. Its

resident-facing consequence is indirect: it forces the revenue replacement that Lever 2 represents.

Lever 2, A single significant tax-rate move

This lever adjusts three rates in one budget cycle rather than across many: the real estate rate from $0.84 to $1.04 per $100 of assessed value, a twenty-cent move; the meals tax from 6.5 to 9.5 percent; and the lodging tax from 8.5 to 11.5 percent, with inflation indexing of the bank-stock and consumers'-utility taxes. Against the FY2024 audited bases, a $1.243 billion assessed value[25], a $1.42 million meals-tax base, and a $457 thousand lodging-tax base, it raises roughly $3.5 million in annual recurring revenue[33]: about $2.5 million from the real estate move, $0.7 million from meals, $0.2 million from lodging, and the remainder from indexing and modest fee restructuring. At the proposed 9.5 percent, up from 6.5 percent today (Ordinance 1358)[36], the meals tax would be the second-highest city meals tax in Virginia, behind only Bristol's 10 percent[43, 44] and above the next cities (Norton at 8.5 percent, Covington and Franklin at 8 percent), against a band in which most Virginia cities levy 6 to 7.5 percent[41, 42]. As a city, Radford can adopt the increase by Council ordinance, with no voter referendum and no state rate cap[45].

The reason the move is set at this magnitude rather than the City's customary two-cent annual increment is that the increment has not closed the gap. Each two-cent real estate increase yields roughly $210 thousand; the structural gap is several million. Consolidating the political cost into one cycle is what distinguishes this lever from the pattern that preceded the distress designation. Its feasibility is uncertain on the record: the recent budget votes have run four-to-one, and a twenty-cent move faces proportionally stronger resistance than the two-cent moves that already drew dissent.

The household effect of this lever, on its own, falls on the tax side of the bill:

Household	Real estate Δ	Meals Δ	Lever 2 annual	Per month
$100K home, modest dining	+$200	+$54	+$254	$21
$195K home, median	**+$390**	**+$108**	**+$498**	**$42**
$250K home, average	+$500	+$120	+$620	$52
$350K home, frequent dining	+$700	+$144	+$844	$70
Small commercial ($500K assessed)	+$1,000	varies	+$1,000+	$83+

Real estate at $1.04 per $100 against the current $0.84; meals at 9.5 percent against 6.5. The median household assumes a $195,000 home and $3,600 in annual prepared-food spending. Renters absorb roughly 70 to 80 percent of the property-tax increase through lease pass-through over twelve to eighteen months. Figures reconcile to the household model in the companion workbook.

Lever 3, Targeted expenditure reductions

This lever sustains the existing hiring freeze on non-public-safety, non-direct-service positions through FY2027, following the roughly thirty-four positions already cut; defers non-mandatory capital, including the deferred Hurricane Helene repairs at Bissett Park; and opens a formal services-sharing study with Montgomery and Pulaski Counties for payroll, human resources, information technology, and risk management. Its General Fund effect is roughly $1.0 million by FY2027, ramping toward $1.5 million in FY2028 and beyond as shared-services arrangements mature. The resident-facing effect is service-level rather than dollar: permit processing lengthening from roughly five to ten business days, customer-service response slowing, and visible capital deferrals in streets, parks, and the library over a two-to-three-year horizon.

Lever 4, Electric Fund rate restructure

This lever restructures retail electric rates by eight percent, phased over eighteen months in two four-percent steps, replaces the annual power-cost adjustment reset with a quarterly reset, and commissions a rate-of-return analysis benchmarking Radford against the eight other Blue Ridge Power Agency members and against Appalachian Power's regulated rates in adjacent jurisdictions. Its General Fund effect is roughly $0.8 million by FY2028, the restored operating margin that allows a modest transfer to resume. The margin compression that drained the fund came from wholesale costs rising faster than retail rates; the quarterly reset closes the lag that compressed equity.

The market-based wholesale contract that took effect June 1, 2026 (see the wholesale-supply-transition note in the Root Cause chapter) partly overtakes the specific problem this lever targets. Its Fixed Load Shape structure and not-to-exceed pricing are themselves a form of power-cost stabilization, so the case for a quarterly reset rests less on the old cost-based lag than it did. The retail-rate restructuring in this lever still stands on its own terms.

This lever affects every Radford electric customer. A residential customer at 1,000 kWh a month sees roughly five dollars a month after the first phase and roughly ten dollars a month at full implementation, on the order of $120 to $160 a year. A small commercial customer at 5,000 kWh sees roughly $48 a month at full

implementation. The lever assumes the City retains ownership of the utility through the recovery period; under Path 2, the disposition question supersedes it.

Levers 5 and 6, Execution and credibility

Two further levers carry no direct fiscal effect but condition whether the others succeed. The first designates the Director of Finance as the City's standing point of contact with the Auditor of Public Accounts, treating state monitoring as a source of technical assistance and peer-city practice rather than as an adversary, which bears on how quickly the distress determination can be lifted. The second is a sustained public-communications effort, budget work sessions, a quarterly fiscal-condition update, and a plain-language statement of the City's fund balance, debt, audit findings, and litigation status, on the premise that the community has not yet absorbed what the FY2024 audit and the distress letter mean, and that the framing will be set either by the City or by outside outlets.

What Path 1 costs the household, and what it buys

At full implementation the tax-rate move and the electric restructure together raise a median household's all-in annual cost by roughly $665, the largest household increase of any path in this analysis; The household-cost section places that figure beside the other paths. What the increase buys is the preservation of Radford as an independent city, with its own council, its own school division, and its constitutional officers intact, and a General Fund returned to a positive operating posture within the projection window. What it does not buy is a resolution of the underlying mismatch. The path funds a city-scale cost structure from a community of 16,500 by drawing more from the same taxpayers and the same ratepayers whose over-extraction helped create the condition, and its success depends on sustained Council discipline across multiple budget cycles that the recent voting record does not guarantee.

Analyst read. The top of Virginia's meals-tax range is occupied by small cities, with Bristol, pushed to 10 percent amid its own fiscal distress, the one clear distressed case. A 9.5 percent rate would seat Radford in that company rather than among its college-town peer cohort, and it would fall on the same diners, many of whom can cross the city line to eat.

Implementing Path 1

The levers sequence across a thirty-six-month horizon keyed to three external milestones: the FY2025, FY2026, and FY2027 audited financial reports, each of which supplies the evidence on which Council, the Auditor, the rating agencies,

and the community judge progress. Lever 1 begins immediately through a mid-year budget amendment; Lever 2 follows in the spring budget cycle through a tax ordinance requiring thirty days' advertised notice and two readings; Lever 3's hiring freeze and capital deferral begin at once, with the shared-services study running eighteen months to memoranda of understanding; Lever 4 phases over eighteen months through the fee-and-rate resolution. The dependency that governs the path is coordination: the transfer halt, the tax move, and the expenditure measures must be adopted as a single coordinated package, because partial adoption deteriorates the City's position rather than improving it. The earliest plausible lift of the distress determination is the FY2028 audit cycle.

Path 1 financial projection

On the audited bases, the levers produce a positive combined recurring General Fund effect of roughly $0.5 million in FY2027, the $3.97 million lost to the transfer halt offset by the $3.5 million from the tax move and the $1.0 million from expenditure reductions, rising in FY2028 and beyond as Lever 4's margin restores and a partial transfer resumes. Under this path the Electric Fund retains its operating margin to rebuild equity for the first time in fourteen years, the General Fund returns to positive territory within the window, and it reaches the City's own ten-percent fund-balance policy threshold late in the projection. The projection holds only if the levers are adopted together and sustained; it is a path's potential, not a forecast of Council behavior.

10.

Path 2 in Depth: Sale of the Utility and Reversion

This section develops Path 2, sell the electric distribution system and revert from independent city to incorporated town within a county, at the level of its execution. The path has two moves in a required order, a set of prerequisites that must be satisfied before either move, and a residual end state that this section quantifies. The host-county comparison that the second move depends on is developed in the Montgomery and Pulaski reversion sections; the disposition of the utility and the dam is developed in the disposition section.

Analyst read. Among the paths in this analysis, the structural evidence most supports sell-and-revert. The General Fund cannot cover its operations even with the hidden transfer; the transfer is funded by over-extracting a ratepayer base; and the obligations that drive the city-scale cost structure, the school division above all, are precisely the obligations a county is built to carry at scale. This is the analyst's reading of where the evidence points. It is not a recommendation, and it is held subject to the two prerequisites below, either of which could change the picture if it resolves unfavorably.

The first move: sale of the distribution system

The first move sells Radford's electric distribution system, roughly 7,000 residential meters plus its commercial and industrial accounts, an operating revenue stream near $21 million a year, and the poles, wires, substations, transformers, fleet, and metering that serve them, to Appalachian Power, moving Radford customers onto APCo's regulated retail rates and applying the proceeds to retire utility-related debt.

The mechanics implicate two outside parties beyond the City. The first is the Virginia State Corporation Commission, which reviews the rate and service consequences of transferring retail customers from a municipal system to a regulated utility. The second is the Blue Ridge Power Agency. Radford has been a member of the agency since its inception in 1988; the agency is a non-profit joint-action organization of nine members (six municipalities, two electric cooperatives

and Virginia Tech)[23] that secures wholesale power and monitors rates, costs, and regulatory matters for its members. Because Radford's wholesale supply is coordinated through the agency, a sale of the retail distribution system would have to resolve Radford's membership and its joint-action wholesale commitments alongside the SCC review. The public record establishes the membership; it does not specify the mechanics of exiting in a sale, and this analysis does not invent them, the unwinding of the agency relationship is a flagged process question for counsel and the agency, not a settled procedure.

Three caveats ride on the first move and are stated wherever the sale appears in this report. Residential rates are at parity, so the typical household's power bill does not fall on the move to regulated service; the honest benefit is the end of the hidden transfer, not a lower bill. The dam, examined in the disposition section, most likely does not transfer in the sale, because a buyer wants the customers and the wires rather than a flood-damaged hydro liability, so the City retains the dam afterward. And whether the proceeds clear the debt is unresolved: net book value alone, $3.67 million, does not clear the roughly $7.6 million in defined debt.

The second move: reversion to a town within a county

The second move reverts Radford from independent city to incorporated town under the Virginia reversion framework, Va. Code § 15.2-4100[9] and following. On reversion the host county assumes the school division, the constitutional officers, social services, and the courts, and the residual town retains the municipal functions a Virginia town ordinarily provides. The process is adjudicated through the Commission on Local Government and a special three-judge court, with the host county as a statutory party, and it concludes in either a voluntary settlement or a court-ordered one. It is a multi-year, negotiated, reviewable proceeding, not a unilateral act, and it is largely irreversible: under § 15.2-4113 a town created through reversion does not return to independent-city status.

The reason the second move makes the arithmetic work is the education transfer. The $5.47 million transfer to the school division is the largest single line in the General Fund, and on reversion it moves to the county. Strip it, the constitutional officers, and social services out of the residual town's obligations, and what remains is a town-scale budget that a town-scale tax base can carry. The companion model finds that the residual town balances its operating budget at a town real-estate rate of about $0.29 per $100, mid-range among Virginia towns, between the Town of Christiansburg at $0.14 and the Town of Pulaski at $0.36, with no electric transfer required and no county-scale obligations on its books.

Residual-town projection

The residual town's operating expenditure, after the county absorbs schools, the courts, social services, and the county-scale share of general government and public safety, is on the order of $13.3 million. Its non-property revenue, the meals, lodging, sales, business, and other local taxes a town retains, plus state street aid, covers roughly $9.7 million of that, leaving about $3.6 million to be raised from a town property levy. At the balanced town rate near $0.29, the town's property revenue meets that figure, and the budget balances without the transfer. The county, for its part, takes on roughly $17 million in operating cost, funded by the county real-estate and personal-property levies it would now collect on Radford property together with the state education and social-services aid that follows the transferred functions. The host-by-host detail, including each county's capacity to absorb that load, is developed in the Montgomery and Pulaski reversion sections.

The prerequisites: what must precede either move

Two pieces of specialist work stand between this path and any action on it, and naming them is part of the analysis rather than an aside.

The first is an independent utility valuation. Whether the sale clears the debt is the path's central financial uncertainty, and it cannot be answered from the audited record. Net book value, $3.67 million, is a depreciated-asset figure and a floor; the market value of that customer base and the $21 million revenue stream would in the ordinary course exceed it by a wide margin, and at any ordinary per-account value would clear the roughly $7.6 million in defined debt. But the actual number is a question for a utility-valuation specialist, and the sequencing rule depends on having it in hand before divesting.

The second is a dam assessment. The Little River dam's Virginia dam-safety hazard classification and any remediation or removal cost are specialist engineering questions the public record does not answer, though the Corps of Engineers now rates its condition POOR, and because the dam most likely stays with the City after a sale, its cost rides on this path as much as on Path 1. It should be quantified by qualified engineers before the City commits.

The sequencing rule and the failure modes

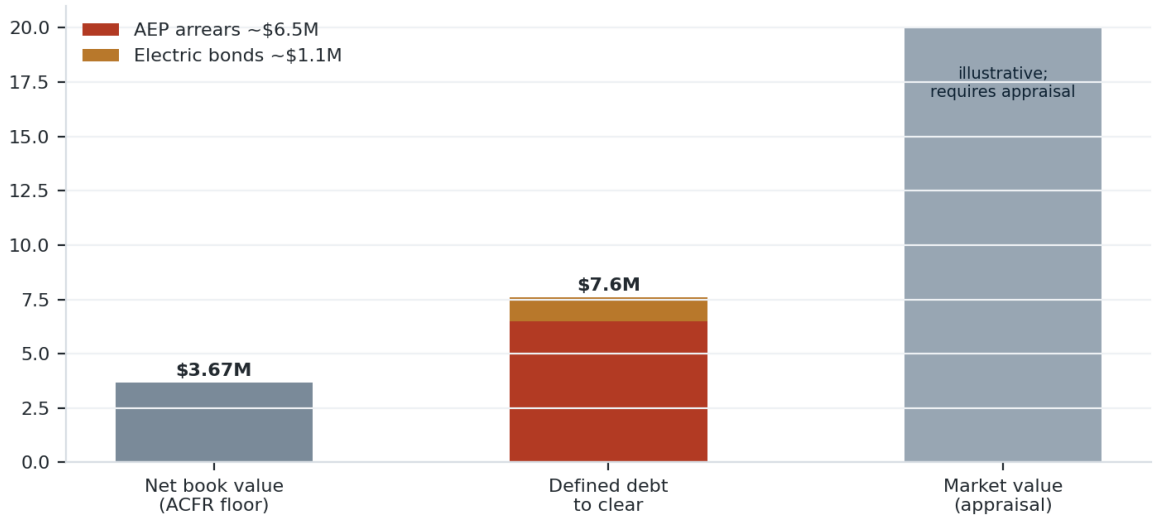
The discipline that makes Path 2 safe is the order of its moves: the host county and a debt-clearing sale price must both be secured before the City divests the utility. Selling first strands a town with no utility revenue and no county to carry its obligations, weaker on every axis than the starting position. The dominant failure

mode is divesting out of sequence. A second is entering the reversion negotiation under the pressure of the distress clock rather than from the better information a completed valuation and dam assessment would supply. A third is misreading the Pulaski litigation, developed in the litigation section, as a barrier to a Pulaski reversion when a county is a statutory party to a reversion in any event and a reversion negotiation would subsume the revenue-sharing dispute. The irreversibility of the second move is itself a standing risk: a town that reverts and later regrets it has no statutory path back, which raises the value of completing both prerequisites before acting.

11.

The Electric Utility, the Dam, and a Sale

Exhibit 5. Utility net book value vs the debt a sale must clear ($M)



This chapter addresses the question Radford has been unable to resolve for fourteen years: what to do with the Electric Fund. The fund's operating margin has compressed 92 percent. Its net position is negative. AEP wholesale arrears stand at $6-7 million. The fund has historically served as the General Fund's structural subsidy. Continued operation under the current model is not viable. This chapter develops four deal structures, the underlying valuation framework, the BRPA exit mechanics, the stranded-employee considerations, and the SCC regulatory pathway. The Little River Dam --- the historical basis for Radford's municipal-utility independence --- is examined in detail.

The Little River Dam

Radford owns and operates a hydroelectric facility on the Little River. The facility appears in council records covering 2013 (work session, March 11, 2013), 2016 (work session, April 25, 2016), and 2017 (budget amendment, January 9, 2017). The 2017 budget amendment authorized $143,658 for renovations and upgrades of the Little River Dam, with specific mention of "the wicket gates and associated equipment, as well as some additional shaft and bearing work on the turbine." The work was performed by Hydro-Consulting and Maintenance Services, Inc., based in Pennsylvania.

Wicket gates control water flow into hydroelectric turbines. Replacing wicket gates plus turbine shaft and bearing work is the kind of major mechanical refurbishment characteristic of a hydroelectric facility approaching the end of its original equipment service life. Such refurbishment typically extends the facility's operating life by 15-25 years. This work belongs to a longer arc the disposition section develops in full: a turbine failure in August 2014 stopped generation, the City committed bond financing in 2017 and entered a FERC relicensing (Project No. P-1235), and the plant did not return to service until 2025. The $143,658 appropriation traces in the council record to a December 2016 ordinance (Appropriation Ordinance 1682.19) carried into the 2017 budget. The refurbished unit is expected to extend the facility's operating life by 15 to 25 years from its 2025 return.

The Little River Dam is the historical basis for Radford's municipal-utility independence. Virginia has roughly sixteen municipal electric systems; Radford is one of about a dozen of them that own no significant generation and instead buy power wholesale and resell it at retail, a model rooted in the now-marginal hydroelectric dam. The Foundry research memo at regional_corpus/radford/joins/foundry_revenue_share_analysis_2026-05-17.md describes Radford's status as "one of only 12 Virginia localities that buys electricity wholesale and resells it at retail to residents and businesses --- a legacy of the old city-owned hydroelectric dam on the Little River." The municipal utility status traces directly to dam ownership.

But the dam's contribution to current load is small. The FY2024 ACFR Electric Fund Exhibit 8 shows Purchase of Electricity at $17.36 million --- approximately 81 percent of operating expenses. The dam contributes a minority share of current electric supply; the bulk comes through BRPA wholesale purchasing from Appalachian Power. The dam is a strategic asset with declining importance relative to wholesale supply, but it remains the legal and historical foundation for the municipal-utility framework.

Why the Electric Fund cannot be left as-is

Three forces converge to require Electric Fund disposition action within the planning horizon:

AEP arrears at $6-7M. The wholesale-power obligation to Appalachian Power through BRPA cannot be deferred indefinitely. Per Meredith testimony, peak monthly obligations were $1.5-2 million; arrears built up across four months of FY2025. The Electric Fund's operating margin in FY2024 was $144,096. The fund

cannot service the obligations without either a restored margin under Path 1 or external resolution.

Negative net position. The Electric Fund ended FY2024 with net position of negative $433,371. This is the first negative-equity year on record. Continued transfers from a deficit-equity proprietary fund create regulatory and bond-covenant exposure. The fund is essentially insolvent on a balance-sheet basis.

BRPA wholesale-cost compression. Purchase of Electricity has grown faster than retail revenue. The operating margin compressed 92 percent over fourteen years. Wholesale costs continue to grow with APCo Formula Rate adjustments. Without retail rate restructure or a fundamental change in supply relationship, the margin compression continues.

Four deal structures for Electric Fund disposition

Four deal structures emerge as viable options. The structures are not mutually exclusive --- Council could pursue Structure A as a precursor to reversion under Structures B or C; Structure D represents a stay-as-city alternative that does not require reversion.

Structure A: Pre-reversion sale of distribution to APCo

Radford sells the Electric Fund's distribution assets (poles, wires, substations, transformers, customer accounts, load-serving entitlement) to Appalachian Power Company before any reversion is consummated. Sale proceeds reduce the City's debt position going into any future reversion. The reversion deal simplifies because there's no Electric Fund to allocate.

Valuation framework. APCo would value the distribution system at a distressed-asset discount given the AEP arrears and the negative net position. Any dollar figure here is an order-of-magnitude placeholder, not a sourced valuation: no specific comparable transaction is named in the record, and a defensible number requires the specialist appraisal the prerequisites call for. As illustrative scale only, distribution-system sales elsewhere suggest net proceeds in the high single digits to mid-teens of millions after an AEP arrears settlement — above the ~$7.6M defined debt, but unconfirmed without an appraisal. The retain-versus-sell math below develops the figure. Independent utility-M&A valuation would be required for a binding offer. The Little River Dam likely retained as a Radford asset (APCo's generation portfolio already includes Claytor Lake at much larger scale; a small aging municipal hydro is marginal to their needs).

Structure B: Triangular reversion + post-reversion sale

Radford reverts to Town status within Montgomery (or Pulaski) County. The new Town inherits the Electric Fund. The new Town has option to sell distribution to APCo. Host county encourages sale (host county does not want to operate utility). The two transactions are sequential, not simultaneous; reversion is consummated first, then the Town Council makes the disposition decision.

Valuation may be marginally improved relative to Structure A because the Electric Fund has had time to rebuild some equity under reversion-period management. Or worse, if the reversion process introduces uncertainty during the negotiation window. Outcome depends on timing.

Structure C: Settlement-embedded reversion to Pulaski

The Pulaski v. Radford lawsuit settles with reversion to Pulaski as the consideration. Pulaski acquires Radford under § 15.2-4100. As part of the joint commission's reversion terms, Pulaski receives the Electric Fund distribution assets --- and then immediately resells them to APCo at the negotiated valuation. APCo pays Pulaski for the assets. The constitutional litigation extinguishes; the utility moves to APCo; Pulaski captures the resale margin (or all of it, depending on the negotiated terms).

This structure is the most complex but potentially the highest-value for both Pulaski and Radford. Pulaski is positioned as the intermediary between Radford and APCo. The structure rewards Pulaski for absorbing Radford by giving Pulaski the M&A margin on the Electric Fund disposition. The structure rewards Radford by extinguishing the 1978 litigation, eliminating Electric Fund liabilities, and resolving the AEP arrears in one transaction. The structure requires the Pulaski litigation to be settleable on terms that include reversion --- addressed in the litigation section.

Structure D: Stay-as-city + sell Electric Fund to APCo (standalone)

Radford remains an independent city. Sells Electric Fund distribution to APCo for cash. Proceeds offset General Fund deficit. The City exits the municipal electric business permanently. This is the only structure that does not require reversion. It is also the opposite of Path 1 (which assumes Radford retains and restructures the utility). The two paths are mutually exclusive at the same point in time; both cannot be executed.

The standalone-sale structure is the most controversial of the four because it surrenders the municipal-utility status while remaining an independent city ---

surrendering one strategic asset (the utility) without acquiring any countervailing benefit (the host county's fiscal capacity, the schools-merger efficiencies, etc.). The case for Structure D rests on the argument that Path 1's rate restructure is too slow to address the AEP arrears and that immediate cash from a sale outweighs the option value of continued ownership.

Path 1 (retain and restructure) versus the sale: the math

Three numbers determine which structure is best: APCo's sale price net of AEP arrears settlement; the net-present-value of Electric Fund operating margins under Path 1 recovery; and the risk-adjusted comparison.

APCo sale price (estimated range).

Distressed-asset valuation for the distribution infrastructure (poles, wires, substations, transformers, customer accounts) plus the load-serving entitlement. APCo would absorb the AEP arrears as offset against purchase price; that is the structural mechanism for arrears resolution in a sale. No specific comparable transaction is named in the record, so the following is illustrative scale only, not a sourced valuation: a gross enterprise value in the mid-teens to low-twenties of millions, less an AEP arrears settlement (~$6-7M), would imply net proceeds somewhere in the high single digits to mid-teens of millions. Whether proceeds actually clear the ~$7.6M defined debt is the hinge of this path. A formal valuation by a utility M&A firm is required for any binding offer.

NPV of Path 1-recovered Electric Fund margins.

If Path 1 succeeds, the Electric Fund's annual operating margin recovers to approximately $1.5-2 million by FY2029 and supports $0.8-1.0 million of annual General Fund transfers thereafter. Twenty-year NPV at 5 percent discount: approximately $15-20 million of present-value cash flow under the recovery scenario. Twenty-year NPV at 7 percent discount (more conservative): approximately $11-15 million.

Risk-adjusted comparison.

Path 1 recovery is contingent on Council adopting the rate restructure (political risk), AEP arrears being workable on a payment plan during the recovery period (operational risk), and no further wholesale-cost shocks (market risk). APCo sale is contingent on a willing buyer at the estimated valuation (transaction risk), SCC regulatory review (regulatory risk), and bond covenant compatibility (financial-structure risk). Both options have execution risk; they are different risks. On point-estimate financial math, the two are within ±30 percent of each other. The decision turns on non-financial factors.

Non-financial factors

Loss of rate-setting authority.

Under current ownership, Radford City Council sets retail electric rates through the annual fee/rate resolution. Under APCo ownership, rates are set by APCo subject to Virginia State Corporation Commission regulation. Under current ownership Radford City Council sets retail rates; under APCo ownership the Virginia State Corporation Commission regulates them. On the report's own sourced figures the two are close: at 1,000 kWh a month Radford residential service is about $167.43 against APCo Virginia's $170.63, near parity. The relevant comparison for this factor is what happens under Path 1, which raises Radford's rates about 8 percent to roughly $180.80 — above the APCo bill. In other words, after a Path 1 restructure a Radford customer would pay modestly more than an APCo customer, not less; conversion to APCo would hold the typical residential bill roughly flat rather than raising it. The loss on this factor is the surrender of local rate-setting authority, not a higher bill.

Service-quality questions.

APCo's rural-Virginia service quality has been the subject of repeated complaints and periodic SCC consumer protection reviews. Municipal electric utilities in Virginia generally have higher customer satisfaction scores than investor-owned utilities. But Radford's Electric Fund cannot maintain service-quality investment without operating margin. The trade-off is real.

Stranded employees.

Electric Fund Personnel line totaled $2.36 million in FY2024. The fund employs approximately 25-30 positions (line workers, dispatchers, customer service, billing, engineering). APCo would absorb some positions but not all. Stranded-employee severance costs and career-transition support could total $1-2 million as a one-time cost. The dam operations team (if retained under Structure A) would also need to be addressed.

BRPA exit complications.

Blue Ridge Power Agency is a nonprofit joint-action wholesale-purchasing agency. Radford is one of its nine members. Member exit requires notice periods (typically 18-24 months), share redemption obligations, and successor power supply arrangements. The exit process could take two years and incur substantial costs in member-share redemption. APCo absorbing Radford's distribution load while BRPA's other members continue to receive aggregated wholesale supply from APCo creates interesting commercial dynamics that BRPA staff would need to negotiate. As of June 1, 2026 Radford remains a Blue Ridge Power Agency

member, but the agency's role has shifted from holding the Appalachian Power full-requirements contract to administering the City's market-based supplier portfolio.

Bond covenants.

The Electric Fund may carry bonded debt with covenants restricting asset sale or requiring bondholder consent. Bond indenture review is required before any sale transaction. If covenant restructure is required, the sale transaction's value to the City is reduced by the cost of bondholder concessions or refinancing.

Property tax effect.

Under APCo ownership, the distribution assets become subject to ad valorem property tax. APCo pays property tax on its regulated rate base assets. Currently, the Electric Fund pays a payment-in-lieu-of-taxes (PILOT) of approximately $339,000 (FY2024). Under APCo ownership, the property-tax payment could be modestly higher based on regulated-utility tax treatment --- a small positive offset.

Would APCo actually be interested in buying?

APCo's strategic incentives to acquire Radford's distribution territory are substantial. Five factors:

Geographic contiguity. APCo already serves Pulaski County and most of Montgomery County. Radford City is a service-territory carve-out --- a hole in APCo's footprint. Filling the hole eliminates handoff infrastructure and gives APCo continuous coverage.

Rate-base expansion. Investor-owned utilities are valued by their regulated rate base. Adding Radford's distribution assets generates regulated return on equity in the 9-10 percent range under Virginia SCC framework. Essentially guaranteed for the asset life.

Customer base. Approximately 7,000 residential meters plus commercial and industrial customers. Radford University substantial commercial load; the Grede foundry historically major industrial customer (though declining). Industrial customers are profitable.

Wholesale margin capture. APCo currently sells wholesale to BRPA for resale to Radford. Acquiring Radford directly, APCo captures wholesale-plus-retail margin instead of just wholesale. Math: Radford pays approximately $17.4M annually to APCo via BRPA. Radford collects approximately $21.5M annually in retail revenue. The $4M differential is the margin layer that BRPA + Radford currently capture. APCo would capture all of it.

This incentive is weaker after June 1, 2026. As of that date Appalachian Power is no longer Radford's exclusive wholesale supplier; the City now buys market-based power — its Fixed Load Shape supplier is CMS Energy Resource Management — through the Blue Ridge Power Agency. The wholesale margin that an acquisition would have captured has already left APCo's book, so this factor should be discounted relative to the others in this list.

BRPA dynamics. Radford has been one of BRPA's larger municipal-electric member loads. Acquiring Radford weakens BRPA structurally --- fewer members, less aggregated buying power, more pressure on remaining members. Reduces a long-term thorn (BRPA periodically pushes back on APCo formula rate filings at FERC).

Factors making APCo hesitant: SCC regulatory approval for service territory expansion (could face consumer protection review); distressed system valuation; potential customer-resistance to investor-owned-utility transition; bond debt assumption complexities; BRPA exit negotiation complications.

Net assessment: APCo would almost certainly be interested. The five strategic incentives outweigh the four hesitations. The transaction structure and the SCC pathway are the practical questions.

The SCC regulatory pathway

Any sale of distribution assets from a Virginia municipal electric utility to an investor-owned utility requires Virginia State Corporation Commission review under Virginia Code Title 56 (the Utility Facilities Act). The Commission reviews whether the transfer is in the public interest, whether the successor utility can provide reliable service, and whether the rates that result are just and reasonable. Process typically takes 12-18 months from filing to final order. Consumer protection intervention is common; the Commission's Division of Public Utility Regulation analyzes the financial structure and the rate impact.

Implications for the retain-versus-sell decision

Within Path 1, retaining the utility and selling it are competing choices rather than complementary ones, and the decision turns on how quickly margin can be restored against how soon the arrears must be resolved. The summary below states the trade-off; the balance-sheet treatment that follows develops the asset and the dam liability behind it.

> **Path 1 (retain and restructure) and the sale of the utility are

> competing rather than complementary options.** The tax-and-rate path adopts Path 1 because (a) it preserves Council's rate-setting authority; (b) it maintains the strategic option value of municipal utility ownership; (c) it doesn't require the SCC regulatory review process; (d) it can be initiated immediately rather than waiting for a multi-month transaction. The sale becomes preferable to retention only under specific conditions: (i) reversion is occurring anyway and the host county doesn't want the utility; (ii) AEP arrears become unsustainable on a payment-plan basis during Path 1 recovery; (iii) Path 1's rate restructure fails to produce margin recovery within 24 months. The City could treat Path 1 as one path and the sale structures in this section as the contingency.

The utility as a balance sheet, and the dam as its embedded liability

The disposition question becomes clearer when the utility is read as a balance sheet rather than a revenue line. On one side is a saleable asset; on the other, an embedded liability, and they are not the same thing.

The saleable asset is the distribution system: roughly 7,000 residential meters plus commercial and industrial accounts, an operating revenue stream near $21 million a year, and the physical plant, poles, wires, substations, transformers, fleet, and metering and billing systems, that carries it. The FY2024 audit carries the Electric Fund's capital assets at a net book value of about $3.67 million after depreciation. Net book value is an accounting figure, not a market price; a buyer pays for customers and a revenue stream, not for depreciated poles, and the market value of a system of that size would in the ordinary course exceed net book by a wide margin. The gap between the two is the central financial uncertainty of Path 2 and is taken up again in the prerequisites.

The depreciation position is worth stating plainly. Across the City's enterprise funds the FY2024 audit carries plant and infrastructure at $50,758,237 gross against accumulated depreciation of $42,199,146 — 83.1 percent of the enterprise plant is depreciated. That is consistent with a system carrying assets well into their service lives, and it is part of why net book value is a floor rather than an estimate of what a buyer would pay.

The embedded liability is the Little River dam, FERC Project No. P-1235. Built in 1934, it is a reinforced-concrete slab-and-buttress dam 293 feet long and 58 feet high, impounding a 77-acre reservoir, and it sits across the boundary between Montgomery and Pulaski Counties, physically within both of the counties this report weighs as reversion hosts. Its single generating unit is rated at 1,200 kilowatts and historically produced about 4,550 megawatt-hours a year, a small share of the City's load. A turbine failure in August 2014 stopped generation. The City committed bond financing in 2017 to rebuild the unit and entered a federal relicensing under a Minor License application; FERC issued its Environmental Assessment in 2018, and the plant returned to service in 2025 with a more efficient turbine, reported to produce roughly 6,400 megawatt-hours a year and to avoid on the order of $400,000 in annual wholesale cost. The documented cost trail includes a December 2016 appropriation of $143,658 (Appropriation Ordinance 1682.19) for hydro-improvement components beyond the original scope, and a general obligation bond of $1,725,000 for Little River Dam improvements, Ordinance 1694, which passed first reading unanimously on June 12, 2017 against a refurbishment the same minutes describe as “nearly $3 million.” The public hearing that evening drew no comment.

FERC's own economic analysis of the project sits in that Environmental Assessment, and it is unfavorable. Table 9 sets the annual cost of buying replacement power against the annual cost of running the plant, at 1,200 kilowatts and 6,550 megawatt-hours. Alternative power costs $435,903 a year. Under no action the project costs $370,206, a benefit of $65,697. Under the City's own proposal it costs $449,461, a net cost of $13,558. Under the staff alternative it costs $458,959, a net cost of $23,056. Under the terms Radford itself put forward for its new license, its federal regulator calculated that the plant would make power more expensively than the City could buy it.

The one favorable case rests on an assumption the same document contradicts. The no-action alternative assumes the project “would continue to operate as it does now” at 6,550 megawatt-hours, while the EA states elsewhere that the 2014 turbine failure “permanently stopped generation, and operation has not resumed as of the issuance of this EA.” Three generation figures appear across the record and none has been reconciled: 4,550 megawatt-hours as the 1984–2013 historical average, 6,550 as modeled in the economic analysis, and 6,406 as stated in the City's own June 2017 council minutes.

Two further facts are now on the record. The U.S. Army Corps of Engineers' National Inventory of Dams carries the structure as VA121001 and records its condition assessment as POOR, assessed April 11, 2023, with the last inspection

August 23, 2021 and an emergency action plan revised December 15, 2022. And the project's license expired May 30, 2019. FERC authorized continued operation under an annual license effective June 1, 2019, and no subsequent license order could be located. The plant has run on year-to-year federal authorization for seven years.

Analyst read. The dam is the 2017 premise turned against itself. Mayor Brown's statement that Radford's independent-city viability is linked to its ability to provide power was the rationale for committing new bond debt and a multi-year federal process to a unit supplying a few percent of load, at the moment the fund balance was sliding. The dam is also the clearest reason a distribution-system sale does not by itself solve the City's problems: Appalachian Power would want the customers and the wires, not a flood-damaged hydro liability, so the City most likely retains the dam even after a sale. The liability rides on every path. A city that stays a city carries it indefinitely; a city that sells the distribution system still owns it, now without utility revenue to maintain it.

Scope limit. This analysis reports the public record on the dam. It does not generate a structural-condition assessment or a remediation or removal cost estimate. Producing either is specialist engineering work. One item remains open. The Virginia dam-safety hazard classification could not be confirmed — the National Inventory of Dams returns the hazard field as a numeric key with no retrievable label, and Virginia's Dam Safety Inventory System requires an access request. A 58-foot licensed dam above an inhabited city is plausibly a high- or significant-hazard structure, but this report does not assert a classification it could not confirm.

12.

Reversion to Pulaski County

This chapter develops the analytical case for and against Radford reverting to Town status within Pulaski County under Virginia Code § 15.2-4100 et seq. Two questions structure the analysis: is the option legally and politically feasible given the active Pulaski v. Radford litigation, and what are the financial and non-financial trade-offs for Radford residents under a Pulaski reversion scenario.

Legal feasibility under § 15.2-4100

Virginia Code Title 15.2 Chapter 41 governs the transition of an independent city to Town status. The framework was codified in 1988 (Acts 1988 c. 881) and recodified into Title 15.2 in 1997. Section 15.2-4101 authorizes the petitioning city's Council to file an ordinance, copied on "the adjoining county" (singular in the Council-initiated proceeding) or "the adjoining counties" (plural in the citizen-petition route under § 15.2-4102). Section 15.2-4103 makes "the adjoining county" a party defendant.

Section 15.2-4106 sets the equity criteria the special three-judge court must apply: (1) city population under 50,000 (Radford qualifies at ~16,500); (2) adjoining county or counties made party defendants; (3) no substantial impairment of the host county's ability to meet service needs; (4) no substantially inequitable sharing of resources and liabilities; (5) best interests of the city, county, Commonwealth, and people of both; (6) best interests of the Commonwealth in promoting strong and viable units of government.

Two provisions later in the same chapter matter to how a council would actually approach this. Section 15.2-4109 lets the city decline the grant of town status by ordinance or resolution within twenty-one days after the court's order — which means Radford would see the terms and conditions the court imposes before being bound by them, and could walk away from terms it judged unacceptable. Section 15.2-4110 then bars new proceedings for five years. The petition is therefore less of a one-way door than it appears, though the five-year bar makes a withdrawal costly.

The active litigation between Pulaski and Radford is a factor in the equity analysis, not an automatic disqualifier. The statute does not address constitutional-litigation-pending scenarios. A court reviewing a Radford-to-Pulaski reversion petition while CL25000421-00 was pending would weigh the litigation as a complicating factor under criterion (5) --- best interests of the city and county --- but would not be required to deny on that ground. If the petition were filed concurrent with or after a litigation settlement that extinguished the inter-local dispute, the equity test becomes easier to satisfy.

Pulaski County fiscal profile (audited)

Audited Pulaski County figures from FY2014 through FY2025 ACFRs (twenty-five documents in the corpus at regional_corpus/pulaski/financial-reports/):

Metric	Pulaski County FY2025 (approx)	City of Radford FY2024 (audited)
Population	33,706	16,500
Total assessed value	**$4.089 billion (audited)**	**$1.243 billion**
Real estate tax rate	$0.74 per $100	$0.84 per $100
Personal property tax rate	$2.27 per $100	$2.55 per $100
Machinery and tools tax rate	$1.70 per $100	$1.76 per $100
GF total balance	**$27.2M (audited)**	**−$1.94M**
APA fiscal distress status	None	Active (Nov 2025)
Bond rating	Investment grade	Investment grade (under review)
School division	Pulaski County Public Schools (~4,385 students)	Radford City Public Schools (~1,627)
Constitutional officers	5 (Sheriff, Treas, CoR, Clerk, CA)	5
Major employer	Volvo Trucks (Dublin, ~3,000)	Radford University (~1,100 employees + 6,000 students)

Pulaski County figures from the FY2024 ACFR Statistical Section (audited); full Pulaski fiscal panel appears in Appendix C.

Equity analysis under § 15.2-4106(A)

Criterion (1) --- city population under 50,000. Radford meets this at approximately 16,500.

Criterion (3) --- no substantial impairment of host county service ability. Pulaski County's existing service infrastructure was scaled for approximately 34,000 residents. Adding Radford's 16,500 represents a 49 percent population increase. Substantial scaling required. Pulaski County Public Schools would need to absorb approximately 1,627 resident RCPS students (a 37 percent enrollment increase). Public Works infrastructure would need significant expansion. Pulaski's service-delivery model would need material modification, particularly for the

urban-pattern services Radford requires (curbside refuse, sidewalk maintenance, downtown parking enforcement) that Pulaski County does not currently provide to its rural population.

Criterion (4) --- no substantially inequitable sharing of resources and liabilities. This is where the analysis gets complex. Pulaski County's tax base ($4.089B audited)[10] absorbing Radford's $1.24B represents a 30 percent base addition. Radford's $29.7M of outstanding debt becomes either Pulaski County's responsibility or the new Town's residual responsibility per the negotiated reversion terms. Radford's negative General Fund balance (−$1.94M FY2024) plus AEP arrears ($6-7M as of March 2026) plus the existing $4M RAN represents approximately $12-13M of working-capital deficit that the reversion terms must allocate.

Criterion (5) --- best interests of the city, county, Commonwealth, and people of both. The criterion the active litigation most directly affects. A court would weigh considerations that run in both directions. Pulaski gains proportionally more from absorption: a 30 percent tax-base addition is a meaningful upgrade; some residents in former-city geography already orient toward Pulaski County through commuter and family patterns; and the litigation could be extinguished as part of the reversion package, mooting the constitutional question and simplifying both parties' positions. Set against those, Pulaski County School Board's published academic-performance metrics trail Radford City Public Schools on several measures; consolidation would face material parent resistance from former-city families; Pulaski's rural-pattern service-delivery model is poorly matched to Radford's urban needs; the litigation is unsettled, and a court reviewing reversion concurrent with active litigation would weigh that; and the political relationship is documented in court filings as adversarial.

Criterion (6) --- best interests of the Commonwealth. Combined Pulaski+former-Radford at ~50,300 population becomes one of the smaller-mid-size Virginia counties. The Commonwealth interest in promoting strong viable units of government is served. Less clearly served than under a Montgomery scenario (where the combined entity exceeds 120,000), but defensible.

The lawsuit-as-negotiation framing

The Pulaski v. Radford litigation does not preclude reversion conversations between the two parties; in Virginia local government practice, contemporaneous litigation and inter-local negotiation routinely overlap. The lawsuit is a state of

negotiation, not its alternative. Three settlement structures would fold the constitutional dispute into a larger reversion package:

Structure 1: Reversion-coupled extinguishment. Radford petitions for reversion to Town status within Pulaski County under § 15.2-4100. As part of the joint commission's reversion terms (§ 15.2-4106(B)(2) gives the court authority "to adjust financial inequities"), the parties stipulate that the 1978 agreement's future-payments obligation is extinguished and the litigation is moot. Radford gives up future claims; Pulaski gives up its declaratory judgment claim and Radford's counterclaim. The constitutional question is never reached. Pulaski absorbs Radford under reversion terms negotiated bilaterally rather than litigated.

Structure 2: Bilateral settlement preceding reversion. Pulaski and Radford settle the litigation first --- Pulaski drops the declaratory judgment claim, Radford drops the counterclaim and the demand for back-payments, both parties stipulate to no further 1978-agreement payments going forward. Six to nine months later, the parties initiate a formal reversion process. The litigation is in the past; reversion negotiation proceeds without the active courtroom backdrop.

Structure 3: Litigation completion followed by reversion. The Pulaski case proceeds to final judgment (potentially to the Virginia Supreme Court, per WSLS reporting). Whoever wins, the parties have a judicial determination of the underlying legal question. Reversion then becomes a discussion grounded in the post-judgment financial reality. This is the slowest path (24-36 months to final disposition).

Two readings of Pulaski's motive are possible — a strategic reading in which the lawsuit softens the public case for absorbing Radford, and a simpler reading of ordinary revenue capture. Both are developed in the litigation section; either is consistent with reversion being available, and the City can engage Pulaski under both.

Financial impact for Radford residents under Pulaski reversion

Under Pulaski reversion, the new Town of Radford retains responsibility for streets and sidewalks within the town boundary, refuse and recycling, water and sewer (or transfers these to Pulaski County PSA), planning and zoning, the electric utility (or transfers; see the disposition section), parks and recreation, the library, and general town administration. Pulaski County assumes responsibilities for schools (PCPS absorbs RCPS), social services, the constitutional officers, the registrar, the court system, and the regional jail.

A town resident pays the Pulaski County real-estate rate ($0.74 per $100) plus the new town rate. This analysis anchors the town rate at the residual-town break-even of about $0.29 per $100, the rate at which the town's own budget balances with no electric transfer, placing the combined real-estate rate near $1.03, two cents below the Montgomery-host figure. The full all-in household comparison, reconciled across every path and adding personal property, meals, lodging, and electricity, is the single table in the household-cost section; it shows a Pulaski-host reversion raising the median household's all-in cost by roughly $425 a year, the lowest increase among the sustainable paths. As on the Montgomery path, the combined real-estate burden is comparable to the current city rate rather than a cut against it; the resident's gain is structural.

Schools consolidation impact (PCPS absorbs RCPS)

Radford City Public Schools serves approximately 1,627 students in four schools (one elementary, one intermediate, one middle, one high). The division has its own School Board, Superintendent, central office, and direct contractual relationships with teachers and staff. On a comparable basis, Radford's current expenditure per pupil (NCES, FY23) is about $9,898, below both candidate host divisions (Pulaski about $13,947, Montgomery about $14,114); the consolidated comparison appears in the schools section.

Pulaski County Public Schools serves approximately 4,385 students. PCPS's published Virginia Department of Education accountability metrics trail RCPS on several measures, including standardized assessment scores in elementary and middle grades, graduation rate, and the Standards of Quality compliance margin. PCPS would be the receiving district under reversion. Bedford precedent suggests the consolidation process is contentious --- Bedford City Public Schools merged into Bedford County Public Schools effective July 1, 2013; three former-city schools were retained but with restructured grade configurations; former-city teachers received Bedford County contracts at the County salary scale (in some cases lower than City scale); academic performance metrics for former-city schools showed mixed outcomes initially, broadly comparable to other Bedford County schools ten years post-reversion.

For Radford parents specifically, the schools-consolidation question is likely the most politically contentious dimension of any Pulaski reversion scenario. RCPS-to-PCPS represents a transition from a smaller-but-higher-performing division to a larger-but-lower-performing division. The political resistance from RCPS parents (a meaningful share of Radford's voting population) would be substantial.

Constitutional officers consolidation

Radford City has five elected Constitutional Officer positions: Sheriff, Treasurer, Commissioner of Revenue, Clerk of Circuit Court, Commonwealth's Attorney. Under reversion, these positions terminate (Virginia Code § 15.2-4115). Pulaski County's existing Constitutional Officers extend their jurisdiction to include the new Town of Radford. The five Radford-City positions disappear; the five Pulaski-County positions serve the expanded jurisdiction.

Practical consequence for former-city residents: Radford-specific representation in these constitutional offices is lost. Former-city residents become a minority constituency within Pulaski County's electoral base (approximately 33 percent of combined population). Their voting weight in selecting these officers is proportionally smaller. For residents who value Radford-specific constitutional-office representation, this loss is significant; for residents who care less about which county jurisdiction's officials serve them and more about service delivery, the loss is smaller.

Transition timeline (Bedford analog)

Bedford's reversion process took approximately three years from initial Council resolution to effective date. Six phases: Phase 1 (months 0-3): Council adopts reversion resolution. Phase 2 (months 3-12): joint commission with Pulaski County negotiates terms. Phase 3 (months 9-18, overlapping): Virginia Commission on Local Government review. Phase 4 (months 15-21): three-judge court review and order. Phase 5 (months 21-27): General Assembly action setting effective date. Phase 6 (months 24-36): transition planning and implementation. Effective date typically at the start of a new fiscal year --- July 1, approximately three years after initial Council resolution. The Pulaski litigation extends the timeline if not extinguished earlier.

Risk factors specific to Pulaski reversion

Litigation overhang. Without a litigation settlement, the reversion negotiation has the constitutional challenge as a backdrop. The joint commission would have to determine whether the disputed 1978 payments feature in the reversion's financial-equity terms.

Trust deficit. Pulaski's willingness to break a 47-year-old agreement is information about Pulaski's commitment durability. Former-Radford residents have reason to ask why they would trust Pulaski's reversion-deal commitments going forward.

Schools consolidation political cost. The RCPS-to-PCPS merger is the most contentious element of any Pulaski reversion scenario. Political resistance from former-city parents.

Service-delivery model mismatch. Pulaski County's rural-pattern service model does not match Radford's urban needs. Transition adjustments substantial.

Constitutional officer loss. Five elected positions eliminated. Former-city residents become 33 percent minority of combined electoral constituency.

The Pulaski reversion bottom line

> **Pulaski reversion is legally feasible, financially attractive on tax-burden math, and politically complicated by the active litigation and the schools-consolidation question.** The litigation can be extinguished as part of the reversion package --- that is a feature, not a bug. The schools-consolidation question and the constitutional-officer-loss question are harder to mitigate. If the City pursues reversion, the Montgomery and Pulaski scenarios present different trade-offs rather than a ranking: Montgomery is stronger on measured school outcomes, absorptive capacity, and a litigation-free process; Pulaski is stronger on proportional motive, community of interest, and the marginally lower combined tax burden, and it carries the litigation that a reversion would fold in. The two are not interchangeable, and neither is the single correct host. Residents and the Council weigh them on their merits.

13.

Reversion to Montgomery County

This chapter develops the analytical case for and against Radford reverting to Town status within Montgomery County. Montgomery is the county from which Radford was carved in 1892, a fact this analysis treats as historical context with no operative weight --- and is the functional regional partner today through the Blacksburg-Christiansburg Metropolitan Statistical Area, Virginia Tech as anchor employer, and the 1992 Route 177 revenue-sharing agreement that has operated continuously for 34 years.

Historical context: Radford was carved from Montgomery

Pulaski County was formed on March 30, 1839 from parts of Montgomery and Wythe counties (becoming the 87th county of the Commonwealth). The boundary between Pulaski and Montgomery in this region was substantially the New River. Radford's land sits on the EAST side of the New River. When Pulaski was carved out of Montgomery in 1839, Radford's land remained in Montgomery County. Radford then incorporated as a town in 1887 and as an independent city in January 1892, separating from Montgomery County. The 1892 carve-out was therefore from Montgomery County.

The county of origin is sometimes noted under § 15.2-4106(A)(5) ("best interests of the city, county, Commonwealth, and people"). This analysis assigns the 1892 origin no operative weight: § 15.2-4106 is forward-looking, and the criterion is applied on present-day grounds. It is true that the three modern Virginia reversions (South Boston 1995, Clifton Forge 2001, Bedford 2013) each reverted to a county of origin, and a court could note that practice; it is equally true that the statute imposes no origin requirement, and that the present-day factors, willingness, absorptive capacity, equity, and community of interest, govern. The origin is recorded here as context, not as a thumb on the scale.

Audited Montgomery County fiscal profile

Audited Montgomery County figures from the FY2025 ACFR (with fiscal panel reconstructed from the FY2014 and FY2025 statistical sections to cover FY2005-FY2025). The corpus build at

regional_corpus/montgomery/joins/montgomery_fiscal_panel_2026-05-30.csv provides the full panel; key FY2025 metrics:

Metric	Montgomery County FY2025 (audited)	City of Radford FY2024 (audited)
Population	103,919	16,500
Total assessed value	**$14.18 billion**	**$1.243 billion**
Real estate assessed value	$12.49 billion	$0.95 billion
Real estate tax rate	$0.76 per $100	$0.84 per $100
GF total balance	**$61.7 million**	**−$1.94 million**
GF unassigned balance	$37.0 million (~14% of operating rev)	−$4.55 million
Bonded debt per capita	$1,591	$1,847
Major employer	Virginia Tech (~37K students; ~9K+ employees)	Radford University (~6K students; ~1.1K employees)
School division	Montgomery County Public Schools (~9,461 students)	Radford City Public Schools (~1,627)
MSA membership	Blacksburg-Christiansburg MSA	Statistical association with Montgomery (per BEA)
Hospital	Carilion New River Valley Medical Center (Christiansburg)	(Hospital relocated from Radford to Montgomery 1999)

The 2023 reassessment story

Montgomery County executed a four-year general reassessment of real property effective calendar year 2023. The reassessment lifted real estate assessed values approximately 32 percent (from $9.13 billion in FY2022 to $12.06 billion in FY2023). The Board of Supervisors concurrently cut the real estate tax rate from $0.89 per $100 to $0.70 per $100, settling at $0.75 in CY2024 and $0.76 in CY2025. The County did not capture the full reassessment-driven revenue increase. The actively-managed rate-cut decision is itself analytically significant for the reversion-host analysis: Montgomery has demonstrated capacity to manage tax-burden impact on existing residents rather than treating reassessment as a windfall.

This contrasts with Radford's own approach. Radford's rate moved from $0.76 (FY2015) to $0.84 (FY2022), with periodic increases before a post-reassessment rollback in FY2024. Montgomery's larger tax base and managed-reassessment approach demonstrate fiscal flexibility that Radford has not had.

Equity analysis under § 15.2-4106(A)

Criterion (1) --- city population under 50,000. Radford meets this. Same as Pulaski scenario.

Criterion (3) --- no substantial impairment of host county service ability. Montgomery's existing service infrastructure was scaled for approximately 100,000 residents. Adding Radford's 16,500 represents a 16 percent population increase --- substantially less than the 49 percent under Pulaski. Montgomery County Public Schools at 9,461 students would absorb approximately 1,627 resident RCPS students (a 17 percent enrollment increase). Montgomery's larger administrative infrastructure has more headroom to absorb the addition without service impairment.

Criterion (4) --- no substantially inequitable sharing of resources and liabilities. Montgomery's tax base ($14.18B)[11] absorbing Radford's $1.24B represents a 9 percent base addition (versus 30 percent under Pulaski). The equity gain for Montgomery is proportionally smaller, but its larger fiscal capacity makes absorption easier. Radford's obligations, total city long-term debt of roughly $29.7M, the utility-related debt a sale would target of roughly $7.6M (AEP arrears plus electric bonds), a working-capital deficit of roughly $12–13M (the negative General Fund balance plus AEP arrears plus the $4M revenue-anticipation note), net to a small share of Montgomery's annual operating budget, manageable in Montgomery's context and more painful in Pulaski's smaller one.

Criterion (5) --- best interests of the city, county, Commonwealth, and people.

On the side favoring Montgomery: the Blacksburg-Christiansburg MSA already includes Radford for federal statistical purposes; Virginia Tech and Radford University under one local government creates regional higher-education governance coherence; the 1992 Route 177 revenue-sharing agreement demonstrates a 34-year track record of cooperative inter-local relations; Carilion's NRV hospital relocated from Radford to Christiansburg in 1999, so the City has been operationally integrated with Montgomery for decades; MCPS academic-performance metrics generally exceed RCPS on several Standards of Quality measures; and the service-delivery models are more compatible, both including substantial urban-pattern services for Blacksburg and Christiansburg.

Set against Montgomery: its county real-estate rate is $0.76 per $100 versus Pulaski's $0.74, a two-cent difference on combined-burden math that the household-cost section develops; the combined burden under a Montgomery reversion lands near the current Radford rate; Montgomery's BoS may have less incentive to consent because the proportional benefit is smaller (a 9 percent base addition versus Pulaski's 30 percent); and the 1992 Route 177 agreement is at structural risk under the same Article VII Section 10 theory Pulaski is testing, so a Pulaski win could expose Montgomery to follow-on litigation.

Criterion (6) --- best interests of the Commonwealth. Combined Montgomery + Radford at approximately 120,000 residents would become one of the larger Virginia counties and a stronger viable unit of government. The Commonwealth interest in viable units of government is more clearly served under Montgomery reversion than under Pulaski reversion.

Financial impact for Radford residents under Montgomery reversion

Under a Montgomery reversion the new Town of Radford retains streets, refuse, planning and zoning, parks, the library, and town administration, while Montgomery County assumes the schools (MCPS), social services, the constitutional officers, and the courts. A town resident pays the Montgomery County real-estate rate ($0.76 per $100) plus the new town rate. This analysis anchors the town rate at the residual-town break-even of about $0.29 per $100 (the rate at which the town's own budget balances without an electric transfer; the household-cost section develops it), placing the combined real-estate rate near $1.05, close to the $1.04 endpoint of the stay-and-tax path. The full all-in household comparison, which adds personal property, meals, lodging, and electricity and is reconciled across every path, is the single table in the household-cost section; it shows a Montgomery-host reversion raising the median household's all-in cost by roughly $486 a year, less than the stay-and-tax path's roughly $665. The combined real-estate burden is therefore comparable to the current city rate, not a cut against it; the resident's gain on this path is structural, not a lower bill.

Schools consolidation impact (MCPS absorbs RCPS)

Montgomery County Public Schools enrolls approximately 9,461 students across multiple campuses. Academic performance metrics on Virginia Department of Education accountability measures generally exceed RCPS on Standards of Learning assessments in elementary and middle grades, graduation rate, and the Standards of Quality compliance margin. Absorbing approximately 1,627 resident RCPS students into MCPS represents a 17 percent enrollment increase, material but manageable.

For Radford parents, the two host divisions present a genuine trade-off rather than a ranked answer. On measured outcomes, Standards of Learning pass rates, graduation, and accreditation, Montgomery County Public Schools generally posts the strongest results of the three divisions; a parent weighting measured outcomes most heavily would lean toward Montgomery. Other parents may weight proximity, the disruption of the move, or community of interest, which can favor Pulaski. Both host divisions also spend materially more per pupil than Radford does today. This

analysis sets out the comparison and leaves the weighting to families; the consolidated schools comparison appears in the schools section.

Specific facility questions would be addressed in the joint commission's reversion terms: which RCPS schools remain operating, which consolidate; teacher contract transitions; transportation logistics; sports program consolidation (RCPS and MCPS are in different VHSL classifications and the consolidation would require VHSL reclassification of former-RCPS schools). These are negotiation items, not deal-breakers.

The 1992 Route 177 agreement risk

The 1992 Montgomery-Radford Route 177 revenue-sharing agreement is the direct lineal descendant of the 1978 Pulaski-Radford agreement that is now under constitutional challenge in Pulaski v. Radford. Both rest on special-act statutes enacted by the Virginia General Assembly. The 1992 agreement currently pays Radford approximately $227,000 per year (FY2026 budget). It has operated continuously for 34 years.

If Pulaski wins the constitutional challenge on Article VII Section 10 grounds --- that the 1978 agreement is unconstitutional because it commits county tax revenue without voter referendum --- the same theory applies to the 1992 Montgomery agreement. Montgomery has not challenged the 1992 agreement; the County continues to make the payments. But the precedent risk is real. If Pulaski wins, the constitutional pathway is open for Montgomery (or a Montgomery taxpayer in a derivative action) to seek a similar declaration.

From the Montgomery reversion perspective, this risk works in two directions. Under reversion, the 1992 agreement is moot (Radford-as-City-receiving-payments ceases to exist; Radford-as-Town-within-Montgomery no longer has a Montgomery-to-Radford revenue stream to contest). Reversion eliminates the structural vulnerability. From Montgomery's perspective, reversion absorbs Radford while terminating an inter-local obligation that has been a steady $227K outflow for 34 years. The 1992 agreement risk could itself be a Montgomery negotiating motivation.

Constitutional officers consolidation

Same structural change as Pulaski scenario: five elected positions eliminated; Montgomery's existing five Constitutional Officers extend jurisdiction. The difference is Montgomery's larger electoral base (former-city residents become approximately 14 percent of combined electoral constituency rather than 33

percent under Pulaski). The political-voice-loss is proportionally larger in Montgomery but the practical service-delivery questions are similar.

Transition timeline under Montgomery scenario

Same six-phase, approximately 36-month timeline as the Bedford precedent (and as the Pulaski scenario). No concurrent litigation in the Montgomery scenario, so no extension for litigation resolution. If the City initiated a formal reversion in, say, 2029, the effective date would fall roughly three years later, near 2032, on the Bedford timeline. Earlier initiation is possible; the process, not a waiting period, sets the clock.

Risk factors specific to Montgomery reversion

1992 Route 177 agreement risk. Pulaski's constitutional theory could later be applied to the Montgomery agreement; though reversion eliminates the bilateral instrument, the precedential implications for similar arrangements elsewhere remain.

Smaller proportional incentive for Montgomery. The 9 percent tax-base addition is positive but less transformative than Pulaski's 30 percent. Montgomery's BoS may have less political incentive to consent to the reversion.

Constitutional officer loss. Five Radford-City positions eliminated; former-city residents become 14 percent minority of Montgomery electoral constituency.

Town-rate setting risk. Combined-burden outcome depends on the new Town Council's rate decision. If the Town rate is set high (near $0.30), combined burden is higher than current Radford rate. If set low (near $0.10), combined burden is materially lower. Town Council rate-setting is a year-1 governance question.

The Montgomery reversion bottom line

> **Montgomery reversion is legally feasible, financially comparable to Pulaski on combined tax burden, favorable on schools and on functional integration, and structurally clean (no concurrent litigation).** The 1992 Route 177 agreement risk is real but resolves itself under reversion. Montgomery's larger fiscal capacity makes the equity-criteria absorption easier. Historical-parent narrative is a present-day fact, not an inherited claim. Montgomery offers the larger fiscal base, the easier absorption (a 16 percent population addition and a 17 percent enrollment addition against a 9 percent tax-base addition), the strongest

measured school outcomes of the three divisions, and a clean process with no concurrent litigation. What it does not offer on the present record is signaled willingness. Pulaski offers the larger proportional motive and a closer community of interest, at the cost of a heavier relative lift and weaker measured school outcomes. Neither county is the single correct host. The choice rests on the weights a community and its Council assign to capacity, willingness, equity, and identity, not on which county Radford left in 1892.

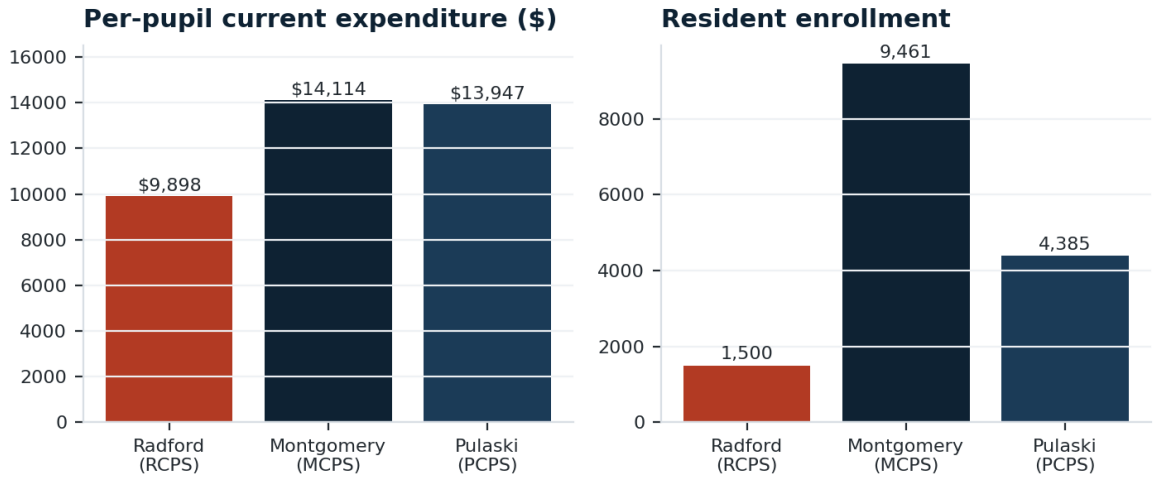
Side-by-side comparison: Pulaski vs Montgomery reversion

Dimension	Pulaski Reversion	Montgomery Reversion
County of origin (historical; no operative weight)	No (1839-1892 only)	Yes (carved 1892)
Functional integration	Cross-river adjacency; not in MSA	MSA partner; Virginia Tech anchor; 1992 agreement
Population impact on host	+49% (16.5K added to 33.8K)	+16% (16.5K added to 104K)
Tax base impact on host	+30% ($1.24B added to $4.089B)	+9% ($1.24B added to $14.18B)
Host fiscal capacity	Smaller; more constrained	Larger; substantial unassigned reserves ($37M)
Combined tax burden vs current	**Slightly lower to modestly higher**	**Comparable; slightly lower or higher depending on Town rate**
Schools academic profile	PCPS trails RCPS on several measures	MCPS generally exceeds RCPS on several measures
Active litigation overhang	YES (CL25000421-00)	No
Litigation foldable into the petition	Yes (see the litigation section)	n/a
Inter-local relationship history	Adversarial (1978 + lawsuit)	Cooperative (1992 agreement, 34 yrs)
1992 agreement at structural risk under same theory	n/a	Yes (eliminated under reversion)
Constitutional officer loss	Same (5 positions eliminated)	Same (5 positions eliminated)
Former-city minority share	~33% of combined	~14% of combined
Commonwealth § 15.2-4106(A)(6) interest	Combined ~50K; defensible	Combined ~120K; clearly served
Process posture	Litigation to fold into the petition	No concurrent litigation

14.

Schools and the Reversion

Exhibit 4. Schools: the dissolving division and the two candidate hosts



No dimension carries more weight in the reversion question than schools, for three reasons that pull in different directions. Fiscally, the education transfer is the single largest line in Radford's General Fund, and its movement to a county is the mechanism that makes reversion balance. Politically, school consolidation is the third rail of any city-to-town transition, the issue most likely to mobilize opposition. And for the individual resident, a child's school is the most personal thing local government touches; the abstract arithmetic of fund balances means little next to the question of where a third-grader will sit next year. This section treats all three, and it is the single place this report develops the comparative school data; the reversion-scenario sections draw on the figures here rather than restating them.

The fiscal mechanism: why schools make reversion balance

Radford transferred $5,470,111 to its school division in FY2024, the largest single appropriation in a General Fund that spent $33.14 million. In Virginia a town does not operate its own school division; it is served by the county division. On reversion, Radford City Public Schools would dissolve into the host county's division, and the obligation to fund local schools would move from the town's books to the county's. Strip that $5.47 million out of the residual town's budget, together with the constitutional officers and social services that also move to the county, and what remains is a town-scale obligation set that a town-scale tax base can

carry. This is the arithmetic behind the finding, developed in the household-cost and Path 2 sections, that a reverted Radford balances its operating budget at a town real-estate rate near $0.29 per $100. Remove the schools transfer and there is little structural gap left to close; leave it in, and the city must tax to fund it. Schools are not one factor among many in the reversion case. They are the factor that makes the case arithmetically work.

A measurement caution that changes the math

Radford City Public Schools reports a division enrollment near 3,300. Roughly 1,694 of those students are enrolled in Radford City Virtual, a division-operated online program whose students are drawn regionally and are largely not Radford residents. They would not move with a reversion. The resident, brick-and-mortar enrollment a host county would actually absorb is approximately 1,627, and every enrollment, per-pupil, and absorption figure in this report uses that resident base, not the headline division total. Conflating the two would overstate the absorption load by more than double and distort the per-pupil comparison. The virtual program is better understood as a separate enterprise, a revenue-and-enrollment operation attached to the division, and its disposition (whether it continues under county operation, is spun off, or is wound down) would be a discrete item in any reversion agreement, not part of the resident-student transfer.

The comparative profile

The dissolving division and the two candidate host divisions compare as follows. The figures are drawn from the Virginia Department of Education's School Quality Profiles and federal NCES district data, placed on a common basis for comparability.

Metric	Radford City (RCPS)	Montgomery County (MCPS)	Pulaski County (PCPS)
Resident enrollment	~1,627	~9,461	~4,385
Schools	5 (incl. virtual)	21	9
Current expenditure per pupil (NCES, FY23)	~$9,898	~$14,114	~$13,947
SOL reading / math (2024–25)	84 / 72	top state in 4 of 5 subjects	71 / 66
On-time graduation (recent cohort)	92%	95%	~94%
State accreditation	all fully accredited	mixed; some middle schools with conditions	not separately located
Absorption: addition to host	,	+17%	+37%

Two sourced facts in the table carry most of the analytic weight. First, both candidate hosts spend roughly $4,000 more per pupil than Radford does today; a Radford student would move into a better-resourced division under either county, not a worse one. The common assumption that a small city's schools are better-funded than a rural county's does not hold here on the per-pupil measure. Second, the absorption is asymmetric. Adding about 1,627 resident students raises Montgomery's enrollment by roughly 17 percent and Pulaski's by roughly 37 percent. The same students are a routine addition for one division and a significant expansion for the other.

The outcome comparison, and what it does and does not settle

On measured outcomes, Montgomery posts the strongest results of the three divisions, exceeding the state average in four of five Standards of Learning subject areas with a 95 percent graduation rate. Radford sits in the middle, beating the state average in reading and writing, meeting it in math, with all schools fully accredited and a 92 percent graduation rate. Pulaski trails on the standardized measures, below the state average in four of five subjects, though its graduation rate is comparable and its writing results are an outlier strength.

Analyst read. These outcome differences are real and a parent is right to weigh them, but they do not by themselves rank the hosts, for two reasons that belong on the record. Measured outcomes track demographics and prior funding as much as district quality, and a division's averages would shift with the addition of Radford's students rather than remaining fixed. And outcomes are one factor among several a family weighs against proximity, the disruption of a move, transportation, and community of interest. A parent weighting tested outcomes most heavily would lean toward Montgomery; a parent weighting proximity and community fit might lean toward Pulaski. The comparison prices the trade-off; it does not make the choice, and this analysis does not predict how Radford's students would fare in either division, which would be specialist educational-outcome modeling beyond what the fiscal record supports.

Consolidation mechanics and the Bedford precedent

Reversion would dissolve Radford City Public Schools as an independent division and merge its resident students into the host county's division. The governance changes are statutory and immediate: the city school board and superintendent's office dissolve, and the county division assumes the schools. Everything else, which buildings continue to operate and at what grade configuration, how teacher contracts and salary scales transition, attendance zones, transportation, and

athletic-league classification, is negotiated within the reversion proceeding through the joint commission and the special court, which has explicit authority to adjust financial inequities.

The documented modern analog is Bedford. Effective July 1, 2013, the City of Bedford reverted[35] to a town within Bedford County and Bedford City Public Schools merged into the county division. Three former-city schools continued to operate, with restructured grade configurations; former-city teachers moved onto county contracts at the county salary scale, which in some cases was lower than the city scale; and academic performance for the former-city schools tracked broadly with the rest of the county division in the decade that followed. This report cites Bedford as evidence of how the mechanics have actually unfolded, the multi-year transition, the negotiated treatment of buildings and personnel, the salary-scale friction, not as a forecast of Radford's outcomes. The lesson Bedford offers is procedural and political, not a prediction: consolidation is workable, it is contentious, and the contentious parts are the personnel and facility questions, which are negotiated rather than imposed.

The political dimension

The schools question is where reversion most often fails politically, and Radford would be no exception. RCPS parents are a meaningful and organized share of the city's electorate, and the prospect of their children moving into a county division, particularly Pulaski, where measured outcomes trail, would generate the sharpest opposition any reversion path faces. The identity loss is real and not only sentimental: Radford City Schools is an institution with its own history, athletics, and community standing, and its dissolution is a genuine cost that the fiscal case has to be honest about rather than minimize. A reversion that did not address the schools question early, transparently, and with the host division at the table would founder on it. This is the same caution the risk section raises about pre-negotiating the school funding trajectory: on schools, the politics are not a side issue to the fiscal logic. They are the binding constraint on whether the fiscal logic can ever be acted upon.

What this means for the host comparison

Schools feed the open host question in both directions, which is why this report does not resolve it. Montgomery is the easier absorber and the stronger performer on tested outcomes, and a +17 percent addition to a 21-school division has obvious capacity, though several of its middle schools already carry accreditation conditions and adding students to that tier warrants scrutiny. Pulaski faces the

larger relative lift, a +37 percent addition to a 9-school division, and trails on outcomes, but the move keeps Radford's students within a closer community of interest and gives Pulaski a proportionally larger stake in the combined division's success. Neither profile is decisive. The schools comparison sharpens the host trade-off rather than settling it, and it leaves the weighting, measured outcomes against community fit, capacity against proportional commitment, to the residents and the Council who would have to live with the result.

15.

Precedents: What Happened Where Virginia Cities Reverted

The reversion question is not hypothetical in Virginia. Three independent cities have reverted to town status since the General Assembly authorized the path in 1988, and a fourth comparison — a city that hit fiscal bottom and did not revert — shows the alternative. These are profiles of what actually happened, drawn from public records. They are evidence of how the mechanics unfold, not a forecast of Radford's result; every locality's circumstances differ, and the same caution this report applies to the Bedford schools analog applies to all of them. The figures draw on public records and regional news coverage; the Bedford numbers, which carry the most weight because Bedford is the closest analog, are corroborated against the Town of Bedford's own published rates and budget, and the fifteen-year composite-index provision is statutory. Where a precedent figure could not be confirmed — the Clifton Forge pre-reversion city rate, for one — the text says so.

One mechanism recurs across all three reversions and deserves naming up front, because it is the most consistently documented fiscal effect. A reverting city's lower composite index — the formula that sets the state's share of school costs — is applied to the combined division for fifteen years after reversion, raising the state's contribution to educating the former-city students. It is a real and sizable benefit, and it is time-limited: fifteen years, then it phases out. Bedford's experience with an expiring transition cushion, below, is the live cautionary example of what that clock means.

South Boston → a town in Halifax County (1995)

South Boston was the first Virginia city to revert, and it reverted for the reason Radford faces: a small city that could not generate enough revenue to maintain city-scale services. As a city it levied close to $1.00 per $100. After reversion the combined town-plus-county rate fell to about $0.63 (roughly 19 cents town plus 44

cents county), and the new town budget ran about 20 percent below the old city budget. The county absorbed the school division, and over the fifteen-year composite-index window used the added state funding to build two elementary schools and restore a middle school.

The honest part: Halifax County opposed the reversion, and the schools question was the contested ground — the county feared consolidation would force tax increases or unpopular school closures. The town manager later called the process contentious specifically over schools. Roughly 29,000 county residents took on the cost of services for about 7,000 town residents, and some services (recycling among them) were reduced. The town kept its own zoning and land-use authority and became a magisterial district of the county.

Sources: virginiaplaces.org former-cities history; WSLS reversion coverage; yourgv.com current rates.

Clifton Forge → a town in Alleghany County (2001)

Clifton Forge reverted after a long decline tied to reduced railroad employment, and its case is notable for two reasons. First, its schools had already merged with the county in 1983, so reversion completed an administrative consolidation rather than triggering a new one — the lesson being that the smoother reversions are the ones where school and service integration is already underway. Second, Clifton Forge put reversion to a voter referendum, which passed 1,056 to 784 in March 2001, executed through a voluntary settlement agreement with the county. The town kept its police department, its water and sewer utilities, and its zoning authority; property assessment and some administration moved to the county. Current rates are about $0.21 town plus $0.49 county, $0.70 combined. The former city's pre-reversion real-estate rate could not be located in the public record, so a clean before-and-after rate comparison for Clifton Forge is not available — a gap stated rather than filled.

Sources: virginiaplaces.org; Virginia DHCD reversion page; Alleghany County Commissioner of Revenue; 2002 Acts of Assembly Ch. 78.

Bedford → a town in Bedford County (2013)

Bedford is the closest analog to Radford and the most instructive on both the upside and the catch. Like Radford, Bedford balanced its budget partly by drawing on municipal-electric-fund profits, and it reverted from fiscal pressure with little developable land left. Its city real-estate rate had been $0.86 per $100; as a town it set its own rate at $0.32, and with the county's $0.52 the combined burden came to $0.84 — just below the former city-only rate. The Town of Bedford's own published tax rates confirm the split, so this is corroborated against a primary

source, not only news coverage. The town budget fell from roughly $17.5 million to about $9 million. The transition was smooth on schools because the county already ran Bedford's schools, courts, and social services before reversion — the city school board was simply abolished and the county board took over — and the lower composite index added more than $6 million a year in state school funding while ending the roughly $6 million the city had been paying the county to run its schools.

The catch is the one Radford should study hardest. Reversion cut more than $7 million in general funding and eliminated 32 positions county-wide, mostly at the new regional water authority. And the transition was cushioned by a finite "reversion fund" that is now set to expire in 2028, leaving the town working on a plan to cover the loss. The combined rate came in lower, the schools gained state money, and a decade on the town is facing a funding cliff as the cushion runs out. All three things are true at once, and a Radford reversion would have to plan for the cliff, not just the relief.

Sources: virginiaplaces.org; Lynchburg News & Advance; WDBJ7; WSET (2026 reversion-fund coverage).

The counterfactual: Petersburg did not revert

Petersburg is the comparison for the other path — a city that reached fiscal bottom and recovered in place rather than reverting. In 2016 it disclosed roughly $19 million in debt, a $12 million operating shortfall, exhausted reserves, unpaid bills, missed retirement payments, and a bond rating cut to junk. Virginia had no power to take the city over and declined a bailout; the city hired the Robert Bobb Group as an emergency manager, cut worker pay ten percent, cut the education budget, and used a $6.5 million revenue-anticipation note to make payroll. The recovery that followed was striking — the bond rating eventually climbed to AA- and the fund balance to roughly $50 million — and the crisis is what prompted the 2017 General Assembly to build the fiscal-distress early-warning system that became Va. Code § 15.2-2512.1.

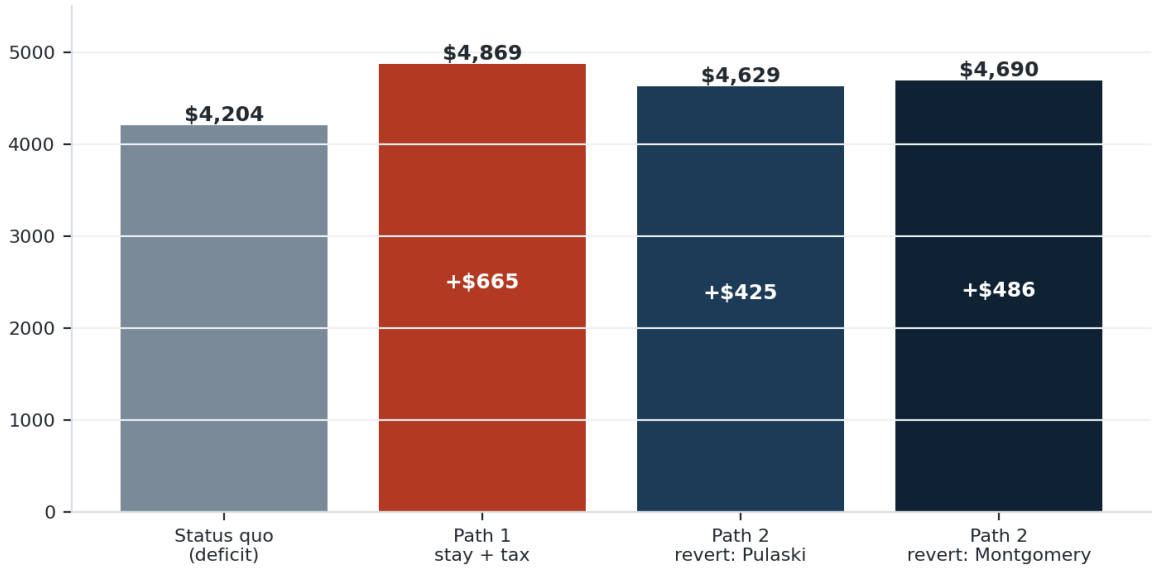
Analyst read. Two patterns hold across the evidence, and both cut against easy conclusions. In the two reversions with clean before-and-after rate data, residents paid less in combined property tax afterward — but the saving comes from shifting service costs onto the county and runs on the fifteen-year composite-index clock, not from efficiency, and Bedford's expiring cushion shows the clock is real. And Petersburg proves that recovery in place is possible without reverting, on the strength of hard cuts and emergency management. The precedents do not tell Radford which path to take. They show that reversion is survivable and has been done, that its school-funding benefit is real but time-limited, that the county bears

the harder side of the deal, and that staying a city and grinding through distress is also a documented outcome. That is evidence for the decision, not the decision.

16.

What Each Path Costs a Median Household

Exhibit 3. Median household all-in annual cost by path ($/yr)



Every path in this analysis is, in the end, paid for by households, and the abstractions of fund balances and transfers resolve into a single question a resident can ask: what will this cost me. This section answers it on a common, reconciled basis, so that the figures here govern wherever household cost appears elsewhere in the report.

The defined household and the method

The figures use a defined median household so that every path is measured against the same taxpayer: a $195,000 home, $12,000 in taxable personal property[14], $3,600 in annual dining subject to the meals tax, $200 in annual lodging, and 1,000 kWh of electricity a month. Real-estate and personal-property figures apply the published rates to those bases; meals and lodging apply the published percentages; electricity uses the sourced residential rate schedules rather than a simplified per-kWh assumption. For the sell-and-revert paths, the household pays a county real-estate rate plus a new town rate, and the town rate is set at the residual-town break-even of about $0.29 per $100, the rate, derived in the Path 2 and disposition sections, at which a reverted town balances its own budget without an electric transfer. Anchoring the town rate at break-even rather than at an assumed band is what lets the reversion columns be compared plainly against the

stay-and-tax column; both then represent a path that actually closes the gap. Every figure reconciles to the companion model workbook, which recalculates if any assumption changes.

The all-in comparison

Annual cost component	Status quo	Path 1: stay + tax	Path 2: revert to Pulaski	Path 2: revert to Montgomery
Real-estate tax	$1,638	$2,028	$2,010	$2,049
Personal-property tax	$306	$306	$320	$342
Meals + lodging tax	$251	$365	$251	$251
Electricity (annual)	$2,009	$2,170	$2,048	$2,048
Total per year	**$4,204**	**$4,869**	**$4,629**	**$4,690**
Change vs status quo	**,**	**+$665**	**+$425**	**+$486**

Reading the table

The status-quo column is not a baseline a household can count on keeping. It is the deficit documented in the situation section: a General Fund spending roughly $7.7 million more than it raises before the electric transfer, ending the year in the negative. A household paying that total today is paying for a level of government the city is not actually funding, and the gap is closing one way or another. The honest comparison is therefore among the sustainable paths, with the understanding that the unsustainable status quo is the one column not on offer for long.

Among the sustainable paths, every one costs the median household more than the deficit does, because closing a deficit costs money. The two reversion branches cost less in increment than the stay-and-tax path, roughly $425 to $486 a year against roughly $665, and the reason is structural rather than a matter of a lower tax rate. Under reversion the household pays a county real-estate rate plus a modest town rate in place of a full city rate, and the county carries the schools and county-scale services at its own larger scale, so the residual town levies only what a town needs. The reversion paths are not cheaper because reversion is a giveaway; they are cheaper because a county absorbs the costs a city of 16,500 cannot carry alone.

The electricity line, and why it holds flat

The electricity row is nearly identical across the status-quo and both reversion columns, and that is the parity finding from the diagnosis showing up where

residents feel it. A Radford residential customer at 1,000 kWh pays about $167.43 a month before local tax today; the comparable Appalachian Power Virginia bill is about $170.63. Moving to regulated service does not lower the typical household's bill. Only the stay-and-tax path changes the electricity line materially, and it raises it, because the eight-percent rate restructure falls on the same residential customers. The resident-facing case for selling the utility is therefore not a lower power bill, which does not materialize, but the end of the hidden transfer embedded in every bill and the budget distortion it creates.

Sensitivity, and who bears the change differently

Two sensitivities matter. The first is the town rate on the reversion paths. At the $0.29 break-even the reversion columns land just above the current city real-estate burden; a town council that set a lower rate would lower the household figure and a higher rate would raise it, and the combined burden moves about $19.50 per penny of town rate on the median home. The second is the host. At a common town rate the two hosts differ by about $61 a year at the median, Montgomery higher because its county real-estate and personal-property rates sit above Pulaski's. The host choice rests on capacity, willingness, equity, and schools, not on that $61.

The median household is not the whole story. The stay-and-tax path's burden rises with home value and with dining, so a $350,000 home with frequent dining sees a materially larger increase than the $195,000 median, while a $100,000 home sees less; the path is roughly proportional on real estate and mildly regressive on the meals component. Renters do not escape the real-estate increase: landlords pass through an estimated 70 to 80 percent of a property-tax change into rents over twelve to eighteen months, so a renter absorbs most of the homeowner's increase on a lag, while bearing the meals and electricity changes directly. Small commercial properties bear the real-estate increase at their own assessed values and, for restaurants, pass the meals-tax increase to customers. None of these distributional effects is unique to one path, but they fall most heavily under the stay-and-tax path, because it is the path that raises rates rather than shifting obligations to a county.

How much the reversion figures depend on assumptions

The reversion household figures above are not audited facts. The break-even town real-estate rate of about $0.29 per $100, and the household increases that follow from it, are outputs of the retained-expense and retained-revenue shares in the companion model, and no reversion terms have been negotiated. The table below

scales those shares by ten percent in each direction to show how far the result can move.

Retained-share scenario	Break-even town RE rate	Pulaski host	Montgomery host
Favorable (town keeps ~10% less cost, more revenue)	$0.11	+$64	+$124
Base (model assumptions)	$0.29	+$425	+$486
Adverse (town keeps ~10% more cost, less revenue)	$0.48	+$787	+$847

Under the base and favorable assumptions the reversion paths cost the median household less than the stay-and-tax path's roughly $665 a year. Under the adverse assumptions the combined real-estate rate reaches about $1.22 to $1.24, above the $1.04 stay-and-tax endpoint, and the household advantage reverses. The break-even rate is therefore a planning estimate, not a predicted tax rate: a ten-percent adverse shift in the retained shares moves it materially, and the host that negotiates the more favorable split changes the answer.

Analyst read. The table prices the choice; it does not make it. The stay-and-tax path costs the median household the most and preserves the city, its schools, and its identity. The reversion paths cost the household less in increment, end the structural problem rather than financing it, and end the city's independent status. A household focused on the next tax bill and on keeping Radford a city will read this table one way; a household focused on the long-run cost and stability of local government will read it another. Both readings are rational on the same numbers, which is why this is an options analysis and not a recommendation.

17.

Inter-Local Revenue-Sharing Risk

Two special-act inter-local revenue-sharing agreements have been baseline components of Radford's General Fund revenue for decades. The 1978 Pulaski-Radford agreement (Senate Bill 547) is the subject of the current litigation. The 1992 Montgomery-Radford Route 177 agreement is its direct lineal descendant under the same statutory architecture. This chapter develops the structural exposure analysis: how each agreement originated, what each pays, the constitutional theory under which both might be voided, and the implications for Radford's revenue planning.

The 1978 Pulaski-Radford agreement

Senate Bill 547 of the 1978 Virginia General Assembly session was a special-act statute. Triggering event: Kroger relocated from downtown Radford to a site in Fairlawn (Pulaski County, across the Memorial Bridge). Pulaski lacked utility infrastructure adequate for the new store. Radford had it. Fairlawn residents began petitioning for annexation by the City of Radford. Pulaski leadership viewed annexation as an existential threat to the county tax base.

Contemporaneous Roanoke Times reporting reproduced in Cardinal News (2025-11-20) captures the political context. Pulaski Commonwealth's Attorney Dow Owens, addressing the Pulaski Board of Supervisors: "We felt if this agreement had not been reached we would lose the whole works." Pulaski BoS Chairman Archa Vaughan: "This is the only thing I see that protects us at all."

Deal terms: Pulaski remits 28 percent of the 1-percent local sales tax collected within a defined corridor in Fairlawn, in perpetuity. In exchange, Radford agreed not to support any annexation petitions filed by Pulaski County residents in Fairlawn. Initial annual value: approximately $70,000. Tom Starnes (former Radford Mayor, WSLS reporting 2026-02-17) identified the 1978 deal as "Virginia's first agreement of that kind."

The Virginia General Assembly placed a moratorium on city-initiated annexation in 1979, the year after this agreement, and that moratorium has been extended repeatedly since (codified at Virginia Code § 15.2-3203). The 1979 moratorium

ended the era of city-initiated annexation in Virginia. The 1978 agreement was therefore Virginia's last large-scale inter-local revenue-sharing instrument predicated on city-county tension over annexation. The 1992 Montgomery-Radford agreement is the only documented descendant.

1978 Pulaski-Radford revenue-share payment history with FY2026 cliff plus 1992 Montgomery FY26 budget. Source: City of Radford ACFR General Fund Schedule of Revenues line items; WSLS 2025-08-27 reporting; Cardinal News FY26 budget figure.

The 1992 Montgomery-Radford Route 177 agreement

Adopted by the Virginia General Assembly in 1992. Montgomery County remits 27.5 percent of the revenue collected in the Route 177 / Interstate 81 corridor. The 1992 agreement predates the commercial build-out of that corridor; the Carilion New River Valley Medical Center did not relocate to Christiansburg until 1999, and the I-81 retail development accrued over the decades since, which is part of why the corridor's shared revenue has grown. The 1992 instrument shares the same special-act statutory architecture as the 1978 Pulaski instrument. FY2026 budgeted amount: approximately $227,000.

The 1992 agreement has operated continuously for 34 years. Montgomery County continues to make the payments. Cardinal News (November 20, 2025) characterized the 1992 agreement as "a deal modeled on the 1978" with the same statutory architecture and the same constitutional question.

The constitutional theory at the heart of Pulaski v. Radford

Pulaski's legal theory in CL25000421-00, as paraphrased by Patriot Publishing and Cardinal News reporting: Senate Bill 547 of 1978 violates Article VII Section 10 of the Virginia Constitution (the referendum-for-county-debt provision). Per Pulaski's pleading: the County cannot commit perpetual revenue obligations without voter referendum. The 1978 agreement diverts 28 percent of the 1-percent local sales tax collected in the Fairlawn corridor to Radford in perpetuity, without voter referendum.

Pulaski County Administrator Jonathan Sweet's framing rhetoric (Cardinal News, November 20, 2025): "I'm not aware of anything. There is no direct return from the funds that are sent to Radford." The August 25, 2025 Pulaski BoS resolution: "This board is unwilling to see hundreds of thousands of dollars of Pulaski County's sales tax revenue continue to be paid out to another locality pursuant to an agreement that is unconstitutional and is not legally binding or enforceable."

Why the 1992 Montgomery agreement is at structural risk

The 1992 Montgomery agreement rests on the same statutory architecture as the 1978 Pulaski instrument: a Virginia General Assembly special act, authorizing a county to remit a percentage of local sales tax revenue to a contiguous city in perpetuity. If the Article VII Section 10 challenge succeeds in Pulaski v. Radford, the constitutional pathway is open to apply the same theory to the 1992 agreement.

Montgomery County has not challenged the 1992 agreement and has continued making the payments. The County's BoS does not appear to be positioning for a similar challenge --- there is no equivalent of the August 25, 2025 Pulaski BoS resolution in Montgomery's public record. But a private taxpayer in Montgomery County could theoretically file a similar action; or Montgomery's BoS could revisit the question if Pulaski wins.

Selective challenge observation: Pulaski has not challenged the 1992 Montgomery agreement under the same theory, even though their constitutional argument would apply. This selective challenge suggests strategic targeting of Radford specifically by Pulaski, not principled constitutional cleanup. The selective challenge supports the cynical reading developed in the litigation section but does not affect the underlying legal theory's applicability to the 1992 agreement.

Combined exposure quantification

Revenue source	FY2024 actual	FY2026 budgeted	FY2026 actually flowing
1978 Pulaski-Radford agreement	$195,000	$200,000	$0 (stopped Aug 2025)
1992 Montgomery-Radford Route 177	$227,000	$227,000	$227,000
TOTAL revenue-share inflows	**$422,000**	**$427,000**	**$227,000**
YEAR-OVER-YEAR LOSS (FY24 baseline)	---	---	−$195,000
WORST CASE (both agreements voided)	---	---	−$422,000

Settlement structures

Multiple settlement structures could resolve the litigation in ways that affect the revenue-sharing exposure:

Structure 1: Continued payments under restructured agreement. The parties settle by amending the 1978 agreement to comply with Article VII Section

10 --- for example, by putting it to voter referendum in Pulaski County. If voters approve, the agreement continues with constitutional cover.

Structure 2: Bilateral settlement extinguishing future payments. Pulaski drops the declaratory judgment claim; Radford drops the counterclaim. Both parties stipulate to no further 1978 payments. The $200K annual revenue stream ends but the litigation ends with no precedent. The 1992 Montgomery agreement is unaffected --- no precedent has been set.

Structure 3: Reversion-coupled extinguishment. The 1978 agreement is extinguished as part of a Radford-to-Pulaski reversion package. Disputed payments are folded into reversion consideration. The constitutional question is moot. Addressed in the reversion sections (Pulaski reversion scenario) and the litigation section (litigation strategic analysis).

Structure 4: Judicial determination. The case proceeds to final judgment, potentially through the Virginia Supreme Court. Whoever wins, the constitutional question is settled. If Pulaski wins on Article VII Section 10 grounds, the precedent applies to the 1992 Montgomery agreement and to similar instruments statewide.

> **The Path 1 tax-move magnitude in this report (+$3.5M annual recurring revenue)
> was set to absorb the worst-case revenue-sharing scenario.**
> Specifically, Path 1's tax move assumes the Pulaski $200K is permanently gone
> (Structure 2 or 4 outcome) and that the 1992 Montgomery agreement
> remains at risk but is not yet voided. If the 1992 agreement is also
> voided in a follow-on case, Path 1's tax move would need a further increase to
> approximately +$5.0M to maintain the recommended-path projection.
> the City could plan the tax-move lever for the worst-case revenue-sharing scenario
> when setting magnitudes in the FY2027 budget cycle.

18.

Pulaski v. Radford Litigation

This chapter develops the strategic-analysis layer of the Pulaski v. Radford litigation as it relates to the City's fiscal recovery options. The litigation factual details are in the situation section (Fact 5) and the litigation-detail appendix. This chapter addresses three strategic questions: what outcomes are plausible, what each outcome means for Radford's recovery, and how Council and the City Attorney should think about the case's interaction with the broader recovery strategy.

Case identifiers and procedural posture

Case: County of Pulaski v. City of Radford, case number CL25000421-00, Pulaski County Circuit Court (27th Judicial Circuit of Virginia). Filed August 26, 2025. Judge: Bradley W. Finch. Clerk: Spencer A. Rygas. Plaintiff: Pulaski County, represented by Tim Kirtner (Pulaski County Attorney). Defendant: City of Radford, represented by Michael R. Bedsaul (Sands Anderson PC, Christiansburg office). Virginia Attorney General intervened September 29, 2025 defending the constitutionality of SB 547. Radford filed paired demurrer + counterclaim September 25, 2025. The March 20, 2026 consolidated hearing resulted in Judge Finch denying the preliminary injunction (no irreparable harm shown). Case continued generally. No future hearing on the calendar as of May 30, 2026.

Plausible litigation outcomes

Six outcome scenarios are analytically plausible:

Scenario	Description	Probability	Radford impact
A. Pulaski wins on demurrer	Court grants Pulaski's motion to dismiss; SB 547 declared unconstitutional. Radford loses 1978 stream permanently.	Low (15%)	−$200K/yr permanent; precedent applies to 1992 Montgomery agmt
B. Pulaski wins at trial	Constitutional theory upheld after full trial. Same effect as A but with judicial record supporting the constitutional theory.	Moderate (20%)	Same as A; stronger precedent for follow-on Montgomery challenge
C. Radford wins on demurrer	Court denies Pulaski's claim; 1978 agreement upheld. Pulaski must resume payments. Counterclaim recovers past-due amounts.	Low (10-15%)	Restored revenue + back-payments recovery
D. Radford wins at trial	Constitutional challenge rejected. Agreement continues; back-payments recovered.	Moderate (15-20%)	Same as C
E. Bilateral settlement	Parties settle. Most likely terms: future payments cease; both parties release claims. Litigation ends with no precedent.	Moderate (25-30%)	−$200K/yr permanent but no precedent for 1992 Montgomery challenge
F. Reversion-coupled settlement	Litigation settles as part of Radford-to-Pulaski reversion. Constitutional question moot. Reversion proceeds.	Lower (5-10%)	Reversion-pathway-specific outcome

Probability estimates are author's analytical judgment based on litigation reporting and standard rates of demurrer success in Virginia declaratory-judgment cases involving special-act constitutional challenges. They are not formal probability assessments and should not be treated as such. The probabilities sum to approximately 100 percent (with rounding).

The Virginia Attorney General's role

The Attorney General intervened on September 29, 2025 under Virginia Code § 8.01-184.1 to defend the constitutionality of SB 547. The Commonwealth has an interest in defending statutes the General Assembly has enacted. The AG's intervention is structural --- the Commonwealth would intervene in any constitutional challenge to a Virginia statute regardless of the bilateral dispute between the named parties. The April 27, 2026 Motion to Withdraw and the April 29 Order to Withdraw Counsel most likely reflect AG withdrawal after the statute-defense phase resolved (the preliminary injunction was denied; the trial-phase statute defense would resume only when needed).

The AG's posture is structurally aligned with Radford's position (both want SB 547 upheld). This alignment is sometimes useful at trial --- the AG's resources and expertise on constitutional questions are substantial. It is also sometimes inconvenient --- the AG defends the statute, not Radford's specific position; if a settlement structure threatened the statute's continued operation, the AG could oppose.

Judge Finch's prior relationship signal

Judge Bradley W. Finch served as Montgomery County's Commonwealth's Attorney from 2006 to 2012 before being elected to the 27th Judicial Circuit. Montgomery is the county that signed its own 27.5 percent revenue-sharing agreement with Radford in 1992 --- the direct lineal descendant of the disputed 1978 instrument, sharing the same special-act statutory architecture. Finch held a county-side senior position during the period when the 1992 Montgomery-Radford agreement was operating.

No recusal has been reported. The signal is worth tracking should similar litigation later target the 1992 Montgomery agreement; Finch could face a recusal question in that case. For Pulaski v. Radford specifically, Finch's prior role does not present an obvious conflict.

The lawsuit-as-negotiation framing (the cynical reading)

An analytically defensible reading: Pulaski's lawsuit timing is structured to advance an absorption play. The narrative arc: Pulaski files suit → Radford's fiscal distress becomes more visible → the lawsuit reinforces public perception that the relationship has been one-sided → reversion of Radford into Pulaski becomes the natural outcome.

Three data points support this reading. **Timing:** filing in August 2025, three months before APA distress determination --- Pulaski moved at the moment when filing pressure had maximum reframing effect. **Selective challenge:** Pulaski has not challenged the 1992 Montgomery agreement under the same theory, even though their constitutional argument would apply identically. This selective challenge suggests strategic targeting of Radford specifically, not principled constitutional cleanup. **Framing rhetoric:** Pulaski County Administrator Jonathan Sweet's quote per Cardinal News --- "I'm not aware of anything. There is no direct return from the funds that are sent to Radford" --- is positioning rhetoric. It frames Pulaski as the wronged party paying for nothing, which is exactly the political case needed to soften Pulaski voters toward eventually absorbing Radford.

The simpler reading

The cynical reading is not the only reading. The simpler reading: Pulaski's BoS was annoyed about paying $200,000 per year to a fiscally distressed city, found a constitutional theory to escape the obligation, and is content with whatever outcome reduces the payment burden. Cloyd District Supervisor Chris Stafford (who moved the resolution authorizing suit) is a Fairlawn resident --- the exact geography where the 1978 agreement collects revenue. A Fairlawn supervisor moving the resolution suggests the motivating concern is local revenue capture, not regional integration strategy.

Both readings are consistent with the option being analytically live. Both readings are consistent with the lawsuit being settleable in multiple ways. They differ on Pulaski's underlying intent, not on whether Pulaski could (or would) absorb Radford. The City could engage Pulaski's counsel and BoS as if both readings are live and structure responses that work under either.

Litigation considerations for the City Attorney

(1) **Maintain the counterclaim aggressively.** Six months of unpaid payments at the FY2025 partial-year monthly run-rate of approximately $12,000 (per Meredith testimony March 20, 2026 hearing) totals approximately $72,000. Six months at the FY2024 historical annual rate of $195,000 (per WSLS reporting) would total approximately $97,500. Cardinal News reporting placed the cumulative unpaid total at approximately $122,000 including a true-up reconciliation. The Radford counterclaim seeks the higher historical figure rather than the FY2025 partial-year run-rate. Pursuing the counterclaim signals Radford is not abandoning its rights and protects against an adverse precedent under the 1992 agreement.

(2) **Engage AG closely.** The Commonwealth's interest in defending SB 547 is structurally aligned with Radford's interest. Coordinate strategy on briefing and trial-prep through the AG's office.

(3) **Treat settlement scenarios as live options.** Bilateral settlement (Structure 2 in the revenue-sharing section) and reversion-coupled extinguishment (Structure 3 there and in the reversion sections) are both potentially advantageous to Radford. The settlement landscape includes more options than the trial-only frame suggests.

(4) **Develop the 1992 Montgomery posture.** Whatever happens in CL25000421-00, the implications for the 1992 Montgomery agreement are real. Coordinate with Montgomery County's leadership informally --- they have a shared interest in

defending the special-act framework that supports their own arrangement with Radford.

(5) **Pre-position reversion analysis.** If the tax-and-rate path Path 1's levers fails to produce recovery by the FY2028 audit cycle, reversion (Chapter 9 or the reversion sections) becomes the active strategic option. The Pulaski litigation's resolution by then will determine whether Pulaski is a viable reversion partner. Have the analytical groundwork done now so Council can decide quickly when the moment arrives.

19.

State Intervention and the Distress Framework

The fiscal-distress designation that frames this report prompts a question residents reasonably ask: if the state has declared Radford in distress, does the state now decide what happens? For a locality in Radford's circumstances the answer is no, and the precise shape of that no conditions every path. This section sets out the framework, its escalation ladder, the one place its teeth do not reach Radford, and what it means for each path.

The framework

Virginia's local fiscal-distress authority is Va. Code § 15.2-2512.1, enacted in 2024 in the wake of Petersburg's fiscal collapse. It builds an escalation ladder rather than a single intervention. The Auditor of Public Accounts runs an early-warning system on every locality's audited financial data and a set of qualitative factors. When the indicators cross a threshold, the Auditor makes a preliminary determination of fiscal distress, notifies the local governing body, and may conduct a review of the locality's budget process, debt, borrowing, expenses, revenues, and staffing. That preliminary determination is what Radford received on November 12, 2025; on March 26, 2026 the Auditor escalated, issuing a recommendation for state assistance to the Governor and the four committee chairs. A locality that has failed to file an audited annual report within eighteen months of the deadline is swept in automatically; Radford was identified on the financial indicators, not the filing default.

If the locality requests assistance, or the Auditor concludes state action is warranted, the Auditor notifies the Governor and the chairs of four legislative committees, House Appropriations; House Counties, Cities and Towns; Senate Finance and Appropriations; and Senate Local Government. The Governor may then approve a plan of state assistance, oversight, or targeted intervention, after consulting the appropriations and finance chairs. The statute requires any such plan to specify its purpose, duration, dollar amount, and personnel, and it funds the effort from a state cash reserve into which the Governor may reappropriate up to $750,000. The Commission on Local Government oversees the locality's progress and reports to the Governor and the committee chairs. The spectrum runs

from technical and financial assistance, through required reporting and a monitored corrective path, to directed conditions; all of it is plan-based, time-bounded, and cooperative.

The limit that matters for Radford

The same statute creates a stronger instrument, and it is the one residents most fear. The Commission on Local Government may appoint an emergency fiscal manager, an official with broad powers who takes financial authority out of the hands of the elected governing body during a remediation. While such a manager serves, the governing body and chief executive may not exercise the powers of their offices relating to the locality's finances; the manager approves contracts, payrolls, debt service, and the budget, and may shift duties away from the elected treasurer. That is genuine receivership.

It does not reach Radford. The emergency-fiscal-manager provision applies, by its own terms, only to a locality located in Planning District 19, the Crater Planning District around Petersburg, Colonial Heights, and Hopewell. Radford sits in Planning District 4, the New River Valley. The receivership power was drafted for the place whose crisis produced the statute, and it does not extend to the New River Valley. The precise reason matters and is easy to state loosely. It is not that Virginia lacks an emergency-manager mechanism — as of 2024 it has one. It is that the power is fenced to Planning District 19 and does not reach Radford in Planning District 4. The conclusion is the same, no manager can be imposed on Radford, but it rests on the statute's geographic limit rather than its absence.

What it means for each path

The framework shapes the timing of every path without choosing among them. For the stay-and-tax path, the state's assistance and oversight tools can support a recovery plan and the distress determination becomes eligible for lift once audited evidence shows the gap closing; the modest cash reserve is real but small, and the substantive work is the City's own tax and rate decisions. For the sell-and-revert paths, the most important thing the framework does is remove a common objection, that the state would seize control or impose a manager before residents could decide. In Planning District 4 it cannot. The reversion and the utility sale remain the City's and the voters' decisions, with the state able to assist and to apply pressure through borrowing costs, oversight, and the reputational weight of the designation, but not to make the choice.

Analyst read. The distress designation is best understood as a clock rather than a verdict. It makes acting urgent: the early-warning ratios continue to deteriorate

while the City does nothing, borrowing costs reflect the designation, and the longer the City waits the weaker its position from which to execute any path. But the clock does not transfer the decision. The state can detect, notify, pressure, and bring a resourced cooperative plan; it cannot raise Radford's taxes, appoint a manager over its finances, seize the utility, or order a reversion. Among the paths in this report, none is foreclosed by the state, and the one the state most constrains, through the receivership power, is the one path the geography forecloses anyway. The choice is Radford's to make, and the designation's only instruction is to make it.

20.

Who Decides, and Where You Get a Vote

The paths in this report are decided by different people through different processes, and residents are often unsure which decisions Council can make alone, which require a court, and where the public actually gets a say. This section maps the decision rights and the formal points of public input. It takes no position on which path to choose; it describes how each would be decided.

The tax-and-rate path (Path 1)

This path is the City's to take by itself. Council sets the real-estate, meals, and lodging rates and the electric rates by ordinance and resolution in the annual budget cycle. No court, no county, and no referendum is involved. The public's formal entry point is the budget process: Virginia law requires advertised public hearings before a real-estate tax-rate increase, and Council holds budget work sessions and hearings each spring. The vote that matters most here is the one residents already hold — for the Council members who make these decisions.

Selling the electric utility

Council decides whether to sell the distribution system, but it cannot complete a sale alone. A transfer of retail customers from a municipal system to a regulated utility falls under the Virginia State Corporation Commission, which reviews the rate and service consequences for the transferred customers. SCC proceedings include a formal public-comment process. The City's Blue Ridge Power Agency membership and wholesale commitments would also have to be resolved. So the sale is a Council decision subject to state regulatory review, with public comment at the SCC stage.

Reverting to a town

Reversion is the path with the most formal process and, contrary to common assumption, it does not run on a simple referendum. Under Va. Code § 15.2-4100 and following, a reversion is initiated either by a Council ordinance petitioning the court (§ 15.2-4101) or by a citizen petition signed by registered voters (§ 15.2-4102) — so residents can start the process even if Council does not. The petition is

reviewed by the Virginia Commission on Local Government and then decided by a special three-judge court appointed by the Chief Justice of the Supreme Court of Virginia (§ 15.2-4106), which weighs the equity criteria this report sets out[34]. The court's decision can be appealed to the Supreme Court of Virginia (§ 15.2-4108), and the special court remains in existence for ten years to enforce the terms (§ 15.2-4120).

There is no statutory requirement that reversion go to a public referendum. What the record shows is that the parties may add one by agreement: Clifton Forge's 2001 reversion was put to the voters through a voluntary settlement agreement and passed 1,056 to 784. So a referendum is possible if Council and the county negotiate one into a settlement, but it is not a built-in step, and residents should not assume a ballot vote is guaranteed. The formal public entry points that always exist are the citizen-petition route to initiate, the right to intervene in the court proceeding (§ 15.2-4104), and the public comment the Commission on Local Government takes.

What the state can and cannot do

The fiscal-distress designation does not move any of these decisions to Richmond. As the state-intervention section details, the Auditor of Public Accounts can detect distress, notify, review, and escalate to the Governor for a plan of assistance or oversight, and the emergency-fiscal-manager power that could take financial authority out of Council's hands applies only to Planning District 19 and not to Radford in Planning District 4. The state can support and pressure; it cannot raise Radford's taxes, sell its utility, or order its reversion. Every path above remains a decision made in Radford, by Radford's Council, its voters, and — for reversion — a Virginia court.

The map in one view

Decision	Who decides	Public's formal voice
Raise taxes / electric rates (Path 1)	City Council, by ordinance	Budget public hearings; electing Council
Sell the electric utility	Council, subject to SCC approval	SCC public comment
Revert to a town	Special three-judge court, after Commission on Local Government review; initiated by Council or citizen petition	Citizen petition to initiate; intervene in court; any negotiated referendum
State assistance / oversight	Governor, on APA referral	Through Council and legislators; no receivership in PD 4

21.

Risks and Decision Cautions

The risks in this section apply across the paths rather than to any one of them, and the cautions are framed as pitfalls to avoid regardless of which path the City chooses. Per-path failure modes are treated within each path's section; what follows is the shared risk picture and the decision discipline that any course requires.

The shared risk picture

Nine risks could materially affect the City's position under any path. Each is scored on likelihood and impact on a one-to-five scale. Two are tied directly to the Pulaski litigation outcome; the rest span credit, operational, political, and macroeconomic categories.

#	Risk	Likelihood	Impact	Score	Bearing across paths
1	Bond rating downgrade	High (4)	High (4)	16	Raises borrowing cost on any path; sharpest if drift continues
2	Grede foundry exit (~−$1.3M/yr)	Medium (3)	High (4)	12	Erodes the tax base under every path
3	Recession cuts state aid (~−10%)	Medium (3)	Medium (3)	9	Hits the General Fund and a host county alike
4	Tax-rate political resistance	High (4)	Medium (3)	12	Bears most on Path 1, which depends on the rate move
5	State escalation under § 15.2-2512.1	Low (2)	Very High (5)	10	Constrained for Radford; see the section on state intervention
6	1992 Montgomery agreement voided	High (4)	High (4)	16	Revenue loss on any path; tied to litigation
7	Continued finance-staff turnover	Medium (3)	Low (2)	6	Execution risk on any path
8	School local-share dispute	Medium (3)	Medium (3)	9	Bears on Path 1 budgeting and on reversion negotiation
9	Adverse Pulaski final judgment	Very High (5)	Very High (5)	25	The highest-scored risk; see the schools and litigation sections

The two highest scores, the adverse litigation judgment and the paired bond-downgrade and 1992-agreement risks, are largely outside the City's direct control and weigh on every path. They argue for resolving the structural question rather than waiting, because each path is more expensive to execute from a weaker credit and revenue position than from a stronger one.

Cautions that apply regardless of path

Several courses of action would worsen the City's position under any path, and the analysis flags them as cautions rather than as prohibitions.

Continuing marginal two-cent tax increases as the primary strategy has been tested across the years through FY2024 and did not close the gap; it is the pattern the distress designation followed, not a path out of it.

Drawing further from the Electric Fund deepens a fund already at negative net position and in wholesale arrears, and it is incompatible with both paths: Path 1 needs the fund to rebuild equity, and Path 2 needs it saleable.

Expanding the revenue-anticipation borrowing beyond the existing $4 million, reported unpaid as of mid-2025, adds interest expense and deepens the cash-flow dependency that the distress reflects.

Monetizing the electric distribution system outside a structured, sequenced transaction would crystallize a one-time loss and surrender the City's most flexible asset without securing the host and price that make a sale coherent. This is the same point the sequencing rule makes from the other direction: a sale belongs inside Path 2's ordered process, not as a standalone fire-sale.

Settling the Pulaski litigation by conveying an interest in Radford's assets or land to Pulaski County outside a formal reversion proceeding would transfer value without the protections the reversion framework provides, and it would foreclose options a reversion negotiation would keep open.

Reducing the school local-share contribution unilaterally would surface an inter-body dispute during a period when the City can least absorb one; the school funding trajectory is better pre-negotiated with the School Board under either path.

Analyst read. The cautions share a logic. Each is a way of buying short-term relief at the cost of a worse structural position, and each forecloses one or both of the genuine paths. The retired posture of deferring any reversion conversation for several years belongs on this list rather than among the recommendations: treating the strongest-supported path as a last resort is itself a decision caution, because the prerequisites that make Path 2 safe, the valuation and the dam assessment, take time the distress clock is already counting.

22.

Limitations, Appendices, and Endnotes

Five categories of limitation affect this analysis. Listed transparently. None invalidates the diagnosis or the set of Path 1 levers; each affects precision of specific figures or the timing of specific recommendations.

Data limitations

Pre-2012 council vote register gap. Pre-2012 minutes not in corpus. The vote register begins with the 2012-07-02 vote.

FY2025 Radford ACFR not yet published. FY2025 figures cited herein derive from the litigation testimony and from operational interim filings, not audited statements. The audited FY2025 ACFR will be published in autumn 2026 and may differ from the figures used here.

Montgomery FY2015 statistical-section gap. Single fiscal year absent from both FY2014 and FY2025 panels. Documented as insufficient coverage; not load-bearing for the analysis.

Montgomery FY2019-FY2024 full documents gated behind Issuu CDN authentication. Headline figures recovered from FY2025 statistical-section panel; full documents not retrieved.

Litigation-specific limitations

The 1978 SB 547 enabling legislation not retrieved as primary source. The executed 1978 contract not retrieved. The Bedsaul demand letter exists in Cardinal News verbatim excerpts but not as a discrete PDF in the corpus. Underlying briefs and rulings from the January 2026 through April 2026 procedural sequence not retrieved as primary documents (recovered from Virginia Courts CISM docket entries only).

Analytical limitations

Projection precision: ±20 percent error bands on single years given multiple pressure sources. Political feasibility assessment rests on pattern observations of council vote register; pattern observations are not predictive of specific future

votes. 1992 Montgomery agreement risk is an inference from statutory architecture similarity; actual constitutional vulnerability depends on the Pulaski case's eventual ruling and on whether Montgomery County has any incentive to challenge its own agreement (unknown).

Scope limitations

Out of scope: underlying merits of Council policy choices between FY2011 and FY2024 (described, not judged); specific personnel actions; alternative governance structures requiring General Assembly action beyond reversion; school division operating decisions; Radford University's tax-exempt status; litigation strategy for the Pulaski case (the litigation section addresses financial implications and strategic posture, not specific litigation tactics).

Author limitations

Author is an independent researcher, not a credentialed governmental accountant, municipal finance officer, bond counsel, or attorney. Specific dollar figures are inferences from peer-city elasticity and audited trend data. Council and Council's professional advisors should validate magnitudes before adoption.

> **What is NOT a limitation.** The diagnostic finding --- Radford operating a structural deficit for 14 years, Electric Fund subsidy mechanism exhausted, APA letter formalizing what audited statements documented since FY2019, Pulaski litigation removing $200K/year of recurring revenue, AEP arrears at $6-7M --- is robust to all the limitations above. The recommendation set's direction is similarly robust. Specific dollar magnitudes are the elements requiring further validation. The shape of the path is not.

About the Author

Tommy Turner is an independent fiscal researcher based in Virginia. His work focuses on the financial trajectories of local governments, examined through systematic review of audited financial statements, public meeting records, and direct conversations with subject-matter experts.

His op-ed "*Causes of Radford's fiscal distress were outlined nine years ago*" was published in the Roanoke Times opinion section on May 25, 2026. The op-ed traced the structural conditions described in this report to specific public warnings issued

in 2017, drawing on the same corpus of audited financial statements and council records that underlies the present analysis.

Mr. Turner has published in:

• Daily Press (Flock camera technology / public-safety op-ed) • Richmond Times-Dispatch (data centers) • Roanoke Times (data centers; Radford fiscal) • Virginia Mercury (data centers) • Virginian Pilot • The Cardinal

Statement of independence.

Mr. Turner has no financial or contractual relationship with the City of Radford, the Radford City Council, the Office of the City Manager, the Director of Finance, the Treasurer, the Pulaski County Board of Supervisors, the Montgomery County Board of Supervisors, the Radford City Public Schools, Robinson Farmer Cox Associates (the City's auditor of record), the Virginia Auditor of Public Accounts, the Virginia Attorney General's office, Appalachian Power Company, Blue Ridge Power Agency, or any party to the Pulaski v. Radford litigation. He has not been compensated by any party for the preparation of this report.

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Appendix A

Council Non-Unanimous Vote Register, CY2012-CY2026

Source: 270 council minutes files in regional_corpus/radford/agendas/council/minutes/. Filtered to relevant categories (tax, budget, electric fund, utility rate, ordinance). Each vote listed was verified against the source minutes; votes recorded member by member are included where located, and the list is not a complete count.

Date	Cat	Ord#	Subject (verified)	Dissent/Abstain
2012-07-02	BUDGET	1628.31	Appropriation $11,136.50	ABSTAIN: Marshall
2016-09-26	ORD	1686	Planning Commission recommendation	NAYE: Marshall
2017-04-17	BUDGET	1691	FY2018 budget --- 1st reading (passed 3-2)	NAYES: Harshberger, Mayor Brown
2017-04-24	BUDGET	1691	FY2018 budget --- 2nd reading (passed 3-2)	NAYES: Harshberger, Mayor Brown

Date	Cat	Ord#	Subject (verified)	Dissent/Abstain
2017-11-13	ORD	1695	Water Agreement	see minutes
2018-04-23	BUDGET	1702	FY2019 budget --- 2nd reading	NAYE: Harshberger
2018-04-23	TAX	1703	2018 tax rate --- 2nd reading	NAYE: Harshberger
2018-07-30	BUDGET	1702.05	Historic Figures Project appropriation	NAYE: Harshberger
2018-12-10	ORD	1706	Ordinance second reading	NAYE: Gropman
2019-04-03	TAX	---	CY2019 RE tax rate $0.82 advertise (1st)	NAYE: Gropman
2019-04-08	TAX	---	CY2019 RE tax rate $0.82 advertise (2nd)	NAYE: Gropman
2019-04-15	BUDGET	1713	Motion to move 1st reading to April 22 (failed 2-3)	NAYES: Foster, Harshberger, Mayor Horton
2019-04-15	BUDGET	1713	FY2020 budget --- 1st reading	NAYE: Huntington
2019-04-15	BUDGET	1713	Amendment to cut $162,000 (failed 2-3)	NAYES: Foster, Harshberger, Mayor Horton
2019-04-15	TAX	1714	2019 tax rate --- 1st reading	NAYE: Gropman
2019-04-15	TAX	---	Earmark 4-cent increase to school capital (passed 3-2)	NAYES: Foster, Mayor Horton
2019-04-22	TAX	1714	CY2019 Tax Rate Ordinance --- 2nd reading	NAYE: Gropman
2019-11-12	ORD	1720	$9.94M Public Improvement Bond --- table	Failed 2-3
2019-11-12	ORD	1720	$9.94M Public Improvement Bond --- 1st reading	Passed 3-2
2020-10-26	BUDGET	1713.31	Appropriation Ordinance	ABSTAIN: Hite
2021-01-25	BUDGET	1726.23	Appropriation Ordinance (two readings)	ABSTAIN: Hite
2021-09-27	BUDGET	1749.17	Sheriff's Dept appropriation (two readings)	ABSTAIN: Hite

Date	Cat	Ord#	Subject (verified)	Dissent/Abstain
2023-11-13	TAX	---	REDI/RU Foundation Performance Agmt --- defer	ABSTAIN: Gillespie
2024-01-08	TAX	---	REDI/RU Foundation Performance Agmt --- 2nd reading	ABSTAIN: Gillespie, Horton
2025-03-10	ORD	---	SUP resolution --- 2016 Fourth Street	NAYE: Wohlford
2025-03-10	BUDGET	---	Budget Related Action Items: cut library hours four a week	NAYE: Mayor Horton

Appendix B

Major Funds Operating Data FY2011-FY2024

Source: City of Radford ACFR Exhibit 5 (Governmental Funds) and Exhibit 8 (Proprietary Funds).

FY	GF Rev	GF Exp	GF FB End	Elec Rev	Elec Exp	Elec Trnsfr	Elec NP	W/S Rev	SW Rev
2011	$18.47M	$20.25M	$5.50M	$20.99M	$19.17M	$-1.80M	$12.23M	$4.20M	$1.17M
2012	$19.47M	$21.54M	$5.68M	$24.85M	$21.94M	$-2.40M	$12.74M	$4.13M	$1.15M
2013	$20.20M	$23.00M	$6.37M	$29.33M	$22.79M	$-3.33M	$15.99M	$4.36M	$1.18M
2014	$20.59M	$23.48M	$7.02M	$24.59M	$20.23M	$-4.19M	$16.16M	---	---
2015	$20.28M	$24.53M	$6.51M	$20.04M	$18.08M	$-3.56M	$13.33M	$4.99M	$1.18M
2016	$21.10M	$25.73M	$5.67M	$19.61M	$16.56M	$-3.67M	$12.71M	$5.26M	$1.24M
2017	$20.41M	$27.51M	$4.54M	$19.44M	$15.78M	$-5.73M	$10.65M	$4.76M	$1.24M
2018	$20.11M	$25.24M	$5.15M	$20.07M	$15.97M	$-5.33M	$9.08M	$4.82M	$1.39M
2019	$21.23M	$25.30M	$5.14M	$20.33M	$16.26M	$-4.08M	$9.05M	$4.76M	$1.41M
2020	$21.84M	$27.59M	$3.94M	$19.22M	$16.72M	$-4.08M	$7.46M	$4.86M	$1.52M
2021	$24.97M	$36.37M	$9.01M	$20.17M	$17.40M	$-2.88M	$7.31M	$5.00M	$1.55M
2022	$27.68M	$37.67M	$2.96M	$19.96M	$17.55M	$-3.02M	$6.61M	$5.19M	$1.55M
2023	$29.00M	$34.16M	$2.30M	$20.05M	$19.27M	$-3.99M	$3.39M	$5.01M	$1.57M
2024	$25.43M	$33.14M	$-1.94M	$21.49M	$21.35M	$-3.97M	$-0.43M	$5.67M	$1.57M

Appendix C

Pulaski County Audited Fiscal Panel FY2014-FY2025

Source: Pulaski County audited annual financial reports FY2014-FY2025 (25 documents in corpus at regional_corpus/pulaski/financial-reports/). Specific line-item extractions remain to be hand-pulled from individual ACFRs; this appendix presents the most-cited figures from the audited record as of May 30, 2026.

Key audited figures for Pulaski County (FY2024-FY2025 snapshot):

Metric	Value	Source
Population FY24-FY25	33,706	ACFR + Weldon Cooper
Real estate tax rate FY25	$0.74 per $100	ACFR Statistical Section
Personal property tax rate	$2.27 per $100	ACFR
Machinery and tools tax rate	$1.70 per $100	ACFR
Total assessed value	**$4.089 billion (audited)**	**ACFR**
GF total balance	**$27.2M (audited)**	**ACFR Exhibit 3**
Major employer	Volvo Trucks (Dublin, ~3,000 employees)	Pulaski EDA
School division	Pulaski County Public Schools (~4,385 students)	VDOE School Quality Profiles
Constitutional officers	5 (Sheriff, Treasurer, CoR, Clerk, CA)	VA Constitutional Officers list
Bond rating	Investment grade	rating agency public disclosures
APA fiscal-distress status	None	APA public record

Appendix D

Montgomery County Audited Fiscal Panel FY2005-FY2025

Source: Montgomery County ACFR/CAFR statistical sections (FY2014 CAFR Tables 5/6/11 covering FY2005-FY2014 and FY2025 ACFR Tables 5/6/13 covering FY2016-FY2025). Compiled into regional_corpus/montgomery/joins/montgomery_fiscal_panel_2026-05-30.csv.

FY	RE Assessed	Total Assessed	RE Rate/$100	Population	Debt/Cap
2005	$4.69B	$5.46B	$0.67	83,959	---
2006	$4.84B	$5.63B	$0.74	87,900	---
2007	$6.49B	$7.33B	$0.63	88,454	---
2008	$6.67B	$7.53B	$0.71	88,834	---
2009	$6.84B	$7.68B	$0.71	90,517	---
2010	$6.93B	$7.83B	$0.74	91,394	---
2011	$7.16B	$8.07B	$0.75	94,392	---
2012	$7.19B	$8.17B	$0.87	94,996	---
2013	$7.24B	$8.23B	$0.89	95,626	---
2014	$7.30B	$8.37B	$0.89	96,207	---
2015	---	---	---	---	---
2016	$7.68B	$8.77B	$0.89	97,653	$1187
2017	$7.80B	$8.98B	$0.89	98,602	$1230
2018	$7.92B	$9.14B	$0.89	98,559	$1164
2019	$8.66B	$9.92B	$0.89	99,433	$1085
2020	$8.78B	$10.12B	$0.89	100,073	$1297
2021	$8.94B	$10.31B	$0.89	99,721	$1210

FY	RE Assessed	Total Assessed	RE Rate/$100	Population	Debt/Cap
2022	$9.13B	$10.57B	$0.89	101,938	$1953
2023	$12.06B	$13.56B	$0.70	102,061	$1847
2024	$12.28B	$13.85B	$0.75	103,544	$1708
2025	$12.49B	$14.18B	$0.76	103,919	$1591

Appendix E

Electric Fund 14-Year Operating Arc

Source: City of Radford ACFR Exhibit 8 (Statement of Revenues, Expenses, Changes in Net Position --- Proprietary Funds), FY2011-FY2024.

FY	Sales	Purch Power	Personnel	Tot Op Rev	Tot Op Exp	Op Income	Transfers Out	NP End
2011	$20.73M	$15.06M	$1.77M	$20.99M	$19.17M	$1.82M	$-1.80M	$12.23M
2012	$24.61M	$17.31M	$1.81M	$24.85M	$21.94M	$2.91M	$-2.40M	$12.74M
2013	$29.10M	$18.12M	$1.92M	$29.33M	$22.79M	$6.54M	$-3.33M	$15.99M
2014	$24.33M	$15.63M	$1.99M	$24.59M	$20.23M	$4.36M	$-4.19M	$16.16M
2015	$19.77M	$13.76M	$1.87M	$20.04M	$18.08M	$1.96M	$-3.56M	$13.33M
2016	$19.32M	$12.31M	$1.92M	$19.61M	$16.56M	$3.05M	$-3.67M	$12.71M
2017	$19.15M	$11.94M	$1.97M	$19.44M	$15.78M	$3.66M	$-5.73M	$10.65M
2018	$19.76M	$12.24M	$1.97M	$20.07M	$15.97M	$4.10M	$-5.33M	$9.08M
2019	$19.97M	$12.37M	$1.98M	$20.33M	$16.26M	$4.07M	$-4.08M	$9.05M
2020	$18.89M	$12.42M	$2.23M	$19.22M	$16.72M	$2.50M	$-4.08M	$7.46M
2021	$19.68M	$13.15M	$2.32M	$20.17M	$17.40M	$2.77M	$-2.88M	$7.31M
2022	$19.52M	$13.60M	$2.14M	$19.96M	$17.55M	$2.40M	$-3.02M	$6.61M
2023	$19.57M	$15.10M	$2.28M	$20.05M	$19.27M	$0.78M	$-3.99M	$3.39M
2024	$20.90M	$17.36M	$2.36M	$21.49M	$21.35M	$0.14M	$-3.97M	$-0.43M

Appendix F

Pulaski v. Radford Litigation Detail

Field	Value
Case number	CL25000421-00
Court	Pulaski County Circuit Court, 27th Judicial Circuit of Virginia
Judge	Bradley W. Finch
Clerk	Spencer A. Rygas (540-980-7829, srygas@vacourts.gov)
Court address	45 Third Street NW Suite 101, Pulaski VA 24301
Filing date	August 26, 2025

Field	Value
Filing type	Declaratory Judgment
Plaintiff	County of Pulaski
Defendant	City of Radford
Pulaski counsel	Tim Kirtner (Pulaski County Attorney, lead)
Radford counsel	Michael R. Bedsaul (Sands Anderson PC, Christiansburg)
AG intervention	Confirmed Sep 29, 2025 --- defending SB 547 constitutionality
Radford counterclaim	Confirmed Sep 25, 2025 --- declaratory + injunctive + damages
Most recent hearing	Mar 20, 2026 --- preliminary injunction DENIED; continued generally
Counsel withdrawal	Apr 29, 2026 --- most likely AG counsel after statute-defense phase
Current status (May 30, 2026)	Continued generally; no future hearing on calendar
Final disposition	None --- case pending
Mediation	None ordered

Appendix G

GASB 68 Reconciliation

Item	Amount	Source	Note
Chase LTE FY2014 figure	$11,167,148	Radford News Journal 4/7/2018	Pre-restatement Electric Fund unrestricted net assets
FY2014 ACFR (OCR verified)	$11,167,148	Skelton upload 5/28/2026 via VFOIA	EXACT MATCH to Chase figure
FY2015 ACFR post-restatement	$9,934,834	ACFR FY15 BoY Electric Fund NP	GASB 68 implementation effect
Restatement gap	$1,232,314	Calculated (Chase − FY15 BoY)	Electric Fund share
Total business-type restatement	**$1,681,907**	**ACFR FY15 MD&A**	**Electric ≈ 73% of biz-type total**

Appendix H

Source File Manifest

Item	Location
This Strategic Fiscal Recovery Report	COWORK/ Radford_Strategic_Fiscal_Recovery_Report_2026-05-30.pdf

Item	Location
Strategic Recovery Workbook (companion)	COWORK/ Radford_Strategic_Fiscal_Recovery_Workbook_2026-05-30.xlsx
Executive Summary (separate)	COWORK/ Radford_Strategic_Fiscal_Recovery_Executive_Summary_2026-05-30.pdf
Resident Impact Brief	COWORK/Radford_Resident_Impact_Brief_2026-05-30.pdf
Holistic Fiscal Report (descriptive baseline)	COWORK/Radford_Holistic_Fiscal_Report_2026-05-30.pdf
Fiscal Narrative companion	COWORK/Radford_Fiscal_Narrative_2026-05-30.docx
Radford ACFR FY2011-FY2024 (14 files)	regional_corpus/radford/financial-reports/
Radford Council minutes 2012-2026 (270 files)	regional_corpus/radford/agendas/council/minutes/
Radford vote register v3	regional_corpus/radford/joins/vote_pattern_2012-2026_v3.csv
Radford curated dissent register	regional_corpus/radford/joins/ council_vote_dissent_register_2012-2026.md
Radford major-funds operating CSV	regional_corpus/radford/joins/ major_funds_operating_2011-2024.csv
Pulaski litigation deep research v2	regional_corpus/pulaski/joins/ radford_litigation_deep_research_v2_2026-05-30.md
Pulaski ACFRs FY2014-FY2025 (25 files)	regional_corpus/pulaski/financial-reports/
Montgomery ACFRs FY2009-FY2025 (6 files)	regional_corpus/montgomery/financial-reports/
Montgomery fiscal panel FY2005-FY2025	regional_corpus/montgomery/joins/ montgomery_fiscal_panel_2026-05-30.csv
APA preliminary determination + recommendation for state assistance	regional_corpus/radford/apa-virginia/
Chase LTE April 7 2018	regional_corpus/radford/news-coverage/source-correspondence/
VA Code Title 15.2 Chapter 41 (Reversion)	law.lis.virginia.gov
VA Code Title 15.2 Chapter 32 (Annexation)	law.lis.virginia.gov
VA Constitution Article VII Section 10	law.lis.virginia.gov/constitution
Virginia Courts Case Information System	eapps.courts.state.va.us/CJISWeb
Cardinal News (Michael Hemphill)	cardinalnews.org
Roanoke Times op-ed by Tommy Turner (5/25/2026)	roanoke.com Opinion section

Appendix I

Glossary

Term	Definition
ACFR	Annual Comprehensive Financial Report (successor to CAFR)

Term	Definition
AEP / APCo	American Electric Power / Appalachian Power Company (APCo is AEP's Virginia operating subsidiary)
AG	Attorney General of Virginia. Intervened in Pulaski v. Radford under § 8.01-184.1
APA	Auditor of Public Accounts, Commonwealth of Virginia
ARPA	American Rescue Plan Act 2021
Article VII Section 10	VA Constitution referendum-for-county-debt provision; Pulaski's constitutional theory
BoS	Board of Supervisors
BRPA	Blue Ridge Power Agency --- 501(c)(12) joint-action wholesale power aggregator (nine members: six municipalities, two cooperatives, one state agency)
CL25000421-00	Pulaski v. Radford case number, Pulaski County Circuit Court, filed 8/26/2025
EDA	Economic Development Authority
FAC	Federal Audit Clearinghouse (fac.gov)
GASB 68	GASB Statement No. 68 (Accounting for Pensions), effective FY2015 for Virginia
GO Bonds	General Obligation Bonds
MCPS	Montgomery County Public Schools (~9,461 students)
MD&A	Management's Discussion and Analysis (ACFR narrative section)
MSA	Metropolitan Statistical Area (Radford in Blacksburg-Christiansburg MSA)
NRRA	New River Resource Authority
PCA	Power Cost Adjustment --- retail electric rate mechanism
PCPS	Pulaski County Public Schools (~4,385 students)
PFRWTA	Pepper's Ferry Regional Wastewater Treatment Authority
PILOT	Payment in Lieu of Taxes (Electric Fund pays $339K FY2024)
PSA	Public Service Authority
RAN	Revenue Anticipation Note ($4M Radford July 2024, unpaid as of May 2025)
RCPS	Radford City Public Schools (~1,627 students)
REDI	Radford Economic Development Incentive Program (established 2018)
RFCA	Robinson Farmer Cox Associates --- Radford's auditor of record
SB 547 (1978)	Senate Bill 547, 1978 VA General Assembly --- special act enabling 1978 Pulaski-Radford agreement
SCC	State Corporation Commission of Virginia

Term	Definition
Special act	Virginia legislative instrument granting unique authority to a specific locality
VRS	Virginia Retirement System
§ 15.2-4100	Virginia Code reversion framework ("transition of city to town status")
§ 15.2-4106	Virginia Code section setting equity criteria for reversion court order
§ 15.2-4113	Virginia Code section: "a town created under this chapter shall not return to its previous independent city status" --- reversion irrevocability
1978 agreement	Pulaski-Radford revenue-sharing (SB 547); subject of CL25000421-00 lawsuit
1992 agreement	Montgomery-Radford Route 177 revenue-sharing; direct lineal descendant of 1978; at structural risk

Appendix J — Notes and Sources

This section consolidates the sources and notes for the analysis. Superscript numbers in the body refer to the numbered entries below; additional figures are attributed inline and in the source notes beneath the tables and exhibits. Entries that appear without an in-text marker are background sources consulted in the analysis.

Sources for every load-bearing claim in this report. Each superscript number in the body text corresponds to the numbered entry below.

1. Pulaski County v. City of Radford, Case No. CL25000421-00, in the Circuit Court of Pulaski County, Virginia, before the Hon. Bradley W. Finch. Complaint filed August 26, 2025, seeking declaratory judgment that Senate Bill 547 (1978 Virginia General Assembly) is invalid and unenforceable. Pulaski County Board of Supervisors authorized suit by resolution adopted August 25, 2025 (motion by Cloyd District Supervisor Chris Stafford, seconded by Draper District Supervisor Dirk Compton). Pulaski County stopped making payments to Radford in August 2025.

2. Virginia Auditor of Public Accounts (Staci A. Henshaw). Preliminary fiscal-distress notification to the City of Radford, November 12, 2025, addressed to Mayor David Horton and City Manager Todd Meredith; and Recommendation for State Assistance, March 26, 2026, to Governor Spanberger and the chairs of House Appropriations, House Counties Cities and Towns, Senate Finance and Appropriations, and Senate Local Government. Both at regional_corpus/radford/apa-virginia/.

3. Senate Bill 547, 1978 Virginia General Assembly. Established revenue-sharing agreement between Pulaski County and the City of Radford. Constitutional theory of validity now contested in Pulaski v. Radford (CL25000421-00).

4. Pulaski County v. City of Radford, Case No. CL25000421-00. Preliminary injunction hearing March 20, 2026, before Judge Bradley W. Finch. Injunction denied; court found no irreparable harm demonstrated. Radford City Manager Todd Meredith and former interim City Manager Craig Meadows testified.

5. FY2014 City of Radford ACFR. Image-only scan retrieved by FOIA request, uploaded to the City's public archive by Melissa Skelton on May 28, 2026. OCR-extracted text. Pre-GASB-68-restatement Electric Fund net assets of $11.17 million verified against the figure cited in Bruce Chase Letter to the Editor (April 7, 2018).

6. FY2024 ACFR, Exhibit 8, Statement of Revenues, Expenses, and Changes in Net Position --- Proprietary Funds, p. 27. Electric Fund operating revenue $21,493,066; operating expense $21,348,970; transfers out to General Fund $3,974,796; ending net position −$433,371.

7. Pulaski County v. City of Radford, Case No. CL25000421-00, preliminary-injunction hearing, March 20, 2026, as reported by Mike Williams, Patriot Publishing, March 22, 2026. Radford City Manager Todd Meredith testimony: City's cash flow "extremely tight"; Radford owed Appalachian Power (American Electric Power) approximately $6-7 million in wholesale power arrears; City had "reduced some 34 positions"; vacancies persisted in police, fire, and public works; Hurricane Helene repairs at Bissett Park had been deferred. Former interim City Manager Craig Meadows characterized the City's situation as "Distressed. Very dire."

8. FY2024 ACFR, Exhibit 3, Balance Sheet --- Governmental Funds, p. 19. General Fund year-end balance −$1,936,204; unassigned −$4,545,839.

9. Code of Virginia §15.2-4100 et seq., City-County Consolidation and Conversion. Establishes reversion framework permitting an independent city to revert to town status within an adjoining county subject to court approval and Commission on Local Government review.

10. Pulaski County, Virginia, Annual Comprehensive Financial Reports, FY2014 through FY2025 (25 documents). Aggregated as Pulaski fiscal panel in the corpus at regional_corpus/pulaski/. FY2025 audited figures: population 33,706; total assessed value $4.089 billion; General Fund balance $27.2 million; real estate tax rate $0.74.

11. Montgomery County, Virginia, Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. Statistical Section panel reconstructed from FY2014 and FY2025 ACFRs covering FY2005-FY2025. Population 103,919; total assessed value $14.18 billion; real estate tax rate $0.76; General Fund total balance $61.7 million.

12. City of Radford, City Council work session minutes, March 11, 2013, April 25, 2016, and January 9, 2017 (budget amendment authorizing $143,658 for Little River Dam wicket gate and turbine refurbishment by Hydro-Consulting and Maintenance Services, Inc.).

13. Code of Virginia §15.2-4113. "Notwithstanding any contrary provision of law, general or special, a town created under this chapter shall not return to its previous independent city status."

14. Author's calculation. Median Radford household defined as: $195,000 home value, $12,000 personal property assessed, $3,600 annual restaurant spending, $200 annual local lodging stays, 1,000 kWh monthly residential electric use. Status quo computed at current Ordinance #1828 rates; tax-and-rate path at the tax-move lever endpoints (RE $1.04, meals 9.5%, lodging 11.5%) plus Path 1's rate restructure electric +8% at full FY2028+ implementation. The $195,000 home value is an illustrative median for the impact model --- Radford's city-level median owner-occupied value is sample-suppressed in Census QuickFacts (ACS Table B25077) --- and the companion Household Calculator lets readers substitute their own assessed value.

15. City of Radford, City Council minutes, March 10, 2025. Budget Related Action Items, motion to cut library hours by four a week. Result: 4-1. Ayes: Artrip, Foster, Gillespie, Wohlford. Nay: Horton (Mayor).

16. City of Radford, Virginia. Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. Audited by Robinson Farmer Cox Associates, certified public accountants. Published December 2024. Hereinafter "FY2024 ACFR."

17. Author's investigative memo, "Grede Foundry revenue-share research," May 17, 2026, located at regional_corpus/radford/joins/grede_foundry_research_memo_2026-05-17.md. Identifies Grede Radford LLC (formerly VCI) on the 130-year West Main Street site as the foundry referenced in Brown's April 17, 2017 Council statement. Combined electric and water revenue contribution approximately $1.3 million annually per Ridpath, Roanoke Times 2024 reporting.

18. Chase, Bruce. Letter to the Editor. Radford News Journal, April 7, 2018. Identifies the Electric Fund's pre-restatement net assets of $11.17 million at June 30, 2014, and the implications of GASB Statement 68 implementation for City's reported equity position.

19. Hemphill, Michael. "Pulaski County sues Radford over $200,000 revenue-sharing agreement." Cardinal News, November 20, 2025. Includes quote from Pulaski County Administrator Jonathan Sweet: "I'm not aware of anything. There is no direct return from the funds that are sent to Radford."

20. Federal Audit Clearinghouse, Single Audit submission records for City of Radford, FY2016 through FY2024. EIN 546001548. Classification as non-low-risk auditee held continuously since FY2019.

21. FY2024 ACFR, Note 1.F, Deficit Fund Balance: "At June 30, 2024, the General Fund carried a negative fund balance. The General Fund also reported negative unassigned fund balance at year end."

22. FY2024 ACFR, Management Discussion and Analysis, p. 5-12: "The City's unassigned fund balance in the general fund has been below 10% since FY 2019."

23. Blue Ridge Power Agency, financial statements FY2024 (audited) and FY2025 (reviewed), Note 1, FY2025 text: "a cooperative effort of six municipalities, two cooperatives, and one state agency."

24. FY2024 ACFR, Exhibit 5, Statement of Revenues, Expenditures, and Changes in Fund Balances --- Governmental Funds, p. 21. General Fund total revenues $25,430,000; total expenditures $33,140,000; Education transfer $5,470,111.

25. FY2024 ACFR, Statistical Section, Schedule 6, Assessed Value of Taxable Property --- Last Ten Fiscal Years, p. 134. FY2024 total assessed value $1.243 billion.

26. FY2024 ACFR, Statistical Section, Schedule 8, Property Tax Rates --- Last Ten Fiscal Years, p. 136. Real estate tax rate FY2015 through FY2024 with footnotes (2), (3), (4), (5) documenting mid-year changes.

27. City of Radford, Ordinance #1828, second reading adopted April 28, 2026, effective January 1, 2026. Establishes real estate tax rate at $0.84 per $100 of assessed value for calendar year 2026. Source: Radford City Council minutes, April 28, 2026, p. 1-3.

28. City of Radford, Ordinance #1813, second reading adopted April 21, 2025, effective January 1, 2025. Sets personal property tax rate $2.55, meals tax 6.5%,

lodging tax 8.5%, business personal property $1.76. Source: Radford City Council minutes, April 21, 2025, p. 4-8. Effective dates clarified by Ordinance #1816, adopted April 28, 2025.

29. City of Radford, City Council minutes, April 21, 2026, p. 6-9. First reading of Ordinance #1828. Motion by Mr. Gillespie, seconded by Mr. Wohlford, to amend advertised $0.87 down to $0.84 (+$0.02 over current $0.82). Result: 4-1. Ayes: Artrip, Gillespie, Wohlford, Horton. Nay: Foster.

30. City of Radford, City Council minutes, April 28, 2026, p. 3-6. Second reading of Ordinance #1828 at $0.84/$100. Ms. Foster maintained dissent, stating: "This budget does not reduce our transfers. Or any strong effort to restore the fund balances or address the city's infrastructure needs." Mr. Gillespie noted in the same meeting that "going up $0.40 on the real estate tax" would be needed for catastrophic protection. Citizen Bedsaul moved amendment: "personal property taxes, machinery and tools taxes, and other taxes shall remain at currently assessed rates."

31. City of Radford. "2026 Real Estate Tax Notice." Treasurer's Office, May 2026. radfordva.gov/CivicAlerts.aspx?AID=1019. Accessed May 31, 2026.

32. City of Radford, Adopted Budget for Fiscal Year 2026. Source: City Council adoption April 28, 2025; document published at radfordva.gov.

33. Author's calculation. The tax-move lever revenue impact derived from FY2024 ACFR audited bases: real estate $1.243 billion assessed × $0.20/$100 marginal rate = $2,486,000; meals tax FY2024 base of $1,418,577 implies spend base $23.6 million which × +3.0 percentage points = $709,288; lodging FY2024 base $456,998 implies spend base $5.71 million × +3.0 percentage points = $171,374. CPI indexing of bank stock ($216,619) and consumers' utility tax ($568,376) at 2.5 percent year-one contributes approximately $20,000. Fee restructuring estimated $100,000. Total Path 1 tax-move magnitude approximately $3.5 million.

34. Code of Virginia §15.2-4106(A). Six equity criteria the three-judge court applies in reversion proceedings: (1) city population <50,000; (2) adjoining county made party defendant; (3) no substantial impairment of host county service ability; (4) no substantially inequitable sharing of resources and liabilities; (5) best interests of all parties; (6) best interests of the Commonwealth.

35. Bedford Reversion. City of Bedford, Virginia, reversion to Town of Bedford within Bedford County, effective July 1, 2013. Joint commission record; Commission on Local Government final review; three-judge court order. Public

record. Cited as structural analog for the Radford-to-Montgomery reversion scenario in the reversion sections.

36. City of Radford, Commissioner of Revenue. "Radford Tax Rates." radfordva.gov/185/Radford-Tax-Rates. Accessed May 31, 2026. Lists current rates: real estate $0.84, personal property $2.55, business personal property $1.76, decal fee $25, meals 6.5%, lodging 8.5%.

37. Turner, Tommy. "Causes of Radford's fiscal distress were outlined nine years ago." Roanoke Times, opinion section, May 25, 2026. roanoke.com.

38. FY2024 ACFR, Statistical Section, Schedule 9, Property Tax Levies and Collections --- Last Ten Fiscal Years, p. 137. FY2024 levy $10,681,185, collected $10,348,869 (96.89%).

39. City of Radford, City Council minutes, April 6, 2026, p. 4-7. Budget work session on FY2027 proposal. City Manager Meredith proposed +$0.05 RE rate increase from $0.82 to $0.87. Council members Gillespie, Wohlford, and Foster debated alternative magnitudes.

40. Governmental Accounting Standards Board, Statement No. 68, Accounting and Financial Reporting for Pensions (June 2012). Implemented by City of Radford in FY2015 financial statements; resulted in retroactive recognition of Net Pension Liability for the City's share of the Virginia Retirement System unfunded actuarial liability.

41. Weldon Cooper Center for Public Service, University of Virginia. Virginia Local Tax Rates, 2025: meals, transient-occupancy, cigarette, and admissions excise taxes. coopercenter.org.

42. Virginia Restaurant, Lodging & Travel Association survey of local meals and lodging taxes, reported in Axios Richmond, "Why dining out costs more in parts of Virginia," February 4, 2026.

43. City of Bristol, Virginia, Commissioner of the Revenue, City Tax Rates sheet (meal tax 10 percent). bristolva.gov.

44. Bristol Herald Courier, "Council leaves meals tax untouched," May 2024; a proposed increase from 10 to 11 percent was rejected.

45. Code of Virginia § 58.1-3840 (excise taxes permitted to cities and towns by ordinance, with no referendum and no state rate cap); § 58.1-3833 (county food and beverage tax, capped, by ordinance). City of Radford, Commissioner of the Revenue, meals tax 6.5 percent, Ordinance 1358 (radfordva.gov/190).

Appendix K — Verify Any Number Yourself

This analysis is independent and self-funded, and its author is not a credentialed municipal-finance officer or bond counsel. That is precisely why every load-bearing figure is traceable to a primary public document. A reader who wants to check the work rather than take it on faith can do so from the sources below; the magnitudes that would drive any actual decision should be validated by the City's own professionals before anyone acts on them.

Claim in this report	Where to verify it
General Fund deficit; –$1.94M year-end balance	City of Radford FY2024 ACFR, Exhibits 3 and 5 (radfordva.gov financial reports)
$3.97M electric transfer; –$433K electric net position	FY2024 ACFR, Exhibit 8
14-year revenue/expenditure trajectory; $52.04M cumulative transfer	FY2011–FY2024 ACFRs, Exhibit 8, Electric Fund column (FY2014: City Archive document 469)
Current tax rates ($0.84 RE, 6.5% meals, 8.5% lodging)	Radford Ordinances #1828, #1813, and #1358 (meals); radfordva.gov/185
Residential electric $167.43 vs APCo $170.63	Radford Utility Rate Sheet FY2026 (radfordva.gov/DocumentCenter/View/5914); appalachianpower.com Virginia rates
County profiles (Pulaski $4.09B/$27.2M; Montgomery $14.18B/$61.7M)	Pulaski and Montgomery County ACFRs, FY2025
Schools (RCPS/MCPS/PCPS enrollment, per-pupil, SOL)	VDOE School Quality Profiles; NCES district detail
$5.47M education transfer	FY2024 ACFR, Exhibit 5
Dam: FERC P-1235; 1934; specs; $143,658 (Ord 1682.19)	FERC P-1235 Environmental Assessment; radfordva.gov/DocumentCenter/View/573; Council minutes, Dec 2016
Pulaski litigation	Pulaski County v. City of Radford, CL25000421-00, Pulaski Circuit Court
Distress designation	APA preliminary determination Nov 12 2025; recommendation for state assistance Mar 26 2026
State framework; PD-4 vs PD-19	law.lis.virginia.gov § 15.2-2512.1; reversion process, Title 15.2 Ch. 41
Reversion precedents (South Boston, Clifton Forge, Bedford)	virginiaplaces.org; Virginia DHCD reversion page; cited news coverage
Household all-in math; break-even town rate	Companion model workbook (Fiscal Crossroads), which recalculates from these inputs

Where this report could not source a figure, it says so rather than estimating: the Clifton Forge pre-reversion tax rate, the dam's hazard classification, the utility's market valuation, and the counties' willingness to accept a reversion are all flagged in the text as not available or as specialist work, not filled in.

Appendix L — APA Fiscal-Distress Correspondence

The two primary documents underlying the fiscal-distress designation are reproduced below: the Auditor of Public Accounts' preliminary determination of November 12, 2025, and its Recommendation for State Assistance of March 26, 2026.

COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218
(804) 225-3350

November 12, 2025

David Horton, Mayor
Todd Meredith, City Manager
City of Radford, Virginia

The Virginia Acts of Assembly and Code of Virginia direct the office of the Auditor of Public Accounts (Office) to establish a prioritized early warning system and annually monitor data and information from this system to identify whether a locality may meet the defined criteria for fiscal distress. As part of this annual monitoring process, the Office analyzes leading financial indicators through ratio analysis using data from each locality's audited annual financial report. The annual monitoring process also includes a second component, a qualitative analysis, to evaluate demographic and non-financial factors, along with other applicable leading indicators and external information for applicable localities whose financial ratio results indicate a need for further review. Based on the results of our annual monitoring process, the Office may identify a locality as needing additional follow-up review, at which point, we send written notification to inform the local governing body and locality management of our determination. If a locality chooses to participate in the follow-up review process, we further evaluate the locality using our financial assessment questionnaire. The Office's follow-up process involves a more in-depth review and discussion with local officials to better understand certain budgetary, financial, and operational aspects of the locality and any specific factors contributing to the locality's financial position. The primary objective of this review is to determine whether a locality is experiencing fiscal distress that warrants further assistance or intervention from the Commonwealth.

The Office previously identified the City of Radford (Radford) for additional follow-up review during the 2022 monitoring process and continued to evaluate the city during the 2023 monitoring process based on the city's performance in the ratio analysis indicating downward trends and resulting in cumulative ratio points that exceeded our established evaluation threshold, along with factors noted in the qualitative analysis. Based on the follow-up review completed with the city and the Office's consideration of information provided by city management during 2022, we determined that City Council and management were monitoring the city's situation and implementing financial policies and budgetary strategies to move forward and improve the city's financial position. Accordingly, the Office concluded that Radford did not meet the criteria for fiscal distress in the context of the Commonwealth's early warning system, and we did not propose a recommendation for state assistance. Detailed information about our analyses specific to Radford and the results of the Office's monitoring process is included in our published report, *Local Government Fiscal Distress Monitoring 2022 and 2023 Report*.

The Office has continued to evaluate ratio trends and other qualitative factors for Radford as part of the 2024 and 2025 monitoring processes. From this monitoring, we have noted that the city's performance in the ratio analysis indicates further downward trends and cumulative ratio points that exceed our established 45 – point evaluation threshold.

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APA preliminary fiscal-distress notification to the City of Radford, November 12, 2025 (page 1). Source: Virginia Auditor of Public Accounts.

COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, VA 23218
(804) 225-3350

March 26, 2026

The Honorable Abigail D. Spanberger
Governor of Virginia

The Honorable Mark D. Sickles
Secretary of Finance

The Honorable Luke E. Torian, Chair
House Appropriations Committee

The Honorable L. Louise Lucas, Chair
Senate Finance and Appropriations Committee

The Honorable Dan Helmer, Chair
House Counties, Cities, and Towns Committee

The Honorable Lashrecse D. Aird, Chair
Senate Local Government Committee

David Horton, Mayor
City of Radford

Todd Meredith, City Manager
City of Radford

The Virginia Acts of Assembly and Code of Virginia direct the office of the Auditor of Public Accounts (Office) to establish a prioritized early warning system and annually monitor data and information from this system to determine whether a locality may meet the defined criteria for fiscal distress. Based on the results of our annual monitoring process, the Office may identify a locality as needing additional follow-up review, at which point we send written notification to inform the locality's governing body and management of our determination. If a locality chooses to participate in the follow-up review process, we further evaluate the locality using our financial assessment questionnaire. The Office's follow-up process involves a more in-depth review and discussion with local officials to better understand certain budgetary, financial, and operational aspects of the locality and any specific factors contributing to the locality's financial position. The primary objective of this review is to determine whether a locality is experiencing fiscal distress that warrants further assistance, oversight, or intervention from the Commonwealth. If the locality's governing body or chief executive officer requests assistance or the Office concludes that a locality is fiscally distressed, statute requires that we notify the Governor, certain legislative committees, and the local governing body regarding the specific indicators of fiscal distress and our recommendation for state assistance to further assess, stabilize, or remediate a locality's situation.

As part of the Office's 2025 monitoring process, we identified the City of Radford (Radford) for additional follow-up review. Based on our follow-up review conducted with the city, the Office has concluded that Radford meets the criteria for fiscal distress within the framework of the Commonwealth's early warning system. Pursuant to § 15.2-2512.1 of the Code of Virginia, the Office provides this notification as our formal recommendation that the Commonwealth consider providing state assistance to further assess the city's situation and to support Radford's efforts to remediate the underlying factors contributing to fiscal distress.

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APA Recommendation for State Assistance, March 26, 2026 (page 1). Source: Virginia Auditor of Public Accounts.

End of Report

> *This concludes the City of Radford Fiscal Crossroads options analysis. The companion workbook holds the underlying financial models and source data; every figure in this document reconciles to it.*

Prepared by Tommy Turner, Williamsburg and Christiansburg, Virginia

Date: October 2026

Version 1.3