

Town Incorporation of Massanutten

A Feasibility Study



Final Report Summary

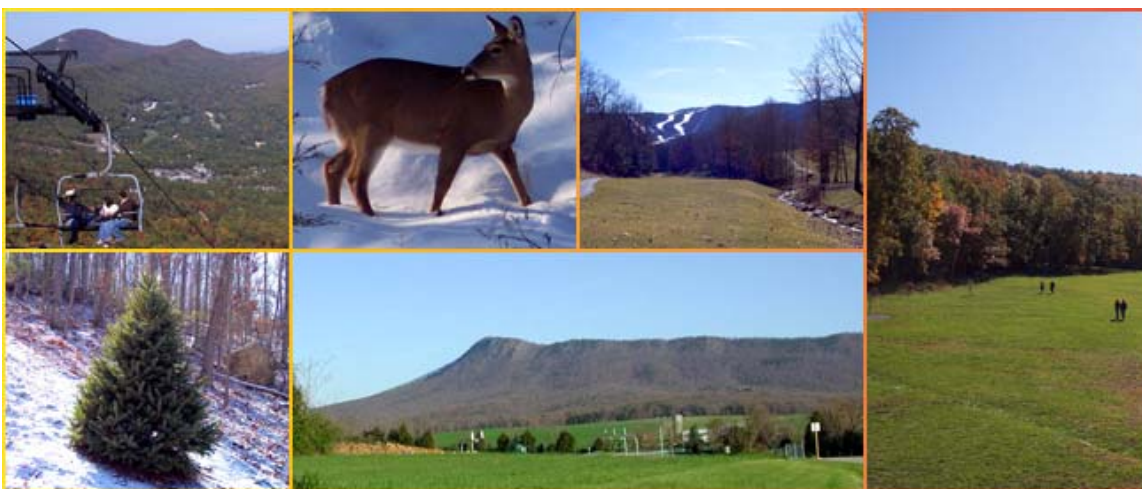
30 September 2011

Forward

This is a **Summary** of a feasibility study about incorporating the community of Massanutten, Virginia into a town. The feasibility study was conducted by a volunteer group of concerned Massanutten citizens as a service to local citizens and elected officials to provide factual information about town incorporation in Virginia. The study provides detailed answers to four basic questions.

- 1). How does a Virginia community incorporate into a town?
- 2). Is it feasible for the community of Massanutten to incorporate into a town?
- 3). What might the community of Massanutten look like, if incorporated into a town?
- 4). What considerations might be of interest to citizens, if asked whether the community of Massanutten should incorporate into a town?

Basically, town incorporation in Virginia provides a community with a legally organized government body made up of local citizens with the authority to act in the best interest of their community. Prior to conducting the study, there was much misinformation and general lack of knowledge in the Massanutten Community about town incorporation in Virginia. Before citizens can provide an informed opinion on the subject of town incorporation, they should be educated on the facts. It is hoped that this report will fill that need and help citizens become more informed about town incorporation in Virginia, specifically providing facts about incorporating the Massanutten Community. It is believed that the methodology of the study could be applied to any community in the Commonwealth of Virginia.



An incorporated town in Virginia can include many different variants in terms of town boundaries, services, governmental make-up, and budgeting to include taxes. This would hold true if the community of Massanutten incorporated into a town. Virginia Law states that the only services that a town **must** provide are the services of comprehensive planning and zoning. All other legally allowable town services, such as law enforcement and road maintenance, are **optional**. The feasibility study began by establishing hypothetical town boundaries for an incorporated town of Massanutten. These boundaries were traceable to existing county comprehensive planning and zoning. With town boundaries established, different town services were evaluated and associated costs were estimated. Then, county assessments of real estate property and county tax revenues of local businesses were obtained and were used along with costs of services to estimate town budgets with realistic projections of town taxes and intergovernmental assistance. Since many town services are optional, five (5) alternative visions for an incorporated town of Massanutten were examined. Each alternative had different types of town services with associated costs leading to five (5) different budgets with associated town taxes and intergovernmental assistance. Finally, the alternative mix of town services, tax structures, intergovernmental assistance, and budgets were compared with other local towns building confidence in the feasibility study analysis. The alternative visions for an incorporated town of Massanutten answer not only whether Massanutten could incorporate, but also what Massanutten might look like, if it incorporated.

It is important to point out that the mix of services to be provided by an incorporated town of Massanutten is dependent on what services would be needed for the Massanutten Village area. Massanutten Village is the oldest and largest district in the Massanutten Community. It is a private-gated residential district that is governed by the Massanutten Property Owners Association (MPOA). MPOA privately funds and provides some essential services for Massanutten Village which looks and acts very much like any other town in Virginia with one very important exception -- it cannot create and/or amend Ordinances or a Comprehensive Plan, pursuant to Virginia Law. What services an incorporated town of Massanutten may provide is dependent on what service functions and assets may be turned over or transferred to the incorporated town by MPOA.

The feasibility study did not identify any specific “pros” and “cons” of town incorporation. It was determined that most “pros” and “cons” of town incorporation are qualified based upon an individual’s perspective. Thus, any attempt to establish them would be biased from a given perspective and be somewhat argumentative. It is believed that citizens are fully capable of determining and weighing their own “pros” and “cons”, if given enough facts. However, several considerations were developed to provide a pre and post incorporation view for Massanutten citizens to evaluate. The feasibility study also did not include any public opinion polls or surveys. Feasibility studies are intentionally objective in nature. Public opinion polls and surveys are subjective in nature. Therefore, the feasibility study did not include either.

The author and editor of the report are residents of Massanutten Village and members of MPOA. The study formally began in late 2009 – although, the author actually became interested in town incorporation in 2004, while serving the county on a planning committee. The study was largely driven by the absence of a similar effort which had been done by MPOA in the past, every ten years – one was done in 1989 and then again in 1999. The initial phase of this study effort resulted in an interim report which was completed in August 2010 and presented to the community for comment. Specifically, it was presented on a website and in several community meetings. Many comments from the community were received and included in the Final Report.

The entire Final Report has been placed on a website addressed www.townofmassanutten.org. The website offers the Final Report in webpage format, the ability to zoom many maps and figures, links to all references, and summary videos. An electronic copy of the Final Report to include electronic copies of all references have been given to the MPOA Administrator, 3980 Massanutten Drive, Massanutten, Virginia 22840. Hard copies are available to the general public upon request for a minimal charge. Please send any comments via email to feedback@townofmassanutten.org.

Gene E. Hauze
Author and Principle Investigator

Janet B. Lorette
Editor

Acknowledgements

The research contained in the Final Report was conducted by a group of concerned Massanutten citizens with a wealth of experience covering a broad range of expertise required to lend credibility to the feasibility study. All researchers have voluntarily served on one or more committees of the Massanutten Property Owners Association (MPOA). Four members of the group (shown with asterisks below) served on the MPOA Board of Directors. The principle investigator, Gene Hauze, has a BS in Physics with experience in operations research analysis, long range planning, systems analysis, project management, comprehensive planning, and zoning. He was appointed by the Rockingham County Supervisors to serve on the McGaheysville, Virginia Area Planning Committee. The other researchers and areas of expertise are as follows:

Planning and Analysis

- *Grover Jaeger* – BS in Mathematics with experience in planning, estimating and evaluation*
- *Eric Rynar – BS in Systems Engineering with experience in business and systems analysis*
- *Janet Lorette* – MS in Library Science with experience in information analysis and management*

Business and Financial

- *Dick Lorette – PhD in Business with experience in operations research, planning, and acquisitions*
- *Robert Bloomquist – BS in Business Administration with experience in operations, sales, and contracts*
- *J.C. Powell – MBA with experience in financial planning and in economic analysis & valuation of assets*
- *Barry Elwood – Retired U.S. Navy E-9 with experience in finance and retail operations*

Accounting and Web Design

- *Sally Cureton* – MBA and is a Certified Public Accountant and former Certified Financial Planner*
- *Lucy Powell – BS in Business Education with experience in accounting and finance*
- *Olga Hauze – BA in Economics with experience in banking, accounting, and website development*

Law

- *Darrell Peck* – JD, LLM, MMS with additional experience in project and program analysis*

Upon completion of the basic research and analysis, a Massanutten Town Study Group (MTSG) was formed to review the Feasibility Study Interim Report and ensure its accuracy, clarity and completeness. The MTSG was also formed to develop considerations related to incorporating Massanutten into a town. The MTSG consisted of four study researchers and four additional members of the community with the principle investigator as the MTSG facilitator. The four additional members of the community brought valuable experience and expertise to the study effort in the areas town operation, human resources, engineering, and contract management. The MTSG researchers included Grover Jaeger, Barry Elwood, Sally Cureton, and Lucy Powell. The MTSG community members included Trish Philon, Margaret King, Marty Wall, and Ed Bridges.

The researchers would especially like to thank all the public officials who supported the study by providing information and documentation. This includes officials in the VA Commission on Local Governments, VA Department of Transportation, Rockingham County Office of the Commissioner of Revenues, Rockingham County Office of Administration, Rockingham County Office of the Commonwealth Attorney, and officials in all the local towns of Rockingham County. The researchers would also like to thank those members of the MPOA Board of Directors who constructively contributed to the study and the MPOA Administrator and MPOA Police Chief for being responsive to requests for information. Additionally, the researchers would like to thank many citizens in the community for providing comments and questions. Finally, the researchers would like to thank Patty Watson of the Villager newspaper for reporting on the effort and providing community meeting notices.

The researchers wish to make note that it was most unfortunate that the Rockingham County Board of Supervisors and Great Eastern Resorts chose not to constructively contribute to the study, this despite being offered the chance to do so by the researchers.

Introduction

Massanutten is a residential community with resort amenities located in the northwestern part of Virginia, roughly 15 miles east of the city of Harrisonburg. Massanutten is a *U.S. Census Designated Place* in the County of Rockingham having a population of 2,291 individuals with 2,692 housing units and 676 families, as of 2010. It largely consists of the planned residential districts of Massanutten Village and Woodstone Meadows, plus the planned commercial districts of Village Festival and Massanutten Station. The community has a wide variety of housing to include privately owned dwellings occupied by citizens who permanently live in Massanutten and timeshare dwellings occupied by tourists who transiently enjoy Massanutten's resort activities.



Massanutten Village is the oldest and largest district in the Massanutten community. Development began on the private-gated residential project in 1971. Today, Massanutten Village is a master planned district of 5,066 acres for over 7,000 housing units and an estimated population of over 23,000 individuals. Twenty-five (25) percent of the project has been designated as “open space”. To date, only 1,052 private housing units have been built in sixteen (16) residential subdivisions of the Massanutten Village East and Kettle Areas. And, 290 hotel rooms plus 730 timeshare units have been built in separate commercial subdivisions of the Kettle Area, along with businesses and recreational facilities to include ski-slopes, golf courses, and swimming pools. To date, roughly **70%** of the project, mostly in the Massanutten Village West Area, remains undeveloped.



In 1974, the Massanutten Property Owners Association (MPOA) was incorporated to provide some governance and essential services for the Massanutten Village district. It currently has a budget of almost \$2.5 million and employs seventy (70) people, who provide administration, law enforcement, and maintenance services for the district. Overall, Massanutten Village looks and acts much like other towns in Rockingham County having the largest land area, lane miles of roads, housing units, assessed real estate property value, and the largest population, if visitors in timeshare units are included. MPOA has the second largest overall budget and number of employees to include the largest police department. The main differences between Massanutten Village and an incorporated town are that MPOA cannot create or amend Zoning Ordinances, that MPOA essential services are privately funded mostly through property owners' fees, that MPOA cannot receive any intergovernmental assistance for its essential services, that MPOA cannot levy any taxes on property owners, citizens, businesses, or visitors, and that MPOA's Board of Directors are not recognized government officials in Virginia.

In 1996, the County Supervisors approved plans by Great Eastern Resorts to develop Woodstone Meadows, a planned residential district. Woodstone Meadows was originally approved to be a project of 200 acres featuring

600 timeshare units, a small subdivision of single family dwellings, some businesses, and recreational facilities to include an executive golf course. Before the developer completed even half of the featured timeshares, the County Supervisors approved three amendments to the original plan over a seven year period increasing the size of the project to 435 acres with 1,700 timeshare units. To date, roughly **500** of the 1,700 timeshare units have been built along with the small residential subdivision, a few businesses, and most of the recreational facilities.

In 2005, the County Supervisors approved plans by Great Eastern Resorts to develop Village Festival, a planned commercial district. Village Festival was originally approved to be a project of 148 acres featuring an indoor-outdoor Waterpark, a timeshare sales center, hotels, and 150,000 square feet of retail shops. In 2008, the County Supervisors approved an amendment to the southern portion of the project which was subdivided and renamed Massanutten Station. The amendment increased the square footage of retail space to 264,000 square feet and created a district comprised of retail shops, entertainment buildings, recreational areas, and residential housing units. To date, only the first phase of the Waterpark has been built in either of these two districts.

The County decision to develop outside the physical and financial boundaries of the Massanutten Village district has had a significant impact on the Massanutten Community. For nearly 25 years, Massanutten Village had comfortably operated with its own privately funded essential services. In 1996, **70%** of the **1.2** million vehicles entering into Massanutten Village were related to MPOA property owners, whereas only **30%** were related to visitors from the general public patronizing Massanutten Village businesses. The financial burden for, and the benefit from, the privately funded essential services was fairly balanced between individual property owners and visitors. Rather than encouraging the developer to complete the Massanutten Village project, the County Supervisors approved the Woodstone Meadows and Village Festival districts which resulted in the financial structure for funding the essential services to be significantly and permanently skewed out of balance, as well as nearly eliminating the concept of the private-gated Massanutten Village district. ***This is because these districts are outside the financial structure for funding MPOA essential services in Massanutten Village, yet impose a burden on the essential services with a large number of visitors.***

MPOA Sources

Property Owners

Homes & Guests
Townhomes & Guests
Apartments & Guests
Timeshares & Guests
All Renters & Guests
Contractors & Deliveries



Visitors & Patrons

GERC Sales & Guests
Tour Center & Hotels
Ski Slopes & Ski Lodge
Golf Course & Pro Shop
Fareways & Le Club
Woodstone Timeshares
Owners & Guests



MPOA Vehicle Counts

920,244 Vehicles/Year
(44.33%)



1,155,495 Vehicles/Year
(55.67%)



MPOA Revenues

Property Owners (70.6%)

MPOA Fees -- \$1,097,109 (62.4%)
Trash Collection -- \$105,243 (6%)
Penalties & Fees -- \$37,912 (2.2%)

Commercial Ventures (25%)

Mini-Golf Profits -- \$208,140 (11.9%)
Go-Kart Profits -- \$169,291 (9.6%)
TS Rental Profits -- \$71,336 (4.1%)
Tower Rental -- \$17,935 (1%)
Other -- \$-27,570 (-1.6%)

GERC Contribution (4.4%)

Developer -- \$77,499 + \$30,000 (4.4%)

In 2009, the number of vehicles entering into Massanutten Village was more than **2.075** million, with now more than **55%** related to visitors from the general public patronizing Massanutten Village businesses. Yet, more than **70%** of the financial burden for the Massanutten Village essential services of law enforcement and road maintenance are borne by the individual property owners of MPOA. The additional daily traffic resulted largely from the visitors occupying timeshare units in Woodstone Meadows traveling to recreational facilities and businesses in Massanutten Village. ***The number of vehicles entering into Massanutten Village has doubled since the approval of the Woodstone Meadows development in 1996.*** In fact, the number of vehicles entering in 2010 increased by almost **18%** over 2009, to now more than **2.44** million. Since the additional traffic reflects the impact of only 500 constructed of the 1,700 approved Woodstone Meadows timeshare units and none of the 300 approved Massanutten Station housing units, ***the annual trend of increasing traffic is expected to continue well into the future.*** In fact, the vehicle traffic in the first half of 2011 is already up **20%** over 2009.

Massanutten Drive, privately owned and maintained, is now the **fourth** most heavily traveled road in Rockingham County (behind Routes 81, 33, and 42), with an average daily traffic of over 15,300 vehicles.

The combination of historical factors has created many challenges for the Massanutten Community. Currently, it lacks sufficient ways and means to balance the burden of paying for essential services among its property owners, citizens, businesses, and visitors. It is also not eligible to receive intergovernmental assistance to help pay for essential services which are stressed by a very large number of visitors from the general public. And, it lacks the ability to comprehensively plan and zone in the best interest of its citizens, to include their quality of life. Town incorporation of the Massanutten Community is one way to address these issues. However, property owners in the Massanutten Village district do benefit from being a private-gated district, where access by visitors from the general public can be somewhat limited and where privacy can be considered in governance. Town incorporation could have a negative impact on these benefits.

Town Incorporation in Virginia

Town incorporation, in the Commonwealth of Virginia (VA), provides a community with a legally organized government body made up of local citizens with the authority to act in the best interest of their community. A town is a dependent political entity – meaning, it is dependent on the county, in which it resides, to provide certain essential services such as schools, courts, and social services. ***The only services a town must provide are the services of comprehensive planning and zoning.*** All other legally allowable town services, such as law enforcement and road maintenance, are ***optional***. A town is permitted to raise revenues by levying taxes to help pay for any services provided to its citizens, property owners, businesses, and visitors. These taxes may include real estate, vehicle license, food & beverage, transient occupancy, and business license taxes. A town is also entitled to receive state and federal funding to help pay for the cost of essential services. The only requirement for town incorporation is having a population of at least 1,000 inhabitants – Massanutten meets this requirement.

In 1964, the VA General Assembly established two processes for town incorporation. One process allows the VA General Assembly to directly charter an incorporated town via enactment by a two-thirds vote of its House and Senate. A second process allows for courts to incorporate a town via judicial proceeding upon a petition from community citizens. Regardless whether a community incorporates via either process, it does not legally require the approval or the support of any county, town, property owners association, or private corporation. Since 1964, only two communities have incorporated into a town and both were chartered directly by the VA General Assembly – Clinchco (in 1990) and Castlewood (in 1991, which did not have any County support).

Town incorporation via VA General Assembly enactment can be a relatively short, simple and inexpensive process, which is politically driven. Community citizens may request enactment through state legislators. The request must include a plat showing the proposed Town boundaries and a draft Town Charter to be enacted. The request is motioned by state legislators and then a vote is taken at a General Assembly session. If incorporated, the town would operate under the enacted Town Charter and elections would be held to elect town officials.

Town incorporation via judicial proceedings can be a relatively long, complicated and expensive process, which is legally driven. A petition must be signed by at least one-hundred registered voters residing in the area to be incorporated, and then submitted to the local Circuit Court. The petition must include a plat prepared by a registered surveyor showing the boundaries of the proposed town and include information delineating reasons why the proposed incorporation is desired, why it would be in the best interest of the inhabitants, and how the general good of the community is served by the incorporation. The Court must conduct proceedings hearing arguments for and against the proposed incorporation. If the Court determines the criteria for incorporation have been satisfied, it must enter a Court Order incorporating the area described in the petition as a Town. The Court Order must include provisions for electing the members of the Town's initial governing body, who would serve until successors are elected pursuant to a Town Charter granted by the VA General Assembly.

Section II of the Final Report details the process for town incorporation in Virginia.

Hypothetical Town Boundaries for Massanutten

A Town of Massanutten, if incorporated, should include the planned residential districts of Massanutten Village and Woodstone Meadows, as well as the planned commercial districts of Village Festival and Massanutten Station. What is often referred to as “Massanutten” includes all of these County master planned districts with a population of both citizens and visitors, who travel between districts, often on daily basis. It was determined that the logical boundaries for an incorporated town of Massanutten could be those which coincide with the service area boundaries of the Massanutten Public Service Corporation (MPSC). MPSC provides water and sewerage service, exclusively to the Massanutten community, and the service area boundaries are controlled by the VA State Corporation Commission and recognized by Rockingham County. The boundaries include all of Massanutten Village, Woodstone Meadows, Village Festival, and Massanutten Station. Also, an incorporated town of Massanutten could include expansion areas, as designated in the County Comprehensive Plan. The hypothetical boundaries for an incorporated town of Massanutten are shown below. Section III of the Final Report discusses the hypothetical boundaries of an incorporated town of Massanutten in greater detail.



The hypothetical town of Massanutten includes a total of 7,802 acres, or nearly 12.2 square miles, with roughly 2,700 housing units and real estate values assessed to be worth almost \$677 million. The hypothetical town has an estimated population of 2,400 permanent residents to include more than 300 students attending public schools. There would be several thousand more overnight inhabitants when considering the roughly 1,200 timeshare housing units in the town where tourists stay, often on a weekly basis.

Town of Massanutten Essential Services

Currently, Rockingham County provides the majority of essential services for the Massanutten Community. These include education, court, voter registration, property assessment, building inspection, fire & rescue, health, and social services. If Massanutten incorporated into a town, the County would continue to provide many of these same essential services. Currently, Rockingham County also provides comprehensive planning

and zoning services for the Massanutten Community. However, if the community incorporated into a town, the **only** services that an incorporated town of Massanutten is **required** to provide, pursuant to VA Law, are the services of comprehensive planning and zoning. These services would be provided by the town to its property owners, citizens, businesses, and visitors, in lieu of similar County services.

Currently, Rockingham County provides law enforcement and the VA Department of Transportation (VDOT) provides road maintenance services to only part of the Massanutten Community, specifically to the districts of Woodstone Meadows, Village Festival, and Massanutten Station. The Massanutten Property Owners Association (MPOA) provides private law enforcement and maintenance services for the Massanutten Village district, where there are **no** publicly owned roads, parks, or open spaces in the district. If Massanutten incorporated into a town, the actual mix of optional services provided by the incorporated town would largely depend on what services would be needed for Massanutten Village. This is because the Massanutten Village district makes up the overwhelming majority of land area and population in the hypothetical town, and MPOA already provides many essential services. Thus, what optional services would be provided by the incorporated town would depend on what services would be retained by MPOA, post incorporation. ***The advantage to having an incorporated town of Massanutten provide essential services is a town's ability to balance, via taxes and fees, the cost of services among property owners, citizens, businesses, and visitors. And, incorporated towns are eligible to receive state and federal funding to help defray the costs of essential services.*** If an incorporated town of Massanutten provides a service(s), in lieu of an MPOA service(s), the town would benefit by the transfer of MPOA assets and/or the turning over of MPOA properties associated with the given essential service(s). The following services were examined for an incorporated town of Massanutten.

Road Maintenance – MPOA currently maintains fifty-two (52) lane miles of roads in the Massanutten Village district. This maintenance includes resurfacing roads, plowing snow, and cutting grass along roadsides. If Massanutten incorporated into a town, it could decide to provide maintenance for all publicly owned town roads, including roughly twelve (12) lane miles in the Woodstone Meadows and Village Festival districts. An incorporated town of Massanutten could provide road maintenance, similar in quality to that which MPOA currently provides to the Massanutten Village district, without any maintenance provided by VDOT. ***If MPOA turned over its privately owned roads for public use, an incorporated town of Massanutten would have roughly sixty-four (64) lane miles of hard surfaced roads and could qualify for \$750,000 in grants from the VDOT Urban Maintenance Program.*** This Program has distributed state and federal gasoline tax revenues to VA cities and towns for over 25 years, without any budget cuts. The Program helps to defray road maintenance costs in most incorporated towns in VA, with actual funds distributed by the number of lane miles of town roads. For example in FY2011, Elkton received \$350,390 in funding for 35.7 lane miles of roads, Bridgewater received \$579,585 in funding for 51.1 lane miles of roads, and the city of Harrisonburg received \$3,761,030 for 316.3 lane miles of roads. An incorporated town of Massanutten could also receive additional state and federal funding for road construction projects, such as the widening of Massanutten Drive, which is currently bearing three times the vehicle load than its design specifications. State and federal funding assistance for maintenance and construction would be welcomed for an aging and heavily traveled road system in the Massanutten Community. It is important to note that town incorporation is not necessarily linked to MPOA turning over its privately owned roads for public use, nor is it linked to receiving VDOT funding. If Massanutten incorporated into a town, it would not be **required** to provide any maintenance for MPOA roads or could provide maintenance for some MPOA roads, like Massanutten Drive and Del Webb Drive, which are largely open to the public at this time. Section IV of the Final Report has more details about road maintenance services.

Law Enforcement – MPOA currently has a privately funded security force made up of seven (7) full-time “Special Conservatives of the Peace” plus five (5) full-time Gate Attendants that serve the Massanutten Village district with law enforcement and security. They cover the district with at least one Special Conservator and one Gate Attendant on duty twenty-four hours a day, seven days a week. In 2009, the Special Conservators responded to more 9-1-1 calls than any town law enforcement agency in Rockingham County and reported the second most number of crimes. If Massanutten incorporated into a town, town officials could decide to provide law enforcement for all town property owners, citizens, businesses, and visitors. ***The incorporated town Police Force could consist of eleven (11) full-time Police Officers and one (1) full-time administrative staff member***

with a budget augmented by more than \$60,000 annually in state and federal law enforcement grants. This would be the largest town police force in Rockingham County covering the town area with at least two (2) Officers on duty twenty-four hours a day, seven days a week. The Police Force would have statutory authority to protect and serve the community with full capacity to uphold the laws of the Town, Virginia, and the United States, as an integral part of the national law enforcement community, to include participating in mutual aid agreements. Section V of the Final Report has more details about Massanutten Community law enforcement.

Parks and Open Space Maintenance – MPOA currently maintains two parks and many acres of open space in the Massanutten Village district. The maintenance includes such things as resurfacing parking lots, collecting leaves, and cutting grass. If Massanutten incorporated into a town, town officials could decide to provide maintenance for all publicly owned town parks and open space providing maintenance, similar in quality to that which MPOA currently provides to Massanutten Village. ***If MPOA turned over for public use its two privately owned parks along with its many acres of open space used for recreation and storm water management, the incorporated town could qualify for state and federal funding for improvements to these areas.*** This could include constructing bike lanes and hiking paths, improving storm water management, refurbishing historical landmarks, and replacing the tree canopy in parks. Section VI of the Final Report has more details about Massanutten Community parks and recreation.

Public Utility Services – The Massanutten Community is served with underground utilities by Massanutten Public Service Corporation (MPSC -- water and sewerage), Dominion Power (electric), Verizon (telephone), and Comcast (cable television). The services provided by these companies would be relatively unaffected by town incorporation with two exceptions. First, the Massanutten Community has endured many years of utility company construction projects that have negatively impacted road surface integrity affecting smooth vehicle travel and road lifetime. An incorporated town of Massanutten would have greater legal authority, than MPOA, to ensure the long term proper repair of roads and right-of-ways after construction done by utility companies. Second, MPSC provides service only to the Massanutten Community. It has recently increased rates twice in a three year period, nearly doubling the rates, and making them over twice the rate paid by other Rockingham County residents. MPOA has had limited success in preventing MPSC rate hikes. If Massanutten incorporated into a town, its elected government officials, recognized by the Commonwealth of Virginia to include the VA State Corporation Commission, could have greater political success in preventing or limiting any future MPSC rate increases. Section IV of the Final Report has more details about Massanutten Community infrastructure.

Town of Massanutten Government

Currently, citizens of the Massanutten Community vote to elect many Rockingham County Officials who are responsible for administering County essential services. These officials include a Sheriff, Clerk of the Court, Commonwealth Attorney, Commissioner of Revenues, and Voter Registrar. Citizens also participate in electing one of five County Supervisors and one of five County School Board Members. ***If Massanutten incorporates into a town, town citizens would continue to participate in elections for these same officials to execute the same responsibilities, with one exception.*** The County Supervisors will no longer be responsible for the comprehensive planning and zoning of Town of Massanutten properties.

Currently, property owners in the Massanutten Village district participate in electing a Board of Directors for the Massanutten Property Owners Association (MPOA). These Directors are responsible for the association's budget and governance to include the creation, amendment, and enforcement of Rules & Regulations, which are based on the Restrictive Covenants of MPOA residential subdivisions. ***If Massanutten incorporates into a town, MPOA would continue to exist and Massanutten Village property owners would continue to be members of MPOA.*** MPOA property owners would continue to participate in electing a Board of Directors to execute roughly the same responsibilities, with two exceptions. Post incorporation, the MPOA Board may be responsible for a smaller budget, if any services, such as law enforcement and/or road maintenance, are assumed by the incorporated town. And, the MPOA Board may no longer be responsible for some Rules & Regulations, if any services, such as law enforcement and/or road maintenance, are assumed by the incorporated town.

If Massanutten incorporates into a town, the Massanutten Community would be provided with a legally organized government body made up of local citizens with the authority to act in the best interest of their community. Town of Massanutten citizens would participate in electing a Town Mayor and Town Council, who would be primarily responsible for the required town services of comprehensive planning and zoning. These Town of Massanutten services would be provided in lieu of similar Rockingham County services. ***Thus, the Town of Massanutten Government would be responsible for the creation and amendment of a Town of Massanutten Comprehensive Plan and Town of Massanutten Zoning Ordinances along with associated Town of Massanutten zoning administration and enforcement.***

Now			Post Incorporation	
Rockingham County Supervisors Rockingham County Planning Commission	Zoning Ordinances		Massanutten Town Council Massanutten Town Planning Commission	
Rockingham County Zoning Administrator Rockingham County Board of Zoning Appeals	Zoning Administration		Massanutten Town Zoning Administrator Massanutten Town Board of Zoning Appeals	
MPOA Board (per Covenants)	Rules & Regs		MPOA Board (per Covenants)	
MPOA A&EC and Rules Committees	Rules Administration		MPOA A&EC and Rules Committees	

Town of Massanutten elected officials would also be responsible for determining what services would be provided to town property owners, citizens, businesses, and visitors, as well as what taxes and fees would be levied to pay for these services. The Town of Massanutten would hire, at a minimum, a professional Town Administrator and a Town Treasurer. The Town Treasurer would be responsible for collecting town revenues and disbursing town expenditures. The Town Administrator would be responsible for administering any town services. The actual mix of town services would include, at a minimum, comprehensive planning and zoning. It could also include a mix of optional services that would largely depend on what services would be needed for Massanutten Village, as previously discussed. Section VII of the Final Report discusses five (5) alternative visions with different types of optional town services and associated town staffing. For example, town staffing could consist of the professional mix shown in the table below, if the optional services included:

- **Maintenance** services for all qualifying town roads, including those that are owned by MPOA,
- **Maintenance** services for all town parks and open space, including those that are owned by MPOA, and
- **Law Enforcement** services for all town property owners, citizens, businesses, and visitors.

Town Department	Full Time Employees	Part Time Employees
Administration	6	0
Police Department	12	0
Maintenance Department	11	0

Section VII of the Final Report also discusses five (5) corresponding alternative MPOA visions with different types of retained MPOA services and associated MPOA staffing, if Massanutten incorporated into a town.

Town of Massanutten Budget

Currently, Rockingham County levies various taxes on property owners, citizens, businesses, and visitors of the Massanutten Community to help pay for many County provided services. ***If Massanutten incorporated into a town, Town of Massanutten constituents would continue to pay many of these same County taxes***, such as real estate and personal property taxes, to help pay for County provided services such as education, court, health, and social services. The incorporated town could levy Town taxes in lieu of, or in addition to some County taxes. Town taxes, ***in lieu of*** County taxes, could include vehicle license, food & beverage, and transient occupancy taxes. Town taxes, ***in addition to*** County taxes, could include town real estate and personal property taxes. Section VIII of the Final Report details taxing authorities for incorporated towns in Virginia.

Currently, members of the Massanutten Property Owners Association (MPOA) pay an annual assessment fee of \$535 per property (lot) to help pay for MPOA provided essential services in the Massanutten Village district. ***This assessment fee is equivalent to a town real estate tax rate of \$0.24 per \$100 of assessed property value for the average Massanutten Village single family home. The MPOA equivalent town tax rate is almost twice that of any town in Rockingham County, and one of the highest rates in all of Virginia, while providing about the same services that most towns do.*** If Massanutten incorporated into a town, the actual amount of the MPOA assessment fee would depend on what services in the Massanutten Village district would be provided by the town and what services would be retained by MPOA. The more services that are provided by the town results in less services provided by MPOA, which translates into lower or possibly no MPOA assessment fees. ***The advantage to having an incorporated town provide essential services is a town's ability to balance, via taxes and fees, the cost of services among property owners, citizens, businesses, and visitors. And, incorporated towns are eligible to receive state and federal funding to help defray the costs of essential services.*** In general, this results in lower taxes and/or fees on property owners to pay for the costs of essential services.

If Massanutten incorporates into a town, town citizens would participate in electing a Town Mayor and Town Council. These officials would ***only*** be required, pursuant to VA Law, to provide the Town of Massanutten with the services of comprehensive planning and zoning. The costs to provide these services would be roughly \$418,500. ***Required town services of planning and zoning could be readily paid for by town vehicle license, food & beverage, and transient occupancy tax revenues.*** These Town of Massanutten taxes would be levied on town citizens and visitors, in lieu of the same County of Rockingham taxes. ***Essentially, the Town of Massanutten would provide these services, in lieu of the same Rockingham County services, but pay for these services with town taxes, levied in lieu of the same county taxes.*** Thus, there would be no new taxes levied on Town property owners and citizens to pay for required town services of comprehensive planning and zoning.

Because there is a mix of optional services that could be provided by an incorporated town of Massanutten, Section VIII of the Final Report discusses five (5) alternative town visions with different types of optional town services to include associated expenditures and revenues. And, Section VIII of the Final Report discusses five (5) corresponding alternative MPOA visions with different types of retained MPOA services to include associated expenditures and revenues, if Massanutten incorporated into a town. In summary, it was found:

- An incorporated town of Massanutten could provide its citizens with ***maintenance*** services for all qualifying town roads and parks, including those in Massanutten Village, in addition to the ***required town services*** of comprehensive planning and zoning. The costs to provide these combined town services would be roughly \$1,368,750. ***Required town services plus town maintenance services could be readily paid for by town vehicle license, food & beverage, and transient occupancy tax revenues along with a grant from the Virginia Department of Transportation (VDOT) for the maintenance of qualifying town roads.*** The Town of Massanutten taxes would be levied in lieu of the Rockingham County taxes, albeit at a slightly higher rate. Thus, there would be essentially no new taxes levied on Town citizens to pay for required town services plus town maintenance services. However, ***the fixed MPOA annual assessment fee would be reduced from \$535 to \$260 per property (lot) – MPOA members would save \$275 per year for each property (lot) owned in Massanutten Village.*** This savings is a result of a town's ability to balance the cost burden of essential services among property owners, citizens, business, and visitors, as well as, its eligibility to receive intergovernmental assistance to help pay for these essential services.
- An incorporated town of Massanutten could provide its citizens with ***law enforcement*** services plus ***maintenance*** services for all qualifying town roads and parks, including those in Massanutten Village. These services would be in addition to the ***required town services*** of comprehensive planning and zoning. The costs to provide these combined town services would be roughly \$2,207,000. ***Required town services plus town maintenance services could be readily paid for by town vehicle license, food & beverage, and transient occupancy tax revenues along with a grant from the VDOT for the maintenance of qualifying town roads.*** These Town of Massanutten taxes could be levied in lieu of the Rockingham County taxes, albeit at a slightly higher rate. ***Town law enforcement services could be paid for by town real estate tax revenues,*** which would be levied on town property owners in addition to their county real estate taxes. However, an annual ***progressive*** town real estate tax of \$0.10 per \$100 of assessed property value could be

levied in lieu of an annual fixed MPOA assessment fee per lot to pay for the law enforcement services. ***There would be no MPOA annual assessment fee and 91% of MPOA members would save at least \$230 per year for each property (lot) owned in Massanutten Village.***

It is important to reiterate that the actual mix of services to be provided by an incorporated town of Massanutten depends on what services would be needed for the Massanutten Village district. The key to what services the town would actually provide is to determine what services would be retained by MPOA and what associated MPOA assets could be turned over or transferred to an incorporated town of Massanutten.

Considerations for the Town Incorporation of Massanutten

The Massanutten Community has grown considerably since development began in 1971 on the private-gated residential district of Massanutten Village. It now consists of four master planned districts – Massanutten Village, Woodstone Meadows, Village Festival, and Massanutten Station. The Massanutten Village district alone looks and acts much like other towns in Rockingham County having the largest land area, lane miles of roads, housing units, assessed real estate property value, and the largest population, if visitors in timeshare units are included. There are now more than 2.44 million vehicles entering into the private-gated residential district, with more than 55% coming from the general public patronizing Massanutten Village businesses.

The combination of historical factors has created many challenges for the Massanutten Community. Currently, the Massanutten Community lacks sufficient ways and means to balance the burden of paying for essential services among its property owners, citizens, businesses, and visitors. The Massanutten Community is also not eligible to receive intergovernmental assistance to help pay for essential services, which are stressed by a very large number of visitors from the general public. And, it lacks the ability to comprehensively plan and zone in the best interest of its citizens, to include their quality of life. The town incorporation of the Massanutten Community is **feasible** and is one way to address these issues. However, Massanutten Village property owners do benefit from being a private-gated district, where access by visitors from the general public can be somewhat limited and where privacy can be considered in private governance. Town incorporation could have a negative impact on these benefits. In general, therein lies both sides of the broad consideration for town incorporation. Section IX of the Final Report examines fourteen (14) distinct questions that citizens and property owners may wish to further consider when weighing their own pros and cons about the town incorporation of Massanutten.

The primary consideration of town incorporation stems from its basic premise – that is, town incorporation provides a community with a legally organized government body made up of local citizens with the authority to act in the best interest of their community. ***This provides a contrast in governance between towns and counties, with many governance decisions, specifically related to comprehensive planning and zoning, often determining the quality of life for citizens.*** The County Supervisors have made zoning decisions over the last fifteen years approving three relatively large districts to be built adjacent to the Massanutten Village district. The approvals were largely based on the additional county tax revenues that would be generated by the developments benefiting the more than 70,000 county citizens. However, the same decisions negatively impacted the quality of life for roughly 2,400 citizens of Massanutten Village by generating a very large influx of visitors into their private-gated district. ***In general, a large influx of visitors into any private-gated district reduces the overall privacy, safety, and security of the citizens of that district.*** If Massanutten had been incorporated into a town prior to these zoning requests, elected town officials may have come to a different conclusion about the three additional adjacent districts. They may have denied one or more of the requests, demanded more modest sized districts, and/or required additional road improvements from the developer, as a condition for approval. If the Massanutten Community incorporates into a town, many acres of undeveloped land within the town boundaries would be subject to the planning and zoning by the elected town officials, who could act in the best interest of community citizens. And, if the Massanutten Community incorporates into a town, elected town officials would have the ability to take action more quickly on community problems and emergencies through amendments and/or enforcements of town zoning ordinances.

Another consideration of town incorporation stems from a town's ability to balance the burden of paying for essential services among community property owners, citizens, businesses, and visitors. Currently, the majority of essential services for the Massanutten Community are provided privately by the Massanutten Property Owners Association (MPOA) in the Massanutten Village district. MPOA is limited to paying for these essential services by assessing fees on Massanutten Village property owners (70%), operating commercial ventures (25%), and by receiving contributions from the project developer (5%). ***There is a disproportionate burden (70%) placed on property owners to pay for essential services***, where ***55%*** of the vehicles entering into the Massanutten Village district are visitors coming from the general public patronizing its businesses. If Massanutten incorporated into a town, ***a Town of Massanutten could levy taxes and fees on property owners, citizens, businesses, and visitors in a fair and balanced way to pay for essential services***. This could include receiving roughly ***\$350,000 per year*** in revenues from vehicle license, food & beverage, and transient occupancy taxes, already being paid to Rockingham County by Massanutten citizens and visitors. A Town of Massanutten could also be eligible to receive more than ***\$800,000 per year*** in state and federal assistance to help pay for road maintenance and law enforcement services. An incorporated town's approach to pay for essential services could save the average homeowner in the Massanutten Village district as much as ***\$315 per year*** and could save the average undeveloped lot owner as much as ***\$485 per year*** for each lot.

Another consideration of town incorporation stems from the potential loss of some identity and control of MPOA. Currently, Massanutten Village is a private-gated district with no publicly owned property which is privately governed and serviced by MPOA. Prior to the development of the three adjacent districts, the Massanutten Village district had substantially less overall traffic (1.2 million vehicles) and a lower percentage of visitor traffic (30%). MPOA could readily limit access by the general public thru its main gate and enforce trespassing in its subdivisions, which are posted as private with no trespassing. As the development of the three adjacent districts has progressed, access control has become increasingly more difficult, as overall traffic has nearly doubled and visitor traffic increased to more than 55%. These increasing numbers stem largely from rights of Massanutten Village business property owners to give patrons access to their establishments. These patrons include tourists staying in the Woodstone Meadows district, having access to the skiing and golfing businesses in the Massanutten Village district. The sheer number of vehicles and associated people make it more and more difficult to control access. But, despite the increasing traffic, ***access control is still utilized by MPOA to provide some measure of privacy, safety and security to Massanutten Village property owners***. If Massanutten incorporated into a town, ***MPOA could lose its right to control access***. This would happen, ***if and only if***, MPOA turns over privately owned roads for public use. VA Law does not require a town to provide road maintenance to its citizens. So, ***town incorporation is not predicated on MPOA turning over its privately owned roads for public use***. And, if Massanutten incorporated into a town, MPOA could actually turn over only Massanutten Drive and Del Webb Drive for public use and town maintenance resulting in a reduction of the MPOA assessment fee by roughly \$150 per year for each property (lot). These two roads are currently the most heavily used by the general public and access controlled could still be maintained in MPOA subdivisions.

Finally, there is another consideration worth noting in this summary, one which is related to the Massanutten Community public and private utilities. The services provided by utility companies would be relatively unaffected by town incorporation, with two exceptions. First, ***an incorporated town could have greater legal authority***, than a private corporation like MPOA, ***to ensure the long term proper repair of roads and right-of-ways after construction is done by utility companies***. Second, ***the elected government*** officials of an incorporated town are recognized by the Commonwealth of Virginia, to include the Virginia State Corporation Commission, and ***could have greater political success***, than a private corporation like MPOA, ***in preventing or limiting any future rate increases by utilities, to include those rate increases related to water and sewerage***.

Section IX of the Final Report contains more detailed considerations concerning town incorporation. However, the reader is encouraged to review the entire Final Report to gain a better understanding and appreciation about the feasibility and considerations of incorporating the community of Massanutten, Virginia into a town. The Final Report can be found at www.townofmassanutten.org or can be obtained from the Massanutten Property Owners Association, 3980 Massanutten Drive, Massanutten, Virginia 22840.