



Town Incorporation of Massanutten

A Feasibility Study



Final Report

30 September 2011

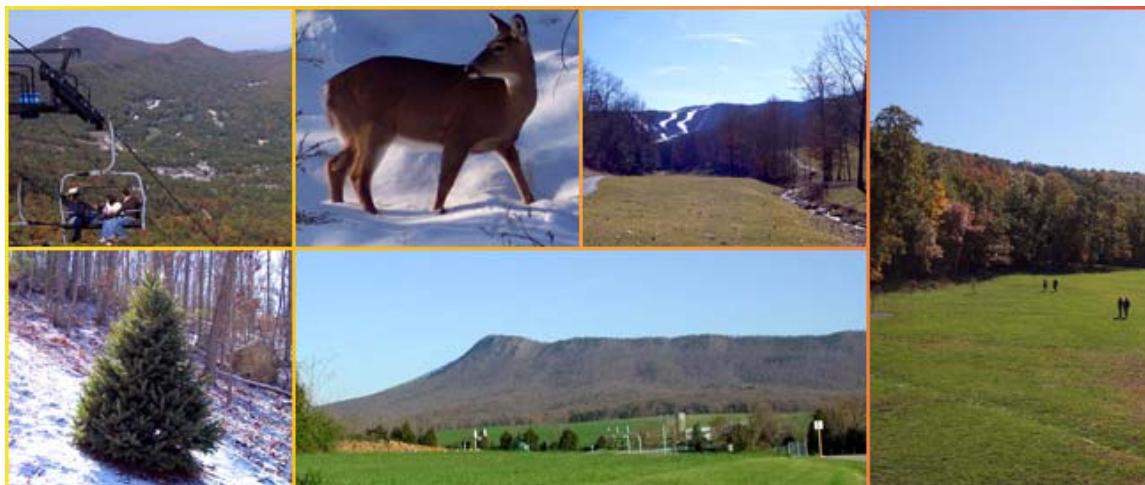


Forward

This **Report** presents the results of a feasibility study on incorporating the community of Massanutton, Virginia into a town. The feasibility study was conducted by a volunteer group of concerned Massanutton 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 Massanutton to incorporate into a town?
- 3). What might the community of Massanutton look like, if incorporated into a town?
- 4). What considerations might be of interest to citizens, if asked whether the community of Massanutton 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 this study, there was much misinformation and general lack of knowledge in the Massanutton Community about town incorporation in Virginia. It is believed that 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 Massanutton 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 Massanutton 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**. This feasibility study began by establishing hypothetical town boundaries for an incorporated town of Massanutton. 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 town taxes and intergovernmental assistance. Since many town services are optional, five (5) alternative visions for an incorporated town of Massanutton 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 giving 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 highly dependent on what services would be needed for Massanutten Village. Massanutten Village is the oldest and largest district in the Massanutten Community. It is a private-gated residential district 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 would be turned over or transferred to the incorporated town by MPOA.

This 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. This 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, this feasibility study did not include either.

The author and editor of this report are residents of Massanutten Village and members of MPOA. They and all contributors did not have any preconceived notions about whether or not to incorporate the Massanutten Community when the study began. They merely hoped to present facts as a service to the community. 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. This study was largely driven by the absence of a similar effort which had been done by the MPOA in the past, every ten years – one was done in 1989 and then again in 1999. The initial phase of the study efforts 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 this 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 this report was conducted by a group of concerned Massanutton 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 Massanutton 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 Massanutton 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 Massanutton 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 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 notices of community meetings.

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.

Final Report

Summary

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.



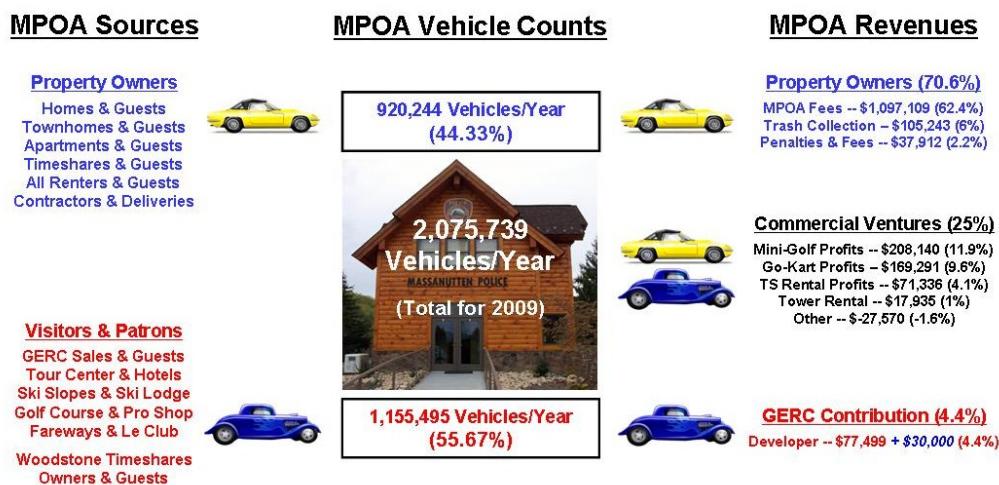
In 1974, the Massanutten Property Owners Association (MPOA) was incorporated to provide some governance and essential services for the Massanutten Village district. It currently has a budget of almost \$2.5 million and employs seventy (70) people, who provide administration, law enforcement, and maintenance 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.***



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.

Massanutton 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 Massanutton 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 Massanutton Community is one way to address these issues. However, property owners in the Massanutton 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 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*. 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.

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	
Zoning Ordinances	Rockingham County Supervisors Rockingham County Planning Commission	Massanutten Town Council Massanutten Town Planning Commission	
Zoning Administration	Rockingham County Zoning Administrator Rockingham County Board of Zoning Appeals	Massanutten Town Zoning Administrator Massanutten Town Board of Zoning Appeals	
Rules & Regs	MPOA Board (per Covenants)	MPOA Board (per Covenants)	
Rules Administration	MPOA A&EC and Rules Committees	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 Massanutton Village.***

It is important to reiterate that the actual mix of services to be provided by an incorporated town of Massanutton depends on what services would be needed for the Massanutton 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 Massanutton.

Considerations for the Town Incorporation of Massanutton

The Massanutton Community has grown considerably since development began in 1971 on the private-gated residential district of Massanutton Village. It now consists of four master planned districts – Massanutton Village, Woodstone Meadows, Village Festival, and Massanutton Station. The Massanutton 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 Massanutton Village businesses.

The combination of historical factors has created many challenges for the Massanutton Community. Currently, the Massanutton Community lacks sufficient ways and means to balance the burden of paying for essential services among its property owners, citizens, businesses, and visitors. The Massanutton 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. Town incorporation of the Massanutton Community is one way to address these issues. However, Massanutton 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 Massanutton.

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 Massanutton 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 Massanutton 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 Massanutton 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 Massanutton 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 Massanutton 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.

SECTION I

Introduction

1.0 -- Background

Massanutten is a residential community with resort amenities located in the western part of Virginia in the County of Rockingham roughly 15 miles east of Harrisonburg. Massanutten is a *Census Designated Place* (CDP) having a population of 2,291 individuals with 2,692 dwelling units and 676 families in 2010. It had a population of 1,945 individuals with 1,051 dwelling units and 582 families in 2000. And, it had a population of 990 individuals with 793 dwelling units in 1990.



A Census Designated Place is a community having a concentration of population that is identified by the United States Census Bureau for statistical purposes.

Massanutten has grown significantly in population, number of dwelling units, and area since 1990. It now consists of the Residential Planned Communities of Massanutten Village and Woodstone Meadows plus the Planned Commercial Developments of Village Festival and Massanutten Station. The community consists of a wide variety of housing accommodations to include privately owned detached single family homes, duplexes, townhouses, and apartments mostly occupied by citizens who live year round in Massanutten. Additionally, the community includes detached single family, duplex, townhouse, and condominium timeshare units for tourists who enjoy Massanutten's resort activities.

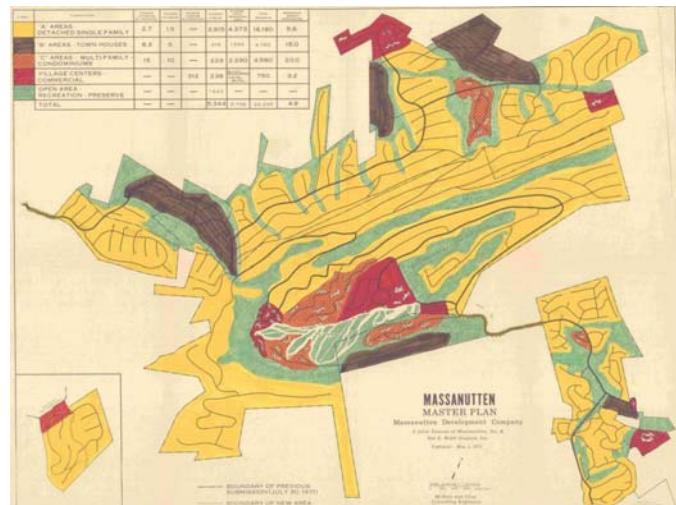
1.1 -- History of Massanutten Village

Massanutten Village is the original and largest component of the Massanutten community. Understanding its history is important to understanding the arguments for and against any possible town incorporation.

Development on Massanutten Village began in 1971 by the Massanutten Development Company which was made up of four local businessmen (lead by John L.

Hopkins) and the Del Webb Corporation. It was designed primarily to be a private-gated residential community. It was zoned by Rockingham County as a Residential Planned Community (R-4) District located north of Route 33, west of Route 602, and east of Indian Trail Road. County Zoning District R-4 requires a master plan approved by the County Supervisors and the first Massanutten Village Master Plan (dated August 1971) delineated a project area of roughly 3,000 acres with approximately 5,000 dwelling units for an estimated 15,000 residents.

The second Master Plan (dated July 1972 and shown on the right) increased the project area to more than 5,000 acres with more than 8,000 dwelling units for more than 25,000 residents. There were a total of ten (10) Master Plans made in the first 10 years of the project with, except for the first, only minor adjustments made in the boundary lines and dwelling types keeping the overall project size roughly the same. It is interesting to note that the original project size suggested from the outset that Massanutten would eventually meet all the requirements for an incorporated town in Virginia.



The project design included a variety of housing accommodations (single family homes, townhouses, and condominiums) located in separate areas (R-4A, R-4B, and R-4C respectively) along with a Village Center that included commercial and recreational properties. It is worth noting that these four areas are all translatable to self contained zoning districts. The project was basically split into two areas by the Massanutten Mountains, the

major part of which runs roughly north and south. The project had two entrances – one accessed from Route 644 (Resort Drive) on the east side and one accessed from Happy Valley Road on the west side – with each entrance having its own security gate house. Development basically began from east to west with the Massanutten Development Company constructing the infrastructure (roads, utilities, etc.) and resort-type amenities (skiing, golfing, etc.) while selling lots to individuals who would acquire contractors to construct their homes. By the end of 1973, eight (8) single family home subdivisions were recorded with separate Plats and Covenants along with three (3) multi-family home subdivisions. The single family home subdivisions were called Braxton Glen (Unit 1), Wythe Forest (Unit 2), Harrison Heights (Unit 3), Lee Woods (Unit 4), Nelson Woods (Unit 5a), Piney Mountain, Village Woods, and Bellevue Glades. Bellevue Glades was the only recorded subdivision that was located on the western side of the Massanutten Mountains. The three (3) multi-family home subdivisions were called Grenoble Woods, Skiside Courts and Skiside Courts East which were all located adjacent to the ski slopes. By the end of 1973, fourteen (14) single family homes had been constructed and twenty-four (24) more were under construction. The Massanutten Ski Slopes were fully operational. And, public utilities to include water and sewerage were available to many of the subdivisions.

The Massanutten Property Owners Association (MPOA) was incorporated in January 1974, pursuant to state law. MPOA was created to govern the community and to provide administration, security, maintenance, and amenity services. Its first officers were made up of representatives from Massanutten Development Company and from ordinary property owners. Most roads and open spaces were deeded to MPOA by Massanutten Development Company for use by residents and maintenance by the Association. MPOA's first operating budget was roughly \$150,000 in 1974.

The years of 1975 and 1976 saw significant changes to Massanutten Village to include the buyout of the local businessmen by the Del Webb Corporation. Three (3) more single family home subdivisions were added called Greenvale Hills, Keeler Woods (Unit 6), and Unit 9 (which had no other name). And, one additional multi-family home subdivision was added called Quails Nest. A golf course was constructed in the Kettle. A Massanutten Hotel and Conference Center was planned. Plus, two more areas with different types of housing accommodations were added to the Master Plan – an area for Multi-Family/Commercial Housing and an area for Single Family/Multi-Family/Commercial Housing as shown below in the table from the September 1976 Master Plan. These areas were planned to provide overnight and weekly accommodations (hotel rooms, townhouses, condominiums, and single family homes) for tourists from the general public. This stark change in direction for the project, approved by the Rockingham County Board of Supervisors, moved Massanutten Village from a private-gated residential community to one more open to the general public.

SYMBOL	CLASSIFICATION	MAXIMUM UNITS / ACRE BY ORDINANCE	PLANNED UNITS/ACRE	MAXIMUM ACREAGE BY ORDINANCE	PLANNED ACREAGE	PLANNED TOTAL RESIDENTIAL UNITS	TOTAL RESIDENTS	RESIDENTIAL DENSITY PEOPLE/ACRE	PEOPLE / RESIDENTIAL UNIT
	"A" AREAS DETACHED SINGLE FAMILY	2.7	1.5	—	2,863	4,295	15,892	5.6	3.7
	"B" AREAS - TOWN HOUSES	8.3	5	—	183	915	2,745	15.0	3.0
	"C" AREAS - MULTI - FAMILY*	15	10	—	219	2190	4,380	20.0	2.0
	SINGLE FAMILY/ MULTI- FAMILY*/ COMMERCIAL	—	4.0	—	108	432	1,598	14.8	3.7
	MULTI - FAMILY*/ COMMERCIAL (MORE THAN 3 STORIES)	—	24	—	22	528	792	36.0	1.5
	VILLAGE CENTERS - COMMERCIAL	—	—	312	210	260 RMS. MOTEL HOTEL	390	1.9	1.5
	OPEN AREA - RECREATION - PRESERVE	—	—	—	1,738	—	—	—	—
	TOTAL				5,343	8,620	25,797	4.9	

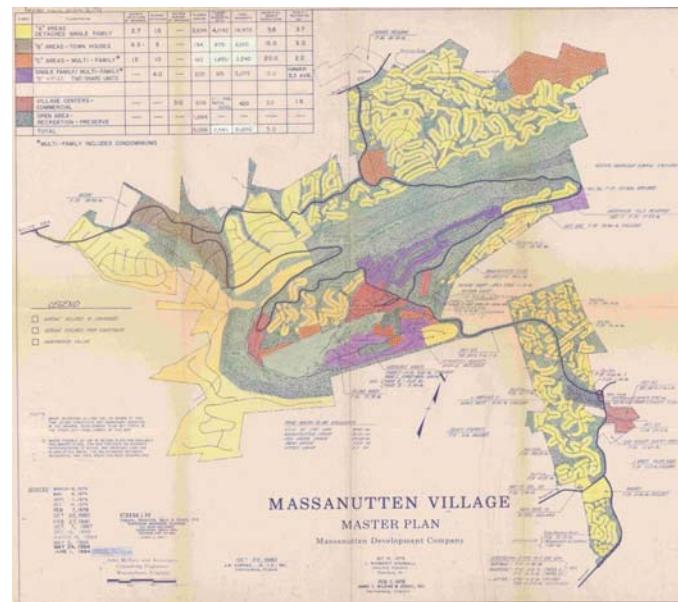
* MULTI - FAMILY INCLUDES CONDOMINIUMS

By the end of 1977, the Massanutten Development Company had completed nearly all of the infrastructure and amenity construction in the eastern portion of the project and sold virtually all the lots in seven of the first eight single family home subdivisions and roughly half of the lots in the three single family home subdivisions added in 1975. The Massanutten Development Company abandoned further development of the project and sold it to

Massanutten Village, Inc which was made up of local businessmen to include attorneys Henry Clarke and Stephen Bradshaw. Before the sale, Massanutten Development Company deeded nearly all of the roads and open spaces as well as the security, maintenance, and amenity assets to MPOA.

The business model of Massanutten Village, Inc. was essentially to develop the two newly designated project areas for overnight and weekly accommodations of tourists – although, they did record one additional small single family home subdivision called Unit 10. The business model used a new concept in property ownership called timesharing, whereby one week of each year of a single housing unit was sold to an owner. This concept was coupled with completing the construction of the Massanutten Hotel and Conference Center. If successful, the business model would accelerate the overall number of people coming to Massanutten Village and increase property values. The consequence was making it less and less a private-gated residential type community and more like an open resort community. However, the early 1980's saw very tough economic times and Massanutten Village, Inc. went bankrupt. In 1984-85, Great Eastern Resorts purchased from the Bankruptcy Court the undeveloped parts of Massanutten Village. Massanutten Public Service Corporation purchased from the Bankruptcy Court the public utilities of water and sewerage. It should be noted that MPOA continued operations separate from the bankruptcy.

Over the next twelve years, Great Eastern Resorts focused on completing the development of the two designated project areas for overnight and weekly accommodations of tourists using the Massanutten Village, Inc. business model. The two project areas were eventually integrated into one area on the Master Plan and designated by the County as Area "D" Timeshare Units. The Massanutten Village Master Plan of June 1994 (shown on the right) delineates a total project area of more than 5,000 acres with more than 7,500 housing units (including more than 900 timeshare units) for more than 20,000 residents. By the end of 1996, nearly 1.2 million vehicles were entering into the gate of Massanutten Village yearly and of that amount more than 350,000 vehicles (roughly 30%) were from the general public -- not related to MPOA. Again, this emphasizes the number of people coming into Massanutten Village from the general public and that Massanutten Village was becoming even less like the original private-gated residential community.



The table below summarizes the differences in the Massanutten Village Master Plans of 1971, 1972, 1994, and the latest Master Plan of 2002. The project area, housing units, and planned population numbers are compared. It should be noted that there has not been much change in the planned Massanutten Village since 1994. The four Master Plans are also compared to the actual developed numbers as recorded with Rockingham County. Only thirty percent (30%) of the project area and total number of housing units have developed in Massanutten Village's forty (40) year history to date. Thus, it is very important to point out that roughly 70% of the Massanutten Village project is yet to be developed. The plan for this area is less refined. And, much has been learned over the last forty (40) years relative to infrastructure and services which could be included in the details when plans for the undeveloped area are actually realized and construction is undertaken.

The actual population of Massanutten Village (as opposed to the U.S. Census population for the Massanutten area as a whole) has been estimated to be roughly two thousand (2,000) year round inhabitants. This is a far cry from the planned population of over twenty-three thousand. This is because the actual number of year round inhabitants in Massanutten Village is significantly increased by people who regularly stay in its timeshare units

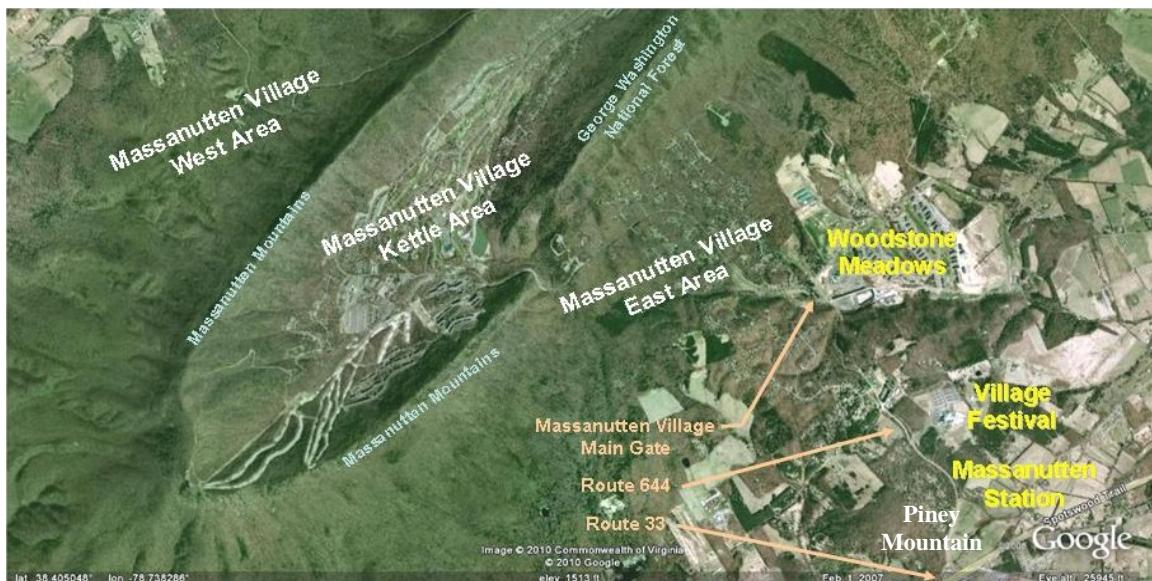
and hotel rooms. It has been estimated that there could be a total of more than 6,000 persons staying overnight in Massanutton Village on most weekends. This is born out by the fact that more than 2.44 million vehicles entered into Massanutton Village in the year of 2010 -- to include an average of more than 7,500 vehicles per day in December 2010 alone. Of the 2.44 million vehicles, more than 1.3 million vehicles (more than 54%) were not related to MPOA – they came from the general public.

	1971 Plan	1972 Plan	1994 Plan	2002 Plan	2010 Actuals
Project Area (acres)	3,042	5,344	5,066	5,066	1,521
Number of Single Family Dwelling Units	3,021	4,373	4,042	3,904	1,006
Number of Multi-Family Dwelling Units	1,500	3,885	2,290	2,140	46
Number of Timeshare Units	--	--	931	971	730
Number of Hotel Rooms	500	500	280	290	290
Total Number of Housing Units	5,021	8,758	7,543	7,305	2,102
Planned Population	14,928	26,295	21,690	23,034	-

MPOA has provided primary law enforcement services and exclusive road maintenance services to Massanutton Village since 1974. Currently, the MPOA police department is larger than any town in Rockingham County. The MPOA maintenance department services fifty-two lane miles of road which is also more than any town in Rockingham County. And, MPOA has its own administration staff that manages an annual budget in excess of \$2.5 million overseen by a thirteen (13) member Board of Directors.

1.2 – Massanutton Area

The broader Massanutton area has seen considerable additional growth since 1996, particularly outside of Massanutton Village. The Massanutton area now consists of six (6) relatively distinct areas. Massanutton Village itself can be divided up into three areas – Massanutton Village West, Massanutton Village Kettle, and Massanutton Village East. Outside of Massanutton Village and to the east, three additional areas have been planned and are under various stages of development – another Residential Planned Community District called Woodstone Meadows and two Planned Commercial Development Districts called Village Festival and Massanutton Station. Understanding the history of these three areas outside of Massanutton Village is very important to understanding the arguments for and against town incorporation of the Massanutton Community.

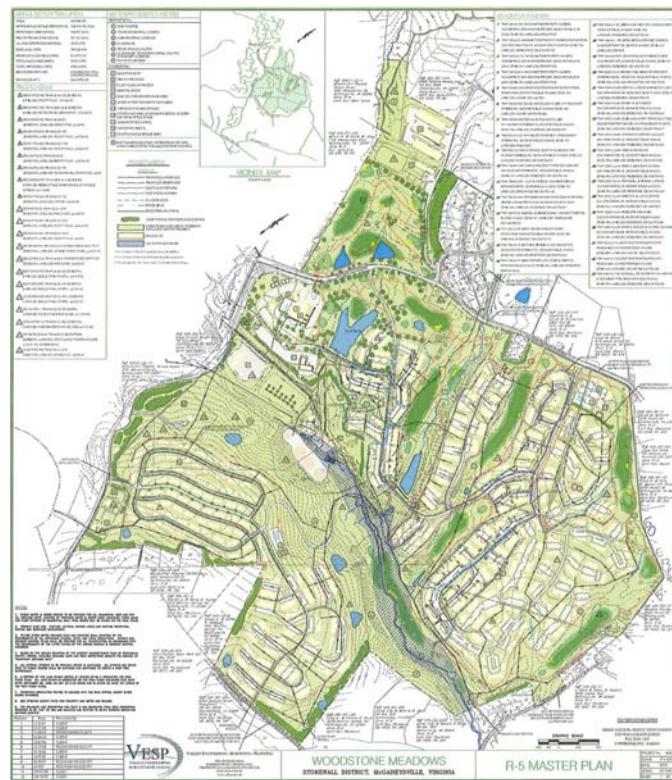


Massanutton Village can be divided into three separate areas largely based on geographical reasons and the types of housing accommodations planned in each area. The Massanutton Village West area consists of planned, but undeveloped land largely owned by Great Eastern Resorts. The only infrastructure which exists in this area is Del Webb Drive which has restricted access from the Massanutton Mountain Overlook to the abandoned gate house at Happy Valley Road in Keezletown. The Massanutton Village East area largely consists of single family home subdivisions for residents who live year round -- one subdivision called Piney Mountain is located outside of the limited access gate house northwest of the intersection of Route 33 and Route 644 (Resort Drive). The design of these two areas (East and West) has remained relatively the same since the Massanutton Village Master Plan of 1994.

The Massanutton Village Kettle is an area bounded by the “kettle” form of the Massanutton Mountains. This area consists of four private single family home subdivisions; three private multi-family home subdivisions; timeshare units in the form of duplexes, townhouses, and condos; and, resort amenities to include an eighteen hole golf course, miniature golf course, go-kart track, bungee jump, ski slopes, snow tubing hill, zip line, ski lodge, outdoor swimming pools, a general store, a hotel & conference center, a restaurant, an indoor recreational facility with an indoor pool & gymnasium, and administration buildings for MPOA and Great Eastern Resorts.

The Residential Planned Community District (R-5) of “Woodstone Meadows” was approved for development by the County Supervisors in late 1995. It is located just outside of the main entrance to Massanutton Village and east of Route 644 (Resort Drive). It should be noted that Woodstone Meadows is not served by MPOA law enforcement or road maintenance services. The original Great Eastern Resorts project design of two-hundred (200) acres featured six-hundred (600) timeshare units along with an executive golf course of nine holes, clubhouse, pro-shop, and a community recreational complex with indoor & outdoor swimming pools, tennis courts, basketball courts, a playground for children, a café, general store, and timeshare sales offices for Great Eastern Resorts. In the year of 2001, the County Supervisors approved expanding the project to a total of three-hundred (300) acres including the total number of timeshare units increased to nine-hundred (900), the executive golf course expanded to eighteen holes with a driving range, and the addition of riding stables and a spa. The project expansion also included a corresponding major expansion of the public utilities of water and sewerage to accommodate the projected future growth outside Massanutton Village. Specifically, the sewage treatment capacity was increased to 1,500,000 gallons per day. In the years of 2003 and 2007, the County Supervisors approved further expanding the project to the present-day project total of roughly 435 acres with 1,700 planned timeshare units for a gross unit density of 3.9 units per acre – the 2009 Woodstone Meadows Master Plan Map is shown on the right. All amenities and public utility expansion have been completed along with roughly 500 of the 1,700 timeshare units. The Woodstone

Meadows area also includes single family homes and farms that are not a part of the Great Eastern Resorts project. One single family home subdivision, also called Woodstone Meadows, includes twenty-four (24) dwellings with their own property owners association. Upon completion of the Great Eastern project, Woodstone Meadows will have roughly the same number of housing units as the current number of housing units found in Massanutton Village. It is important to note that the Woodstone Meadows timeshare unit owners and their guests often travel into Massanutton Village to use its amenities such as the golf course, mini-golf,



kart track, restaurants, and ski slopes. This may be a reason why the number of cars entering into Massanutten Village has increased so dramatically in recent years.

The Planned Commercial Development (PCD) District of “Village Festival” was approved by the County Supervisors in January 2005 for development by Great Eastern Resorts. The project is located on 148 acres of land which is east of Route 644 (Resort Drive) and bounded on the north by Route 646 (Bloomer Springs Road) and the south by Route 33. It should be noted that Village Festival will not be served by MPOA law enforcement or road maintenance services. The project plan included a recreational indoor-outdoor Waterpark, a time-share sales center, hotel buildings and 150,000 square feet of retail shops all designed specifically for use by the Massanutten Village and Woodstone Meadows timeshare owners and their guests plus visitors to the Massanutten area. The project plan also included major improvements to Route 644 (Resort Drive) widening the road to four lanes from Route 33 to the entrance of the Waterpark just short of Route 646 (Bloomer Springs Road) and straightening it from Route 646 to beyond the Massanutten Village entrance. These road improvements were jointly funded by VDOT, Rockingham County, and Great Eastern Resorts. The public utilities of water and sewerage for the entire project will be provided by Massanutten Public Service Corporation. Project construction began in 2005 on the roughly 80,000 square foot indoor portion of the Waterpark which opened in late 2006. Soon after, the outdoor portion of the Waterpark was completed along with the road improvements to Route 644 (Resort Drive). As of July 2010, the remainder of the project (shown on the right) largely remains undeveloped. However, the County Supervisors did approve an amendment to the project plan in 2008. The southern 68 acre portion of the project planned for the development of 150,000 square feet of retail shops was amended and renamed a separate Planned Commercial Development (PCD) District called “Massanutten Station”. The amendment primarily increased the square footage of retail space to 264,000 and included apartments and condominiums above the commercial areas. Specifically, the project elements include: residential units, retail shops, an outdoor amphitheater, a special events community center, a concert hall, an arcade, an open air market, restaurants, a movie theater, professional offices, special enterprises, a wellness/fitness center, an information center, walking trails, and recreation fields. The amendment created a planned mix-use development comprised of retail, entertainment, recreation, and residential uses. Massanutten Station will be managed and maintained by Great Eastern Resorts. As of July 2010, the construction of Massanutten Station had not started. However, Village Festival and Massanutten Station will add to the traffic pattern totals and complexity of the Massanutten area when completed. Timeshare occupants in Massanutten Village and Woodstone Meadows will frequent Village Festival and Massanutten Station commercial areas, likely on a daily basis. Likewise, Massanutten Station residents will frequent the amenities in Massanutten Village and Woodstone Meadows, once Massanutten Station is completed.

The six distinct areas described above which now comprises the Massanutten Community have all been master planned under the Rockingham County Zoning Ordinance and approved by the County Supervisors. This means



that almost all zoning has been established and traffic patterns have been planned. Despite the fact that the construction schedule for the proposed areas will likely take many years to complete, the Massanutten area has a well established zoning base. If it were to incorporate into a town, it would allow citizens of the community to control any rezoning of the well planned areas and control the zoning of any undeveloped areas. It should be noted that history has shown that the Massanutten area has undergone multiple, and some significant rezoning as time and needs dictated.

1.3 – Why Consider Town Incorporation Now?

Massanutten citizens, over the years, have discussed the advantages and disadvantages of Massanutten incorporating into a town. These discussions seem to rise to a significant level roughly every ten (10) years such that formal studies are conducted. MPOA has formally studied the feasibility of town incorporation during the 1988-89 timeframe and then again 1998-99 timeframe. In May 2008, Great Eastern Resorts contracted with JMU faculty members to conduct a two (2) year incorporation feasibility study in lieu of a MPOA Long Range Committee study normally conducted during the 10 year cycle. However, as of May 2010, the Great Eastern Resorts study had been abandoned for unspecified reasons. So, a group of concerned Massanutten Village residents decided to undertake an effort to study the feasibility of incorporating Massanutten into a town with the 10 year study cycle being the initial impetus for the effort. It should be noted that the individuals that contributed to this study are all members of MPOA.

The history of Massanutten and developments over the last 10 years outside of Massanutten Village indicates that the Massanutten area is moving closer toward incorporation than previously studies suggested – in fact, their efforts had determined incorporation was not even feasible. Massanutten Village was originally envisioned as a private-gated residential community with its own privately owned and administered essential services. However, growth over the period from 2000 to 2010 in the area outside the physical and financial boundaries of Massanutten Village plus the focus on tourism as an important County revenue source has changed the face of the community, particularly for its full time residents. In general, it is believed that the town incorporation of the Massanutten area is becoming more attractive as commercial activities related to tourism increases and expands outside of Massanutten Village plus as the character of Massanutten Village as a private-gated residential community is being lost due to a greater daily influx of vehicles coming from the general public.

Specifically, it was discovered in 2010 that more than 70% of the financial burden for the Massanutten Village essential services of law enforcement and road maintenance was born by the individual property owners of MPOA. Yet, more than fifty-four percent (54%) of the 2.44 million vehicles entering into Massanutten Village in 2010 and benefiting from these essential services were not even related to the property owners of MPOA. These vehicles, not related to MPOA, were almost exclusively coming from the general public to patronize businesses located inside and adjacent to Massanutten Village – businesses that financially contribute modestly to offset the financial burden of MPOA essential services. The 2010 numbers can be readily compared to 1996 when 70% of the 1.2 million vehicles entering into Massanutten Village were directly related to the property owners of MPOA. In 1996, the balance between the financial burden for and the benefit from essential services were more fairly balanced between individual property owners and businesses. If Massanutten were to incorporate into a town, it would have the ability to more fairly balance the financial burden of essential services on businesses and individuals thru various taxes plus it would have access to state and federal funding to help offset the overall financial burden for essential services. Additionally, a town of Massanutten would have the ability for its own local citizens to determine future growth affecting their quality of life – they could maintain or even improve the quality of life via control of town planning and ordinances. A property owners association has fewer options to require that businesses contribute toward the funding of essential services, cannot accept state and federal funding to help offset the overall financial burden, and has almost no control over growth and associated loss in quality of life. And, a county has a broader scope to consider when trading off an increase in revenues from additional growth which lowers the tax burden on all its citizens with the impact to the quality of life for only a limited number of its citizens.

This report examines in significant detail the feasibility of incorporating Massanutten into a town – that is, answering the question as to whether Massanutten could incorporate into a town. The feasibility details form the next seven major sections of the report. The last and eighth section of the report examines the considerations as to whether Massanutten should be incorporated into a town at this time. Ultimately, it is up to the citizens to determine whether incorporation is in their collective best interest and for the good of the community. It is our hope that this study will assist citizens in making an informed decision.

The following highlights the seven major sections of the report which deal with the feasibility of incorporation.

- **Incorporation Process** – Virginia law delineates the requirements and considerations for incorporating a community into a town. The Massanutten Area meets all requirements and considerations. If the citizens of the Community were to decide to move forward on incorporation, the process could be completed within a two year period of time.
- **Community** – The Massanutten Area has expanded to include much more than the original Residential Planned Community District of Massanutten Village. The Area now includes the Residential Planned Community District of Woodstone Meadows and the Planned Commercial Development Districts of Village Festival and Massanutten Station. What is often referred to as “Massanutten” includes all of these areas with a population of both citizens and visitors that readily flow between these areas on daily basis. Since the community has outgrown the original boundaries of Massanutten Village and spread into adjacent areas, citizens could benefit from town incorporation by bringing these areas together for a greater sense of community with a greater sense of shared responsibility and shared burden.
- **Infrastructure** -- Massanutten Village consists of roughly fifty-two (52) lane miles of roads privately constructed during the 1970's and currently maintained by MPOA. Massanutten Village is made up of greater than 25% green space which is largely maintained by MPOA. Maintenance of this infrastructure is almost entirely funded by the property owners of MPOA. Yet, over half of the vehicles entering into Massanutten Village are not associated with MPOA and, correspondingly, the usage of most of this infrastructure is largely by people who are not paying for them. Therefore, the Massanutten Area could benefit from town incorporation providing citizens with maintenance services that could be funded via taxation on a shared basis by town citizens and businesses as well as by its visitors augmented by state and federal funding, similar to other towns in Rockingham County. Additionally, the Massanutten area is served by a private water and sewer company. Over the last five (5) years, the Virginia State Corporation Commission (SCC) has granted this private company two rate increases which cumulatively doubled the cost for the average homeowner and escalated rates to more than twice that seen in most western Virginia communities. The Massanutten Area could benefit from town incorporation providing citizens with duly elected government officials recognized by the Commonwealth of Virginia including its state run commissions like the SCC to argue against such excessive water and sewer rates to include the impact on town citizens and businesses.
- **Law Enforcement** – MPOA has a private law enforcement agency with Court authority and associated civil liabilities to enforce laws as “Special Conservators of the Peace” within the boundaries of Massanutten Village. This MPOA law enforcement agency is actually larger than any town law enforcement agency in Rockingham County and annually responds to more 9-1-1 calls. It is solely funded by the property owners of MPOA. Yet, more than half of the vehicles entering into Massanutten are not associated with MPOA. If one assumes that this large number of vehicles and corresponding occupants cause a proportional share of law enforcement issues, they should pay a proportional share of the law enforcement services – but, currently they do not. Therefore, the Massanutten Area could benefit from town incorporation providing citizens with a Town Police Force with the authority to protect and serve the citizens and the full capacity to uphold the laws of the town, Virginia, and the United States as an integral part of the national law enforcement community. The Town Police Force could be funded via taxation on a shared basis by town citizens and businesses as well as by the visitors to the Massanutten area augmented by state and federal funding, similar to other towns in Rockingham County.

- **Parks & Recreation** – Massanutten Village has many parks and recreational facilities – some of which are owned by MPOA. The MPOA Parks are all privately funded and operated. Yet, these parks are enjoyed by many to include some individuals from the general public. The Massanutten Area could benefit from town incorporation providing citizens and visitors with town parks which would be eligible for state and federal funding for maintenance and improvements, similar to other towns in Rockingham County.
- **Government** – Massanutten Village is governed by Rules & Regulations that are based on the Covenants of sixteen different subdivisions. These Rules & Regulations along with limited means of civil enforcement and associated liabilities are determined by a Property Owners Association Board that serves in the best interests of property owners who include local citizens and out-of-town owners. Additionally, Massanutten Village and its three adjacent zoning districts were created under the Rockingham County Ordinance guided by its Comprehensive Plan. Over the last 40 years, numerous amendments have been made to these districts controlled by the County Supervisors acting in the best interest of all County citizens to include promoting tourism. Overall, the citizens of Massanutten have only a small fractional per capita voice in the present and future course of their own community. Therefore, the Massanutten Area could benefit from town incorporation providing a legally organized government body made up of local citizens with authority to act in the best interest of the immediate community with regards to health, safety, and general welfare along with the legal power to address problems and emergencies. Citizens of the local community could elect officials who could establish a Town Ordinance and its proper enforcement, as well as to rezone properties pursuant to its own Town Comprehensive Plan.

Budget – The Massanutten Property Owners Association currently has a budget that is larger than most towns in Rockingham County. However, unlike towns, MPOA cannot levy taxes or fees on businesses, nor receive state or federal funding to help fund the essential services of law enforcement and road maintenance. Currently, the residential property owners pay for a disproportionate share of the Massanutten Village essential services for a make-up of individuals that includes more than half coming from the general public patronizing community businesses. In order to have a more balanced share of the burden to fund essential community services, the Massanutten area could benefit from town incorporation which would have the power to levy taxes on property owners, citizens, businesses and visitors. Rather than a disproportionate share of revenues coming from residential property owners to fund essential services, the town could balance revenues more fairly between property owners & citizens, businesses & visitors, and state & federal grants. An incorporated town of Massanutten could replace MPOA by providing essential services to the citizens and visitors of Massanutten Village, as well as provide these same essential services to the citizens, businesses and visitors of the entire Massanutten area. Correspondingly, town taxes could replace MPOA fees to pay for these essential services augmented by funding from state and federal funding sources as well as from vehicle license, transient occupancy, food & beverage, and sales & use taxes currently being paid to Rockingham County.

1.4 – Section I References

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2. Rockingham County Planning Commission Meeting Minutes (1970's)
3. Massanutten Village Master Plan Maps (1971-2002)
 - a. Massanutten Village Master Plan Map – August 1971
 - b. Massanutten Village Master Plan Map – July 1972
 - c. Massanutten Village Master Plan Map – November 1973
 - d. Massanutten Village Master Plan Map – May 1974
 - e. Massanutten Village Master Plan Map – May 1975
 - f. Massanutten Village Master Plan Map – September 1976
 - g. Massanutten Village Master Plan Map – January 1977
 - h. Massanutten Village Master Plan Map – March 1978
 - i. Massanutten Village Master Plan Map – January 1981
 - j. Massanutten Village Master Plan Map – June 1981
 - k. Massanutten Village Master Plan Map – July 1986
 - l. Massanutten Village Master Plan Map – December 1989
 - m. Massanutten Village Master Plan Map – June 1994
 - n. Massanutten Village Master Plan Map – August 2002
 - o. Massanutten Village Master Plan Map – July 2007
4. MPOA Articles of Incorporation and Bylaws (1990 & 2001, respectively)
5. Massanutten Development Company KettLetters (early 1970's)
6. MPOA Meeting Minutes (1970's)
7. Agreement Governing Transfer Of Assets From MDC To MPOA (April 1977)
8. Agreement Governing Transfer of Assets from MVI to MPOA (May 1978)
9. MPOA Financial Model – Feasibility of Incorporation (September 1987)
10. MPOA Town Incorporation Study (1988-1989)
11. MPOA Town Incorporation Study (1998-1999)
12. Woodstone Meadows Master Plan (June 2009)
13. Village Festival Master Plan (August 2003)
14. Massanutten Station Master Plan (October 2008)
15. 2000 United States Census of Virginia Population and Housing (October 2003)
16. 2010 United States Census of Massanutten Population and Housing (June 2011)

SECTION II

Town Incorporation in Virginia

2.0 – How to Incorporate a Town in Virginia

A town, in the Commonwealth of Virginia (VA), is the smallest unit of government. It is **dependent** political entity -- as compared to a city which is an **independent** political entity. In general, a town is a dependent entity because it relies on the County, in which it resides, to provide certain essential services such as education, court and social services. As such, town citizens and businesses pay both county and town taxes to fund the specific essential services provided by each political entity. As of the 2010 U.S. Census, there are 190 towns in Virginia ranging in size from the 70 people residing in Clinchport to 42,620 in Blacksburg. Rockingham County has seven (7) incorporated towns where their 2010 Census population parenthetically provided – Bridgewater (5,644), Broadway (3,691), Elkton (2,726), Grottoes (2,668), Timberville (2,522), Dayton (1,530), and Mount Crawford (433). The community of Massanutten (CDP) has a population of 2,291 (per 2010 U.S. Census).

Towns in Virginia are incorporated either by judicial proceedings or by special act of the VA General Assembly. For most of the early 20th Century, town incorporation was relatively easy. A community could approach the VA General Assembly for a charter of incorporation. Or, a community could go directly to the VA Circuit Court in which it resides and ask a Judge for town incorporation. In general, there were no statutory standards to evaluate those requests.

In 1964, the VA General Assembly made the process more difficult by limiting its ability to grant Charters and imposing standards for the Courts to use in evaluating incorporation petitions. Now, the VA General Assembly must directly charter an incorporated town by a two-thirds vote (super majority) of the House and Senate plus the Governor's signature. Since 1964, the only two (2) communities which have incorporated into a town were both chartered directly by the VA General Assembly -- Clinchco in Dickenson County and Castlewood in Russell County. Clinchco is located in southwestern Virginia and was incorporated in 1990 with a population of 424 persons within a boundary of 2.8 square miles. Castlewood is also located in southwestern Virginia and was incorporated in 1991 with a population of 2,036 persons within a boundary of 7.2 square miles. It should be noted that Castlewood became the first town in Virginia to legally revert to unincorporated status in 1997.

The last town to be incorporated via judicial proceedings was the Town of Craigsville in Augusta County in 1960. Since 1964, there has been only one attempt at town incorporation via judicial proceedings. In 1998, the community of Prices Fork filed a petition to incorporate in the Montgomery County Circuit Court. Prices Fork is located in southwestern Virginia just west of Blacksburg. In 1998, it had an estimated population of 1,614 persons within a boundary of 7.8 square miles which included \$73.9 million in assessed property values. The action was initiated by the “Committee for the Incorporation of the Prices Fork Community” and considered by a special three judge Court appointed by the Supreme Court of VA. The Court ordered, pursuant to the amended statute, the VA Commission on Local Governments (CLG) to analyze the proposed action and to submit a report to the Court – this Court Order was issued in March 1999 and the report was submitted eight (8) months later in November 1999. The CLG did not find that the proposed incorporation “met the standards prescribed by law for the establishment of a new town”. The proposed town, if established, had an “expressed need for only a narrow range of urban services, with an uncertain capacity to address its principal need for public water, with an avowed intent to fund its operations through exclusive reliance on non-property taxes and intergovernmental assistance, and with a proposal to administer its affairs through volunteers and part-time employees”. The CLG determined that “these conditions do not constitute a basis upon which this CLG can conclude that the standards of incorporation have been met and upon which we can recommend to the court that the petition be granted”. The special Court ultimately denied the request for the incorporation of Prices Fork.

It should be noted that this only example of petition for town incorporation via judicial proceedings has little similarities with any potential petition by the community of Massanutten. Massanutten has no need for public water and sewerage because it is already serviced by the Massanutten Public Service Corporation (MPSC). Massanutten would likely fund its operations through a reliance on a mixture of taxes and intergovernmental assistance. And, Massanutten would likely administer its affairs largely using a staff of full time employees which may include staff that currently provide administration for the Massanutten Property Owners Association

(MPOA). Although the example has little similarities with Massanutten, it does provide valuable insight into the judicial process used. The CLG Report on the Prices Fork petition is included as a Reference.

It should also be noted that, in general, town incorporation via judicial proceedings can be fairly time consuming and fairly expensive due to the necessity of legal representation, analysis, and court action. The authors of this report contacted the attorney who represented the community of Prices Fork and received an estimate for legal representation ranging from \$50,000 - \$75,000 plus the cost of a required town plat.

Alternatively, town incorporation directly via VA General Assembly enactment can be relatively quick and inexpensive, but more politically based. The authors of this report contacted representatives from the town of Clincho who explained that the only cost for them to incorporate was the cost for a town plat and draft charter.

2.1 – Town Incorporation via VA General Assembly Enactment

The VA Constitution provides the legal process and procedural guidelines for direct town incorporation by VA General Assembly enactment. In Section 1, the VA Constitution states the definition of "special act" to mean "a law applicable to a county, city, town, or regional government and for enactment shall require an affirmative vote of two-thirds of the members elected to each house of the General Assembly". Therefore, a member(s) of the VA General Assembly may propose legislation for enactment which incorporates a community into a town. Specifically, such legislation for enactment would actually be a town charter. The town charter must then be passed by each house of the VA General Assembly and signed by the Governor for it to be enacted into law. An example of this type of town incorporation is the Clincho Town Charter (included as a Reference).

It should be noted that Section 1 of the VA Constitution states the definition of "town" to mean "any existing town or an incorporated community within one or more counties which became a town before noon, July one, nineteen hundred seventy-one, as provided by law or which has within defined boundaries a population of 1,000 or more and which has become a town as provided by law". Research (confirmed by officials at the VA CLG) found this definition to state the only apparent requirement for direct town incorporation via VA General Assembly enactment – that is, the requirement for "a population of 1,000 or more". However, it should also be noted that Clincho had a population of only 424 people at the time of its incorporation – significantly less than the requirement of 1,000 -- thus, the word "apparent" was chosen to characterize "requirement".

A basic town charter in Virginia includes, as a minimum, declarations of incorporation, boundaries, powers, and the governing body. In preparation for direct town incorporation via VA General Assembly enactment, such a charter could be easily developed by community citizens using existing town charters as a guide and amended by legal counsel at a minimal cost. However, a plat delineating the town boundaries must be filed with the local County Clerk of the Circuit Court prior to the town charter being enacted into law. Research found there are several different types of plats which may meet the requirement for enactment:

- Original Survey Plat – a plat of the town boundaries produced by a surveyor who physically goes out and surveys the town boundary properties.
- Compilation Survey Plat – a plat of the town boundaries produced by a surveyor who utilizes existing plats along with any necessary physical surveying of the town boundary properties.
- Tax Plat – a plat of the town boundaries produced by utilizing existing county tax information and maps.
- GIS Plat – a plat of the town boundaries produced by utilizing GIS coordinates property and mapping.

The Town of Clincho prepared an original survey plat for their town chartering purposes – although they could not cite any specific requirement for an original survey plat. The VA CLG stated that for the purposes of town incorporation via judicial proceeding an original survey plat was required – although, they also could not cite traceability to any law/regulation requiring an original survey plat. The VA Board for Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and Landscape Architects (APELSCIDLA) stated they

do not have any regulation requiring a specific type of plat for town incorporation – or, for that matter, town annexations. However, our research found in discussions with a local surveying company that two local towns recently annexed land requiring a plat of the new town boundaries to be filed with the County Clerk of the Circuit Court. In both cases, county tax maps were used in the production of the court filed boundary plats.

In the case of incorporating Massanutten into a town, an estimate of \$75,000 was obtained from a local registered surveyor (who has surveyed Massanutten properties in the past) for producing an original survey plat. However, it seems more reasonable that for purposes of directly incorporating the town via VA General Assembly enactment, a plat based on county tax information and maps could be readily produced by citizens and certified by a registered surveyor at a modest cost (less than \$5,000). This plat could be filed with the Rockingham County Clerk of the Circuit Court prior to and for the purposes of the VA General Assembly enactment. If necessary, following the incorporation enactment, an original survey plat (paid for by town tax revenues) could be produced and re-filed with the Clerk. This type of “platting” follows the procedure local towns took relative to their recent annexations.

In addition to the town charter and plat, additional information will likely be needed to politically convince members of the VA General Assembly that the community is worthy of incorporation and the reasons why it should be. The additional information may include some of the items delineated in the next section for town incorporation via judicial proceedings. The author of this report believes that much, if not all, of the information necessary to demonstrate worthiness of and reasoning for incorporation are contained herein. It would be of significant additional value for the community to have a signed petition by numerous citizens or results of a community referendum demonstrating that incorporation would be in the best interest of its inhabitants.

2.2 – Town Incorporation via Judicial Proceedings

Chapter 36, Title 15.2 of the VA Code establishes the legal basis and process for statutory town incorporation via judicial proceedings. The primary requirement for authorizing the incorporation of a community is a minimum population of 1,000 inhabitants. In the case of the community of Massanutten (CDP), the 2010 U.S. Census found a population of 2,291 people – thus, this requirement for town incorporation has already been met.

The process for statutory town incorporation starts with residents of any community initiating an action by filing a petition to the County Circuit Court, in which the community is situated, requesting that community be incorporated as a town. Chapter 36, Title 15.2-3600 states that the petition must be:

- signed by at least 100 voters residing in the area to be incorporated;
- accompanied by a plat prepared by a registered surveyor showing the boundaries of the proposed town in a form suitable for recording in the Clerk’s Office of the Circuit Court;
- served upon the County Attorney and each member of the governing body of the County; and,
- proof that the petition has been available for public inspection in the Clerk’s Office of the Circuit Court and proof that a published notice (once a week for four successive weeks in a newspaper having general circulation in the County) of the time & place the petition will be presented along with a descriptive summary of the petition and notice the petition may be inspected at the Clerk’s Office.

This seems fairly simple. One gets a petition signed by 100 qualified voters along with plat, head down to the local Courthouse and files the petition, and then notifies people what you are up to. However, further examination of the Virginia Administrative Code (VAC) for town incorporation (1VAC50-20-570) and an examination of statutory considerations required by the Court give a better insight to the greater detail of information which may be needed in the petition. The VAC suggests the following information:

1. A written metes and bounds description of the area (a system of measuring real property using the physical features of the local geography along with directions and distances) proposed for incorporation as

- a town having, as a minimum, sufficient certainty to enable a layman to identify the proposed town boundary. The description may make reference to readily identifiable monuments such as public roads, rivers, streams, railroad rights of way, and similar discernible physical features.
2. A map or maps showing: (i) the boundaries of the proposed town and their relationship to existing political boundaries; (ii) identifiable unincorporated communities; (iii) major streets, highways, schools, and other major public facilities; (iv) significant geographic features, including mountains and bodies of water; and (v) existing uses of the land, including residential, commercial, industrial and agricultural.
 3. A land-use table showing both the acreage and percentage of land currently devoted to the various categories of land use in the area proposed for incorporation.
 4. The estimated past, current, and projected future population of the area proposed for incorporation and the county within which the town would be situated.
 5. Information indicating: (i) why the proposed incorporation is desired and in the interest of the inhabitants; (ii) how the general good of the community is served by the incorporation; and (iii) why the services needed within the proposed town cannot be provided by the establishment of a sanitary district, through the extension of existing county services, or by other arrangements provided by law.

The Code of VA (15.2-3602) states a Circuit Court must notify the Supreme Court of VA after a petition for any town incorporation has been filed. The Supreme Court appoints a Special Court consisting of a three judge panel to hear the case for incorporation. For incorporation to be granted, this Court must find that:

1. The prayer of the petition is reasonable;
2. The incorporation will be in the best interest of the inhabitants of the proposed town;
3. The general good of the community will be promoted by the incorporation;
4. The number of inhabitants of the proposed town exceeds 1,000;
5. The area of land designated to be embraced within the town is not excessive;
6. The population density of the county in which such community is located does not exceed 200 persons per square mile according to the last preceding U.S. Census or other census directed by the Court; and,
7. The services required by the community cannot be provided by the establishment of a sanitary district, or under other arrangements provided by law, or the extension of existing services provided by the county.

The Code of VA (15.2-3601) also states that the Court may request the VA CLG to conduct a review of the proposed incorporation prior to the court's hearing on the petition. If requested, the CLG will conduct a hearing to determine if the criteria for incorporation have been satisfied. The hearing shall be set no less than thirty days after the CLG receives the petition. At this hearing, all interested parties, including the affected county, may present evidence. The CLG is required to transmit all its findings to the Court in writing. The next subsection will detail the guidelines of the CLG's review process for town incorporation.

The Code of VA (15.2-3602) further states that if the court determines the criteria for incorporation have been satisfied, the Court will enter an Order incorporating the area described in the petition as a town. Thereafter, the residents of the incorporated area "... shall be a body, politic and corporate, with all the powers, privileges and duties conferred upon and appertaining to towns under the general law ...". The newly incorporated town, however, can perform no municipal services or contract any debt until after its governing body is elected, qualifies, and takes office. A copy of the Order shall be certified by the Court to the Secretary of VA, who shall then certify it to all proper officers of the Commonwealth.

The Court Order incorporating the town will also include provisions for electing the members of the Town's initial governing body. These will include

- The time and the place where the first election of officers shall be held in the Town -- the election shall be held at least 90 days from the date of incorporation, but not within 120 days of a general election.
- The electoral board of the County within which the Town is situated shall, not less than 90 days before the election, determine the qualified voters within the Town, and the County Voter Registrar shall provide appropriate notice.
- The election shall be for a five (5) member Town Council who will serve until their successors are elected pursuant to the provisions of the Charter granted to the new town by the VA General Assembly.

Until the Charter is granted, the affairs of the Town shall be governed by the general law provisions of the Code of VA.

2.3 – VA Commission of Local Government (CLG)

The VA Commission on Local Government (CLG - www.dhcd.virginia.gov/CommissiononLocalGovernment) assists counties, cities, and towns in VA by promoting and preserving the viability of local governments by fostering positive intergovernmental relations. It is composed of five (5) members appointed by the Governor and confirmed by the VA General Assembly. The members are required by statute to have knowledge and experience in local government, and they can hold no other elective or appointive office while on the CLG. The CLG members are appointed for five (5) year terms and are eligible for reappointment. The CLG holds regular meetings once every two (2) months -- special meetings may be called by any member and must be held on such occasions as may be reasonably necessary to carry out their duties.

As previously discussed, members of the VA General Assembly could ask the CLG to conduct a review of a community incorporation proposal prior to the VA General Assembly consideration for town incorporation via direct enactment. Also, as previously discussed, the Special Court of a petition for town incorporation via judicial proceedings may request that the CLG conduct a review of the proposed incorporation prior to the court's hearing on the petition.

If requested by the Special Court or the VA General Assembly, the CLG will conduct a public hearing of its own to determine if the criteria for incorporation have been satisfied. The VAC (1VAC50-20-630) delineates guidelines for the role of the CLG in such a public hearing.

1. The CLG public hearing shall be held no sooner than 30 days after receipt of the Court request. Any interested person or party may testify at the public hearing.
2. The CLG shall publish a notice regarding the time and place of the hearing as required by law.
3. The CLG shall request that all parties involved with the incorporation request must place on public display copies of all materials which have been submitted to the Court and the CLG. The published notice (item 2 above) shall include an announcement of when and where the materials will be available.
4. The CLG shall make suitable arrangements for the registration of speakers at the public hearing.
5. The CLG Chairman shall select a site for the public hearing based on recommendations from the parties.
6. The CLG shall request that the parties cooperate in the preparation of the site for the public hearing to include display of maps and exhibits at the hearing site.
7. The CLG shall request the local jurisdiction of the public hearing site to make appropriate arrangements in order to assure the security and orderliness of the proceedings.
8. The CLG Chairman shall determine the sequence of speakers at the public hearing.

9. The CLG shall endeavor to allow any person or party wishing to speak at the public hearing an opportunity to do so. The CLG Chairman may establish time limits for each speaker and may also rule testimony irrelevant, immaterial, or unduly repetitious.
10. Any person or party testifying may extend their remarks in written form for subsequent submission.
11. The CLG may record all testimony given during the public hearing, but prepare a transcript only when deemed appropriate – copy of transcripts or recordings can be made available at a sufficient cost.
12. The CLG may consolidate two or more inter-local issues for purposes of a public hearing.

2.4 – Town Chartering

Chapter 36, Title 15.2 of the VA Code establishes the legal standard for granting a Town Charter via judicial proceedings. It simply states that “at the session of the VA General Assembly following its incorporation [via judicial proceedings], the Town shall request that body to grant it a Charter”. The VA Constitution also allows the VA General Assembly to directly grant a Town Charter via enactment upon presentation of legislation by one of its Members, generally precipitated by a petition from a community requesting to be incorporated.

A Charter is a special act of the General Assembly which provides for the structure of and confers power on a specific town. In general, a town charter in Virginia includes, as a minimum, declarations of incorporation, boundaries, powers, and the governing body. Most towns rely on their Charter for the authority they exercise. Where inconsistencies exist between the provisions of the Code of VA and a Town Charter, the Charter actually takes precedence.

Using the Clincho Town Charter of 1990 as an example, a town charter normally includes a declaration of incorporation and boundaries such as:

§1.1. Incorporation -- The General Assembly incorporates the community known as Clincho, in Dickenson County, Virginia, as a town and a body politic and corporate within the boundaries provided for in §1.2, as such boundaries are now, or may hereafter be altered and established by law. As such, the town shall have perpetual succession, may sue and be sued, plead and be impleaded, contract and be contracted with, and may have a corporate seal which it may alter, renew or amend at its pleasure by ordinance. (1990, c. 925)

§1.2. Boundaries -- The territory embraced within the boundaries shown on that certain plat recorded in Plat Book 1, page 384 in the Clerk's Office of the Clerk for the Circuit Court for the County of Dickenson shall be the territory of the Town of Clinchco. (1990, c. 925)

Again, using the Clincho Town Charter of 1990 as an example, a town charter normally includes a declaration of powers such as:

§2.1. Powers of Town -- The Town of Clinchco shall have all powers that may be conferred upon or delegated to towns under the Constitution and laws of the Commonwealth of Virginia, including, but not limited to, those powers set forth in §§15.1-837 through 15.1-907 of the Code of Virginia, as now exist and as hereafter amended, and all other powers which are now or may hereafter be conferred upon or delegated to towns under the Constitution and laws of the Commonwealth of Virginia are hereby conferred upon the Town of Clinchco, Virginia. (1990, c. 925)

And again, using the Clincho Town Charter of 1990 as an example, a town charter normally includes a declaration of the governing body such as:

§3.1. Election, Qualification and Term of Office --

A. The Town of Clinchco shall be governed by a town council composed of a mayor and six other members, all of whom shall be qualified voters of the town.

B. There shall be an election of a mayor and six other members of council in May 1992, and every four years thereafter at the regular May municipal election date. At such elections a mayor and six additional councilmen shall be elected to serve until their successors are duly elected and qualified.

C. The mayor shall preside at meetings of the council and shall be recognized as head of the town government for ceremonial purposes and by the Governor for the purposes of military law. He shall have the same powers and duties as other members of the council with a vote, but no veto powers. (1990, c. 925; 1992, c. 35)

§3.2. Vice Mayor -- At its first meeting in July of every even-numbered year the council shall select from its membership one member to serve as a vice mayor. The vice mayor shall preside over meetings of council in the absence of the mayor. (1990, c. 925)

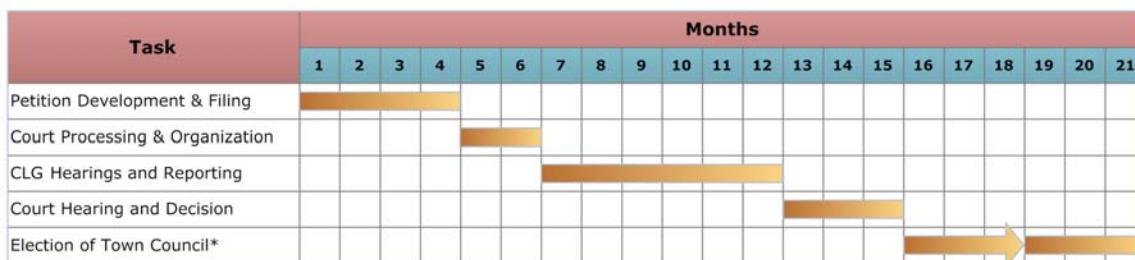
§3.3. Qualifications of Members -- Any person qualified to vote in the town shall be eligible for the office of councilman or mayor. (1990, c. 925)

§3.4. Powers of Council -- The council along with the mayor shall make such rules as are necessary for the orderly conduct of their business not inconsistent with the laws of the Commonwealth of Virginia, and shall have the power in their discretion to appoint a town manager, a town attorney, a town clerk, a treasurer and a sergeant (who shall have the powers and duties provided in § 15.1-138 of the Code of Virginia). The persons so appointed shall have such duties and shall serve for such terms and at such compensation as the council may determine. One person may be appointed to more than one office. (1990, c. 925)

§3.5. Vacancies -- Vacancies on the council and in the office of mayor and vice mayor shall be filled for the unexpired term by a majority vote of the members of council. (1990, c. 925)

2.5 – Estimated Timeline for Town Incorporation of Massanutten

The timeline for incorporating a community into a town via judicial proceedings or direct VA General Assembly enactment is dependent on many factors. As previously stated, incorporation via judicial proceedings usually has a longer timeline. Some portions of this timeline are determined by the Court and others are somewhat unpredictable. However, a fairly good estimate can be made based on statutory requirements and based on the timeline in the Prices Fork example of the late 1990's. The estimated timeline is included in the chart below.



* The election of the Town Council is dependent on the date of the Court Order as related to the closest general election.

The total time span for incorporating a community into a town via judicial proceedings has been estimated to be twenty-one (21) months -- that is, twenty-one (21) months from the time a community decides to move forward with incorporation until the time the initial Town Council is elected.

However, it should be noted that the timeline could be as little as twelve (12) months, if the CLG is not asked by the Court to conduct a review of request. Alternatively, the timeline could be as much as thirty (30) months or more, if there are various legal motions objecting to the petition form, filing, etc. and/or there are serious legal objections by a party. Any decision by the Special Court can be appealed to the Supreme Court of VA which, although very unlikely, could lengthen the timeline estimate considerably.

The time required for town chartering via VA General Assembly enactment is initially dependent of the annual cycle of VA General Assembly session which usually begins in February of each year. It is also dependent on the desired cycle delineated in the Town Charter for the election of the governing body. Without a CLG review, the timeline could be as little as twelve (12) months until the initial Town Council is seated. With CLG review, the timeline could be as much as twenty-four (24) months or more.

2.6 – Frequently Asked Questions

An interim report on the feasibility of incorporating Massanutten into a town was published on a website in August 2010. It was available for review and comment for roughly nine (9) months prior to the start of final reporting. During that review period, the author received numerous questions about town incorporation. Frequently asked questions (FAQs) were answered and placed on the website. Some FAQs have been incorporated into the text of this final report. Other FAQs applicable to this section of the report are noted as follows for completeness of reporting:

FAQ: Will the Massanutten Community vote on whether to incorporate into a town?

Neither the VA Code of Law nor the VA Administrative Code requires a vote on whether to incorporate a community into a town. However, if a community decides to incorporate via judicial proceedings, law states that the Court may ask the CLG to conduct a public hearing. If an individual wishes their voice to be heard on incorporation, they must come to this hearing and speak out.

If a community decides to incorporate via VA General Assembly enactment, the desires of the voting public will be heard by the elected officials. It would be valuable for the community to have a signed petition or results of a community non-binding referendum voted by citizens demonstrating that incorporation would be in the best interest of its inhabitants.

FAQ: Must the County give its approval for a community to incorporate into town?

NO ... Neither the VA Code of Law, nor the VA Administrative Code, nor Supreme Court precedence requires a County to give its approval or even give its support in order for a community to incorporate into a town – this is the case whether town incorporation is done via judicial proceedings or via General Assembly enactment. It would make incorporation go more smoothly, but not necessary. Some have claimed that Susan Williams stated (at a Community Meeting held in September 2010) county support is required for town incorporation. However, this claim is NOT true. In her presentation, it was stated that the “*legal standard for incorporation in Virginia is fairly stringent -- total county support or a long and pervasive pattern of neglect of the community by the county*”. In a subsequent letter on the subject, Ms. Williams wrote:

“The comment you refer to came in the part of my presentation where I attempted to describe the advantages and disadvantages of town incorporation – a necessarily subjective task because the code obviously does not set forth the ‘pros’ and ‘cons’ of incorporating.

Under the heading ‘Disadvantages’, the bullet point in my presentation ‘Total county support or a long and pervasive pattern of neglect of the community by the county’ (which you will note are two extremes) was intended as an example, elaborating on the previous bullet statement ‘Legal standard for incorporation in Virginia is fairly stringent’. Certainly, if a community had either of the former (total county support or, at the other end of the spectrum, pervasive neglect), it would be easier to demonstrate to the court that the community met the legal standard for incorporation.

The first ‘procedure’ slide in my presentation (Slide #7) indicates that are two ways to go: via charter from the General Assembly or via the statutory process. To me, it seems clear that the rest of the procedure slides (Slides 8-13) pertain to the latter – to the statutory process.

The legal standard set forth in Va. Code Section 15.2-3602 (which appears on Slide #10) pertains to the ‘proof required for a court to order that a proposed town be incorporated. The legal standard does not apply to the General Assembly considering a proposed charter though the General Assembly would certainly be free to consider the standard during their deliberations.”

FAQ: Must MPOA give its approval in order for the Massanutten community to incorporate into a town?

NO ... The Massanutten Property Owners Association (MPOA) is a private corporation. Neither the VA Code of Law, nor the VA Administrative Code, nor Supreme Court precedence requires a private corporation to give its approval in order for a community to incorporate into a town.

2.7 – Section II References

1. Commission on Local Government – Background Presentation on How to Incorporate a Town in VA (September 2010)
2. Commission on Local Government -- Report on the Incorporation of Prices Fork as a Town in Montgomery County
3. Commission on Local Government – Summary of Virginia Code of Law on Town Incorporation
4. Commission on Local Government – Summary of Virginia Administrative Code on Town Incorporation
5. VA Code Chapter 36 of Title 15.2 -- Incorporation of Towns by Judicial Proceeding
6. VA Code Chapter 2 of Title 21 -- Sanitary Districts
7. VA Administrative Code Agency 50 of Title 1 -- Commission on Local Government - Town Incorporation
8. VA Administrative Code Agency 50 of Title 1 -- Commission on Local Government - Public Hearings
9. UVA Study on Town Incorporation – A Case Study of Massanutten (1992)
10. CLG (Susan Williams) Message on County Approval for Town Incorporation (July 2011)
11. Local Town Charters
 - a. Bridgewater, VA Town Charter
 - b. Broadway, VA Town Charter
 - c. Dayton, VA Town Charter
 - d. Elkton, VA Town Charter
 - e. Grottoes, VA Town Charter
 - f. Timberville, VA Town Charter
 - g. Clinchco, VA Town Charter

SECTION III

The Community of Massanutten, Virginia

3.0 – The Massanutten Community

What is often referred to as “Massanutten” generally consists of a community with six (6) somewhat separate areas. Massanutten Village is a Planned Residential Community District that itself can be divided up into three distinct areas – Massanutten Village West, Massanutten Village Kettle, and Massanutten Village East (which includes the Piney Mountain single family home subdivision). Outside of Massanutten Village and to the east, three additional areas have been planned and are under various stages of development – another Residential Planned Community District called Woodstone Meadows and two Planned Commercial Development Districts called Village Festival and Massanutten Station. These six (6) areas should be a point of departure when discussing the physical boundaries of the Massanutten community.



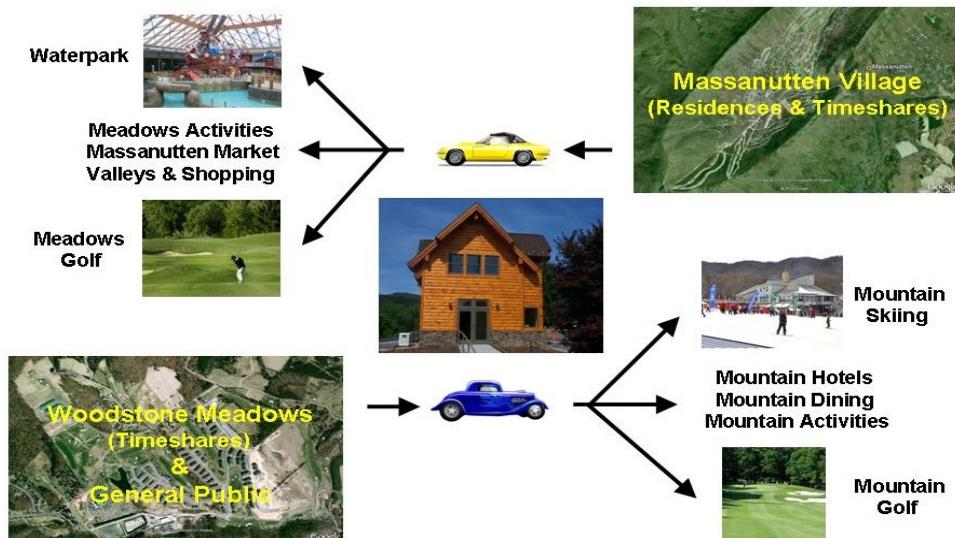
The six (6) areas are commonly recognized by the general public. This begins with those who live in the area or have visited Massanutten seeing the sign (shown in the photo shown below) that announces the entrance into “Massanutten” at the intersection of Resort Drive and Route 33. Although the sign does not necessarily make Massanutten a community that warrants town incorporation, it certainly makes it recognizable to the general public before they become familiar with the different areas that make up the Massanutten community. From this entrance driving down Resort Drive, one sees the open space that will become Massanutten Station, the Waterpark in Village Festival, then the Recreation Center and timeshares of Woodstone Meadows, and finally the flag poles at the main gate of Massanutten Village.

The six (6) areas also have historical planning with a common purpose, objective and scope as detailed in the first Section. The areas provide a common theme of housing accommodations for permanent residents and tourists along with businesses, amenities and essential services within a planned residential resort-type community. Additionally, all six (6) areas are served by a single, privately-owned water and sewerage service. The community development began over 40 years ago with Massanutten Village and the development will likely continue for at least another 40 years pursuant to existing planning approved by the Rockingham County Supervisors. The common development planning and the water and sewerage service of these six (6) areas establish logical boundaries for an incorporated town.



It is important to note that the common theme of housing accommodations along with associated businesses, amenities and essential services related to these six (6) areas produces a high volume of internal vehicle traffic as people travel back and forth from residential and tourist accommodation areas to business and amenity areas.

This is shown graphically in the figure below. Tourists, for example, often travel daily from their overnight accommodations in the Massanutten Village Kettle area to enjoy golfing and shopping in Woodstone Meadows, to enjoy the Waterpark in Village Festival, or to travel to points outside of Massanutten via Route 33. Opposing this flow, other tourists often travel daily from their overnight accommodations in Woodstone Meadows (and in the future will travel daily from their overnight accommodations in Massanutten Station) to enjoy skiing, golfing, hiking, dining, shopping, and other amenities found in the Massanutten Village Kettle area. This daily tourist traffic flow is mixed with the daily traffic flow of permanent residents who travel from their homes to points outside Massanutten for work, dining or shopping and also from their homes to the various amenities found in the community. A traffic flow of almost 5 million vehicles travels through the main gate of Massanutten Village each year. It is this traffic flow among housing areas, businesses and amenities along with sharing essential services that creates a sense of community and supports the logical boundaries for an incorporated town based on existing planning and the utility service areas.



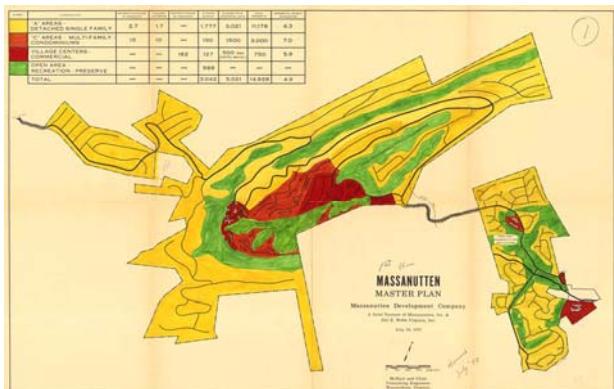
The remainder of this section of the report details the logical boundaries of an incorporated town determined by existing Rockingham County planning and by the exclusive service area for water and sewerage. The needs and costs for essential services that support establishing these boundaries will be detailed in the next four sections of the report entitled “Infrastructure”, “Law Enforcement”, “Parks and Recreation”, and “Government” with the share of the funding burden detailed in the section of the report entitled “Budget”.

3.1 – Massanutten Village Boundaries

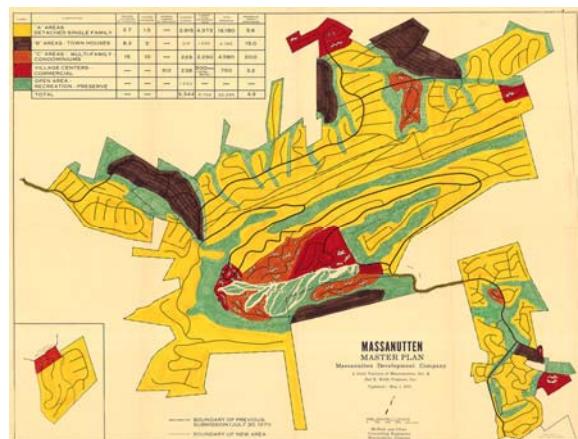
Massanutten Village was planned in the late 1960s and development began in 1971. It was designed primarily as a second home resort-type community within the Rockingham County Zoning Ordinance of 1969. Specifically, Massanutten Village was designed to meet the Residential Planned Community (R-4) District of the Ordinance requiring the project to have a minimum area of 3,000 acres, a minimum of 25% open space, and a maximum housing density of five (5) units per gross acre. The District also required a “variety of housing accommodations in an orderly relationship to one another”. The first Massanutten Village Master Plan (dated August 1971) was approved by the County Supervisors and is shown below on the left. It delineated a project area of roughly 3,000 acres with approximately 5,000 dwelling units for an estimated 15,000 residents.

It is interesting to point out that the 5,000 dwelling units alone in first Massanutten Village Master Plan would take 25 years to complete under a very optimistic home construction average of 200 units built per year. Under a more realistic (yet still optimistic) home construction average of 100 units built per year, the entire project would take at least 50 years to complete. Upon the approval of the first Master Plan in 1971 by Rockingham

County, Massanutten Village was going to be a very long term commitment that would result in areas of the project being sparsely populated for many years as the project matured.



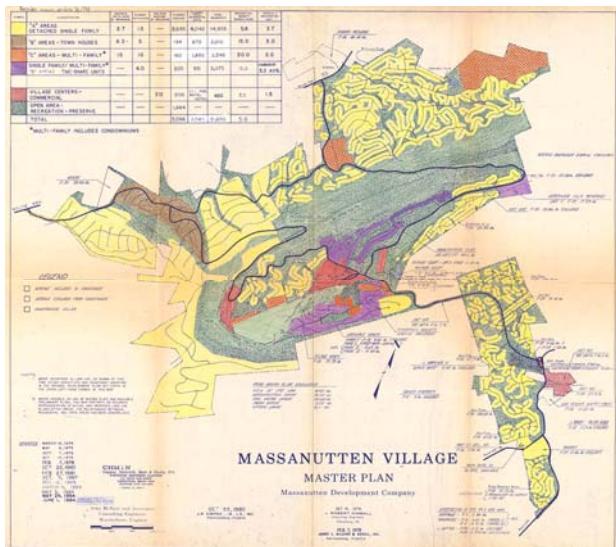
Massanutten Village Master Plan – August 1971



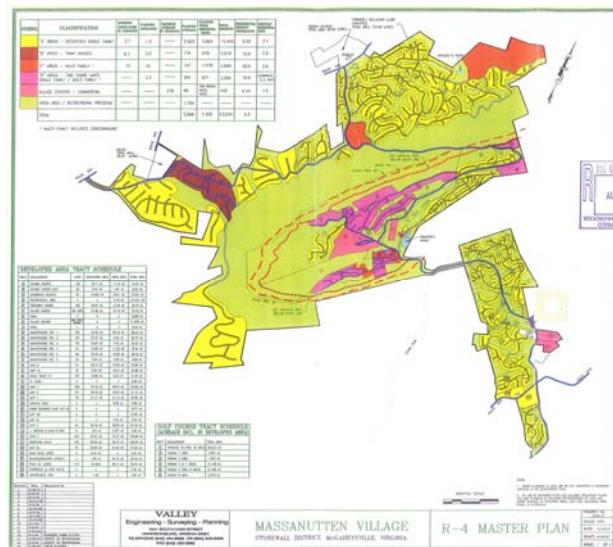
Massanutten Village Master Plan – July 1972

The second approved Massanutten Village Master Plan was dated less than a year later (July 1972) and shown above on the right. The second plan amended the project area to more than 5,000 acres with more than 8,000 dwelling units for more than 25,000 residents. A careful comparison of the two plans (shown side-by-side above) reveals the increase in area from 3,000 to 5,000 acres is largely due to land added to the northwestern area of the project. It should be noted that today this additional area remains relatively untouched even 40 years later. It should also be noted that the increase in dwelling units from 5,000 to 8,000 extended the development timelines to more than 80 years.

Since the 1972 Master Plan, there have been a total of ten (10) more amendments to the Massanutten Village Master Plan. All of the amendments maintained approximately the same project boundaries, size, number of units, and estimated population. The most significant amendment to the Massanutten Village Master Plan came in 1994 and shown in the map below on the left. This amendment included the introduction of timeshare units to the types of housing units in Massanutten Village. The subsequent and the most recent amendment to the Master Plan was made in 2002 and shown in the map below on the right. The 2002 amendment was relatively straight forward just adding 104 timeshare units to the project in three (3) new areas in the Kettle, while eliminating some proposed timeshare units in existing areas.



Massanutten Village Master Plan – June 1994



Massanutten Village Master Plan – August 2002

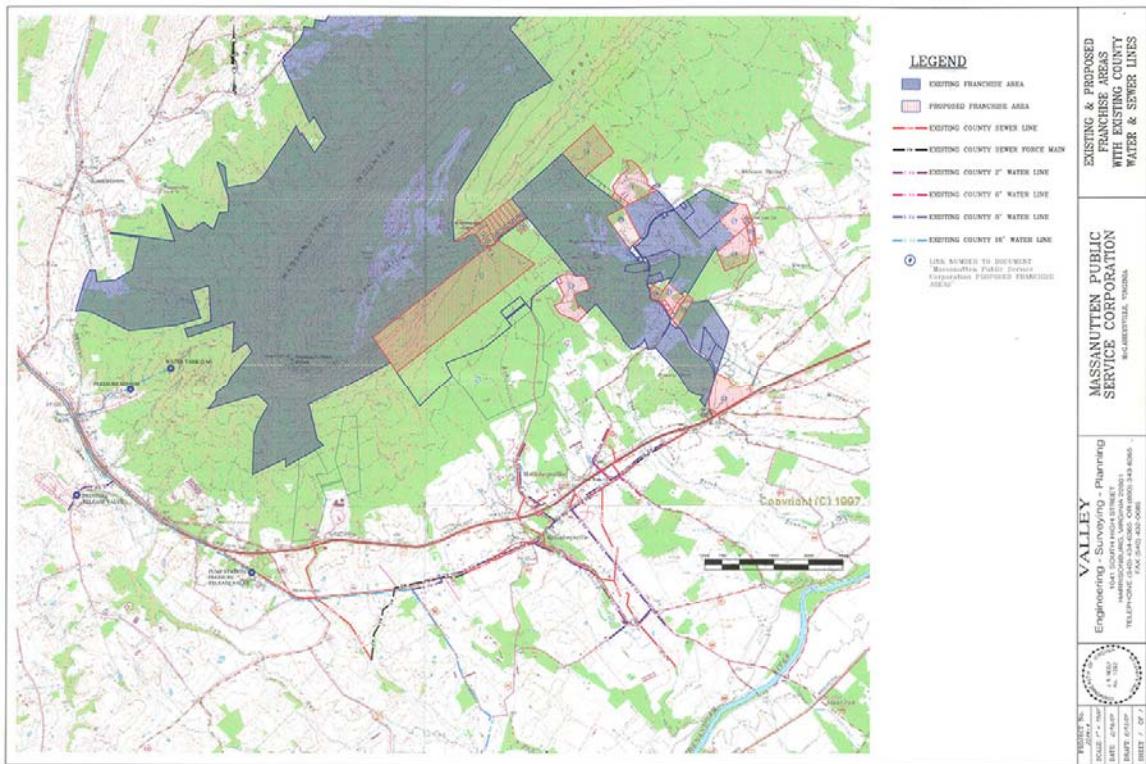
The table below compares the four (4) Master Plans discussed and shown above along with the developed areas of today. All of Massanutten Village should be included within the boundaries of an incorporated town of Massanutten. Although the total land area could be considered to be sparsely populated, that is because the more than 2,000 acres were added in 1972 to the original Massanutten Village Master Plan remains largely undeveloped today. These 2,000 acres have been part of the Master Plan as it still exists today (40 years later).

	1971 Plan	1972 Plan	1994 Plan	2002 Plan	2010 Actuals
Project Area (acres)	3,042	5,344	5,066	5,066	1,521
Number of Single Family Dwelling Units	3,021	4,373	4,042	3,904	1,006
Number of Multi-Family Dwelling Units	1,500	3,885	2,290	2,140	46
Number of Timeshare Units	--	--	931	971	730
Number of Hotel Rooms	500	500	280	290	290
Total Number of Housing Units	5,021	8,758	7,543	7,305	2,102
Estimated Population	14,928	26,295	21,690	23,034	3,035

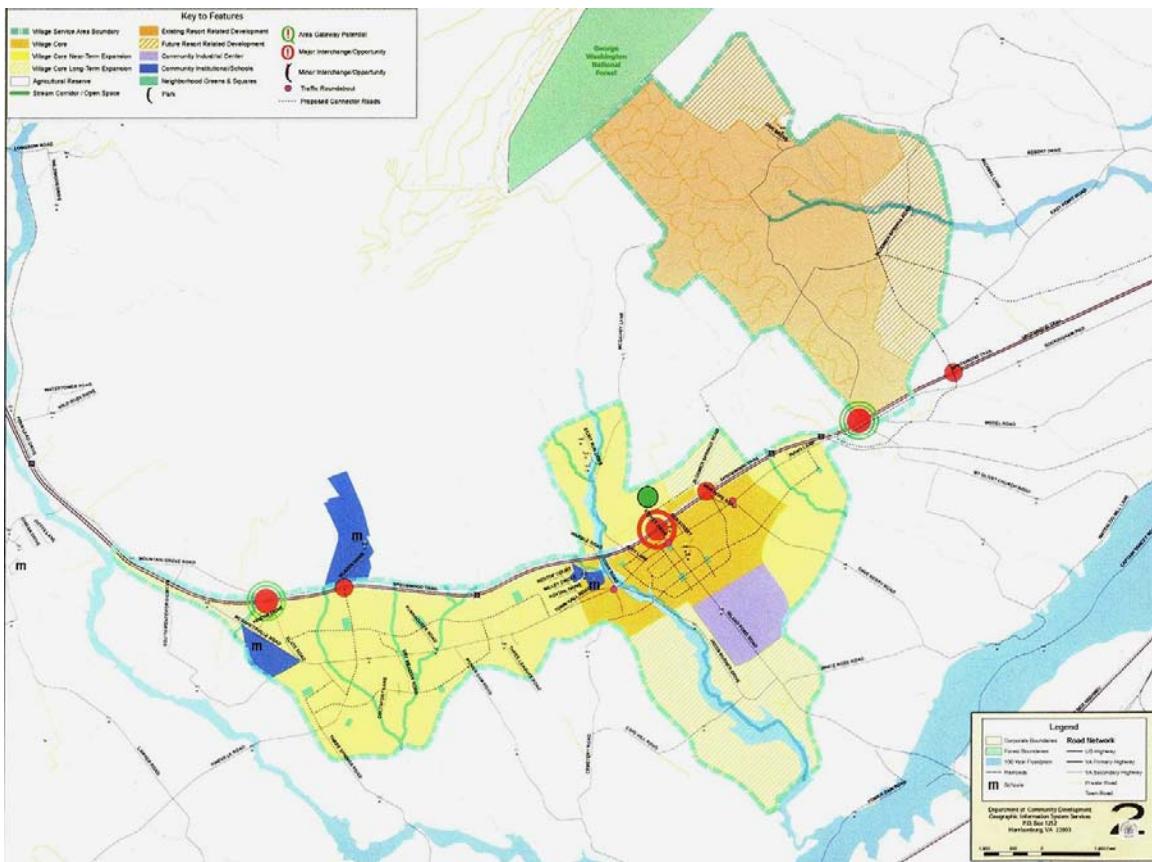
3.2 – Other Relevant Planning Maps

The most logical boundaries for an incorporated town of Massanutten are those boundaries which coincide with the service area boundaries of Massanutten Public Service Corporation (MPSC). MPSC provides private water and sewage service exclusively to the Massanutten community. The MPSC service area boundaries are controlled by the VA State Corporation Commission and currently include all areas of Massanutten Village plus the areas of Woodstone Meadows, Village Festival, and Massanutten Station – all areas as delineated in their latest approved County Master Plans. A current MPSC service boundary map was not available for this study. However, a map was obtained of the MPSC service boundaries as of 2001. The map is shown below and includes the existing boundaries as of 2001 plus the proposed boundaries which have since been approved by the VA State Corporation Commission. These service boundaries are the most logical town boundaries because they ensure that all the developed and planned areas of an incorporated town currently have or are designated to have access to all public utilities. These service boundaries have already been approved by a commission of the Commonwealth of VA and supported by Rockingham County. It seems logical to have the town boundaries retain the MPSC water and sewerage service area from the outset of incorporation. Subdividing property owners served by MPSC into groups within and outside the incorporated town limits would cause confusion.

Consideration should also be given to adding growth areas to the incorporation boundaries which coincided with the MPSC service area boundaries. The basis for these additional growth areas was a recent study performed by Rockingham County which planned future growth of the McGaheysville area. The study was concluded in 2005 and the County Supervisors approved a “McGaheysville Area Plan” in 2006 which was incorporated into its County Comprehensive Plan. The McGaheysville Area Plan includes a map which is shown below that delineates notional growth areas (designated in a brown hatched color) for the Massanutten area. Basically, the Plan allows for growth of the Woodstone Meadows and Village Festival Areas eastward toward Route 602. The Plan also designates a second entrance into the Woodstone Meadows and Village Festival Areas from Route 33 as an alternative to Resort Drive. Because the Rockingham County Supervisors had approved this Plan as a part of the County Comprehensive Plan, it seemed justified to include these growth areas when determining the town incorporation boundaries, despite the fact they have not yet been designated to receive MPSC service for water and sewerage.



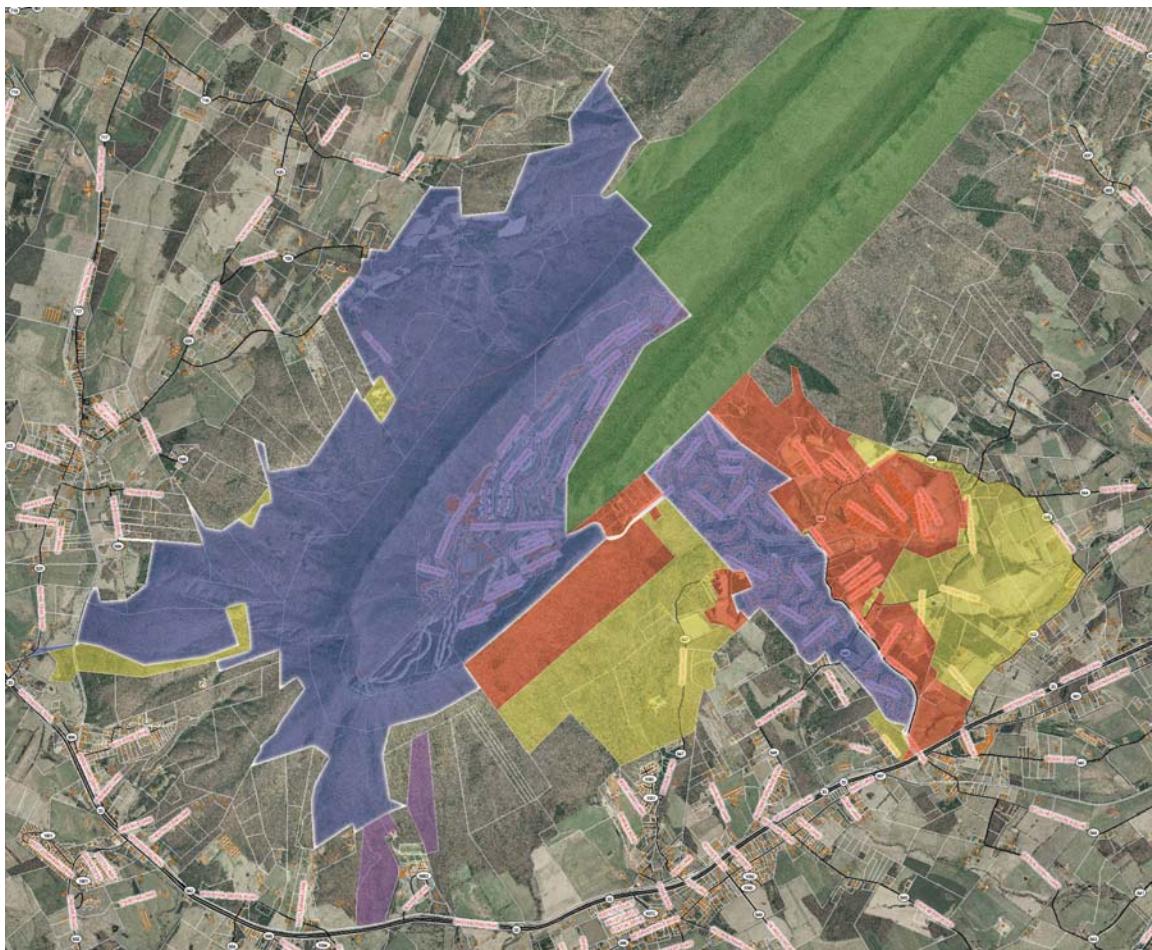
Massanuttlen Public Service Corporation Service Area Boundaries



McGaheysville Community Concept Plan

3.3 – Incorporated Town of Massanutten Map

As discussed, the town incorporation boundaries of Massanutten could be an integration of the boundaries of the Massanutten Village Master Plan and MPSC service area plus the notional Massanutten growth areas from the McGaheysville Area Plan. This integration is shown in the map below.



Those areas on the map shown shaded in blue represent the areas of Massanutten Village Master Plan. Those areas on the map shaded in red and purple represent the additional areas found in the MPSC Service Area – note that the MPSC service area also includes all of Massanutten Village (shaded in blue). The areas on the map shaded in yellow largely represent the notional growth areas found in the McGaheysville Area Plan. Some individual properties were added to the notional growth areas (in yellow) that expand to natural boundaries formed by roads and include any land directly adjacent to town roads. Also, ten (10) properties were added on the southern town boundary surrounding the current endpoint of McGahey Lane. These properties are not planned, pursuant to the McGaheysville Area Plan, to be served by the County or MPSC water and sewerage. But, they provide an important future access point into the town from Route 33 via McGahey Lane (intersecting Route 33 near McGaheysville Elementary School) which could be extended to intersect with Massanutten Drive. The future access point will also provide a future town business area that may include such things as a post office, bank, restaurants, and office buildings for patronage by residents and visitors. The two properties shaded in purple, although designated for MPSC service, were not determined to be candidates for town incorporation due to their remote location and their difficulties due to steep geographical elevation changes. The future access point properties could be included in the incorporation boundaries in lieu of these properties shaded in purple which would remain in control of Rockingham County.

Given these considerations, town incorporation boundaries of Massanutten might look like what is shown in the following map. The areas shaded in white represent properties within the incorporated town and the areas shaded in green represent the George Washington National Forest. Such an incorporated town of Massanutten could be a tangible, real place that focuses civic pride and community identity on a legally defined area.



Please take note that these are the hypothetical (not proposed) incorporation boundaries of a town of Massanutten. The boundaries have been deemed necessary to analyze the feasibility of incorporating the Massanutten community into a town. For the remainder of the report, the hypothetical town will often be referred to as the “town” -- this reference is for the purposes of the feasibility analysis and the report.

It should also be noted that the most of land encompassed within the incorporated town boundaries have been surveyed for the purposes of master planning as required by the Rockingham County Zoning Ordinance. This includes Massanutten Village, Woodstone Meadows, Village Festival, and Massanutten Station. These surveys could reduce costs for platting as part of incorporation (as discussed in Section II).

3.4 – Incorporated Town of Massanutten Details

Establishing boundaries for an incorporated town of Massanutten allows a full feasibility analysis to be undertaken to include the scope of essential services and budget. Using the incorporation boundaries, the individual town properties can be first identified along with their individual assessed real estate value and land area. The values and areas for roughly 1,800 properties within the town boundaries were obtained from

Rockingham County. They can be totaled to provide an incorporated town summary in the following table. The summation found an incorporated town of roughly 7,800 acres (or 12.2 square miles) of land with nearly \$677 million of assessed real estate value, of which more than \$662 million are taxable.

Type of Town Properties	Real Estate Values	Land Area (acres)
Suburban Residential Properties	\$259,781,400	1,007
Timeshare Properties	\$231,664,700	261
Agricultural Properties	\$8,023,600	1,101
Forrestal Properties	\$12,660,900	4,279
Commercial – Industrial Properties	\$150,106,800	637
Exempt Properties	\$14,458,200	518
Town Totals	\$676,695,600	7,802

It should be noted that the real estate information obtained from Rockingham County is readily available to the public on the County GIS Website (<http://rockingham.gisbrowser.com/viewer.htm>). The information not only includes total assessed real estate values and land area for each property, it also includes a breakdown of the assessed values for the land and improvements (buildings) as well as the zoning designation, land use, land owners, and a description of the property. This not only allows the breakdown given in the table above, but also allows partial breakdowns of information. For example, a breakdown of assessed real estate values and land area for Massanutten Village alone is given in the following table.

Massanutten Village Properties	Real Estate Values	Land Area (acres)
Single Family Dwellings	\$233,894,200	420
Duplex & Townhouse Dwellings	\$6,104,800	2
Apartment & Condominium Dwellings	\$781,600	3
Timeshare Dwellings	\$163,075,900	169
Village Center	\$31,679,300	280
Open Space	\$12,290,500	646
Massanutten Village West Area	\$11,488,400	3,614
	\$459,314,700	5,135

3.5 – Comparison of Localities

A comparison of populations and areas for towns near Massanutten can be made based upon 2010 U.S. Census data. At the time of the Census, Massanutten was included as a Census Designated Place (CDP). The data for the nearby towns and Massanutten are shown in the table below. Data for Rockingham County and the City of Harrisonburg is also included. It is important to note that the population density of Rockingham County (89 persons per square mile) is significantly less than the maximum allowed by law (200 persons per square mile) for the possible town incorporation of Massanutten – this means Massanutten meets this legal requirement.

Massanutten's population and number of housing units are commensurate with data for nearby towns. Actually, Massanutten has the largest number of housing units when considering both residential and timeshare units. However, its land area is significantly larger than those of nearby towns which results in a relatively sparse population density. The Census data for Massanutten delineated a land area of 9.2 square miles. This is smaller than the 12.2 square miles calculated for the bounded town area in this feasibility study – so, the actual population and housing unit numbers for an incorporated town of Massanutten will be larger. As a matter of

further comparison, the Town of Leesburg has been included in the table which has a similar land area to Massanutten, but has a significantly larger population.

Virginia Locality	Population (2010 Census)	Total Area (sq mi)	Population Density (persons/sq mi)	Number Of Housing Units	Median Income
Town of Bridgewater	5,644	2.4	2,391	2,120	\$46,140
Town of Broadway	3,691	2.2	1,674	1,560	\$46,396
Town of Dayton	1,530	1.0	1,607	662	\$36,016
Town of Elkton	2,726	2.9	947	1,314	\$39,391
Town of Grottoes	2,668	1.8	1,504	1,135	\$40,173
Town of Timberville	2,522	1.2	2,112	1,166	\$38,460
Massanutten (CDP)	2,291	9.2	248	2,692	\$70,122
City of Harrisonburg	48,914	17.6	2,779	17,444	\$33,038
County of Rockingham	76,314	853.0	89	33,660	\$46,418
Town of Leesburg	42,616	11.6	3,674	15,119	\$93,148

It should be noted that the large area bounded by the town of Massanutten in this feasibility study has direct traceability to County and State planning as discussed earlier in this section of the report. It would be difficult to justify haphazardly removing land from the bounded area just to reduce the overall land area and subsequently increase the population density for an incorporated town of Massanutten. The large bounded area of 12.2 square miles or 7,802 acres for the incorporated town of Massanutten largely stems from the large planned area of 5,135 acres for Massanutten Village. This planned area was approved by the County Supervisors 40 years ago and then supported in a dozen approved amendments since then. It is believed that the bounded town area for Massanutten given here is traceable and provides for ample growth capability if the area is incorporated.

It should also be noted, from the previous subsection, that the established boundaries for an incorporated town of Massanutten delineated nearly \$677 million of assessed real estate value, of which more than \$662 million are taxable. It was determined that Bridgewater has \$587.5 million of assessed real estate value, of which only \$391.3 million is taxable. And, Elkton has \$223.4 million of assessed real estate value, of which only \$190.4 million is taxable. In comparison to other towns in Rockingham County, an incorporated town of Massanutten would have between two (2) and three (3) times more taxable real estate which is more than adequate to support a town.

3.6 – Frequently Asked Questions

An interim report on the feasibility of incorporating Massanutten into a town was published on a website in August 2010. It was available for review and comment for roughly nine (9) months prior to the start of final reporting. During that review period, the author received numerous questions about town incorporation. Frequently asked questions (FAQs) were answered and placed on the website. Some FAQs have been incorporated into the text of this final report. Other FAQs applicable to this section of the report are noted as follows for completeness of reporting:

FAQ: If Massanutten incorporated into a town, what would happen to our Lifetime Memberships for ski, golf, and the clubs? That is a huge benefit of living here and owning those memberships. The annual fee for that allows us to participate in activities at a very affordable price for our family.

Town incorporation would not affect any Lifetime Memberships which are purchased from Great Eastern Resorts to use at the amenities which they own. These are private contracts which are not affected by the form of local government.

FAQ: If Massanutten incorporated into a town, what would happen to the MPOA discounts for skiing and golfing and the MPOA free access to Le Club during the summer months?

These agreements are between Great Eastern Resorts and MPOA. MPOA will continue to exist after an incorporation of Massanutten to fulfill MPOA's obligations under Massanutten Village Subdivision Covenants. Therefore, nothing should change regarding MPOA discounts for and free access by MPOA members to Great Eastern Resorts' amenities.

FAQ: If Massanutten incorporated into a town, what would happen to the timeshare units?

Timeshare units are properties deeded to individuals – town incorporation would not change that. Massanutten Village timeshares are members of MPOA. Woodstone Meadows timeshares are members of their own POA. If Massanutten incorporated into a town, these timeshare units would continue to be a part of their respective POAs. The Massanutten Village timeshare units may pay less in MPOA fees due to financial benefits of incorporation that will be detailed in later sections of this report.

FAQ: What would be the relationship between an incorporated town of Massanutten and Great Eastern Resorts?

Great Eastern Resorts (GER) and MPOA have enjoyed a good working relationship for the past twenty-five (25) years. It is likely that a similar relationship will exist between GER and an incorporated town of Massanutten. It is well understood that the overall prosperity of the Massanutten community depends in part on the business success of GER. Incorporated town officials will likely work closely with GER management to accomplish common goals in a more timely and efficient manner. It is likely that the town incorporation of Massanutten will provide more visibility to the community considering there has not been a town incorporated in VA for more than 20 years. This visibility may actually attract more visitors to Massanutten and the businesses of GER.

FAQ: Where would the commercial/business areas be located in an incorporated town of Massanutten?

Currently, Rockingham County has designated four (4) areas as commercial/business districts that are within the boundaries of an incorporated town of Massanutten. The first area is in the Massanutten Village Kettle Area which is designated as R-4 "Village Center". This area currently has businesses such as the Ski Lodge, General Store, Hotel & Conference Center, MPOA Mini-Golf and Go-Kart Track, Fareways Restaurant, Le Club Activity Center, and the Mountain Greens Golf Course. The second area is in Woodstone Meadows which is designated R-5 "Village Center". This area currently has businesses such as the Executive Golf Course, Recreation Center, General Store, and the Golf Pro Shop. The third area is Village Festival which is designated as a Planned Commercial Development (PCD). This area currently has the Great Eastern Waterpark with more resort amenities and hotels planned. The fourth area is Massanutten Station which is also designated as a PCD. This area is located at Routes 33 and 644 (Resort Drive) and has been approved by the County Supervisors, but development has yet to be initiated. This area will include shopping and residences. Any other town areas for commercial/business activities must be designated by a Town Planning Commission in the Town Comprehensive Plan. Then, the areas would be rezoned by the Town Council. Similarly, the County could rezone any properties for business activity at any time just as they have done many times in the past (town incorporation is not required).

3.7 – Section III References

1. Rockingham County Zoning Ordinance of 1969
2. Massanutton Village Master Plan – approved August 1971 by Rockingham County Supervisors
3. Massanutton Village Master Plan – approved July 1972 by Rockingham County Supervisors
4. Massanutton Village Master Plan -- approved June 1994 by Rockingham County Supervisors
5. Massanutton Village Master Plan -- approved August 2002 by Rockingham County Supervisors
6. Massanutton Public Service Corporation Service Area Map (February 2001)
7. McGaheysville Community Concept Plan Map (October 2005)
8. Local Town Zoning Maps
 - a. Bridgewater Town Map
 - b. Broadway Town Map
 - c. Dayton Town Map
 - d. Elkton Town Map
 - e. Grottoes Town Map
 - f. Timberville Town Map

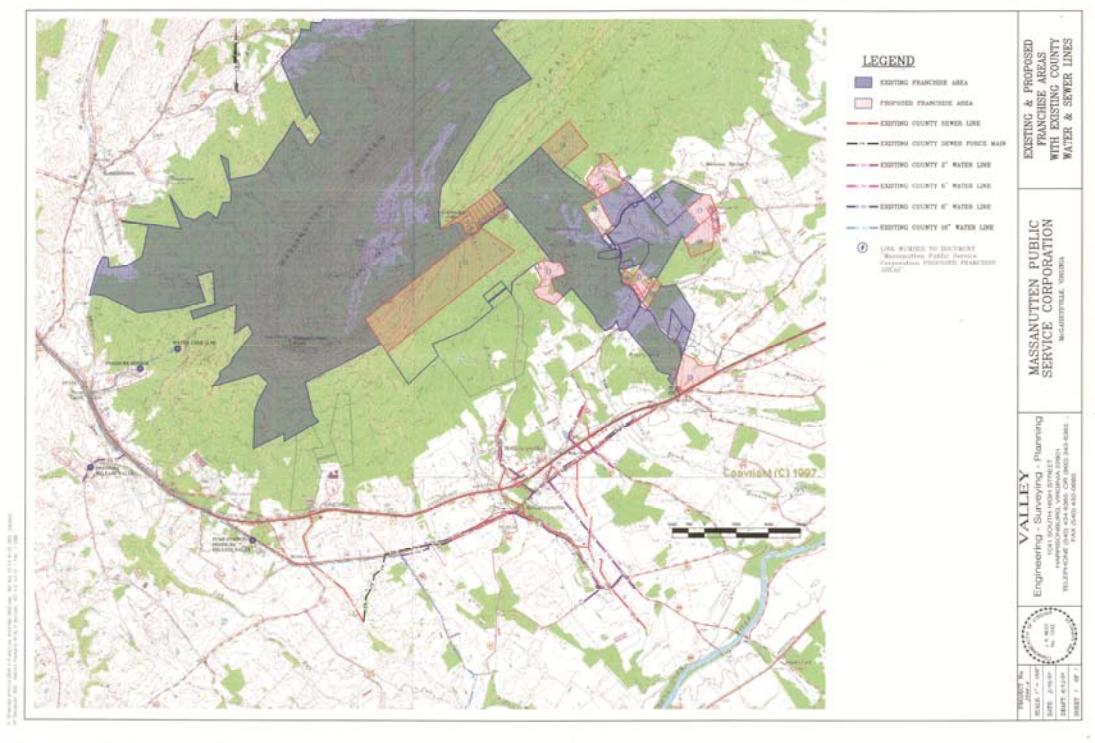
SECTION IV

Massanutten Community Infrastructure

4.0 – Existing Massanutten Village Infrastructure

The Massanutten Village infrastructure was established in the early 1970's. It consists of underground utilities, roads, and a natural storm water drainage system that were originally constructed by the Massanutten Development Company. Today, the electricity grid is operated by Dominion Power, the telephone grid is operated by Verizon, and the cable grid is operated by Comcast and Resort Cable. The roads and storm water drainage system are largely owned and maintained by the Massanutten Property Owners Association (MPOA).

The Massanutten Village water and sewerage system is owned and operated by Massanutten Public Service Corporation (MPSC). MPSC is a wholly-owned subsidiary of Utilities, Inc., a holding company that owns and operates water and sewer companies in 15 states with approximately 290,000 customers. It was first issued certificates of public service by the Virginia State Corporation Commission (SCC) in 1985 after the bankruptcy of Massanutten Village, Inc (successor of the Massanutten Development Company) to exclusively service Massanutten Village. Over time, the MPSC service area grew to include more as shown in the map below.



Today, the MPSC water system is comprised of four (4) deep drilled wells with water distribution mains conveyed over twenty-five (25) miles. Additionally, there are five (5) above ground storage reservoirs ranging in size from 250,000 to 500,000 gallons for a total of over 1.5 million gallons of storage that provide for peak water demands. The MPSC sewerage system is comprised of a recently upgraded 1.5 million gallons per day wastewater treatment facility with sewer collection mains conveyed over twenty-seven (27) miles. The rates charged by MPSC, like other utility companies, are controlled by the VA SCC. The VA SCC authorized rate increases in July 2007 and July 2010 that roughly doubled rates to the average Massanutten property owner over the strong objections of the Massanutten Property Owners Association. MPSC rates are currently more than two and a half times that charged by Rockingham County based on 4,000 gallon per month usage.

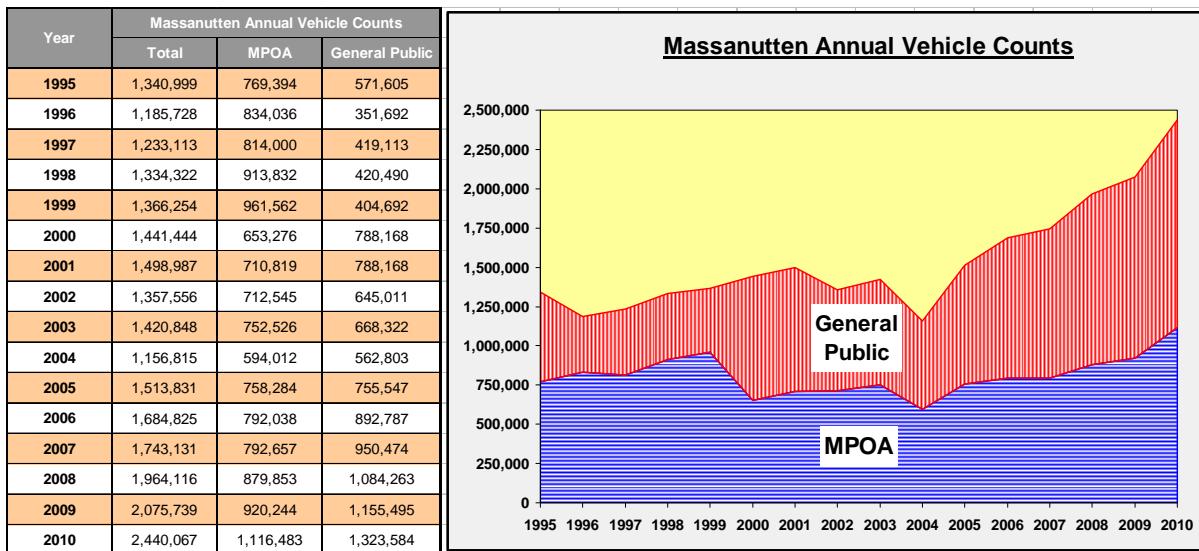
4.1 – Massanutten Village Roads

Massanutten Village consists of twenty-six (26) miles of roads which are privately owned and maintained by the Massanutten Property Owners Association (MPOA). The MPOA road system is somewhat fractured with most of these roads contained within MPOA's main gate and with a few roads outside the gate in the Piney Mountain

subdivision which lies at the northwest corner of Routes 33 and 644 (Resort Drive). Route 644 is not part of the MPOA road system, although MPOA does some regular maintenance such as snow removal and roadside grass cutting under an agreement with VDOT. Currently, MPOA's road system does not include any of the roads in the Massanutten Village West Area (e.g. Del Webb Drive from the Massanutten Mountain Overlook to Happy Valley Road in Keezletown). An overview of the road system can be seen in the satellite photo below and in greater detail in the road system map in the next subsection of the report.

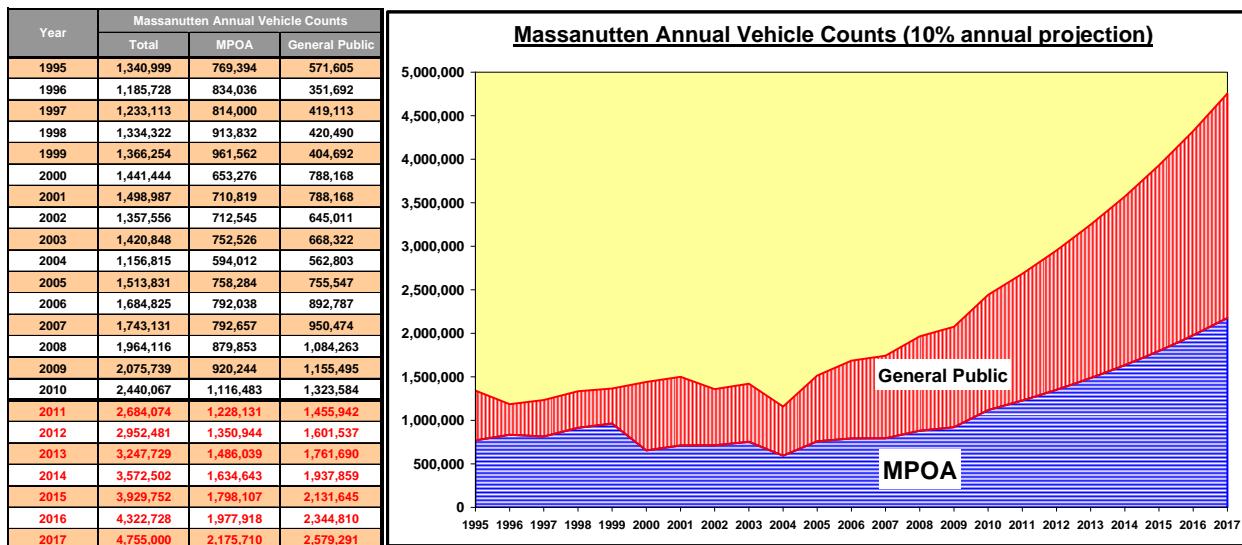


The MPOA road system was largely constructed between 1972 and 1976. Its main arterial is Massanutten Drive which traverses from the Massanutten Village main gate to the amenities in the Kettle Area feeding twelve (12) of the sixteen (16) residential subdivisions along the way. MPOA has kept vehicle counts entering through the main gate on Massanutten Drive since 1985 for the primary purpose of determining the relative cost share of repaving Massanutten Drive between MPOA and Great Eastern Resorts (GER). The MPOA vehicle count includes those vehicles associated with the private Massanutten Village residences along with their guests and those vehicles associated with Massanutten Village timeshares along with their guests. The GER vehicle count (or general public vehicle count) includes those vehicles associated with GER employees, owners of Woodstone Meadows timeshares along with their guests, and those visitors who travel to GER businesses (e.g. ski slopes, golf course, and restaurant). The vehicle count breakdown for the last sixteen years is shown in the chart below.



Until 2006, the majority of vehicles entering into Massanutten Village were attributed to MPOA. But, the majority of vehicles since 2006 have been attributed to the general public – and, this majority is growing. In 2010, over 2.44 million vehicles entered Massanutten Village with over 1.32 million attributed to the general public. This growing majority is largely due to the traffic flow associated with the GER Waterpark located on Route 644 (Resort Drive) which opened in 2006 and due to the increasing sales of timeshares in Woodstone Meadows. Massanutten Drive was last repaved in 2005 when the vehicle count was roughly equal between MPOA and the general public. Thus, the repaving cost of roughly \$320,000 was shared equally between MPOA and GER. Massanutten Drive is scheduled to be repaved again in 2011 which means, with a six (6) year repaving interval, the costs are roughly \$27,000 each year each for MPOA and GER (if the costs are equally shared). Since 2000, Lanier Lane (a collector road for four (4) Massanutten Village subdivisions) was the only other road in the MPOA system that has been repaved at a cost of roughly \$112,000 in 2007. The remaining roads in Massanutten Village were last repaved during the period of 1992 thru 1996 – a twenty (20) year cycle since the original construction during the period of 1972 thru 1976. Based on the twenty (20) year cycle, these remaining roads are due to be repaved during the period of 2012 thru 2016. It has been determined that the present day costs for asphalting these remaining roads will be more than three million dollars (\$3,000,000).

It is extremely important to note that the average daily traffic (ADT) on Massanutten Drive in 2010 was 13,370 vehicles. This was 17.6% more than the ADT in 2009. In the first half of 2011, the vehicle counts were up 23.4% over 2010 with an ADT of 15,314 vehicles. This makes Massanutten Drive the fourth most heavily traveled road in Rockingham County behind Interstate 81, Route 33, and Route 42 (from Bridgewater to Dayton). However, the two lane Massanutten Drive is actually the second most heavily traveled road per lane in Rockingham County behind Interstate 81. Massanutten Drive is twenty-four (24) feet in asphalt width and was designed, pursuant to the Rockingham County Ordinance, to support an ADT of only 5,000 vehicles. This means that Massanutten Drive currently has three times more traffic than it was designed to carry. At some point in the very near future, experts state that Massanutten Drive will need to be widened to thirty (30) or thirty-six (36) foot asphalt width in order to support the weight of the heavy traffic flow. With a projected increase of 10% per year over the next six years, Massanutten Drive will have an ADT of over 26,000 vehicles in 2017 – or, more than five times the design capacity. The more than 26,000 vehicles projection in 2017 would make Massanutten Drive THE heaviest traveled road per lane in the County – more than even Interstate 81. In 2017, more than 4.75 million vehicles are projected to enter Massanutten Village with over 2.5 million vehicles coming from the general public. The 2.5 million vehicles coming from the general public would be more than the total number of vehicles entering into Massanutten Village in 2010 (2.44 million vehicles). The actual Massanutten Village annual vehicle counts along with the projected 10% per year increase over the next six years are shown in the chart below.



Alternatively, it is important to note that Route 644 (Resort Drive) had an ADT of 7,800 vehicles in 2004 measured near the intersection of Route 33. This was actually more than the Massanutten Drive ADT of 6,300 vehicles that same year. In 2005, Route 644 was widened from two (2) to four (4) lanes from Route 33 to the Waterpark entrance of Village Festival. The Rockingham County Supervisors and VDOT believed that this was necessary to support the additional projected traffic flow associated with the Waterpark and other amenities in Village Festival. However, the ADT on Route 644 only increased to 8,700 by 2009 – significantly less than the ADT of 11,374 seen on Massanutten Drive. While the traffic on Route 644 only increased modestly over the period since 2004, the traffic on Massanutten Drive has skyrocketed due to the internal Massanutten community traffic flow, previously discussed. Furthermore, the County and VDOT chose not to widen the section of Route 644 from the Waterpark to the entrance of Massanutten Village. It remains a two (2) lane road, but with the base and asphalt was widened. This road section likely sees a traffic volume more similar to Massanutten Drive due to the patronage of the Waterpark by Woodstone Meadows and Massanutten Village inhabitants.

The MPOA Maintenance Department is responsible for maintaining the MPOA road system to include snow removal. The MPOA Maintenance Department is also responsible for maintaining acres of open space in Massanutten Village, some of which include grassy areas that require mowing. The MPOA Maintenance Department has eight (8) full time employees operating out of three buildings that total roughly 8,000 square feet located on 20 acres of land at the northeast corner of Route 644 (Resort Drive) and Route 646 (Bloomer Springs Road). The Maintenance Department also has assets that include five (5) trucks with snow plows, two (2) riding mowers, a back hoe, a case loader, a tractor, a steam roller, a leaf vacuum, a mulch blower, various hand tools, and a wood shop. In 2009, the MPOA Maintenance Department had a budget of \$571,607.

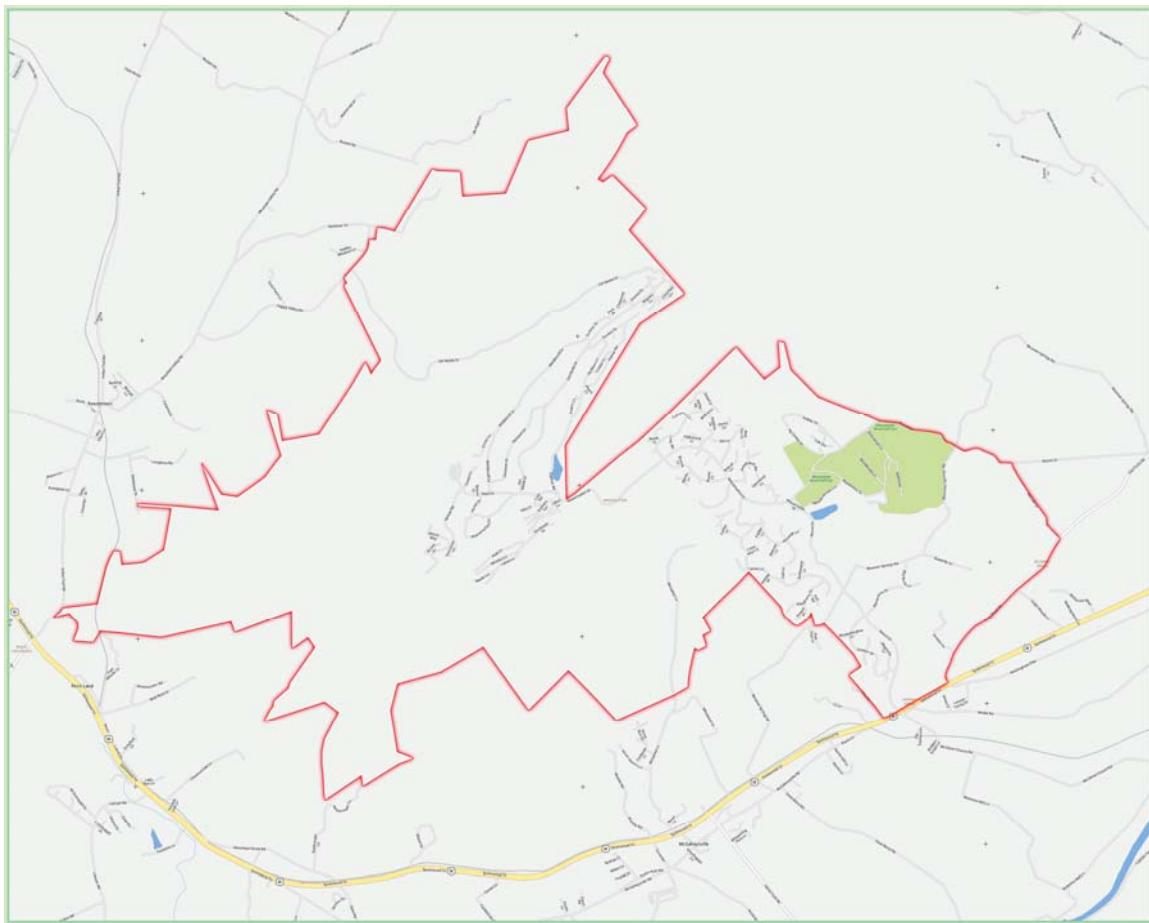
4.2 – Incorporated Town of Massanutten Roads

Massanutten Village consists of roughly twenty-six (26) miles (fifty-two [52] lane miles) of roads which are privately owned and maintained by MPOA. These roads could be legally transferred (by the MPOA Board of Directors) to an incorporated town of Massanutten for maintenance. Massanutten Village (West) has an additional road, Del Webb Drive from the Massanutten Mountain Overlook to Happy Valley Road, which is privately owned by Great Eastern Resorts (GER) and not regularly maintained having fallen into a state such that it requires major improvements before it could support regular use. It is not likely that this road would be transferred to an incorporated town of Massanutten for maintenance until it undergoes necessary improvements.

There are roughly twelve (12) lane miles of roads in the Woodstone Meadows, Village Festival and Massanutten Station areas which are currently owned and maintained by VA Department of Transportation (VDOT). This lane mileage includes Route 644 (Resort Drive) plus the hard surfaced parts of Route 646 (Bloomer Springs Road) and Route 645 (Michael Lane) as well as roads in the Woodstone Meadows Property Owners Association. All of these roads could be legally transferred to an incorporated town of Massanutten for maintenance. However, it should be noted that there are many portions of Woodstone Meadows, Village Festival and Massanutten Station which are currently under or will be under development and the associated roads would not be transferred to an incorporated town of Massanutten for maintenance until the development projects are completed.

Therefore, an incorporated town of Massanutten could have from the outset a total of roughly sixty-four (64) lane miles in a system of town maintained roads. A map of all roads in an incorporated town of Massanutten is shown below. It was determined that town streets and collectors would likely require resurfacing every 20 years, Route 644 (Resort Drive) from Route 33 to the Woodstone Meadows Driving Range would likely require resurfacing every 10 years, and Massanutten Drive would likely require resurfacing every 5 years, unless such time it is widened to accommodate the heavier traffic load. Given this resurfacing schedule and the current cost of asphalt, the cost of resurfacing all town roads every 20 years would be roughly \$4.5 million or an annualized cost of roughly \$300,000. It is important to note that one way for an incorporated town to regularly conduct resurfacing of its roads can be to acquire municipal bonds repaid at this annualized rate.

It should be also noted that if MPOA legally transferred its roads to an incorporated town of Massanutten for maintenance, it would no longer have a need for all of its road maintenance assets. MPOA could donate these maintenance assets to the incorporated town providing the town a good point of departure immediately after incorporation to continue providing MPOA property owners, all of whom would be within the incorporated town limits, with the outstanding road maintenance they have enjoyed over the last thirty-five (35) years.



4.3 – Infrastructure Assistance Available to Town Governments

Towns in Virginia have access to numerous state and federal assistance programs for the construction and maintenance of roads. State programs are managed by the Virginia Department of Transportation (VDOT) (<http://www.vdot.virginia.gov/business/local-assistance.asp>) and include Revenue Sharing, Rural Rustic Roads, Urban Construction Initiatives, and Urban Highways Programs. The Land Assistance Division (LAD) of VDOT develops policy and provides guidance for programs that impact work performed by localities and serves as a liaison to local governments.

Specifically, LAD manages a program to provide funding for road construction and maintenance in Virginia's cities and towns. The program is called the "Urban Construction and Maintenance Program" and is critical to the many towns in Virginia that qualify. The funding for this program comes from VA and federal gasoline taxes with the maintenance part of the program not seeing any funding cuts since its inception more than 25 years ago. There are a total of 25,716 lane miles in the VDOT Maintenance Program that received roughly \$304 million of funding in FY2010. Cities and towns receive funding from the program solely based on road lane mileage and not on any political considerations – they receive \$17,180 per lane mile of arterial roads and

\$10,087 per lane mile of local streets. Under this program, VDOT makes payments directly to towns satisfying any of the following eligibility requirements (VA Code 33.1-23.3):

- towns of more than 3,500 population according to the latest U.S. Census;
- towns which have obtained a population of more than 3,500 since the last U.S. Census;
- towns which maintained certain streets under VA Code 33.1-80 (repealed 30 June 1985); or,
- the towns of Wise, Lebanon, and Altavista.

Payments are made to eligible towns for roads and streets meeting any of the following criteria:

- at least fifty feet (50') of right-of-way and at least thirty feet (30') of hard surface;
- at least eighty feet (80') of right-of-way and at least twenty-four feet (24') of hard surface plus approved plans for the addition of at least twenty-four feet 24' of hard surface within the same right of way;
- cul-de-sac with at least forty feet (40') of right-of-way and standard turnaround;
- paved and in the VDOT Primary or Secondary System prior to annexation or incorporation;
- eligible for and receiving payments under laws in effect on June 30, 1985;
- functionally classified as a local street and constructed on/or after January 1, 1996; or,
- eligible local streets with speed control devices within the right-of-way.

There are certain exemptions by Code to the criteria for roads and streets established above. One such exemption is for eligible towns in which “70% or more of developable land has a natural grade of at least 20%”. This exemption is often referred to as the mountainous terrain standard. Such towns may have a minimum right-of-way width of forty feet and hard surface width of eighteen feet on collector roads and local streets.

The Urban Construction and Maintenance Program funding would be critical to an incorporated town of Massanutten. The road system within Massanutten Village is roughly 40 years old and will need significant maintenance work in the near future. This program will justifiably help defray costs to repave roads that have in recent years been used more and more by the general public. In order to qualify for the funding, an incorporated town of Massanutten would have to meet the 3,500 population requirement at some point in the future. Or, an incorporated town of Massanutten could petition the Virginia General Assembly to exempt Massanutten from this requirement like the towns of Wise, Lebanon, and Altavista – this petition could be done simultaneously and linked with the request to the VA General Assembly for town incorporation via enactment. It is very important to note that the towns of Wise, Lebanon, and Altavista were all exempted in 1990 and these towns have still not reached a population of 3,500, as of the 2010 Census. The exemption for eligibility is justified for an incorporated town of Massanutten considering the fact that it has a total of 2,692 housing units for a population of 2,291 (2010 U.S. Census) which is much greater than any other town in Rockingham County to include the Town of Bridgewater which has a total of 2,120 housing units for a population of 5,644. The relatively large number of housing units in Massanutten includes more than half being hotels and timeshare units, many of the over 1,200 timeshare units are regularly occupied by up to twelve (12) people which enlarges the actual population of the community on any given day. This exemption for eligibility is also justified for an incorporated town of Massanutten based on the fact that it had over 2.44 million vehicles entering the community in 2010. If the program is to help fund maintenance of roads used by the public, then 1.32 million vehicles entering the Massanutten community from the general public in 2010 certainly qualifies.

If an incorporated town of Massanutten meets the population requirement or by a special exemption of the Virginia General Assembly, the specific payments for lane miles in an incorporated town of Massanutten would then solely depend on meeting the Code of Virginia criteria for roads and streets. Many roads within Massanutten Village were built in the early 1970's to a mountain road standard of construction. This means that almost all collectors and local streets have a hard surface of eighteen (18) feet in width with a right-of-way of forty (40) feet in width. This is equivalent to the Code of VA criteria exemption for towns in which “70% or more of developable land has a natural grade of at least 20%”. It is believed that Massanutten Village meets this criteria exemption and so would an incorporated town of Massanutten. However, the procedure for verifying this criteria exemption is not clear in the Code of Virginia or the Virginia Administrative Code – and, was not clear to VDOT either (according to the VDOT LAD). If an incorporated town of Massanutten needed a General

Assembly exemption for the 3,500 population requirement, it was strongly recommended that a similar exemption be also obtained for the mountainous terrain standard which could be proven by analysis costing less than \$10,000 by the original (1970) surveyor of the Massanutten community.

If Massanutten were incorporated into a town and it was determined to be an eligible town of mountainous terrain for the VDOT Urban Maintenance Program, the incorporated town would be entitled to receive annual funding exceeding \$750,000 for the roughly 64.4 lane miles of qualifying roads. These 64.4 lane miles of qualifying roads include some in Massanutten Village which would be turned over by the MPOA Board. Massanutten Drive and Del Webb Drive which are internal to Massanutten Village and Route 644 (Resort Drive) which is external to Massanutten Village would both qualify as arterial roads (entitled to receive \$17,180 per lane mile in the FY2010 program) and the remaining roads would qualify as collector roads or local streets (entitled to receive \$10,087 per lane mile in the FY2010 program). The \$750,000 in annual funding could be expended for such things as road paving, snow removal, and roadside maintenance to include costs for associated administration, labor, materials, and capital equipment.

If Massanutten were incorporated into a town and VDOT determined that it did not meet the mountainous terrain standard or that MPOA declined to transfer its subdivision streets to the town, the incorporated town would still be entitled to receive VDOT funding under the Urban Maintenance Program. Routes 644 (Resort Drive), 645 (Michael Lane), and 646 (Bloomer Springs Road) already qualify because they are paved and in the Secondary System prior to the incorporation. Also, Massanutten Drive (4.5 lane miles) is a qualifying arterial road because it currently meets the standard for functionality and the standard for hard surface and right-of-way widths. All of these roads would entitle an incorporated town of Massanutten to receive annual VDOT Urban Maintenance Program funding of roughly \$250,000.

It is important to understand that the annual Urban Maintenance Program funding could be supplemented by specific project funding for things such as a future VDOT Six (6) Year Improvement Program to upgrade Del Webb Drive from the Massanutten Mountain Overlook to Happy Valley Road or a future VDOT Revenue Sharing Construction Program to extend McGahey Lane to Massanutten Drive as a second entrance into Massanutten Village. Additionally, there are other miscellaneous state grant programs that are available to towns related to road maintenance. For example, the VA Department of Environmental Quality (DEQ) provides funding grants to localities under non-competitive grants based on population and road miles. These grants have been awarded annually, since 1980, for local litter prevention and local recycling program implementation, continuation, and/or expansion. Massanutten Village currently has an extensive recycling program and an incorporated town of Massanutten would therefore be eligible for such a grant. Last year, the town of Bridgewater received a \$3,000 grant from this program.

Finally, an incorporated town of Massanutten could have access to U.S. Department of Transportation (DOT) assistance programs. These federal programs include funding for road construction, bike paths, and hiking trails. The specific amount of U.S. DOT funding for an incorporated town were deemed beyond the scope of this study.

4.4 – Comparison of Localities – Infrastructure

Six (6) Rockingham County towns have road maintenance departments. They each have various levels of funding dependent largely on their sources of funding – some are solely funded by taxes, some receive direct VDOT funding assistance, and some receive indirect non-funding VDOT assistance with road maintenance. Three towns are eligible to receive direct funding assistance from VDOT through the Urban Maintenance Program. They are Bridgewater, Elkton and Grottoes -- where the former qualifies based on population and the latter two towns are eligible based on laws in effect on June 30, 1985. Broadway's qualifying roads are currently maintained by VDOT. But, Broadway also surpassed the 3,500 population requirements in the 2010 Census and will receive direct funding from the VDOT Urban Maintenance Program in the future.

The table below compares the road funding and lane mileage for the six (6) towns in Rockingham County. The lane mileage was only available for those towns in the VDOT Urban Maintenance Program in FY2010. Included in this table is also the estimated road funding and lane mileage for Massanutten Village (as a CDP) and an incorporated town of Massanutten. From the table, one can see the comparative lane mileage of the towns where an incorporated town of Massanutten would have nearly double than that of other towns. Also, from the table, one can see the comparative VDOT funding of the towns through the VDOT Urban Maintenance Program, where an incorporated town of Massanutten could also receive nearly double that of other towns. The VDOT funding is directly related to the lane mileage based on the formula delineated in the last subsection.

Virginia Locality	Population (2010 Census)	Town Lane Mileage	Town Budget for Roads	VDOT Funding Urban Maintenance
Town of Bridgewater	5,644	51.1	\$671,000	\$579,585
Town of Broadway	3,691	not available	\$46,500	\$0
Town of Dayton	1,530	not available	\$488,500	\$0
Town of Elkton	2,726	35.7	\$348,764	\$350,390
Town of Grottoes	2,668	38.5	\$420,425	\$420,425
Town of Timberville	2,522	not available	\$99,724	\$0
City of Harrisonburg	48,914	316.3	\$4,489,017	\$3,761,030
Massanutten (CDP)	2,291	52	\$571,607	\$0
Town of Massanutten	*2,400*	*64.4*	*\$875,000*	*\$750,000*
Town of Altavista	3,450	38.3	\$434,300	\$386,635
Town of Lebanon	3,425	47.4	not available	\$477,619
Town of Wise	3,286	19.3	not available	\$194,578

The towns of Altavista, Lebanon, and Wise have also been included in the table. Their populations were below the qualifying requirement of 3,500, after being granted a special exemption in 1990 by the Virginia General Assembly in VA Code 33.1-23.3 to be eligible for the VDOT Urban Maintenance Program. An incorporated town of Massanutten would need a similar exemption from the General Assembly because the town does not meet the qualifying population requirement of 3,500 based on the 2010 Census.

Six (6) Rockingham County towns provide community water and sewerage services to their town citizens and businesses. These services are separate from Rockingham County which provides community water and sewerage services to the majority (not all) of county citizens and businesses. The rates charged for these services are shown in the table below based on 5,000 gallons of usage. The city of Harrisonburg and the overall VA average rates are also included for comparative purposes.

Virginia Locality	Population (2010 Census)	Water Costs (5,000 gallons)	Sewer Costs (5,000 gallons)	Total Costs (5,000 gallons)
Town of Bridgewater	5,644	\$19.70	\$25.55	\$45.25
Town of Broadway	3,691	\$18.46	\$19.61	\$38.07
Town of Dayton	1,530	\$16.20	\$22.55	\$38.75
Town of Elkton	2,726	not available	not available	-
Town of Grottoes	2,668	\$17.02	\$22.78	\$39.80
Town of Timberville	2,522	\$21.63	\$29.10	\$50.73
Massanutten (CDP)	2,291	\$47.70	\$48.35	\$96.05
City of Harrisonburg	48,914	\$12.33	\$24.65	\$36.98
County of Rockingham	76,314	\$15.21	\$25.45	\$40.66
VA Average		\$37.50	\$35.23	\$72.73

As previously discussed, the community of Massanutten is served by a private water and sewerage service provided by Massanutten Public Service Corporation (MPSC). The VA State Corporation Commission (SCC) authorized MPSC to increase rates in July 2007 and July 2010 that roughly doubled rates to the average Massanutten property owner. This SCC authorized increase was over the strong objections of the Massanutten Property Owners Association (MPOA) – which seemed, as a private corporation, to have only limited success in preventing the rate increases by another private corporation (MPSC). The rate increases resulted in MPSC rates being more than two times that paid by citizens in Rockingham County for a 5,000 gallon per month usage, as shown in the table above. It should be noted that the MPSC rates are, in fact, more than 32% above the VA average. If Massanutten incorporated into a town, its duly elected Town Mayor and Town Council will be legally recognized by the Commonwealth of Virginia to include the VA SCC. Undoubtedly, a duly elected Town Mayor and Town Council Members would have greater success in preventing any future MPSC rate hikes that came before the VA SCC. Furthermore, Town officials may even have the option to execute eminent domain over the MPSC system leveraging VA municipal bonds to buy MPSC assets at a fair market value, thus allowing the town to run the water and sewerage service on behalf of its citizens (less the profit margin added by MPSC).

4.5 – Frequently Asked Questions

An interim report on the feasibility of incorporating Massanutten into a town was published on a website in August 2010. It was available for review and comment for roughly nine (9) months prior to the start of final reporting. During that review period, the author received numerous questions about town incorporation. Frequently asked questions (FAQs) were answered and placed on the website. Some FAQs have been incorporated into the text of this final report. Other FAQs applicable to this section of the report are noted as follows for completeness of reporting:

FAQ: If Massanutten incorporates into a town, will VDOT plow the snow from our roads in the winter?

NO! Massanutten has possibly the best plowed roads in the Commonwealth. With all due respect to VDOT, residents of Massanutten believe MPOA crews know best how to keep Massanutten roads clear from ice and snow in the winter. If Massanutten incorporates into a town and MPOA turns over all of the roads of Massanutten Village for town (not VDOT) maintenance, MPOA would then also likely transfer its maintenance assets and staffing profiles over to an incorporated town of Massanutten. These MPOA assets and staffing profiles would be augmented to address the maintenance for additional roads in an incorporated town of Massanutten. Thus, the town would maintain its own roads to include snow removal in the winter – VDOT would not maintain them. If Massanutten incorporates into a town and is eligible to receive annual VDOT Urban Maintenance Program, it would be entitled to receive more than \$750,000 in funding to assist in paying for the maintenance of town roads. This funding may be used to pay for materials and labor associated with snow plowing.

FAQ: I have been told that VDOT has drastically cut their budget. Have you included in your report this drastic cut in the VDOT budget?

While VDOT has recently had budget cuts, the VDOT funding for the Urban Maintenance Program has NOT been cut at all in the last 25 years. This program provides funding assistance for VA cities and towns to maintain their streets deriving its funding from the VA and federal gasoline taxes. The payments are based on lane miles of streets and roads. The historical profile for VDOT funding for this program is given in the Reference Subsection of Section IV (item number 6). You can also go to the VDOT web site and download the historical profile directly from their site.

FAQ: If Massanutten incorporates into a town, will it get a guarantee from VDOT that they will provide funding assistance for the next 25 years?

NO! ... Someone famously said there are no certainties in life except for death and taxes. Although VDOT will not provide any “guarantees” for road funding assistance, VDOT has a history of providing road maintenance assistance to towns for the last twenty-five (25) years without program cuts (see above question) and that the funding is derived from gasoline taxes. It is important to point out that MPOA also cannot provide any guarantees that property owner fees will not rise over the next twenty-five (25) years or that MPOA will not impose a special assessment for road resurfacing (the MPOA Articles of Incorporation [Article V] allows for the levying of annual fees and “special assessments”).

FAQ: Will an incorporated town of Massanutten have street lights?

There is nothing in the state code that requires towns to have street lights. The erection of street lights within a town is determined by town officials, pursuant to its Ordinance and Comprehensive Plan. It should be noted that streets and right-of-ways in all sixteen (16) single family and multi-family subdivisions in Massanutten Village are currently owned by MPOA. There is nothing in the MPOA Bylaws or Covenants at this time that would prevent the MPOA Board from voting to erect street lights on these streets. If these streets and right-of-ways were to be transferred to an incorporated town of Massanutten, the town official (who may well include current MPOA Board members) would not be any more inclined to erect street lights than the MPOA Board. The cost (to install and operate) such lights and voter outrage would be the primary deterrent.

4.6 – Section IV References

1. Massanutten Public Service Corporation Application to the Virginia State Corporation Commission (9 August 2009).
2. Massanutten Property Owners Association Annual Vehicle Counts (1986 – 2009).
3. Virginia Department of Transportation (VDOT) Annual Budget 2010-11 (revised).
4. VDOT Local Assistance Division Urban Construction & Maintenance Program Manual (January 2007).
5. VA Code Chapter 1 of Title 33.1 – Commonwealth Transportation Board and Highways.
6. VDOT Local Assistance Division Urban Municipal Mileage and Payments for 2010-2011.
7. Massanutten Property Owners Association Annual Budgets (2004 – 2009).

SECTION V

Massanutten Community Law Enforcement

5.0 – Existing Massanutten Village Security

Security operations in Massanutten Village (to include law enforcement) were part of the development since its beginning in 1971 as required by Rockingham County. Access to the Planned Residential Community was limited to only one entrance – that being Massanutten Drive. Property owners were required to show identification cards to “Special Police” Officers in order to enter through the gate house (shown in the photo on the right). Visitors to Massanutten Village homes and amenities were given daily passes to display in their vehicles. All residential subdivisions were clearly marked as “No Trespassing” to deter unauthorized visitors from entering. Originally, security operations were provided by the developer, the Massanutten Development Company (MDC). In 1974, the Massanutten Property



Owners Association (MPOA) began administering security operations with eight (8) officers and a budget of almost \$69,000. MPOA has been running Massanutten Village security operations ever since, which are often referred to as the MPOA “Massanutten Police Department” (MPD). Its officers are actually authorized to conduct law enforcement by the Rockingham County Circuit Court, now as “Special Conservators of the Peace”. The MPOA security operations have been, and still are, privately funded.

Today, the MPOA MPD (<http://www.massanuttenvillage.com/ownerpolice.asp>) consists of seven (7) “Special Conservators of the Peace” (or Officers) and five (5) Gate Attendants. Five (5) of the Officers allow Massanutten Village to be served 24 hours a day, 7 days a week, and 365 days a year by at least one Officer in a law enforcement capacity. The Officers patrol roughly 1500 acres with 1052 private residences and twenty-six (26) miles of roads which make up the Massanutten Village East and Kettle areas, but they do not cover the Massanutten Village West area. The five (5) Gate Attendants allow Massanutten Village service 24 hours a day, 7 days a week, and 365 days a year by at least one Gate Attendant on duty at the entrance to Massanutten Village. Their primary function is to hand out passes to all visitors to Massanutten Village, and are also responsible for keeping vehicle counts, answering phones, and giving out directions when needed. The Gate Attendants counted more than 2.44 million vehicles entering into Massanutten Village in 2010, as detailed in the last section. It should be noted that MPOA MPD staff coordinates with the private security operations of Great Eastern Resorts, which secures their timeshare units and amenities (however, they do not enforce law).

The original Massanutten Village Gate House built in the early 1970s was torn down in 2009 and replaced by a new Massanutten Police Station (shown in the photo on right). The new building has two-thousand (2000) square feet of office space readily housing all MPOA MPD operations. MPOA MPD has four (4) police vehicles equipped with radar guns, state-of-the-art radios, computers, and video “dash” cameras. MPOA MPD also has a mobile “Speed Trailer” that can be positioned on a roadside to measure vehicle speed and present that speed to oncoming traffic on a lighted board. MPOA MPD has its own state-of-the-art radio system for communications between the Police Station and Officers as well as being networked directly to the Rockingham-Harrisonburg Emergency Communication Center (9-1-1). MPOA MPD responded to 3,405 9-1-1 calls in 2009, making 370 arrests (a breakdown is shown in the table below). In 2009, MPOA MPD had a total operating budget of \$589,425. It should be noted that the MPOA MPD did have K-9 operations, but the operations were retired in 2007.



Type of Charge	Charges Placed
Alcohol & Narcotics	38
Assault & Battery	2
Grand Larceny of Property	1
Brandishing a Firearm	1
Disorderly Conduct	1
Identity Theft to Avoid Prosecution	1
Trespassing	2
Littering	2
Traffic Violations (speeding)	204
Reckless Driving	16
Driving Vehicle with Suspended License	30
Operating Vehicle without Insurance/License	18
Defective Vehicle Equipment	18
Expired Vehicle Inspection/Registration	21
Parked on Roadway Causing Traffic Hazzard	13
Parked Blocking Fire Hydrant	1
Attempt to Elude Law Enforcement	1
Warrant Service for Arrest	6
TOTAL CHARGES	376

5.1 – VA Special Conservators of the Peace

Police Officers that serve cities, towns, and counties in the Commonwealth of Virginia are often referred to as “Conservators of the Peace”. Massanutton Village Officers are not true Police Officers or “Conservators of the Peace” as they do not serve the citizens of a city, town, or county government in Virginia. They are actually part of a non-governmental VA corporation, specifically the Massanutton Property Owners Association (MPOA). Massanutton Village Officers are “**Special** Conservators of the Peace” created under VA Code 19.2-13. The VA Code states that upon the application of any corporation authorized to do business in the Commonwealth, and upon showing a necessity for the security of property or the necessity of maintaining the peace, a County Circuit Court Judge may appoint Special Conservators of the Peace.

Under VA Code 19.2-13, Special Conservators of the Peace serve for a specific length of time designated by the Court, but not to exceed four (4) years under any one appointment. Special Conservators of the Peace must possess a valid registration issued by the VA Department of Criminal Justice Services (DCJS). Once appointed by the Court, they have all the powers, functions, duties, responsibilities and authority of any other Conservator of the Peace within such geographical limitations as the Court may deem appropriate, but within the permitted confines of a specific county, city or town. The MPOA MPD Special Conservators of the Peace are limited to Massanutton Village only. The Court Order may also provide that:

- The Special Conservator of the Peace is a "Law Enforcement Officer".
- The Special Conservator of the Peace may use the title of "Police" on any badge or uniform worn in the performance of his duties.
- The Special Conservator of the Peace, who has completed the minimum training standards established by the DCJS, has the authority to affect arrests, using up to the same amount of force when making a lawful arrest as would be allowed to by any Law Enforcement Officer employed by the Commonwealth or any of its political subdivisions.
- The Special Conservator of the Peace may carry a weapon during the scope of his employment.

Additionally under VA Code 19.2-13, the employer of a Special Conservator of the Peace is civilly liable to any individual arising out of any wrongful action or conduct committed by a Special Conservator of the Peace while within the scope of his employment. As such and pursuant to the Code, each Special Conservator of the Peace must be covered either by a cash or surety bond, or evidence of a liability insurance policy to cover any legal judgment which is unsatisfied in whole or in part by his/her employer.

MPOA Special Conservators of the Peace are authorized by the Rockingham County Circuit Court to be "Law Enforcement Officers", use the title of "Police", affect arrests with appropriate use of force, and to carry a weapon while on duty. Thus, the MPOA security operations has been named the MPOA Massanutten Police Department (MPD) and its Special Conservators of the Peace are known as Police Officers enforcing county, state, and federal laws only within the confines of Massanutten Village. Since MPOA is civilly liable for the conduct of its MPD Police Officers, their scope of employment has been limited to a narrow range of law enforcement responsibilities to protect MPOA from the risk of a lawsuit. For example, it has been decided that MPOA MPD Police Officers will not enforce MPOA Rules and Regulations and concentrate on enforcing laws. In the past, a few actions have been brought against the MPOA Special Conservators of the Peace for wrongful action or conduct, while within the scope of their employment, making MPOA liable for legal judgments.

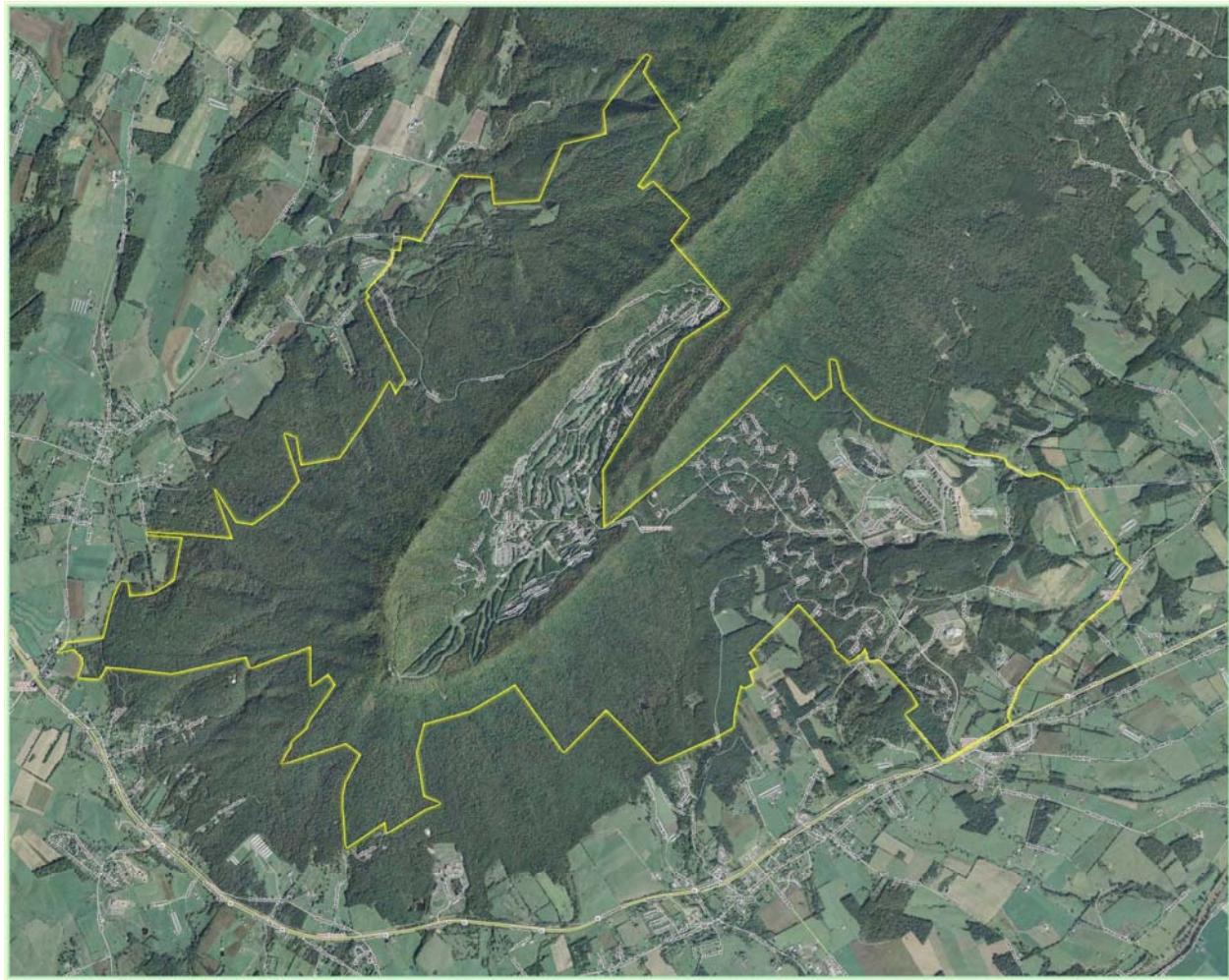
5.2 – Incorporated Town of Massanutten Law Enforcement

Massanutten Village has 1,052 private residences plus 730 timeshare units situated on roughly 1500 acres and located on 52 lane miles of roads, to include those in the Piney Mountain subdivision which is located outside the main gate at the northwest corner of Route 33 and Route 644 (Resort Drive). MPOA MPD Officers are currently responsible for law enforcement in this developed area of Massanutten Village and annually responds to more 9-1-1 calls than any town law enforcement agency in Rockingham County. MPOA MPD is privately funded largely by the property owners of MPOA. Yet, the last section established that more than half of the vehicles entering into Massanutten are not associated with MPOA – they are from the general public, and are associated with Great Eastern employees, owners of Woodstone Meadows timeshares along with their guests, and visitors, who patronize Great Eastern Resorts businesses (e.g. ski slopes, golf course, and restaurants). If this large number of vehicles and a correspondingly large number of individuals cause a proportional share of law enforcement issues, their very numbers exacerbate traffic, congestion, noise, and other such problems without paying for an appropriate share of law enforcement services.

An incorporated town of Massanutten would include all of Massanutten Village East, West, and Kettle areas plus the Planned Residential Community of Woodstone Meadows and the Planned Commercial Developments of Village Festival and Massanutten Station. The total area of an incorporated town of Massanutten could be as much as 7,802 acres, which is a significantly larger coverage area for an incorporated town of Massanutten Police Department over the area currently covered by the MPOA MPD. However, the total number of private residences and timeshares in an incorporated town of Massanutten is only a small incremental increase over that currently covered by MPOA MPD. An incorporated town of Massanutten Police Department would cover a total of roughly 1,125 private residences and 1,230 timeshare units located on roughly 80 lane miles of roads, to include those in the Piney Mountain subdivision. An incorporated town of Massanutten Police Department would cover an area that included all current Great Eastern Resorts businesses and offices as well as Woodstone Meadows timeshare units. Thus, it would include a large part of the vehicles entering into Massanutten Village who are not associated with MPOA. A map of the total coverage area is shown below.

If the ownership of Massanutten Village roads were turned over from MPOA to an incorporated town of Massanutten, this means that all Massanutten Village roads would no longer be private roads. They would be public roads open to free access by the general public. Therefore, an incorporated town of Massanutten would no longer need Gate Attendants at the entrance to Massanutten Drive. And, an incorporated town of Massanutten could legally have its own police department, to include a transfer of MPOA police assets as a cost savings point of departure for incorporation. The funding of town law enforcement services via taxation could be done on a shared basis by town property owners, citizens and businesses as well as by the visitors to the

Massanutton Area. Also, law enforcement funding could be augmented by state and federal law enforcement grants. This type of shared funding profile is similar to other towns in the County.



The Massanutton Area could also benefit from town incorporation providing citizens with the protections of a town government police force with the authority to better serve the citizens and 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. The town police force could readily enter into agreements with other state, county, town, and city police departments for the mutual benefit of law enforcement across jurisdictions -- one such local mutual agreement already exists regarding drug related law enforcement. Police Officers of an incorporated town of Massanutton would have less civil liability than the MPOA "Special Conservators of the Peace". And, an incorporated town of Massanutton Police Department would have more transparency, to include public records. For example, the arrests made by the MPOA MPD were available for 2009 (and reported above), but not made available for 2010. Since the MPOA MPD is a private security operation, MPOA exercised its right in 2010 to no longer make such arrest information available to the public for privacy reasons despite the fact that this arrest information is available from the Rockingham County Clerks of the General District and Circuit Courts. Such arrest information would be available to the public if Massanutton were incorporated into a town.

If the MPOA MDP assets were to be transferred to an incorporated town of Massanutton, they would need to be augmented to cover the additional area, lane miles of roads, and population. An incorporated town of Massanutton Police Department would likely require two (2) Police Officers on duty 24 hours a day, 7 days a week, and 365 days a year. This is possible with a department of eight (8) Police Officers, two (2) Police Commanders, a Police Chief, and an administrative staff member. The town police department would also likely need an increase in the police vehicle fleet by one or two, to include all the necessary vehicle equipment

such as radios, computers, dashboard cams, and radar guns. The newly constructed 2,000 square foot MPOA MPD building would be more than adequate to act as a Town Police Station with its location in the middle of Massanutten Drive acting as an effective deterrent to crime for an incorporated town of Massanutten. The current staff positions occupied by the MPOA Gate Attendants would no longer be necessary. But, they could be functionally replaced by an informational attendant, who could assist visitors entering into Massanutten Village; such an attendant could be employed by Great Eastern Resorts to assist visitors patronizing their amenities. It was determined that an incorporated town of Massanutten Police Force could operate on an annual budget of roughly \$875,000. It should be noted that employees in an incorporated town of Massanutten Police Force would be entitled to benefits under the Virginia Retirement System. This may be attractive from the standpoint of hiring and retention of employees.

5.3 – Law Enforcement Assistance Available to Town Governments

Towns in Virginia have access to numerous state and federal assistance programs for law enforcement. Their most important source of state assistance is the VA "599" program. The Code of Virginia (9.1-165, et seq.) provides for financial assistance to localities with police departments through the "599" program. The Virginia Department of Criminal Justice Services (DCJS) administers the program that currently assists 40 cities, 9 counties, and 126 towns with direct funding.

To be eligible for "599" funds, a locality must have a police department, and the department's officers must meet the state's minimum training requirements. Massanutten Property Owners Association (MPOA) Special Conservators of the Peace currently meet these requirements, as they are Virginia state certified professional law enforcement officers. DCJS requires each participating jurisdiction to certify annually that it meets the eligibility criteria. Calculations to determine the distribution of "599" funds to localities are performed biennially by DCJS. The funds are allocated by a distribution formula which uses population, crime rates, and social services needs. All towns in Rockingham County receive funding from the "599" program and the current amounts are presented in the table in the next subsection. It is estimated that an incorporated town of Massanutten could receive more than \$60,000 annually in grants from the "599" program to help fund its law enforcement operations.

The VA DCJS (<http://www.dcjs.state.virginia.us/grants>) also offers several other grant programs that would be available to an incorporated town of Massanutten. They include the VA State Homeland Security Grant Program, Byrne Justice Assistance Grant Program, and the Regional Crime Information Sharing Networks Program. The specific amounts of DCJS funding from these programs for an incorporated town of Massanutten is beyond the scope of this study. But, it is worth noting the funding exists.

The U.S. Department of Homeland Security (<http://www.dhs.gov/xgovt/grants/index.shtm>) also has numerous grant programs available to localities. An incorporated town of Massanutten could have access to the following:

- **Emergency Management Performance Grants** (EMPG) helps state and local governments to sustain and enhance their emergency management programs' effectiveness.
- **Interoperable Emergency Communications Grant Program (IECGP)** helps states, territories, and local governments to improve interoperable emergency communications, including communications in collective response to natural disasters, acts of terrorism and other man-made disasters.
- **Emergency Operations Center (EOC) Grant Program** improves emergency management and preparedness capabilities by supporting flexible, sustainable, secure and interoperable EOCs to address identified deficiencies and needs.
- **Interoperable Emergency Communications Grant Program** (IECGP) is for planning, training, exercises and equipment to states, territories, local and tribal governments to carry out initiatives identified in Statewide Communication Interoperability Plans, and improve interoperable emergency communications for responding to natural disasters and acts of terrorism.

The specific amount of DHS funding from these programs for an incorporated town of Massanutton is also beyond the scope of this study. But again, it is worth noting the funding exists.

5.4 – Comparison of Localities – Law Enforcement

Six (6) towns in Rockingham County each have town police departments. These departments have various numbers of officers, administrative staff, and funding dependent largely on perceived needs. The factual needs are the population served and the annual 9-1-1 calls. As previously stated, each department receives state assistance from the VA Department of Criminal Justice Services “599” Program. The needs, staffing, budget, and grants are included in the table below for the six (6) Rockingham County towns. These can be compared to the current MPOA MPD and an estimated police department for an incorporated town of Massanutton.

Virginia Locality	Population (2010 Census)	9-1-1 Runs (2009)	Officers	Staff	Budget (FY2010)	599 Grant (2008)
Town of Bridgewater	5,644	1,537	9	0	\$811,000	\$150,068
Town of Broadway	3,691	1,289	4	0	\$269,300	\$69,896
Town of Dayton	1,530	1,547	7	1	\$689,300	\$38,075
Town of Elkton	2,726	2,688	6	1	\$462,766	\$57,695
Town of Grottoes	2,668	2,202	5	1	\$377,996	\$61,318
Town of Timberville	2,522	1,120	4	0	\$276,576	\$48,210
Massanutton (CDP)	2,291	3,405	7	5	\$589,425	\$0
Town of Massanutton	*2,400*	*3,405*	*10*	*1*	\$875,000	\$60,000

Note: Asterisks indicate estimates

The above table shows that in 2009 the MPOA MPD responded to more 9-1-1 calls than any town in Rockingham County. Although Massanutton Village has a relatively small population compared to the other towns, this large number of 9-1-1 responses likely results from the large number of visitors which occupy Massanutton’s timeshare units. This increases Massanutton’s “overnight population” to significantly more than any town in Rockingham County. It should be noted that an incorporated town of Massanutton Police Force would likely be the largest town police force in Rockingham County with the largest budget.

The table below details the number of selected crimes (mostly felonies) for each of the six (6) Rockingham County towns and Massanutton Village during the period of 2007 thru 2010. The number of selected crimes for each town is compiled from the Uniform Crime Reporting (UCR) Program maintained by the Virginia Department of State Police (http://www.vsp.state.va.us/Crime_in_Virginia.shtm). The number of selected crimes for Massanutton Village is compiled from MPOA MPD Incident Reporting. Despite the fact that Massanutton Village is a private-gated residential community, the reported statistics show that the number Massanutton Village crimes were commensurate with other towns in Rockingham County. In fact, Massanutton Village is on the high end of number of crimes seemingly driven by the relatively high number of simple assaults/intimidations and destructions/vandalisms.

The relatively high number of crimes in Massanutton Village may be due to the fact that it is a resort-type community with a large number of visitors staying in its roughly 1,230 timeshares. Or, it may be due to the fact that the MPOA MPD has the largest police department which is able to address more crimes. Or, it may be due to the fact that Massanutton Village residents report more incidents because of the expectations of living in a private-gated community. Or, it may be due to a combination of all these factors other than a particular focus by criminals. However, it is important to note that, despite the fact that all Massanutton Village subdivisions are private with no trespassing signs posted, there were only seventeen (17) trespassing charges filed in the last ten (10) years according to a report by the Rockingham County Commonwealth Attorney’s Office. This includes trespassing charges on individual private properties (versus in MPOA private subdivisions). The ten year

number of trespassing charges in Massanutten is commensurate with other towns in Rockingham County over the same period with Bridgewater having eight (8), Broadway having twenty-two (22), Dayton having one (1), Elkton having thirty-eight (38), Grottoes having seventeen (17), and Timberville having twenty-two (22). The data indicates that Massanutten's private-gated status does not seem to have that much of an impact on crime.

Selected Crime Statistics 2007 thru 2010	Bridgewater	Broadway	Dayton	Elkton	Grottoes	Timberville	Massanutten
Murder/Manslaughter	0	0	0	0	0	0	0
Kidnap/Abduction	0	3	0	0	1	1	0
Forcible Rape	0	1	1	0	1	2	1
Other Forcible Sex Offenses	0	2	0	0	3	4	1
Robbery	0	0	0	2	4	2	0
Aggravated Assault	3	2	2	2	11	3	4
Simple Assault/Intimidation	19	23	30	40	22	13	50
Arson	0	0	0	0	1	1	0
Extortion/Blackmail	0	0	0	0	0	0	1
Burglary	21	8	9	24	17	13	5
Larceny	80	23	46	99	79	40	70
Motor Vehicle Theft	8	7	4	6	3	2	6
Counterfiting/Forgery	8	0	8	9	5	2	2
Fraud	12	1	12	14	10	8	11
Embezzlement	5	1	0	5	0	1	3
Stolen Property	2	1	0	1	0	0	1
Destruction/Vandalism	41	22	19	82	58	24	126
Drugs/Narcotics Offenses	26	15	35	44	44	9	35
Non-Forcible Sex Offenses	0	0	0	1	1	0	0
Pornography	0	0	0	0	2	0	1
Gambling	0	0	0	0	0	0	0
Prostitution	0	0	0	0	0	0	0
Bribery	0	0	0	0	0	0	0
Weapons Law Violations	1	2	9	6	3	1	3
SUBTOTAL SELECTED CRIMES	226	111	175	335	265	126	320

* Source of Crime Statistics for Towns: Uniform Crime Reporting Section of the Virginia State Police (http://www.vsp.state.va.us/Crime_in_Virginia.shtml)

** Source of Crime Statistics for Massanutten: MPOA Massanutten Police Department Incident Reporting

5.5 – Frequently Asked Questions

An interim report on the feasibility of incorporating Massanutten into a town was published on a website in August 2010. It was available for review and comment for roughly nine (9) months prior to the start of final reporting. During that review period, the author received numerous questions about town incorporation. Frequently asked questions (FAQs) were answered and placed on the website. Some FAQs have been incorporated into the text of this final report. Other FAQs applicable to this section of the report are noted as follows for completeness of reporting:

FAQ: If Massanutten incorporated into a town, would the gate attendant window at the Police Station still be utilized?

If MPOA turned over all of its private roads to an incorporated town of Massanutten, Massanutten Village roads would be opened to the public. Therefore, the current physical security gate arm would be removed and there would be no security basis for Town Gate Attendants. The town might use the window at the Police Station to assist visitors -- however, this was not included in the feasibility study. Incorporated town officials may decide differently or it is possible that Great Eastern could staff the window to assist visitors to find amenities.

FAQ: I hope an incorporated town of Massanutten will have a well trained mountain forest fire team. The VA Division of Forestry has no jurisdiction in an incorporated town. If it incorporated, there is potential for a real disaster in Massanutten.

This is **not** true and is a baseless scare tactic. Currently, the Rockingham County Fire and Rescue Department has jurisdiction over the area that makes up the Massanutten Community. In the event of any large fire or similar disaster in Massanutten, Rockingham County has jurisdiction and teams from other jurisdictions, even some outside the Commonwealth of Virginia, would work together to save lives and properties. There are no jurisdictional lines drawn when it comes to saving lives and properties. If Massanutten were to incorporate into a town, there would be no change in jurisdictional authority. An incorporated town of Massanutten would not provide its own fire and rescue services. These services would continue to be provided by Rockingham County (already paid for by citizens) and by County volunteer fire fighters and emergency rescuers (just as towns continue to use county schools for town students). It is important to note that no town in Rockingham County has its own fire and rescue services. And, jurisdictional authority is retained by Rockingham County.

5.6 – Section V References

1. Harrisonburg-Rockingham Emergency Communications Center Consolidate Report (2009)
2. Massanutton Police Department Arrest/Summons Statistics for 2009.
3. VA Code 19.2-13 -- Special Conservators of the Peace.
4. VA Code Chapter 1 - Title 9.1 – DCJS Local Law Enforcement (599) Grants
5. VA DCJS 599 Grants for Local Law Enforcement -- Description
6. VA DCJS 599 Grants for Local Law Enforcement -- 2008 Actual Funding Allocation
7. Greater Harrisonburg-Rockingham County Law Enforcement Mutual Aid Agreement (January 2011)
8. VA Department of State Police Uniform Crime Reporting (2007 thru 2010)
9. 2001-2011 Trespassing Charges for Towns in Rockingham County, Commonwealth Attorney's Office (August 2, 2011)

SECTION VI

Massanutten Community Parks and Recreation

6.0 – Existing Massanutten Community Parks and Recreation

The Massanutten Community has many parks and recreational facilities in the Massanutten Village, Woodstone Meadows, and Village Festival areas. Currently, these parks and recreational facilities are owned and operated by either Great Eastern Resorts or Massanutten Property Owners Association (MPOA). The parks include ball fields, playgrounds, an arboretum, and areas for picnicking, hiking, fishing, and biking. There are recreational facilities for indoor-outdoor water sports, winter snow sports, golfing, and general health and fitness.

The major recreational facilities owned and operated Great Eastern Resorts (GER) include:



The Great Eastern Massanutten Ski Area was originally developed by Massanutten Development Company and opened in 1973 -- it is now operated by GER. The area sits on seventy (70) acres of mountain terrain with 1100 feet of vertical drop in the Massanutten Village Kettle Area. The area includes fourteen (14) trails and two (2) terrain parks for skiing and snowboarding with eight (8) lifts. The area also includes a 900 foot long hill for winter snow and summer grass tubing. And, the area includes a ski clinic, rental building, ticket building, ski lodge, and a general store plus a summer skate boarding park and a zip-line and canopy tour park.

The Great Eastern Mountain Greens Golf Course was originally developed by Massanutten Development Company and opened in 1976 -- it is now operated by GER. Mountain Greens is an eighteen-hole, par 72, championship mountain course that is 6,443 yards long and nestled in the Massanutten Village Kettle Area. The course includes a fully stocked pro shop and practice putting green. Adjacent to the pro shop is Fareways Restaurant and Lounge that features daily dining as well as nighttime entertainment.



The Great Eastern Le Club Recreational Center is an indoor-outdoor recreational facility in the Massanutten Village Kettle Area built by GER and opened in 1986. Indoors, there is a twenty-five (25) meter swimming pool with diving area. Also, there are two hot tubs, a combination basketball/volleyball court, racquetball courts, fitness room, game room, and arts & crafts room. Outdoors, there are basketball courts, tennis courts, volleyball courts and horseshoe pits. Nearby, there is Mountain Peak Pool which is a twenty-five (25) meter outdoor pool with diving area.

The Great Eastern Woodstone Meadows Recreation Center is an indoor-outdoor recreational facility built by GER in the Woodstone Meadows area that opened in 1997. Indoors, there is a heated indoor pool along with a hot tub, co-ed steam and sauna rooms, a fitness room, and a game room. Outdoors, there is a 25 meter pool along with tennis courts, a basketball court, a playground, and a picnic area. The Recreation Center also includes the GER timeshare sales and tour offices plus a restaurant. Nearby, there are horse stables for mountain trail riding.



The Great Eastern Woodstone Meadows Golf Center is located in the Woodstone Meadows area developed by GER and opened in 1998. The Center's golf course is an eighteen-hole, par 65, executive course that is 5,065 yards long. The Center also includes a twenty-five (25) practice stall driving range, with grass hitting area and practice putting green. The course also includes a fully stocked pro shop with a Dead Solid® Golf Simulator that features realistic indoor golf through championship course play, driving range usage, video swing analysis and custom club fitting.

The Great Eastern Waterpark is located in the Village Festival area developed by GER and opened in 2006. The indoor part of the facility is 130,000 square feet with eight (8) individual indoor water slides to include a thirty-nine (39) foot tall by two-hundred and fifty (250) foot long body slide, a four-hundred and forty (440) foot long tube slide, and indoor pipeline rider. The indoor part also includes state-of-the-art arcade and several restaurants. The outdoor part of the facility includes a forty (40) foot outdoor downhill slide with four lanes and a large outdoor wave pool that produces three (3) waves. GER has future plans to increase the size of both the indoor and outdoor facilities.



6.1 – MPOA Parks and Recreation

The Massanutten Property Owners Association (MPOA) owns and operates parks and recreational facilities in Massanutten Village for the exclusive use of its members as well as commercial ventures open to the public that generate revenues to help pay for essential services (e.g. law enforcement and road maintenance.) The commercial ventures include Miniature Golf, Go-Kart Race Track and Euro Bungee Dome.

The parks and recreational facilities owned and operated by MPOA include:



The MPOA Miniature Golf was constructed in 2001 and currently generates roughly \$210,000 annually in net revenues that helps defray the costs MPOA of essential services. There are two (2) distinct courses of eighteen (18) championship caliber holes in a landscape setting featuring five waterfalls. The Miniature Golf sits on one acre of land that is fully lighted, fenced in, and includes a 150 square foot building for an attendant and equipment. The Miniature Golf is staffed by three (3) part time employees.



The MPOA Go-Kart Race Track was constructed in 2006 and currently generates roughly \$170,000 annually in net revenues that helps defray the costs MPOA of essential services. The concrete track is roughly eight hundred (800) feet long and is fully lighted. The Race Track has a three thousand (3,000) square foot building for attendants and equipment including twenty-four (24) electric cars. The Go-Kart Track is staffed by nine (9) part time employees.



The MPOA Euro Bungee Dome was constructed in 2011 and is expected to generate roughly \$80,000 annually in income that will help to defray the costs MPOA of essential services. The geodesic shaped covered dome is fifty (50) feet round and thirty-two (32) tall sitting on a 3,000 square foot concrete pad with lights for nighttime operations. Riders are attached to bungee cords fixed to the dome allowing them to jump assisted by four (4) trampolines. The Euro Bungee Dome is staffed by ten (10) part time employees.

The MPOA Community Pool Area was built in 1973 and is for exclusive use by property owners and their guests. The pool holds 150,000 gallons of water and includes a filtration system with a heater. The pool area includes a 3,000 square foot building with changing rooms and a snack bar that is available to the public. The area also includes four (4) lighted tennis courts. The pool is open from Memorial Day to Labor Day staffed with seventeen (17) part time employees. The tennis courts are open year-round.





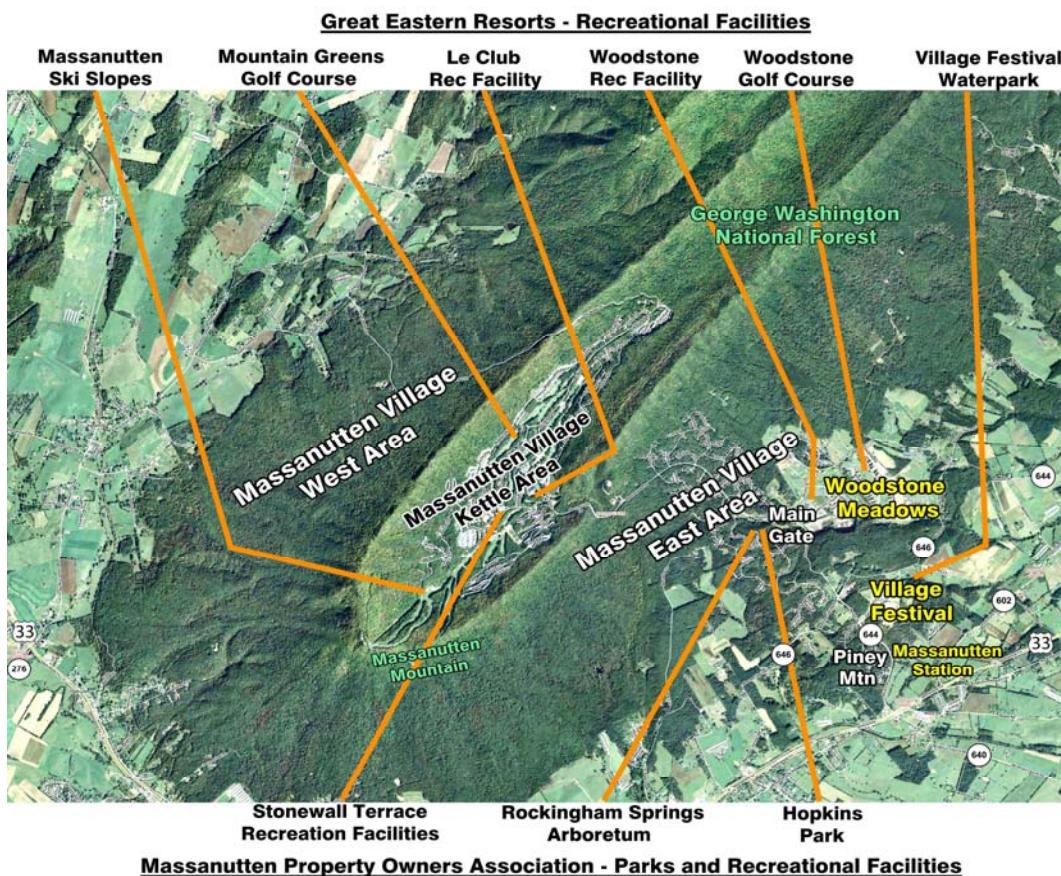
The MPOA Hopkins Park and Rockingham Springs Arboretum is a general recreation area that sits on roughly 15 acres of land adjacent to the main gate of Massanutten Village. The area features a stocked fishing pond, playground equipment, ball field, outdoor grills, picnic tables, and covered pavilion. The area also features a 1,500 square foot historic hunting lodge erected in 1960 with timbers from a Shenandoah Valley home originally built in 1800. Weekly art shows in the cabin and free concerts on the lawn next to

the cabin are held over the summer months to support the Rockingham Spring Arboretum. The Arboretum is devoted to native plants of the Massanutten area and includes walking paths bordering a stream with benches and bridges. The cabin and picnic areas are sometimes rented by MPOA for various public functions. The MPOA Hopkins Park and the Rockingham Springs Arboretum are not currently staffed.

It should also be noted that MPOA also owns many open areas for biking and hiking to include right-of-ways along side all its Massanutten Village roads.

6.2 – Incorporated Town of Massanutten Parks & Recreation

The Massanutten Community has many parks and recreational facilities in the Massanutten Village, Woodstone Meadows, and Village Festival areas that would become a part of the town of Massanutten, as shown below.



The relevant question is whether these parks and recreational facilities will remain in private hands or be transferred to the town. Currently, all parks and recreational facilities are privately owned and operated by either Great Eastern Resorts (GER) or Massanutten Property Owners Association (MPOA). It is important to recognize that parks, in general, require very little staffing and net little, if any, revenues for the owner(s). Alternatively, recreational facilities, in general, require appreciable staffing and net more significant revenues

for the owner(s) – with the exception of recreational amenities that are provided for exclusive use by the owner(s) at no cost, which thus net no revenues at all. Therefore, the ownership of parks and amenities is more likely to be transferred to a town, whereas the ownership of recreational facilities is less likely to be transferred.

If Massanutten incorporates into a town, GER (as a private corporation) would retain ownership of its recreational facilities. These facilities included a significant investment by and provide significant income to GER. Similarly, MPOA would likely retain private ownership of its recreational facilities. These recreational facilities provide MPOA with net revenues that help defray costs of the services and recreational amenities provided to its members. MPOA could decide to transfer these recreational assets and along with the associated staff functions and net revenues over to an incorporated town of Massanutten. However, if incorporated, a town of Massanutten will most likely NOT include any town recreational facilities that net revenues.

Massanutten Village has a few parks and many open spaces that are owned and maintained by MPOA for use by its members and visitors to Massanutten. These parks and open spaces could be legally transferred by MPOA to an incorporated town of Massanutten for maintenance and use by its citizens and the general public. The MPOA owned parks and open spaces are currently maintained by the same crews that maintain MPOA roads. If the MPOA owned roads are turned over to an incorporated town of Massanutten, it is logical that the MPOA parks and open spaces would also be transferred. An incorporated Town of Massanutten's parks and open spaces would be entitled to receive state and federal funding for improvements. This type of funding is generally not available to a property owners association like MPOA.

If Massanutten incorporated into a town, it would have many opportunities currently not available. If the open spaces were transferred to a Town of Massanutten, the town would be able to establish small “pocket parks” throughout the community. Children would then have areas within their neighborhoods to play outdoors that would be safe, rather than playing in the street areas. Also, if the roads and open spaces were transferred to a Town of Massanutten, town trails could be constructed throughout the community connecting various sections using these parcels of land. State and federal grants may be available for construction of trails along roadways enabling residents and visitors to walk and bike with greater safety. And, if the Rockingham Springs Arboretum were transferred to a Town of Massanutten, state and federal grants could be obtained for the improvement of the Arboretum grounds as well as reconstruction of historic structures such as Hopkins Cabin and the spring houses, originally built in the late 1800’s.

6.3 – P&R Assistance Available to Town Governments

Towns in Virginia have access to numerous state and federal assistance programs for the construction, improvement, and maintenance of parks and open spaces. State of Virginia funding is primarily available through the VA Department of Conservation and Recreation (DCR) – although, the VA Department of Forestry also has grants to improve tree canopies in parks. VA DCR works with Virginians to conserve, protect, and enhance lands; to improve the quality of rivers and streams and the Chesapeake Bay; to promote the stewardship and enjoyment of natural, cultural and outdoor recreational resources; and, to ensure the safety of dams.

If Massanutten incorporated into a town, some of the VA DCR programs that would be available include, but not limited to:

- Technical assistance for town storm water management thru the Storm Water Management Program;
- Administrative assistance with town erosion and sediment control ordinances thru the Erosion and Sediment Control Program;
- Acquisition and/or development of public outdoor recreation areas via matching grants from the Land and Water Conservation Fund;
- Creation and maintenance of trails (to include for biking) and trail facilities via matching grants from the Recreational Trails Program (funded through the Federal Highway Administration – where funds come from federal gasoline tax revenues); and,

- Conservation of open spaces and parks, natural areas, historic areas, and forest preservation via matching grants from the Land Conservation Fund.

The VA DCR grant programs are competitive in nature and most require matching funds for each specific grant. Thus, the specific amount of funding that a town may receive is beyond the scope of this study.

If Massanutten incorporated into a town, it would also have access to federal funding programs for parks and open spaces primarily through the U.S. Department of Transportation (DOT) Federal Highway Administration (FHWA). The FHWA Transportation, Community, and System Preservation Program (TCSP) provides financial resources to communities to integrate their transportation programs with community preservation and environmental activities. FHWA award grants for a variety of projects including those that improve conditions for bicycling and walking. The specific amount of FHWA funding that an incorporated town may receive were deemed beyond the scope of this study.

6.4 – Comparison of Localities – Parks and Recreation

Six (6) Rockingham County towns have Parks and Recreation Departments. They each have various levels of funding dependent largely on their sources of funding – some are solely funded by town taxes, some receive assistance from Rockingham County, and some receive direct state funding assistance.

The table below compares the parks and recreation facilities along with associated state and federal grants for the six (6) towns in Rockingham County. MPOA parks and recreational facilities are also included in the table. The number and type of parks and recreational facilities differ slightly from town to town. All towns have parks, but only the Town of Bridgewater and Massanutten have arboretums. The Town of Bridgewater has the largest number of parks, although their ten (10) parks include “pocket parks” in subdivision neighborhoods. All towns have tennis courts and most have a swimming pool. The towns of Bridgewater, Broadway, Elkton and Timberville all have indoor community centers. Timberville’s Community Center construction and maintenance is funded by Rockingham County and Elkton’s Community Center is partially funded by Rockingham County.

The grants noted in the table below are those one-time grants received over the last two to three years. It should be noted that the towns of Bridgewater and Grottoes received a one-time VA grant from the Department of Forestry to improve the tree canopies in their parks.

Virginia Locality	Population (2010 Census)	Parks			Recreation			Grants
		Parks	Arboretums	Trails	Pool	Tennis Courts	Community Center	
Town of Bridgewater	5,644	10	yes	yes	no	2 (indoor)	yes	\$44,000
Town of Broadway	3,691	2	no	yes	1	1	yes	\$200,000
Town of Dayton	1,530	3	no	no	no	2	no	\$0
Town of Elkton	2,726	2	no	yes	no	4	yes	yes
Town of Grottoes	2,668	2	no	yes	1	2	no	\$50,000
Town of Timberville	2,522	1	no	no	1	2	yes	\$0
Massanutten (CDP)	2,291	3	yes	yes	1	2	no	\$0

6.5 – Frequently Asked Questions

An interim report on the feasibility of incorporating Massanutten into a town was published on a website in August 2010. It was available for review and comment for roughly nine (9) months prior to the start of final reporting. During that review period, the author received numerous questions about town incorporation.

Frequently asked questions (FAQs) were answered and placed on the website. Some FAQs have been incorporated into the text of this final report. Other FAQs applicable to this section of the report are noted as follows for completeness of reporting:

FAQ: If Massanutten incorporated into a town, what would happen to our Lifetime Memberships for ski, golf, and the recreation centers? That is a huge benefit of living here and owning those memberships. The annual fee for that allows us to participate in activities at a very affordable price for our family.

Town incorporation would not affect any Lifetime Memberships which are purchased from Great Eastern Resorts to use at the amenities which they own. These are private contracts which are not affected by the form of local government.

FAQ: If Massanutten incorporated into a town, what would happen to the MPOA discounts for skiing and golfing and the MPOA free access to Le Club during the summer months?

These agreements are between Great Eastern Resorts and MPOA. MPOA will continue to exist after an incorporation of Massanutten to fulfill MPOA's obligations under Massanutten Village Subdivision Covenants. Therefore, nothing should change regarding MPOA discounts for and free access by MPOA members to Great Eastern Resorts' amenities.

6.6 -- Section VI References

1. Great Eastern Massanutten Resort (www.massresort.com)
2. Massanutten Property Owners Association (www.massanuttenvillage.com)
3. VA Department of Conservation and Recreation (www.dcr.virginia.gov)
4. VDOT Bicycle and Pedestrian Accommodations Decision Process for Construction Projects (November 2006)
5. VDOT Level Cost Estimates for Bicycle Facilities (December 2006)
6. VDOT Bike & Pedestrian Implementation Guide For Locality Involvement (November 2006)
7. Federal Highway Administration Transportation, Community and System Preservation Program (2010)

SECTION VII

Massanutten Community Government

7.0 – Existing Massanutten Village Government

Massanutten Village is the oldest and largest area in the Massanutten community. The development of the planned residential community began in 1971 within an exclusive Rockingham County Zoning District called a Residential Planned Community (R-4) District. In January 1974, the Massanutten Property Owners Association (MPOA) was formed and incorporated under Virginia law. The Articles of Incorporation state that MPOA was formed “to provide for security and for maintenance of streets, open areas, trails, recreational and other facilities” owned by MPOA -- it does not operate for the gain or profit of its members. MPOA has members made up of owners of properties in Massanutten Village. There are two (2) classes of members. “Periodic” members are owners of timeshare units and have no voting privileges. “Year-Round” members are owners of properties and have voting privileges equal to one vote per lot. The “Year-Round” members elect eleven (11) of the thirteen (13) Directors that make up the MPOA Board which carries out the purposes and exercises the powers of the corporation. It should be noted that one unelected Director represents Great Eastern Resorts and one unelected Director represents the Mountainside Villas Owners Association. It should also be noted that “Year-Round” members consist of both property owners who are full time residents in Massanutten Village (roughly 60%) and who are property owners who permanently reside outside the community (roughly 40%).

The MPOA Bylaws provide for the orderly governing of the Massanutten Village community. The Bylaws state that MPOA shall provide for “security and policing; maintenance, improvement and beautification of roads, open areas, recreational and other facilities, and private properties within the community; and, the enforcement of the Rules & Regulations regarding the use and development of the community and supervision and use of facilities”. The MPOA Bylaws delineate that the primary function of the Board of Directors is to “adopt Rules & Regulations governing the use of common facilities, open areas and the personal conduct of the members and their guests” as well as “to adopt Rules & Regulations concerning the development and maintenance of private properties in the community”, “within the limitations of the Restrictive Covenants”. As detailed in previous sections, Massanutten Village is made up of sixteen (16) subdivisions, each having its own and somewhat different Restrictive Covenants which sometimes complicates the adoption of Rules & Regulations governing all private properties within the community. The MPOA Bylaws also allow for the creation of committees that are made up of member volunteers to assist in governing the community. These committees include:

- Executive Committee
- Finance Committee
- Rules Committee
- Architectural & Ecological Control Committee
- Long Range Planning Committee
- Social Committee

Additionally, the MPOA Bylaws allow for the hiring of an Administrator to serve as the chief operations officer of MPOA. He is in charge of the general management of all functions relative to security and maintenance; the supervision and use of facilities; and the enforcement of the Rules & Regulations regarding the use and development of the properties. The Administrator is responsible for a total budget that was just slightly less than \$2.5 million in 2009. Currently, he oversees seventy (70) people -- thirty-one (31) are full time. He and his immediate staff of four (4) full time employees are located in a 4,500 square foot Administration Building (shown in the photo on the right) that includes a large conference room for Board meetings, for use by MPOA members, and for rental by private citizens. In 2009, MPOA Administration had an operating budget of \$506,648.



The MPOA Administrator basically manages four separate departments. Previous sections of this report detailed the MPOA Police and Maintenance Departments that employ a total of twenty (20) full time employees.

These Departments provide law enforcement and maintenance services for the Association. A previous section of this report also detailed the Parks and Recreation Department that employs two (2) full time employees and thirty-nine (39) part time employees. This Department maintains and operates MPOA parks and recreation to include amenities for property owners to enjoy and commercial ventures to generate net revenues to help offset the costs of the law enforcement and maintenance services. And, MPOA has a department that manages the rentals of timeshare units owned by its MPOA members also generating net revenues to help offset the costs of the law enforcement and maintenance services. This department has four (4) full time employees who work out of the MPOA Administration Building. A breakdown of employees is shown in the table below.

MPOA Department	Full Time Employees	Part Time Employees
Administration	5	0
Police Department	12	0
Maintenance Department	8	0
Parks & Recreation	2	39
Rental Program	4	0
Totals	31	39

The table above summarizes a property owners association organized and functioning much like many towns found in Virginia. It is important to recognize, however, that MPOA only provides a form of government for and services to Massanutten Village. It does not provide such services for other areas of the Massanutten community to include Woodstone Meadows, Village Festival, and Massanutten Station. Still, the sheer size and scope of MPOA rivals other towns of Rockingham County. MPOA has the:

- 2nd largest overall budget with the 2nd largest number of employees;
- 2nd largest road maintenance budget that services the most lane miles of roads; and,
- 3rd largest law enforcement budget with the largest police department.

And, Massanutten Village has the:

- 5th largest population (likely the largest if visitors to its timeshares are included on any given day);
- largest land area;
- largest number of housing units; and,
- largest assessed value of real estate property.

Massanutten Village may be a private-gated residential community governed by a property owners association that provides some essential services. However, it looks and acts very much like any other town in Rockingham County with one very important exception. It cannot, pursuant to VA Law, create and/or amend Ordinances and a Comprehensive Plan. These services are provided by Rockingham County.

7.1 – Rockingham County Government

Rockingham County, like other counties in Virginia pursuant to VA Law, provides many services to its citizens to include health, general welfare, emergency services, law enforcement, courts, tax assessment, and voting. Most services are administered by officials elected by the citizens of Rockingham County, to include those citizens in Massanutten and those citizens in all of the County's towns. These elected officials include:

- Rockingham County Sheriff
- Rockingham County Clerk of the Court
- Commonwealth Attorney
- Rockingham County Commissioner of Revenues
- Rockingham County Voter Registrar

It is important to note that six (6) towns in Rockingham County provide law enforcement services to their citizens which are often considered as in lieu of, but are actually in addition to, those law enforcement services provided by the Rockingham County Sheriff.

Rockingham County, like other counties in Virginia pursuant to VA Law, also provides administration and educational services to its citizens. These services are administered by officials of the County Board of Supervisors and the County School Board. These officials are also elected by the citizens of Rockingham County, to include those citizens in Massanutten and those citizens in all of the towns. However, these two Boards each consist of five (5) members, whereby one (1) member of each Board is elected by citizens in one of five (5) County voting districts. The School Board Members are primarily responsible for education policies. The Supervisors are primarily responsible for creating and amending a County Comprehensive Plan, County Ordinances, and a County Budget. The Supervisors appoint numerous citizen based committees and commissions (such as the Planning Commission) to provide advice on topics related to County services.

It is important to note that all towns in Rockingham County create and amend Town Ordinances and a Town Comprehensive Plan for their citizens, in lieu of similar services provided by the Rockingham County Supervisors. These town services, in lieu of county services, are required by the VA Code of Law to include zoning administration and enforcement.

Massanutten Village is dependent on Rockingham County to create and amend County Ordinances and the County Comprehensive Plan for its Residential Planned Community (R-4) District. It was originally envisioned to be a private-gated community governed by the Massanutten Property Owners Association (MPOA) which provided administration and essential services much like a town. The administration and essential services of law enforcement and road maintenance were to be paid for directly by property owners' fees with the assistance of developer contributions, placing no such financial burden on the County. This was formalized by the creation of the special zoning district (R-4) and an approved master plan by the County Supervisors in 1971.

Massanutten Village comfortably operated this way for nearly twenty-five (25) years until a stark change was made in the planning of the Massanutten Community by the Rockingham County Supervisors which caused the structure of the original plan to be knocked out of balance. In 1995, Massanutten Village was less than half developed and rather than encouraging the completion of the development within the physical and financial boundaries of Massanutten Village, the Supervisors approved the developers' plan to expand the community outside the physical boundaries of the special zoning district (R-4). This was also outside the original financial structure for funding MPOA essential services because properties in the expansion areas would not pay any fees to MPOA, and the developer did not increase its financial contribution to MPOA. As these expansion areas were populated by tourists and associated resort amenities were added, the result was that more than half of vehicles entering into Massanutten Village are now not related to MPOA with practically no associated funding for essential services. The original relatively closed financial system was significantly and permanently skewed out of balance, as well as nearly eliminating the concept of a private-gated community.

The County Supervisors were understandably acting in the best interests of all County citizens when this decision was made. Their focus was on the fact that the expansion areas were largely for tourists and tourist amenities which brought in large revenues to the County without the need for many essential services, especially since law enforcement and road maintenance services were largely provided privately by MPOA. It is likely that the financial ramifications to MPOA were not entirely understood when the decision was made, or perhaps they were never even considered. This is exemplified by the fact that the construction timelines for these expansion areas go out more than twenty-five (25) years in the future without any phasing and/or any periodic reviews. For example, the Supervisors approved six-hundred (600) tourist housing units in 1995 for the expansion areas; then the Supervisors increased that number by 50% in 2001 when less than 25% of the original approved number had been built; and, then the Supervisors increased that number again in 2003 and once again in 2007 to a point where the original number of approved units has nearly tripled without the original 1995 number of units even having been built. And, this sequence of increasing the number of tourist housing units was for only one of the expansion areas called Woodstone Meadows. In 2008, the Supervisors approved adding

even more tourist housing units to another of the expansion areas called Massanutten Station. This seems to be an aggressive planning approach without much foresight as to what is in the best interest of the immediate community, especially the impact to those essential services being provided by MPOA.

7.2 – Incorporated Town of Massanutten Government

Incorporating Massanutten into a town could provide a legally organized government body made up of local Massanutten citizens, with authority to act in the best interest of the Massanutten community. It would be able to rezone properties pursuant to VA Code of Law 15.2-2283 which states that “ordinances shall be for the general purpose of promoting the health, safety or general welfare of the public”. In this case, the public would be the local citizens of an incorporated town of Massanutten, rather than all citizens of the County. The VA Code further states that ordinances should be designed to give reasonable consideration to some of the following purposes, which directly relate to an incorporated town of Massanutten that may have acted differently in the past than Rockingham County, in many instances:

- to facilitate the creation of a convenient, attractive and harmonious community;
- to reduce or prevent congestion in the public streets;
- to protect against undue density of population in relation to the community facilities;
- to protect against overcrowding of land;
- to encourage economic development activities that enlarge the tax base;
- to promote the creation and preservation of affordable housing; and
- to provide for the preservation of agricultural and forestall lands.

It is very important to note that the only services which a town must provide, pursuant to the VA Code of Law, **are the services of comprehensive planning and zoning ordinances**. All other services, such as law enforcement and road maintenance are optional town services, not required by the VA Code. An incorporated town of Massanutten would also have the authority, pursuant to the VA Code, to levy taxes within its jurisdiction and to accept intergovernmental assistance to help fund town services. Previous sections of this feasibility study have detailed the consequences and financial inequities brought about by a stark change in Rockingham County planning and zoning enacted fifteen (15) years ago. Incorporating Massanutten into a town could allow the financial balance to be restored through town taxation and intergovernmental assistance funding, such as funding from the Virginia Department of Transportation (VDOT) for town road maintenance and funding from the Virginia Department of Criminal Justice Services (DCJS) for town law enforcement.

An incorporated town of Massanutten, with a legally organized government body made up of perhaps a Mayor, Vice Mayor, and five (5) Town Council Members (similar to other towns in Rockingham County), would also have the legal power to address problems and emergencies in the best interest of the Massanutten community. The value of this legal governmental power can be exemplified by a recent controversy between Massanutten and Rockingham County. Citizens of the Massanutten Community asked Rockingham County to amend its R-4 Zoning Ordinance to address a problem that created disharmony in the Massanutten Community. More than six-hundred (600) Massanutten citizens signed a petition toward this end and the request was formally made to the County in 2007. The request was not addressed until 2010, eventually being denied by both the County Planning Commission and then by the County Board of Supervisors. The Planning Commission Chairman stated for the record that “it is imperative that this resort community assume its rightful responsibility to oversee and enforce its rules and exercise its police power to address its problems directly -- this is not the responsibility of Rockingham County”. This is precisely the point of incorporation, regardless of the specific problem. Town of Massanutten officials could have reacted faster than the nearly three (3) years it took the County to act, and it may have reacted differently to “address its problems directly” via amending or creating Town Ordinances.

In the case of incorporating Massanutten into a town, there many advantages in having a legally organized government body made up of local citizens with legal authority to act in the best interest of the immediate community with regard to health, safety, and general welfare along with the legal power to address problems

and emergencies. Similar legal authority and power does not exist in the present make-up of Massanutten Village governed by MPOA under the umbrella of Rockingham County. Nor would similar legal authority and legal power exist if the establishment of a sanitary district or other arrangements provided by law were considered.

Bottomline, an incorporated Town of Massanutten government would replace the Rockingham County government with respect to the required town services of comprehensive planning and zoning. This includes zoning administration and enforcement. However, an incorporated town of Massanutten government would not replace the MPOA Board of Directors with regards to the creation, amendment, administration and enforcement of MPOA Rules & Regulations which are based on its subdivision Restrictive Covenants. These Restrictive Covenants and MPOA would survive the town incorporation process. The table below summarizes responsibilities in the Massanutten Community both before and after incorporation.

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

It is important to point out that the MPOA governs common facilities usage, member personal conduct, and private property development and maintenance by a formal set of Rules & Regulations that are based on the Restrictive Covenants of sixteen (16) different Massanutten Village subdivisions and guided by VA Code Chapter 26 of Title 55 (VA Property Owners' Association Act). These MPOA Rules & Regulations are drafted and enforced by a volunteer Rules Committee and approved by the MPOA Board serving the best interests of property owners including both local citizens and individuals who permanent live outside the community (out-of-town owners). MPOA has a very limited means of civil enforcement through its Rules & Regulations, which carry with it associated civil liability. The VA Code states that fines for violating MPOA Rules & Regulations are limited to a maximum of \$50 per offense or \$10 per day for any offense of a continuing nature. An incorporated town of Massanutten could offer some more effective enforcement mechanisms and could levy fines for violations of Town Ordinances with less civil liability than those related to MPOA Rules & Regulations. VA Code 15.2-2286 states that fines for a violation of Zoning Ordinances are limited to a maximum of \$1,000 -- with \$2,000 in specific cases regarding occupancy of a dwelling unit. A Town Zoning Administrator and Town Board of Zoning Appeals would be responsible for the enforcement of Town Zoning Ordinances with their decisions made available to the public. This should be compared to the MPOA Rules Committee decisions which are kept private and not currently available to the public or even MPOA members.

Finally, it is worth noting that towns in Virginia, including those in Rockingham County, have access to the Virginia Municipal League (VML). VML (<http://www.vml.org>) is a statewide, nonprofit, nonpartisan association of city, town and county governments established to improve and assist local governments through legislative advocacy, research, education, and other services. One such valuable service offered by VML to its members is insurance programs providing general liability coverage and specific liability coverage for public officials, law enforcement officers, vehicles, and employment as well as general coverage for vehicle physical damage, workers compensation, property, machinery, fidelity, and crime. An incorporated town of Massanutten could benefit from this resource which is not available to private corporations like MPOA.

7.3 – Incorporated Town of Massanutten Administration

An incorporated town of Massanutten would need to administer services to a greater area and population than that currently administered by MPOA in just Massanutten Village. This includes (as shown in the photo below):

- an increase in land area from the roughly 1500 acres of developed land in Massanutten Village to over 7,800 acres of land in an incorporated town of Massanutten – although, more than 3,500 acres still remains undeveloped in the Massanutten Village West Area;
- an increase in road system size from the roughly 52 lane miles of roads in Massanutten Village to roughly 64.4 lane miles of roads in an incorporated town of Massanutten;
- an increase in the number of residential housing units from 1,052 units in Massanutten Village to 1,125 units in an incorporated town of Massanutten; and,
- an increase in the number of timeshare units from 730 units in Massanutten Village to roughly 1,230 units in an incorporated town of Massanutten.



The only services which a town must provide, pursuant to the VA Code of Law, are the services of comprehensive planning and zoning. These services include creation and amendment of a Town Comprehensive Plan and Town Zoning Ordinances as well as zoning administration and enforcement. If Massanutten incorporated into a town, these required town services (RTS) could be readily administered by a Town of Massanutten Mayor and Council along with a Town of Massanutten Planning Commission. This collection of modestly paid elected officials and non-paid appointed commissioners could be supported by a professional paid Town Administrator, along with an administrative assistant. The Town Administrator could act as the Town Zoning Administrator with the Town Board of Zoning Appeals being made up of non-paid appointed members. A professional paid Town Treasurer could implement and collect any town taxes and/or manage any intergovernmental assistance. This mixture of personnel for the administration of these required town services (RTS) is commensurate with other towns in Rockingham County.

All other allowable town services such as law enforcement and public works (to include road maintenance) are optional pursuant to the VA Code. This somewhat complicates any analysis of staffing required to administer services in an incorporated town of Massanutten. Certain staff can be readily compartmentalized to administer such services as law enforcement and road maintenance. However, the addition of any such services would also likely impact staffing in the overall town administration. Therefore, it was decided that several alternatives of town provided services would be examined to develop full staffing profiles for an incorporated town of Massanutten. These alternatives would provide a framework for what a town of Massanutten might look like from a personnel staffing standpoint and allow associated budgeting to be evaluated in the next section.

Prior to discussing these alternatives, it is important to emphasize that the mix of services to be provided by an incorporated town of Massanutten is highly dependent on what services would be needed for the Massanutten Village area. Currently, MPOA privately provides services in this area, such as road maintenance and law

enforcement. Sections IV and V of this report discussed some advantages to allowing an incorporated town of Massanutton to provide these services more cost effectively by having the ability to balance the financial burden on property owners, citizens, businesses, and visitors plus having access to state and federal funding. The key to what services the town will provide is to determine what assets will be turned over or transferred by MPOA.

The following is a description of five (5) alternatives that were examined for an incorporated town of Massanutton, each related to possible services the town could provide. Each alternative is designated with the letter “T” for “Town” followed by a distinct number – the designation along with acronyms was created to permit comparisons in tables.

T1 – Required Town Services (RTS)

This alternative is an incorporated town of Massanutton that just provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law.

T2 – Required Town Services (RTS) and Limited Road Maintenance (LRM)

This alternative is an incorporated town of Massanutton that provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. Additionally, the town would provide its citizens with **limited maintenance services** for roads already in the VDOT Secondary Road System (see Section IV for details) along with Massanutton Drive and Del Webb Drive – the latter two (2) roads could be readily turned over by MPOA without much impact to Massanutton Village privacy given that they are basically open to the public at this time. No transfer of any other MPOA assets is anticipated because it is envisioned that the town would contract for the maintenance services of its roads.

T3 – Required Town Services (RTS) and Full Road Maintenance (RM)

This alternative is an incorporated town of Massanutton that provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. Additionally, the town would provide its citizens with **maintenance services for all qualifying town roads**, including those in Massanutton Village that are owned by MPOA. The MPOA roads could be turned over to an incorporated town of Massanutton along with the transfer of the majority of MPOA maintenance assets. Furthermore, the town would provide its citizens with **maintenance services for all town parks**, including those in Massanutton Village that are owned by MPOA. The MPOA parks could also be readily turned over to an incorporated town of Massanutton – which is logical if MPOA transfers the majority of its maintenance assets.

T4 – Required Town Services (RTS), Full Road Maintenance (RM) and Law Enforcement (LE)

This alternative is an incorporated town of Massanutton that provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. Additionally, the town would provide its citizens with **maintenance services for all qualifying town roads**, including those in Massanutton Village that are owned by MPOA. The MPOA roads could be turned over to an incorporated town of Massanutton along with the transfer of the majority of MPOA maintenance assets. And, the town would also provide its citizens with **maintenance services for all town parks**, including those in Massanutton Village that are owned by MPOA. The MPOA parks could also be readily turned over to an incorporated town of Massanutton. Furthermore, the town would provide all town citizens with **law enforcement services**. The MPOA law enforcement assets could be transferred to an incorporated town of Massanutton.

T5 – Required Town Services (RTS), Full Road Maintenance (RM), Law Enforcement (LE), & Recreation (REC)

This alternative is an incorporated town of Massanutton that provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. Additionally, the town would provide its citizens with **maintenance services for all qualifying town roads**, including those in Massanutton

Village that are owned by MPOA. The MPOA roads could be turned over to an incorporated town of Massanutten along with the transfer of the majority of MPOA maintenance assets. And, the town would also provide its citizens with **maintenance and operations services for all town parks and town recreational facilities**, including those in Massanutten Village that are owned by MPOA. The MPOA parks and recreational facilities could be turned over to an incorporated town of Massanutten by MPOA. Furthermore, the town would provide all town citizens with **law enforcement services**. The MPOA law enforcement assets could be transferred to an incorporated town of Massanutten.

It should be noted that the last alternative (T5) has the least likelihood of ever becoming a reality. It was determined that the MPOA recreational facilities generate valuable net revenues that help defray MPOA administrative costs plus help offset the costs of operating MPOA amenities for exclusive free use by its members. These benefits likely outweigh any benefit of transfer to an incorporated town of Massanutten.

Using these defined alternatives, full staffing profiles were developed for an incorporated town of Massanutten. These alternatives, shown in the table below, provide a framework of what a town of Massanutten might look like from a personnel staffing standpoint and allow associated budgeting to be evaluated in the next section using the same alternatives. In the table, the Roman Numerals shown indicate levels of experience/expertise needed for a given staffing position with "I" being the lowest level and "III" being the highest level. Parentheses represent additional responsibilities for a given level of expertise. Any Town Recreation Department was considered to be a separate cost center with staffing not shown in the table.

Levels of Staffing for Levels of Service in an Incorporated Town of Massanutten

Town Staffing	MPOA (2009) (reference)	Town (T1) RTS Only	Town (T2) RTS + LRM	Town (T3) RTS + RM + OS	Town (T4) RTS + RM + LE	Town (T5) RTS + RM + LE + REC
Administration	5.0	3.0	3.0	4.0	6.0	6.0
Town Administrator (Zoning Admin)	(III)	(III)	(III)	III	III	III
Administrative Assistant	(II)	II	II	II	II	II
Town Attorney (contract)						
Receptionist					I	I
Town Treasurer	(II)	II	II	II	II	II
Accounting Assistant					I	II
Town Zoning Administrator	(II)			II	II	II
Planning Assistant	(I)					
Police	12.0	0.0	0.0	0.0	12.0	12.0
Town Police Chief	1.0				1.0	1.0
Lieutenant(s)	1.0				-	-
Commander(s)	1.0				2.0	2.0
Officers	4.0				8.0	8.0
Administrative Assistant					1.0	1.0
Gate Attendants	5.0					
Public Works	8.0	0.0	0.0	10.0	10.0	11.0
Director	1.0			1.0	1.0	1.0
Foreman(s)	2.0			2.0	2.0	2.0
Laborer(s)	5.0			7.0	7.0	8.0
Total Staffing	25.0	3.0	3.0	14.0	28.0	29.0

* Roman Numerals shown in the Administration portion indicate levels of experience/expertise need for a given staffing position with "I" being the lowest level and "III" being the highest level.

** Parentheses represent additional responsibilities for a given level of expertise.

The table readily shows the levels of staffing required for the different levels of service provided by an incorporated town of Massanutten under each alternative. It goes from a town staffing level of three (3) for implementation of just required town services (T1) to a staffing level of twenty-nine (29) for implementation of required town services plus the services of law enforcement, road maintenance, and parks and recreational facilities maintenance (T5).

Please note that the MPOA Timeshare Rental Program, which is an MPOA commercial venture that helps defray the costs of MPOA essential services, was not considered as a viable service for an incorporated town of Massanutten. It was determined that this program would best remain with MPOA to continue generating net revenues to help defray MPOA administrative costs after any town incorporation. Additionally, no assets of Great Eastern Resorts, to include its privately owned roads, were considered to be transferred or turned over to an incorporated town of Massanutten.

It should also be noted that the transfer of the Hopkins Park and Rockingham Springs Arboretum from MPOA to an incorporated town of Massanutten would make sense for three reasons. First, these areas require regular maintenance year-round to include landscaping and snow plowing services. If the MPOA maintenance services have been transferred to an incorporated town of Massanutten, it would make sense to similarly transfer the MPOA park assets, allowing the town to perform the necessary maintenance. Second, civil liabilities are associated with these areas. If the assets and operations were transferred to an incorporated town, the town would likely incur less civil liability than a private corporation like MPOA. And third, these areas are currently owned by MPOA property owners who pay fees to MPOA to help pay for the maintenance of these areas. Once transferred, these same areas would still be owned by the same property owners who would be paying taxes as part of a larger base to an incorporated town of Massanutten, which could cover the expenses associated with these same areas.

7.4 – Comparison of Localities -- Government

Towns in Rockingham County have various levels of staffing that often depend on the various services offered beyond those of the services required by the VA Code of Law. Most towns are lead by a Mayor, Vice Mayor, and a Town Council made up of five (5) members. A comparison of town staffing and leadership make up is shown in the table below. The table includes a comparison with the Massanutten Property Owners Association (MPOA) and a possible incorporated town of Massanutten. Please take notice of the relatively large leadership make-up of the MPOA Board in comparison to the towns. It should also be noted that the varying levels of part time staffing for the various entities is largely dependent on the number, if any, of seasonal recreational activities offered such as a community swimming pool. The estimates made for an incorporated town of Massanutten considered services required by the VA Code of Law plus optional services of law enforcement, maintenance of all qualifying town roads, and the operation and maintenance of all town parks – this is the T4 alternative delineated in Section 7.3 above and does not include any town recreational facilities (thus, requiring no part time employees).

Virginia Locality	Geverning Body	Full Time Employees	Part Time Employees	Total Employees
Town of Bridgewater	1 Mayor + 1 Vice Mayor + 5 Council Members	51	17	68
Town of Broadway	1 Mayor + 1 Vice Mayor + 5 Council Members	16	19	35
Town of Dayton	1 Mayor + 6 Council Members	18	4	22
Town of Elkton	1 Mayor + 1 Vice Mayor + 5 Council Members	34	47	81
Town of Grottoes	1 Mayor + 6 Council Members	19	22	41
Town of Timberville	1 Mayor + 6 Council Members	11	10	21
Massanutten (CDP)	1 President + 12 Directors	31	39	70
Town of Massanutten	*1 Mayor + 6 Council Members*	*28*	*0*	*28*

* Asterisks (*) represent estimates for an incorporated town of Massanutten -- T4 Alternative

7.5 – MPOA Post Town Incorporation

An incorporated town of Massanutten could include many different variants in terms of town services, governmental make-up, and budgeting to include taxes. It could also include many different variants in the transfer or turning over of assets and functions from the Massanutten Property Owners Association (MPOA) to an incorporated town of Massanutten. If the Massanutten community were to incorporate into a town, this subsection provides a framework for how MPOA may look afterwards. It should be first recognized that, if Massanutten incorporates, the MPOA Board and the Massanutten Town Council must jointly determine what, when, and how any assets would be legally turned over or transferred. That is, the MPOA Board would have to vote to turn over or transfer assets and a Town Council would have to vote to accept them.

Subsection 7.3 of this report discussed five (5) possible alternative scenarios for services that could be provided, if Massanutten were to incorporate into a town. The amount of town provided services increased from alternative 1 (T1) to alternative 5 (T5). And, the number of professional town staff members also increased from T1 to T5. Conversely, the amount of MPOA provided services and the associated number of MPOA professional staff members would largely decrease from T1 to T5. This is because MPOA is essentially transferring responsibilities for services over to an incorporated town of Massanutten. With a reduced workload, the MPOA Board would have to decide what staff and duties are still needed with fewer responsibilities. Post incorporation staffing would be a major part of this post incorporation realignment.

Using the alternatives defined in Subsection 7.3 for an incorporated town of Massanutten, the following corresponding alternatives were developed for MPOA, each related to residual services it could provide, post incorporation. Please take notice that the acronyms related to services provided by MPOA are slightly different than the acronyms related to services provided by an incorporated town of Massanutten. Therefore, each MPOA alternative is designated with the letter “M” for “MPOA” followed by a distinct number.

M1 – Administrative Services (AS), Road Maintenance (RM), Law Enforcement (LE), & Recreation (REC)

This alternative is an incorporated town of Massanutten that just provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. MPOA provides its members with similar existing services as provided in 2009 (less trash collection and recycling).

M2 – Admin Services (AS), Expanded Road Maintenance (ERM), Law Enforcement (LE), & Recreation (REC)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning** along with **limited maintenance services** for roads already in the VDOT Secondary Road System (see Section IV for details) plus Massanutten Drive and Del Webb Drive. MPOA provides its members with similar exiting services as provided in 2009 (less trash collection and recycling) plus provides maintenance services for the few roads in an incorporated town of Massanutten. It was assumed that an incorporated town of Massanutten would contract MPOA for these maintenance services.

M3 – Administrative Services (AS), Law Enforcement (LE), and Recreation (REC)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning** along with **maintenance services for all qualifying town roads** and **maintenance services for all town parks**, including those in Massanutten Village that are owned by MPOA. MPOA provides its members with administrative services, law enforcement, and the operation of the commercial ventures.

M4 – Administrative Services (AS) and Recreation (REC)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning** along with **maintenance services for all qualifying town roads** and **maintenance services for all town parks**, including those in Massanutten Village that are owned by MPOA. Additionally, the town would also provide all town citizens with **law enforcement services**. MPOA only provides its members with administrative services and the operation of the commercial ventures.

M5 – Administrative Services (AS)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning** along with **maintenance services for all qualifying town roads** and **maintenance services for all town parks** plus **operations services for all town recreational facilities**, including all those roads, parks, and facilities in Massanutten Village that are owned by MPOA. Additionally,

the town would also provide all town citizens with **law enforcement services**. MPOA only provides its members with administrative services and the operation of its Timeshare Rental Program.

It should be noted that the last alternative (M5) has the least likelihood of ever becoming a reality. It was determined that the MPOA recreational facilities generate valuable net revenues that help defray MPOA administrative costs plus help offset the costs of operating MPOA amenities for exclusive free use by its members. These benefits likely outweigh any benefit of transfer to an incorporated town of Massanutten.

Using these defined MPOA alternatives, full staffing profiles were developed for MPOA, post town incorporation. These MPOA alternatives, shown in the table below, provide a framework of what MPOA might look like from a personnel staffing standpoint and allow associated budgeting to be evaluated in the next section using the same MPOA alternatives. In the table, the Roman Numerals indicate levels of experience/expertise needed for a given staffing position with "I" being the lowest level and "III" being the highest level. Parentheses represent additional responsibilities for a given level of expertise.

Levels of Staffing for Levels of Service for MPOA after Incorporation

MPOA Staffing	MPOA (2009) (reference)	MPOA (M1) AS + RM + LE + REC	MPOA (M2) AS + ERM + LE + REC	MPOA (M3) AS + LE + REC	MPOA (M4) AS + REC	MPOA (M5) AS
Administration 1.86	5.0	5.0	5.0	3.0	3.0	1.0
Administrator	III	III	III	III	III	II
Admin Assistant (+ A&EC)	II	II	II	(II)	(II)	
Treasurer (Accounting Clerk)	II	II	II	(I)	(I)	
A&EC Administrator	II	II	II			
Receptionist	I	I	I			
Police 1.43	12.0	12.0	12.0	11.0	0.0	0.0
Chief	1.0	1.0	1.0	1.0		
Lieutenant(s)	1.0	1.0	1.0			
Commander(s)	1.0	1.0	1.0	2.0		
Officers	4.0	4.0	4.0	7.0		
Administrative Assistant				1.0		
Gate Attendants	5.0	5.0	5.0			
Maintenance 2.30	8.0	8.0	10.0	2.0	2.0	0.0
Supervisor	1.0	1.0	1.0			
Foreman(s)	2.0	2.0	2.0			
Laborer(s)	5.0	5.0	7.0	2.0	2.0	
Total Staffing	25.0	25.0	27.0	16.0	5.0	1.0

* Roman Numerals shown in the Administration portion indicate levels of experience/expertise need for a given staffing position with "I" being the lowest level and "III" being the highest level.

** Parentheses represent additional responsibilities for a given level of expertise.

Please note that the MPOA Timeshare Rental Program, which is an MPOA commercial venture that helps defray the costs of MPOA essential services, was not considered as a viable service for an incorporated town of Massanutten. It was determined that this program would best remain with MPOA to continue generating net revenues to help defray administrative costs after any town incorporation. The Timeshare Rental Department was considered to be a separate cost center with staffing not shown in the table. Similarly, the MPOA Recreation Department was also considered to be a separate cost center with staffing also not shown in the table.

It is interesting to note that the staffing levels for MPOA, specifically for the Maintenance Department, actually increased from alternative M1 to alternative M2. This is because it was assumed that an incorporated town of Massanutten would contract for the limited maintenance services of town roads and that the contract would be given to MPOA. Thus, MPOA would begin to maintain the town roads which are currently in the VDOT Secondary Road System (primarily Routes 644, parts of 646, and part of 645 – see Section IV), along with all of the Massanutten Village roads they currently maintain.

While there may be a reduction in staff, if services were transferred over to an incorporated town of Massanutten, MPOA would still need to fulfill other specific obligations. Many of these obligations are delineated in the Covenants of the sixteen (16) residential subdivisions that make-up MPOA, which would survive the incorporation process. One such obligation is to maintain the architectural and ecological integrity of the Massanutten Village community. The implementation of associated standards is done by the MPOA Architectural Ecological & Control Committee (A&ECC). Another such obligation is that MPOA assures

enforcement of its existing Rules & Regulations. This is done through the MPOA Rules Committee. It would be necessary for these two Committees to continue functioning even after any town incorporation, because the MPOA subdivision Covenants would still be binding on property owners. In addition to the Covenants, MPOA property owners also have By-Laws to which they must adhere. Should the properties currently within MPOA become part of an incorporated town of Massanutten, the MPOA By-Laws and associated Rules & Regulations would also still apply to these properties. ***It is very important to note that the MPOA Covenants, Bylaws, and Rules & Regulations would not apply to residential areas outside of the Massanutten Village.***

In addition to the above two Committees, the Finance and Nominating Committees would still be needed for the smooth operation of MPOA, but may be the only other MPOA committees still necessary. Other existing MPOA committees, such as Social and Long Range Planning Committees, may not be needed, some may even be divisive. For example, would an MPOA Social Committee have separate social functions for only those who live in certain parts of the town? That would scarcely build harmony in the Massanutten community. The functions of the Long Range Planning Committee would probably be duplicated by similar town functions. Regardless, the MPOA Bylaws would need to be modified in order to change the status of any Committees.

In addition to having fewer Committees, it is possible that the MPOA Board may also shrink in size accordingly, since their overall responsibilities would also be reduced. If the MPOA road system and open spaces were to be transferred to an incorporated town of Massanutten, then participation on the MPOA Board by the Mountainside Villas Owners Association and Great Eastern Resorts representatives may not be warranted. Therefore, an MPOA Board of five to seven members may be all that is necessary. A streamlined MPOA Board may not only be more appropriate with fewer responsibilities, but may also operate much more efficiently.

7.6 – Frequently Asked Questions

An interim report on the feasibility of incorporating Massanutten into a town was published on a website in August 2010. It was available for review and comment for roughly nine (9) months prior to the start of final reporting. During that review period, the author received numerous questions about town incorporation. Frequently asked questions (FAQs) were answered and placed on the website. Some FAQs have been incorporated into the text of this final report. Other FAQs applicable to this section of the report are noted as follows for completeness of reporting:

FAQ: How would town incorporation affect Great Eastern Resorts and their future timeshare units?

Great Eastern Resorts timeshare units in Massanutten Village and Woodstone Meadows have been zoned under the Rockingham County Ordinance to include each having Master Plans. If Massanutten were to incorporate into a town, these Master Plans and zoning would be the baseline for any town zoning. In other words, the existing County Master Plans would be grandfathered into Town Master Plans, such that nothing would change. If Great Eastern Resort chooses to amend a plan or ask for rezoning of land, the approval must then be granted by a Town Planning Commission and the Town Council – the County would no longer have zoning authority within town boundaries. Thus, the town citizens would decide about future Great Eastern Resorts growth in their community.

FAQ: Who would be eligible to vote in an incorporated town of Massanutten election?

The only individuals eligible to vote in any town election are citizens who permanently reside (pursuant to VA law) within the town boundaries and are registered to vote at their town residential address. In an incorporated town of Massanutten, voters would include those town property owners who permanently live within the town boundaries and also those renters who permanently live within the town boundaries. It would not include town property owners who permanently live outside the town boundaries (out-of-town owners). The Rockingham County Voter Registrar would ultimately determine whether an individual is eligible vote in a town election.

FAQ: Who would be eligible to run for office in an incorporated town of Massanutten election?

The only individuals eligible to run for public office in any town are citizens who permanently reside (pursuant to VA law) within the town boundaries and are registered to vote at their town residential address. In an incorporated town of Massanutten, this would include those town property owners who permanently live within the town boundaries and also those renters who permanently live within the town boundaries. It would not include town property owners who permanently live outside the town boundaries (out-of-town owners). The Rockingham County Voter Registrar would ultimately determine whether an individual is eligible to run for public office in a town election.

FAQ: Where would an election be held in an incorporated town of Massanutten?

An incorporated town of Massanutten would be entitled to its own voter precinct for all local, state, and federal elections. Incorporated town of Massanutten officials would recommend a location. The Rockingham County Voter Registrar would determine if the location meets state requirements. And, the County Board of Supervisors would approve any re-alignment of the voting districts within the County.

FAQ: What would happen to Massanutten Village vacation rentals in an incorporated town of Massanutten?

Massanutten vacation rentals are those detached single family homes in Massanutten Village that have been rented short term to tourists on a daily or weekly basis. These vacation rentals were the focus of a recent controversy with Rockingham County regarding its Zoning Ordinance and a civil Circuit Court case regarding Massanutten Village Subdivision Covenants. The point of departure for the Zoning Ordinance of an incorporated town of Massanutten would be the existing Rockingham County Zoning Ordinance at the time of incorporation. All zoning rights under the County's Zoning Ordinance at the time of incorporation are grandfathered into any Town Zoning Ordinance. Incorporating Massanutten into a town would not change the status of existing vacation rentals.

FAQ: If the MPOA Pool was transferred over to an incorporated town of Massanutten, who would be eligible to use it?

If the MPOA Pool was transferred to an incorporated town of Massanutten, it would become town property – meaning it would be owned by the citizens of the town. Therefore, anyone who is a citizen of the town would have equal access to its use. This would include the citizens in the additional seventy-three (73) housing units outside of Massanutten Village. But, it would not include occupants of Woodstone Meadows timeshare units. It is possible that a Town Council might allow all out-of-town MPOA property owners (to include MPOA timeshare owners) to have equal access giving consideration to their original ownership of the pool. However, after examining the financial considerations of town incorporation, it is unlikely that the MPOA Pool Area would even be transferred over to an incorporated town of Massanutten.

7.7 -- Section VII References

1. Massanutten Property Owners Association Articles of Incorporation (June 1990).
2. Massanutten Property Owners Association Bylaws (November 2007).
3. Massanutten Property Owners Association Rules and Regulations (July 2007).
4. VA Code Chapter 26 of Title 55 -- Property Owners' Association Act
5. Rockingham County Planning Commission Meeting Minutes of 5 January 2010.
6. Rockingham County Board of Supervisors Meeting Minutes of 24 February 2010.
7. VA Code 15.2-2283 – Purpose of Zoning Ordinances
8. VA Code 15.2-2286 – Permitted Provisions in Zoning Ordinance

SECTION VIII

Massanutten Community Budget

8.0 – Existing Massanutten Village Budget

Massanutten Village is the oldest and largest district in the Massanutten area. The development of the residential resort community began in 1971. In January 1974, the Massanutten Property Owners Association (MPOA) was formed and incorporated under Virginia Law. The Articles of Incorporation state that MPOA was formed “to provide for security and for maintenance of streets, open areas, trails, recreational and other facilities” owned by MPOA in Massanutten Village. MPOA’s first operating budget was roughly \$150,000 in 1974. In 2009, MPOA’s had total operating budget of slightly less than \$2.5 million.

The majority of MPOA’s operating expenditures provide for the essential services of law enforcement, road and open space maintenance, and administration. These essential services were detailed in the previous four (4) sections to include staffing. In 2009, MPOA’s expenditures for essential services is shown in the table below.

Essential Services Expenditure	MPOA (2009)
General Administration	\$506,648
Maintenance Department	\$571,607
Police Department	\$589,425
Trash Collection	\$105,243
Total General Expenses	\$1,772,923

As one can readily see from the table, MPOA spends roughly one-third of its essential services budget on law enforcement, one-third on maintenance, and one-third on administration. Please note that MPOA collects separate fees which pay for regular trash collection and recycling services for its property owners. This expenditure is included in the above table of essential services expenditures. Please also note that MPOA has operating expenditures related to its recreational facilities and commercial ventures. These expenditures were not included in the table as they were determined not to be essential services. For purposes of this report, the revenues and expenditures related to MPOA recreational facilities and commercial ventures will be considered as a separate cost center. The primary purpose of these operations is for the exclusive enjoyment by MPOA members or for earning net revenues to offset essential services expenditures.

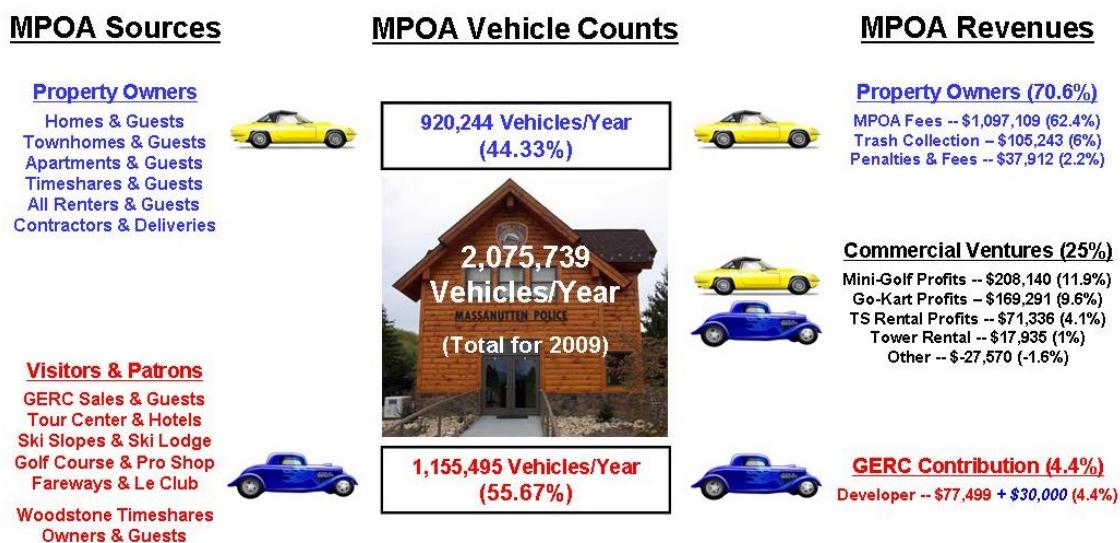
The primary source of revenues to pay for MPOA essential services is fees assessed to and paid by MPOA property owners. There are two-thousand and fifty-two (2,052) residential and timeshare properties in MPOA, whose owners pay fees in a fixed amount established by the MPOA Board. In 2009, the annual MPOA property owners’ assessment fee was \$535 per property. ***It is important to note that this fee is actually equivalent to a real estate tax rate of roughly \$0.24 per \$100 value of the average assessed single family home in Massanutten Village.*** This is equal to a town real estate tax rate twice that of any town in Rockingham County and would be amongst the highest in Virginia. A summary of the MPOA revenues is shown in the table below.

Revenue Source	MPOA (2009)
MPOA Fees (\$535 per property)	\$1,097,109
Penalties	\$15,507
Miscellaneous Fees	\$26,216
Trash Collection Fees (\$115)	\$105,243
Communications Tower Rental	\$17,936
Commercial Ventures	\$349,861
Timeshare Rentals	\$71,336
Developer's Contribution	\$77,499
Total General Revenues	\$1,760,707

In addition to assessment fees, MPOA receives an annual contribution from the developer of Massanutten Village – Great Eastern Resorts (GER). This contribution is a fixed amount based on a complicated formula derived in a historical agreement between MPOA and GER that increases proportionately as total property owners' assessment fees increase. The GER contribution was \$77,499 in 2009.

MPOA had several other sources of revenues in 2009. The large flag poles at the entrance to Massanutten Village were rented out to cell phone companies for telecommunications purposes. MPOA received annual net revenues of \$17,935 from this rental. MPOA also operated a rental program for property owners of MPOA timeshare units. MPOA received annual net revenues \$71,336 from operating this program. MPOA also operated commercial ventures that generated net revenues which help defray the costs for essential services and help offset the cost of providing amenities for the exclusive free use of its members. The MPOA Miniature Golf Course and the MPOA Go-Kart Race Track are commercial ventures that generated net revenues of \$377,431. And, the MPOA Maintenance Department generated net revenues of \$11,916 by providing paid landscaping services to property owners, to include such things as mulching and tree removal. Although the MPOA Pool Area generates some net revenues by operating a snack bar commercial venture, it had a net operating loss of \$39,486, resulting largely from the cost of staffing the community pool with lifeguards in the summer. The pool is an MPOA amenity used exclusively by MPOA members.

From the tables above, it can be seen that more than 70% of the cost of MPOA essential services in 2009, to include law enforcement and road maintenance, are paid for by MPOA property owners. Roughly 25% of the cost is paid for by MPOA commercial ventures. And, less than 5% of the cost is paid for by Great Eastern Resorts. Yet with 70% of the cost of MPOA essential services being paid by property owners' assessment fees, more than 55% of the vehicles entering into Massanutten Village in 2009 were not related to MPOA. These vehicles carried individuals, largely coming from the general public, to patronize Great Eastern Resorts businesses – they also placed a burden on the essential services of road maintenance and law enforcement. The inequity of the cost versus burden on essential services is graphically depicted in the figure below.



8.1 – Taxing Authorities of Towns in Virginia

A property owners association like MPOA can only levy fixed fees on property owners. Towns in Virginia may levy a variety of taxes on its property owners, citizens, businesses, and visitors, mostly pursuant to Title 58.1 of the VA Code entitled "Taxation". These taxes provide a broad base of revenues to help pay for the cost of town services. The town taxes are discussed below and can be broken down into various categories based on their relationship to similar taxes levied by the county in which the town is situated.

Currently, all Massanutton citizens and property owners pay various taxes to Rockingham County. Should Massanutton incorporate into a town, it is important that citizens and property owners understand that the VA Code requires them to continue paying most of these same County taxes. County taxes pay for many county services that still would be available to town citizens after any town incorporation. The town taxes that can be levied in addition to similar county taxes are shown in the following table:

Town taxes that can be levied in addition to similar county taxes.		
Tax Type	Authority	Remarks
Real Property	§58.1-3200	Also known as Real Estate Tax. Towns may conduct their own reassessments – but most towns rely on county assessments.
Tangible Personal Property	§58.1-3501 §58.1-3523	Personal property such as motor vehicles.
Machinery and Tools	§58.1-3507	Rate may be higher than levied on tangible personal property.
Merchants Capital	§58.1-3509	Rate may not exceed the rate in effect on 1/1/78. Tax may not be levied on any class on which Business, Professional, & Occupational License Tax is levied.
Admissions	§58.1-3818 §58.1-3840	Taxes are levied on admissions to civic centers, stadiums and amphitheatres. Counties authorized to levy tax are limited to maximum of 10%.
Daily Rental Property	§58.1-3510.1	Similar to sales tax, limited to 1% of amount charged for rental property (not real estate).

Additionally, there are taxes that can be levied by a town in lieu of county taxes, shown in the following table:

Town taxes that can be levied in lieu of similar county taxes.		
Tax Type	Authority	Remarks
Motor Vehicle License (Decals)	§46.2-752	Imposition of tax by town constitutes a credit for taxpayers on the county tax. The taxpayer is liable to the county for the difference between the town tax and the county tax. Tax may not exceed motor vehicle license tax imposed by State.
Alcohol License	§4.1-205 §4.1-233	Localities authorized to collect taxes from persons engaged in manufacturing, selling, or bottling alcoholic beverages and mixed beverages. Maximum taxes set by State law.
Bank Franchise	§58.1-1208 – §58.1-1211	Limited to maximum of 80% of the State rate. Counties may tax only those banks located outside town corporate limits.
Communications Sales and Use Tax	§58.1-662	Tax collected and distributed by the State.

Furthermore, there are taxes which can be levied by a town and, if the town council agrees, county taxes may be added to the town taxes. These taxes are shown in the following table:

Town taxes that can also be levied by a county, if agreed to by the town council.		
Tax Type	Authority	Remarks
Food and Beverage	§58.1-3833 §58.1-3840	Counties limited to maximum rate of 4% and may levy tax only after approved in referendum. There is no limit on towns and referendum not required.
Transient Occupancy	§58.1-3819 §58.1-3840	Counties limited to maximum rate of 2% with no limit on towns.
Business, Professional and Occupational License (BPOL)	§58.1-3700, et seq.	Commonly called “gross receipts tax”. May be levied on almost any type of business or occupation. State law places variety of caps on rates that can be levied against particular types of businesses. All localities may impose a license fee in those instances in which the tax is not levied. The fee may range from \$30 to \$100, depending on the size of the locality. Any locality imposing a fee or tax must adopt a uniform ordinance. No category can be required to pay both merchants' capital tax and BPOL tax to the same jurisdiction.

Lastly, there are taxes which can be levied by a town, if there are no similar taxes levied by the county. These taxes are shown in the following table:

Town taxes that can be levied, if no other similar tax is levied by the county.		
Tax Type	Authority	Remarks
Sales and Use Tax	§58.1-605 §58.1-606	Tax limited to 1% of the gross sales price of an item. If County levies the tax, the town receives one-half of the county's revenue based on school-age population in the town.
Utility Consumers	§58.1-3812 §58.1-3814	Rate not to exceed 20% and applicable only to first \$15 of bill for residential customers. Rate on electricity or gas consumption based on number of consumed kilowatt hours or cubic feet. Tax does not apply to landline or wireless telephone service or cable television service.

It should be noted that there are a few taxes currently levied by some towns which cannot be levied by a newly incorporated town. Associated laws have been either repealed or amended by the General Assembly allowing for grandfathering of existing town taxation policies. It should also be noted that there are several taxes that can only be levied by cities and counties, such as taxes on probate. They cannot be levied by a town.

8.2 – Incorporated Town of Massanutton Expenditures

An incorporated town of Massanutton would need to provide services to a greater area and population than that currently provided by MPOA in just Massanutton Village. This includes (as shown in the figure below):

- an increase in land area from the roughly 1500 acres of developed land in Massanutton Village to over 7,800 acres of land in an incorporated town of Massanutton – although, more than 3,500 acres still remains undeveloped in the Massanutton Village West Area;
- an increase in road system size from the roughly 52 lane miles of roads in Massanutton Village to roughly 64.4 lane miles of roads in an incorporated town of Massanutton;
- an increase in the number of residential housing units from 1,052 units in Massanutton Village to 1,125 units in an incorporated town of Massanutton; and,
- an increase in the number of timeshare units from 730 units in Massanutton Village to roughly 1,230 units in an incorporated town of Massanutton.



As previously discussed, the only services that a town **must** provide, pursuant to the VA Code of Law, are the services of comprehensive planning and zoning. These services include creation and amendment of a Town Comprehensive Plan and Town Zoning Ordinances as well as zoning administration and enforcement. All other allowable town services such as law enforcement and public works (to include road maintenance) are **optional** pursuant to the VA Code. This somewhat complicates any analysis of expenditures for an incorporated town of Massanutton. Therefore, it was decided that several alternatives of town provided services would be examined to develop expenditure profiles for an incorporated town of Massanutton. These alternatives provide a framework of what a town of Massanutton might look like from an expenditure standpoint and allow associated revenues to be analyzed in the next subsection. Please note that the expenditures for each alternative were found to be largely driven by required staffing for services discussed in detail in Section VII of this report.

Prior to discussing these alternatives, it is important to emphasize that the mix of services to be provided by an incorporated town of Massanutton is highly dependent on what services would be needed for the Massanutton Village area. Currently, MPOA privately provides services in this area, such as road maintenance and law enforcement. Sections IV and V of this report discussed some advantages to allowing an incorporated town of Massanutton to provide these services more cost effectively by having the ability to balance the financial burden on property owners, citizens, businesses, and visitors plus having access to state and federal funding. The key to what services the town will provide is to determine what assets will be turned over or transferred by MPOA.

The following is a description of five (5) alternatives that were examined for a possible incorporated town of Massanutton -- each alternative is related to possible services the town could provide and their related costs. Each alternative is designated with the letter "T" for "Town" followed by a distinct number. The designations along with acronyms were created for the summary table of town expenses shown below for each alternative. It should be noted that these alternatives are identical to those related to town staffing discussed in Section VII. It should also be noted that, in each alternative, the service of trash collection and recycling is provided by an incorporated town of Massanutton for all town residential property owners. The expenditures for MPOA in 2009 are included as a point of comparison.

Summary of Expenditures for the Five Town Alternatives

Town Expenditures	MPOA (2009) (reference)	Town (A1) RTS Only	Town (A2) RTS + LRM	Town (A3) RTS + RM + OS	Town (A4) RTS + RM + LE	Town (A5) RTS + RM + LE + REC
General Administration	\$506,648	\$418,500	\$433,500	\$515,000	\$603,750	\$666,750
Public Works Department	\$571,607	-	\$405,000	\$853,750	\$873,750	\$941,000
Police Department	\$589,425	-	-	-	\$729,500	\$729,500
Trash Collection	\$105,243	\$141,750	\$141,750	\$141,750	\$141,750	\$141,750
Total Expenditures	\$1,772,923	\$560,250	\$980,250	\$1,510,500	\$2,348,750	\$2,479,000

T1 – Required Town Services (RTS)

This alternative is an incorporated town of Massanutton that just provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. The total town expenditures for a town alternative including just required town services (RTS) were determined to be \$560,250 per year.

T2 – Required Town Services (RTS) and Limited Road Maintenance (LRM)

This alternative is an incorporated town of Massanutton that provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. Additionally, the town would provide its citizens with **limited maintenance services** for roads already in the VDOT Secondary Road System (see Section IV for details) along with Massanutton Drive and Del Webb Drive – the latter two (2) roads could be readily turned over by MPOA without much impact to Massanutton Village privacy given that they are, pretty much, already open to the public at this time. No transfer of any other MPOA assets is anticipated because it is envisioned that the town would contract for maintenance of these roads.

The total town expenditures for a town alternative including required town services (RTS) and limited road maintenance (LRM) services were determined to be \$980,250 per year. The expenditures for town

administration were determined to be \$433,500, LRM services were determined to be \$405,000, and trash collection services were determined to be \$141,750.

T3 – Required Town Services (RTS) and Full Road Maintenance (RM)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. Additionally, the town would provide its citizens with **maintenance services for all qualifying town roads**, including those in Massanutten Village that are owned by MPOA. The MPOA roads could be turned over to an incorporated town of Massanutten along with the transfer of the majority of MPOA maintenance assets. Furthermore, the town would provide its citizens with **maintenance services for all town parks**, including those in Massanutten Village that are owned by MPOA. The MPOA parks could also be readily turned over to an incorporated town of Massanutten – which is logical if MPOA transfers the majority of its maintenance assets.

The total town expenditures for a town alternative including required town services (RTS) and maintenance services of all qualifying town roads (RM) were determined to be \$1,510,500 per year. The expenditures for town administration were determined to be \$515,000, RM services were determined to be \$853,750, and trash collection services were determined to be \$141,750.

T4 – Required Town Services (RTS), Full Road Maintenance (RM) and Law Enforcement (LE)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. Additionally, the town would provide its citizens with **maintenance services for all qualifying town roads**, including those in Massanutten Village that are owned by MPOA. The MPOA roads could be turned over to an incorporated town of Massanutten along with the transfer of the majority of MPOA maintenance assets. And, the town would provide its citizens with **maintenance services for all town parks**, including those in Massanutten Village that are owned by MPOA. The MPOA parks could also be readily turned over to an incorporated town of Massanutten. Furthermore, the town would provide all town citizens with **law enforcement services**. The MPOA law enforcement assets could be transferred to an incorporated town of Massanutten.

The total town expenditures for a town alternative including required town services (RTS), maintenance services of all qualifying town roads (RM), and law enforcement (LE) services were determined to be \$2,348,750 per year. The expenditures for town administration were determined to be \$603,750, RM services were determined to be \$873,750, LE services were determined to be \$729,500, and trash collection services were determined to be \$141,750.

T5 – Required Town Services (RTS), Full Road Maintenance (RM), Law Enforcement (LE), & Recreation (REC)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. Additionally, the town would provide its citizens with **maintenance services for all qualifying town roads**, including those in Massanutten Village that are owned by MPOA. The MPOA roads could be turned over to an incorporated town of Massanutten along with the transfer of the majority of MPOA maintenance assets. And, the town would provide its citizens with **maintenance and operations services for all town parks and town recreational facilities**, including those in Massanutten Village that are owned by MPOA. The parks and recreational facilities could be turned over to an incorporated town of Massanutten by MPOA. Furthermore, the town would provide all town citizens with **law enforcement services**. The MPOA law enforcement assets could be transferred to an incorporated town of Massanutten.

The total town expenditures for a town alternative including required town services (RTS), maintenance services of all qualifying town roads (RM), law enforcement (LE) services, and recreation (REC) services were determined to be \$2,479,000 per year. The expenditures for town administration were determined to be

\$666,750, RM services were determined to be \$941,000, LE services were determined to be \$729,500, and trash collection services were determined to be \$141,750. REC services were placed in a separate cost center, not shown in the table, because these services are self sustaining and generate net revenues.

It should be noted that the last alternative (T5) has the least likelihood of ever becoming a reality. It was determined that the MPOA recreational facilities generate valuable net revenues that help defray MPOA administrative costs plus help offset the costs of operating MPOA amenities for exclusive free use by its members. These benefits likely outweigh any benefit of transfer to an incorporated town of Massanutton.

The costs for the trash collection and recycling service was determined by taking the total number of dwellings within the town boundaries (1,125) and multiplying that by the current service rate charged by MPOA (\$126). The town department expenditures for each alternative shown in the table above were derived from a more detailed analysis. The detailed analysis results are shown in the table below.

Detailed Expenditures for the Five Town Alternatives

Town Expenditures	MPOA (2009) (reference)	Town (T1) RTS Only	Town (T2) RTS + LRM	Town (T3) RTS + RM + OS	Town (T4) RTS + RM + LE	Town (T5) RTS + RM + LE + REC
Administration	1.75	5.0	\$418,500	\$433,500	\$515,000	\$603,750
Town Administrator	(III)	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
Administrative Assistant	(II)	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000
Receptionist					\$21,000	\$21,000
Town Treasurer	(II)	\$52,000	\$52,000	\$52,000	\$52,000	\$52,000
Accounting Assistant					\$24,000	\$36,000
Town Zoning Administrator	(II)			\$42,000	\$42,000	\$42,000
Planning Assistant	(I)					
Legal		\$40,000	\$45,000	\$50,000	\$50,000	\$55,000
Mayor & Town Council		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Space Rental/Mortgage		\$50,000	\$50,000	\$48,000	\$48,000	\$55,000
Insurance		\$25,000	\$35,000	\$40,000	\$50,000	\$80,000
Police	1.50	12.0			\$729,500	\$729,500
Town Police Chief	(\$60,000)	1.0			\$60,000	\$60,000
Lieutenant(s)	(\$48,000)	1.0			-	-
Commander(s)	(\$42,000)	1.0			\$84,000	\$84,000
Officers	(\$36,000)	4.0			\$288,000	\$288,000
Administrative Assistant	(\$21,000)				\$21,000	\$21,000
Gate Attendants		5.0				
Vehicle/Equipment Replacement					\$50,000	\$50,000
Public Works	2.25	8.0		\$405,000	\$853,750	\$941,000
Director	(\$48,000)	1.0		\$48,000	\$48,000	\$48,000
Foreman(s)	(\$30,000)	2.0		\$60,000	\$60,000	\$60,000
Laborer(s)	(\$21,000)	5.0		\$147,000	\$147,000	\$168,000
Road Maintenance Contract			\$405,000			
Resurfacing/Equipment Replacement				\$280,000	\$300,000	\$320,000
Total Expenditures		25.0	\$418,500	\$838,500	\$1,368,750	\$2,207,000
						\$2,337,250

The detailed analysis of town expenditures began with the staffing profiles for each alternative presented in Section VII of this report. Then, the Virginia Association of Counties (VACo -- www.vaco.org) list of current employment opportunities along with a brief survey of local towns was utilized to determine appropriate salaries for the various positions in the staffing profile table. The salaries for more senior town personnel were placed on the higher end of the scale, due to the fact that Massanutton would be newly incorporated and more experienced personnel would be desired. Next, an administrative multiplier was determined for each department, which is shown in yellow highlights next to each department heading. These multipliers, which are applied to staffing only, factor in estimated annual overhead (to include benefits) and general administrative costs for each department. The multipliers used in this report were found to be commensurate with those currently used by MPOA and also by towns in Rockingham County. Finally, major annual recurring costs, such as road resurfacing, were added to the total cost of loaded staffing (staffing salaries times the multiplier) resulting in subtotal expenditures for each department, which were then summed for total town expenditures.

It should be noted that the town will require office space to conduct town business. This space could either be rented or the town could build its own town hall. Thus, annual recurring costs for office space rental or for a mortgage associated with a town hall are included in the table under town administrative expenditures. It should also be noted that the town would have annual recurring costs for resurfacing of its roads. These costs are included in the table under town public works expenditures. They were detailed in Section IV of this report to

include resurfacing all town roads over a twenty (20) year period. The town could implement such a road resurfacing program using municipal bonds, since MPOA roads are currently at the end of the 20 year period and all subdivision roads were last resurfaced over a four (4) year period of time. Finally, it should be noted that the town would likely issue a contract for the limited road maintenance delineated in alternative T2. Since MPOA would retain its maintenance assets in this alternative, it was determined that the town would not likely acquire its own assets and prefer to contract services – this contract could be issued to MPOA.

8.3 – Incorporated Town of Massanutten Revenues

A property owners association like MPOA can only generate revenues by levying fixed fees on property owners and by operating commercial ventures. An incorporated town of Massanutten could generate revenues from taxes, fees, intergovernmental assistance, and commercial ventures to pay for costs of its essential services. The amount of revenues that an incorporated town of Massanutten must generate depends on the costs of services it will provide. As previously discussed, the only services that a town must provide, pursuant to the VA Code, are the services of comprehensive planning and zoning. All other allowable town services, such as law enforcement and road maintenance, are **optional** pursuant to the VA Code. This somewhat complicates any analysis of revenues for an incorporated town of Massanutten. Therefore, it was decided that several alternatives of town provided services would be examined to develop revenues and tax profiles for an incorporated town of Massanutten. These alternatives provide a framework of what a town of Massanutten might look like from the standpoint of revenues it must generate and the taxes it would levy on citizens, property owners, businesses, and visitors. Please note that the taxes and revenues for each alternative were found to be largely driven by required expenditures for services discussed in detail in the last subsection of this report.

Prior to discussing these alternatives, it is important to emphasize that the mix of services to be provided by an incorporated town of Massanutten is highly dependent on what services would be needed for the Massanutten Village area. Currently, MPOA privately provides services in this area, such as road maintenance and law enforcement. Sections IV and V of this report discussed some advantages to allowing an incorporated town of Massanutten to provide these services more cost effectively by having the ability to balance the financial burden on property owners, citizens, businesses, and visitors plus having access to state and federal funding. The key to what services the town will provide is to determine what assets will be turned over or transferred by MPOA.

Additionally, it is important to note that the results of the budget analysis reflect the desire to utilize, to the greatest extent possible, revenue sources with realistic traceability. For example, the real estate assessments for all properties in an incorporated town of Massanutten were readily available from Rockingham County. Also, the actual 2010 revenues for all businesses in an incorporated town of Massanutten that served food and beverages and/or provided transient occupancy were available from the Rockingham County Commissioner of Revenues. However, utility and communications usage of individual consumers were not readily available. Therefore, the analysis included consideration of real estate, food & beverage, and transient occupancy taxes for an incorporated town of Massanutten, but excluded consideration of usage taxes. If Massanutten were to incorporate into a town, a Town Council may decide to have a mix of taxes to balance the cost burden of essential services on property owners, citizens, businesses, and visitors – to include those who rent properties.

The following is a brief description of five (5) alternatives that were examined for a possible incorporated town of Massanutten, each related to possible services the town could provide, their associated costs, and the amount of revenues that the town must generate. These alternatives are identical to those related to town expenditures discussed in last subsection of this report – see Subsection 8.2 for an expanded description of the alternatives. Each alternative is designated with the letter “T” for “Town” followed by a distinct number. The designations along with acronyms were created for the tabular summary of town revenues shown below for each alternative. It should be noted that the progressive town real estate tax rates and the fixed MPOA assessment fees are also shown in the table for each alternative. The derivation of the MPOA fees will be detailed in Subsection 8.5. It should also be noted, in each alternative, that the service of trash collection and recycling is provided by an incorporated town of Massanutten for all residential property owners (1,125) with a separate fixed fee charged

that is equal to the current fee charged by MPOA (\$126). Finally, it should be noted that the revenues for MPOA in 2009 are included as a point of comparison.

Revenues for the Five Town Alternatives

Town Revenue Sources	MPOA (2009) (reference)	Town (T1) RTS Only	Town (T2) RTS + LRM	Town (T3) RTS + RM + OS	Town (T4) RTS + RM + LE	Town (T5) RTS + RM + LE + REC
Real Estate Tax Rate (per \$100 value)		\$0.00	\$0.00	\$0.00	\$0.100	\$0.070
MPOA Lot Fee	\$535	\$535	\$385	\$260	\$0	\$0
MPOA Owners Savings (per lot)	-	-	100% save \$150	100% save \$275	91% save \$230+	91% save \$320+
Residential Taxes/Fees for ...	1125	70.66%			30.81%	22.95%
Real Estate Taxes	\$1,097,109	-	-	-	\$512,131	\$358,491
Vehicle License Taxes ...	\$20	-	\$33,750	\$33,750	\$33,750	\$33,750
Penalties	\$15,507	-	-	-	\$11,013	\$9,934
Fines	-	-	-	-	\$25,000	\$25,000
Miscellaneous Fees	\$26,216	-	-	-	-	-
Trash Collection Fees ...	\$126	\$105,243	\$141,750	\$141,750	\$141,750	\$141,750
Business Taxes/Fees	24.94%				34.70%	44.38%
Real Estate Taxes	-	-	-	-	\$150,107	\$105,075
BPO Licence Taxes	-	-	-	-	\$80,000	\$50,000
Food & Beverage Taxes ...	6%	-	\$240,000	\$360,000	\$360,000	\$360,000
Transient Occupancy Taxes ...	6%	-	\$150,000	\$225,000	\$225,000	\$225,000
Communications Tower Rental	\$17,936	-	-	-	-	\$10,000
Commercial Ventures	\$349,861	-	-	-	-	\$350,000
Timeshare Rentals	\$71,336	-	-	-	-	-
Grants	4.40%				34.49%	32.67%
Developer's Contribution	\$77,499	-	-	-	-	-
VDOT Secondary Road Funds	-	-	\$250,000	\$750,000	\$750,000	\$750,000
Law Enforcement Grant	-	-	-	-	\$60,000	\$60,000
Total Revenues	\$1,760,707	\$565,500	\$1,010,500	\$1,510,500	\$2,348,750	\$2,479,000

T1 – Required Town Services (RTS)

This alternative is an incorporated town of Massanutten that just provides its citizens with the services of **comprehensive planning and zoning**. It was determined that these services can be paid for by levying town vehicle license, food & beverage, and transient occupancy taxes.

- **Town Vehicle License Tax = \$20 per vehicle per year.** This tax is currently being paid by all vehicle owners in Massanutten to Rockingham County. The town tax is in lieu of the county tax.
- **Food & Beverage Tax = 4%.** This same tax is currently being levied by Rockingham County to all patrons of businesses in Massanutten. The town tax is in lieu of the county tax.
- **Transient Occupancy Tax = 4%.** This tax is currently being levied by Rockingham County, albeit at 2%, to all patrons to establishments in Massanutten. The town tax is in lieu of the county tax.

No new taxes would be levied in an incorporated town of Massanutten and the fixed MPOA assessment fee would remain at \$535 per property. The total town revenues for a town alternative including just required town services (RTS) were determined to be \$565,500 per year.

T2 – Required Town Services (RTS) and Limited Road Maintenance (LRM)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning**. Additionally, the town would provide its citizens with **limited maintenance services** for roads already in the VDOT Secondary Road System (see Section IV for details) along with Massanutten Drive and Del Webb Drive. It was determined that these services can be readily paid for by levying town vehicle license, food & beverage, and transient occupancy taxes along with a VDOT grant for the maintenance of qualifying town roads.

- **Town Vehicle License Tax = \$20 per vehicle per year.** This tax is currently being paid by all vehicle owners in Massanutten to Rockingham County. The town tax is in lieu of the county tax.
- **Food & Beverage Tax = 6%.** This tax is currently being levied by Rockingham County, albeit at 4%, to all patrons of businesses in Massanutten. The town tax is in lieu of the county tax.

- **Transient Occupancy Tax = 6%.** This tax is currently being levied by Rockingham County, albeit at 2%, to all patrons to establishments in Massanutten. The town tax is in lieu of the county tax.
- **VDOT Urban Maintenance Program Grant = \$250,000** for 14.5 lane miles of town arterial roads.

No new taxes would be levied in an incorporated town of Massanutten. But, the fixed MPOA assessment fee would be reduced to \$385 per property – *a savings of \$150 per year for each property (lot) in Massanutten Village*. The total town revenues for a town alternative including required town services (RTS) and limited road maintenance (LRM) services were determined to be \$980,250 per year.

T3 – Required Town Services (RTS) and Full Road Maintenance (RM)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning**. Additionally, the town would provide its citizens with **maintenance services for all qualifying town roads** and **maintenance services for all town parks**, including those in Massanutten Village. It was determined that these services can be readily paid for by levying town vehicle license, food & beverage, and transient occupancy taxes along with a VDOT grant for the maintenance of qualifying town roads.

- **Town Vehicle License Tax = \$20 per vehicle per year.** This tax is currently being paid by all vehicle owners in Massanutten to Rockingham County. The town tax is in lieu of the county tax.
- **Food & Beverage Tax = 6%.** This tax is currently being levied by Rockingham County, albeit at 4%, to all patrons of businesses in Massanutten. The town tax is in lieu of the county tax.
- **Transient Occupancy Tax = 6%.** This tax is currently being levied by Rockingham County, albeit at 2%, to all patrons to establishments in Massanutten. The town tax is in lieu of the county tax.
- **VDOT Urban Maintenance Program Grant = \$750,000** for 14.5 lane miles of town arterial roads and 49.9 lane miles of town streets.

No new taxes would be levied in an incorporated town of Massanutten. But, the fixed MPOA assessment fee would be reduced to \$260 per property – *a savings of \$275 per year for each property (lot) in Massanutten Village*. The total town revenues for a town alternative including required town services (RTS) and maintenance services of all qualifying town roads (RM) were determined to be \$1,510,500 per year.

T4 – Required Town Services (RTS), Full Road Maintenance (RM) and Law Enforcement (LE)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning**. Additionally, the town would provide its citizens with **maintenance services for all qualifying town roads** and **maintenance services for all town parks**, including those in Massanutten Village. It was determined that these services can be readily paid for by levying town vehicle license, food & beverage, and transient occupancy taxes along with a VDOT grant for the maintenance of all qualifying town roads.

- **Town Vehicle License Tax = \$20 per vehicle per year.** This tax is currently being paid by all vehicle owners in Massanutten to Rockingham County. The town tax is in lieu of the county tax.
- **Food & Beverage Tax = 6%.** This tax is currently being levied by Rockingham County, albeit at 4%, to all patrons of businesses in Massanutten. The town tax is in lieu of the county tax.
- **Transient Occupancy Tax = 6%.** This tax is currently being levied by Rockingham County, albeit at 2%, to all patrons to establishments in Massanutten. The town tax is in lieu of the county tax.
- **VDOT Urban Maintenance Program Grant = \$750,000** for 14.5 lane miles of town arterial roads and 49.9 lane miles of town streets.

In addition, the town would also provide all town citizens with **law enforcement services**. It was determined that these services can be paid for by levying town real estate taxes on residential and business properties plus levying taxes on all businesses, professionals, and occupations licenses (known as a BPOL tax).

- **Town Real Estate Tax = \$0.10 per \$100 of assessed property value.** This tax is currently being levied by Rockingham County, albeit at a rate of \$0.60 per \$100 of assessed property value. The

assessed property value is established by the County Commissioner of Revenues. The town tax is in addition to the county tax.

- **Town BPOL Tax = TBD of gross revenues.** The rate of this town tax will be determined by a Town Council such that the town tax revenues will equal roughly \$80,000. Rockingham County does not levy this BPOL tax. However, most towns in Rockingham County do levy this BPOL tax resulting in commensurate revenues.

Essentially, the **progressive** town real estate tax is levied to pay for law enforcement services, in lieu of the **fixed** MPOA assessment fee per lot – **there would be no MPOA assessment fee in this alternative and 91% of property owners would save at least \$230 per year for each property (lot) in Massanutten Village.** The total town revenues for a town alternative including required town services (RTS), maintenance services of all qualifying town roads (RM), and law enforcement (LE) services were determined to be \$2,348,750 per year.

T5 – Required Town Services (RTS), Full Road Maintenance (RM), Law Enforcement (LE), & Recreation (REC)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning**. Additionally, the town would provide its citizens with **maintenance services for all qualifying town roads** and with **maintenance and operations services for all town parks and town recreational facilities**, including those in Massanutten Village. It was determined that these services can be readily paid for by levying town vehicle license, food & beverage, and transient occupancy taxes along with a VDOT grant for the maintenance of qualifying town roads.

- **Town Vehicle License Tax = \$20 per vehicle per year.** This tax is currently being paid by all vehicle owners in Massanutten to Rockingham County. The town tax is in lieu of the county tax.
- **Food & Beverage Tax = 6%.** This tax is currently being levied by Rockingham County, albeit at 4%, to all patrons of businesses in Massanutten. The town tax is in lieu of the county tax.
- **Transient Occupancy Tax = 6%.** This tax is currently being levied by Rockingham County, albeit at 2%, to all patrons to establishments in Massanutten. The town tax is in lieu of the county tax.
- **VDOT Urban Maintenance Program Grant = \$750,000** for 14.5 lane miles of town arterial roads and 49.9 lane miles of town streets.

In addition, the town would also provide all town citizens with **law enforcement services**. It was determined that these services can be paid for by levying town real estate taxes on residential and business properties plus levying taxes on all businesses, professionals, and occupations licenses (known as a BPOL tax).

- **Town Real Estate Tax = \$0.07 per \$100 of assessed property value.** This tax is currently being levied by Rockingham County, albeit at a rate of \$0.60 per \$100 of assessed property value. The assessed property value is established by the County Commissioner of Revenues. The town tax is in addition to the county tax.
- **Town BPOL Tax = TBD of gross revenues.** The rate of this town tax will be determined by a Town Council such that the town tax revenues will equal roughly \$50,000. Rockingham County does not levy this BPOL tax. However, most towns in Rockingham County do levy this BPOL tax resulting in commensurate revenues.

Essentially, the **progressive** town real estate tax is levied to pay for law enforcement services, in lieu of the **fixed** MPOA assessment fee per lot – **there would be no MPOA assessment fee for this alternative and 91% of property owners would save at least \$320 per year for each property in Massanutten Village.** In comparison to T4, it should be noted that the town real estate and BPOL tax rates are 30% lower in this alternative. This is because these taxes would be partially offset by net revenues provided by the town recreational facilities. The total revenues for a town alternative including required town services (RTS), maintenance services of all qualifying town roads (RM), law enforcement (LE) services, and recreation (REC) services were determined to be \$2,479,000 per year.

It should be noted that the last alternative (T5) has the least likelihood of ever becoming a reality. It was determined that the MPOA recreational facilities generate valuable net revenues that help defray MPOA

administrative costs plus help offset the costs of operating MPOA amenities for exclusive free use by its members. These benefits likely outweigh any benefit of transfer to an incorporated town of Massanutten.

The detailed budget analysis was performed with the goal of balancing revenues generated from residential property owners and citizens, from businesses and visitors, and from state and federal assistance using the most traceable sources of revenues possible. Real estate taxes were the most traceable and accurate source of revenues used in this study. They could be readily calculated by using the Rockingham County property assessment data obtained for the 1,780 properties within the boundaries of a hypothetical incorporated town. The County data also allowed for different categorical analyses of the burden on real estate taxation. For example, a town real estate tax rate of \$0.10 per \$100 of assessed property value (as in Alternative T4) results in a tax share on various types of properties in an incorporated town of Massanutten as shown in the following table. The table also shows the tax share for the Rockingham County real estate tax rate of \$0.60 per \$100.

Town Properties	Real Estate Values SubTotal	Real Estate Areas SubTotal	County Taxes (\$0.60 per \$100)	Town Taxes (\$0.10 per \$100)
Suburban Residential Properties	\$259,781,400	1,006.91	\$1,558,688	\$259,781
21 - Single Family Home	\$247,065,600	572.22		
22 - Mobile Home	\$37,600	1.00		
23 - Agriculture Home -- less than 20 acres	\$4,797,400	306.76		
24 - Misc	\$0	0.00		
25 - Townhouse	\$3,874,200	2.30		
26 - GERC Agriculture -- R4 less than 20 acres	\$943,000	44.79		
27 - GERC Agriculture -- Other less than 20 ac	\$1,659,600	76.73		
31 - Duplex Home	\$622,400	0.41		
32 - Apartment	\$781,600	2.70		
Timeshare Properties	\$231,664,700	261.03	\$1,389,988	\$231,665
33 - Mountainside Villas Timeshare	\$28,142,100	21.90		
34 - Eagle Trace Timeshare	\$40,926,400	39.07		
35 - Innsbruck Heights Timeshare	\$9,088,500	17.92		
36 - Killy Court & Skiside Timeshare	\$19,037,200	23.16		
37 - Grenoble Woods Timeshare	\$27,100,400	37.41		
38 - Shenandoah & Summit Timeshare	\$40,445,400	29.94		
39 - Woodstone Timeshare	\$66,924,700	91.63		
Agricultural Properties	\$8,023,600	1,100.88	\$48,142	\$8,024
52 - Agriculture -- 20 to 100 acres	\$5,817,600	645.12		
62 - Agriculture -- more than 100 acres	\$0	0.00		
53 - GERC R1 Properties on McGahey Lane	\$1,090,600	273.26		
59 - Agriculture -- Massanutten Village West	\$1,115,400	182.50		
Forrestal Properties	\$12,660,900	4,278.57	\$75,965	\$12,661
51 - Forest -- 20 to 100 acres	\$0	0.00		
61 - Forest -- more than 100 acres	\$2,287,900	846.82		
69 - Forest -- Massanutten Village West	\$10,373,000	3,431.75		
Commercial - Industrial Properties	\$150,106,800	637.01	\$900,641	\$150,107
41 - Mobile Home Park	\$0	0.00		
42 - Commercial	\$1,633,700	12.50		
43 - Industrial	\$0	0.00		
44 - Commercial -- Massanutten Village Center	\$29,161,400	271.90		
45 - Commercial -- Woodstone Meadows	\$92,796,800	221.18		
46 - Commercial -- Waterpark & Mass Market	\$26,514,900	131.43		
Exempt Properties (76 & 79)	\$14,458,200	517.57	\$0	\$0
TOTAL TOWN REAL ESTATE	\$676,695,600	7,801.97	\$3,973,424	\$662,237

The County data for Massanutten Village alone allowed for a categorical analysis of the average burden of real estate taxation on different types of property owners, as shown in the table below. The average assessment of the one-thousand and six (1006) detached single family homes in Massanutten Village was determined to be roughly \$220,000. This translates into an average annual town real estate tax of \$220 based on the real estate tax rate of \$0.10 per \$100 of assessed property value (as in Alternative T4). The average assessment of the two-hundred and fifty (250) undeveloped lots for detached single family homes in Massanutten Village was determined to be roughly \$50,000. This translates into an average annual town real estate tax of \$54 (as in Alternative T4). And, the average assessment of the one-hundred and seventy-five (175) units of Mountainside Villas timeshares was determined to be roughly \$160,000. This translates into an average annual town real estate tax of \$177 (as in Alternative T4). *These average annual town taxes on different types of Massanutten Village property owners should be compared with the \$535 fixed annual fee paid to MPOA by each property owner for roughly the same essential services.*

Massanutten Village Property Type	Number of Properties	Average Assessment	Average Town Tax
Single Family Homes (R-4A)	1006	\$220,205	\$220
Undeveloped Home Lots (R-4A)	250	\$49,470	\$49
Mountainside Villas Timeshares	175	\$160,812	\$161

Similarly note that the food & beverage and transient occupancy tax revenues were also traceable and accurate in this study. Rockingham County has levied a 2% transient occupancy tax for years. In 2009, the County received \$74,733 in revenues from transient occupancy taxes resulting from Massanutten area businesses. In early 2010, Rockingham County began levying a 4% food & beverage tax. After 12 months, the County received in excess of \$240,000 in revenues from food & beverage taxes resulting from Massanutten area businesses. Both the County food & beverage and the County transient occupancy tax revenues were readily translatable to whatever town tax rates were used in this study.

Finally, it is important to point out that the VDOT Urban Maintenance Program grants were also traceable and accurate in this study. As delineated in Section IV of this report, the VDOT grants are purely dependent on lane mileage of arterial roads and streets. In 2009, Virginia towns received a fixed amount of \$17,180 per lane mile of arterial roads and \$10,087 per lane mile of streets. These amounts have modestly increased every single year since 1985 without any program cuts. Since the lane mileage of Massanutten Village roads are known with a fair amount of accuracy, the calculation of grants was straightforward. The only question about this funding is whether an incorporated town of Massanutten would qualify for these grants. Qualifications are detailed in Section IV of this report. Thus, VDOT grants would either be an all or nothing proposition. Either the town would qualify for VDOT grants and an incorporated town of Massanutten would receive roughly the funding stated in this report, or the town would not qualify and an incorporated town of Massanutten would receive zero funding. There is no political component as to how much VDOT funding one town receives over another.

8.4 – Comparison of Localities – Budgets

The detailed budgets for six (6) local towns in Rockingham County were obtained for this study. These allow comparisons to be made with the estimated budget of an incorporated town of Massanutten. The first table below shows the general expenditures for the six (6) local towns as compared to the essential services expenditures for an incorporated town of Massanutten (as derived in Alternative T4 from Subsection 8.2 of this report). From the table, one can readily see that the incorporated town of Massanutten expenditures are on the high side compared to other towns in terms of overall expenditures and in terms of the individual categories of administration, public works, and police. This is commensurate with its road system size delineated in Section IV, number of police 9-1-1 calls delineated in Section V, and size of administration delineated in Section VII.

	Bridgewater (2009 Actuals)	Broadway (2010 Proposed)	Timberville (2010 Proposed)	Grottoes (2009 Actuals)	Elkton (2009 Actuals)	Dayton (2010 Proposed)	Massanutten (estimated -- A4)
General Expenditures	\$3,866,750	\$1,042,300	\$861,512	\$1,425,481	\$2,199,000	\$2,254,800	\$2,348,750
General Administration	\$513,000	\$446,800	\$334,227	\$427,713	\$971,393	\$646,000	\$603,750
Parks & Recreation	\$524,000	\$108,700	\$51,913	\$93,307	\$65,030		
Public Works -- Streets	\$859,000	\$46,500	\$99,724	\$423,150	\$348,765	\$488,500	\$873,750
Police Department	\$811,000	\$269,300	\$240,031	\$377,996	\$462,766	\$689,300	\$729,500
Trash Collection	\$501,000	\$171,000	\$114,000	\$98,275	\$123,151	\$122,000	\$141,750
Other	\$658,750		\$21,617	\$5,040	\$227,895	\$309,000	

The next table shows the general revenues for the six (6) local towns in Rockingham County as compared to the revenues for an incorporated town of Massanutten (as derived in Alternative T4 from Subsection 8.3 of this report). From this table, one can readily see that a real estate tax rate of \$0.10 per \$100 of assessed property value in an incorporated town of Massanutten is slightly on the high side of tax rates levied by the other six (6)

local towns. But, it is not the highest rate. Next, one can readily see that the six (6) local towns have a balance between real estate taxes, personal property taxes, and consumer usage taxes, whereas an incorporated town of Massanutten would rely heavily on real estate taxes. However, this is an artifact of the desire in the budget analysis to have traceability of revenue sources. In reality, incorporated town of Massanutten officials may choose to have a more balanced taxation approach, similar to other towns. The large amount of revenues from real estate taxes in an incorporated town of Massanutten is also a function of the nearly \$677 million of assessed property values which is significantly larger than those of the other six (6) local towns. For example, the Town of Elkton has only roughly \$223 million of assessed property values.

	Bridgewater (2009 Actuals)	Broadway (2010 Proposed)	Timberville (2010 Proposed)	Grottoes (2009 Actuals)	Elkton (2009 Actuals)	Dayton (2010 Proposed)	Massanutten (Estimated in A4)
General Revenues	\$3,466,000	\$1,023,200	\$861,512	\$1,425,481	\$2,137,229	\$1,174,500	\$2,348,750
Property Taxes							
Real Estate Rate (per \$100)	\$0.080	\$0.070	\$0.115	\$0.120	\$0.085	\$0.080	\$0.100
Real Estate	\$298,000	\$167,000	\$157,000	\$184,000	\$154,503	\$93,000	\$662,237
Personal Property	\$228,000	\$80,000	\$32,000	\$53,861	\$88,974	-	-
Machinery & Tools	\$148,000	^^^^^	-	-	-	-	-
Fines/Penalties	\$45,000	\$1,500	\$13,500	\$50,000	\$22,284	\$70,000	\$36,013
Permits	\$5,000	\$3,500	\$1,500	\$5,200	\$8,500	-	-
SUBTOTAL	\$724,000	\$252,000	\$204,000	\$293,061	\$274,261	\$163,000	\$698,250
Patron Taxes							
Vehicle License	\$78,000	\$63,000	\$36,000	\$44,000	\$45,343	\$33,000	\$33,750
Food & Beverage	\$347,000	\$0	\$100,000	\$67,000	\$454,454	\$96,000	\$360,000
Transient Occupancy	-	-	^^^^^	-	-	-	\$225,000
Sales & Use	\$175,000	\$132,000	\$55,000	\$97,000	\$101,099	\$55,000	-
Park Fees	-	\$37,000	\$12,050	\$1,000	-	-	-
SUBTOTAL	\$600,000	\$232,000	\$203,050	\$209,000	\$600,896	\$184,000	\$618,750
Consumer/Business Taxes							
Consumer Utility	\$341,000	\$62,500	\$50,300	\$31,500	\$57,256	\$135,000	-
Communications	\$102,000	\$52,000	\$32,000	\$38,900	-	\$28,000	-
BPO License	\$163,000	\$78,300	\$51,000	\$47,000	\$91,081	\$55,000	\$80,000
Bank Franchise	\$64,000	\$50,000	\$100,000	\$22,000	\$71,934	\$2,000	-
Trash Collection Receipts	\$382,000	\$168,000	\$135,000	\$98,275	\$145,354	\$121,000	\$141,750
SUBTOTAL	\$1,052,000	\$410,800	\$368,300	\$237,675	\$365,625	\$341,000	\$221,750
Grants & Ventures							
VDOT	\$607,000	\$0	\$0	\$420,425	\$350,391	\$0	\$750,000
Law Enforcement	\$197,000	\$72,000	\$37,762	\$61,000	\$56,295	\$35,000	\$60,000
Other Grants	\$0	\$15,000	\$12,000	\$15,500	\$148,000	\$235,000	-
Town Commercial Ventures	\$0	\$1,000	\$0	\$45,000	\$83,613	\$0	-
SUBTOTAL	\$804,000	\$88,000	\$49,762	\$541,925	\$638,298	\$270,000	\$810,000

Finally, one can see that an incorporated town of Massanutten would qualify for greater intergovernmental assistance than the other six (6) local towns. This is largely due to the fact that Massanutten would have more lane mileage within its incorporated town boundaries, resulting in more assistance from VDOT.

Overall, it is believed that the budget (revenues and expenditures) estimated for an incorporated town of Massanutten is commensurate with the budgets of six (6) local towns in Rockingham County. This both supports and gives credibility to the budget analysis performed in this study.

8.5 – MPOA Post Town Incorporation

An incorporated town of Massanutten may include many different variants in terms of town services, governmental make-up, and budgeting to include taxes. It could also include many different variants in the transfer or turning over of assets and services functions from the Massanutten Property Owners Association (MPOA) to an incorporated town of Massanutten. If the Massanutten community were to incorporate into a town, this subsection provides a framework for how MPOA may look afterwards. It should be first recognized that, if Massanutten incorporates, the MPOA Board and the Massanutten Town Council must jointly determine

what, when, and how any assets would be legally turned over or transferred. That is, the MPOA Board would have to vote to turn over or transfer assets and a Town Council would have to vote to accept them. As a result of any turning over or transfers of assets, the post incorporation MPOA budget might be dramatically less.

Subsections 8.2 and 8.3 of this report discussed five (5) possible alternative scenarios for services that could still be provided if Massanutten were to incorporate into a town. The amount of town provided services increased from alternative 1 (T1) to alternative 5 (T5). And, the number of town professional staff, expenditures, and revenues also increased from alternatives T1 to T5. Conversely, the amount of MPOA provided services and the associated number of MPOA professional staff, expenditures, and revenues would largely decrease from alternatives T1 to T5. This is because MPOA would essentially be transferring responsibilities for services over to an incorporated town of Massanutten. With a reduced workload, the MPOA Board would have to determine the cost of remaining services and the amount of revenues that need to be raised.

Using the same alternatives defined in Subsections 8.2 and 8.3 for an incorporated town of Massanutten, corresponding expenditure profiles were also developed for MPOA. These MPOA alternatives provide a framework of what MPOA might look like from an expenditure standpoint and then allow associated revenues to be analyzed. Each MPOA alternative is designated with the letter "M" for "MPOA" followed by a distinct number. The designations along with acronyms were created for the tabular summary of MPOA expenses shown below for each alternative. Please note that the acronyms related to services provided by MPOA (described in the text in this subsection) are different than the acronyms related to services provided by an incorporated town of Massanutten.

Summary of Expenditures for the Five MPOA Alternatives

MPOA Expenditures	MPOA (2009) <i>(reference)</i>	MPOA (M1) AS + RM + LE + REC	MPOA (M2) AS + ERM + LE + REC	MPOA (M3) AS + LE + REC	MPOA (M4) AS + REC	MPOA (M5) AS
General Administration	\$506,648	\$504,400	\$504,400	\$346,400	\$326,400	\$87,700
Maintenance Department	\$571,607	\$633,500	\$633,500	\$629,000	-	-
Police Department	\$589,425	\$554,250	\$648,750	\$104,500	\$104,500	-
Trash Collection	\$105,243	-	-	-	-	-
Total Expenditures	\$1,772,923	\$1,692,150	\$1,786,650	\$1,079,900	\$430,900	\$87,700

Please note that the MPOA Timeshare Rental Program, an MPOA commercial venture that helps defray the costs of MPOA essential services, was not considered as a viable service for an incorporated town of Massanutten. It was determined that this program would best remain with MPOA to continue generating net revenues to help defray the costs of providing services after any town incorporation. The Timeshare Rental Department was considered to be a separate cost center with expenditures not shown in the table. Similarly, the MPOA Recreation Department was also considered to be a separate cost center with expenditures also not shown in the table. The MPOA Recreation and Timeshare Rental Program Department configurations, as related to income and operating expenses, were considered to remain the same, as currently managed by MPOA.

Please also note that the estimated MPOA expenditures in alternative M1 are close to the actual MPOA expenditures in 2009, less the trash collection and recycling service chosen to be provided by an incorporated town of Massanutten. This helps to confirm the budgeting analysis because the expenditures in alternative M1 should be nearly identical to the expenditures currently experienced by MPOA, less the trash collection and recycling service. This is because the actual services provided by MPOA will be identical, less the trash collection and recycling service. Furthermore, please note that the MPOA expenditures, specifically for the Maintenance Department, increased from alternative M1 to alternative M2. This is because it was assumed that an incorporated town of Massanutten would contract the limited maintenance services for its few town roads and that the contract would be given to MPOA. Thus, MPOA would begin to maintain the town roads which are currently in the VDOT Secondary System along with all of the Massanutten Village roads.

The MPOA department expenditures for each alternative summarized in the table above were derived from a more detailed analysis. These detailed analysis results are shown in the table below. The analysis began with the staffing profiles for each alternative presented in Section VII of this report. Then, appropriate salary levels were applied to the various positions in the staffing profile table -- actual salaries of MPOA employees were not

available for this study. Next, an administrative multiplier was determined for each department, which is shown in yellow highlights next to each department heading. These multipliers, which are applied to only staffing, factor in estimated annual overhead (to include employee benefits) and general administrative costs for each department. The MPOA multipliers used in this report were derived from actual MPOA budgeting information and the appropriate salaries noted in the table. Finally, major annual recurring costs, such as road resurfacing, were added to the total cost of loaded staffing (staffing salaries times the multiplier) resulting in subtotal expenditures for each department, which were then summed for total MPOA expenditures for each alternative.

Detailed Expenditures for the Five MPOA Alternatives

MPOA Expenditures	MPOA (2009) (reference)	MPOA (M1) AS + RM + LE + REC	MPOA (M2) AS + ERM + LE + REC	MPOA (M3) AS + LE + REC	MPOA (M4) AS + REC	MPOA (M5) AS
Administration 1.85	4.0	\$504,400	\$504,400	\$346,400	\$326,400	\$87,700
Administrator	III	\$72,000	\$72,000	\$72,000	\$72,000	\$42,000
Administrative Assistant	II	\$48,000	\$48,000	\$48,000	\$48,000	
Treasurer	II	\$48,000	\$48,000	\$24,000	\$24,000	
A&EC Administrator	II	\$35,000	\$35,000			
Receptionist	I	\$21,000	\$21,000			
Legal		\$50,000	\$50,000	\$50,000	\$35,000	\$5,000
Insurance		\$40,000	\$40,000	\$30,000	\$25,000	\$5,000
Police 1.50	12.0	\$633,500	\$633,500	\$629,000		
Town Police Chief (\$60,000)	1.0	\$60,000	\$60,000	\$60,000		
Lieutenant(s) (\$48,000)	1.0	\$48,000	\$48,000	\$0		
Commander(s) (\$42,000)	1.0	\$42,000	\$42,000	\$84,000		
Officers (\$36,000)	4.0	\$144,000	\$144,000	\$252,000		
Administrative Assistant						
Gate Attendants (\$21,000)	5.0	\$105,000	\$105,000			
Vehicle/Equipment Replacement		\$35,000	\$35,000	\$35,000		
Maintenance 2.25	8.0	\$554,250	\$648,750	\$104,500	\$104,500	
Director (\$48,000)	1.0	\$48,000	\$48,000			
Foreman(s) (\$30,000)	2.0	\$60,000	\$60,000			
Laborer(s) (\$21,000)	5.0	\$105,000	\$147,000	\$42,000	\$42,000	
Resurfacing/Equipment Replacement		\$75,000	\$75,000	\$10,000	\$10,000	
Total Expenditures	24.0	\$1,692,150	\$1,786,650	\$1,079,900	\$430,900	\$87,700

The revenues to pay for MPOA essential services currently come from property owners assessment fees, developer (Great Eastern Resorts) contributions, and net revenues resulting from the operation of commercial ventures. These same revenue sources and associated amounts were utilized to determine the revenue profile for various levels of MPOA services provided to its members after a town incorporation of Massanutten. Using the alternatives defined in Subsections 8.2 and 8.3 for an incorporated town of Massanutten, revenue profiles were also developed for MPOA. The MPOA alternatives provide a framework of what MPOA might look like from a revenues and fees standpoint after town incorporation. Each alternative is designated with the letter “M” for “MPOA” followed by a distinct number. The designations along with acronyms were created for the tabular summary of MPOA revenues shown below for each alternative.

Revenues for the Five MPOA Alternatives

MPOA Revenue Sources	MPOA (2009) (reference)	MPOA (M1) AS + RM + LE + REC	MPOA (M2) AS + ERM + LE + REC	MPOA (M3) AS + LE + REC	MPOA (M4) AS + REC	MPOA (M5) AS
Real Estate Tax Rate (per \$100 value)		\$0.00	\$0.00	\$0.00	\$0.100	\$0.070
Lot Fee	\$535	\$535	\$385	\$260	\$0	\$0
MPOA Owners Savings (per lot)	-	-	100% save \$150	100% save \$275	91% save \$230+	91% save \$320+
Owners Fees for ... 2052	70.67%	67.10%	46.33%	53.07%	3.36%	12.29%
Lot Assessments	\$1,097,820	\$1,097,820	\$790,020	\$533,520	\$0	\$0
Penalties	\$15,507	\$15,507	\$15,507	\$15,507	-	-
Miscellaneous Fees	\$26,216	\$26,216	\$26,216	\$26,216	\$15,000	\$10,000
Trash Collection Fees	\$105,243	-	-	-	-	-
Businesses -- Net Revenues	24.93%	25.39%	24.02%	39.78%	96.64%	87.71%
Communications Tower Rental	\$17,936	\$10,000	\$10,000	\$10,000	\$10,000	-
Commercial Ventures	\$349,861	\$349,861	\$349,861	\$349,861	\$349,861	-
Timeshare Rentals	\$71,336	\$71,336	\$71,336	\$71,336	\$71,336	\$71,336
Contributions/Contracts	4.40%	7.51%	29.66%	7.15%	0.00%	0.00%
Developer's Contribution	\$77,499	\$77,500	\$77,500	\$77,500	-	-
Town Space Rental	-	\$50,000	\$50,000	-	-	-
Town Road Maintenance Contract	-	-	\$405,000	-	-	-
Total Revenues	\$1,761,418	\$1,698,240	\$1,795,440	\$1,083,940	\$446,197	\$81,336

It should be noted that the progressive town real estate tax rates and the fixed MPOA assessment fees are also shown in the table for each alternative. The derivation of the progressive town real estate taxes have already been detailed in Subsection 8.3. A summary of the analysis for MPOA revenues and associated fees along with a description of the acronyms used in the tables of this subsection are given as follows:

M1 – Administrative Services (AS), Road Maintenance (RM), Law Enforcement (LE), & Recreation (REC)

This alternative is an incorporated town of Massanutten that just provides its citizens with the services of **comprehensive planning and zoning**. MPOA provides its members with similar services as provided in 2009 (less trash collection and recycling).

- **MPOA Assessment Fee = \$535 per property.** This is the same fee currently being paid by all property owners in Massanutten Village.
- **Developer's Contribution = \$77,500.** This is the same contribution currently being paid by Great Eastern Resorts.
- **Commercial Ventures Net Revenues = \$431,197.** This is roughly the same net revenues currently being generated by the rental of the MPOA communications tower, operation of MPOA recreation facilities, and rentals of MPOA timeshares.
- **Office Space Rental = \$50,000.** This is rental income would come from an incorporated town of Massanutten for office space.

No new taxes would be levied in an incorporated town of Massanutten and the fixed MPOA assessment fee would remain at \$535 per property. The total MPOA revenues for this alternative were determined to be \$1,698,240 per year.

M2 – Admin Services (AS), Expanded Road Maintenance (ERM), Law Enforcement (LE), & Recreation (REC)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning** along with **limited maintenance services** for roads already in the VDOT Secondary Road System (see Section IV for details) plus Massanutten Drive and Del Webb Drive. MPOA provides its members with similar services as provided in 2009 (less trash collection and recycling) plus receives a contract from the town of Massanutten to provide maintenance for its town roads.

- **MPOA Assessment Fee = \$385 per property.** This is fee \$150 lower than that which is currently being paid by all property owners in Massanutten Village.
- **Developer's Contribution = \$77,500.** This is the same contribution currently being paid by Great Eastern Resorts, who would no longer contribute to resurfacing of Massanutten and Del Webb Drives.
- **Commercial Ventures Net Revenues = \$431,197.** This is roughly the same net revenues currently being generated by the rental of the MPOA communications tower, operation of MPOA recreation facilities, and rentals of MPOA timeshares.
- **Office Space Rental = \$50,000.** This is rental income would come from an incorporated town of Massanutten for office space.
- **Road Maintenance Contract = \$405,000.** This is a maintenance contract from an incorporated town of Massanutten for its few roads that are already in the VDOT Secondary Road System (see Section IV for details) plus Massanutten Drive and Del Webb Drive.

No new taxes would be levied in an incorporated town of Massanutten. But, the fixed MPOA assessment fee would be reduced to \$385 per property – *a savings of \$150 per year for each property (lot) in Massanutten Village*. The total MPOA revenues for this alternative were determined to be \$1,795,440 per year.

M3 – Administrative Services (AS), Law Enforcement (LE), and Recreation (REC)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning** along with **maintenance services for all qualifying town roads** and

maintenance services for all town parks, including those in Massanutten Village. MPOA provides its members with administrative services, law enforcement, and the operation of the commercial ventures.

- **MPOA Assessment Fee = \$260 per property.** This fee is \$275 lower than that which is currently being paid by all property owners in Massanutten Village.
- **Developer's Contribution = \$77,500.** This is the same contribution currently being paid by Great Eastern Resorts, who would no longer contribute to resurfacing of Massanutten and Del Webb Drives.
- **Commercial Ventures Net Revenues = \$431,197.** This is roughly the same net revenues currently being generated by the rental of the MPOA communications tower, operation of MPOA recreation facilities, and rentals of MPOA timeshares.

No new taxes would be levied in an incorporated town of Massanutten. But, the fixed MPOA assessment fee would be reduced to \$260 per property – *a savings of \$275 per year for each property (lot) in Massanutten Village*. The total MPOA revenues for this alternative were determined to be \$1,083,940 per year.

M4 – Administrative Services (AS) and Recreation (REC)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning** along with **maintenance services for all qualifying town roads** and **maintenance services for all town parks**, including those in Massanutten Village. Additionally, the town would also provide all town citizens with **law enforcement services**. MPOA only provides its members with administrative services and the operation of the commercial ventures.

- **MPOA Assessment Fee = \$0 per property.** There is no annual assessment fee for property owners in Massanutten Village.
- **Developer's Contribution = \$0.** There is no annual contribution paid by Great Eastern Resorts.
- **Commercial Ventures Net Revenues = \$431,197.** This is roughly the same net revenues currently being generated by the rental of the MPOA communications tower, operation of MPOA recreation facilities, and rentals of MPOA timeshares.

Essentially, a progressive town real estate tax is levied for law enforcement services, in lieu of the fixed MPOA assessment fee per lot – *there would be no MPOA assessment fee in this alternative and 91% of property owners would save at least \$230 per year for each property (lot) in Massanutten Village*. The total MPOA revenues for this alternative were determined to be \$446,197 per year.

M5 – Administrative Services (AS)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning** along with **maintenance services for all qualifying town roads** and **maintenance services for all town parks** plus **operations services for all town recreational facilities**, including all those roads, parks, and recreational facilities in Massanutten Village. Additionally, the town would also provide all town citizens with **law enforcement services**. MPOA only provides its members with administrative services primarily paid for by the operation of its Timeshare Rental Program.

- **MPOA Assessment Fee = \$0 per property.** There is no annual assessment fee for property owners in Massanutten Village.
- **Developer's Contribution = \$0.** There is no annual contribution paid by Great Eastern Resorts.
- **Commercial Ventures Net Revenues = \$71,336.** This is the same net revenues currently being generated by the rentals of MPOA timeshares.

Essentially, a progressive town real estate tax is levied for law enforcement services, in lieu of the fixed MPOA assessment fee per lot – *there would be no MPOA assessment fee for this alternative and 91% of property owners would save at least \$320 per year for each property (lot) in Massanutten Village*. The total MPOA revenues for this alternative were determined to be \$81,336 per year.

It should be noted that the last alternative (M5) has the least likelihood of ever becoming a reality. It was determined that the MPOA recreational facilities generate valuable net revenues that help defray MPOA administrative costs plus help offset the costs of operating MPOA amenities for exclusive free use by its members. These benefits likely outweigh any benefit of transfer to an incorporated town of Massanutten.

It is worth further noting that the transfer of any assets to an incorporated town of Massanutten must consider any existing debt and equity of MPOA. It is also worth noting that the ownership status of the current MPOA Administrative Building is something which must be assessed both by the MPOA Board and incorporated town of Massanutten officials. It might be transferred to the town with space rented (like \$1 per year) to MPOA for use by the Board, and for the tasks remaining with MPOA staff. It is believed that the details of these considerations are beyond the scope of this feasibility study and are only being mentioned.

8.6 – Frequently Asked Questions

An interim report on the feasibility of incorporating Massanutten into a town was published on a website in August 2010. It was available for review and comment for roughly nine (9) months prior to the start of final reporting. During that review period, the author received numerous questions about town incorporation. Frequently asked questions (FAQs) were answered and placed on the website. Some FAQs have been incorporated into the text of this final report. Other FAQs applicable to this section of the report are noted as follows for completeness of reporting:

FAQ: What if an incorporated town of Massanutten did not qualify, for some reason, for grants from VDOT for road maintenance? Does it still make sense to incorporate into a town?

This is one of the most frequently asked questions. And, it is the question that is most frequently misunderstood. Many people believe that if an incorporated town of Massanutten would not get VDOT funds, it does not make any sense to incorporate Massanutten into a town. This is not necessarily true.

Currently, MPOA property owners largely fund the maintenance of Massanutten Village roads. Seventy percent (70%) of MPOA expenditures for essential services in 2009 came from MPOA assessment fees, 25% came from net revenues of the commercial ventures, and only 5% came from Great Eastern Resorts. Yet, more than 55% of the vehicles entering into Massanutten Village in 2009 were visitors who largely patronize Great Eastern Resorts businesses. Incorporating Massanutten into a town allows the cost burden for essential services like road maintenance to be shared more fairly amongst property owners, citizens, businesses, and visitors. Alternative T4 would look like the following if *zero* VDOT funding was acquired – so, let's call this Alternative T4b:

T4b – Required Town Services (RTS), Road Maintenance* (RM*) and Law Enforcement (LE)

This alternative is an incorporated town of Massanutten that provides its citizens with the services of **comprehensive planning and zoning**, as required by the VA Code of Law. Additionally, the town would provide its citizens with **maintenance services for all qualifying town roads** and **maintenance services for all town parks**, including those in Massanutten Village. Furthermore, the town would also provide all town citizens with **law enforcement services**. It was determined that all of these services can be readily paid for by levying town vehicle license, food & beverage, and transient occupancy taxes along with levying town real estate taxes on residential and business properties plus levying taxes on all businesses, professionals, and occupations licenses (known as a BPOL tax). This alternative assumes that absolutely no VDOT funding for road maintenance is available for an incorporated town of Massanutten.

- ***Town Vehicle License Tax = \$20 per vehicle per year.*** This tax is currently being paid by all vehicle owners in Massanutten to Rockingham County. ***The town tax is in lieu of the county tax.***

- ***Food & Beverage Tax = 10%.*** This tax is currently being levied by Rockingham County, albeit at 4%, to all patrons of businesses in Massanutten. ***The town tax is in lieu of the county tax.*** It should be noted that many towns in VA charge this tax at a rate of 10% including Elkton.
- ***Transient Occupancy Tax = 10%.*** This tax is currently being levied by Rockingham County, albeit at 2%, to all patrons to establishments in Massanutten. ***The town tax is in lieu of the county tax.*** It should be noted that many towns in VA charge this tax at a rate of 10%.
- ***Town Real Estate Tax = \$0.155 per \$100 of assessed property value.*** This tax is currently being levied by Rockingham County, albeit at a rate of \$0.60 per \$100 of assessed property value. The assessed property value is established by the County Commissioner of Revenues. The town tax is in addition to the county tax.
- ***Town BPOL Tax = TBD of gross revenues.*** The rate of this town tax will be determined by a Town Council such that the town tax revenues will equal roughly \$80,000. Rockingham County does not levy this BPOL tax. However, most towns in Rockingham County levy this BPOL tax resulting in commensurate revenues.

Essentially, the progressive town real estate tax is levied, in lieu of the fixed MPOA assessment fee per lot. ***There would be no MPOA assessment fee in this alternative and 74% of Massanutten Village property owners would save at least \$150 per year for each property (lot) in Massanutten Village.*** The total town revenues for this town alternative would still be \$2,348,750 per year.

This example demonstrates that it still may make sense for Massanutten to incorporate into a town, even if the town did not get any funding grants from VDOT. Not only would Massanutten citizens take control over comprehensive planning and zoning from the county, but it would also allow the town to balance the cost burden of essential services. In this example, property owners and citizens would pay for 43% of the cost of essential services. Businesses and visitors would pay for 57%. This more closely reflects the 45% and 55% contribution, respectively, of vehicles entering into Massanutten Village. Overall, 74% of MPOA property owners would save at least \$150 per year for each property (lot) in Massanutten Village. And, VDOT would still NOT remove any snow in the wintertime – the snow would be removed most likely by the same crews that do it now for MPOA.

8.7 – Section VII References

1. Massanutten Property Owners Association Annual Budgets
 - a. MPOA Annual Budget 2004.
 - b. MPOA Annual Budget 2005.
 - c. MPOA Annual Budget 2006.
 - d. MPOA Annual Budget 2007.
 - e. MPOA Annual Budget 2008.
 - f. MPOA Annual Budget 2009.
2. Taxing Powers Granted to Virginia Counties, Cities, and Towns – CLG (June 2006)
3. VA Code Chapter 32 of Title 58.1 -- Real Estate Taxation
4. VA Code Chapter 37 of Title 58.1 -- License Taxes
5. VA Code 58.1-3819 -- Transient Occupancy Taxes
6. VA Code 58.1-3833 -- Food and Beverage Taxes
7. VA Code 58.1-605 – Local Taxing of Sales and Use
8. Local Town Budgets
 - a. Bridgewater Town Budget
 - b. Broadway Town Budget
 - c. Dayton Town Budget
 - d. Elkton Town Budget
 - e. Grottoes Town Budget
 - f. Timberville Town Budget

SECTION IX

Considerations for the Town

Incorporation of Massanutton

9.0 – What are Considerations?

This Report presented the results of a feasibility study on incorporating the community of Massanutton, Virginia into a town. Thus far, the report has provided detailed answers to three basic questions.

- 1). How does a Virginia community incorporate into a town?
- 2). Is it feasible for the community of Massanutton to incorporate into a town?
- 3). What might the community of Massanutton look like, if incorporated 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. An incorporated town of Massanutton could include many different variants in terms of town boundaries, services, governmental make-up, and budgeting to include taxes. 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**. This report delineated hypothetical town boundaries for an incorporated town of Massanutton, which 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 used, along with costs of services, to estimate town budgets with realistic town taxes and intergovernmental assistance. Since many town services are optional, five (5) alternative visions for an incorporated town of Massanutton were detailed. 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 giving confidence in the study analysis.

This study proved that it was **feasible** for the community of Massanutton to incorporate into a town. It also provided five (5) specific visions of what Massanutton **could** look like, if incorporated into a town. However, this 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.

The Massanutton community is somewhat unique in that it includes a private-gated residential community called Massanutton Village. Massanutton Village is the oldest and largest area in the Massanutton community. It is governed by the Massanutton Property Owners Association (MPOA) that privately funds and provides some essential services for property owners in Massanutton Village. This report has shown that Massanutton Village looks and acts very much like any other town in Virginia with two very important exceptions. First, MPOA cannot create and/or amend Ordinances or a Comprehensive Plan. This is currently done by Rockingham County. Second, MPOA can only levy fees on property owners to help pay for essential services. Towns in Virginia can levy a variety of taxes on its property owners, citizens, businesses, and visitors. It is also important to note that MPOA provides essential services to only the Massanutton Village area of the Massanutton Community. Yet, these MPOA essential services have been shown in this report to be significantly impacted by other areas in the Massanutton Community and significantly impacted by visitors to Massanutton Village.

The current configuration and operation of the Massanutton community has been contrasted in this report to what the community **could** look like, if incorporated into a town. It was determined that this “**pre**” and “**post**” incorporation contrast could be summarized to provide what considerations might be of interest to citizens, if asked whether the community of Massanutton **should** incorporate into a town. Thus, rather than determining “pros” and “cons” of town incorporation, which are qualified based upon an individual’s perspective. This section of the report provides considerations of interest to citizens. These considerations can then be used by each citizen to determine their own “pros” and “cons”. Fourteen (14) considerations were identified and prioritized by the Massanutton Town Study Group with input from citizens of the Massanutton community.

Seven (7) of the fourteen (14) considerations were detailed and included in individual subsections below. The remaining seven (7) considerations, of lesser significance, were summarized and included in the last subsection.

It is important to note that each consideration, except where specifically noted otherwise, assumed a vision of an incorporated town of Massanutten which provided required town services of comprehensive planning and zoning, maintenance services for all qualifying town roads, maintenance services for all town parks, and law enforcement services for all town citizens. This is alternative T4 and M4 in Sections VII and VIII of this report.

9.1 – Consideration of Governance

Citizens and property owners may wish to consider who is responsible for administering essential services and for governing the quality of life, both currently and after Massanutten would incorporate into a town. This includes with respect to the governing bodies and elected officials of Rockingham County, MPOA, and an incorporated town of Massanutten (if incorporated). A summary of this consideration is included in table below. Please refer to Section VII of this report for more details.

<u>Consideration: Who governs what?</u>	
Current Community Status (prior to a town incorporation of Massanutton)	Post Incorporation Status (after town incorporation of Massanutton)
COUNTY -- PLANNING & ZONING MPOA -- ARCHITECTURAL RULES, ROADS, LAW ENFORCMENT	TOWN -- PLANNING & ZONING, ROADS, LAW ENFORCEMENT MPOA -- ARCHITECTURAL RULES
<u>County Elected Officials -- elected by county citizens:</u> County Supervisors -- county zoning ordinances & county budget Commissioner of Revenues -- county (and town) assessments County School Board -- county education Sheriff & Commonwealth Attorney & Clerk of the Court - law enforcement County Voter Registrar - county (and town) voting	<u>County Elected Officials -- elected by county citizens:</u> County Supervisors -- county budget Commissioner of Revenues -- county (and town) assessments County School Board -- county education Sheriff & Commonwealth Attorney & Clerk of the Court - law enforcement County Voter Registrar - county (and town) voting <u>Town Elected Officials -- elected by town citizens:</u> Town Mayor & Town Council -- town ordinances & budget, roads, and law - Town Administrator hired by Town Council & reports to Mayor - Town Police Chief & Treasurer hired by Town Council & report to Mayor
<u>MPOA Elected Officials – voted via mail by property owners:</u> - administration (budget), law enforcement, road maintenance, and rules - Administrator reports to MPOA Board President - Police Chief and Maintenance Supervisor reports to Administrator	<u>MPOA Elected Officials – voted via mail by property owners:</u> - administration (budget) and rules - Administrator reports to MPOA Board President

Currently, County citizens elect a County Supervisor (based on County Districts), who is responsible for creating and amending county ordinances and a budget. County citizens also elect a Commissioner of Revenues who is responsible for determining property assessments and collecting taxes; a County School Board Member (based on County Districts) who is responsible for establishing education policies; a County Voter Registrar who is responsible for county and town elections; and, a County Sheriff, Commonwealth Attorney, and a County Clerk of the Court who are responsible for law enforcement and court services. If Massanutten incorporates into a town, Town citizens would still participate in elections for all of these County officials. Their duties would continue to be the same, except that the County Supervisor would no longer be responsible for planning and zoning.

Currently, Massanutten Village property owners elect an MPOA Board of Directors. This election is conducted by mail with owners of each lot in Massanutten Village receiving one vote – meaning an owner of six lots gets six votes, an owner of one lot gets one vote, and a renter of a home gets no vote. The MPOA Board is responsible for the budget and policies associated with the administration of the association, as well as with the law enforcement and road maintenance services in Massanutten Village. It should be noted that the MPOA Administrator reports to the MPOA Board President. And, the MPOA Chief of Police and the Maintenance

Supervisor reports to the MPOA Administrator. If Massanutten incorporates into a town, Massanutten Village property owners would still be part of MPOA and elect the MPOA Board of Directors. The MPOA Board is still responsible for the budget and policies associated with the administration of the association to include Rules & Regulations. However, they may or may not be responsible for the budget and policies associated with the law enforcement and road maintenance services of Massanutten Village, depending on whether these services would be provided by the incorporated town.

If Massanutten incorporates into a town, all Town citizens (who are registered to vote) would elect a Town Mayor and Town Council Members – towns like Elkton have a greater than 60% voter turnout in town elections demonstrating significant community interest. The Town Council would be responsible for creating and amending a Town Budget, Town Ordinances, and a Town Comprehensive Plan. The Town Mayor would be responsible for policies related to town road maintenance and law enforcement, if these services are provided by the Town. The Town Administrator, Police Chief, and the Treasurer would report directly to the Town Mayor.

Additionally, citizens and property owners may wish to consider which governing body is legally responsible to conduct planning and zoning, both currently and after Massanutten would be incorporated into a town. This includes the creation and amendment of zoning ordinances; the creation and amendment of a comprehensive plan; and, the administration and enforcement of zoning ordinances. These services are the only services VA Law requires a town to provide – it is the primary consideration of “*pre*” and “*post*” incorporation. A summary of this consideration is included in table below. Please also refer to Section VII of this report for more details.

<u>Consideration: Who does required planning and zoning?</u>	
Current Community Status (prior to a town incorporation of Massanutten)	Post Incorporation Status (after town incorporation of Massanutten)
County Board of Supervisors creates/amends County Zoning Ordinances	Town Council creates/amends Town Zoning Ordinances
County Planning Commission creates/amends County Comprehensive Plan	Town Planning Commission creates/amends Town Comprehensive Plan
County Zoning Administrator enforces County Zoning Ordinances	Town Zoning Administrator enforces Town Zoning Ordinances
County Board of Zoning Appeals hears appeals of County Zoning Ordinance enforcement	Town Board of Zoning Appeals hears appeals of Town Zoning Ordinance enforcement
County Focus -- County Concerns	Town Focus -- Town Concerns
County Quality of Life for all ~76,000 citizens	Town Quality of Life for ~2,300 citizens

Currently, the **County** Supervisors are responsible for **county** planning and zoning policies with a **county** focus addressing **county** concerns and **county** quality of life for all of its more than 76,000 residents. The Supervisors weigh the benefits of **county** growth and associated increase in **county** tax revenues, with the cost to provide **county** services and the impact to **county** quality of life. As an example, when the Supervisors approved the development of the Wal-Mart Distribution Center, it knew that the quality of life of a few **county** residents would be impacted negatively, while the majority of **county** residents would benefit from the additional **county** tax revenues. If Massanutten incorporates into a town, the **Town** Council would be responsible for **town** planning and zoning policies with a **town** focus addressing **town** concerns and **town** quality of life for its roughly 2,400 residents. The Council Members would weigh the benefits of **town** growth and associated increase in **town** tax revenues, with the cost to provide **town** services and the impact to **town** quality of life.

Currently, the **County** Supervisors appoint **County** Planning Commission members, who are responsible for making recommendations to the Supervisors on **county** planning and zoning actions to include the creation and amendment of a **County** Comprehensive Plan. The **County** Commissioners promote a **county** focus addressing **county** concerns and **county** quality of life for all of its more than 76,000 residents. If Massanutten incorporates

into a town, the **Town** Council would appoint **Town** Planning Commission members who would be responsible for making recommendations to the **Town** Council on **town** planning and zoning actions to include the creation and amendment of a **Town** Comprehensive Plan. The **Town** Commissioners promote a **town** focus addressing **town** concerns and **town** quality of life for its roughly 2,400 residents.

Finally, the **County** Supervisors currently appoint a **County** Zoning Administrator who ensures that **county** property owners comply with **County** Zoning Ordinances. The **County** Supervisors also appoint members to a **County** Board of Zoning Appeals to hear appeals of compliance decisions and enforcement actions by the **County** Zoning Administrator. If Massanutten incorporates into a town, the **Town** Council would appoint a **Town** Zoning Administrator who would ensure that **town** property owners comply with **Town** Zoning Ordinances. The **Town** Council would also appoint members to a **Town** Board of Zoning Appeals to hear appeals of compliance decisions and enforcement actions by the **Town** Zoning Administrator.

9.2 – Consideration of Taxes and Fees

Citizens and property owners may wish to consider how much money they must pay and to whom for government provided essential services, both currently and after Massanutten would be incorporated into a town. This includes taxes and fees to Rockingham County, fees to MPOA, and taxes and fees to a town of Massanutten (if incorporated). A summary of this consideration is included in table below. Please refer to Section VIII of this report for more details.

<u>Consideration: How much money must property owners pay and to whom?</u>	
Current Community Status (prior to a town incorporation of Massanuttent)	Post Incorporation Status (after town incorporation of Massanuttent)
County Real Estate Taxes = \$0.60 per \$100 of assessed property value	County Real Estate Taxes = \$0.60 per \$100 of assessed property value
County Vehicle License Tax = \$20 per vehicle	Town Vehicle License Tax = \$20 per vehicle
County Food and Beverage Tax = 4%	Town Food and Beverage Tax = 6%
County Transient Occupancy Tax = 2%	Town Transient Occupancy Tax = 6%
MPOA Annual Assessment = \$535 per lot	<p>T1 = Town with just Required Town Services (RTS - Planning & Zoning): Annual MPOA Assessment = \$535 per lot (pays for all existing services) No Town Real Estate Tax (RTS paid for by vehicle/food/occupancy taxes)</p> <p>T3 = Town with RTS & Road Maintenance (MPOA does Law Enforcement): Annual MPOA Assessment = \$260 per lot No Town Real Estate Tax (RTS paid for by vehicle/food/occupancy taxes + maintenance by VDOT grant)</p> <p>T4 = Town with RTS & Road Maintenance & Law Enforcement: No Annual MPOA Assessment Town Real Estate Tax = \$0.10 per \$100 of assessed property value (average home assessment of \$220,000 pays \$220 per year) (average undeveloped lot assessment of \$50,000 pays \$50 per year)</p>

Currently, all county property owners pay real estate and personal property taxes to Rockingham County, including property owners in all towns of Rockingham County. If Massanutten incorporates into a town, all **Town of Massanuttent** property owners would continue to pay **county** real estate and **county** personal property taxes which help pay for **county** provided services, such as schools, courts, and social services.

Currently, all **county** vehicle owners pay a **county** license tax of \$20 per vehicle. If Massanutten incorporates into a town, all **town** vehicle owners would pay a **town** vehicle license tax of \$20 per vehicle. This **town** vehicle license tax would be paid *in lieu of* paying the **county** vehicle license tax. This means that **town** vehicle license taxes could be used specifically to fund **town** services for all **town** residents, versus the **county** vehicle license taxes which are deposited into the County's general fund to pay for **county** services for all **county** residents.

Currently, all patrons to **county** businesses pay a **county** food & beverage tax of 4% and a **county** transient occupancy tax of 2% to Rockingham County – these are the maximum allowable by VA Law. If Massanutten incorporates into a town, all patrons to **town** businesses would likely pay a **town** food & beverage tax of 6% and a **town** transient occupancy tax of 6% -- they could pay up to 10%, pursuant to VA Law. These **town** taxes would be *in lieu of* paying the similar **county** taxes. This means that **town** food & beverage and **town** transient occupancy taxes would be used to fund **town** services for all **town** residents, versus **county** taxes which are deposited into the County's general fund to pay for **county** services for all **county** residents.

Currently, all property owners in Massanutten Village pay an MPOA assessment fee of \$535 per year for each property (lot) to help pay for MPOA provided essential services. If Massanutten incorporates into a town, the amount of **MPOA fees** and **town real estate taxes** would depend on what services would be provided by the town. In the table above, three (3) different scenarios are delineated. In the first scenario (alternative T1 in Section VIII of this report), the town would only provide the required town services (RTS) of planning and zoning. MPOA would continue providing road maintenance and law enforcement services in Massanutten Village. In this scenario, **MPOA property owners would continue to pay a fixed assessment fee of \$535 per year for each property and there would be no (\$0) town real estate tax**. The required **town** services of planning and zoning would be paid for by **town** vehicle license, food & beverage, and transient occupancy tax revenues.

In the second scenario (alternative T3 in Section VIII of this report), the **town** would provide the required **town** services of planning and zoning, maintenance services for all qualifying **town** roads, and maintenance services for all **town** parks. MPOA would continue to provide law enforcement services in Massanutten Village. In this scenario, **MPOA property owners would only pay assessment fee of \$260 per year for each property and there would be no (\$0) town real estate tax -- there would be a savings of \$275 per year for each property (lot) in Massanutten Village**. The required **town** services of planning and zoning would be paid for by **town** vehicle license, food & beverage, and transient occupancy tax revenues. The maintenance of **town** roads and **town** parks is paid for by VDOT grants plus some of the aforementioned **town** tax revenues. It should be noted that in this scenario VDOT would not provide snow removal of any **town** roads. This service would be provided by the **town** and be similar to the service currently provided by MPOA in Massanutten Village.

In the third scenario (alternative T4 in Section VIII of this report), the **town** would provide the required **town** services of planning and zoning, maintenance services for all qualify **town** roads, maintenance services for all **town** parks, and law enforcement services for all **town** citizens, property owners, businesses, and visitors. MPOA would not provide any essential services for Massanutten Village. In this scenario, **MPOA property owners would pay no (\$0) annual assessment fee and there would be a progressive town real estate tax of \$0.10 per \$100 of assessed property value**. MPOA administration would be paid for by net revenues from MPOA commercial ventures. The required **town** services of planning and zoning are paid for by **town** vehicle license, food & beverage, and transient occupancy tax revenues. The maintenance of **town** roads and parks is paid for by VDOT grants plus some of the aforementioned **town** tax revenues. And, the **town** real estate tax essentially pays for **town** law enforcement. In Massanutten Village, the average single family home assessed at \$220,000 would pay \$220 in **town** real estate taxes – **this would be an average savings of \$315 per year for each property**. In Massanutten Village, the average undeveloped lot assessed at \$50,000 would pay \$50 in **town** real estate taxes – **this would be an average savings of \$485 per year for each lot**. **Town** real estate taxes could be deducted on property owners' income tax returns, whereas MPOA assessments cannot. It should be noted that VDOT would not provide snow removal of any **town** roads and the County Sheriff would not be the primary provider of law enforcement in the **town**. These services would be provided by the **town** and be similar to the services currently provided by MPOA in Massanutten Village.

9.3 – Consideration of Utilities

Citizens and property owners may wish to consider what would be the impact of town incorporation on their utility services. This includes electric power, telephone, and cable television services. It also includes water

and sewerage services. A summary of this consideration is included in table below. Please refer to Section IV of this report for more details.

<u>Consideration: What is the impact to Utilities?</u>	
Current Community Status (prior to a town incorporation of Massanutten)	Post Incorporation Status (after town incorporation of Massanuttten)
Underground Utilities provided by Virginia Power (electric), Verizon (telephone), and Comcast & Resort Cable (cable television)	Underground Utilities provide by Virginia Power (electric), Verizon (telephone), and Comcast & Resort Cable (cable television)
Towers for Cell Phone service owned and rented by Great Eastern & MPOA	Towers for Cell Phone service owned and rented by Great Eastern & MPOA Towers can be taxed by the Town
Water/Sewerage service provided by MPSC -- costs > 2X charged by County <i>MPOA (private corporation) fought rate hikes (2X in 3 yrs) with limited success.</i>	Water/Sewerage service provided by MPSC -- costs > 2X charged by County <i>Town (elected Officials) would have greater success in preventing hikes Town could use eminent domain using bonds to acquire assets</i>
Utilities have no user taxes or fees levied by MPOA	Utilities could have user tax levied by Town -- <i>not considered in final report</i>

Currently, most property owners in the Massanuttten community are provided with underground electric power service by Virginia Power, underground telephone service by Verizon, and underground cable television service by Comcast or Resort Cable. These utilities would be relatively unaffected by town incorporation with one exception. *An incorporated town has greater legal authority to ensure the proper repair of town roads and right-of-ways after any construction work done by these utility companies.* Additionally, MPOA and Great Eastern Resorts own and rent cell phone towers which are located in flag poles at various sites in the Massanuttten Community. These cell phone services would be unaffected by town incorporation.

Currently, most property owners in the Massanuttten Community are provided with water and sewerage services by Massanuttten Public Service Corporation (MPSC). MPSC operations would be relatively unaffected by town incorporation with two exceptions. *An incorporated town has more legal authority to ensure the proper repair of town roads and right-of-ways after any construction work done by MPSC.* Additionally, MPSC has increased rates twice in a recent three year period, resulting in an overall rate increase of roughly 100%. MPSC rates are now more than two times that paid by Rockingham County property owners for a 5,000 gallon per month usage. MPOA had very limited success in preventing the rate hikes by MPSC, as filed with the VA State Corporation Commission (SCC). If Massanuttten incorporated into a town, its elected Town Mayor and Town Council are government officials recognized by the Commonwealth of Virginia to include the VA SCC. Undoubtedly, *a duly elected Town Mayor and Town Council Members would have greater political success in preventing or limiting any future MPSC rate increases.*

It is important to note that it is possible an incorporated town of Massanuttten could choose to levy town consumer taxes on utilities. Consumer utility taxes were not considered in this report due to traceability considerations, but are normally levied by towns in combination with a commensurate reduction in real estate taxes. Levying consumer utility taxes allows an incorporated town to receive tax revenues from renters and town property owners, versus just solely from property owners.

9.4 – Consideration of Law Enforcement and Privacy

Citizens and property owners may wish to consider what entity would be responsible for providing law enforcement services, both currently and after Massanuttten would be incorporated into a town. A summary of this consideration is included in table below. Please refer to Section V of this report for more details.

Currently, citizens and property owners in Massanuttten Village receive law enforcement services from the Massanuttten Property Owners Association (MPOA). The remaining citizens and property owners of the Massanuttten community receive law enforcement services from the Rockingham County Sheriff's Department.

The MPOA “Police” Department is a non-governmental entity with ***seven (7) “Special Conservators of the Peace” officers*** authorized by the Rockingham County Circuit Court to enforce laws only within the boundaries of Massanutten Village. The MPOA “Police” Department also has five (5) gate attendants who screen vehicles entering into Massanutten Village and count those vehicles associated with MPOA and those vehicles coming from the general public to patronize Great Eastern Resorts businesses. MPOA Property owners ***privately*** fund these services and are civilly liable for any misconduct of MPOA officers. MPOA is ***not eligible*** to receive any grants from the state or federal government and MPOA is ***not eligible*** to enter into any mutual aid agreements with governmental law enforcement agencies. However, the MPOA law enforcement services are networked into the “911” Emergency Communications Center funded by Rockingham County.

<u>Consideration: Who does Law Enforcement?</u>	
Current Community Status (prior to a town incorporation of Massanutten)	Post Incorporation Status (after town incorporation of Massanutten)
County Sheriff assists with law enforcement in Massanutten Village County Sheriff provides law enforcement outside Massanutten Village	County Sheriff assists with law enforcement in Town of Massanutten
MPOA provides law enforcement in Massanutten Village (<i>Special Conservators of the Peace</i>)	Town provides law enforcement in Town of Massanutten
MPOA privately funds law enforcement -- not eligible for state & federal grants MPOA cannot legally participate in mutual aid agreements.	Town funds law enforcement via taxes plus state & federal grants Town can participate in mutual aid agreements (e.g. county & local towns)
MPOA funds Gate Attendants to screen visitors/guests to Massanutten Village	Town would not need Gate Attendants -- focus funding on law enforcement
County funds Emergency Communications Center (911)	County funds Emergency Communications Center (911)

If Massanutten incorporated into a town, citizens and property owners along with all visitors and businesses would receive law enforcement services from the Town of Massanutten. The Rockingham County Sheriff’s Department could assist an incorporated town Massanutten Police Department with law enforcement within the incorporated boundaries, if needed. The Town Police Department could consist of ***eleven (11) officers***, one administrative assistant, and no gate attendants. The Town Police Department would be funded via town taxes and would be ***eligible*** for state and federal government grants. It would also be ***eligible*** to enter into mutual aid agreements with other law enforcement agencies and networked into the “911” Emergency Communications Center funded by Rockingham County. An incorporated town of Massanutten would incur ***less civil liability*** for the misconduct of their Police Officers, than MPOA would incur for its Special Conservators of the Peace.

Additionally, citizens and property owners may also wish to consider how safety, security, and privacy would be affected, if Massanutten incorporated into a town. A summary of this consideration is included in table below. Please refer to Section V of this report for more details.

<u>Consideration: How will safety, security, and privacy be affected?</u>	
Current Community Status (prior to a town incorporation of Massanutten)	Post Incorporation Status (after town incorporation of Massanutten)
MPOA has 24/7 coverage by 1 Gate Attendant & 1 Special Conservator (<i>Massanutten Village has 2nd highest felony rate of all County towns</i>)	Town would have 24/7 coverage by 2 Police Officers (<i>no Gate Attendants – greater police coverage</i>)
MPOA Police Chief reports to MPOA Administrator	Town Police Chief reports to Mayor -- answers to the public
MPOA limits entry to Massanutten Village (<i>55% vehicles not related to MPOA</i>)	Town roads open to the public (<i>Police Station remains on Massanutten Drive as deterrent</i>)
“No Trespassing” signs @ entrance to each Massanutten Village subdivision (<i>Massanutten Village trespassing consistent with other County Towns</i>)	Town subdivision roads open to the public (<i>“Private Residences” signs @ entrance to Town subdivisions</i>)
MPOA Police Department records are private (<i>County Court records open to the public</i>)	Town Police Department records would be open to the public (<i>with normal exceptions -- juveniles, domestic relations, etc.</i>)

Currently, MPOA provides law enforcement and security coverage in Massanutton Village with ***one (1) “Special Conservator of the Peace”*** and ***one (1) “Gate Attendant”***, twenty-four (24) hours a day, seven (7) days a week. The MPOA Police Chief reports directly to the MPOA Administrator. Rockingham County provides law enforcement coverage outside of Massanutton. If Massanutton incorporated into a town, the Town would provide law enforcement coverage in the Town of Massanutton with at least ***two (2) Police Officers***, twenty-four (24) hours a day, seven (7) days a week. The Town of Massanutton Police Chief would report directly to the Town Mayor – essentially answering to the town citizens. ***Town Police Officers would be sworn to “protect and serve” Town of Massanutton citizens.***

Currently, Massanutton Village is a private-gated residential community – except for its subdivision of Piney Mountain which lies outside of the security gate. MPOA Gate Attendants ***can limit entry*** into Massanutton Village. But, it is difficult with the nearly 7,000 vehicles entering each day, of which more than 55% are coming from the general public. MPOA also ***limits*** entry into each of its sixteen (16) residential subdivisions with road signs declaring “*No Trespassing*”. However, the success of this limitation is questionable given that the number of trespassing charges in Massanutton Village is similar to other towns in Rockingham County. And, overall Massanutton Village crime rates are on the high side when compared to other towns in Rockingham County. If Massanutton incorporated into a town and MPOA turned over its roads to the town, Massanutton Village would no longer be a private-gated community. It would be ***open*** to the public with a Police Station positioned in the middle of its main access road (Massanutton Drive) as a deterrent to crime. Crime would be further deterred by the patrol of at least ***two (2) Police Officers***, twenty-four (24) hours a day, seven (7) days a week. And, “***Private Residential Subdivision***” signs could be placed at each residential subdivision entrance, as additional deterrent.

Currently, the MPOA Police Department is actually a privately funded, non-governmental security operation. Therefore, its records are ***confidential and not available to the public*** – generally, they are not even available to members of MPOA. However, any charges made by MPOA “Special Conservators of the Peace” are part of the public record, available in the County Courthouse. If Massanutton incorporated into a town and it provided law enforcement services, all Town Police records would be ***open to the public***, except for those normally kept confidential by all government law enforcement agencies, such as juvenile and domestic relations matters.

9.5 – Consideration of Roads

Citizens and property owners may wish to consider who owns and maintains roads in the Massanutton Community, both currently and after Massanutton would be incorporated into a town. A summary of this consideration is included in table below. Please refer to Section IV of this report for more details.

<u>Consideration: Who owns and maintains Massanutton Roads?</u>	
Current Community Status (prior to a town incorporation of Massanutton)	Post Incorporation Status (after town incorporation of Massanutton)
MPOA owns & maintains Massanutton Village roads VDOT owns & maintains roads outside Massanutton Village	Town owns & maintains all town roads (VDOT would <u>not</u> perform any road maintenance)
MPOA privately funds all road construction & maintenance with some “contributions” from GER (<i>Massanutton & Del Webb Drives</i>)	Town receives state and federal grants for road maintenance supplemented by town taxes
MPOA could use special assessments to fund major construction projects	Town could sell municipal bonds to fund major construction projects
MPOA seeks civil remedies for utility company damage to roads (<i>corporation vs. corporation</i>)	Town seeks civil remedies for utility company damages to roads (<i>corporation vs. town government with assistance from VML</i>)

Currently, the Massanutton Property Owners Association (MPOA) privately owns and maintains fifty-two (52) lane miles of hard surfaced roads in Massanutton Village. The VA Department of Transportation (VDOT) owns and maintains roughly twelve (12) lane miles of hard surfaced roads outside of Massanutton Village in the

Massanutten Community. The maintenance of these roads includes snow removal in the wintertime and roadside grass cutting in the growing seasons. MPOA also assists in the maintenance of Resort Drive under an agreement with VDOT. MPOA privately funds road maintenance via fees levied on its property owners and via net revenues from the operation of its commercial ventures (Mini-Golf Course, Go-Kart Track, etc.). Also, the developer, Great Eastern Resorts, shares in the cost of resurfacing Massanutten and Del Webb Drives with MPOA. MPOA ***privately funds*** road maintenance despite the fact that more than 55% of the vehicles entering into Massanutten Village are not related to MPOA – they are coming from the general public largely patronizing Great Eastern Resorts businesses. The cost of resurfacing all fifty-two (52) lane miles of hard surfaced arterial roads and subdivision streets in Massanutten Village has been estimated to cost ***\$3.5 million*** over a twenty (20) year period. The cost of resurfacing the forty-four (44) lane miles of subdivisions streets alone has been estimated to cost ***\$2.9 million***, where these streets were last repaved between sixteen (16) and twenty (20) years ago. MPOA is scheduled to start another four (4) year resurfacing project of all subdivision streets beginning in 2012 or 2013. MPOA is ***not entitled*** to receive any state or federal funding to help pay for its road maintenance. MPOA may levy one-time ***special assessments*** to pay for road resurfacing projects – this includes levying a ***special assessment*** on a given subdivision to pay for the resurfacing of its subdivision streets.

If incorporated into a town, an incorporated town of Massanutten would maintain all publicly owned roads within the town boundaries. This would include any MPOA roads turned over to the incorporated town and those hard surfaced roads currently in the VDOT Secondary Road System (e.g. Resort Drive). VDOT would no longer be responsible for maintaining any roads – this includes snow removal. If MPOA turned over all of its roads and transferred most of its road maintenance assets to the town, an incorporated town of Massanutten could be ***eligible*** to receive ***\$750,000*** of funding from the VDOT urban maintenance program defraying most of the cost of maintaining town roads with a quality similar to that currently done by MPOA. An incorporated town of Massanutten could issue ***municipal bonds*** for large road resurfacing projects, such as the resurfacing of Massanutten Village subdivision streets, which could be paid back over a twenty (20) year period.

Currently, most property owners in the Massanutten community are provided with underground electric power service by Virginia Power, underground telephone service by Verizon, underground cable television service by Comcast or Resort Cable, and underground water and sewerage service by Massanutten Public Service Corporation. These utilities would be relatively unaffected by town incorporation with one exception. These utility companies often conduct maintenance and upgrades on their infrastructure that includes removal and resurfacing of small sections of Massanutten roads. The settling of these “patched” sections has resulted in an uneven surface for vehicle use that deteriorates over time and compromises the overall road base. MPOA has had limited success in forcing utility companies to correct these road repairs, largely because it is legally one corporation (MPOA) versus another (a utility company) in civil court. ***An incorporated town would have greater legal authority to ensure the proper repair of town roads and right-of-ways after any construction work done by utility companies in order to maintain the integrity of the road surface and base over time.***

9.6 – Other Considerations

The following were also determined to be of interest to citizens and property owners when considering the town incorporation of Massanutten. These considerations received a lesser prioritization by the Massanutten Town Study Group. Thus, they are merely summarized and the reader is suggested to review applicable sections of this report for further information.

Consideration of Parks and Recreation

Citizens and property owners may wish to consider what would be the impact of town incorporation on parks, trails, and recreation in the Massanutten community. The bottom line is that town parks and open spaces would be entitled to receive state and federal funding for maintenance and improvements. It is unlikely that an incorporated town of Massanutten would have any recreational facilities because there are so many provided by

Great Eastern Resorts and by MPOA, who would likely retain these assets. A full summary of this consideration is included in table below. Please refer to Section VI of this report for more details.

<u>Consideration: What would happen to the parks, trails, and recreation?</u>	
Current Community Status (prior to a town incorporation of Massanutten)	Post Incorporation Status (after town incorporation of Massanutten)
MPOA Parks = Hopkins Park + green space (in subdivisions) <i>children often play in streets</i> <i>not eligible</i> for state & federal grants	Town Parks = Hopkins Park + "Pocket Parks" (in subdivisions) <i>children play in "Pocket Parks"</i> <i>eligible</i> for state & federal grants
MPOA Arboretum = Rockingham Springs <i>private foundation raises funding via weekly art sales</i> <i>not eligible</i> for state & federal grants	Town Arboretum = Rockingham Springs <i>private foundation raises funding via weekly art sales</i> <i>eligible</i> for state & federal grants for Arboretum + historic sites (spring houses)
MPOA Trails & Paths = Aboretum + Hawksbill Mail Station <i>unsafe hiking & biking along Massanutten & Del Webb Drives</i> <i>not eligible</i> for state & federal grants	Town Trails & Paths = Aboretum + Hawksbill Mail Station <i>eligible</i> for state & federal grants allowing widening of Massanutten & Del Webb Drives for hiking & biking
MPOA Recreation = Pool Area + Stonewall Terrace (Go-Kart Track, Mini-Golf, & Euro Bungee Dome)	MPOA Recreation = Pool Area + Stonewall Terrace <i>(not likely to be transferred to an incorporated town of Massanutten)</i>
Great Eastern Resorts Recreation = Skiing, Golfing, Swimming, etc (Massanutten Village, Woodstone Meadows, & Village Festival)	Great Eastern Resorts Recreation = Skiing, Golfing, Swimming, etc (Massanutten Village, Woodstone Meadows, & Village Festival)

Consideration of Great Eastern Resorts

Citizens and property owners may wish to consider what would be the impact of town incorporation on Great Eastern Resorts (GER), which would be the largest business in the incorporated town. The bottom line is that, if Massanutten incorporates into a town, GER would actually pay the same or less in taxes and fees than it currently pays in all taxes and fees, including MPOA assessment fees. However, a Town Council would control planning and zoning of GER properties, versus the County Supervisors. A full summary of this consideration is included in table below. Please refer to Sections VII & VIII of this report for more details.

<u>Consideration: What will be the impact on Great Eastern Resorts?</u>	
Current Community Status (prior to a town incorporation of Massanutten)	Post Incorporation Status (after town incorporation of Massanutten)
County controls planning & zoning for GER owned properties in Massanutten Village, Woodstone Meadows and Village Festival	Town controls planning & zoning for GER owned properties in Massanutten Village, Woodstone Meadows and Village Festival
Selling Point -- Massanutten Village is a private-gated community Other areas are open to the public	Selling Point -- 1st Town to be incorporated in >20 years (lots of news) Massanutten Village no longer a private-gated community
Permanent seat on MPOA Board of Directors No seat on County Board of Supervisors	Permanent seat on MPOA Board of Directors No seat on Town Council
MPOA Annual Contributions and Assessments: \$77,000 (contribution) + \$30,000 (roads) + \$296,925 (assessment) = \$403,925 (\$296,925 = \$535 x (Massanutten Village timeshares represented by GER))	<p>T1 = Town with just Required Town Services (RTS - Planning & Zoning): \$77,000 (contribution) + \$30,000 (roads) + \$296,925 (assessment) = \$403,925</p> <p>T3 = Town with just RTS (Planning & Zoning) + Town Road Maintenance: \$77,000 (contribution) + \$144,000 (assessment) = \$221,000</p> <p>T4 = Town with RTS + Town Road Maintenance + Town Law Enforcement: \$0 (contributions & assessments) + \$370,000 (town taxes) = \$370,000</p>

Consideration of Massanutten Villas Owners Association (MVOA)

Citizens and property owners may wish to consider what would be the impact of town incorporation on the Mountainside Villas Owners Association (MVOA), whose members own 175 timeshares in Massanutten Village. The bottom line is that, if Massanutten incorporates into a town, MVOA would actually pay less in taxes and fees than it currently pays in all taxes and fees, including MPOA assessment fees. However, a Town Council would control planning and zoning of MVOA properties, versus the County Supervisors. A full summary of this consideration is included in table below. Please refer to Sections VII & VIII of this report for more details.

<u>Consideration: How would Mountainside Villas Owner Association be impacted?</u>	
Current Community Status (prior to a town incorporation of Massanutten)	Post Incorporation Status (after town incorporation of Massanutten)
Selling Point -- Massanutten Village is a private-gated community <i>(somewhat diminished by large influx of vehicles from general public)</i>	Selling Point -- 1st Town to be incorporated in > 20 years (lots of news) Massanutten Village no longer a private-gated community
Permanent seat on MPOA Board of Directors No seat on County Board of Supervisors	Permanent seat on MPOA Board of Directors No seat on Town Council
MPOA Annual Assessments: \$535 x 175 timeshare units = \$93,625	<p>T1 = Town with just Required Town Services (RTS - Planning & Zoning): \$93,625 (assessments) + \$0 (town taxes) = \$93,625</p> <p>T3 = Town with just RTS (Planning & Zoning) + Town Road Maintenance: \$45,500 (assessments) + \$0 (town taxes) = \$45,500</p> <p>T4 = Town with RTS + Town Road Maintenance + Town Law Enforcement: \$0 (assessments) + \$28,142 (town taxes) = \$28,142</p>

Consideration of the Costs to Incorporate

Citizens and property owners may wish to consider what would be the cost to incorporate an incorporated town of Massanutten. The bottom line is that the citizens of the community would have to pay for the cost to prepare a plat of the town boundaries (~5,000), legally review the initial Town Charter (~\$3,000), and analyze the town's mountainous terrain for VDOT road maintenance funding (~\$7,000). These costs are estimated, if the town were incorporated via VA General Assembly enactment. A full summary of this consideration is included in table below. Please refer to Section III of this report for more details.

<u>Consideration: How much are the costs to incorporate via General Assembly enactment?</u>	
Current Community Status (prior to a town incorporation of Massanutten)	Post Incorporation Status (after town incorporation of Massanutten)
MPOA has not spent any funds on current town incorporation study Citizen volunteers have burdened all costs	N/A
Plat prepared by registered surveyor = ~\$5,000 for tax plat <i>(see Final Report Section II for details)</i>	Town may file an original survey plat = \$70K (<i>paid by town taxes</i>)
Initial Town Charter Preparation = ~\$3,000 for legal review	N/A
VDOT mountain terrain analysis = ~\$7,000 <i>(see Final Report Section III for details)</i>	N/A

Consideration of Town Incorporation Start-up Costs

Citizens and property owners may wish to consider what would be the startup costs after the incorporation of a Town of Massanutton. The bottom line is that the startup costs for the administration of an incorporated town of Massanutton are incidental and can readily be paid for upon the implementation of town vehicle license, food & beverage, and transient occupancy taxes. Many other startup costs of an incorporated town of Massanutton could be alleviated by the transfer of MPOA road maintenance and law enforcement assets, if these services are provided by the town to all citizens and property owners, including those in Massanutton Village. A full summary of this consideration is included in table below. Please refer to Section VIII of this report for more details.

<u>Consideration: How much are the startup costs after Incorporation?</u>	
Current Community Status (prior to a town incorporation of Massanutton)	Post Incorporation Status (after town incorporation of Massanutton)
N/A	Town meals & occupancy taxes enough to set up administrative offices <i>(purchase desks, chairs, computers, etc. and to pay for office space rental)</i>
IF MPOA turns over roads to an incorporated town of Massanutton ...	Town road maintenance funding from VDOT available July 1st of every year MPOA could transfer road maintenance assets to Town of Massanutton
IF an incorporated town of Massanutton chooses to provide law enforcement ...	Town taxes could be available beginning July 1st of every year VA DCJS funding for law enforcement available July 1st of even years MPOA could transfer law enforcement assets to Town of Massanutton

Consideration of Disenfranchising Property Owners

Citizens and property owners may wish to consider who might be “disenfranchised” by the town incorporation of the Massanutton community. The bottom line is that this is ***the most misused, misunderstood, and politically volatile term*** heard in the discussion about town incorporation. Webster’s defines “disenfranchise” as “to deprive the legal right to vote”. The table below summarizes the specific voting rights of citizens and property owners in the Massanutton community, pre and post incorporation. It includes voting rights in County, Town, and MPOA elections. The only individuals found to be “disenfranchised” by town incorporation would be Rockingham County citizens, who would own properties in an incorporated town of Massanutton and who would not be citizens of an incorporated town of Massanutton. They would lose their right to elect officials (pre incorporation is the Rockingham County Supervisors) who would be responsible for planning and zoning of their properties (post incorporation would be the Massanutton Town Council). There are individuals in Massanutton Village, who are currently being “disenfranchised”. These individuals are permanent residents who rent properties and who are not eligible to vote in MPOA Board of Directors elections. The MPOA Board makes decisions on the quality of life matters that affect all residents of Massanutton Village, including renters.

With regards to MPOA and its assets, it is important to note that VA property owners associations often legally turn over private roads to be maintained publicly by a government body without having unanimous consent of its members. In fact, MPOA has swapped property with Great Eastern Resorts in the past without having unanimous consent of MPOA members. It should also be noted that VA property owners associations often legally transfer, donate or sell assets without having unanimous consent of its members. In fact, MPOA has done this on numerous occasions in the past without having unanimous consent of its members. Please refer to Sections II and VII of this report for more details.

<u>Consideration: Who might be disenfranchised by town incorporation?</u>	
Current Community Status (prior to a town incorporation of Massanutten)	Post Incorporation Status (after town incorporation of Massanutten)
Massanutten Village (MPOA) citizens elect County Officials	Massanutten Village (MPOA) citizens elect County Officials Massanutten Village citizens elect Town Mayor & Town Council
County citizens elect County Officials	County citizens elect County Officials TOWN citizens elect Town Mayor & Town Council
Out-of-County citizens do not elect County Officials	Out-of-County citizens do not elect County Officials Out-of-Town citizens do not elect Town Mayor & Town Council
MPOA property owners elect Board of Directors	MPOA property owners elect Board of Directors <i>(MPOA Board determines what functions would be transferred over to town.)</i>
Disenfranchised = Full Time Renters in Massanutten Village <i>Renters do not vote to elect MPOA Board of Directors</i> <i>(They do not have a voice in their quality of life in Massanutten Village.)</i>	Disenfranchised = Rockingham County citizens owning town properties who would not be citizens of the town <i>(They lose their right to elect officials who will do town planning & zoning.)</i>

Consideration of the Resistance to Town Incorporation

Citizens may wish to consider the sources of any resistance to town incorporation. ***It is very important to understand that 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.*** Pursuant to VA Law, whether being via Court of Law ruling or VA General Assembly enactment, town incorporation is all about what is in the best interest of the citizens of a community. In general, County governments and property owners associations are against incorporation because they lose power and control. In general, businesses are against incorporation, if they are happy with the existing governmental power and control structure. However, ***a community does not need the approval of any County government, property owners association, or business to incorporate into a town.*** It only needs the approval of the VA General Assembly or a VA Court of Law, who are sworn to act in the best interest of the citizens. It is important to note that the town of Castlewood was incorporated by the VA General Assembly in 1991, despite the strong opposition of the local County Supervisors. A full summary of this consideration is included in table below. Please refer to Section II of this report for more details.

<u>Consideration: What about resistance to incorporation?</u>	
Current Community Status (prior to a town incorporation of Massanutten)	Incorporation Status (incorporating a town of Massanutten)
Incorporating the Massanutten community into a town <i>"would provide a legally organized government body made up of local citizens with authority to act in the best interest of the Massanutten community"</i>	"NON-BINDING" Citizen Referendum vote would determine <i>what is in the best interest of the citizens</i>
County Supervisors have "spoken out" against incorporation <i>County decision based on Interim Report</i>	Counties don't support incorporation due to loss of control & loss of taxes <i>County Supervisors have not heard the desires of Massanutten citizens</i>
MPOA Board of Directors have "spoken out" against incorporation <i>MPOA Board decision based on Interim Report</i>	MPOA Board has a conflict of interest (citizen vs. out-of-town members) <i>MPOA Board has not heard desires of all property owners</i>
Great Eastern Resorts has "spoken out" against incorporation <i>via vote of their MPOA Board representative</i>	GER will pay less in fees & town taxes (see Consideration for details) <i>GER Issue -- Town Council replaces County Supervisors' planning & zoning</i>
Woodstone Meadows POA has "spoken out" against incorporation <i>POA decision based on Interim Report -- fear of taxes</i>	Woodstone Meadows POA represents only 25 of 1125 town properties
Incorporation will likely occur via VA General Assembly enactment <i>Elected Officials want to know what voters desire</i>	County Supervisors, MPOA Board, Woodstone Meadows POA support for incorporation NOT required per VA Law