Study of the Home Owners Associations in Reston

GULF RESTON, INC.

Reston, Virginia
Mr. W. H. Magness  
President  
Gulf Reston, Inc.  
Executive Offices  
Reston, Virginia 22070  

Dear Mr. Magness:

We have completed our study of the two home owners associations in Reston. As stated in our proposal letter of August 8, 1969, the study included an analysis of the organization, staffing and services of the associations with a view toward recommending improvements to meet future growth.

As you know, we presented our preliminary findings and recommendations to Gulf Reston, the boards of the two associations, and approximately 125 citizens of Reston on September 17, 1969. We have met with the two associations subsequent to the presentation and have included pertinent elements of our discussions in this report.

Briefly, we have concluded from our study that the organizational concept of two identical associations was founded on premises that probably were valid several years ago; however, they are no longer valid today. Rather, having two or more home owners associations in Reston will severely hamper the effectiveness of the future work of the associations.
Considerable problems of coordination and ownership of communitywide service facilities exist because of the dual nature of the associations. The services of the associations, as described in their organic documents, are limited in nature and in their interaction with regular county services. However, it is likely and feasible that the members of the associations will desire to expand association services. This will, of course, cause expanded interaction with the county and could cause duplication of services already available from the county.

The professional staff employed by the associations is currently small in number, however, in the future, the staff will need to expand. There are problems resulting from the staff's duplication of efforts in providing identical services to the two associations. If separate staffs were employed, additional problems and wastes would occur.

We have recommended that the two associations unify into one communitywide home owners association with suborganizational structure at the village level. Further, that the unified association focus primary attention in providing the services described in the organic documents of the existing associations. However, it is likely and feasible that new programs and services will be developed; these should be approached with considerable care.

In addition, we have recommended that the executive director of the association assume a greater role in policy formulation and program development. We have described how the professional staff should expand functionally. Detailed projections of manpower requirements can be made after the future services and programs of the association are clarified.

In our opinion, Gulf Reston should encourage the two associations to unify their operations in one Reston-wide home owners association and to consider the recommendations pertaining to the professional staff and services. We think that this will substantially improve the effectiveness of the associations in working for the citizens of Reston.

The home owners associations in Reston have a unique and significant opportunity to evolve into an effective and important institution. We are confident that Gulf Reston, the Associations, and the citizens can move forward and meet the challenges of the
future. We have enjoyed conducting this interesting assignment for Gulf Reston. We appreciated the assistance of the members of the two home owners associations, the professional staff of the association, the other organizations which we met with, and the staff of Gulf Reston. We would be happy to provide any further assistance required.

Very truly yours,

Booz Allen & Hamilton

H. O. Buzzell
Vice President
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I. INTRODUCTION
I. INTRODUCTION

This report summarizes the results of a study to examine the organization and services of the First Home Owners Association and the Second Home Owners Association in Reston. The study was conducted in August and September of 1969 by Booz, Allen & Hamilton Inc. for Gulf Reston, Inc., the developer of Reston, Virginia.

Reston is being developed in line with the new town concept. Operations have been under way for approximately six years. The two home owners associations were formed in Reston for identical purposes and with identical organizational structures. The reasons for creating two identical associations pertained to differences in initial development patterns in Reston—differences in the location of developments and the types of construction. However, as Reston’s population has grown, problems have emerged which have hindered the work of the associations. These problems appeared to be attributable to the organizational structure of the associations.

Therefore, this study was undertaken to examine the organization and services of the associations in today’s light as well as anticipating their effectiveness in the future. The primary objectives of the study were to:

- Analyze the current association and staff structure to determine its inherent capacity to provide services effectively—today and in the future.
- Examine the relationship between the services of Fairfax County and the services of the associations.
- Determine the optimum association and staff structure based on today’s needs as well as providing for future growth.

Our approach to the study included meetings and interviews with several groups who were pertinent to the purpose of the study. The groups included:
Fairfax County government representatives
First Home Owners Association board members
Second Home Owners Association board members
The associations' professional staff
Reston Community Association representatives
The Reston Foundation
Gulf Reston representatives

The results of our analysis of the organization and services of the associations are contained in Section II of this report.

Recommendations for improving the organizations and services of the associations are contained in Section III.
II. FINDINGS AND CONCLUSIONS
II. FINDINGS AND CONCLUSIONS

This section summarizes the general findings and conclusions resulting from the analysis of the home owners associations in Reston. The analysis examined such factors pertinent to the associations as the (1) relationship and interface between the associations and Fairfax County, (2) the services of the associations, (3) organization of the associations, (4) origin of the associations, and (5) adequacy of the associations' current organizational structure for meeting future growth. Following is a brief discussion of these factors.

1. RESTON EXISTS CURRENTLY, AND IS LIKELY TO EXISTS IN THE FUTURE, AS AN UNINCORPORATED PART OF FAIRFAX COUNTY

Although Reston will grow in population to approximately 80,000 persons, it is not likely that it will be able to incorporate and form its own local government. This is attributable to the unique form of government and regulations which exist in Fairfax County of which Reston is a part.

Fairfax County has adopted the Urban County Executive form of government. This form of local government is designed to function in a manner similar to a large municipal government. The form is adopted in order to avoid the problems and waste resulting from the operation of many small local governments in a county. The laws which provide for the form also provide a means to reduce the number of small governments in the county and to prevent the formation of any new governments subsequent to the adoption of the form. The Code of Virginia, which provides for the adoption of the Urban County Executive form, also sets forth the restrictions on incorporating new towns in counties with this governmental form.

The Code provides further that no unincorporated community within the county limits shall become incorporated as a town or city subsequent to the adoption of the Urban County form. (Chapter 15 of Title 15.1, Sec. 15.1-785)
The Code provides that incorporated towns existing at the time of adoption of the Urban County form may continue to exist as incorporated towns. However, the citizens may, through referendum, vote to dissolve the town charter and come solely under the purview of the county government. (Chapter 15 of Title 15.1, Sec. 15.1-786)

In view of this, it is likely that Reston will continue to be an unincorporated part of Fairfax County. Therefore, the citizens of Reston will continue to receive municipal type government and services from Fairfax County. Services are provided directly by the county government departments or through special districts and authorities.

2. A BROAD RANGE OF SERVICES ARE PROVIDED BY VIRGINIA AND FAIRFAX COUNTY GOVERNMENTS TO THE CITIZENS OF RESTON

Fairfax County services, interfaced with state services, are provided on a broad and comprehensive basis to citizens of Reston. Services similar to those normally provided by a large municipal government include:

- Police protection and courts
- Fire protection
- Highways and roads (state)
- Sanitation
  - Sewer
  - Refuse (through sanitary districts)
- Public welfare
- Education
  - Adult
  - High school
  - Intermediate
  - Elementary
  - Kindergarten
- Libraries
- Public health and hospitals
- Parks and recreation
- Housing and renewal
- Public buildings
- Water (through Water Authority)
- County comprehensive planning
- Zoning
3. THE HOME OWNERS ASSOCIATIONS WERE FORMED TO PROVIDE OTHER SPECIFIC SERVICES INHERENT IN THE STATUS OF RESTON AS A SPECIFICALLY DESIGNATED RESIDENTIAL PLANNED COMMUNITY

Reston is specifically designated by the county as a Residential Planned Community and consequently is being developed in accordance with the Residential Planned Community (RPC) zoning ordinance of Fairfax County. The RPC zoning ordinance sets forth various controls on the developers of the land which generally pertain to land use mix and population densities. The RPC ordinance specifically calls for the developer to designate recreation and open space land in the overall master plan. When the plan is implemented, the developer can deed these lands to the county for operation and maintenance or, as in the case of Reston, can deed the lands, with protective covenants and restrictions, to private owners for operation and maintenance.

In Reston, two home owners associations, the First Home Owners Association and the Second Home Owners Association, were formed to receive the lands from the developer. As originally conceived, the specific services of both home owners associations were to center on the maintenance and operation of the recreation lands and facilities, open space lands, and other lands and facilities designated and deeded to them by the developer of Reston. In addition, the home owners associations were to be responsible for protecting the physical environment of Reston through enforcement of protective covenants and restrictions pertaining to the lands and buildings in Reston. The Articles of Incorporation and Deeds of Dedication of the two associations are identical and specifically set forth their responsibilities.

4. ONLY LIMITED INTERACTION OCCURS BETWEEN THE SERVICES THE COUNTY PROVIDES AND THE SERVICES THE ASSOCIATIONS ARE REQUIRED TO PROVIDE

The documents creating the associations and outlining their operations indicate clearly that the associations were created for rather limited purposes relating to the operation of lands and facilities; not to function in the comprehensive nature of a municipal government providing the broad range of services required in a municipality.
However, a limited interface is created between the associations and the county government. Specifically, the associations' operations are similar to the operations of the Department of Recreation and Park Authority of the county. In addition, a similarity exists between the services of the associations and the county zoning functions; due primarily to the association's enforcement of the protective covenants and restrictions. Exhibit 1, following this page, is a display of the limited interface.

5. OPPORTUNITIES TO PROVIDE ADDITIONAL SERVICES HAVE BEEN RECOGNIZED BY THE ASSOCIATIONS

Both associations have recognized the potential of the home owners associations mechanism for providing additional services to Reston citizens. The associations have initiated some services and programs which are not specifically outlined in the organic documents and, in addition, they have identified several other services and operations which may be desirable for them to undertake in the future.

The additional services and operations under consideration by the associations vary in type and scope. Further, some would require considerable funding and long-term debt while others would require little or no funding, but rather require only additional personnel. These additional operations are in two general categories, and are summarized briefly as follows:

- **Programs and Services.** Includes recreation programs, youth programs, consumer co-op activities, construction of aesthetic amenities, and other community-oriented programs. Many of these programs would be designed to operate in association-constructed facilities or the recreation and open spaces owned by the association.

- **Facilities and Equipment.** Includes large constructed facilities such as municipal buildings, multipurpose recreation buildings, single-purpose recreation buildings, trash trucks, mini-buses, recreation equipment, and various land maintenance equipment.

Most of the new services and operations under consideration would considerably expand the scope of the associations' work, would reinforce existing interfaces with the county and, in some cases, would create new interfaces with other county services.
EXHIBIT I
Gulf Reston, Inc.

INTERFACE BETWEEN COUNTRY AND HOME OWNERS ASSOCIATIONS' SERVICES

<table>
<thead>
<tr>
<th>COUNTY SERVICES</th>
<th>HOA SERVICES</th>
</tr>
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<tbody>
<tr>
<td>Police Protection</td>
<td>(some privately security men are retained on a limited basis)</td>
</tr>
<tr>
<td>Fire Protection</td>
<td>(private roadways and walkways are maintained)</td>
</tr>
<tr>
<td>Highways and Roads</td>
<td></td>
</tr>
<tr>
<td>Sanitation</td>
<td></td>
</tr>
<tr>
<td>Public Welfare</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Libraries</td>
<td></td>
</tr>
<tr>
<td>Health and Hospitals</td>
<td></td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>Maintain recreation facilities and open spaces</td>
</tr>
<tr>
<td>Housing and renewal</td>
<td></td>
</tr>
<tr>
<td>Public buildings</td>
<td>(a small number of community buildings are maintained for recreational purposes mainly)</td>
</tr>
<tr>
<td>Water</td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td></td>
</tr>
<tr>
<td>Zoning</td>
<td>Enforce protective covenants and restrictions</td>
</tr>
</tbody>
</table>
Considerable study and planning efforts would be required prior to implementing these new services and operations. Further, many of these would require considerable coordination and joint support from both associations.

6. OTHER ORGANIZATIONS IN RESTON EXIST TO PERFORM OTHER COMMUNITY FUNCTIONS

In addition to the home owners associations, there are several other organizations in Reston which have been formed for varying purposes. Most of these groups are of the club nature, organized for singular purposes.

However, two large formalized communitywide organizations exist as important institutions. These are: the Reston Foundation for Community Programs, and the Reston Community Association. These groups are not involved with physical facilities to the extent of the home owners associations; however, they do provide important services to the community.

1. The Reston Foundation Tends To Be Program and Research Oriented

This foundation is classified as a nonprofit corporation for the encouragement, promotion, and direction of cultural, educational, health, and welfare programs for the people of Reston. The foundation operates with a small staff and is funded for the most part by the developer, Gulf Reston.

The programs of the foundation include: the Reston Children’s Center, a nature center, housing research, and health research. The foundation supports local citizen organized programs in the arts as well as various youth programs.

2. The Reston Community Association Operates as a Typical Civic Association

The Reston Community Association (RCA) was formed exclusively by the citizens of Reston. The association is a volunteer membership group primarily directed toward instituting communitywide programs, providing a voice for the views of the community and, in general, acting as a political forum for the debate of local issues.
7. THE TWO ASSOCIATIONS ARE NEARLY IDENTICAL IN PURPOSE AND STRUCTURE AND IN THE FUTURE WILL BE SIMILAR IN MEMBERSHIP MIX AND REVENUE

The two associations were established as nonprofit, nonstock corporations and have identical articles of incorporation, bylaws, and deeds of dedication. The purposes of the associations as originally defined and articulated in those documents are identical.

The structure of each association is nearly identical. Exhibit II, following this page, displays the structure common to both associations. (The professional staff, which is employed jointly by the associations, is discussed later and not shown in the exhibit.)

(1) The Board of Directors Is Comprised of Nine Members Elected by the Members of the Association

Both boards of directors are elected by the members of the associations for terms of three years. In voting for each board, each property owner, as a member of his respective association, is allowed to cast a number of votes equal to the number of units he owns, i.e., houses, townhouses, or apartments. Also, the Articles of Incorporation provide that until January 1, 1985, the developer shall have a total number of votes equal to the larger of:

one-half of the total number of votes of all other members of the association, so that the Developer of Reston would, in this case, have a number of votes equal to one-third of the total number of votes of all members of the association, including the Developer of Reston

or

the number of votes to which it would be entitled as an owner of dwelling units, plus the number of votes equal to the number of lots or other parcels of the Property (devoted or to be devoted to residential purposes) owned by it and shown upon any plat filed with the Deed.

This provides the developer with a substantial voice in the associations during the formative years. After January 1, 1985, if the number of units owned by the
developer is less than 20% of the total units, the latter of the two paragraphs shown above applies.

As stated in the Articles of Incorporation, the affairs of the corporations (associations) shall be managed by the directors. The Articles also set forth provisions for meetings of all members of the corporation.

(2) The Officers of the Associations Are Selected by the Boards of Directors

The officers of each corporation include a president, a treasurer, and a secretary. The officers are selected annually by the boards with the only significant stipulation being that the presidents shall be selected from among the elected members of the board. The corporation documents provide for the appointment of one or more vice presidents, however, neither association has appointed a member to that position. The officers perform their duties on a volunteer basis.

The powers and duties of the officers are those which pertain generally to their offices as described in corporate documents or, as expanded through specific direction from the boards of directors.

(3) The Associations Have Established Similar Committees

As shown in Exhibit II, there are five committees common to each association. In addition, each association has formed a special sixth committee, apparently in response to requirements unique to each association. The committees common to both associations are:

- Recreation
- Environmental Management
- Budget and Planning
- Rules and Regulations
- Information
In addition to these committees, the First Home Owners Association has appointed a management systems committee and the Second Home Owners Association has appointed a committee to enforce the covenants.

(4) Currently, the First Home Owners Association Has a Substantially Larger Number of Members and a More Varied Membership Mix

The First Home Owners Association (FHOA) currently has over twice as many members as the Second Home Owners Association (SHOA). Further, the mix of members varies considerably: FHOA having a mix of lots (single family detached), townhouses, and apartments; and, the SHOA having only lots.

In the future, however, the numbers of members in each association will increase substantially and the mix of members will become similar. Exhibit III, following this page, displays general estimates reflecting the growth and mix changes. As shown in the exhibit, the changes, due to shifts in development patterns, will begin during the 1971-1972 period. By 1974, the SHOA membership will probably exceed the membership of the FHOA and the mix will be thoroughly varied. However, by 1980, when Reston nears completion, another shift in development is likely to occur and the FHOA and SHOA will be generally equal in size: 12,500 members in FHOA and 11,100 in SHOA.

(5) Similar to Membership Growth, the Revenue Generated by the Associations Will Increase Considerably Over the Years

Exhibit IV, following Exhibit III, displays the projected revenue for each association. The current major sources of revenue, unit assessments (property owners), pool assessments, and tennis club assessments are shown. Since other sources of revenue are not shown, these estimates are conservative and are probably a degree lower than the actual revenue which will be generated.

Unit assessments were calculated at $40 per operating unit. Pool revenue projections were based on 60% participation of lots and townhouses at $60, and
EXHIBIT III
Gulf Reston, Inc.

GENERAL PROJECTIONS OF MEMBERSHIP BY NUMBER & TYPE

<table>
<thead>
<tr>
<th>Year</th>
<th>First Home Owners Association</th>
<th>Second Home Owners Association</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Townhouses</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>Apartments</td>
<td>1,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,050</td>
</tr>
</tbody>
</table>
| Combined Total | 2,950 | 4,350 | 6,600 | 8,300 | 10,300 | 12,250 | 23,600 | *Generalized projections developed by the developer and the study team.*
### Projected Annual Revenue for Home Owners Associations

#### First Home Owners Association

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Unit Assessments</td>
<td>$82,000</td>
<td>$120,000</td>
<td>$172,000</td>
<td>$172,000</td>
<td>$172,000</td>
<td>$178,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Pool Revenue</td>
<td>67,800</td>
<td>106,400</td>
<td>139,800</td>
<td>139,800</td>
<td>139,800</td>
<td>145,200</td>
<td>414,000</td>
</tr>
<tr>
<td>Tennis Revenue</td>
<td>8,200</td>
<td>12,000</td>
<td>17,200</td>
<td>17,200</td>
<td>17,200</td>
<td>17,800</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total FHQA</strong></td>
<td><strong>$158,000</strong></td>
<td><strong>$238,400</strong></td>
<td><strong>$329,000</strong></td>
<td><strong>$329,000</strong></td>
<td><strong>$329,000</strong></td>
<td><strong>$341,000</strong></td>
<td>$964,000</td>
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#### Second Home Owners Association

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Unit Assessments</td>
<td>$36,000</td>
<td>$54,000</td>
<td>$104,000</td>
<td>$160,000</td>
<td>$240,000</td>
<td>$312,000</td>
<td>$444,000</td>
</tr>
<tr>
<td>Pool Revenue</td>
<td>32,400</td>
<td>48,600</td>
<td>81,000</td>
<td>138,000</td>
<td>203,400</td>
<td>262,200</td>
<td>363,000</td>
</tr>
<tr>
<td>Tennis Revenue</td>
<td>3,600</td>
<td>5,400</td>
<td>10,400</td>
<td>16,000</td>
<td>24,000</td>
<td>31,200</td>
<td>44,400</td>
</tr>
<tr>
<td><strong>Total SHOA</strong></td>
<td><strong>$72,000</strong></td>
<td><strong>$108,000</strong></td>
<td><strong>$195,400</strong></td>
<td><strong>$314,000</strong></td>
<td><strong>$467,400</strong></td>
<td><strong>$605,200</strong></td>
<td><strong>$851,400</strong></td>
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**Combined Total**

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</thead>
<tbody>
<tr>
<td><strong>$230,000</strong></td>
<td><strong>$346,400</strong></td>
<td><strong>$524,000</strong></td>
<td><strong>$643,000</strong></td>
<td><strong>$796,400</strong></td>
<td><strong>$946,200</strong></td>
<td><strong>$1,815,400</strong></td>
<td></td>
</tr>
</tbody>
</table>
100% participation of apartments at $30. Tennis revenue was calculated at 20% participation operating units at $20 per unit.

It is of interest to note that substantial amounts of revenue will be produced. Estimates show that the annual combined total for both associations will approach $1 million in 1975 and $2 million by 1980.

The revenue projections generally follow the membership growth pattern discussed earlier. Exhibit V, following this page, is a graphic comparison of the projected revenue of the two associations.

8. THE TWO ASSOCIATIONS PARTICIPATE JOINTLY IN THE EMPLOYMENT OF A PROFESSIONAL STAFF

Currently, both associations contribute funds to the employment of a single professional staff. Originally, the developer provided the administrative services for the associations. The requirement for services quickly increased in scope and level of effort, and in February of 1969, an Executive Director was employed by the associations to manage the administrative activities and day-to-day operations.

Because of the aforementioned differences in size and revenue between the two associations, the FHKA currently assumes approximately 70% of the cost of the staff and the SROA provides the remaining 30%. This arrangement would be adjusted in the future to reflect changes in the proportion of revenue between the two associations, if the concept of one staff for two associations was continued.

The staff consists currently of four full-time employees and four part-time employees. The staff is supplemented through volunteers from the community and through work by contractors. The functions performed by the staff and manpower currently allocated to those functions are as follows:
EXHIBIT V
Gulf Reston, Inc.

GRAPHIC COMPARISON OF PROJECTED
REVENUE OF HOME OWNERS
ASSOCIATIONS

DOLLARS

(000's)

FHOA

SHOA

1,000

800

600

400

200

70 71 72 73 74 75 76 77 78 79 80

The professional staff has made substantial contributions toward shortening the planning horizon. Initial studies showed
that the cost of facilities and production of units in the
planned for the future are high. The cost of facilities
and production of units in the future are also high.
The cost of facilities and production of units in the
planned for the future are high. The cost of facilities
and production of units in the future are also high.
The professional staff has made substantial contributions toward shortening the planning horizon. Initial studies showed
that the cost of facilities and production of units in the
planned for the future are high. The cost of facilities
and production of units in the future are also high.
**Function** | **Manpower**  
---|---  
Executive | 1 executive director, full-time  
Finance | 1 bookkeeper, full-time  
            | 1 accounts clerk, part-time  
Secretarial | 1 secretary, part-time  
Information and Scheduling (Lake Anne Hall) | 1 director, full-time  
            | 1 assistant, full-time  
            | 1 assistant, part-time  
Property maintenance | 1 maintenance assistant, part-time  
            | Summer student crew  
            | Contract  
Recreation | Contract  
            | Volunteer  

The professional staff has made substantial progress during the short time it has been employed. Basic operating procedures and policies have been outlined and billing/accounting systems have been implemented. Many activities of the staff have not yet needed to be formalized, due primarily to the small size of the staff and the limited scope of current operations. It is expected, however, that additional staff and more formalized operations will be required in the near future. This will be due to (1) a significant increase in association membership resulting in an increase in some clerical operations and financial management activities, and (2) an increase in the scope and complexity of services and programs initiated by the associations.

9. **VOLUNTEER WORK IN THE ASSOCIATIONS IS DESIRABLE AND HAS BEEN EFFECTIVE; HOWEVER, THE ASSOCIATIONS' REQUIREMENTS MAY EXPAND BEYOND THE CAPABILITY OF VOLUNTEER WORKERS**

To date, the efforts of volunteers in the work of the associations can be generally characterized as effective. However, the scope of the associations' work has been limited and tasks have been small enough to be managed by volunteers.
Expansion of the affairs, services, programs, and projects of the associations is being planned by both groups. As this expansion occurs, tasks which have been managed and performed by volunteers will increase in size beyond the capabilities of volunteer workers. The first signs of this are beginning to appear in the youth and recreation program areas.

Tasks which may have been performed on a volunteer basis in the past may have to be transferred to professional staff personnel. This is a natural evolution in the life cycle of organizations such as the home owners associations. Normally, even though this transfer of responsibility occurs, a substantial role for volunteers continues to exist at both the upper and lower levels of the organizations.

10. TWO HOME OWNERS ASSOCIATIONS AT RESTON WERE FORMED ON PREMISES WHICH TODAY HAVE BECOME QUESTIONABLE

During the early planning stages for Reston, it was decided that two home owners associations, as opposed to one association, should be formed. The basis for this decision, as best as it can be reconstructed, appears invalid in today's light. Basically, the decision stemmed from the fact that initial construction in Reston was going to begin in two separate locations and along two dissimilar concepts. One location was north of the Dulles Road at and around Lake Anne, and the other was south of the Dulles Road in Hunters Woods. The initial type of construction was to vary considerable between the two locations—high-density apartments, medium-density townhouses, and low-density dwellings at Lake Anne, contrasted with only low-density detached dwellings in Hunters Woods.

The high-density and medium-density development at Lake Anne was highly experimental in nature. It was not known at that time whether or not high- and medium-density development, far removed from urban centers, would be successful. On the other hand, success at Hunters Woods was assumed because low-density development in areas around Reston was being sold.

As envisaged in the master plan for Reston, the development at both locations would be similar at some point in the future, i.e., both would be a mixture of high-
medium-, and low-density dwellings. However, in order for this to occur, the concept of high-density development at Lake Anne had to be proven.

Since Lake Anne represented a considerable experiment, the developer moved to protect the home owners in Hunters Woods from any failure at Lake Anne that would increase the burden on Hunters Woods home owners for maintaining properties in the Lake Anne area. This was accomplished simply by forming two identical, but separate, home owners associations: the First Home Owners Association to be responsible for properties at Lake Anne and the Second Home Owners Association to be responsible for properties at Hunters Woods. Therefore, the home owners in Hunters Woods were not legally bound to contribute to the operation of any properties in the Lake Anne area.

Today, the concept of Lake Anne has been proven to be a success and the developer has initiated actions to complete the master plan which includes similar high-, medium-, and low-density development in Hunters Woods. Thus, as planned, the two dissimilar developments will become similar in the near future. Lake Anne, Hunters Woods, and the other villages in Reston, will be a blend of high-, medium-, and low-density development. Further, Reston is at a stage in development that properties and services of a community-wide nature are being developed. These community-wide services and facilities are intended for the use of citizens from all villages in Reston.

It is therefore concluded that the original premises related to differences in initial development patterns used to create two associations are no longer valid. The formation of two home owners associations is viewed as having been a short-term solution to a then-potential problem that did not arise.

11. WEAKNESSES ARE INHERENT IN THE TWO-ASSOCIATION OR MULTIPLE-ASSOCIATION STRUCTURE WHICH FORM IMPEDIMENTS TO PROGRESS

The current structure of home owners associations in Reston can create significant problems in meeting future challenges of providing services and programs to the citizens. Further, if new associations are formed for each new village, the problems would be greatly increased in severity and complexity.
Reston is at a stage in development in which facilities, programs, and services of a communitywide nature are being developed whereas heretofore they were developed on a local village basis. The problems resultant from the multiasociation structure can retard development of communitywide services and, in addition, would waste assessment dollars through duplication of effort and diminishing economies of scale.

(1) Coordination in Communitywide Planning Is Impaired By the Multiple Association Structure

Problems and obstacles to coordination of policy formulation, program planning, and the provision of services on a communitywide basis are increased by the multiple association structure. These are due to (1) a proliferation of planning and policy-making groups which complicates and encumbers these processes, (2) complicated communication channels among groups which can easily break down or lead to confusion or misunderstanding of the issues, and (3) a multiplicity in approving authorities—which results in impediments in the approval process and creates a situation where any one of the groups could act solely through self-interest and thwart efforts toward joint support of communitywide programs.

This is especially critical in a situation such as Reston where many of the programs and services are of a communitywide nature, requiring coordination and support among all associations. Instances of this difficulty have emerged in Reston concerning relatively basic issues. When these difficulties are projected into the more complex issues of the future, the resultant situation could be unsatisfactory.

(2) Ownership of Community Facilities Is Complicated

Ownership of facilities is complicated because many of the lands and facilities that are deeded to the associations are of a communitywide nature and cannot be deeded to only one association. Further, some of the lands and facilities that are deeded to one or the other association are intended for the use of all the citizens of Reston, thus requiring cross-payments for usage and maintenance to be made between associations.
(3) **Joint Operation of Facilities Cause Significant Problems**

Joint operations of facilities cause significant administrative problems in (1) determining equitable cost allocation between associations, and (2) operating facilities under conflicting policy guidelines. These problems will increase as more facilities and services come on line in the future.

(4) **A Mechanism for Minority Veto Is Created Which Could Block Programs Endorsed By the Majority**

Minority veto of programs and services which are favored by the majority of citizens can exist in the current structure. This can occur either by actions or votes of the leadership of each association, or through referendum votes. In a referendum vote on a communitywide program that requires the support of all associations, the required majority of one association could vote down the issue, thereby preventing the program from being implemented. However, the number in that majority of one association may not represent a majority when considering the total number of members from all associations that voted for support of the program. Thus, in a total-community sense, a minority has prevailed and, in effect, has vetoed the program.

(5) **Duplication in Staff Work Is Created Which Causes Higher Costs and Waste of the Assessment Dollar**

Higher costs result from the duplication of operations by the professional staff. Two separate billing, payment, and accounting systems have to be maintained by the staff. Their work is further complicated by the need to operate within, and remain cognizant of, two separate budgets. Separate staffs for each of several associations would waste considerable additional amounts of assessment dollars due to duplication of positions and diminishing economies of scale of both staff facilities and operating equipment. It is highly unlikely, in view of the projected growth of the associations, in terms of revenue and services, that an association could operate without a professional staff.
While the current structure is adequate for meeting neighborhood or village requirements, it is not adequate to meet future communitywide requirements. As the population and development increases, the requirements for communitywide services and programs will increase. The current association structure can act as a roadblock to future progress.

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This section has presented the major findings and conclusions of the study. The next section of the report presents recommendations for improvement of the home owners associations in Reston.
III. RECOMMENDATIONS
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This section sets forth a series of recommendations. In total, they outline an approach establishing an organization structure, which is consistent with the unique dynamics of Reston and enhances opportunities for citizen participation and effective management.

1. THE TWO ASSOCIATIONS SHOULD BE UNIFIED INTO ONE RESTON-WIDE HOME OWNERS ASSOCIATION

Unification of the two associations should be accomplished in order to (1) provide an effective and practical mechanism for planning, coordinating, and operating programs and services, (2) obviate problems in ownership of facilities and ensure that all citizens of Reston share fully in common facilities, (3) provide a forum for the discussion of communitywide issues that allows for the consideration of the views of all the citizens of Reston, and (4) provide for the most effective method of managing the day-to-day operations of the association.

Exhibit VI, following this page, is a graphic display of the recommended organization structure for a unified association. The new structure embraces:

- An association board of directors elected by the members and generally retaining the legal responsibility for the affairs of the corporation.
- An Executive Council comprised of vice presidents of the association—each elected by the citizens residing in their respective villages—and the president and executive director. The Executive Council would develop communitywide budgets, programs, and services, and appoint community-wide committees.
- Officers of the association, including a president, treasurer, and secretary. The officers would be appointed by the board of directors and their duties would be those generally ascribed to their office.
Communitywide committees appointed by the Executive Council and comprised of representatives from each village.

A professional staff headed by an executive director who is selected by the board of directors. The staff would work with and support the officers, Executive Council, and committees of the association.

A local village organization structure is also recommended and is discussed in a later part of this section.

Following is a more complete description of the recommended unified organization.

2. **A 10-MAN BOARD OF DIRECTORS SHOULD BE ESTABLISHED AND SHOULD INCLUDE THE EXECUTIVE DIRECTOR AS AN EX OFFICIO MEMBER**

The procedure for the election of nine persons to the board of directors should be generally consistent with that provided for in the bylaws of the existing associations. However, Gulf Reston has established a policy precedent for ensuring that the developer in Reston does not elect all of the directors on the board. This is a favorable precedent and should be continued and formalized if possible.

The board should include the executive director as an ex officio member. This will be important in the future and is discussed in a later part of this section.

The duties of the board would be typical of those of most boards of directors of profit and nonprofit corporations. The duties should include, but not be limited to:

- Appointing the president, treasurer, and secretary of the association. As consistent with current procedure, the president should be appointed from among the members of the board.
- Reviewing and approving the association budget developed by the Executive Council.
Providing general policy direction for the affairs of the association and ensuring that long-range implications of proposed programs and services are considered by the Executive Council and committees.

Suggesting programs and services to the Executive Council for consideration.

The board would embody those general powers for managing the affairs of the corporation consistent with Virginia corporate laws.

Consideration should be given to establishing the term of directors to two years, as opposed to the current term of three years. This will provide the opportunity for more citizens to participate on the board, thus allowing fresh insights and views to receive attention. Also, this will assist in the promotion of continued citizen interest concerning the board. In addition, long-range consideration should be given to staggering the terms of the directors in order to help ensure that continuity of planning will exist from year to year.

3. AN EXECUTIVE COUNCIL COMPRISED LARGELY OF VICE PRESIDENTS FROM EACH VILLAGE SHOULD BE FORMED

An executive council comprised of the president, vice presidents from each village, and the executive director (ex officio) should be formed. The purpose of the executive council is to provide a forum for planning communitywide functions and discussion of those issues affecting all the villages and citizens of Reston. The duties of the executive council should include:

- Formulating plans and budgetary recommendations for communitywide programs and services
- Providing a formal communication mechanism for the transfer of local experiences in neighborhood or village programs and projects
- Appointing members to, and reviewing the work of communitywide program and project committees
A vice president should be elected from each village. Consideration should be given to outlining the procedures for the election of the vice presidents so that only citizens residing in each village, including renters, vote for their respective village vice president.

4. COMMUNITYWIDE COMMITTEES SHOULD BE FORMED TO FUNCTION IN SPECIALIZED FUNCTIONAL AREAS

Communitywide committees to support the work of the executive council should be formed. These committees should focus on particular functional areas of the association's communitywide programs and services such as recreation, environmental management, and youth. Through these committees, extensive in-depth efforts can be brought to bear in researching and developing new programs and services and reviewing the programs and services which are under way.

Each vice president should appoint one or more members from his village to each committee. This would assure representation from all villages and thus the views of citizens from all the villages are considered in the committee processes. While not necessary, it would be desirable if the chairmen of village committees were appointed to be members of the communitywide committee. For example, the chairman of the Hunters Woods recreation committee should be appointed by the vice president from Hunters Woods to the communitywide recreation committee. This would increase the effectiveness of both the village and communitywide committees.

5. LOCAL VILLAGE ORGANIZATIONS SHOULD BE FORMED UNDER THE VILLAGE VICE PRESIDENT

Local village organizations should be formed to discuss and develop programs and projects that are village-oriented in nature. The vice presidents of each village should provide the leadership for these organizations. The primary duties of the local organizations should include:

- Planning and implementing programs and projects that relate solely to the citizens of each particular village
Developing budgets to support local programs and projects

Acting as a valuable source of input to the executive council and communitywide committees

In addition, the village organization will provide a mechanism for initiating pilot programs and projects which, if successful, could be implemented on a communitywide basis. In this regard, the pilot programs and projects could be developed at the initiative of the village organization or could be developed by the communitywide organizations and implemented for test purposes by a village.

Alternatives for funding village operations include (1) allocating a percentage of the association revenue generated by the village to each village organization for local programs and projects, and (2) providing funds outlined and requested by each village in an annual budget and program plan. In either case, the village should submit a plan for expending funds to the executive council for approval.

The committees of the village organization should be appointed by the vice president. Though not essential, the number and types of village standing committees should be similar to the communitywide standing committees such as recreation, environmental management, youth programs, etc. This would greatly increase the effectiveness of communication channels throughout the association. Other committees for specific functions unique to each village could be established as required.

Exhibit VII, following this page, graphically displays the structure of the village organization and shows the interface between the village and communitywide groups.

In the future, as villages grow in size and programs and projects become more complex, it is likely that the vice president will have to appoint a village secretary and treasurer. The treasurer would maintain cognizant of the village budget, however, he would be supported by the association staff in the collection and disbursement of funds.
As shown in the exhibit, the village vice president is a member of the Executive Council, along with three other vice presidents, the president, and the executive director of the association. The chairman of the village committees have been appointed as members of similar functional communitywide committees. This achieves optimum interface and communication between the village and communitywide groups.
6. THE ROLE OF THE EXECUTIVE DIRECTOR SHOULD BE STRENGTHENED AND CONSIDERATION SHOULD BE GIVEN TO THE GROWTH OF THE PROFESSIONAL STAFF

As mentioned earlier, the executive director should become an ex officio member of the board of directors and executive council; thus allowing the executive director to have a more active role in policy and program formulation. This will ensure that up-to-date budgetary and staff capabilities are considered during the initial discussion of new programs and services. Further, in the day-to-day task of managing the operation of programs and services, the executive director will develop substantial insights into the requirements of the community which should be considered by the council and board.

The role of the executive director will become more critical as the scope and complexity of the association increases. In the future, he will be required to provide day-to-day management over an increasing range of more complex programs and services.

The executive director should be supported through professional staff who are specialized in the functional work areas of the association. Therefore, it is likely that the staff will expand in number and type of personnel. Exhibit VIII, following this page, displays the manner in which the professional staff may be structured in the future. The staff structure can be expected to evolve over an extended period of time and reflect the programs and services initiated by the association.

(1) The Administrative Support Function Should Expand and Should Include Direct Support for the Association Officers

It is likely that the financial management function will expand in the future. While the tasks involved in this function can be performed more efficiently through consolidation of existing systems, the tasks will increase considerably in size and complexity. Additional staff trained specifically in financial management will be required as the funds handled approach $1,000,000.

The information and scheduling function should expand as the association initiates new programs and services. The need to inform the citizens about the
programs and services through printed material and through personal contact will increase. Additional efforts in scheduling activities will also be required.

The staff should provide direct administrative support to the officers of the association. The officers will require such support and should not have to rely on their business secretaries or their families to provide it. Staff in the association office, assigned to work for the officers, would be of valuable assistance in handling their correspondence, taking messages, arranging meetings, and providing general secretarial support.

(2) The Operational Functions Will Expand to Reflect Growth and New Programs and Services

Many of the programs and services under consideration will require additional full-time professional staff. For example, as shown in Exhibit VIII, the recreation function could expand to include full-time staff for both youth and adult programs. The property maintenance function could expand to include staff for land, building, and equipment maintenance.

In the future, the individual professional staff members should establish working liaison with the executive council and operating committees both at the communitywide and village levels. They should provide specialized professional advice and guidance to those groups who are discussing and planning programs in their functional areas of expertise.

Volunteers should not be relied upon to perform the tasks involved in the day-to-day operation of the association. These tasks are of the type that do not normally attract volunteers on a consistent and continuing basis. Furthermore, many of the tasks will be of a critical nature and should be performed by trained professionals. It is likely that volunteers will be most effective on a committee basis or in operating small local village programs and projects. Volunteer work is desirable, however, its limitations should be recognized:
Volunteer work is most effective where a title is given and individual recognition can be achieved.

Volunteer work is effective on a short-term project-oriented basis such as festivals, competitive events and other annual occurrences.

Volunteer workers cannot always be relied upon to perform the work required and can be difficult to manage.

Tasks can quickly grow too large and critical to be managed by volunteers; especially in a growth environment such as Reston.

7. PROVIDING THE SPECIFIC SERVICES OUTLINED IN THE ARTICLES OF INCORPORATION AND DEEDS OF DEDICATION SHOULD BE OF PRIMARY EMPHASIS

Although effective associations can provide many laudable services, primary efforts should focus on providing the specific services outlined in the organic documents of the existing associations.

To operate and maintain designated properties as parks, open spaces, paths, streets, and other facilities, and to enforce the protective covenants and restrictions.

Immediate attention should be directed toward determining the cost and manpower implications of meeting these basic responsibilities. Gulf Reston should work closely with the association in attempting to determine as accurately as possible the amount and type of land and the type and number of facilities and other improvements which will eventually be deeded to the association. This information will be critical to determining accurate long-range operating revenue requirements. Accurate operating revenue requirements must be known in order to determine the amount of funds that are available for additional services.
8. NEW COMMUNITYWIDE SERVICES AND PROGRAMS SHOULD BE APPROACHED WITH CAREFUL CONSIDERATION

While the primary emphasis of the association should be on meeting its basic responsibilities, the demand and requirement to provide additional services will increase over the years. Further, it is likely that surpluses of revenue will exist which will permit funding of additional programs, projects, and services. As indicated by plans which exist today, many of these will be communitywide in nature and require considerable amounts of revenue.

(1) New Programs, Projects, and Services Should Not Duplicate or Replace Services Available From the County

The association should attempt to avoid expenditures for new services which are already available from the county. This would in effect impose a double tax on Reston citizens and involve an unnecessary expenditure by the association. If the county services are considered inadequate, then the association should act to inform the county of the situation and recommend methods of improving the services.

(2) The Association Should Make Maximum Use of Existing Reston and County Facilities

The association should structure its programs to make maximum use of existing facilities in Reston. These facilities would include those owned by the association, as well as those owned by the county, Gulf Reston, churches, or other groups.

The county school buildings represent a significant opportunity to acquire the use of auditoriums, gymnasiums, and other spaces. These facilities could be used on a non-fee basis. In addition, through effective cooperation with the county, the association could fund improvements of the facilities to better meet the association’s needs.
(3) Expenditures for the Construction of Facilities Should Be Viewed With Caution

Considerable research and planning should precede the construction of an association facility or the purchase of expensive equipment. The association should be assured that (1) the facility or equipment is needed and will continue to be needed in the future, (2) all other alternatives of meeting the need have been explored, (3) the facility or equipment will serve to benefit the majority of members of the association, and (4) the costs of the undertaking, i.e., acquisition costs, maintenance costs, and particularly operating costs, have been accurately projected.

Large construction projects are likely to require debt financing. Due to the unique nature of the association, the question of debt financing should be thoroughly explored. It will be of specific importance to determine (1) whether or not the association can or should use the assets of the corporation as collateral on a debt, (2) whether or not the members will support long-term debt liability, and (3) whether or not such a liability can be made binding on all the members of the association.

Some projects or programs may be undertaken which require heavy initial investment by the association but are designed to generate revenue and pay for themselves. These can be desirable. However, considerable efforts should be directed at ensuring the profitability of these operations over extended periods of time. This should include market analysis as well as detailed projections of operating and maintenance costs.

(4) Association Budgeting Should Provide Substantial Funds for Reserve

Associations of this nature, in their role as representatives of the people, must preserve sound fiscal integrity. To ensure this, the budget of the association should be designed so that the revenue generated annually exceeds the total operating costs. Further substantial reserves should be developed so that unforeseen costs can be met effectively; without the need for sharp cutbacks in services or temporary short-term debt.
It would be favorable for the association to base its annual budget on the number of units in operation at the beginning of the fiscal year—rather than planning for new units to come on line during the year. Thus, if a cutback in development did occur, the loss of revenue from the new units would not jeopardize the association’s financial position and funds would be available for the total year’s operations.