

MCA COMMENTS ON STRAWMAN III  
August 27, 2012

PRIORITY CONCERNS AND RECOMMENDATIONS RELATED TO PUBLIC FINANCIAL EXPOSURE

1. Follow-on Motion #1: Financing Infrastructure

Add a new paragraph at Line 64, along the following lines: “The financing plan outlined in this document, and the Cash Flow Analysis that supports it, assume that the private sector, which stands to benefit most from the development, will contribute roughly 59.5% of the transportation infrastructure capital costs through a variety of financing mechanisms and the public sector (County, regional, state, and federal) will contribute roughly 40.5% from public sector financing sources. Of the 40.5% public sector share, approximately 22.4% is expected to come from revenues from County General Funds and General Obligation Bonds; the remainder is expected to be generated from revenues from C&I Revenue bonds, C&I taxes, and state and federal sources. When transit operating costs are factored in, then the County contribution from County General Funds and General Obligation Bonds would increase by an additional \$637 M, to roughly 37.5% of the overall costs for Tysons transportation improvements; the private sector share would be calculated at roughly 44.5% and the public sector contribution from the other public sources cited above would be about 18.0%.

Rationale: Provides important context for understanding the remainder of the document.

2. Recommendation 15: County as Funding Source of Last Resort

Delete last sentence beginning on line 411: “FCDOT should continue its current process of acquiring funding from outside sources wherever possible and only using the County funding as the source of last resort for Tysons-wide improvements.”

Add new sentence, as follows on line 413: “FCDOT should expand its efforts to acquire funding from outside public sources wherever possible, so as to ensure that the County funding burden is no more than 25% of the total capital infrastructure costs. To the extent state, regional and federal resources are not available to ensure that the burden on County taxpayers is no more than 25%, Fairfax County staff should prepare a report on alternatives – including slowing the pace of development to match the availability of funds, a range of Tysons user fees, and/or a public-private partnership arrangement – for consideration and implementation, as appropriate, by the Board of Supervisors.”

Also, modify line 417, as follows: “FCDOT staff should proactively search for federal, state and other funding opportunities, not dependent on County taxpayers,... Further, the public and private sectors should partner to identify and encourage contributions to the public sector costs from federal and state funding sources. ”

Rationale: As currently drafted, Recommendation 15 could be construed to be an unqualified commitment of County funds to financing the public share of the transportation infrastructure improvements and hence, as a limitless potential financial exposure of Fairfax County taxpayers. Some caveat/conditionality, such as that suggested, is critical to ensure that Fairfax County taxpayers do not face a disproportionate share of the burden, either financially or in terms of opportunity costs lost. Without a caveat such as that suggested, if the anticipated

state and federal funds did not materialize, County taxpayers would be responsible for the entire public share and the financial burden might well be so large as to prevent the County from adequately funding other essential programs, such as schools, public safety, parks, etc.

Further, just as the Strawman elsewhere calls for setting funding levels for Tysons in a manner that is consistent with established practice elsewhere in the County (Lines 171-173 and Lines 534-536), so too should setting the level for the County contribution to Tysons transportation capital infrastructure improvements follow established practice – in this instance, the Route 28 corridor model where the public contribution was capped at 25%.

3. Recommendation 22: County Commitment to Funding Public Sector Transportation Improvements

Replace current text on lines 622-627 with the following: “The Board of Supervisors reaffirm the importance of the transportation improvements to the successful redevelopment of Tysons and their commitment to seek to achieve the construction of the transportation infrastructure improvements in a timely manner, in partnership with the private sector and in a manner that is consistent with keeping the County share of the public sector funding at no more than 25% of the total capital construction costs for those improvements. In this regard, it is critical that the public and private sectors partner to achieve the maximum possible contribution for public sector costs from federal and state funding sources. ”

Rationale: As drafted, the proposed County commitment in lines 622-627 is far too open-ended. While it gives the landowner community what it appears to be looking for, it leaves County taxpayers potentially holding the proverbial (bottomless) bag, since it commits the County to provide public sector funding without qualification if other sources are not available. The alternative above would still commit the County to Tysons transportation improvements, as the landowners have requested. But, the alternative also would meet the priority community need, as expressed by County residents and citizen organizations, including the MCA (and the Hunter Mill Defense League and the Reston Citizens Association, for example), for an explicit commitment to limit County taxpayers’ exposure to 25% of the costs of the Tysons-wide infrastructure capital improvements. Further, the alternative would encourage public-private collaboration in securing alternative public funding to ensure that the County funding is kept to a reasonable level.

PRIORITY CONCERN RELATED TO TABLE 7 LIST OF REQUIRED TRANSPORTATION IMPROVEMENTS

4. Recommendation 25: Alteration of Table 7 List of Required Improvements

Delete new sentence in lines 659-662, which would permit elimination of currently-listed required improvements in Table 7. Add the following at line 659: “Changes to the Table 7 list would require an Amendment to the Comprehensive Plan for Tysons.”

Rationale: The existing Table 7 improvements are the minimum needed to meet the 2009 study levels, keep traffic congestion at a manageable level, and meet commitments to the surrounding communities of McLean, Vienna and Providence District. Moreover, the Board of Supervisors approved approximately 30% more density in June 2010 than was modeled by the County and submitted to VDOT as part of the December 2009 “527” TIA. Any changes to Table 7 – beyond the addition of new projects fully paid for by the additional development that requires them

(Strawman sentence #2 in Recommendation #25) – and any additional development beyond that approved in the current Plan Amendment would require a new Comprehensive Plan Amendment.

PRIORITY CONCERNS AND RECOMMENDATIONS RELATED TO REPRESENTATION OF SURROUNDING STAKEHOLDER COMMUNITIES IN FUTURE DECISION MAKING

5. Recommendation 20: Proposed Transportation Advisory Board

Add a new sentence beginning on line 525 that specifies the membership on the proposed Tysons Transportation Advisory Board, along the following lines: “The Advisory Board should include representatives selected by and from the Tysons Partnership, the McLean Citizens Association, the Town of Vienna, and the Providence District Council.”

Rationale: This recommendation should specify the stakeholders who will have a representative on the proposed Advisory Board. This should include MCA because: (1)MCA’s geographical area includes the eastern portion of Tysons (northeast of Route 7); (2) MCA’s area includes most of the current Tysons residents, including those in the Rotunda; (3) MCA members reside in Tysons; and (4) the eastern portion of Tysons lies within the McLean Planning District. Moreover, the scope of the proposed responsibilities and recommendations for the Advisory Board would have ramifications that affect more than simply the interests of those in Tysons, as recognized by the Board of Supervisors when it chartered the re-planning of Tysons Corner.

6. Recommendation 23: Proposed Review Mechanism

Modify lines 648-649, as follows: (the review) “should include representatives selected by and from the Tysons Partnership, the Tysons Transportation Advisory Board, the McLean Citizens Association, the town of Vienna, and the Providence District Council.”

Rationale: As drafted, the recommendation is that the periodic review “should include members of the community, the Tysons Partnership, and the Tysons Transportation Advisory Board.” If the text is to identify the key private stakeholders who would participate in the review, it should also identify the key public stakeholder “members of the community” that would participate in the periodic review. These include MCA, the town of Vienna and the Providence District Council. This would help to ensure that all affected stakeholder communities are properly represented. Also, is there a reason why the Advisory Board could not also be the Review Panel?

APPENDIX  
ADDITIONAL MCA RECOMMENDATIONS AND OBSERVATIONS

Initial Development Level (IDL)

1. We remain uneasy about even suggesting that the next plan amendment consider increasing the current IDL. The proposal would appear to be inconsistent with existing Comprehensive Plan guidance and criteria for IDL increases. If the recommendation remains, it should specify what changes to existing guidance and criteria, including additional public facilities necessary to support a higher IDL, would be required to permit an IDL increase. Moreover, an increased IDL and concomitant increase and/or advancement in the deployment of necessary supporting infrastructure may well require major changes to the public facilities funding plan.

Expected Economic Benefits of Tysons

2. Introduction to Strawman or to Follow-on Motion #1: Staff might include a paragraph on the current and expected economic benefits of Tysons. For example, the text might say something along the following lines: “Currently, Tysons represents 10% of the County tax base and contributes 10% of the total revenues received by the County on an annual basis, or \$W, and contributes \$X (or \_% of the state budget) to state coffers. By 2050, Tysons is anticipated to represent A% of the County tax base but to contribute \_% to County revenues (or \$C to County coffers) and \$D to state coffers, or roughly \_% of the state budget. Additionally, the County’s plan to make Tysons the primary urban center of the county benefits the rest of the County by sheltering those other areas from congestion and other urban impacts.”

Rationale: Language on the current and expected economic benefits of Tysons would lay the groundwork for the recommendations related to acquiring more state funds (lines 86-88 and, by extension, Rec. 1) and to give preferential treatment to Tysons in County funding decisions (Rec. 24). Further, a key factor to obtain additional state funding likely will be the amount of personal income tax revenues generated by economic activity in Tysons and the projection of how much additional state income tax revenues could be generated by an urban Tysons.

Timelines for Publicly-Funded Transportation Improvements

3. Timelines for publicly-funded projects: The recommendation should provide a clearer timeline as to when public sector funds are expected to be available, consistent with that provided by the Cash Flow Analysis. The discussion of Transportation Funding Monitoring and Review (Lines 601-604) states that “it is expected that the state, federal, regional and County funding sources will provide the majority of funding for projects early in the 40-year time period.” Does this mean in the first 5, 10, or 20 years of the funding horizon? The recommendation should more specifically address what percentage of the public versus private revenues are expected to be contributed during each 5-year to 10-year period in order to make the required contributions over time. Also, see, the language in the last sentence of Recommendations 4 and 5 (Lines 230-231 and 272-274), which provide no sense of expected timing for these public contributions. Further, why is “needed” used when referring to the Neighborhood improvements and “identified” when referring to the transit improvements?

#### Clarification on Bonding for Tysons-wide Service District Projects

4. Modify the sentence beginning on Line 475 to clarify the types of bonds that are anticipated to be used for these projects – e.g., “It is further anticipated that revenue bonds, backed by the proceeds from the Service district tax, will be used to finance these projects and that debt service would be paid in a relatively short time frame. It is not the intention of this plan that ‘moral obligation’ bonds be used.”

Rationale: The added language clarifies that the public will not be expected or obligated to pay any costs associated with bonds to assist the private sector in meeting its obligations in a timely manner. It should help to ensure that the County’s own capacity to issue General Obligation bonds for other vital County needs, including schools, parks and road projects elsewhere in the County will not be impacted and that County debt service costs will not increase.

#### Clarification on Expected Federal and State Contributions to Funding Neighborhood and Access Improvements

5. Lines 214-220 very helpfully provide information on the absolute dollar amounts and percentage contributions from federal and state government sources from FY 13-18 to help pay for the capital costs associated with Tysons Neighborhood and Access Improvements. A sentence should be added on Line 218 indicating the sources (and amount and percentage share from each source) that Cash Flow Analysis assumes will be used from FY18-31 to complete these improvements -- e.g., The Cash Flow Analysis assumes that federal and state funds will be used to fund the remainder of the Neighborhood and Access Improvements through completion in FY \_\_\_)

Rationale: Critical information for understanding the Cash Flow Analysis and the subsequent section on the impact on the tax rate. We would note that the section on transit already includes comparable information on state and local funding for transit.

#### Clarification on Funding in Discussion of Tysons-Wide Improvements

6. Lines 333-337 identify projects that are “entirely or partially funded” under the current Four Year Plan. It would be useful, either in the text or an attachment to indicate the degree to which each of the projects is funded – e.g., 100% funded, 50% funded, etc.
7. Lines 339-345 very helpfully identify sums of money that have been provided to date for Tysons-wide projects from County, federal and private sources. Additional language should be added starting on Line 345 that indicates the public sources (and amount and percentage share from each source) that Cash Flow Analysis assumes will be used to complete the public share of these improvements -- e.g., “The Cash Flow Analysis assumes that the County will provide \$Y ( \_%) of the public sector funding for Tysons-wide improvements from a combination of County revenue sources (General Obligation Bonds, C&I revenue bonds, and, after 2016, all non-committed revenues from the C&I tax.) Federal and state sources are assumed in the Cash Flow Analysis to provide \$F( \_%) and \$\$S( \_%) respectively of the remainder of the public sector funding.”

Rationale: Critical information for understanding the Cash Flow Analysis and the subsequent section on the impact on the tax rate. We would note that the section on transit already includes comparable information on state and local funding for transit.

8. It would be useful to have a breakout of the County funding for Tysons-wide improvements in Lines 422-424. Something along the following lines could be considered: “Based on the data presented above, it is expected that the County contribution would be between \$X and \$Y of the \$701,000,000 figure.” This would be in line with the inferences that can be drawn from the language in the Transit section and the Neighborhood Improvements section regarding the expected local share (Lines 259-264 and 217, respectively.)

#### Transportation Funding – Relationship to Tax Rates

9. We would suggest that this section specify that General Operating Funds, General Obligation funds, revenue bonds supported by C&I tax revenues, and C&I tax proceeds are expected to be the funding sources used by the County to pay its share of the public sector costs. In this regard, the second sentence on Line 667 could be modified, as follows: “It is proposed that the funds for the County’s share of capital costs be generated largely through the sale of General Obligation (GO) bonds, and to a lesser extent through General Operating Funds, C&I taxes, and Revenue Bonds supported by the C&I tax. It is further proposed that County General Operating Funds be used to cover the County’s share of transit operating costs.”
10. We would also suggest that the section discuss the key assumptions behind the Cash Flow Analysis that, if altered, could increase the financial exposure of County taxpayers and call into question the ability of the County to fund its share of the transportation infrastructure improvement tab without increasing taxes or affecting the availability of funds for other County programs. For example, the analysis assumes a GO bond program in which roughly 37% of the revenues would be allocated to Tysons after 2018, 29% to transportation projects elsewhere in the County and the remainder to Metro expansion. What would be the impact if these percentages were altered?
11. To address County taxpayers’ concerns that paying for Tysons’ infrastructure improvements could result in increased taxes, we would suggest qualifying the sentence on Line 686, as follows: “Assuming the Board of Supervisors and public accept the approach outlined in the Cash Flow Analysis regarding GO bonds and the proposed allocation of revenues, including to Tysons, the County’s GO bond program is not anticipated to cause an increase in the real-estate tax rate.”

#### Attachments

12. Attachments. The Cash Flow Analysis should be included as an attachment to the version of the Strawman that is provided to the Planning Commission and Board of Supervisors for their review and approval.