Summary of January 19, 2012 PCTC Meeting.

Transportation Costs. The PCTC was briefed by Fairfax County staff from the County Department of Transportation (DOT). Their 2012 cost estimates for all Tysons transportation improvements from 2010 to 2050 went up 20%.

Time Frame	**New Estimate**	**Previous Estimate**	**Change**
2010-30	$2.099 Billion	$1.698 Billion	+ 23.6%
2030-50	$0.939 Billion	$0.831 Billion	+ 13.0%
2010-50 Total	$3.038 Billion	$2.529 Billion	+ 20.1%

To break it down further for 2010-2030:

Improvement	**New Estimate**	**Previous Estimate**	**Change**
Grid of Streets	$ 519 Million	$443 Million	+ 17.2%
Tysons-Wide	$1,095 Million	$810 Million	+ 35.2%
Transit	$ 408 Million	$374 Million	+ 9.1%
Neighborhood	$ 77 Million	$ 70 Million	+ 10.1%
Total Costs	$2,099 Million	$1,697 Million	+ 23.7%

A few caveats to bear in mind:

1. These are 2012 planning estimates using up-to-date VDOT and county costing methodologies.

2. When the engineering starts, the costs may go up or down on a project basis, but generally the costs go up.

3. Fairfax County DOT will be revising these estimates one more time within the coming weeks. This revision will take into account the projected year of construction of each project and will add in a 3% inflation rate.

4. These estimates do not include the cost of implementing a streetcar system in the 2030-2050 time frame, which is estimated at $870,000,000. Staff does not yet know whether they will recommend a street car system, so the cost was not included in this estimate.

MCA Comment: These costs could easily come to $4 billion, even without the streetcar system, once the inflation factor and, more importantly, the cost of financing bonds is added. While there have been no recommendations or decisions yet on how much would be bonded or what the terms might be, for example, a 40-year $500M bond at 3.5% interest would cost $400M in total interest payments. End Comment.

The Tysons Comp Plan is based on an assumption of fairly high growth over a period of 2010 to 2050. There was very little redevelopment in 2010 and 2011, and the amount of redevelopment the in next two years is expected to be modest. So essentially, the 40-year plan will be shifted to the right until significant redevelopment in Tysons starts. County staff has speculated that could be in the 2015-2018 time frame, but are quick to note that no one knows. County staff did comment Thursday night that the pace of transportation improvements in

Tysons over the next 40 years would be paced to keep up with redevelopment. If a recession occurs and redevelopment slows significantly, transportation spending would go down accordingly.

Tom Biesiadny, head of the Fairfax County DOT, said the County staff would model the planned growth in Tysons over the next 40 years to estimate when a sustained revenue stream from redevelopment would start and how much it would vary over that time. Commissioner Alcorn commented that it would be interesting if staff also modeled a 40-year period with a couple of recessions thrown in. Biesiadny agreed to do it. Mark Zetts, MCA's Tysons Liaison Chair, spoke up and suggested that since Tysons was 40 years old, the first 40 years should be used as a model.

<u>Allocation of Responsibility for Funding Transportation Improvements</u>. Over the last 4 or 5 PCTC meetings, the commissioners divided the responsibility into three categories:

a) County taxpayer

b) Private sector

c) Federal and state contributions

Notwithstanding the Commissioners' approach, County staff produced an analysis that divided the responsibility into two categories: public sector and private sector. Commissioner Alcorn indicated that, in a few weeks, they would go back and divide the public sector into two: county tax payer and fed/state contributions.

<u>Tysons Partnership Report.</u> The last agenda item was a report by the Tysons Partnership (TP) on how Tysons should be funded. The TP representatives discussed many topics, but did not, at this meeting, present a plan for paying for their portion of the transportation infrastructure. Overall, their discussion points were even more sobering than the 20% increase in costs.

1. In order to make Tysons work and to fund the much-needed transportation improvements, there needs to be a Tysons-wide tax district where the landowners tax themselves to raise revenue. It would operate much like the existing Silver Line tax district where landowners have been paying 22 cent per $100 of land value to raise $400M to help fund the Metro. As they reach the $400M goal, the tax will gradually be reduced. The TP would like to keep the tax at 22 cent tax and dedicate the excess to Tysons transportation. The problem, and it's very big problem, is that many landowners are steadfastly refusing to pay for these transportation improvements. Why, they reason, should they pay this tax when many of them do not plan to redevelopment for a very long time (10-15 years or more) and when their land lies outside of the TOD areas and does not qualify for the much higher densities being given to landowners near the Metro stations? Also, Lerner and Macerich, who are inside the TOD (Transit Oriented Development) area, have already obtained county approval for their significant redevelopments and see no benefit in paying this tax.

   MCA Comment: The reality is the landowners outside the 1/2-mile TOD areas WILL benefit from the transportation improvements, but they don't want to pay as they feel the TOD area landowners lopsidedly benefit. These problems associated with establishing a Tysons tax district are well-known within the Tysons landowner community, but this was the first time the TP has discussed them in public testimony at a PCTC meeting. End Comment

2. Even if the landowners inside the four TOD areas decide to form their own tax district, any tax revenue raised, by state law, must be spent inside the tax district boundaries. Unfortunately, the needed transportation improvements cover all of Tysons and many of them even lie outside the border of Tysons.

3. The TP would like to create a separate tax district where landowners outside of the TOD areas would pay a very modest tax, say 5 cents, as this would create a constant revenue stream for 40 years, something everyone agrees is essential. However there may be state constitutional issues with this idea and it would most likely require supporting legislation from Richmond.

4. The TP is concerned about the 20% increase in transportation cost estimates. The TP wants the county to set a firm, fixed price for their share of the transportation improvements.