Fund 70040
Mosaic District Community Development Authority

Focus

The purpose of Fund 70040, Mosaic District Community Development Authority (CDA), is to provide the necessary accounting structure for revenue collections and anticipated bond proceeds from the sale of Mosaic District CDA bonds for this project. The District was created in order to provide a vehicle for financing certain public improvements that are needed to develop the District in accordance with existing zoning. The County agreed to create the District to promote economic development and development of an especially desirable nature (i.e., mixed-use urban) in particular. The public improvements to be financed through the District include all or a portion of the following infrastructure, facilities, and services: sanitary sewers mains and lines; water mains and lines, pump stations, and water storage facilities; storm sewer mains and lines; landscaping and related site improvements; parking facilities; sidewalks and walkway paths; stormwater management and retention systems; lighting; street and directional signage; wetlands mitigation; roads, curbs, and gutters; public park and plaza facilities; open space areas; public school improvements; and any and all facilities and services related to the above including the acquisition of land.

On October 15, 2007, the Board of Supervisors approved a rezoning of properties subsequently included in the District in RZ 2005-PR-041, a request by the private developer to rezone 31.31 acres of land to the Planned Development Commercial (PDC) and Planned Residential Mix (PRM) Districts in order to develop the portion of Merrifield designated as the town center in the Comprehensive Plan. The site is located south of Lee Highway/Rt. 29, west of Yates Way, east of Eskridge Road and north of the Luther Jackson Middle School. The project was approved for approximately 1,000 dwelling units, a multi-plex theatre, 125,000 square feet of office space, 500,000 square feet of other non-residential uses and a 150 room hotel. Among the public improvements are two parks, the realignment and widening of Eskridge Road, the widening of Lee Highway, improvements to the Lee Highway/Gallows Road intersection and construction of a grid of streets. Virtually all parking will be provided in structures. Two Proffered Conditions Amendments have subsequently been approved which modified certain uses and layout of the site.

On July 21, 2008, the Board of Supervisors adopted 16 Principles for Public Investment in Support of Commercial Redevelopment ("Principles") in order to provide policy guidance related to requests for public investment in designated redevelopment, revitalization and other strategic areas of the County and endorsed a process whereby such requests would be evaluated.

The County has various funding methods available that can be used to assist commercial investment. One mechanism by which public investment may be requested is through the establishment of a CDA, which can be established to provide a broad range of public infrastructure and services. A CDA is established by petition to the Board from a majority (51 percent) of land owners within a proposed area, and is governed by appointees of the Board of Supervisors. The 51 percent can be based on either land area or assessed value. A CDA is a flexible tool that can be funded by ad valorem special taxes or special assessments, as negotiated with petitioners. It typically covers a relatively small area, such as a single shopping mall, a downtown redevelopment area, a mixed use development, and usually involves a single or small group of owners. No General Fund or debt impact is intended, unless the CDA is coupled with tax increment financing.

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Pursuant to Article 6 of Title 15.2 of the Code of Virginia, prior to accepting any petitions for the creation of a CDA, the Board must act to assume the power to consider such request. The Board held a public hearing on September 8, 2008, after which the Board adopted an ordinance by which the County assumed the power to consider petitions for the establishment of CDAs.

The Board of Supervisors adopted an Ordinance that established the Mosaic District CDA on April 27, 2009, on the land that is encompassed by RZ 2005-PR-041. The Ordinance establishing the Mosaic District CDA was amended on April 27, 2010, and again on April 26, 2011. The last amendment included the imposition of a special assessment to be levied on the properties within the District. On April 26, 2011, the Board also approved the bond resolution and amendments to the Board's by-laws, and endorsed the special assessment report that provided the basis for the allocation of the special assessment among the various parcels within the District.

County staff and the County's financial and bond consultants negotiated terms and conditions for the Memorandum of Understanding (MOU) among the County, the CDA and the developer. In summary, the MOU proposed the following:

- Fund a $30.0 million dollar portion of the public facilities to be constructed on the site through a 30 year bond to be issued by the District whose debt service will be paid by a self-assessment

- Fund a $42.0 million dollar portion of the public facilities to be constructed on the site (road improvements, parks, and a small portion of the parking garage) through a 22 year bond also issued through the District whose debt service will be paid through incremental real estate tax revenues. Liability for the debt service will be secured by the District, not the County.

In June, 2011, the CDA issued $46,980,000 of revenue bonds, Series 2011A, and an additional $18,670,000, Taxable Series 2011A-T, in July 2011. Proceeds from the CDA Bonds are to be used to finance certain public infrastructure improvements within the Mosaic District to support mixed-use development within the District. The CDA bonds are payable primarily from certain incremental real estate tax revenues collected by the County in the District and certain special assessments imposed and collected by the County within the District. The payment of incremental real estate tax revenues and special assessments, as applicable, by the County to the CDA for debt service payments on the CDA Bonds are subject to appropriation by the County.

For FY 2016, Mosaic debt service payments of $4.54 million are required as capitalized interest monies have been exhausted. Projected tax increment financing (TIF) revenues are $4.53 million based on January 1, 2015 assessed values and the current tax rate of $1.09 per $100 of assessed value. The modest short-fall in TIF revenues needed to pay the debt service will be drawn from cash available in the Mosaic surplus fund and was approved as part of the annual meeting of the Mosaic District Board meeting on February 25, 2015.

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FY 2016 Funding Adjustments

The following funding adjustments from the FY 2015 Adopted Budget Plan are necessary to support the FY 2016 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on April 28, 2015.

- **Fiscal Agent Payments** **$647,953**
  An increase of $647,953 or 16.7 percent over the FY 2015 Adopted Budget Plan amount of $3,882,012 for estimated payments to the fiscal agent is projected primarily due to assessed value adjustments anticipated for FY 2016 from January 1, 2015 assessments.

Changes to FY 2015 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2015 Revised Budget Plan since passage of the FY 2015 Adopted Budget Plan. Included are all adjustments made as part of the FY 2014 Carryover Review, FY 2015 Third Quarter Review, and all other approved changes through April 30, 2015.

- There have been no adjustments to this fund since approval of the FY 2015 Adopted Budget Plan.

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FUND STATEMENT

Fund 70040, Mosaic District Community Development Authority

	FY 2014 Actual	FY 2015 Adopted Budget Plan	FY 2015 Revised Budget Plan	FY 2016 Advertised Budget Plan	FY 2016 Adopted Budget Plan
Beginning Balance	$0	$0	$0	$0	$0
Revenue:					
TIF Revenue - Series A[1]	$2,214,585	$3,882,012	$3,882,012	$4,529,965	$4,529,965
Total Revenue	$2,214,585	$3,882,012	$3,882,012	$4,529,965	$4,529,965
Total Available	$2,214,585	$3,882,012	$3,882,012	$4,529,965	$4,529,965
Expenditures:					
TIF Revenue - Series A to Trustee	$2,214,585	$3,882,012	$3,882,012	$4,529,965	$4,529,965
Total Expenditures	$2,214,585	$3,882,012	$3,882,012	$4,529,965	$4,529,965
Total Disbursements	$2,214,585	$3,882,012	$3,882,012	$4,529,965	$4,529,965
Ending Balance	$0	$0	$0	$0	$0

[1] The January 2015 assessments are projected to generate $4.53 million in TIF revenues that will be distributed to the trustee. This revenue adjustment reflects the Department of Tax Administration assessed value of parcels within the district and the FY 2016 Adopted Budget Plan tax rate of $1.090 per $100 of Assessed Value. The Community Development Authority, while related to the County, is a legally separate Authority and is not considered a component unit of the County.