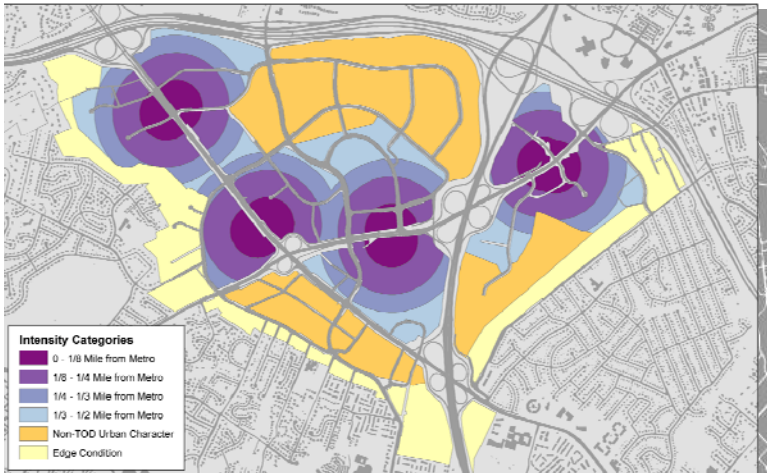
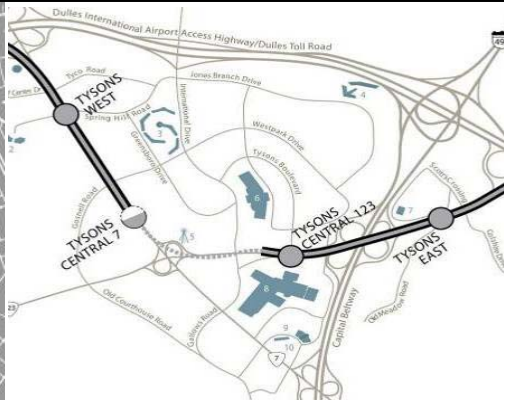
Funding Tysons Transportation Improvements

Planning Commission
Tysons Committee
May 6, 2010,
as revised 5/7/10





Benefits of Replanning Tysons

- Capitalize on Metrorail investment to Dulles of four Tysons stations

- Regional growth management strategy to concentrate development in activity centers

- Vehicle trips generated by concentrating development in Tysons will be significantly less as compared to locating the same uses in dispersed suburban developments.

  This is due to the high density mixed use urban environment planned within walking distance of Metrorail stations.

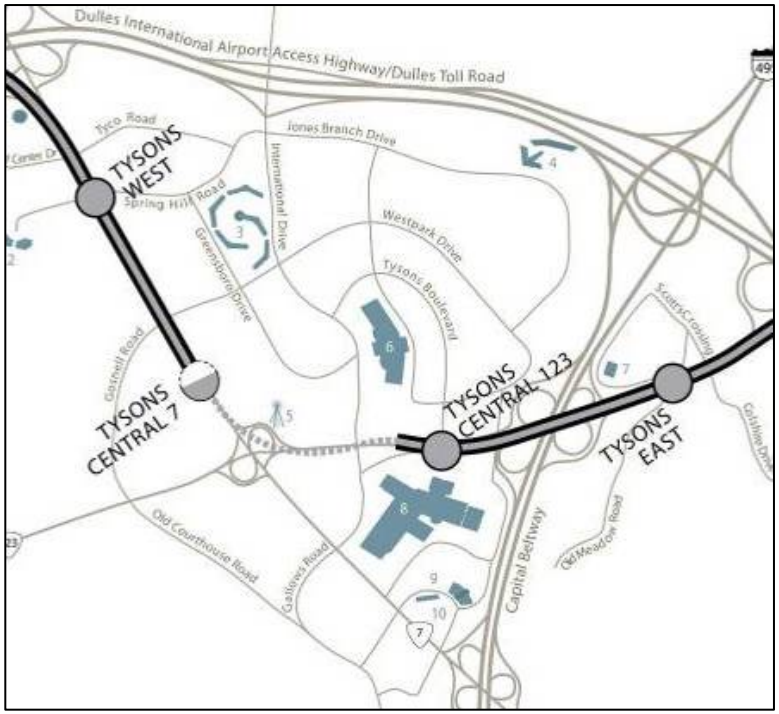


Image source: Dulles Corridor Metrorail Project

Benefits of Replanning Tysons

A **livable urban center** with:

- 100,000 residents; 200,000 jobs
- More housing and less parking
- Grid of complete streets
- Built around transit and walking
- Parks, plazas, and open space
- High level of environmental stewardship
- Urban standards for buildings, services and infrastructure
- Affordable/workforce housing targets
- Arts, cultural, recreation opportunities

Development Levels and Projected Time Frames

Alternative	Development Level	Anticipated Build-Out Time Frame (GMU Forecast)
Existing Development	46 million	2010
1994 Plan (3 Stations)	73 million	2030 Mid
Modified 1994 Plan (4 Stations)	76 million	2030 Mid - High
No Max FAR Alternatives	84 million	2030 High
Consultant Recommendation	114 million	2050 Mid- High
Staff Recommendation	116 million	2050 Mid - High
Task Force Recommendation	175 million	2080 Estimated

Assumptions/Disclaimers

- Evaluate transportation infrastructure required to support total development of 84 M square feet (2030 horizon year)
- Future unentitled land use assumed at 50% residential and 50% non-residential
- Revenue projections include 3% annual growth in taxes collected
- Cost estimates have been prepared by FCDOT using 2006 VDOT guidelines which have been increased where appropriate due to inflation, cost of right-of-way in Tysons, and the provision of complete streets
- All cost and revenue amounts are expressed as 2010 dollars
- Cost allocations between public and private sectors were developed by staff for the purpose of evaluating funding options

Transportation Costs to 2030

1. 2030 Grid of Streets **$444 M**
   a. Construction of streets associated with redevelopment proposals (Does NOT include right-of-way cost, for which density credit can be given) $296 M
   b. Construction of streets outside of redevelopment proposals (includes ROW) $148 M

2. Tysons-wide Road Improvements **$646 M**
   (Includes right-of-way and construction cost)

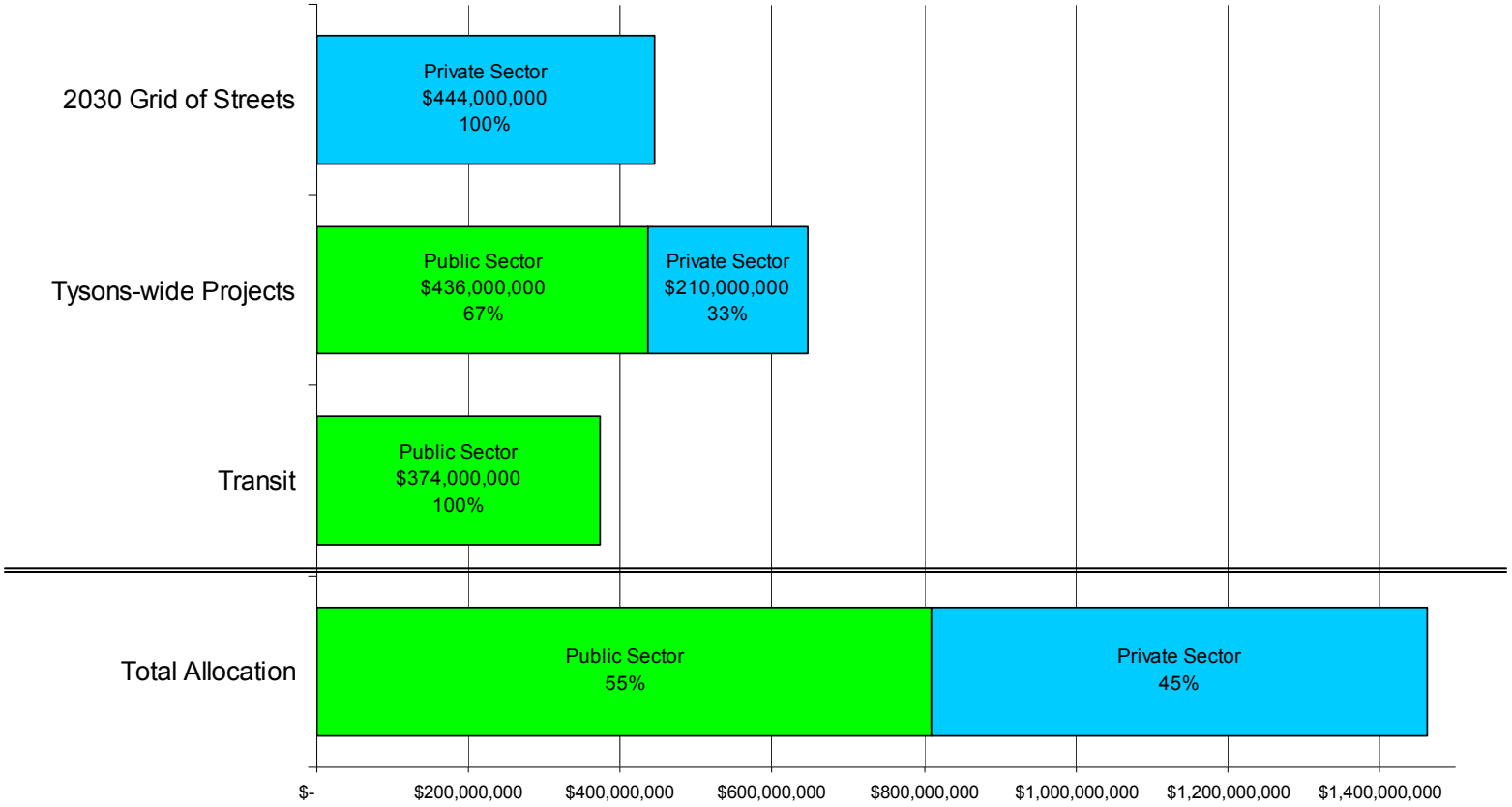
3. Transit Operational and Capital Costs **$374 M**
   (Does NOT include Dulles Rail cost)

Total: $**1,464 M**

4. Neighborhood Improvements

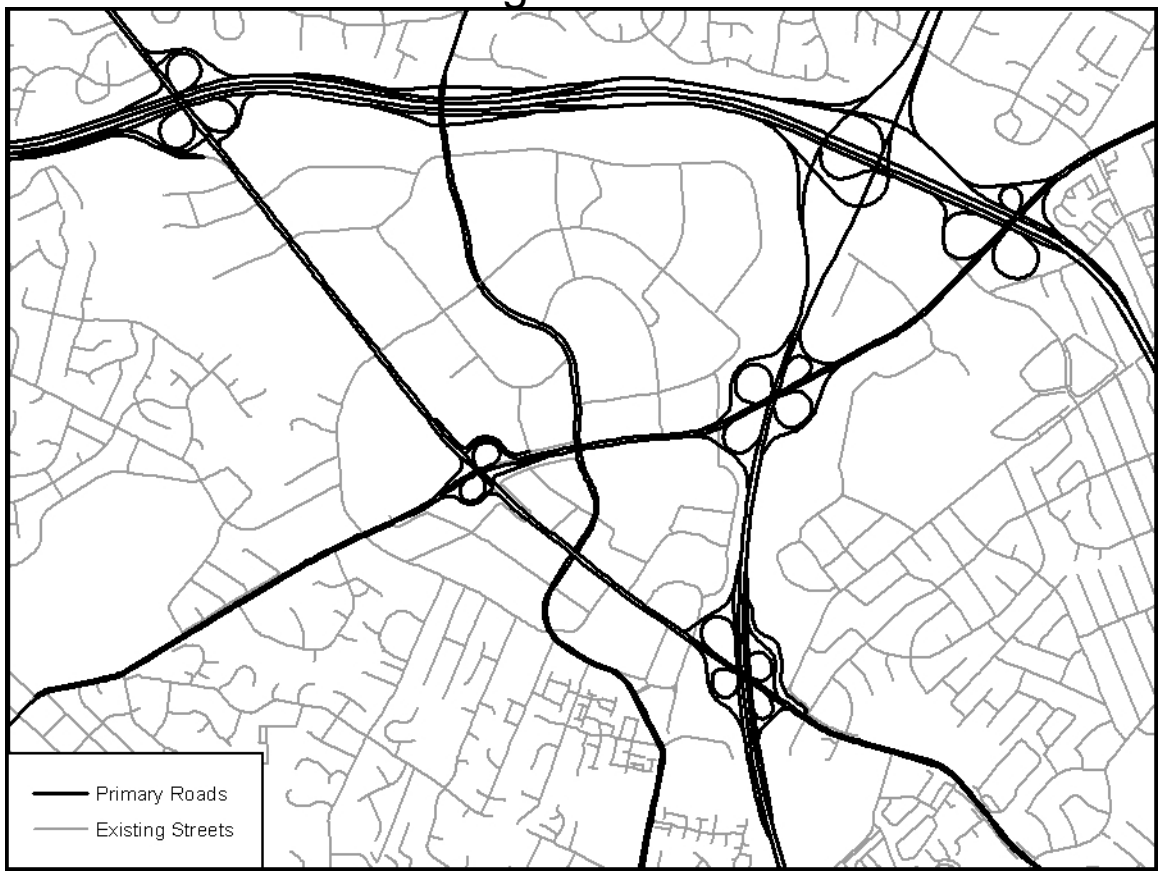
Staff Proposed Public/Private Share Apportionment

Overall funding for transportation and transit investment is a shared responsibility between public and private sectors.



Grid of Streets

Existing Street Network



Grid of streets is critical to achieve urban form and road network to support planned intensities

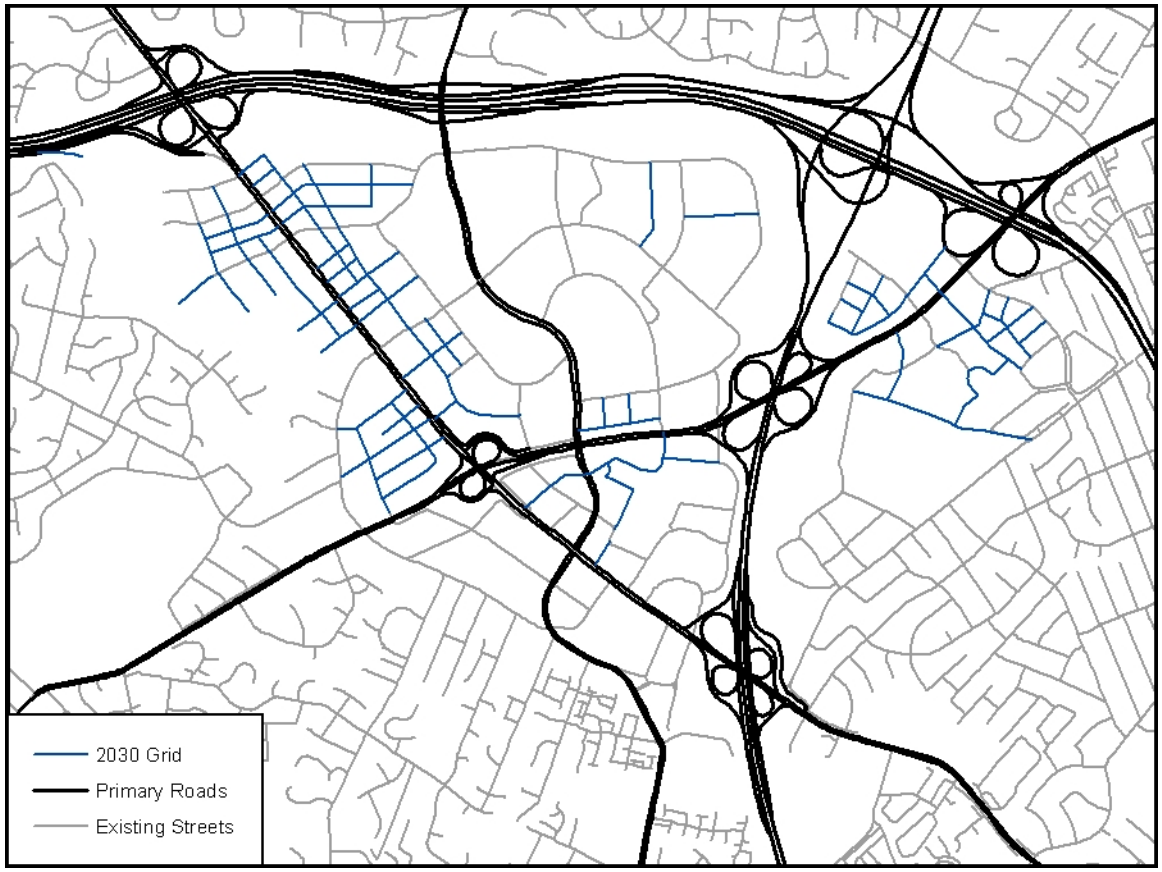
Current road network with 'superblock structure' needs to be transformed into urban street grid with a smaller block form

2030 Grid of Streets

New grid will be implemented concurrent with redevelopment

<u>Staff Recommends:</u>
100% of grid cost be the responsibility of developers

Street Network with 2030 Grid



Anticipate 80% of street grid will be provided with redevelopment; 20% will not come through redevelopment proposals

Funding 2030 Street Grid

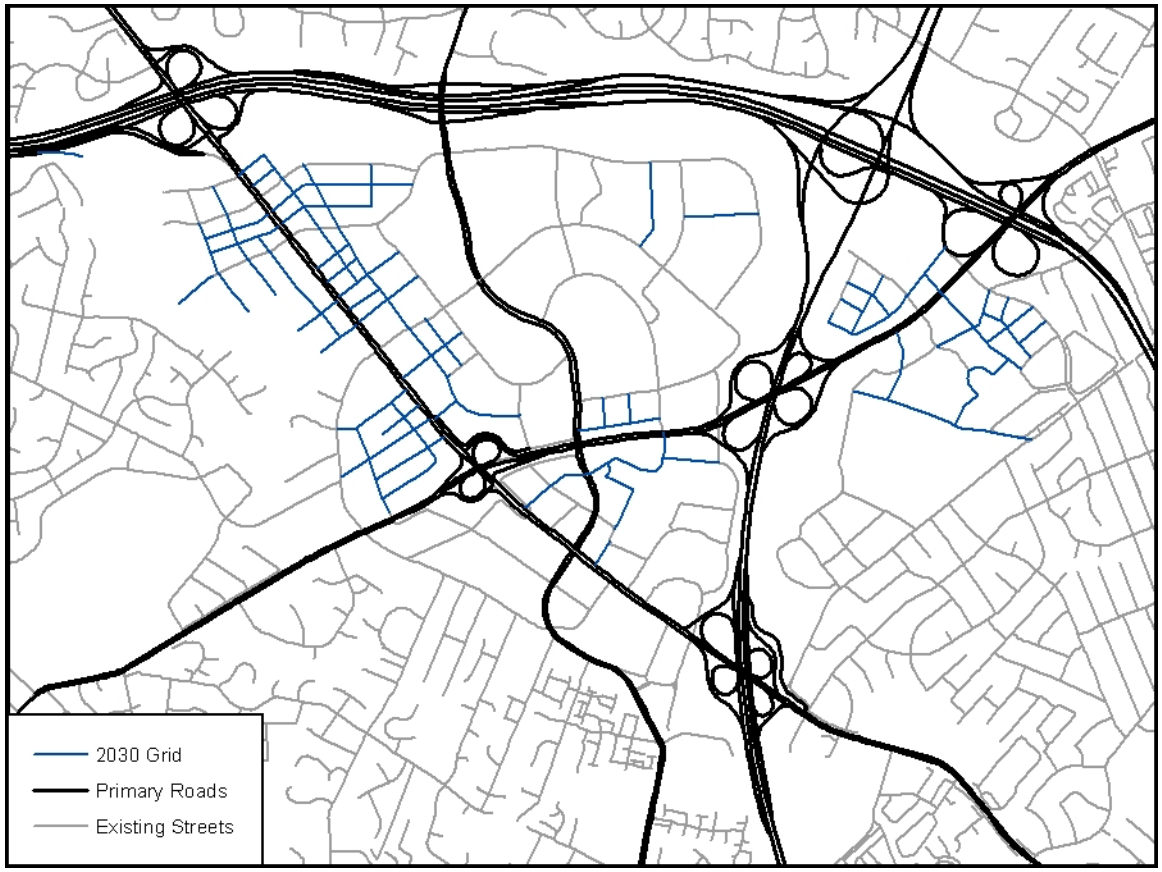
2030 grid is 60% of 2050 grid

Cost: **$444 M** to construct 2030 grid

80% of 2030 grid to be provided within projects. Generally consists of frontage and internal street improvements

Cost: **$296 M** (does NOT include ROW)

Street Network with 2030 Grid



Funding 2030 Street Grid

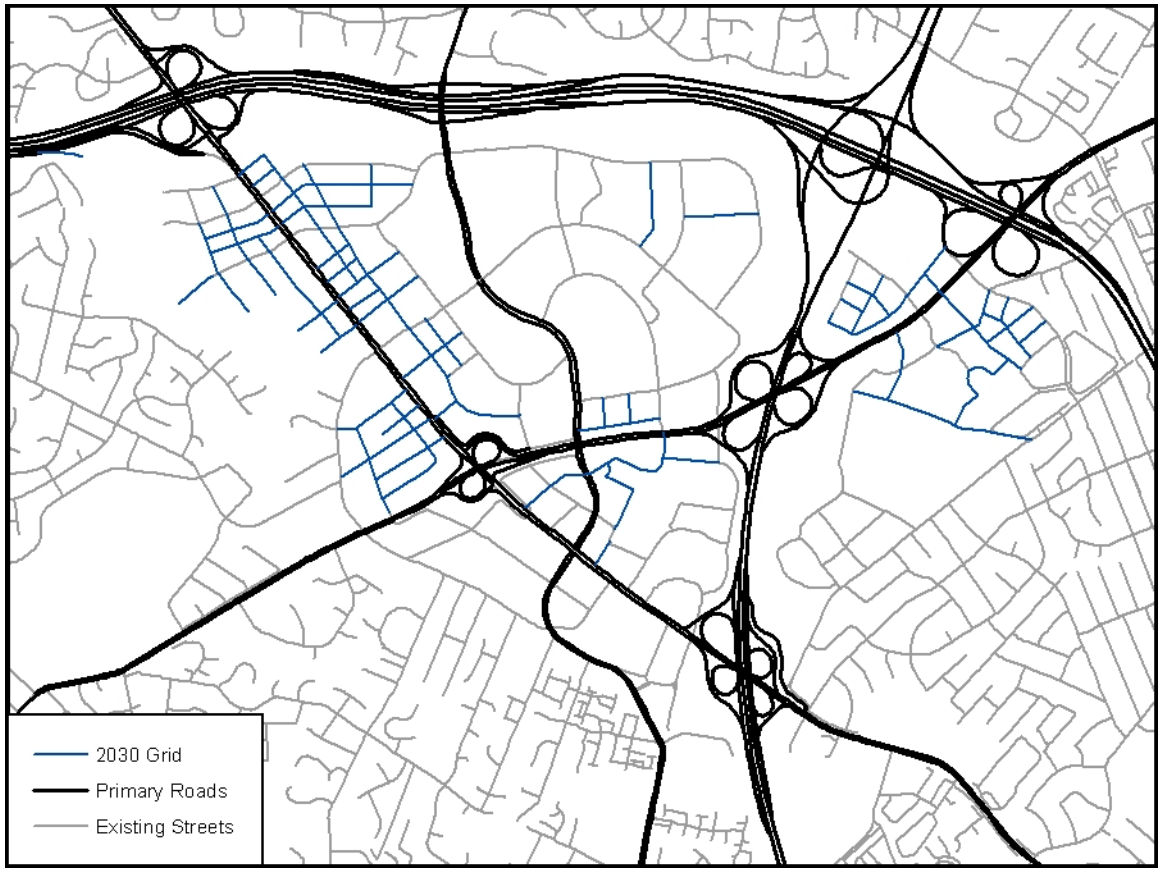
20% of 2030 grid is expected to occur outside of redevelopment

Cost: **$148 M**
(includes ROW cost)

Recommend continuation of Tysons Road Club (current rate: $3.87 per sq ft non-residential; $859 per residential unit).

If sole source of funds, potential Road Club rates would be:

Street Network with 2030 Grid



$8.63 per non-res sq.ft. and **$1,000** per residential unit.
(Based on 27 M sq.ft. of unentitled new development, assuming a 50% - 50% split between residential and non-residential development

Road Club Rates

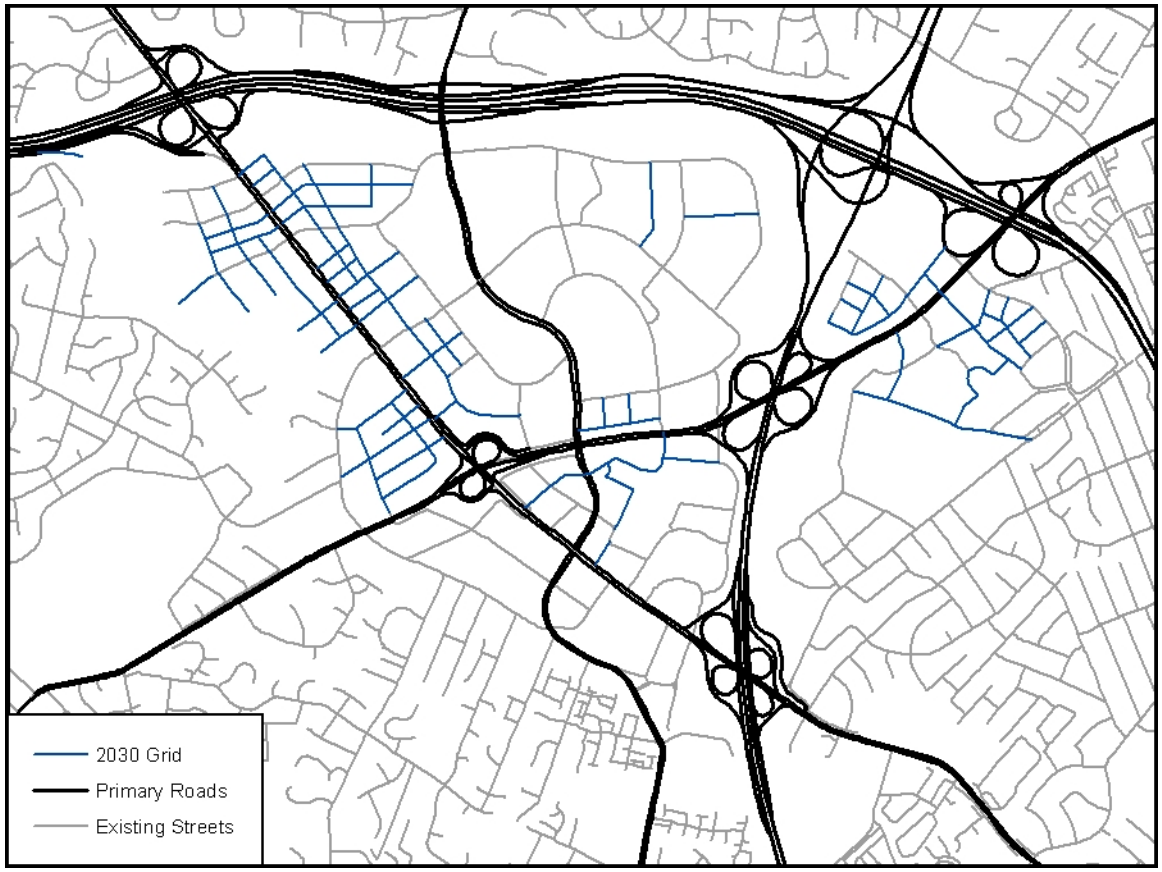
In comparison:

<u>Potential Tysons Rate</u>
$8.63 sq.ft. for non-res
$1,000 unit for res

<u>Centreville Rate</u>
$5.45 sq.ft. for non-res
$2,153 unit for res

<u>Fairfax Center Area Rate</u>
$5.07 sq.ft. for non-res
$1,124 unit for res

Street Network with 2030 Grid



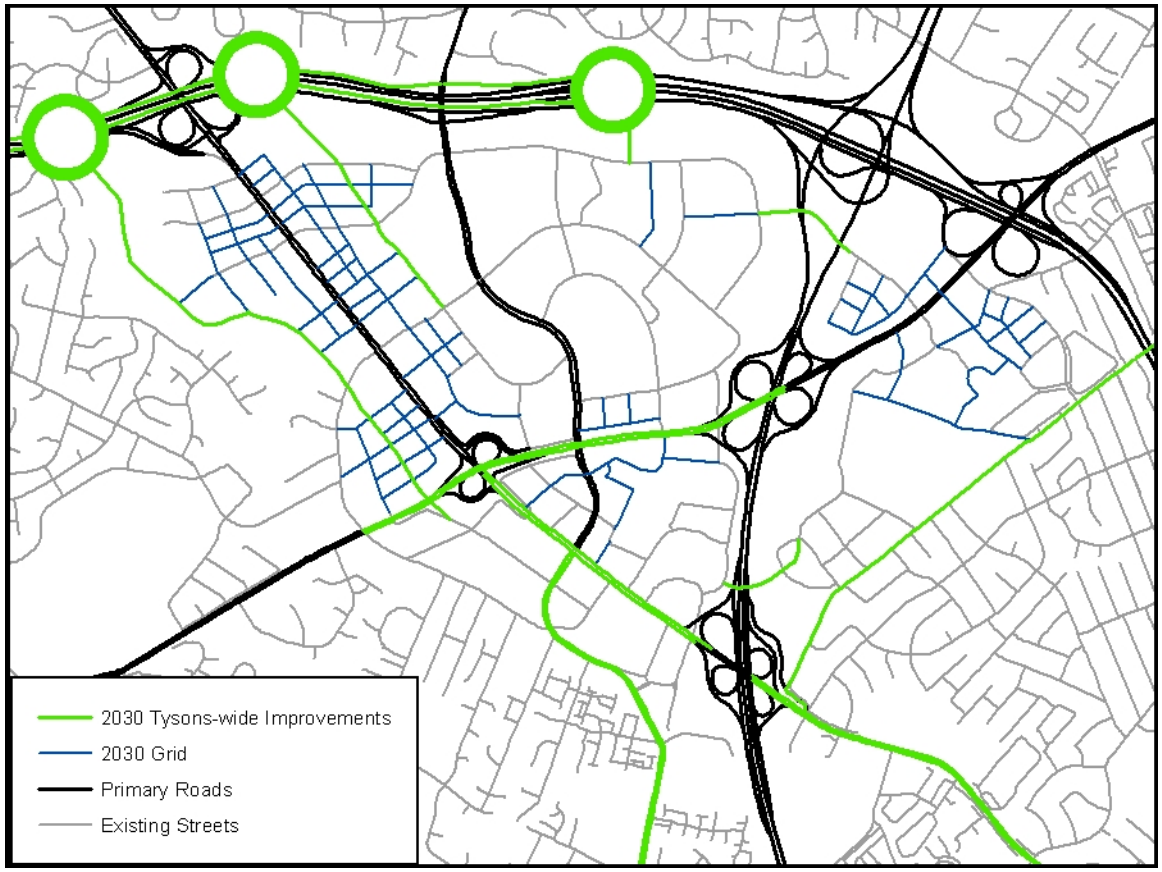
Tysons-wide 2030 Road Projects

14 Projects required to support 2030 redevelopment intensity levels

Projects needed to:

- Maintain access within area
- Expand capacity of existing links
- Improve access points from DTR and I-495 and Tysons
- Improve traffic flow within area

2030 Street Network



Total Cost: **$646 M**

Tysons-wide 2030 Road Projects

*	**Phase I (2010-2015)**	
	Rt.7 Widening from Rt.123 to I-495	$29,000,000
	Boone Blvd Extension west from Rt.123 to Ashgrove Lane	$99,000,000
	Phase II (2015-2020)	
	Greensboro Drive Extension west from Spring Hill Road to Rt.7	$46,000,000
	Dulles Toll Road Ramp to Boone Blvd Extension	$59,000,000
	Dulles Toll Road Ramp to Greensboro Drive Extension	$24,000,000
	Dulles Toll Road Westbound Collector Distributor	$105,000,000
	Dulles Toll Road Eastbound Collector Distributor	$53,000,000
	Phase III (2020-2025)	
	Rt.7 Widening between I-495 and I-66 (1.34 mile length, 0.18 miles in Tysons)	$43,000,000
	Rt.123 Widening from Old Courthouse Road to Rt.7	$21,000,000
	Rt.123 Widening from Rt.7 to I-495	$27,000,000
	Widen Magarity Road from Lisle/Rt.7 to Great Falls Street	$40,000,000
	I-495 Overpass at Tysons Corner Center	$16,000,000
	Extension of Jones Branch Connection to inside I-495	$16,000,000
	Phase IV (2025-2030)	
	Widen Gallows Road from Rt.7 to Prosperity Ave (2.56 mile length, 0.84 miles inside Tysons)	$68,000,000
	Total for 2010 to 2030	$646,000,000

* Project phasing could be adjusted based on changes to prioritization

Funding Tysons-wide 2030 Projects

<u>Staff Recommends:</u>

Tysons-wide project costs should be a shared responsibility between the public and private sectors.

The cost share should be allocated based upon the ratio of through and local traffic volumes.

Public responsibility: All of through traffic (35%) and ½ of local traffic generated (32.5%)

Private responsibility: ½ of local traffic generated (32.5%)

<u>Cost Split for Tysons-wide Projects:</u>

Private Sector	32.5%	(**$210 M**)
Public Sector	67.5%	(**$436 M**)

Tysons-wide 2030 Projects Funding Options Elements

Each funding option was rated on 7 elements to illustrate issues related to each (see appendix for more detail)

<u>Seven elements</u>

-Cost of Financing/Carrying Cost
-General Fund Impact
-Ability to Meet Capital Requirements
-Level of Third Party Concurrence
-Length of Time to Accrue Funds
-Impact on Redevelopment
-Impact to G.O. Debt

Elements are ranked on color scale:

Green ■ = Low impact and/or Most Beneficial
Orange ◆ = Medium Impact and/or Of Concern
Red ● = High Impact and/or Most Difficult

Tysons-wide 2030 Projects Funding Option – Public Sector

Goal Amount
Public : $436 M
Private: $210 M

Tax Increment Financing (TIF)

Capture projected incremental property tax revenue stream and allocate all, or portion, to transportation improvements

	Cost of Financing / Carrying Cost	Length of Time to Accrue Funds	General Fund Impact	Impact on Redevelopment	Impact to G.O. Debt	Ability to Meet Capital Requirements	Requires Third Party Concurrence
100% TIF	●	◆	●	■	■	■	■
Capped TIF	●	◆	◆	■	■	◆	■

Through 2030

100% of TIF at $1.09 and 3% annual growth value ≈ **$439 M**

Since 100% TIF is unlikely, as an alternative,

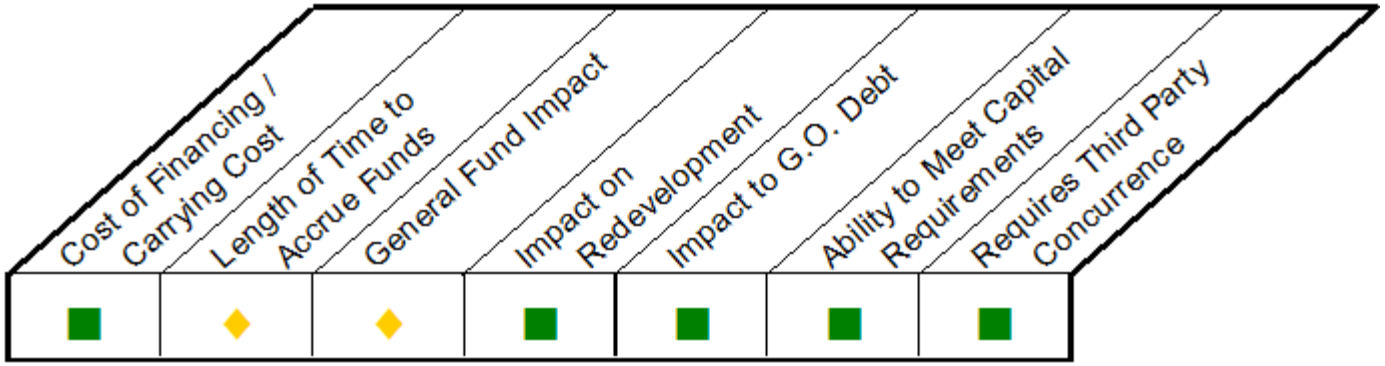
Capped TIF ≈ **$251** at maximum annual amount equal to $0.01 tax rate value

Tysons-wide 2030 Projects Funding Option – Public Sector

Goal Amount
Public : $436 M
Private: $210 M

General Revenue Fund (Pay-Go)

Dedicate portion of general revenue collected through property tax



Through 2030

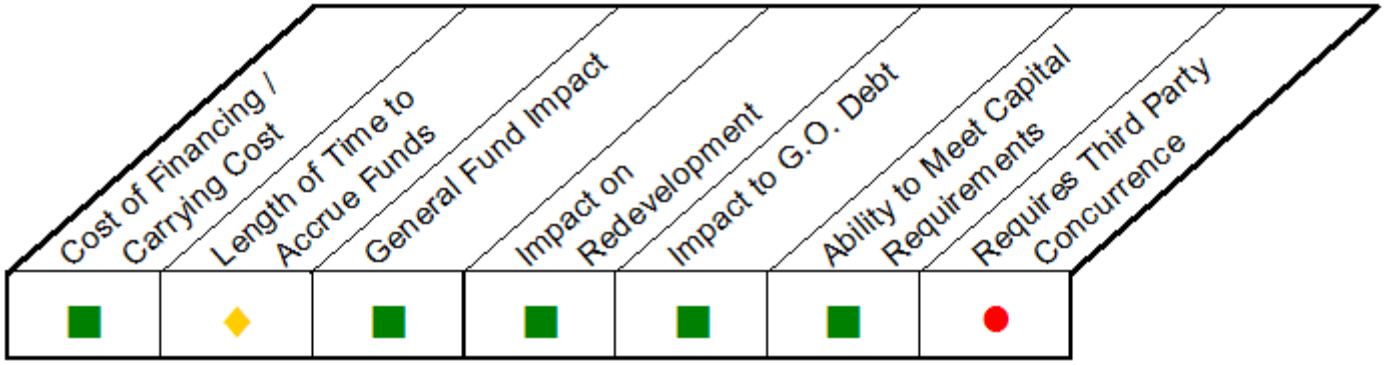
$0.01 General Fund dedication ≈ **$502 M**

Tysons-wide 2030 Projects Funding Option – Public Sector

Goal Amount
Public : $436 M
Private: $210 M

Meals Tax (Pay-Go)

Establish a countywide 4% meals tax with a portion dedicated for transportation



Through 2030

Annual contribution of **$21.8 M** could fully fund **$436 M** Tysons' need

Meals Tax at 4% expected to generate ≈ **$80 M** annually countywide (**$1.6 B** over 20 yrs) which is sufficient to fund Tysons-wide improvements, as well as a significant number of other Countywide transportation improvements

Tysons-wide 2030 Projects Funding Option – Public Sector

Goal Amount
Public : $436 M
Private: $210 M

General Obligation Bond Program

Include all or a portion into County's CIP and debt program

Through 2030

Final allocation to be considered in conjunction with other CIP priorities and review of debt capacity

(Full cost of Tysons projects would require **$21.8 M** per year on top of current priorities)

Tysons-wide 2030 Projects Funding Option – Public Sector

State and Federal Funding

There is enormous uncertainty related to federal and state funding for transportation

•State transportation funds for construction began being diverted to maintenance in FY02. Due to this, and other factors, it is projected that, without increases in state transportation revenue, the state will not have adequate transportation funds to fully match federal funds by FY14

•Availability of Federal funding for new construction projects remains extremely uncertain and will remain so until a new federal transportation bill in enacted by Congress.

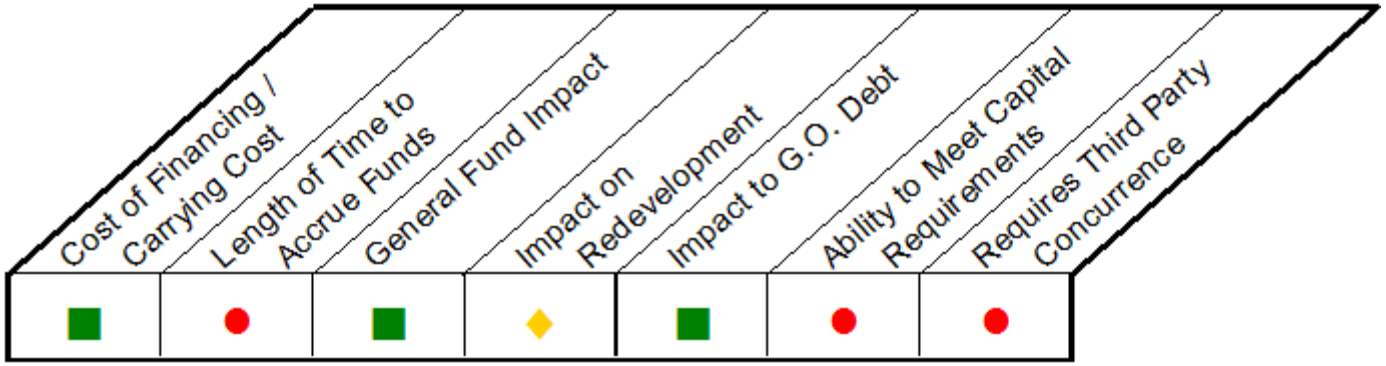
•All state and federal funds are largely already committed to other projects over the next 6 years (FY11 – FY16) and not available for new projects

Tysons-wide 2030 Projects Funding Option – Public Sector

Goal Amount
Public : $436 M
Private: $210 M

<u>State and Federal Funding</u>

Portion of funding provided from state or federal sources



Historically state and federal funding sources for ALL COUNTYWIDE capital transportation projects has averaged between $40 – 50 M annually

Tysons-wide 2030 Projects Funding Option – Public Sector

Goal Amount
Public : $436 M
Private: $210 M

Commercial Transportation Tax (C&I Fund)

Dedicate portion of revenue collected through C&I Fund. FY2009 rate at $0.11 (max rate permitted = $0.125)

Through 2030

24% of C & I dedication ($0.0267) ≈ **$138 M**

48% of C & I dedication ($0.0535) ≈ **$336 M**

(Tysons currently contributes ≈ 24% of total C&I revenue)

Tysons-wide 2030 Projects Funding Option – Private Sector

Goal Amount
Public : $436 M
Private: $210 M

Special Tax or Service District

ad valorem special tax or special assessment within defined geographic area

Through 2030

$0.14 ad valorem tax rate ≈ **$210 M**

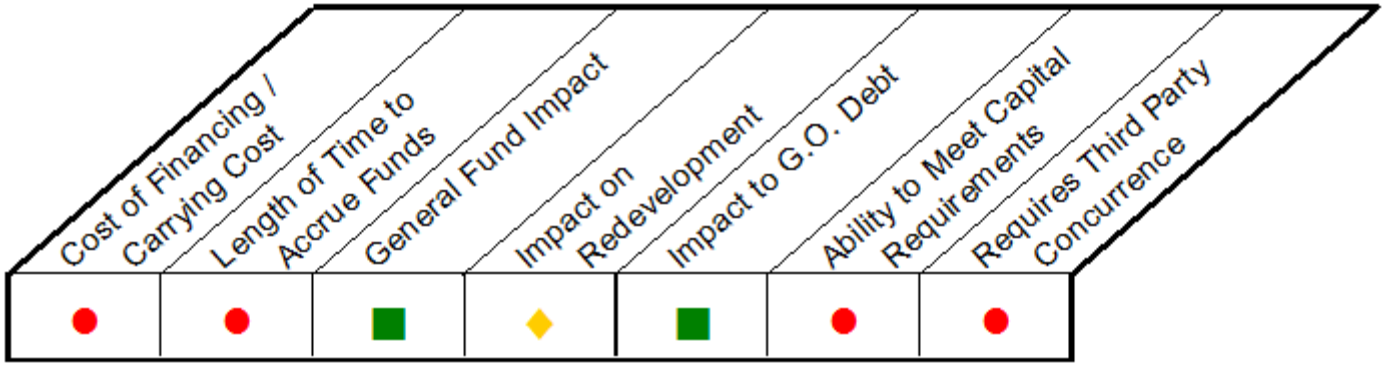
Tysons-wide 2030 Projects Funding Option – Private Sector

Goal Amount
Public : $436 M
Private: $210 M

Community Development Authority (CDA)

ad valorem special tax or special assessment within defined geographic area

Requires petition by 51% of land owners



Through 2030

$0.07 ad valorem tax rate ≈ **$86 M**

(linked to Dulles Rail maximum rate where CDA rate increases as Dulles Rail rate is reduced with a combined maximum rate of $0.29)

Tysons-wide 2030 Projects Funding Option – Private Sector

Goal Amount
Public : $436 M
Private: $210 M

Development Contributions

Funds or in-kind construction commitments provided either from individual proposals or from private-private partnerships

Cost of Financing / Carrying Cost	Length of Time to Accrue Funds	General Fund Impact	Impact on Redevelopment	Impact to G.O. Debt	Ability to Meet Capital Requirements	Requires Third Party Concurrence
■	●	■	●	■	●	●

Through 2030

Contribution levels are unknown at this time

Tysons-wide 2030 Projects Funding Option Summary

	Public Sector Funding Sources							Private Sector Funding Sources		
	100% TIF	Capped TIF	General Fund (Pay Go)	Meals Tax (Pay Go)	G.O. Bonds	State/Federal Funding	C&I Funds	Service District	CDA	Developer Contributions
Cost of Financing / Carrying Cost (Lowest to High)	●	●	■	■	■	■	◆	◆	●	■
Length of Time to Accrue Funds (Sooner to Later)	◆	◆	◆	◆	■	●	◆	■	●	●
General Fund Impact (Low to High)	●	◆	◆	■	■	■	■	■	■	■
Impact on Redevelopment (Low to High)	■	■	■	■	■	◆	◆	◆	◆	●
Impact to G.O. Debt (Low to High)	■	■	■	■	◆	■	■	◆	■	■
Ability to Meet Capital Requirements (High to Low)	■	◆	■	■	■	◆	●	■	●	●
Requires Third Party Concurrence (Degree of Difficulty)	■	■	■	●	◆	●	◆	●	●	●

■ Low Impact and/or Most Beneficial

◆ Medium Impact and/or Of Concern

● High Impact and/or Most Difficult

Tysons-wide 2030 Projects Funding Option Summary

Solution likely to blend variety of options proposed to spread risk and phase funds

Goal Amount
Public : $436 M
Private: $210 M

Total Need	**$646 M**
Public	
-100% TIF	**$439 M**
-Capped TIF at $0.01 G.F. Amount	**$251 M**
-General Fund / Pay-Go @ $0.01 Dedication	**$502 M**
-Meals Tax (4%)	**$436 M+**
-G.O. Bonds ($21.8M per year)	**$436 M**
-State/Federal funds	**Unknown**
-C&I Funds, $0.04 dedication	**$336 M**
Private	
-Service District, $0.14 *ad valorem* rate	**$210 M**
-CDA, $0.07 *ad valorem* rate tied to Rail	**$86 M**
-Developer Contributions	**Unknown**

Transit Costs – Operating and Capital

Expanded transit service that serves Tysons, over and above service existing today; does not include costs for Silver Line

Operating Cost: **$306 M**
$18M annual cost over 17yrs

Capital Cost: **$68 M**
$34 M for initial transit equipment purchase
$34 M for replacement of equipment

<u>Staff Recommends:</u>
Total costs of **$374 M** (≈ $20 M annually); assumed fully by public sector

Neighborhood Improvements

To assess the need for improvements to the transportation network in adjacent neighborhoods, a recent analysis of 19 representative intersections found:

11 experience an unacceptable Level of Service (LOS) today and are expected to remain at an unacceptable LOS in 2030

Cost to bring these 11 intersections to LOS D Level ≈ **$50 M**
Average cost of ≈ **$4.5 M per intersection**

Of the $50 M, $30 M is included in Tysons-wide projects

Potential Funding Sources

These funding sources have been identified as potential revenue streams to support projected transportation and transit needs within Tysons Corner by 2030. Sources identified include existing and historical funding sources that have previously been allocated to transportation and transit funding or existing or potential funding sources available to Fairfax County, as permitted by law.

Public Sector Funding Sources

Tax Increment Financing (100%)
A tax increment financing district (TIF) allows local governments to apply a portion of future tax revenue to improvements in a specially established district for the purpose of eliminating blighted conditions or providing economic development benefits.

A base year assessment is established and tax revenue at that level is "frozen" continuing to accrue to the General Fund at those assessment levels. Additional tax revenue based upon increases in assessed values over and above the base year assessment rate are allocated to a tax increment fund, and would be used to fund identified improvements.

For estimating revenue generated by a TIF that uses 100% of the incremental revenue, the Comprehensive Plan boundaries of Tysons Corner were used as the district area, the base year assessment was set at 2009 and a real estate tax rate of $1.09 per $100 of assessed valuation. Assuming a growth rate of 3% per year, this funding option could generate approximately $439 million, with 62% bonded and 38% used as debt reserve and pay-go allocation.

Tax Increment Financing (Capped TIF)
Similar to the previous example, except the maximum amount of revenue that can flow into the tax increment fund is capped at an amount 'up to, but not to exceed' the value of $0.01 of the property tax. For FY2011 the value of one real estate penny is approximately $18.7 million.

For estimating revenue generated by a Capped TIF, the Comprehensive Plan boundaries of Tysons Corner were used as the district area, the base year assessment was set at 2009 and a real estate tax rate of $1.09 per $100 of assessed valuation. Assuming a growth rate of 3% per year, this funding option could generate approximately $251 million, with 64% bonded and 36% used for debt reserve as pay-go allocation.

General Revenue Fund (Pay-Go)
Using funds available through the General Fund, this method would use a Pay-Go practice to fund identified improvements. The Pay-Go practice would use funds currently available in the General Fund, rather than relying upon borrow funding sources.

For estimating revenue generated by the General fund, a revenue amount equal to $0.01 of the General Fund Real Estate tax rate was dedicated annually to fund projects. In FY2010 the value of one real estate penny was approximately $20.5 million, these numbers were grown at a 3% annual rate for the 20 year duration. Funding option could generate approximately $502 million, 100% used as pay-go allocation.

Meals Tax (Pay-Go)
Local jurisdictions can impose a tax of up to 4% on meals sold in, or from, a restaurant, with approval of a public referendum. A portion of the revenue from this funding source could be used in Pay-Go practice to fund identified improvements.

It is estimated that a countywide 4% meals tax would generate $80 million annually or $1.6 billion over the 20 year period. Using 27% of the annual revenue from a meals tax through a 100% pay-go allocation could fund the entire public share of improvements for Tyson's, as well as an amount of other County-wide transportation improvements.

General Obligation Bond Program
General obligation bonds are secured by the full faith and credit of Fairfax County. These bonded funds constitute debt and normally require approval by election prior to issuance. Fairfax County has a General Obligation Bond program to manage available debt capacity; the identified improvements would be folded into the existing program.

The full public share of improvements would require $21.8 million annual allocation of the debt capacity for Tyson's, in addition to, or in conjunction with, current priorities. Adjustments to future allocations of debt capacity among currently funded programs may be required to accommodate increased funding for transportation in order to remain within current debt policy guidelines. While the current planned program has little room for expansion through FY 2015, CIP funding for years 2016 through 2030 remains to be allocated.

State and Federal Funding Sources
Transportation and transit services have historically received federal and state funding though a variety of programs. There is a wide range in the estimated revenue potentially available to Fairfax County through these sources. However there is broad uncertainty related to the availability and consistency of state and federal funding sources, allocation methods, existing funding commitments to projects over the next six years (FY11-16), and future transportation funding needs outside of Tysons Corner.

Federal and state sources could some funding for transportation projects over the next 20 years; however, based upon historical data and depending upon the actual amount of funds received, Tysons Corner could consume all of the County's federal and state transportation funds over the next 20 years if so allocated. Uncertainty of timing and amount available render this method unreliable for planning purposes.

Commercial Transportation Tax (C&I Fund)
The commercial transportation tax is a property tax on commercial and industrial properties. Funds raised through C&I taxes must be used exclusively for transportation purposes that benefit Fairfax County. The revenue is collected at the same time as normal General Fund taxes and was set at a rate of $0.11 per $100 of assessed valuation in FY2010. The current maximum rate authorized by the General Assembly is $0.125 per $100 of assessed valuation.

Tysons Corner contains approximately 24% of the countywide total assessed value of commercial and industrial properties, therefore contributing 24% of the total C&I fund revenue. If 24% of the future C&I fund revenue were dedicated to improvements in Tysons, it would be the annual equivalent of $0.0267 cents per $100 of assessed valuation and would generate $138 million over the 20 year period. If 48% of the future C&I fund revenue were dedicated to Tysons, it would be the annual equivalent of $0.0535 cents per $100 of assessed valuation and generate $336 million

over the 20 year period. Under both scenarios, approximately 64% is bonded and 36% used for debt reserve as pay-go allocation.

There are no guarantees that the General Assembly will continue this program. In addition, it should be noted that there is a pending appeal to the Virginia Supreme Court which directly challenges the constitutionality of this method of tax classification and levy.

Private Sector Funding Sources

Special Tax or Service District
These options would establish a special tax or assessment within a defined geographic area for specific service needs. Revenue generated from this source would provide funds to support the identified improvements.

For estimating revenue generated by a Special Tax or Service District, the Comprehensive Plan boundaries of Tysons Corner were used as the district area. A real estate tax rate of $0.14 per $100 of assessed valuation would be needed to generate $210 million, the full amount to cover the private share of improvements.

Voluntary participation by petition of affected landowners will be necessary.

Community Development Authority (CDA)
Upon request by the owners of at least 51% of the land area or assessed value of land within a proposed area, the Board can establish a community development authority (CDA). The CDA would then be able finance identified public improvements through bonds secured by revenue generated through *ad valorem* taxes.

For estimating revenue generated by a CDA, the Comprehensive Plan boundaries of Tysons Corner were used as the district area. The Dulles Rail Tax District was established by petition to fund a portion of the Metro Silver Line construction. Petitioners indicated a willingness to accept a rate not to exceed 29 cents for planning purposes, the rate currently is set at of $0.22 per $100 of assessed valuation.

The funding option for a CDA was evaluated based upon the gap between the existing rate and maximum planning rate. If CDA revenue was generated from the difference of those two rates (approximately $0.07 per $100 of assessed valuation to start although will vary annually once bonds are sold) it would generate $86 million over the 20 year period. Under this scenario, approximately 50% is bonded and 50% used for debt reserve as pay-go allocation.

Individual or Joint Development Proposals
Voluntary cash or in-kind contributions provided through proffers associated with development proposals to mitigate impacts of the proposal. These can be provided on an individual application basis or through private/private partnerships by which a group of landowners commits to provide their fair share of certain specified Tysons-wide facilities.

Since these improvements are typically provided coincident with development, the actual time period in which the facilities will be constructed is unpredictable.

Elements of Funding Sources

Each of the funding sources identified was evaluated on seven elements. These elements reflect policy considerations embedded in each funding source. Each element was assigned a relative ranking based upon the potential impact of each. Lower impacts are reflected in green, moderate impacts in orange, and the highest impacts are in red. Please see each individual element definition for further information on the relative rankings.

Cost of Financing/ Carrying Cost *(Low to High)*
For funding sources which rely upon use of borrowed funds (i.e. bonds), there is a cost associated with borrowed funds. These costs include interest and other lender imposed charges associated with the loan or borrowed funds.

Lowest impacts were from funding sources that had the lowest carrying cost rates. These were due to the use of non-borrowed funds or through the lowest possible rates on borrowed funding. Higher impacts reflect higher percentages of funds being used to pay for the carrying costs.

Length in Time to Accrue Funds *(Sooner to Later)*
Many of the funding sources rely on revenue not currently on hand. This element evaluates anticipated duration to accrue funds prior to allocation or at sufficient levels to borrow funds against.

Lowest impact was from funding sources that created significant amounts of funds available for project construction in a relatively short time frame (0-4 years). Higher impacts reflected longer accrual times.

General Fund Impact *(Low to High)*
Some funding sources impact projected future growth to General Fund revenue.

Lowest impacts were from funding sources which did not have any impact on future General Fund revenue streams. Highest impacts reflected diversion of future General Fund revenue from the General Fund into alternative funding sources.

Impact on Redevelopment *(Low to High)*
Some funding options could potentially hamper redevelopment incentives either within Tysons Corner or in Fairfax County as a whole due to the relationship between the funding option and development costs.

Lowest impacts reflect a potentially minimal impact to development costs, while higher impacts reflect either higher potential development costs or increased development difficulties.

Impact to General Obligation Debt *(Low to High)*
Fairfax County has adopted stringent debt limits to protect residents and investors in County bonds. These limits constrain the available debt capacity of the County at any one time. Lower impacts reflect a funding mechanism which utilize low, or no, portion of that debt capacity. Higher impacts reflect the use of greater amounts of debt capacity.

Ability to Meet Capital Requirements *(Low to High)*
Each of the funding sources identified has a variety of estimated revenue generated. This element evaluates the ability of the funding source to fully fund the proposed fair share portion.

Lower impacts can fully fund the proposed amount, while higher impacts mean that this funding source will likely need to be used in accompaniment with other funding solutions to fully fund proposed amount.

Requires Third Party Concurrence *(Degree of Difficulty)*
All funding sources will require approval the Board of Supervisors. Some funding sources may also require additional approval from residents and/or land owners. The required third party approval and ease of acquiring approval is measured in this element.

Lower impacts mean no third party approval is necessary or is not deemed difficult to acquire. High impacts were assessed for approval processes that are perceived to involve more difficult approval processes.