



Future Ready: Five Ways to Finance Your Smart City

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Fairfax County, Virginia

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<https://www.fairfaxcounty.gov/economic-success/>



Start with the Policy Foundation: Economic Success Strategic Plan

Overarching Vision



“...No community has a preordained right to prosperity. Prosperity can only be achieved and sustained when a community's citizens, businesses and government work in concert for everyone's benefit...”

...Our vision is a community where businesses, residents, and employees of a variety of ages, abilities, and experiences want to live, work, play, learn, and thrive...”

To read the full plan, visit www.fairfaxcounty.gov/economic-success

Goal One

Further Diversify Our Economy

Goal Two

Create Places Where People Want to Be

Goal Three

Improve the Speed, Consistency, and Predictability of the Development Review Process

Goal Four

Invest in Natural and Physical Infrastructure

Goal Five

Achieve Economic Success through Education and Social Equity

Goal Six

Increase Agility of County Government



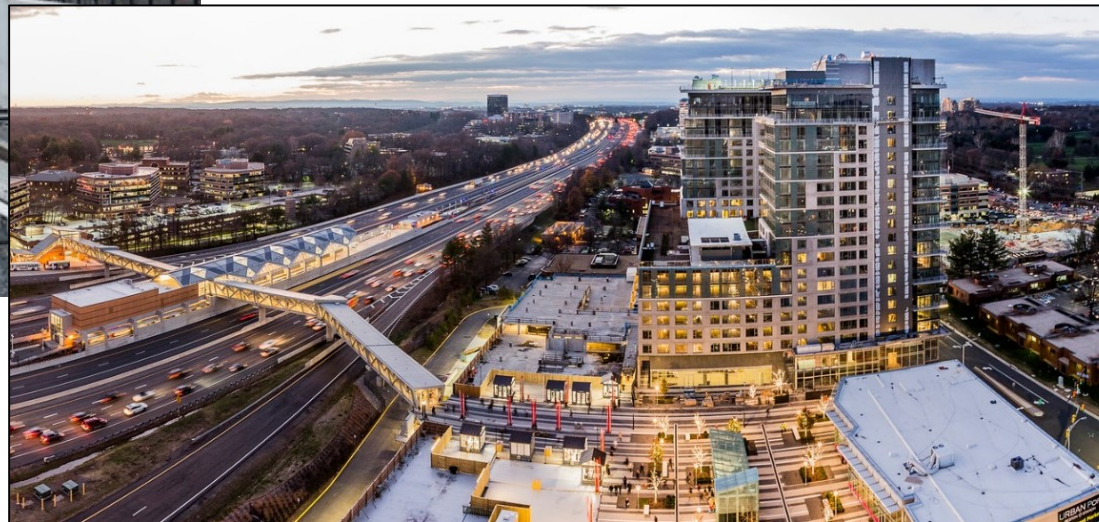
Convert Policy to Action: Goal - Invest in Natural and Physical Infrastructure

Fairfax County recognizes that its investment in public infrastructure not only serves to protect and enrich the lives of its citizens, but also serves to attract new private investment and to achieve its long-term land use and development goals.



Action 4.3 Maximize return on investment potential for all county assets, including land and facilities, by leveraging partnership opportunities with both private and public partners to construct and operate infrastructure and facilities throughout the county.

a. Examine the county's adopted Capital Improvement Program for these types of partnership opportunities.



Identify Implementation Tools: Public Private Partnerships (P3s) and Joint Ventures (JVs)

Fairfax County has identified Public Private Partnerships and Joint Ventures as approaches to leverage Smart Cities opportunities. “A public-private partnership (P3) is a **contractual arrangement** between a **public agency and a private sector** entity. Through this arrangement, the **skills and assets** of each sector (public and private) are **shared** in delivering the service or facility for the use of the general public. In addition to the sharing of resources, each party **shares in the risks and rewards** potential in the delivery of the service and/or facility”

-National Council for Public-Private Partnerships

- Contractual arrangement
- Public and private sectors
- Sharing of skills and assets
- Share in risks and rewards (cost overruns, financing, value creation)

Virginia is a Dillion Rule State

- Enabling Legislation for P3s:
 - PPEA: Public-Private Education Facilities & Infrastructure Act
 - Solicited/Unsolicited
 - PPTA: Public-Private Transportation Act

Only state in the U.S. with Independent City/Town form of government

Focus on Implementation: Why does Fairfax County pursue P3 or Joint Venture projects?

• Build community

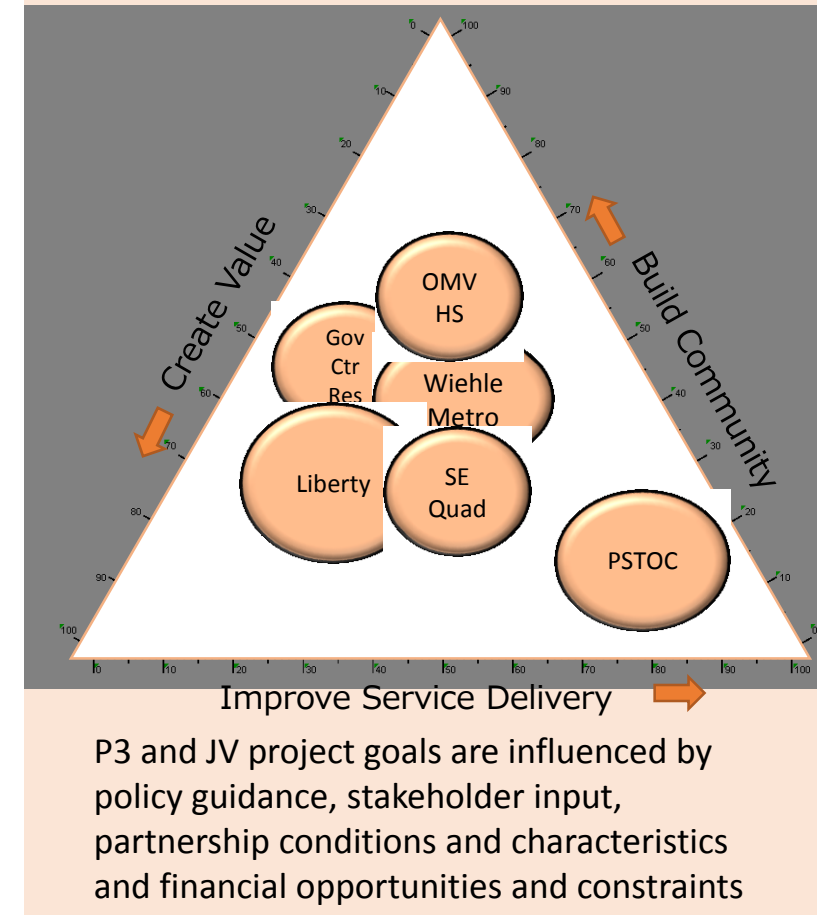
- Projects achieve or facilitate community benefits
 - Create places where people want to live, work, play, learn, and thrive
 - Create identity and sense of community through public facilities and services

• Improve service delivery

- Projects result in new or improved services and amenities to the public
 - Deliver needed community services
 - Provide for integrated service delivery in an efficient and customer oriented manner

• Create value

- Projects create increased value, facilitate development, and stimulate greater economic success for the community and the region
 - Improve value of County owned real property and assets
 - Generate revenue to the county as a result of project implementation



Options for Project Financing: Leveraging Smart Cities Opportunities

- County Debt
 - General Obligation (GO) Bonds
 - Economic Development Authority (EDA) Conduit Bonds
- Fairfax County Redevelopment and Housing Authority (FCRHA) Bonds
- Pay as you go (cash)
- Federal Tax Credits- available to P3/JV Partners (Low Income Housing, Historic Preservation)
- Commonwealth of Virginia, Capital Lease
- Transportation
 - Federal, State, and Local (C&I)
- Private Investment, equity, debt
- Non-profit/Philanthropic
- County Assets, Land and Real Estate Exchanges
- Tax Increment Financing (TIF)
- Fairfax County Economic Reserve Fund
 - Economic Development Support Fund
- Transportation Improvement Districts
- Special Service Districts (SSD)
- Earmarked portions of real estate tax (Half a penny for housing)
- Pilot Projects (Public/Private & Private/Private)
- Proffers (cash/improvements)

Measuring Success: Leveraging Smart Cities Opportunities

Innovation and Equity

**Economic Innovation
and Sustainability**
(9 indicators)

**Education, Housing,
Health**
(8 indicators)

Place and Infrastructure

Mobility
(3 indicators)

**Activity Centers and
Creating Value** *(5 indicators)*

**Environment and
Infrastructure** *(3 indicators)*

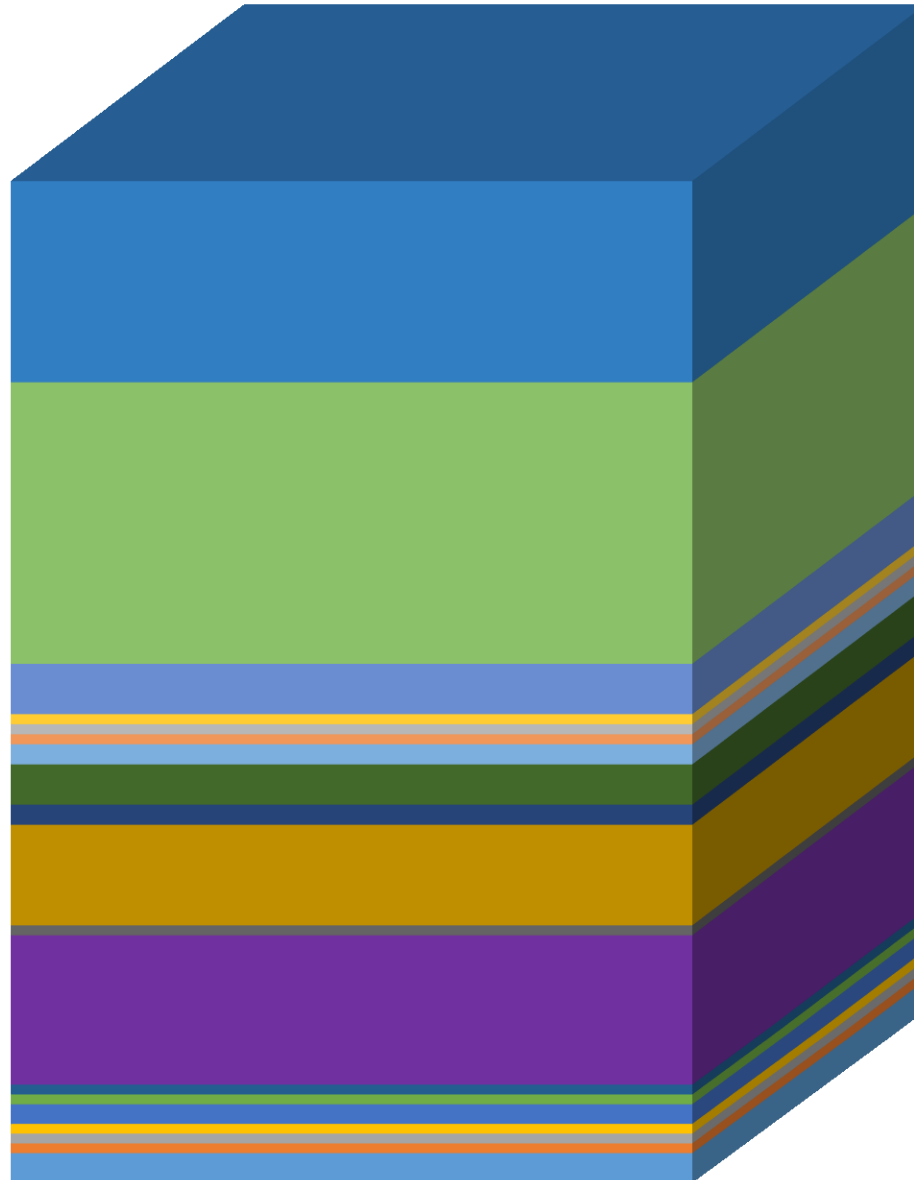
Governance and Financial Stewardship

**Communication and
Culture** *(2 indicators)*

Regulatory Processes
(2 indicators)

**Sound Financial
Decisions** *(3 indicators)*

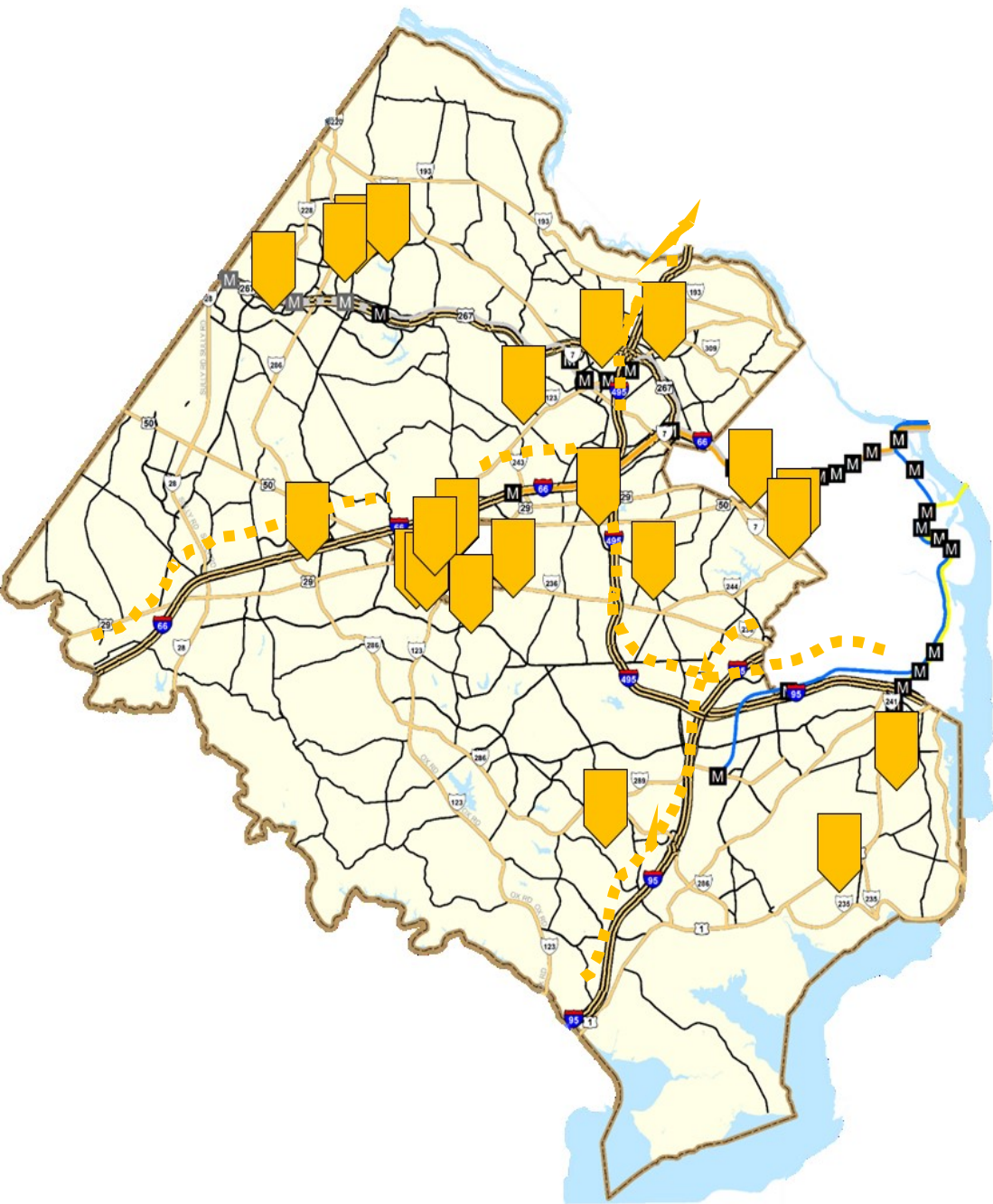
Fairfax County P3 & JV “Capital Stack” Source Allocations



- General Obligation Bonds
- Economic Development Authority Bonds
- FCRHA Bonds
- Pay as you go (cash)
- Federal Tax Credits (available to P3/JV Partners)
- Federal Transportation
- State Transportation
- Local Transportation
- Commonwealth of Virginia, Capital Lease
- Private Investment
- Non-profit/Philanthropic
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Source allocations are general estimates. Future allocations may be influenced by policy guidance and financial opportunities and constraints

Fairfax County P3/JV Projects

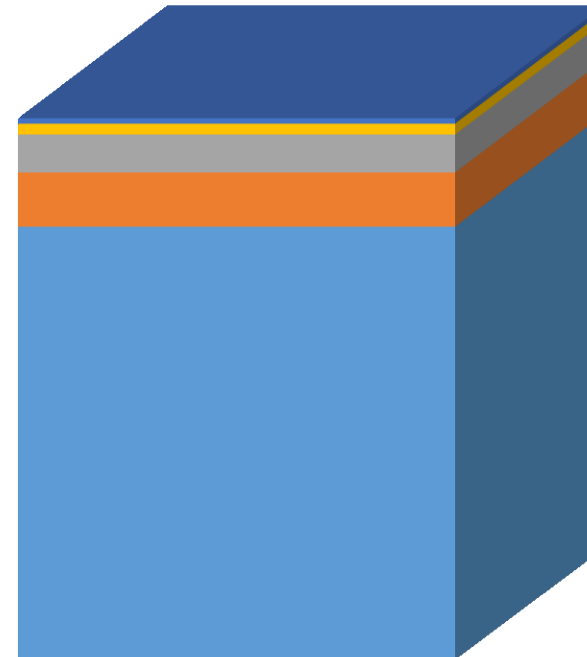


- Wiehle-Reston Metrorail Mixed Use Development
- Original Mount Vernon High School Redevelopment
- Reston Town Center North Redevelopment
- Southeast Quadrant Redevelopment
- Public Safety and Transportation Operations Center
- Liberty at Laurel Hill
- Residences at Government Center

Wiehle-Reston Metro Station Mixed-Use Development; PPEA



- Turned 9 acre surface park-and-ride lot into a transit oriented development with 2,300 spot parking garage, residential, office towers, and ground floor retail
- Generated \$3.3M in General Fund Real Estate Taxes in 2017
- Total Public (Garage) Project Estimate: \$89.8 Million

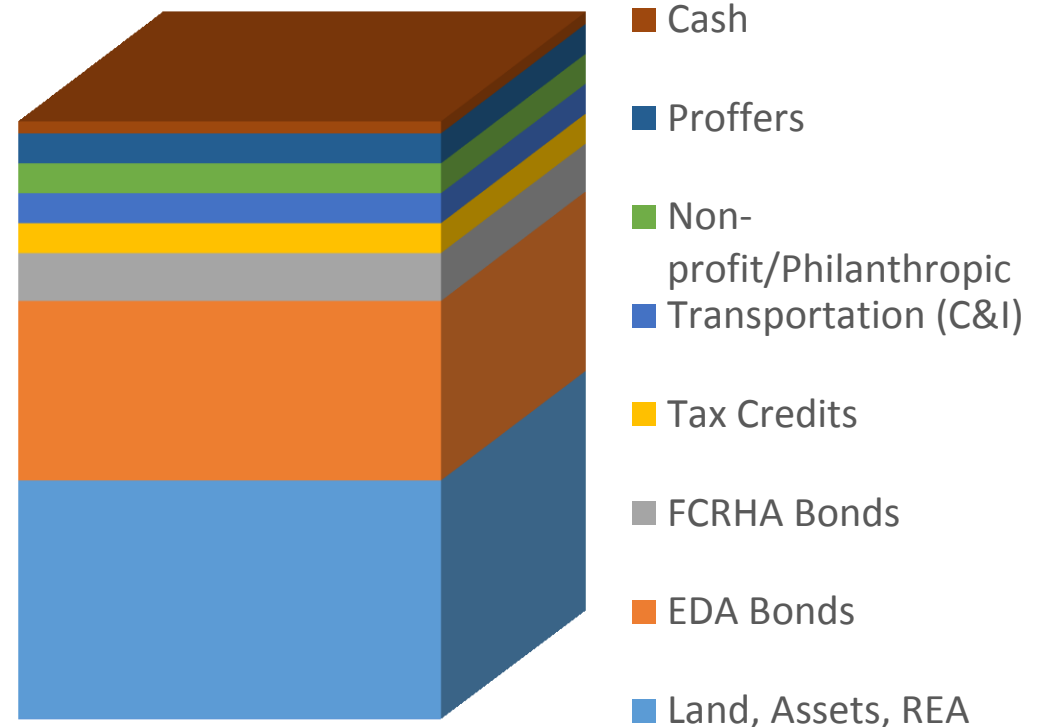


- Cash
- Proffers
- Transportation (C&I)
- Land, Asset, REA
- EDA Bonds

Original Mount Vernon High School Redevelopment; PPEA/JV



- Opportunity to transform historic property to generate value and provide services to the community.
- Planning for interim occupancy and master planning for long term redevelopment of 140,000 SF former high school site and 40 acres around it.

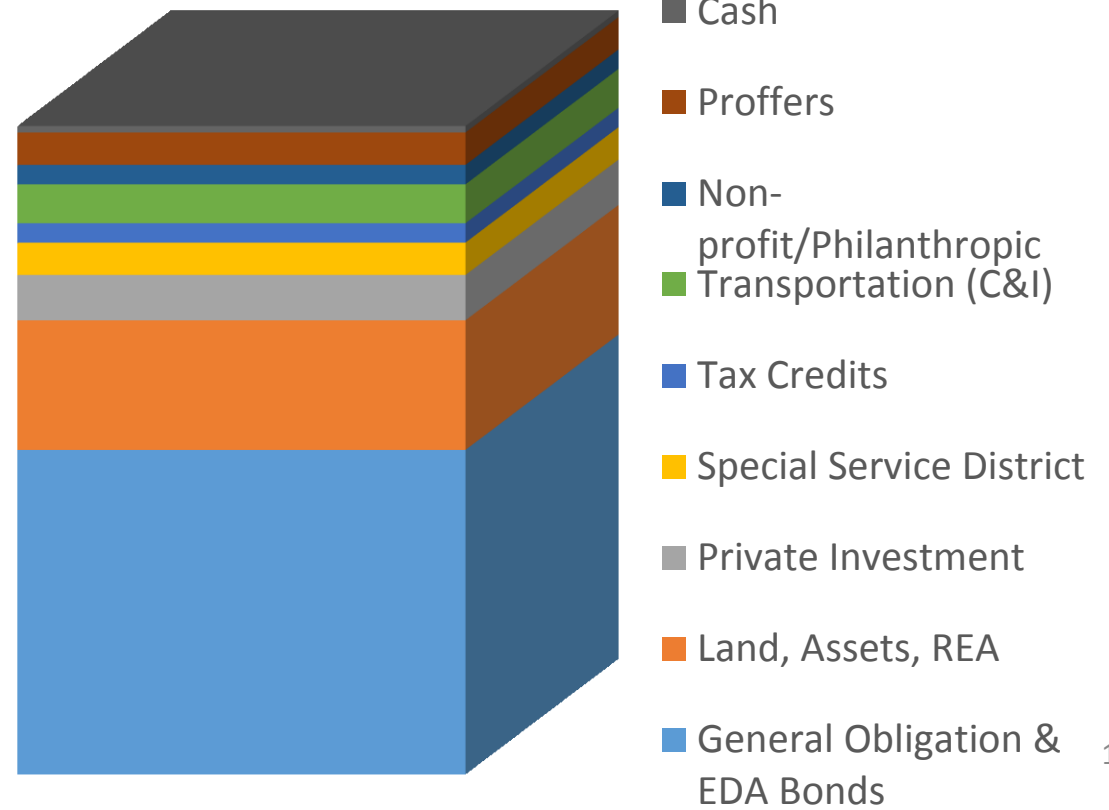


Reston Town Center North Redevelopment; PPEA/JV



- County blocks
- Inova blocks
- Inova (Central Green)

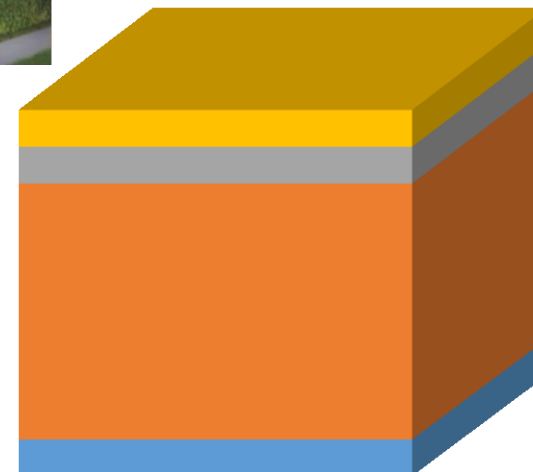
- County will use partnership to build new homeless shelter and library as part of Blocks 7 & 8 redevelopment. Residential, retail, and office will also be a part of mix of uses.
- Total Public Project Estimate: \$23.6M (Blocks 7 & 8 only)



Southeast Quadrant Redevelopment; JV



- Using land swap to catalyze private investment on abandoned/underutilized properties
- Creation of new market-rate apartments and replacement of 1980s emergency shelter to state-of-the-art shelter with permanent supportive housing
- County party in a 1:1 Real Estate Exchange Agreement
- Total Project Estimate: \$108.5M

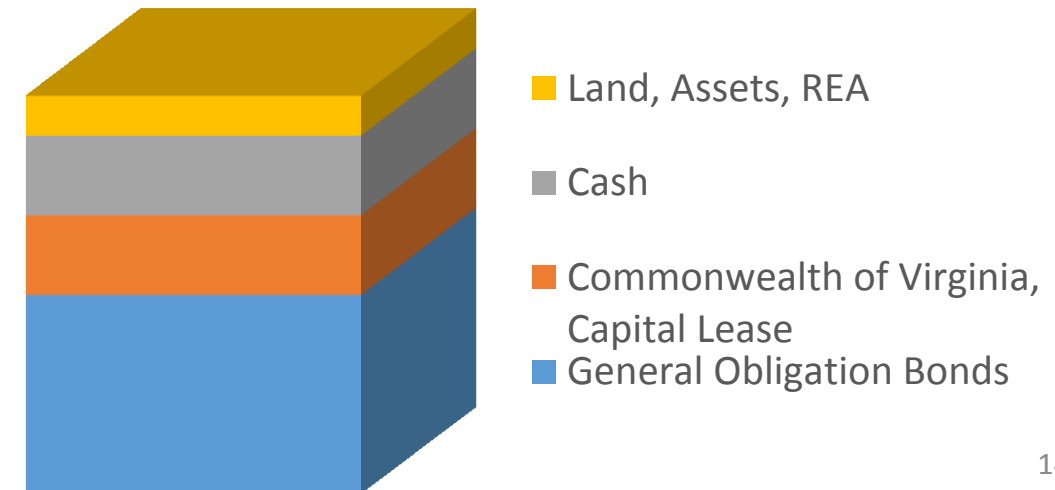


- Transportation (C&I)
- General Obligation Bond
- Private Investment
- Land, Asset, REA

Public Safety and Transportation Operations Center; JV

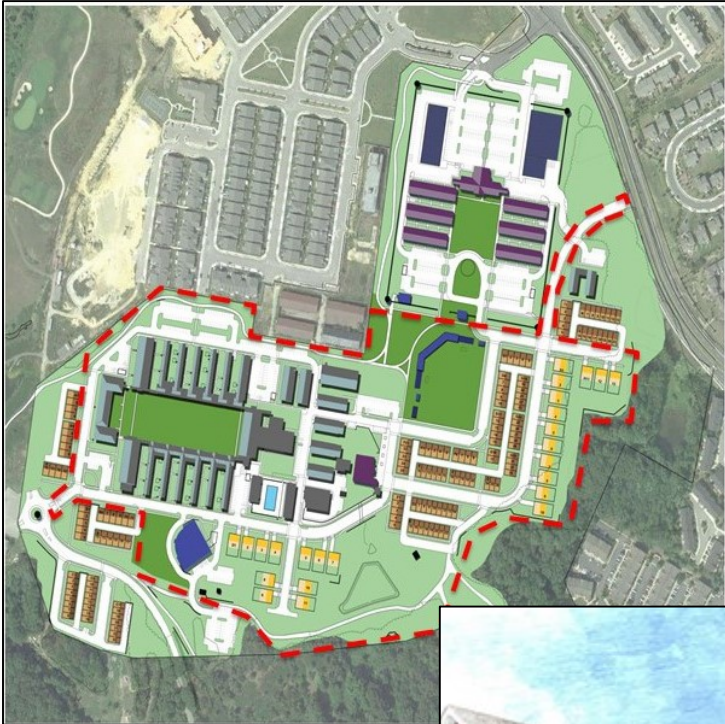


- Co-location of County and State emergency/transportation dispatches.
 - Includes Emergency Operations Center, and Departments of Public Safety Communications, Office of Emergency Management, Virginia DOT Smart Traffic Center, Virginia State Police call takers, and VSP Forensics Facility.
- Commonwealth recently opened a similar multifunctional operation to serve Central Virginia/State Capital Region.
- Total Project Estimate: \$122.5M

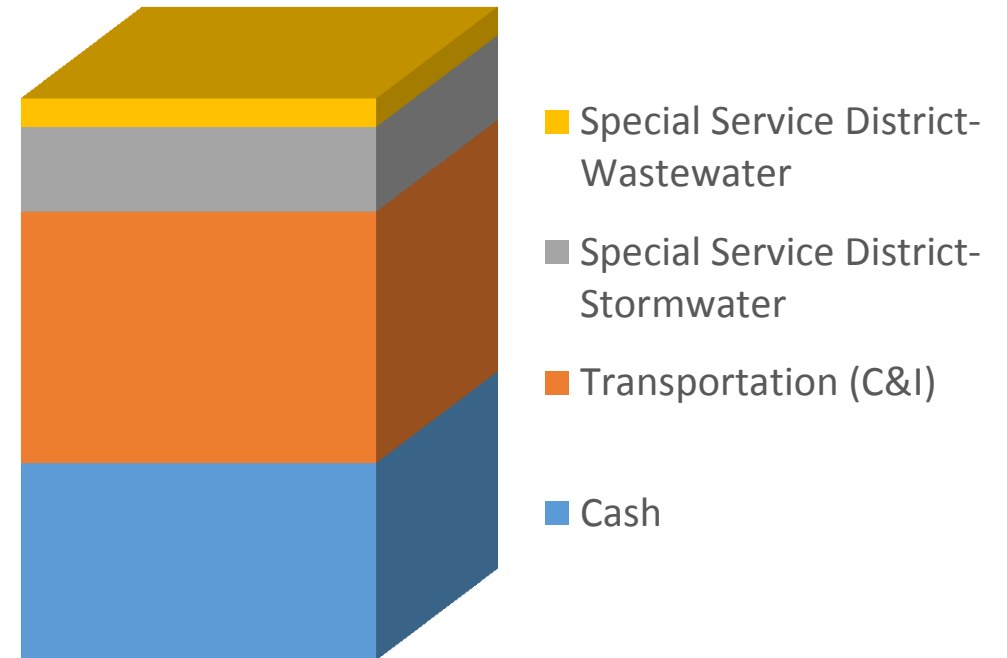


Liberty at Laurel Hill, PPEA

- Revitalization of former Lorton Reformatory into a mixed-use, walkable community
- Phase One (red outline): 165 apartments, 83 townhomes, 24 single family detached, more than 40 affordable dwelling units
- Phase Two: townhomes, office, retail
- Public Investment Estimate: \$12.8M
- Estimated total project development cost: \$188M



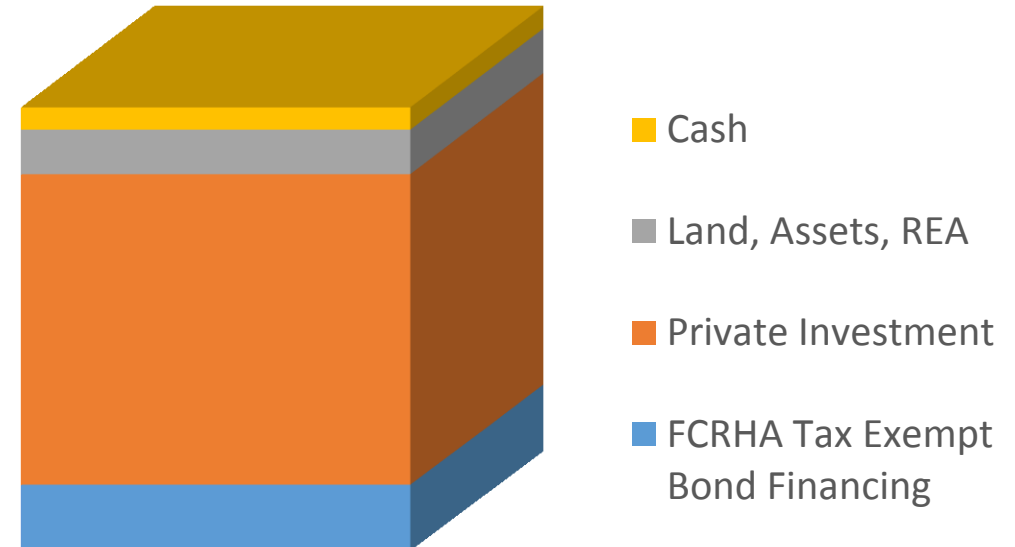
Private stack equity included, both Historic Preservation and Low Income Housing



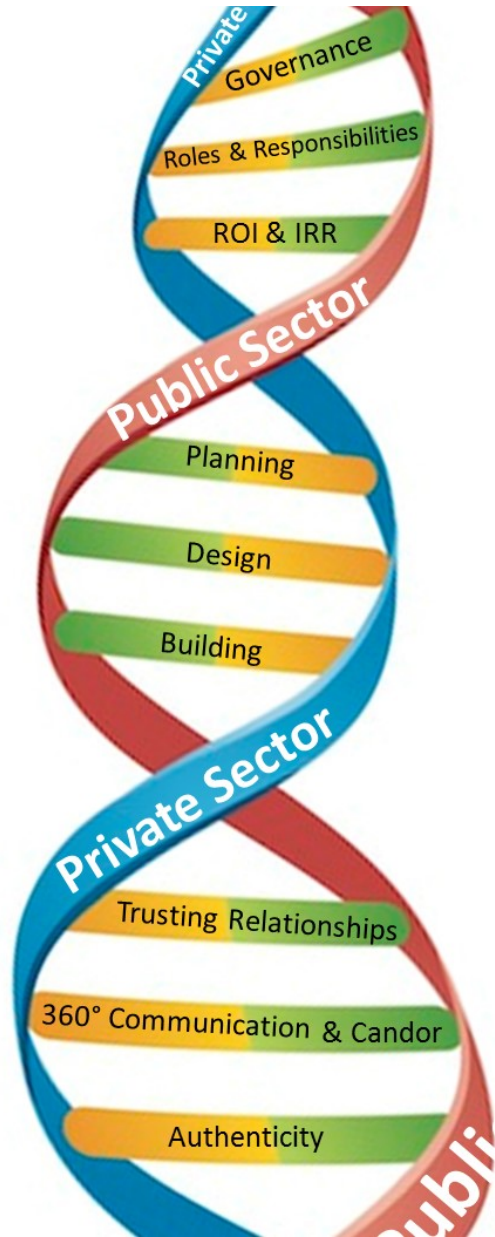
Residences at Government Center; PPEA



- Creating high quality apartment homes that are affordable where we work and play
- Leveraging county land through a long term, nominal fee ground lease to create 270 award winning apartments at no cost to FCRHA and County
- First in Virginia to employ a financing structure with a hybrid mixture of 9% and 4% tax credit allocations from VHDA and leveraging of private investor capital
- Total Project Estimate: \$71.5M



Leading a Partnership



**Leading is inherently difficult.
Leading a partnership comprised of dissimilar organizations is even harder.**

- Hands-on executive leadership is fundamental
- Building and sustaining trust at all levels of the partnership, especially at the executive level, is essential
- Understanding the culture of each partner and recognizing the unique culture of the partnership itself is key
- Creating a shared space for the partners to successfully complete the work of the partnership is critical
- Identifying the public and how the partnership affects their interests is vital