

Fund 40180

Tysons Service District

Focus

On June 22, 2010, the Board of Supervisors (Board) adopted an amendment to the Comprehensive Plan for Tysons. This action was the culmination of a multi-year effort that created a new vision for Tysons as the walkable, transit-oriented downtown for Fairfax County. This vision reflected the status of Tysons as the County's urban center and the powerful economic engine that Tysons brings to both the County and to the Commonwealth.

On March 29, 2011, the Board requested that the Planning Commission, working with staff, develop a process to address financing the infrastructure in Tysons. In response, the Planning Commission reconstituted its Tysons Committee (Committee). The Committee adopted an inclusive process, which included 24 meetings over a period of seventeen months. During its deliberations, the Committee sought information and input from all stakeholders. Based upon this input, the Committee developed recommendations, which were then approved by the Planning Commission on September 20, 2012. On October 16, 2012, the Board heard public comment on the Planning Commission's recommendations. The Board endorsed the Planning Commission's funding plan and directed staff to come forward with an item for authorization of a public hearing on the proposed District, and on October 30, 2012, the Board authorized the advertisement of the public hearing for December 4, 2012. The Board then voted to establish the District on January 8, 2013.

The funding plan is a multi-faceted approach to funding transportation infrastructure in Tysons. Funding sources are proposed for each of the four major components of the infrastructure: the grid of streets is proposed to be funded primarily by in-kind and per square foot/per unit road fund contributions from developers/landowners; neighborhood and access improvements and transit are proposed to be funded primarily from public sources; and, the Tysons-wide Road Improvements are proposed to be funded primarily by public sources for the projects outside of the boundaries of Tysons and by developer/landowner sources for the improvements inside of Tysons. This fourth category is projected to cost approximately \$506 million in 2012 dollars. Funding for that component is proposed to come from two sources in equal amounts: \$253 million (50 percent) from per square foot/per unit road fund contributions from developers/landowners and \$253 million (50 percent) from a Tysons Service District.

The District has a boundary generally consistent with the Tysons Corner Urban Center, as defined in the Comprehensive Plan. Most of the Tysons-wide Road Improvements are contained within the proposed boundary and the improvements therein would benefit the entire community within Tysons. The Planning Commission also recommended that a Tysons Service District Advisory Board (Advisory Board) be created to aid the Board in developing recommendations related to the annual tax rates for the service district. All Advisory Board members are appointed by the Board.

The District would fund projects that benefit all of the residential and non-residential landowners within Tysons and initial projects were anticipated to be those that would provide the most benefit to the most properties. The Planning Commission also made a recommendation that the County conduct a review concerning the status of the initial projects, yearly tax rates, future increments of projects and their timing.

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The Advisory Board held three meetings to discuss a potential FY 2014 tax rate for the District. During these deliberations County staff presented several tax rate models whereby the District could meet its obligation for funding \$253 million of Tysons Wide Road Improvements. These models included stable rates of \$0.07 and \$0.09, as well as alternate step ladder models beginning at \$0.04 and peaking at \$0.07 and \$0.09, respectively.

The Advisory Board requested a final tax rate model be presented, which has been referred to as the “Modified Bell Curve.” This model called for a tax rate of \$0.04 in FY 2014, \$0.05 in FY 2015, and \$0.06 in FY 2016, and not increasing to \$0.07 until FY 2032. The Advisory Board endorsed this model, and the tax rate of \$0.04 was adopted by the Board of Supervisors as part of the FY 2014 Adopted Budget Plan. As part of their FY 2015 meetings, the Advisory Board continued to endorse the Modified Bell Curve model, but recommended delaying the respective tax rate increases for a year. As a result, the FY 2015 Adopted Budget Plan for the Tysons Service District reflected no change in the tax rate of \$0.04 per \$100 of assessed value. The FY 2016 Adopted Budget Plan included a one cent increase in the tax rate from \$0.04 to \$0.05 per \$100 of assessed value, which was recommended by the Advisory Board unanimously on March 19, 2015 and approved by the Board of Supervisors on April 28, 2015.

The FY 2017 Advertised Budget Plan reflected a one-cent increase in the tax rate from \$0.05 to \$0.06 per \$100 of assessed value. Based on strong growth in assessed values over the prior fiscal year, staff noted that sufficient revenues can be generated at the current rate of \$0.05 per \$100 of assessed value to accommodate current funding needs, and the Advisory Board concurred with this approach as part of their formal recommendation to the Board of Supervisors. The FY 2017 Adopted Budget Plan thus noted no change in the tax rate of \$0.05 per \$100 of assessed value.

The FY 2018 Advertised Budget Plan contained a one cent increase in the tax rate to \$0.06 per \$100 of assessed value as contemplated in the original Modified Bell Curve financial model. As strong growth in assessed values in the district continues, staff again recommended no change to the tax rate of \$0.05 per \$100 of assessed value as tax collections at this level can accommodate project needs. The Advisory Board seconded this approach, and the Board of Supervisors adopted a tax rate of \$0.05 per \$100 of assessed value as part fo the FY 2018 Adopted Budget Plan.

The FY 2019 Advertised Budget Plan reflected no change in the tax rate of \$0.05 per \$100 of assessed value based on staff recommendation. The Advisory Board seconded this approach, and the Board of Supervisors adopted a tax rate of \$0.05 per \$100 of assessed value as part fo the FY 2019 Adopted Budget Plan.

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FY 2019 Funding Adjustments

The following funding adjustments from the FY 2018 Adopted Budget Plan are necessary to support the FY 2019 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 May 1, 2018.

- ◆ FY 2019 funding remains at the same level as the FY 2018 Adopted Budget Plan.

Changes to FY 2018 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2018 Revised Budget Plan since passage of the FY 2018 Adopted Budget Plan. Included are all adjustments made as part of the FY 2017 Carryover Review, FY 2018 Third Quarter Review, and all other approved changes through April 30, 2018.

- ◆ **Carryover Adjustments** **\$6,450,000**
As part of the FY 2017 Carryover Review, the Board of Supervisors approved funding of \$6,450,000 for the carryover of unexpended project balances.

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FUND STATEMENT

Fund 40180, Tysons Service District

	FY 2017 Actual	FY 2018 Adopted Budget Plan	FY 2018 Revised Budget Plan	FY 2019 Advertised Budget Plan	FY 2019 Adopted Budget Plan
Beginning Balance	\$13,700,605	\$14,198,401	\$20,676,660	\$21,469,923	\$21,469,923
Revenue:					
Real Estate Taxes-Current ¹	\$6,867,266	\$7,243,263	\$7,243,263	\$7,967,957	\$7,967,957
Interest on Investments	108,789	0	0	0	0
Total Revenue	\$6,976,055	\$7,243,263	\$7,243,263	\$7,967,957	\$7,967,957
Total Available	\$20,676,660	\$21,441,664	\$27,919,923	\$29,437,880	\$29,437,880
Expenditures:					
Capital Projects	\$0	\$0	\$6,450,000	\$0	\$0
Total Expenditures	\$0	\$0	\$6,450,000	\$0	\$0
Total Disbursements	\$0	\$0	\$6,450,000	\$0	\$0
Ending Balance²	\$20,676,660	\$21,441,664	\$21,469,923	\$29,437,880	\$29,437,880
Debt Service Reserve ³	\$2,067,666	\$2,144,166	\$2,146,992	\$2,943,788	\$2,943,788
Pay-As-You-Go (PAYGO) Funding ⁴	18,608,994	19,297,498	19,322,931	26,494,092	26,494,092
Unreserved Balance	\$0	\$0	\$0	\$0	\$0
Tax rate per \$100 Assessed Value	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05

¹ FY 2019 estimate based on January 1, 2018 assessed values at an adopted tax rate of \$0.05 per \$100 of assessed value.

² The ending balance will be accumulating in anticipation of the sale of bonds and equity contributions to fund \$253 million toward the District's share of transportation infrastructure improvements in Tysons. The available Pay-As-You-Go (PAYGO) funding will continue to accrue as projects move from design to construction and can span several years until substantial completion. PAYGO funding will also reduce the need for long term district bond financing.

³ Set-aside of 10 percent of ending balance to cash fund debt service reserves for future bond sale.

⁴ Current funds available for ongoing project needs in the service district.

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FY 2019 Summary of Capital Projects

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Project	Total Project Estimate	FY 2017 Actual Expenditures	FY 2018 Revised Budget	FY 2019 Advertised Budget Plan	FY 2019 Adopted Budget Plan
Rt 123 Widening (Old Courthouse to Rt 7) (2G40-117-000)	\$2,250,000	\$0.00	\$2,250,000.00	\$0	\$0
Rt 123 Widening (Rt 7 to I-495) (2G40-116-000)	2,000,000	0.00	2,000,000.00	0	0
Rt 7 Widening (Rt 123 to I-495) (2G40-118-000)	2,200,000	0.00	2,200,000.00	0	0
Total	\$6,450,000	\$0.00	\$6,450,000.00	\$0	\$0