



**\$30M Bank Bail Out, \$40M Cadillac Tax, and Converting Braddock to a Primary Road
JANUARY 23, 2014**

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In this edition:

- [\\$30M Bank Bail Out Approved by Board:](#) The Board voted to pay \$30 million to a bank on a loan we had no obligation to pay. I voted against this measure, see why below.
- [Fixing the Cadillac Tax - An Unfair Excise on the County's Residents, Businesses, and Government:](#) In 2018 Fairfax County and many businesses will be affected by the "Cadillac" tax, a tax based on how much a health plan costs, not what benefits it offers. Due to the county's geographic location, this tax could hit the County with a \$40 million bill.
- [Converting Braddock Road to a Primary Road:](#) Using the same strategy we used for the Fairfax County Parkway increased maintenance, construction and safety funding, I asked the Board to move forward with a request to change Braddock Road to a primary road in the state system.
- [Fairfax County Federation of Teachers Awards Supervisor Herrity 2013 FCFT President's Award:](#) I was honored to receive this award and am proud to be an advocate for teachers and our kids.
- [Celebrate Fairfax Scholarship for FCPS Seniors, and Photo Contest:](#) 10 FCPS seniors from around the county will receive \$1,000 for college, Springfield district seniors please apply! Also, Celebrate Fairfax's photo contest, details below.
- [I-66 EIS Public Meeting:](#) VDOT is holding a public meeting to get your input on 10 concepts that were identified in the Tier 1 EIS. Full details below.

\$30M Bank Bail Out Approved by Board

At Tuesday's Board of Supervisors' meeting, an item that wasn't on the agenda was put to a vote at the end of the day - a vote to pay off of a \$30 million dollar unsecured loan to the Lorton Arts Foundation (LAF). I was the lone dissenting vote. The bottom line is I don't believe that we should be bailing out a bank that made a bad loan. This vote wasn't about Lorton Arts, or the arts in general. It was about spending \$30M of taxpayers' money to pay off a debt we had no legal obligation to pay. Certainly not with all of the other obligations we are facing. Instead we should be working to monetize the surrounding land to help ensure the long term success of LAF as I have been proposing for over a year.

The bank made an unsecured \$60M loan to LAF who was leasing the land and buildings from the county. Despite a concerted effort by the community and business leaders serving on the board of LAF it became obvious that they could not cover operating expenses much less the operating expenses and the debt and interest payments.

That left the Board with several options - none of them good. The Board opted to bail out the bank at a cost of \$30M. I would have preferred to work the long term plan to monetize the land surrounding the center (a plan that the bank reportedly said it was not willing to wait for) even if it meant risking a messy foreclosure. Because of the original land deal even if the bank had foreclosed they had an underlying requirement to continue to operate the arts center - something I do not believe the bank would or wanted to do.

The Board has already given the center \$16 million, this will bring our total to \$46 million in only a few years. This \$30M will be on the County's Line of Credit - the first time in history we have used our emergency line of credit. Now that we own the leasehold rights (we already owned the land) the County will be obligated to keep it running and hopefully turn it around - a very difficult feat given its isolated location. In addition, the events center is still in need of capital funding in order to meet its projections.

LAF has come a long way under the leadership of John Mason and the many community and business leaders on the LAF Board. Unfortunately they have been made the scapegoats for a bad decision made many years before. Their leadership will be needed to make LAF a success in the future. I believe that only happens if there is more to the destination than the arts center. Hence the continued need to work the long term plan to monetize (sell or lease) the nearby vacant land and build a hotel, restaurant and shops near the center.

Fixing the Cadillac Tax - An Unfair Excise on the County's Residents, Businesses, and Government

In 2018 Fairfax County, along with its citizens and businesses, will be subject to what is known as the "Cadillac" tax, a 40% excise tax which targets healthcare plans that are viewed to offer too much coverage in an attempt to encourage employers to reduce benefits. However, the tax is based on plan premiums, not plan coverage. In effect, a plan is labeled "Cadillac" because of its high premiums resulting from higher health care costs not necessarily because of its high coverage. This is not what the policy was intended to target.

Although county staff are yet to do an analysis on how much this tax will cost Fairfax County, an independent benefits broker has put the county government's liability as high as \$40 million - a significant amount of money. Many of our businesses and citizen's will be similarly impacted. This is another Affordable Care Act tax that has received little attention as it is still several years away.

Since healthcare premiums are largely determined by the local economies in which the plans are bought and sold, the local cost of living plays a large role in the cost of the premiums. The federal government's own website, HealthCare.gov, characterizes geographic location as having a "big effect" on premiums. What this means for those individuals, businesses and governments in high cost of living regions, such as the Washington metropolitan area, is an unfair classification of our healthcare plans as "Cadillac", and thus being subject to an inequitable tax-a tax that is/and or will result in employers terminating coverage.

In order to remedy this lack of equity, I asked the Board last Tuesday to support an effort to index the classification of a plan as "Cadillac" by applying a local cost of living measure to adjust for increased healthcare premiums associated with some metropolitan regions' cost of health care. I requested the Board include this concept in our Federal legislative package and contact our legislative representatives in the event the Cadillac tax is not repealed.

The inequitable "Cadillac" tax will impact our county health plans and our budgets significantly if this inequity is not addressed. Not only will it unfairly impact the county but it will unfairly impact our businesses and residents and potentially their ability to get employer provided health care or the coverages available to employees in other jurisdictions that have a lower cost of health care. Ideally, the Cadillac tax should be abolished in its entirety. In the very least it needs to be indexed to cost of living. This is clearly a basic fairness issue and another large problem in a long list of problems with the Affordable Care Act.

Converting Braddock Road to a Primary Road

At the Board of Supervisors' meeting on October 8, I requested that the Board direct county staff to investigate the potential conversion of Braddock Road from a Secondary Road to a Primary Road as was recently done on the Fairfax County Parkway. The change to the Parkway resulted in increased funding for maintenance, safety improvements, and allowed the road to qualify for additional federal dollars.

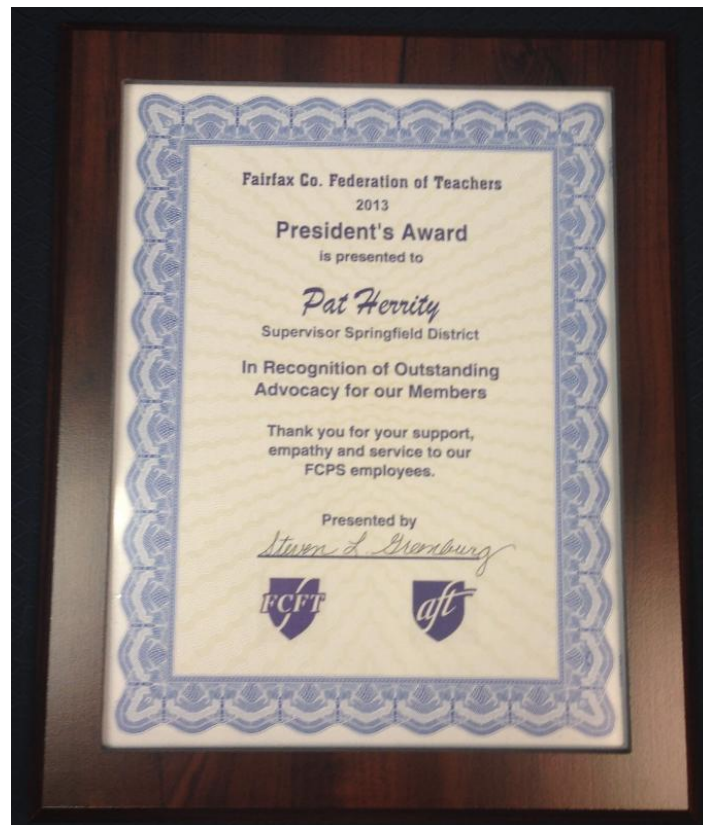
Since then, FCDOT staff has provided the Board with its completed review. The review identified sections of the roadway which met the majority of VDOT's criteria for conversion: Route 236 to I-495, I-495 to Route 123, and Route 123 to Route 28. Other sections (Columbia Pike to Lincolnia Road, Lincolnia Road to Route 236, and Route 28 to the Loudoun County Line) did not meet many of VDOT's criteria for conversion. Staff also determined that should this transfer take place, it would not impact any transportation projects that are currently being undertaken or planned for Braddock Road.

With this information at hand, I asked the Board last Tuesday to direct the County Executive to draft a resolution requesting the transfer of the section of Braddock Road (and New Braddock Road) from I-495 west to Route 28 from a Secondary Road classification to a Primary Road classification. The Board referred the matter to the Board's Transportation Committee for further review and comparison to other roads that may qualify for conversion to primary status.

I am hopeful the review can occur quickly and the Board will act quickly to pursue its conversion to a primary road and the increased funding for construction, maintenance and safety that it brings. Of course it will come with one drawback - as with the Parkway the route number will change.

Fairfax County Federation of Teachers Awards Supervisor Herrity 2013 FCFT President's Award

I was honored to receive the 2013 President's Award from Fairfax County Federation of Teachers (FCFT) for "consistent advocacy, proactive communications, and support of our (teachers') workforce over the past year." Teachers are the lifeblood of our schools, and since I took office I have worked to focus our resources into the classrooms to help our teachers and our kids and to get the regulatory burden off our teachers so they can teach. I am honored to receive this award for supporting our teachers.



PS - Yes FCFT agrees the School Board should have an independent auditor.

Celebrate Fairfax Scholarship for FCPS Seniors, and Photo Contest

For the third year in a row Celebrate Fairfax will be offering a \$1,000 scholarship to a graduating FCPS senior from each of the county's magisterial districts and one at-large. I urge all seniors from the Springfield District to apply! To find out how to apply and to see eligibility requirements please follow this link - <http://www.celebratefairfax.com/scholarships>

Have an eye for photography? Celebrate Fairfax will be holding a photo contest - the theme for this year is "How do you celebrate Fairfax?" The top entries will be displayed at the Celebrate Fairfax! Festival. The West Springfield Governmental Center (6140 Rolling Road, Springfield) will serve as a drop off location for your photos from February 15th to May 7th. For more details visit <http://www.celebratefairfax.com/photocontest>

I-66 EIS Public Meeting

The Virginia Department of Transportation is conducting a public meeting to provide information and obtain public input on 10 concepts identified in the Tier 1 Environmental Impact Statement (EIS) conducted to examine ways to increase capacity, improve interchanges, address safety and improve travel efficiency on I-66 between the Capital Beltway (I-495) and US Route 15 in Prince William County. The meeting will be:

Thursday, January 30, 2014

6:30 p.m. to 8:30 p.m.

Oakton High School, 2900 Sutton Road, Vienna, VA 22181

(If cancelled due to weather: Tues., Feb. 4, 2014)

If you are unable to attend:

Comments can be emailed to: meeting_comments@vdot.virginia.gov, with "I-66 Corridor Improvements" in the subject line.

Or send your comments to Ms. Susan Shaw, PE., 4975 Alliance Drive, Fairfax, VA 22030 by Feb. 17, 2014.

To view the Tier I EIS click here -

http://www.virginiadot.org/projects/resources/NorthernVirginia/I-66_Tier_1_Draft_EIS.pdf