

EXHIBIT NO. 1

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City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 9, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: ORDINANCE TO CODIFY THE TIER I POTOMAC YARD METRORAIL STATION SPECIAL SERVICES DISTRICT AS A SEPARATE CLASSIFICATION FOR REAL ESTATE TAX PURPOSES AND TO ESTABLISH THE TAX RATE FOR CALENDAR YEAR 2011

ISSUE: Establishing the calendar year 2011 tax rate for the Tier I Potomac Yard Metrorail Station Special Services District.

RECOMMENDATION: That City Council:

- (1) Pass the proposed ordinance (Attachment 1) on first reading; and
- (2) Set the ordinance for public hearing on Saturday, April 16, and second reading and final passage on Monday, May 2.

DISCUSSION: On December 18, 2010, City Council adopted Ordinance Number 4693, which established the Tier I Potomac Yard Metrorail Station Special Services District. The attached ordinance establishes and codifies the tax ordinance for that District. The class of real property designated in the Tier I Potomac Yard Metrorail Station Special Services District will be subject to a real property tax not to exceed 20 cents per \$100 of value, in addition to the Citywide taxes which are imposed by City Code Section 3-2-181 and any other applicable law. While Council may adopt a Tier I Special Services District tax of up to 20 cents, a 20-cent rate is what has been previously planned and is what is proposed. The Tier I property owners have agreed to this tax. Included as Attachment 2 is the docket memo from December 18, 2010.

This Tier I Special Services District tax rate is in addition to the real property tax rate set by City Council for all properties in the City. It also would be in addition to any non-residential commercial add-on tax that is being considered by City Council. Docket item number seven on the March 12 docket will establish the maximum general property tax rates to be advertised by City Council, and it describes in detail the various components of the proposed tax rates on real property in the City of Alexandria.

The real property tax proposed in this ordinance will be levied, administered, enforced and collected in the same manner as is established for all local taxes.

Council's actions for calendar year 2011 relate solely to the established Tier I District (primarily for Landbays F, G and H). Creation of a Tier II District (i.e., Potomac Greens and primarily Landbays I and J) remains under consideration and the City does not propose to start levying any special services tax until the Potomac Yard Metrorail station opens which would be calendar year 2016 at the earliest. The maximum potential levy discussed for this Tier II District was 10 cents per \$100 of valuation. In the next few months, the issue of whether or not to create the Tier II District is planned to be brought forward for Council decision-making.

FISCAL IMPACT: The proposed Tier I Special Services District tax rate of \$0.20 on each \$100 of assessed value is estimated to generate approximately \$0.5 million in the first year of the Tier I District. This \$0.20 rate is the same rate contemplated when City Council approved the North Potomac Yard Master Plan in May of 2010, as well as the same rate contemplated when Council approved establishing this district in December of 2010. Revenue generated from the tax shall be used exclusively for the purpose of providing facilities and services related to the construction of the Potomac Yard Metrorail Station, and may be used to construct a pedestrian bridge over the existing rail lines.

ATTACHMENT:

- Attachment 1: Proposed Ordinance to Establish a Separate Class of Real Property for Local Taxation and Set the Tax Rate for Properties within the Special Tax District
- Attachment 2: Docket Memo from December 18, 2010

STAFF:

Mark Jinks, Deputy City Manager
Bruce Johnson, Chief Financial Officer
Laura Triggs, Director, Finance Department
Kendel Taylor, Assistant Budget Director

1	Introduction and first reading:	03/12/2011
2	Public hearing:	04/16/2011
3	Second reading and enactment:	05/02/2011

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend Division 1 (REAL ESTATE), of Article M (LEVY AND COLLECTION OF PROPERTY TAXES), of Chapter 2 (TAXATION), of Title 3 (FINANCE TAXATION AND PROCUREMENT), of the Code of the City of Alexandria, Virginia, 1981, as amended, by adding thereto a new Section 3-2-189 (TIER I POTOMAC YARD METRORAIL STATION SPECIAL SERVICES DISTRICT TAX).

Summary

The ordinance codifies the Tier 1 Potomac Yard Metrorail Station Special Services District as a separate classification for real estate tax purposes and establishes the tax rate for calendar year 2011.

Sponsor

Staff

Mark Jinks, Deputy City Manager
Bruce Johnson, Chief Financial Officer
Laura Triggs, Deputy Chief Financial Officer
Christina Zechman Brown, Assistant City Attorney

Authority

Virginia Code §15.2-2400 et.seq.

Estimated Costs of Implementation

None.

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None.

ORDINANCE NO. _____

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AN ORDINANCE to amend Division 1 (REAL ESTATE), of Article M (LEVY AND COLLECTION OF PROPERTY TAXES), of Chapter 2 (TAXATION), of Title 3 (FINANCE TAXATION AND PROCUREMENT), of the Code of the City of Alexandria, Virginia, 1981, as amended, by adding thereto a new Section 3-2-189 (TIER I POTOMAC YARD METRORAIL STATION SPECIAL SERVICES DISTRICT TAX).

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Division 1 of Article M of Chapter 2 of Title 3 of the Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same is hereby amended by adding thereto new Section 3-2-189, to read as follows:

The following is all new language

Sec. 3-2-189 Tier I Potomac Yard Metrorail Station Special Services District Tax.

(a) Pursuant to the authority granted by Section 15.2-2400, et seq. of the Code of Virginia (1950), as amended, all real property located in the Tier I Potomac Yard Metrorail Station Special Services District, established pursuant to Ordinance Number 4693, classified by the city council as a separate class of real property for local taxation shall be designated, assessed and taxed as a separate class of real property.

(b) In addition to all other taxes and fees permitted by law, the class of real property designated in this section may, and if imposed by ordinance shall, be subject to a real property tax, in addition to that imposed by city code section 3-2-181 and any other applicable law, at the rate established by the city council of the City of Alexandria.

(c) As detailed in Ordinance Number 4693, all revenues generated from the real property tax imposed by this Section 3-2-189 shall be used exclusively for the purpose of providing facilities and services related to the construction of the Potomac Yard Metro Station in the City of Alexandria and the construction of a pedestrian bridge from Potomac Greens to Potomac Yard.

(d) The real property tax imposed by this section 3-2-189 shall be levied, administered, enforced and collected in the same manner as set forth in Subtitle III of Title 58.1 of the Code of Virginia and chapter 2 of this title for the levy, administration, enforcement and collection of local taxes.

(e) The director of the department of real estate assessments shall separately assess and set forth upon the City of Alexandria's land book the fair market value of that property that is designated as a separate class of real property in accordance with the provisions of this section.

(f) There shall be levied and collected for the calendar year 2011 on all real estate located within the territorial boundaries of the city and subject to taxation pursuant to this

1 section, a tax of \$0.20 on each \$100 of the assessed value thereof, for the purposes set forth in
2 subsection (c) above.

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Section 2. That this ordinance shall become effective January 1, 2011, nunc pro tunc.

WILLIAM D. EUILLE
Mayor

Introduction: 03/12/2011
First Reading: 03/12/2011
Publication:
Public Hearing: 04/16/2011
Second Reading: 04/16/2011
Final Passage: 05/02/2011

ATTACHMENT 2

EXHIBIT NO. 1

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12-18-10 36
~~12-14-10~~

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 9, 2010
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER
SUBJECT: ORDINANCE TO ESTABLISH THE TIER I POTOMAC YARD METRORAIL STATION SPECIAL SERVICES DISTRICT

ISSUE: How to finance the proposed Potomac Yard Metrorail Station.

RECOMMENDATION: That City Council introduce the ordinance, pass it on first reading and schedule it for public hearing, second reading and final passage on Saturday, December 18.

BACKGROUND: The possibility of a Metrorail station in Potomac Yard has long been discussed in the City since the planning of how to redevelop the former RF&P rail yard was first discussed starting in 1987. With the approval of a comprehensive development plan for a large portion of Potomac Yard in 1999, revisions to Landbay G and H plans in 2008 which moved office density northward, and with the approval of the North Potomac Yard (Landbay F) Coordinated Development District (CDD) in mid-2010, progress has been made towards achieving the goal of establishing what would be only the second infill station constructed in the entire Metrorail regional heavy rail transit system in the Washington, D.C. area. The most recent progress in 2010 was the result of over two years of community meetings and discussions, the work of the Metrorail Station Feasibility Work Group, and that of the Potomac Yard Planning Advisory Group, as well as work with the land owners/developers of Potomac Yard with various stakeholders in crafting, developing and proposing a redevelopment plan for North Potomac Yard, which City Council approved on June 12, 2010.

A keystone to that redevelopment, which contemplated 7.5 million square feet of mixed use development in North Potomac Yard, was the proposed financing and construction of a Metrorail Station that could serve that development, as well as the planned and existing development in the balance of Potomac Yard. As part of the study of the feasibility of a Metrorail station, planning and engineering studies were undertaken in 2009 and 2010 to determine the possible locations of such a Metrorail station, as well as how it could be financed. The most feasible, preferred sites were determined to be station locations that straddled the existing Metrorail line which runs between the George Washington Parkway to the east and most of Potomac Yard to the west (except for the Potomac Greens part of Potomac Yard, which sits to the east of the Metrorail tracks). The actual location of the proposed Metrorail station will be determined during the

upcoming Environmental Impact Statement (EIS) process which will look at station location alternatives. That EIS process, which has its public kickoff in February 2011, will follow a very prescriptive federal study process mandated under the National Environmental Policy Act (NEPA), and will take between two and three years to complete.

In addition to planning and engineering feasibility work that was completed over the past two years, the proposed Metrorail station was priced at a most probable construction cost of \$240 million (planning, engineering, environmental studies, other soft and hard costs), and then a financial feasibility study was undertaken to determine if there were sufficient revenues generated by Potomac Yard as it develops over the next few decades to cover debt service on a \$240 million borrowing. The goal was, and remains, having the finance plan for the Potomac Yard Metrorail station fully cover the costs of building and operating the station, with no negative fiscal impact on the City's General Fund in any year. The first part of the financial analysis was to structure the debt service on this large \$240 million borrowing with a 30-year amortization, and with a gradually increasing annual principal repayment. The analysis showed that in the early years of development, the net new tax revenues from new development would not likely be at a stage of generating sufficient revenues to cover debt service. Therefore, the planned debt issuance was restructured with interest capitalized in the first three years after the borrowing (generally during construction). This saved some \$35 million in the short term interest payments, but that then increased the total planned borrowing from \$240 million to \$275 million. This capitalized interest would need to be repaid over the balance of the remaining 27 years of bond principal amortization.

The contemplated revenues to repay the Metrorail station construction bond borrowing and station operating costs would come from three primary sources (Attachment B). First, net new taxes (i.e., gross taxes collected by the City less the cost of delivery of City and School services to new Potomac Yard residents and businesses) generated from new development and economic appreciation in Potomac Yard would be used as the base building block revenue source. Second, taxes generated by the creation of two Special Services Districts (Tier I and Tier II), each with a supplemental tax rate, would be a major funding source. Third, developer contributions – especially \$74 million from the owner/developer (RREEF) of North Potomac Yard – would be the final gap filler so that there would be sufficient revenues generated to fully cover the debt service on the \$275 million borrowing, as well as the costs of operating this new Metrorail station. Donated air rights by the developer of the southern portion of Potomac Yard (Pulte) to enable two Metrorail station pedestrian crossings of the railroad tracks also contributed to helping create a viable financing plan.

The Special Services District mechanism as a Potomac Yard Metrorail Station financing tool was contemplated by the City in 1999 when the central and southern portions of Potomac Yard and Potomac Greens were planned. Specific language about the contemplated tax district was included in the land use approvals. After the 1999 City land use decisions, the possibility of a special tax district was disclosed to buyers of property in Potomac Yard. This concept was mirrored in the 2010 land use approvals enacted by the City for North Potomac Yard. In 2010, the concept of how to finance the Metrorail Station became more refined. It was contemplated in June of 2010 that there would be two Special Services Districts (this is the legal terminology in the Virginia Code, these districts have been commonly termed "special tax districts"). A map of

these two previously proposed districts is included as Attachment A. The first or "Tier I Special Services District" would encompass North Potomac Yard (Landbay F) as well as Landbays G, H and the multi-family portion of Landbay I. These are generally the highest density landbays. In the financial modeling, a 20-cent per \$100 of valuation annual tax rate for the Tier I District (in addition to the City's base real estate tax rate) was contemplated to start in 2011. A December, 2010 approval of the establishment of the Tier I District by Council is recommended, so the Tier I District is in place for all of calendar year 2011 and revenues can start to flow from this Tier I District to the Potomac Yard Metrorail Station Fund which will receive and disburse the monies. The actual rate for the Tier I District would not be set by Council until May when Council adopts the FY 2012 budget and property tax rates for 2011. The owners/developers of the properties within the proposed Tier I District have all agreed to the establishment of the Tier I District effective in 2011.

The boundaries of the proposed Tier I District (Attachment A) are the following: Four Mile Run from the western boundary of the CSX railroad track property to Jefferson Davis Highway; Jefferson Davis Highway from Four Mile Run to the future Bluemont Avenue; the future Bluemont Avenue from Jefferson Davis Highway to the future Main Line Boulevard; the future Main Line Boulevard from the future Bluemont Avenue to northern boundary of Landbay I; the northern boundary of Landbay I from the future Main Line Boulevard to the western boundary of the CSX railroad track property; the western boundary of the CSX railroad track property from the northern boundary of Landbay I to Four Mile Run.

The Tier II Special Service District (which is not proposed for creation at this time, but depicted for information purposes in Attachment A) would include Landbay A (Potomac Greens), the townhouse/loft portions of Landbay I, as well as Landbay J. It was proposed in the initial Metrorail station financing proposal last spring, that this Tier II District would have a 10-cent per \$100 of valuation tax rate, with the tax rate not being levied until 2016 when the Potomac Yard Metrorail station is projected to open. While the property owner/developer on the west side of the Metrorail tracks finds this proposal acceptable, many of the residential property owners in Potomac Greens have raised concerns and/or objections to the proposed Tier II District. Discussions have occurred with the property owners and their representatives over the last nine months, and a well-attended community meeting was held on November 30. At that meeting, alternative options to the proposed district and rate were discussed. These options are being worked on by staff at this time. While the Tier II District was not proposed to have the 10-cent levy start until 2016, it is desired by both Pulte and the Potomac Greens residents to have Council make a decision in the short term, so existing and future home buyers will know what they will be paying, or not paying, in the future. It is contemplated that a decision on the Tier II district would be scheduled for Council consideration in the first quarter of 2011.

It is planned that the Tier I tax of 20-cents would be levied by Council for 2011, with the first real estate payment due with the June real estate tax bill. The funds collected can only be used for the purposes the District was created which would be to help pay for studies, as well as hard and soft costs related to planning, designing, engineering and constructing the Potomac Yard Metrorail station. This would include related expenses such as equipping and operating the station, as well as paying for any necessary environmental remediation or mitigation (which the EIS will help determine). Also, as per the Council resolution adopted at the November 13, 2010

Public Hearing, a permitted expense would also be a standalone pedestrian bridge that is planned to be constructed across the CSX railroad tracks and the Metrorail tracks to connect the east side and west side of Potomac Yard in the event Council decides in the future not to build the proposed Potomac Yard Metrorail station. This pedestrian bridge crossing is now contemplated to be incorporated into the proposed Potomac Yard Metrorail Station structure.

All Potomac Yard Metrorail station revenues (special service district revenues, net new tax revenues, developer contributions, etc.) will be separately accounted for and deposited in a Potomac Yard Metrorail Station Fund. It is planned that an annual Fund report would be produced and publically issued, so that a transparent and clear accounting of all Fund revenues and expenses can be made available to all interested parties. It would also be planned that at the end of the 30-year planned final payment of debt service on the Metrorail station bonds, that the Special Services Districts (both Tier I, and Tier II if created) would be terminated.

The ordinance, which satisfies State Code requirements and implements the Tier I Special Services District, is included as Attachment C. The ordinance also directs staff to bring back a City Code amendment to codify the ordinance within the City Code. This will make it simpler for property owners and staff to find and locate the tax district requirements in the future.

FISCAL IMPACT: In the first year of the Tier I District, at the planned 20-cent rate, the expected revenues are projected at about \$0.5 million. As development and appreciation occur over the next few decades that Tier I District tax receipts amount at the 20-cent rate will grow substantially to approximately \$2.5 million annually in 10 years, \$6 million annually in 20 years and \$12 million annually in 30 years. The actual tax revenues will vary depending on the actual rate of development and real estate appreciation over this multiple decade period.

ATTACHMENTS:

Attachment A: Tier I Special Services District Boundaries

Attachment B: Potomac Yard Metrorail Station Sources and Uses

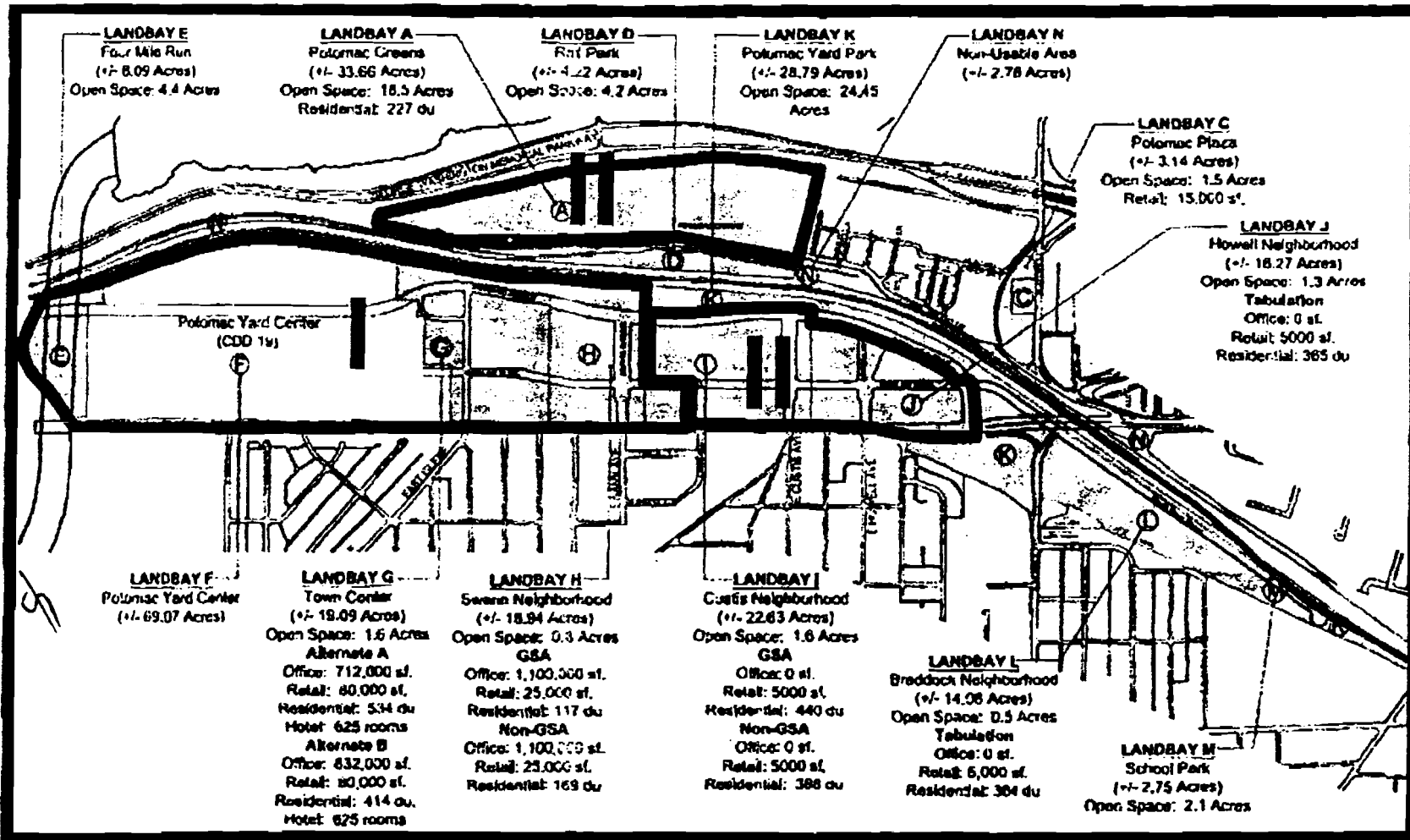
Attachment C: Proposed Tier I Potomac Yard Metrorail Station Special Services District Ordinance

STAFF:

Mark Jinks, Deputy City Manager

Rich Baier, Director, T&ES

Proposed Special Services Districts

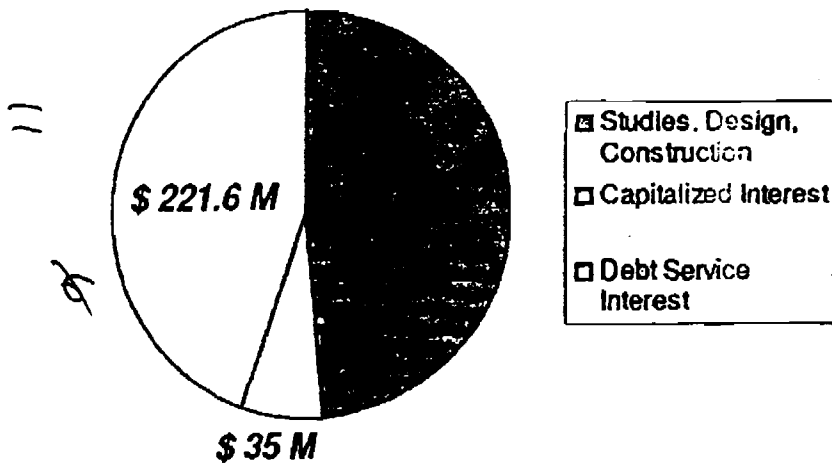


Potomac Yard Special Services Districts

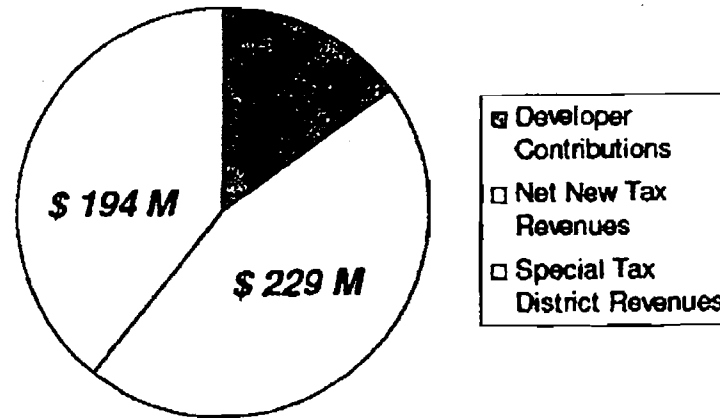
Proposed Metrorail Station Financing Plan

Planned Uses and Sources of Funding
Total \$496.6 Million

Uses



Sources



Potomac Yard Special Services Districts

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Introduction and first reading: 12/14/10
Public hearing: 12/18/10
Second reading and enactment: 12/18/10

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to authorize creation of Tier I Potomac Yard Metrorail Station Special Services District, pursuant to Va. Code Section 15.2-2400, et seq.

Summary

The proposed ordinance authorizes and creates the Tier I Potomac Yard Metrorail Station Special Services District.

Sponsor

N/A

Staff

James Hartmann, City Manager
Mark Jinks, Deputy City Manager
Richard J. Baier, P.E., LEED, AP, Director, T&ES
Christopher P. Spera, Deputy City Attorney

Authority

§15.2-2400, et seq., Code of Virginia

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

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ORDINANCE NO. _____

AN ORDINANCE to authorize creation of Tier I Potomac Yard Metrorail Station Special Services District, pursuant to Va. Code Section 15.2-2400, et seq.

WHEREAS, pursuant to Va. Code Section 15.2-2400, et seq., the City of Alexandria is authorized to establish service districts for portions of the City for the purpose of providing additional, more complete or more timely governmental services than may be needed or desired in the remainder of the City; and

WHEREAS, based upon the development approvals previously recommended by the Planning Commission and passed by City Council, as well as other approvals passed by City Council related to the Potomac Yards area in the City, the City Council has determined that a need exists to fund the research, planning, approvals and construction of a Metro Station as a feature of Potomac Yards, as well as other infrastructure related thereto, through the creation of a service district to be known as the Tier I Potomac Yard Metrorail Station Special Services District (hereafter the "PYM-I Service District");

NOW, THEREFORE, THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That the PYM-I Service District is hereby established, with the boundaries thereof and parcels included therein as described in the notice previously published pursuant to Va. Code Section 15.2-2400 and -2402, which is attached hereto as Exhibit A.

Section 2. That the PYM-I Service District is established for the purpose of providing facilities and services related to the construction of the Potomac Yard Metro Station, including, but not limited to, studies, assessments and analysis of environmental and other impacts, any required local, state or federal governmental approvals, environmental preservation and mitigation, acquisition of real property or temporary and permanent easements therein, temporary or permanent relocation of roadways, rail lines or other infrastructure, and construction of the station, rail crossings, bridges, walkways and any other related infrastructure. The City will use revenues from the PYM-I Service District to construct a pedestrian bridge over the existing rail lines from Potomac Greens to Potomac Yards, whether or not the other infrastructure referenced herein is completed.

Section 3. That the planned facilities may be constructed and planned services provided by the City alone, in partnership with or by the Washington Metropolitan Area Transit Authority, via contractors or other third parties, subject to applicable management and oversight by the City pursuant to appropriate governing contracts, leases, or other agreements.

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Section 4. That the benefits to be expected from the creation of the PYM-I Service District and the provision of the aforesaid facilities and services within said District include, without limitation, increased and more timely transit capacity, minimizing impact on neighboring areas, increased quality of life for area residents, reduction in vehicular traffic and the creation of a vibrant, dynamic urban mixed-use development within Potomac Yards.

Section 5. That staff is directed to promptly prepare an appropriate implementation ordinance codifying the PYM-I Service District in Title 3 of the City Code.

Section 6. That this ordinance shall become effective upon the date and at the time of its final passage.

WILLIAM D. EUILLE
Mayor

Introduction: 12/14/10
First Reading: 12/14/10
Publication:
Public Hearing:
Second Reading:
Final Passage:



A Public Hearing will be held by the City Council of the City of Alexandria, Virginia, in the Council Chambers, City Hall, City of Alexandria, Virginia, on Saturday, December 18, 2010, at 9:30 a.m., or as soon thereafter as may be heard on the hereinafter described ordinance.

AN ORDINANCE of the City of Alexandria, Virginia, authorizing and establishing the Tier I Potomac Yard Metrorail Station Special Services District effective January 1, 2011. The District's boundaries are proposed to be Four Mile Run from the western boundary of the CSX railroad track property to Jefferson Davis Highway; Jefferson Davis Highway from Four Mile Run to the future Bluemont Avenue; the future Bluemont Avenue from Jefferson Davis Highway to the future Main Line Boulevard; the future Main Line Boulevard from the future Bluemont Avenue to northern boundary of Landbay I; the northern boundary of Landbay I from the future Main Line Boulevard to the western boundary of the CSX railroad track property; the western boundary of the CSX railroad track property from the northern boundary of Landbay I to Four Mile Run.

The Potomac Yard real property parcels within this proposed Tier I Special Services District would be parcels: 524 CPYR Inc., 525 CPYR Inc., 501 (part), 502, 503, 504, 505, 506 (part), 507 (part), 512 (part) and 523. The public is advised that amendments or additions may be made to the proposed ordinance without further publication.

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12-18-10



Ltr To Council Regarding Tier I Tax District
Wire, Kenneth W.

to:
jackie.henderson@alexandriava.gov
12/17/2010 04:33 PM

Cc:
ed woodbury, "Rak, Jonathan P.", "Christopher.Spera@alexandriava.gov"
Hide Details
From: "Wire, Kenneth W." <kwire@mcguirewoods.com>

To: "jackie.henderson@alexandriava.gov" <jackie.henderson@alexandriava.gov>

Cc: ed woodbury <ewoodbury@McCafferyInterests.com>, "Rak, Jonathan P." <jrak@mcguirewoods.com>, "Christopher.Spera@alexandriava.gov" <Christopher.Spera@alexandriava.gov>

1 Attachment



Active_28203822_1_Ltr To Council Regarding Tier I Tax District.PDF

Jackie,

Attached please see the letter to council that we discussed.

Thanks,

Kenneth W. Wire

McGUIREWOODS
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December 17, 2010

Honorable William D. Euille, Mayor
and Members of Council
City of Alexandria
301 King Street
Alexandria, VA 22314

Tier I Potomac Yard Metrorail Station Special Services District; Docket Item #4

Dear Mayor Euille and Members of Council:

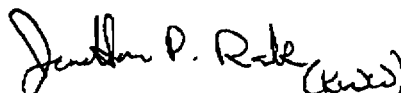
I am writing on behalf of CPYR, Inc., the owner of the Potomac Yard Retail Center to request a minor amendment to the proposed ordinance establishing the special tax district.

The proposed ordinance is generally consistent with the Memorandum of Understanding between the City and CPYR, Inc. dated June 12, 2010 ("MOU"). In addition to the terms of the proposed ordinance, the MOU also specified a tax rate of twenty cents per hundred dollars of assessed value. We therefore request the addition of the following language:

Section 1. That the PYM-I Service District is hereby established, with the boundaries thereof and parcels included therein as described in the notice previously published pursuant to Va. Code Section 15.2-2400 and -2402, which is attached hereto as Exhibit A, and that the tax rate for the PYM-I Service District shall not exceed twenty cents (\$0.20) per one hundred dollars (\$100) of assessed value.

Thank you for your consideration of this amendment. We look forward to continuing to work together on the development of the new Potomac Yard Metrorail Station.

Sincerely,


Jonathan P. Rak

cc: Pam Boneham
Michael Nigro

\\28196088.1

SPEAKER'S FORM
DOCKET ITEM NO. 4

PLEASE COMPLETE THIS FORM AND GIVE IT TO THE CITY CLERK
BEFORE YOU SPEAK ON A DOCKET ITEM

PLEASE ANNOUNCE THE INFORMATION SPECIFIED BELOW PRIOR TO SPEAKING.

1. NAME: Jonathan Rak
2. ADDRESS: 1750 Tysons Blvd. McLean VA 22102
TELEPHONE NO. 7037125411 E-MAIL ADDRESS: jrak@mcquikewoods.com
3. WHOM DO YOU REPRESENT, IF OTHER THAN YOURSELF? CPYR, Inc.
4. WHAT IS YOUR POSITION ON THE ITEM?
FOR: AGAINST: OTHER:
5. NATURE OF YOUR INTEREST IN ITEM (PROPERTY OWNER, ATTORNEY, LOBBYIST, CIVIC INTEREST, ETC.):
Attorney
6. ARE YOU RECEIVING COMPENSATION FOR THIS APPEARANCE BEFORE COUNCIL?
YES NO

This form shall be kept as a part of the permanent record in those instances where financial interest or compensation is indicated by the speaker.

A maximum of three minutes will be allowed for your presentation, except that one officer or other designated member speaking on behalf of each *bona fide* neighborhood civic association or unit owners' association desiring to be heard on a docket item shall be allowed five minutes. In order to obtain five minutes, you must identify yourself as a designated speaker, and identify the neighborhood civic association or unit owners' association you represent, at the start of your presentation. If you have a prepared statement, please leave a copy with the Clerk.

Additional time not to exceed 15 minutes may be obtained with the consent of the majority of the council present; provided notice requesting additional time with reasons stated is filed with the City Clerk in writing before 5:00 p.m. of the day preceding the meeting.

The public normally may speak on docket items only at public hearing meetings, and not at regular legislative meetings. Public hearing meetings are usually held on the Saturday following the second Tuesday in each month; regular legislative meetings on the second and fourth Tuesdays in each month. The rule with respect to when a person may speak to a docket item at a legislative meeting can be waived by a majority vote of council members present but such a waiver is not normal practice. When a speaker is recognized, the rules of procedures for speakers at public hearing meetings shall apply. If an item is docketed for *public hearing* at a regular legislative meeting, the public may speak to that item, and the rules of procedures for speakers at public hearing meetings shall apply.

In addition, the public may speak on matters which are not on the docket during the Public Discussion Period at public hearing meetings. The mayor may grant permission to a person, who is unable to participate in public discussion at a public hearing meeting for medical, religious, family emergency or other similarly substantial reasons, to speak at a regular legislative meeting. When such permission is granted, the rules of procedures for public discussion at public hearing meetings shall apply.

Guidelines for the Public Discussion Period

- (a) All speaker request forms for the public discussion period must be submitted by the time the item is called by the city clerk.
- (b) No speaker will be allowed more than three minutes; except that one officer or other designated member speaking on behalf of each *bona fide* neighborhood civic association or unit owners' association desiring to be heard during the public discussion period shall be allowed five minutes. In order to obtain five minutes, you must identify yourself as a designated speaker, and identify the neighborhood civic association or unit owners' association you represent, at the start of your presentation.
- (c) If more speakers are signed up than would be allotted for in 30 minutes, the mayor will organize speaker requests by subject or position, and allocated appropriate times, trying to ensure that speakers on unrelated subjects will also be allowed to speak during the 30 minute public discussion period.
- (d) If speakers seeking to address council on the same subject cannot agree on a particular order or method that they would like the speakers to be called on, the speakers shall be called in the chronological order of their request forms' submission.
- (e) Any speakers not called during the public discussion period will have the option to speak at the conclusion of the meeting, after all docketed items have been heard.

ORDINANCE NO. 4693

AN ORDINANCE to authorize creation of Tier I Potomac Yard Metrorail Station Special Services District, pursuant to Va. Code Section 15.2-2400, et seq.

WHEREAS, pursuant to Va. Code Section 15.2-2400, et seq., the City of Alexandria is authorized to establish service districts for portions of the City for the purpose of providing additional, more complete or more timely governmental services than may be needed or desired in the remainder of the City; and

WHEREAS, based upon the development approvals previously recommended by the Planning Commission and passed by City Council, as well as other approvals passed by City Council related to the Potomac Yards area in the City, the City Council has determined that a need exists to fund the research, planning, approvals and construction of a Metro Station as a feature of Potomac Yards, as well as other infrastructure related thereto, through the creation of a service district to be known as the Tier I Potomac Yard Metrorail Station Special Services District (hereafter the "PYM Service District");

NOW, THEREFORE, THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That the PYM Service District is hereby established, with the boundaries thereof and parcels included therein as described in the notice previously published pursuant to Va. Code Section 15.2-2400 and -2402, which is attached hereto as Exhibit A, with a service tax rate not to exceed twenty cents per one hundred dollars of assessed value exclusive of all other applicable taxes.

Section 2. That the PYM Service District is established for the purpose of providing facilities and services related to the construction of the Potomac Yard Metro Station, including, but not limited to, studies, assessments and analysis of environmental and other impacts, any required local, state or federal governmental approvals, acquisition of real property or temporary and permanent easements therein, temporary or permanent relocation of roadways, rail lines or other infrastructure, and construction of the station, rail crossings, bridges, walkways and any other related infrastructure.

Section 3. That the planned facilities may be constructed and planned services provided by the City alone, in partnership with or by the Washington Metropolitan Area Transit Authority, via contractors or other third parties, subject to applicable management and oversight by the City pursuant to appropriate governing contracts, leases, or other agreements.

Section 4. That the benefits to be expected from the creation of the PYM Service District and the provision of the aforesaid facilities and services within said District include, without limitation, increased transit capacity, minimizing impact on neighboring areas, increased quality of life for area residents, reduction in vehicular traffic and the creation of a vibrant, dynamic urban mixed-use development within Potomac Yards.

Section 5. That staff is directed to promptly prepare an appropriate implementation ordinance codifying the PYM Service District in Title 3 of the City Code.

Section 6. That this ordinance shall become effective upon the date and at the time of its final passage.

WILLIAM D. EUILLE
Mayor

Final Passage: December 18, 2010

8
4-16-11

Jackie Henderson

From: Chae, Grace E. <gchae@mcguirewoods.com>
Sent: Friday, April 15, 2011 12:02 PM
To: Jackie Henderson
Cc: Rak, Jonathan P.; Wire, Kenneth W.; {F47544}.Active@wcs.mcguirewoods.com
Subject: Docket Item #8 - April 16th Public Hearing [IWOV-ACTIVE.FID47544]
Attachments: Letter to City Council.pdf

Ms. Henderson,

Per Mr. Jonathan Rak, attached please find the letter to the Mayor and the Members of City Council.

Thank you.

Grace E. Chae
Legal Secretary
McGuireWoods LLP
1750 Tysons Boulevard
Suite 1800
McLean, VA 22102-4215
703.712.5410 (Direct Line)
703.712.5050 (Direct FAX)
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Jonathan P. Rak
Direct: 703.712.5411

McGUIREWOODS

Land Use and Environmental
jrak@mcguirewoods.com

April 15, 2011

VIA EMAIL TO jackie.henderson@alexandriava.gov

Mayor Euille and Members of City Council
City Hall
301 King Street
Alexandria, Virginia 22314

RE: April 16th Public Hearing - Docket Item #8
Tier 1 Potomac Yard Metrorail Station Special Services District

Dear Mayor Euille and Members of City Council:

As you know our client, CPYR, Inc., ("CPYR") is the owner of Landbay F in Potomac Yard and entered into a Memorandum of Understanding with the City on June 12, 2010 (the "MOU") regarding the financing of the proposed Metrorail Station. The MOU established a Station Fund for the Metrorail Station comprised of: 1) new tax revenues generated by growth in assessments and future development; 2) a Potomac Yard Metrorail Station Special Services District (the "Service District") at a rate of \$0.20 per \$100 of assessed value 3) a developer contribution of \$49 million; and 4) a \$32 million dollar developer short fall guarantee. The purpose of the Station Fund was to clearly establish a dedicated funding source for this key transportation project in the City.

In addition to the funding of the Metrorail Station, CPYR also agreed to make numerous transportation improvements in and around Landbay F, including: providing the right-of-way and transit stations for the Transitway; improvements to various intersections along Route 1; and to relocate Potomac Avenue. Each of these transportation improvements were agreed to by CPYR as part of the Landbay F approval and were a part of a comprehensive community benefit plan which are memorialized in the CDD conditions. The transportation component of the Landbay F rezoning is the largest transportation package funded by a single project in the City's history.

It has come to CPYR's attention that the City is considering imposing an add-on commercial property tax of \$0.125 per \$100 of assessed value to fund transportation projects in the City. While CPYR understands the need for additional transportation initiatives, adding \$0.125 to the Service District rate of \$0.20 for a total increase in the tax rate of \$0.325 is an excessive tax burden on an existing retail center before any future redevelopment is likely to begin.

April 15, 2011

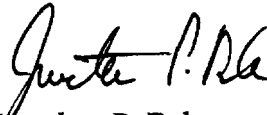
Page 2

In addition, we understand that a portion of the funds generated by the \$0.125 add-on commercial property tax rate will be applied towards the Transitway. In the development approvals, CPYR already agreed to make substantial in kind improvements to Landbay F to facilitate the future construction and operation of the Transitway once redevelopment begins.

If the City adopts the add-on commercial tax, CPYR requests that the Service District tax rate be reduced an equivalent amount, so that the combined total of the add-on commercial tax rate and the Service District tax rate does not exceed \$0.20 per \$100 of assessed value as originally agreed.

Thank you for your consideration of this request.

Sincerely,



Jonathan P. Rak

cc: Jim Hartmann, City Manager
Mark Jinks, Deputy City Manager
Pamela Boneham, RREEF
Michael Nigro, RREEF
Ed Woodbury, McCaffery Interests

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