

ORDINANCE NO. 4966

AN ORDINANCE to amend and reordain Title 3 (FINANCE, TAXATION AND PROCUREMENT), Chapter 2 (TAXATION), Article M (LEVY AND COLLECTION OF PROPERTY TAXES), Division 1 (REAL ESTATE) of The Code of the City of Alexandria, Virginia, 1981, as amended.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Title 3, Chapter 2, Article M, Division 1 of the Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended and reordained, with the addition of a new section 3-2-192, to read as follows:

(All new language.)

Sec. 3-2-192 – Eisenhower West Victory Center Redevelopment District.

- (a) The Eisenhower West Victory Center Redevelopment District (the "district") is hereby created at 5001 Eisenhower Avenue for the 8.56 acre area of current City tax map 068.04-01-05, as subsequently subdivided to create the property leased to the Transportation Security Administration ("TSA") (the "Property").
- (b) The effective date of the start of the partial property tax exemption in the district, as set forth in this article is the first January 1 after the first certificate of occupancy for TSA is granted for the office building and other improvements to be constructed and renovated in the District and leased by the federal government's General Services Administration for occupancy by TSA. In the event that the performance standard described in clause (f) below is achieved in the first year following the issuance of the first certificate of occupancy, the abatement shall apply to the entire calendar year as though the performance standard was achieved on January 1 of such year.
- (c) The Property tax exemption in the district shall be in effect for a 15-year period from the effective date of the start of the partial property tax exemption until December 31 of the fifteenth year of the property tax exemption. The property tax exemption shall partially exempt real estate taxes due during the 15 years of the initial TSA lease occupancy as defined herein. The partial exemption shall apply only to improvements constructed in the district including but not limited to the office building occupied by TSA, the above-grade parking garage and retail spaces. The annual assessed value of the land component building component existing as of January 1, 2015 in the district, reflecting any increases or decreases in assessed value of said land and existing building component, shall remain fully taxable. The annual assessed value of the land component shall also reflect that of a finished developed lot with existing improvements.
- (d) Real estate taxes of up to an annual maximum of \$1,557,290 will be exempt on the improvements constructed in the district during the 15 years of the initial TSA lease of the property.
- (e) The real estate assessments for all land and buildings within the district shall be determined by the director of real estate assessments, and shall be established at fair

- full market value using the same principles, procedures, and timing of real estate assessments as that established for other similar taxable real estate in the city. The owner of land and improvements within the district shall have the same rights and limitations of appeal of the city's annual real estate assessment as that applicable to other taxable real estate in the city.
- (f) The tax exemption detailed in this article shall be dependent on the TSA fully meeting a required performance standard as of the time period set forth in subsection 3-2-192(f)(1) below.
- (1) The TSA required performance standard shall be defined as:
- (i) TSA leasing, directly or indirectly through the federal General Services Administration, and achieving an occupancy level of at least 80% percent of the net leasable floor area of the office building in the district. If the TSA does not lease its portion of the building and achieve the minimum 80% percent occupancy level of this office building within one year from the issuance of the last certificate of occupancy with respect to TSA's portion of the building, then no tax exemption shall apply, with the city then fully taxing all land, office building and other improvements in the district, and
- (ii) the owner of 5001 Eisenhower Avenue certifying to the City that at least \$125,000,000 has been spent constructing and outfitting the Property leased to TSA.
- (2) For the purposes of determining whether or not the TSA 80% percent occupancy threshold has been met, space leased for or by TSA not able to be occupied by TSA due to incidents such as fires, earthquakes, hurricanes, or other acts of god shall be considered leased and occupied space by TSA in the calculation of the 80% percent occupancy threshold.
- (3) Within 60 days of TSA meeting the performance standard as defined in subsection 3-2-192(f)(1), the owner of 5001 Eisenhower Avenue is responsible for notifying the city's director of finance of the occupancy level by TSA, as well as the amount expended constructing and outfitting the Property leased to TSA on a form designated by the director of finance. Upon receipt and review of this occupancy and cost information, the city director of finance shall determine if this performance standard has been met, and the city manager shall notify the owner in writing of the city's determination of performance standard satisfaction. If no decision or response from the city is received within 30 days after the submission by the owner, then the required performance standard shall be deemed to have been achieved, provided TSA met the 80% percent occupancy threshold as certified by the owner.
- (g) The partial exemption of real property in the district shall be considered a covenant that shall run with the land record of real estate parcel TBD Within 90 days of the passage of this ordinance, the city shall record a covenant in the land records of the city to such effect which shall reflect the partial property tax exemption as defined in this article. These terms, conditions and limitations shall not be revoked during the 15 year period of the partial property tax exemption and shall control the real estate taxes with respect to this property irrespective of any change in the applicable city code.
- (h) In the event that the property is sold to the federal government or a federal government related entity prior to 20 years after the effective starting date of the

property tax exemption as defined in section 3-2-2, then the net present value of the foregone real property taxes which would otherwise have been due to the city between the date of the sale of the property to the federal government or a federal government related entity, and the 20 years after the effective starting date of the property tax exemption on the property, would be due to the city at the time of the sale between the owner of the property and the federal government or a federal government related entity.

- (i) For the purposes of calculating the net present value of forgone real estate taxes prescribed in subsection 3-2-190(h) above:
 - (1) the discount rate utilized in that calculation shall reflect the city's estimated cost of funds utilizing Thomson Municipal Market Data (MMD) for 10-year AAA rated tax exempt general obligation bonds as of either January 1 or July 1 of the calendar year of the sale of the property, and if this MMD information is not available an equivalent measure shall be substituted,
 - (2) the real estate tax assessment used in the net present value calculation shall reflect the real estate tax assessment as of January 1 of the calendar year of the sale of the property, and
 - (3) the real estate tax rate used shall reflect the adopted real estate tax rate for the calendar year of the sale of the property, or if the real estate tax rate of the calendar year of the sale has not yet been adopted, then the adopted real estate tax rate for the calendar year prior to the sale of the property shall be used.
- (j) Nothing in this article or any covenant recorded in the applicable land records shall be construed as limiting the city's power to increase or decrease the city's real property tax rate, or to levy other taxes, fees or charges in the district.

Section 2. That this ordinance shall become effective upon the date and at the time of its final passage.

WILLIAM D. EUILLE
Mayor

Final Passage: September 12, 2015