



Legislation Details (With Text)

File #: 18-7648 **Name:** Sunset Clause for Tax Tier II
Type: Ordinance **Status:** Agenda Ready
File created: 4/20/2018 **In control:** City Council Legislative Meeting
On agenda: 5/8/2018 **Final action:**
Title: Introduction and First Reading. Consideration. Passage on first reading of an ordinance to amend and reordain Section 3-2-190 (Tier II Potomac Yard Metrorail Station Special Tax District) in 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
Sponsors:
Indexes:
Code sections:
Attachments: 1. 18-7648_Ordinance COVER, 2. 18-7648_Ordinance, 3. 18-7648_After Items

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 2, 2018
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Introduction and First Reading. Consideration. Passage on first reading of an ordinance to amend and reordain Section 3-2-190 (Tier II Potomac Yard Metrorail Station Special Tax District) in 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

ISSUE: Consideration of an ordinance to amend and reordain Section 3-2-190 to establish a sunset clause related to the Tier II Potomac Yard Metrorail Station Special Services District.

RECOMMENDATION: That City Council pass the proposed ordinance (Attachment 2) on first reading and schedule it for second reading, public hearing and final passage on Saturday, May 12, 2018.

BACKGROUND: In June 2011, City Council adopted Section 3-2-190 of the City Code to establish the Tier II Potomac Yard Metrorail Station Special Tax District to provide partial funding to construct the Potomac Yard Metrorail Station. This Code section provides that City Council may levy a special tax on all properties within the boundaries of the Tier II district of up to 10 cents beginning the first calendar year after the Metrorail Station opened.

DISCUSSION: Since mid-2014, the City has been working with Dominion Energy on the utility's proposal for a new 230-kilovolt underground transmission line from the existing Glebe Substation in Arlington County to Pepco's existing Potomac River Substation in North Old Town. Dominion initially proposed nine potential alignments for a transmission line and requested that the City identify an alternative that it could support as part of Dominion's planned submission to the State Corporation Commission (SCC), which is the State entity charged with approving transmission line proposals.

After extensive public outreach and considering earlier recommendations of the Underground Transmission Line Working Group (UTLWG), the City in May 2016 adopted a resolution opposing any overhead transmission lines and identifying a route that included the Potomac Yard Railroad Corridor as a "least objectionable alternative" for the transmission line. Dominion then worked with CSX for more than a year to meet the railroad's technical requirements. However, in December 2017, Dominion returned to the City noting that, due to requests by CSX, costs for the railroad corridor alternative had increased by \$100 million to \$420 million. Dominion requested the City reconsider an alignment on Potomac Avenue.

If Dominion proceeds with either the Railroad Corridor or Potomac Avenue, it will be required to compensate the City at fair market value for impacts to City-owned right-of-way. Dominion is seeking a perpetual easement for its proposed underground transmission line. The compensation to the City would be \$14.6 million for impacts to City right-of-way associated with the Railroad Corridor or \$43.3 million for the Potomac Avenue alternative.

Given the proximity to the Metrorail Station and the impact this work will have on the immediate neighborhood, staff recommends that City Council consider placing a sunset clause on the Tier II Special Tax District, contingent on receipt of at least \$14.6 million in right-of-way fees from Dominion. The funds would be used for Metrorail Station construction costs, either to reduce the borrowing for the project or to repay debt service.

FISCAL IMPACT: There is no fiscal impact from this action. The estimated net present value of the revenue projected to be collected from the \$0.10 special tax for debt service related to the Potomac Yard Metrorail Station is approximately the same as the \$14.6 million that will be provided as a minimum in compensation for the right-of-way.

ATTACHMENTS:

1. Ordinance Cover
2. Ordinance to Amend Section 3-2-190 of the City Code

STAFF:

Joanna Anderson, Deputy City Attorney

Emily A. Baker, Deputy City Manager

Yon Lambert, Director, Transportation and Environmental Services

Kendel Taylor, Director of Finance