

ORDINANCE NO. 4831

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 by the addition of a new Section 3-2-190 to read as follows:

(All new language)

Sec. 3-2-190 – Eisenhower Avenue Science Redevelopment District

(a) The Eisenhower Avenue Science Redevelopment District (the “District”) is hereby created as set forth herein with the boundaries coterminous with that of City of Alexandria assigned real estate parcel 072.04-03-14 located at 2401 Eisenhower Avenue (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 the National Science Foundation (“NSF”) tenancy is granted for the office building to be constructed in the District and leased by the federal government’s General Services Administration for occupancy by NSF.

(c) The Property tax exemption in the District shall be in effect for a fifteen-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 exempt from real property taxation, that amount of the real estate assessment during each of the 15 years of the initial NSF lease occupancy which is equal to the increase in assessed value resulting from the construction of the new structure and improvements, as set forth in the schedule defined herein and subject to the NSF fully meeting the NSF required performance standard defined herein. The partial exemption shall apply only to improvements constructed in the District including but not limited to the office building occupied by NSF.

(d) The annual portion of any increase in assessed value of the Property resulting from new construction and improvements in connection with DSUP 2011-0020 that will be exempt from real property taxation during the 15 years of the initial NSF lease of the Property shall follow the following schedule:

Year 1	100%	Year 9	90%
Year 2	100%	Year 10	80%
Year 3	100%	Year 11	70%
Year 4	100%	Year 12	60%
Year 5	100%	Year 13	50%
Year 6	100%	Year 14	40%
Year 7	100%	Year 15	30%
Year 8	100%	Year 16 and beyond	0%

(e) 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 NSF fully meeting a required performance standard.

(1) The NSF required performance standard shall be defined as NSF leasing, directly or indirectly through the federal General Services Administration, and NSF occupying at least 80% of the net leasable floor area of the office building in the District at least one year from the issuance of the last certificate of occupancy by the City of Alexandria for this office building. If the NSF does not lease and occupy at least 80% of this office building then no tax exemption shall apply, with the City then fully taxing all land, office building and other improvements in the District.

(2) If during the course of a calendar year, the National Science Foundation reduces its leasing and its occupation of the building from 80% or greater to below 80% of the net leasable floor area of this office building, then the real estate tax exemption shall be prorated accordingly for that calendar year. For the purposes of determining whether or not the NSF 80% occupancy threshold has been met, space leased for or by NSF not able to be occupied by NSF due to incidents such as fires, earthquakes, hurricanes, or other acts of god shall be considered leased and occupied space by NSF in the calculation of the 80% occupancy threshold.

(3) By March 1 of each calendar year, the owner of 2401 Eisenhower Avenue is responsible for notifying the City’s director of finance of the occupancy level by NSF on a form designated by the director of finance. In the event during the course of a calendar year NSF’s occupancy rate falls below 80%, the owner of 2401 Eisenhower Avenue is responsible for notifying the director of finance of the changed NSF occupancy level, as well as the date that the occupancy rate fell below 80%.

(g) The partial exemption of real property in the District, including the qualifications and exceptions and the declining percentage value of the exemption as detailed in this Article O shall be considered a covenant that shall run with the land record of real estate parcel 072.04-03-14. Within ninety 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 set forth in this article, 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 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: October 19, 2013