



County of Fairfax, Virginia

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County

Answers to Frequently Asked Financial Questions about RCC Financing of Proposed Indoor Recreation Facility

RCC asserts it will not increase the current tax rate of 4.7 cents per \$100 of assessed property value in small district 5 to build an additional facility. How is that possible?

The current tax base of RCC (small district 5), which includes both residential and commercial properties, is projected to provide close to \$7M in tax and interest revenues in FY10. In addition, RCC has in reserves allocated to Maintenance, Feasibility Study, Economic and Program Contingency and Capital Projects another approximately \$6.4M. Looking ahead, we anticipate that our tax base will remain at current or slightly less than current levels for the next three fiscal years given the economic forecasts. However, beginning in FY2013, the Reston tax base for small district 5 is likely to see robust growth, particularly in the commercial property sector, but also in new and redeveloped residential properties as well.

It is based on this anticipated growth that we feel confident that the current tax rate will not need to be increased to accommodate the added costs of annual debt service resulting from a bond financing vehicle for construction of a new facility (estimated to be approximately \$4M on a construction cost of \$49M) and a subsidy level of approximately 20% of the total for operating the facility, approximately \$765,000 annually, for the most comprehensive scenario of an indoor recreation facility. About 80% of the costs of operating the facility would be recovered from user fees (program fees, facility rentals, and other associated opportunities.) In essence, RCC anticipates that our revenue growth from the increase in assessed values of residential and commercial properties in Reston (small district 5) will be sufficient to pay the debt service plus the subsidy for the new facility, or approximately \$4.8M annually. That amount would be less if a smaller facility is desired by the community or different subsidy level is established. It represents the largest estimated amount of revenue from taxes and interest we anticipate needing. On the smaller end of the facilities discussed in the Brailsford and Dunlavey study, with a 75/25 recovery/subsidy ratio, the annual costs total approximately \$3.8M. Subsidy budgeting is planned in order to keep fees as low as possible.

It is important to note as well, that the reserves structure currently in place will support the ability of RCC to prudently explore the community desires, and preliminary costs, prior to underwriting a capital bond referendum. Additionally, if the community is not in favor of a consolidated indoor recreation facility that requires bond financing, RCC will explore other options to address the unmet demands of our patrons. How we do so will depend on what we learn the community's position is on the tax rate as it relates to pursuing growth in our offerings or not, and maintaining or reducing the current tax rate accordingly.

How do you know the tax base will increase enough to cover these new costs?

The zoning changes likely to take place within Reston (small district 5) will include revitalization of parts of the community (Lake Anne in particular in the near term), as well as higher density commercial and residential growth in the Reston Center for Industry and Government (property on both sides of the Toll Rd.) Additionally, growth will come from property in Reston Town Center that is still undeveloped, and the redevelopment of the

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Spectrum, Sheraton, and Parc Reston properties among others. These are among the most significant changes that will occur in the next 3-5 years that indicate that the tax district revenue base will expand substantially.

What will you do if the anticipated growth does not occur?

Even if a bond referendum is successful, the RCC would not be obligated to sell the bonds, and we would not do so if we are not confident of the short and long term health of our financing plans.

How will the current RCC facilities and programs be affected financially?

RCC does not contemplate loss of programs, services or facility support to RCC Hunters Woods or Lake Anne regardless of what options are pursued in the future. We may reconfigure programming and offer those best suited to the respective environments, however, we will continue to offer the full spectrum of aquatics (instructional, recreational and therapeutic programs) at Hunters Woods, as well as well-being classes that are best suited to the classroom environments at Hunters Woods and Lake Anne. The new facility would house aquatics programs associated with a competitive pool environment, as well as fitness programs that require specialized floors, and related classroom features. We do not anticipate that a new facility will diminish the community use or rental programs at either Hunters Woods or Lake Anne.

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