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FILE NO: 67442.8

July 9, 2010

**BY EMAIL**

Members, Loudoun County Board of Supervisors  
One Harrison Street, S.E., Fifth Floor  
Leesburg, Virginia 20177-7000

**Kincora**

Dear Supervisors:

In its Information Item for your June 15, 2010 meeting, Staff recommended that the Kincora applicant make a per unit cash contribution equal to the entire cost of Gloucester Parkway - \$31.9 million or \$24,538 x 1,300 market rate units. **In a subsequent conversation, Staff indicated that if the Applicant would agree to make that contribution, the capital facilities issue would be resolved.** With that understanding, the Applicant proffered that full contribution.

Now, at the last minute, the goal line has been moved again. We learned for the first time upon reading the published Action Item for your July 12, 2010 meeting that the \$31.9 million contribution - on top of all the other commitments the Applicant continues to make - is not enough. In addition, the Action Item contains a number of inaccuracies and misleading statements as explained in the attached summary. This unfortunate approach highlights the very issue raised in this week's Loudoun Times Mirror editorial about sending contrary and confusing messages to willing partners in the business community.

Through more than 14 months of careful and thorough review, County Staff and the Planning Commission asked a great deal of this Applicant. This Applicant listened carefully and consistently tried to address every issue. You should recognize this Applicant's willingness to listen and work on solutions given the key changes made in direct response to your constructive input. **Most recently, the Applicant was asked to make a substantial cash contribution in order to best position the County to solve an existing transportation need - Gloucester Parkway. This Applicant has agreed to precisely that contribution.**

The challenges of paying for this costly extension of Gloucester Parkway are not of Kincora's making. But Kincora offers significant, tangible solutions. The residents of Loudoun need



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Gloucester Parkway today. **Cutting the ribbon to open this extension of Gloucester Parkway will be the single most significant step you can take to relieve today's traffic congestion on Waxpool Road.** Yet, there is no cash to pay for it, nor even a plan for how to pursue funding. Approving Kincora creates several real options for actually making it happen.

**Kincora's proffered cash contribution now covers 100% of the construction costs, even though at full buildout, Kincora traffic will only constitute 37% of the traffic and only 24% of the capacity of this road.** Committing this cash payment to Gloucester Parkway is the right thing to do given the critical need for this regional road. Yet, the Applicant has maintained the other capital facilities commitments, including the five-acre fire and rescue/public use site, a significant piece of the regional trail network and 100% of the costs of extending Pacific Boulevard - a second crossing of Broad Run provided by this application. **The total value of all of these public facilities to the County is over \$48 million.**

**With respect to schools and other capital facilities impacts,** the Applicant submitted an updated fiscal impact study last September, which demonstrates that by rezoning to mixed-use, Kincora will generate \$170 million over 19 years in net tax revenue AFTER the costs of any school children and other impacts from Kincora are paid. The Applicant had revised its study to extend the buildout period in response to a comment from the Office of Management and Budget and more recently adjusted the numbers to address a concern raised by Supervisor Burton that the multifamily units were overvalued. Otherwise, the study has not been challenged. It shows that **Kincora more than pays for itself.** The County can use the net surplus tax revenues from Kincora to address capital costs and operating expenses for other communities beyond Kincora's boundaries. That is the benefit of expanding the County's commercial tax base. Also, it should be feasible to redistrict the Kincora property into the Sterling school boundaries where there is excess capacity today to avoid impacting existing Ashburn schools.

Finally, the Kincora application advances several of the County's comprehensive plan policies and goals. It fully complies with the environmental policies for the River and Stream Corridor Resources and goes beyond with an extensive conservation and reforestation commitment. Right-of-way for and construction of two critical missing links of the Countywide Transportation Plan regional road network - Gloucester Parkway and Pacific Boulevard - are proffered with this application. Kincora will promote the economic development and tax base expansion called for in the Revised General Plan, with the Class A office that will line Route 28 consistent with the proffered Concept Plan. While the current Revised General Plan recommends against residential in keynote areas, **the independent market study commissioned by this Board confirmed that to attract the desired office in today's**

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**market, the County needs mixed-use, with residential uses like those proposed with Kincora. Further, as Kim Hart explained in his presentation at the public hearing, the multi-family residential at Kincora advances 14 Housing Polices in the Revised General Plan.**

Kincora is a unique location and the benefits of approving this rezoning are compelling. Kincora enjoyed broad support by the Planning Commission. Your Commissioners worked diligently with the Applicant to make sure this rezoning establishes a blueprint for a first-class business community on this strategic property at the northern gateway to Route 28. You have since devoted considerable hours of your time reviewing this application. We greatly appreciate the dialogue we have had with you, and this Applicant heard you.

As a result, the worthy application recommended by the Planning Commission is even better – most notably, with the addition of the cash contribution of almost \$32 million for a regional road connection that will significantly improve traffic on Waxpool Road. The application before you reflects the great work of many people. It deserves your approval.

Best regards,



John C. McGranahan, Jr.

Enclosures

cc: Ms. Judi M. Birkitt  
Mr. Michael W. Scott  
Mr. Daniel P. Coughlan

**KEY CORRECTIONS/CLARIFICATIONS TO THE RESPECTIVE STATEMENTS  
IN THE JULY 12, 2010 STAFF ACTION ITEM**

**BACKGROUND:**

(Page 1) – Staff lumps all "commercial retail and service uses" together in its description of the proposal, using only a total figure of 873,825 square feet. This suggests that entire square footage could be retail. It ignores the commitments in the Proffers to specific "commercial" uses and the detailed limitations placed on retail. These commitments and details were critical to the Planning Commission's understanding and support for this application. The more accurate description is 475,000 square feet of hotel and 393,825 square feet of commercial uses of which 200,000 square feet must be employment supportive. At least 50% of the employment supportive uses must be located in mixed-use buildings.

**UPDATE:**

1. **Gloucester Parkway**

b. **Road Design Plans (Page 2)** – Staff suggests the County may not be able to contract for an "upfront" improvement since the design may not be completed until the end of Phase 1. This ignores the fact that with the first approximately 50 residential units, there will be sufficient funds in the Gloucester Parkway Fund to cover the cost of completing the design. The Applicant or the County can move forward with the design at that very early stage of the project (first 50 residential units) if the County decides to pursue an "up front" improvement. The new Proffer does not prevent that; it simply prohibits the Applicant from proceeding to Phase 2 until the plans have been completed and submitted for permitting.

**ISSUES STATUS:**

1. **Land Use**

b. **Amount and Scale of Retail (Pages 2 and 3)** – The Applicant has rebutted the misleading amount contention under "Background," above. Staff further contends the 3 proposed 60,000 square foot free-standing buildings could function as destination or drive-by oriented retail, rather than employment supportive. However, in response to Staff and Planning Commission input, the Applicant has proffered location, orientation and design commitments to specifically prevent that outcome (see Proffers V.M.4., V.M.5. and V.O.).

c. **Land Use Phasing (Page 3)** – Staff contends there is a potential that office uses may not be the predominant use in Phase 3. That is absolutely incorrect. The shifting of 400,000 square feet of employment uses from Phase 3 to Phase 2 guarantees that even

when all of the residential and all non-office commercial are developed, and none of the Phase 3 office has been built (i.e., the point at the beginning of Phase 3), office is the predominant use. Because of the Applicant's change in response to Board comments on this issue, there must be 1,350,000 square feet of office before the Applicant can develop the final commercial and residential uses. The attached pie charts show in the "Phase 3 Partial Buildout" that office is 41% - greater than all other use categories. At full-buildout, it is 59%.

2. **Market Study** – There is indeed a market study. The independent study the Board paid for last summer supports precisely the type of mixed-use project proposed for Kincora.
3. **Transportation**

b. **Without a CDA** – Staff contends that the CTP does not support the proposed transportation phasing. Yet, the Applicant's traffic study demonstrates that roads will be built PRIOR TO when they are required to mitigate traffic impacts from this application. The Pacific Boulevard crossing of Broad Run must be built and (as a result of a request by Commissioner Austin) must be open for traffic BEFORE the Applicant can obtain an occupancy permit for any Phase 2 use. Likewise, Gloucester Parkway must be built and open to traffic BEFORE the Applicant can obtain an occupancy permit for any Phase 3 use. Now, based on the dialogue with the Board, the Applicant will be contributing almost \$32 million toward Gloucester Parkway starting with the first residential unit constructed on the Property. The Applicant has mitigated its traffic impacts with its transportation phasing, and has committed more than twice the amount of regional transportation funding than any comparable project in Loudoun - to address traffic issues the County has today, with or without Kincora.

**Table 1. Staff Analysis of Proffered Transportation Improvements – With a CDA Column (Page 4)** – Staff contends the County will have to postpone some CIP projects to create debt capacity for the project. If a CDA is created, the funds for Gloucester Parkway will be the debt of the CDA, not a debt of Loudoun County, and will not count against the County's general obligation debt capacity limits.

4. **Capital Facilities**

b. **(Bottom of Page 4)** – Staff states the "residential units are proffered to be built-out by the end of Phase 2. Therefore, the Applicant should construct Gloucester Parkway by the end of Phase 2." The Applicant has proffered to do this. First, with the new cash contribution, the Applicant will have paid the full \$31,900,000 before the end of Transportation Phase 2 (all residential units will have been constructed as Staff points out, and the cash will have been paid). Secondly, under the transportation phasing Proffers, Gloucester Parkway must be open for traffic BEFORE any Phase 3 uses can be occupied. Gloucester Parkway will be in place by the end of Phase 2 in the worst case scenario.

**Table 2. Staff's Capital Facilities Analysis (Page 5)**

Public Use Site – Staff makes its own adjustment to the value of the Public Use site (from \$3,852,725 to \$3,434,125) even though the Applicant was required to pay for an appraisal by a County-approved appraiser who opined the site is valued at \$3,852,725.

On-Site Trails – Staff does not include \$450,000 for the trail head parking spaces proffered in Proffer IV.A.2.

Totals – Staff's "Without a CDA" "credits" total of \$36,638,450 does not include the credits earlier in that column for the public use site, the on-site trails, the observation platform or the Broad Run Toll House. The number should be \$41,931,659 with the addition of \$450,000 for the trail head spaces.

County Policy Credit for Pacific Boulevard and Gloucester Parkway – The Staff limits the credit for Pacific Boulevard to \$2.2 million based on a traffic snapshot at the end of Transportation Phase 2 when Gloucester Parkway is not yet open and 80% of the traffic on Pacific Boulevard is projected to be Kincora traffic. Therefore, Staff concludes the Applicant should only get credit for 20% of the cost of the Pacific Boulevard extension. Yet, with respect to Gloucester Parkway, the Staff does not use that same snapshot in time - when all \$31,900,000 will have been paid by the Applicant, but none of Kincora's Phase 3 traffic will be in place. Instead, Staff looks to full-buildout of the project, when Kincora traffic represents 37% of the traffic on Gloucester Parkway, a point in time when Kincora's traffic on Pacific Boulevard is projected to be 57% due to opening of an alternative point of access.

The Applicant has disagreed with but acceded to a number of adjustments to the capital facilities analysis throughout this process. For example, the contribution amount has been increased to apply to 128 of the 140 workforce units, despite the benefits of exempting such units as an incentive to provide them. Second, the Applicant has removed its claim of a \$5,785,000 credit (only 10% of its fair market value) for the 162-acre floodplain park, even though all County residents will be able to use the park for passive recreation. With respect to credits for roads, the Applicant acceded to the Staff's direction to apply Kincora's percentage of total traffic at buildout because even with that limitation, the Applicant's analysis continued to show Kincora exceeded the total required contribution.

As Staff continues to shift these numbers against the Applicant, it is both relevant and significant that the road improvements being funded and constructed by Kincora generate capacity greater than the background regional traffic plus Kincora's traffic. That is the true benefit of these roads. Kincora's percentage of *the capacity* of these roads at full buildout is:

- Pacific Boulevard – Kincora traffic is 57% of the total traffic projected at full-buildout, but only 45% of the total road capacity constructed by Kincora.

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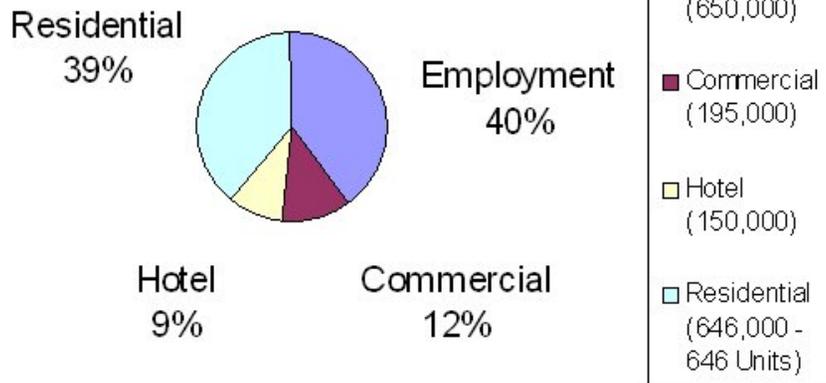
- Gloucester Parkway – Kincora traffic is 37% of the total traffic projected at full-buildout, but only 24% of the total road capacity constructed by Kincora.

Using these capacity percentages (i.e., charging Kincora with, respectively, 45% of total capacity constructed in Pacific Boulevard, and 24% of total capacity constructed in Gloucester Parkway, Kincora exceeds the capital facilities contribution requirement by more than \$4 million, without taking credit for the Broad Run Toll House or the heron rookery platform.

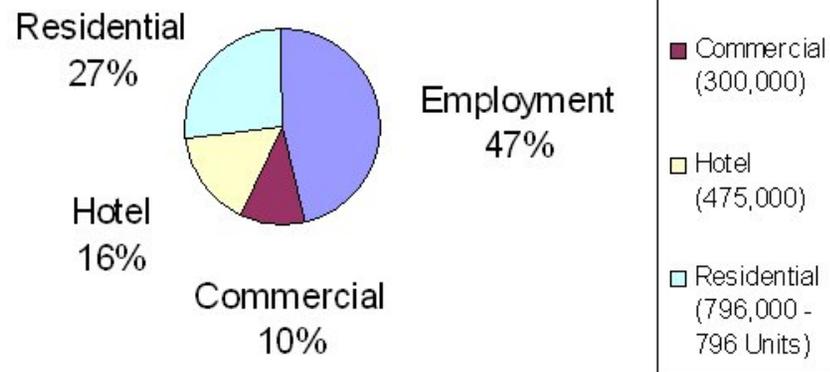
5. **Site Layout and Design (Page 6)** – Staff reiterates design points that were raised and addressed thoroughly and fully by the Planning Commission.

# Kincora – Phasing without Ballpark

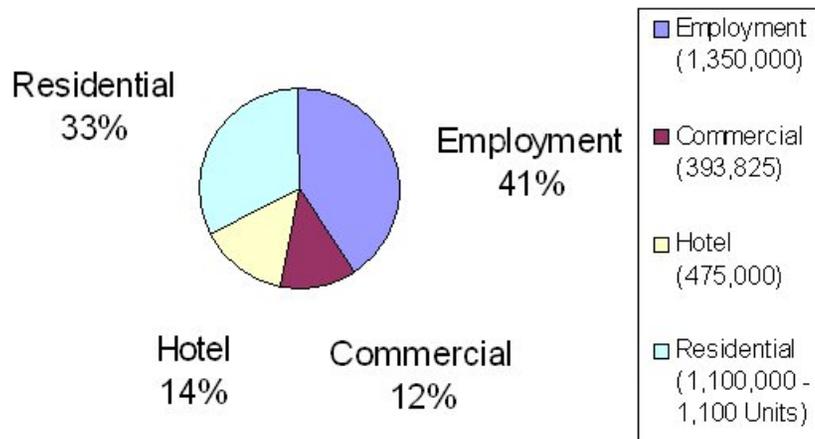
**Phase 1 - Non-Residential = 61%  
Residential = 39%**



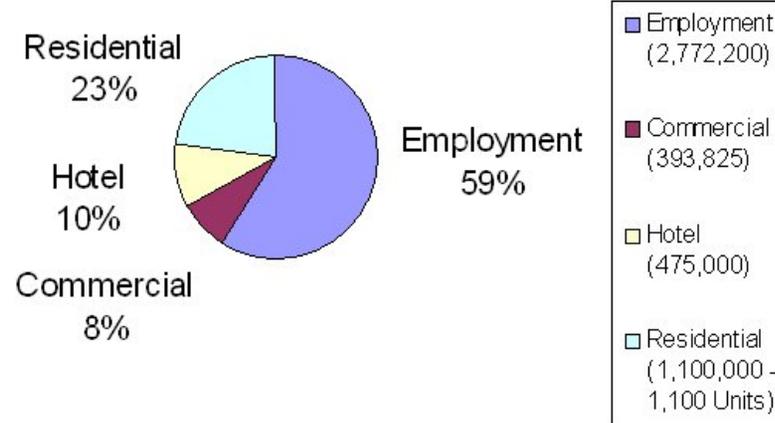
**Phase 2 - Non-Residential = 73%  
Residential = 27%**



**Phase 3 Partial Buildout - Non-Residential = 67%  
Residential = 33%**

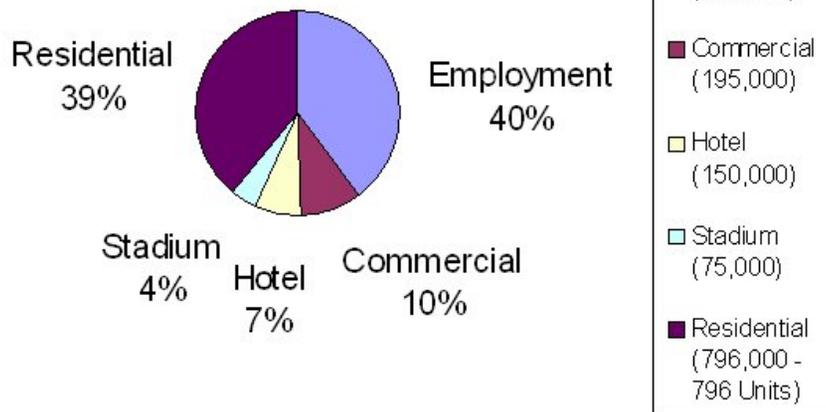


**Phase 3 Full Buildout - Non-Residential = 77%  
Residential = 23%**

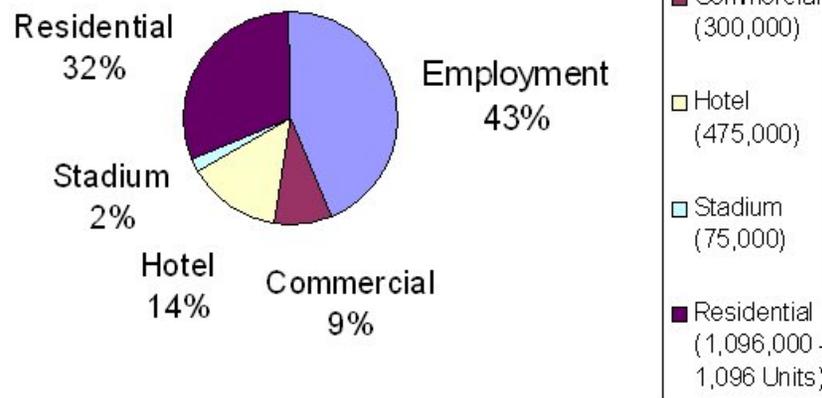


# Kincora - Phasing with Ballpark

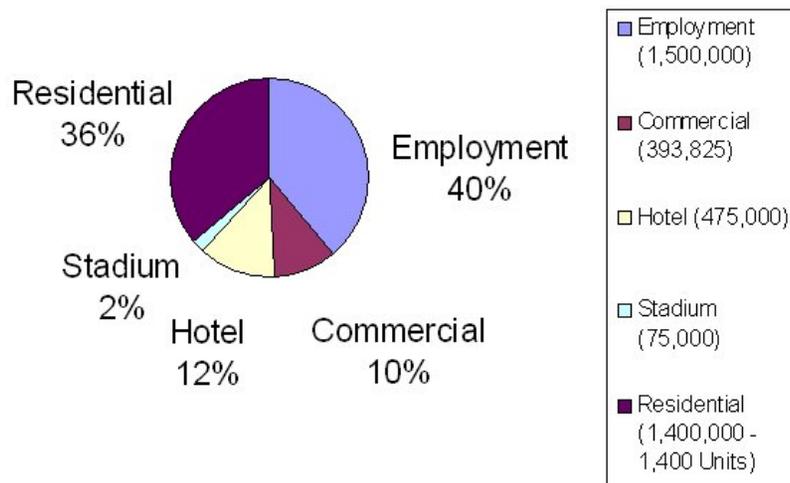
**Phase 1 - Non-Residential = 61%  
Residential = 39%**



**Phase 2 - Non-Residential = 68%  
Residential = 32%**



**Phase 3 Partial Buildout - Non-Residential = 64%  
Residential = 36%**



**Phase 3 Full Buildout - Non-Residential = 77%  
Residential = 23%**

