



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item Meeting of September 26, 2009

DATE: September 18, 2009

SUBJECT: Actions Related to the Virginia National Defense Industrial Authority (VNDIA) Grant for the development of a new headquarters for the Defense Advanced Research Projects Agency (DARPA)

C. M. RECOMMENDATION:

1. Authorize the County Manager to execute the agreement between Arlington County and VNDIA for disbursement of the DARPA grant funds.
2. Authorize the County Manager to execute the agreement among Arlington County, the Arlington County Industrial Development Authority (IDA) and the developer of the new DARPA headquarters building , Ashton Park Associates I, LLC (APA I) for the distribution of the VNDIA grant funds.
3. Contingent upon the execution of the aforementioned agreements, appropriate \$10,000,000 in grant revenue to the Arlington County IDA (799.8098) for use in support of the development of the new DARPA headquarters building as provided for in the agreements.
4. Contingent upon the execution of the aforementioned agreements, appropriate \$1,000,000 (313.91105) to the Arlington County IDA for internal cash flow purposes to be used in compliance with the terms of the agreements for the distribution of the grant funds.

ISSUES: County Board approval is needed for mechanisms to obtain State funds for the new DARPA headquarters. There are no outstanding issues.

SUMMARY: In response to the 2005 BRAC recommendations, the Governor of Virginia committed the commonwealth to fund up to \$10 million for the development of a new DARPA headquarters in Arlington. It was later determined that those funds would be made available through a grant from VNDIA. The County's request for grant funds of up to \$10,000,000 from VNDIA for the new DARPA headquarters was approved and the funds have been authorized.

County Manager: _____

County Attorney: _____

Staff: Hunter Moore, AED

Staff has since worked with VNDIA and the developer to reach agreement on terms for the disbursement of the grant funds.

BACKGROUND: The 2005 BRAC recommendations included the relocation of DARPA to a base outside of Arlington, but a bipartisan coalition of local, state and federal Virginia representatives succeeding in having the recommendation changed and DARPA to remain in Arlington because of its strategic and economic importance to the region. The decision was made on the condition that a new, adequately protected facility would be developed for DARPA. The Commonwealth's \$10 million will be used to "harden" the DARPA headquarters.

DISCUSSION: The Virginia National Defense Industrial Authority is the Commonwealth of Virginia's primary source for assisting communities that are adversely impacted by Defense program changes, including base closures or realignments, base expansions, and contract or program cancellations. To assist affected communities, VNDIA manages and directs BRAC related assistance in Virginia.

VNDIA makes funds available only to municipal authorities and only on a reimbursable basis. Thus, Arlington County needed to apply directly for the grant and determine a method by which it could provide those funds to the developer. Although the County does not have the ability to make funds available directly to a private developer, the Arlington County IDA is able to do so. Thus, staff developed an agreement with VNDIA and another with both the Arlington County IDA and the developer for the disbursement of the grant funds, on a reimbursable basis, to the developer. The agreements require Arlington County to approve and fund draw requests, through the IDA, and then be reimbursed by VNDIA for the amounts paid. The developer has agreed that the maximum amount of any one draw request will not exceed \$1 million.

FISCAL IMPACT: The grant funds are available only on a reimbursable basis, thus Arlington County needs to pre-fund the amount needed for any one draw request not to exceed \$1 million which would be funded from available capital PAYG funds (313.91105) that would be fully reimbursed by grant proceeds upon completion of the project. The only fiscal impact would be the interest lost on County funds during the time between disbursement and replenishment through the grant, no more than 30 days at a time. There is no increase in net tax support.