

**ARLINGTON'S INCENTIVE PROPOSAL**

**PROJECT COOPER**

October 12, 2018

Ms. Holly Sullivan  
Director of WW Economic Development  
Project Cooper

October 11, 2018

Dear Holly,

On behalf of Arlington County, I want to offer my full support in helping Project Cooper choose Arlington, Virginia as the location for its second corporate headquarters. Northern Virginia and the D.C. region has much to offer and in Arlington, Project Cooper would have centralized access to it all.

I enjoyed having the opportunity to talk to you and Bradden last week. Over the past year of this process, it is quite clear that Cooper is a company of vision and careful planning. In Arlington, you will find a partner with the same qualities. The National Landing site is the product of a generation's of worth of transit, land use, and community planning decisions and is uniquely situated to not only meet Cooper's needs today, but also evolve into a bustling campus to meet your future growth needs.

When a company is deciding on a corporate headquarters location it is also choosing a home for its employees and making a statement about its culture. Understanding this, I am confident that you will find everything that you desire right here in Arlington. We are an extremely safe community and our schools are some of the best in the country. We offer an endless supply of recreational options, including major sports teams, world-class museums and easy access to hiking, biking and everything in between. Whether your employees enjoy a nice dinner at a top restaurant or a day at the playground with their children – they will be able to do it here.

In Arlington, we stand behind our corporate citizens with an inclusive and diverse business-friendly culture that ensures companies have access to a vast pool of well-educated talent, the latest digital infrastructure and world-class real estate. Our leadership continuously implements policies to ensure that businesses have some of the lowest operating costs in the region and access to an extensive and unparalleled transportation network.

Arlington would be proud to have Cooper as its flagship corporate resident. We are a leader in recruiting and retaining some of the most innovative and fast-growing companies in the nation. By locating here, you will join successful national and international businesses such as Accenture, Gartner, March of Dimes, Bloomberg BNA, Lidl and Nestlé, who all made the decision to call Arlington home.

The following pages lay out Arlington County's comprehensive incentive package for Project Cooper. Our package includes substantial financial incentives, infrastructure investments, project support and a plan on how Arlington County will make developing your headquarters seamless.

Our commitment to Project Cooper includes our assurance that your entire project will proceed as efficiently and quickly as possible. One of my Assistant County Managers will be personally responsible for overseeing all procedural planning and development processes and will ensure that all schedules are met.

We are truly excited about the prospect of welcoming Project Cooper to our community. I would enjoy the opportunity to discuss in detail how Arlington can meet your needs. Please do not hesitate to call me personally at 703-228-3414.

Sincerely,  
Mark J. Schwartz  
County Manager

## NATIONAL LANDING

Arlington is thrilled to continue discussions regarding locating your second headquarters to the Arlington portion of National Landing. We believe that National Landing, overlooking our nation's capital, provides a truly unique offering with over 20 million square feet of existing and build-to-suit parcels, all controlled by a single development partner.

In National Landing, Cooper will be globally connected and surrounded by top talent, tremendous infrastructure and a spectacular quality of life. National Landing is positioned to propel Cooper's growth for decades. The vibrant, energized community and abundance of diverse housing will be a magnet for top-rated talent. And, if business takes you elsewhere, simply walk to Reagan National Airport or take every other conceivable kind of transit to your destination.

## NATIONAL LANDING

- 3 connected urban districts
- 20 million square feet of office space

## LOCATION

- 24,000 housing units affordable at average Cooper income within two miles
- 150 restaurants, shops and attractions
- 60+ acres of parks and green space

## CONNECTIVITY

- Walk to Reagan National Airport, Metrorail, Virginia Railway Express and bus rapid transit routes
- 15 minutes to everywhere – housing, talent and government
- 3 Metrorail stations
- 30 Capital Bikeshare stations

## ARLINGTON RANKINGS

- #1 City Where Women are Most Successful  
– SmartAsset (2018)
- #1 City for Millennials  
– Niche (2017)
- A+ For Commitment to Inclusivity and Equality  
– Human Rights Campaign's Municipal Equality Index
- #1 Best City to Live Without a Car  
– Forbes (2017)
- #1 Hardest-Working City in America  
– SmartAsset (2016)

## DIRECT BENEFIT TO COOPER

### TRANSIT OCCUPANCY TAX (TOT) GRANT

We are pleased to offer the following direct incentive for Cooper. Our offer is based on the understanding that Cooper will occupy at least six million square feet of office space in Arlington by 2034. The estimated value of this incentive is \$23 million over a 15-year period.<sup>1</sup>

#### DETAILS

- Arlington anticipates that Cooper’s headquarters will generate new tourism spending from business-related travelers who will stay within the County.
- Transient Occupancy Tax (TOT) is a tax on the total cost paid for each room or space rented in any Arlington hotel, motel or tourist home. Currently, the County levies a 5.25% TOT. The 0.25% is separated for tourism promotion and would not be included in the annual grant calculation.
- Using 2019 as the baseline, Arlington County will provide Cooper an annual grant worth up to 15% of Arlington’s incremental annual TOT revenue (revenue above the baseline) for 15 years.
- The annual grant would be pay-for-performance without repayment provisions.
- Cooper would receive its grant 45 days after the completion of each of its 15 performance years.
- After each performance year, Cooper must provide the County with an annual report for its total leased/owned/occupied square feet and total number of full-time employees. Cooper must also be current on taxes.
- The annual grant amount is dependent on the achievement of an annual square footage target (see table). Cooper would receive:
  - The full grant for meeting at least 90% of the annual target
  - A proportional grant for performance between 50%-89% of the annual target
  - No grant for performance less than 50% of the target
- Once the Cooper decision is announced, the County will move forward with drafting the formal agreement that defines the terms laid out in this proposal. The draft performance agreement will then be brought before the County Board for consideration at a public County Board Meeting, likely in early 2019. The approved performance agreement will then be signed by Cooper, the County and the Arlington County Industrial Development Authority (IDA).

YEAR	TARGET SQUARE FEET <sup>2</sup>
2019	64,000
2020	252,800
2021	567,040
2022	797,280
2023	1,223,680
2024	1,600,000
2025	1,862,880
2026	2,216,000
2027	2,696,000
2028	3,176,000
2029	3,544,800
2030	4,120,000
2031	4,456,000
2032	5,080,000
2033	5,576,000
2034	6,056,000

<sup>1</sup>For estimation purposes only using a 4% average annual escalation rate. The performance agreement would not include the estimated incentive value and Arlington would not be required to pay the difference if the incremental value was lower than projected.

<sup>2</sup>Target square feet based on Cooper-provided, projected headcount and psf ratio of 160 SF/employee.

## TECHNOLOGY ZONE INCENTIVE

Arlington understands that Cooper is still deciding which business units it would locate at its second headquarters. Should those business units have a primary function in the creation, design and/or research and development of technology hardware or software, Cooper may be eligible for the Arlington Technology Zone incentive.

Arlington County's Technology Zone incentive provides at least a 50% reduction in the rate for Business, Professional and Occupational License (BPOL) tax, a local license tax levied on business gross receipts for the prior year. Qualified technology companies are eligible to receive the benefit for up to 10 years, and the offset rate becomes more favorable to the company as the number of employees increases. The Technology Zone incentive savings are equivalent to approximately \$2 to \$3 per square foot in building occupancy costs annually.

Arlington's Technology Zone incentive is available to qualified technology companies as defined in the Arlington County Code. Companies must apply and be deemed eligible by the Arlington County Office of the Commissioner of Revenue to receive the benefit.

To receive the Technology Zone incentive under the current criteria a business must:

1. Be located in one of Arlington's technology zones;
2. Have a primary function in the creation, design and/or research and development of technology hardware or software; and
3. Have moved to Arlington within the last 18 months or be an existing Arlington company that has increased its employee base by 25% or more within the past 12 months.

## ARLINGTON COUNTY TECHNOLOGY ZONE INCENTIVE

	WITHOUT TECH ZONE	WITH TECH ZONE (NO. OF EMPLOYEES)		
		1-499	500-999	1,000+
BPOL Rate*	\$0.36	\$0.18	\$0.14	\$0.10

\*Per \$100 of gross receipts

## DEVELOPMENT ENTITLEMENT/PERMITTING

Arlington is well known for its long-term vision of and commitment to smart growth and urban planning. Arlington County leadership and staff understand the importance of efficiency and transparency in the County's community building efforts and are committed to playing a key role in making sure that development review processes are as seamless and rewarding as possible.

The County's adopted long-range plans and approved development applications for your project area and surroundings envision significant future growth, approximating 20 million square feet of additional development over the next several decades. Depending on the exact site(s), components of your project may entail changes to approved development applications and/or approval of new applications requiring legislative action by the County Board.

Understanding the importance of timeliness in the delivery of your construction projects, County staff will recommend to the County Board that it adopt a resolution that supports the successful planning and implementation of the project that meets the respective objectives and vision of both the community and company. Such a resolution could call for preliminary conversations with staff and the community for early feedback on evolving development plans, a complete and thorough yet efficient site plan review process, consideration of a range of land use incentives and mechanisms to support achieving the project vision, and outlining a date for the process completion to keep the project's initial development phase(s) on schedule.

Also of note, the County is currently undertaking an enterprise-wide initiative to facilitate and improve processes integral to land development and permitting activities. With a focus on making it easier for customers to do business with local government, when implemented in the 2019-20 timeframe, this initiative will provide for an online permitting system, centralized customer service, and case management for major projects like yours.

For renovation projects, some changes to an existing building's exterior or the operations of a building may require other processes. Many requests for minor changes can be handled administratively per County ordinance and are typically processed in 30 days or less. If more significant changes are needed, legislative action may be required.

The process of fitting-out interior space in Arlington is also very efficient. Building permits are processed in days and, in some cases, in just 24 hours. The process is even more efficient for those businesses that take advantage of pre-submittal review and counseling with Arlington's inspection services staff.

Arlington staff will meet with you at the outset of your project to understand your needs, manage timing and resource expectations and provide solutions to challenges.

To support your project, the County will provide the following resources:

#### DEDICATED INTERDEPARTMENTAL PLANNING AND IMPLEMENTATION TEAM

A core interdepartmental County team of senior-level staff will be formed to coordinate and collaborate closely on the range of activities associated with the project to support timely delivery and implementation of project-related items. Consistency in and communication among this team will ensure that project-related components spanning various disciplines will be advanced and realized in a coordinated and timely manner.

#### DEDICATED ECONOMIC DEVELOPMENT STAFF LIAISON

Arlington Economic Development's Commercial Development Specialist will serve as the day-to-day central point of contact between your team and the County's planning, zoning and permitting agencies. The Commercial Development Specialist will guide your company through the permitting process, help facilitate inspections and organize meetings with County officials.

#### COUNTY MANAGER'S OFFICE OVERSIGHT

The County Manager will assign a lead (or leads) for overseeing all procedural planning, development and implementation processes and will ensure that issues are resolved promptly and schedules are met in a seamless manner.

#### BUSINESS OMBUDSMAN

Arlington County's Business Ombudsman will be available to support you with local business registration and other administrative matters.

## GREEN BUILDING DENSITY INCENTIVE

### OVERVIEW

Arlington's Green Building Density Incentive Program allows developers to earn additional building density in exchange for achieving LEED Silver (or higher) certification and post-occupancy Energy Star certification. Additional density can be negotiated if the building achieves Net Zero Energy certification. Developers participating in the program have more usable (or leasable) space and the emphasis on energy efficiency results in lower energy costs for the life of the building.

Arlington is the first jurisdiction in the Commonwealth to establish a Commercial Property Assessed Clean Energy (C-PACE) program that helps commercial building owners finance energy efficiency, renewable energy, and/or water conservation projects to reduce operating costs and improve the building's value. With C-PACE, building owners receive up to 100 percent financing for existing building projects or 20 percent financing for new construction projects – for soft costs (energy audits, for example) and hard costs (equipment) - with attractive repayment terms consistent with the useful life of the improvements (up to 25 years).

### ELIGIBILITY

For the Green Building Density Incentive Program, a project needs to be a special exception site plan development approved by the County Board to be eligible, and needs to commit to achieving a certain level of LEED or post-occupancy Energy Star Certification. For the C-PACE Program, eligible projects include commercial (including multi-family rental apartment) and industrial buildings.

### APPROVALS

For the Green Building Density Incentive Program, a project is required to obtain County Board approval for a special exception site plan development.

For the C-PACE Program, no County Board approval is required. This program is effectively a financing mechanism that involves entirely private transactions between a property owner and lender.



## COMMUNITY INTRODUCTIONS

The National Capital Region, with its active citizenry, is home to a great number of local and regional organizations. Arlington Economic Development (AED) will be pleased to make introductions between our many community organizations and Cooper staff and executives, ensuring expedient integration into our business community. Particularly, the Arlington Chamber of Commerce and the Crystal City Business Improvement District will welcome Cooper's presence on boards and committees with pride. Both organizations are heavily involved in the placemaking of Crystal City and the cultivation and enhancement of the business climate in Arlington, and they would be pleased to have a large stakeholder involved in the visioning for the future.

## LOCAL ORGANIZATIONS

### **Arlington Chamber of Commerce**

The Arlington Chamber of Commerce provides networking and business development, community engagement, educational opportunities and marketing to influence the voice of the business community through government affairs and advocacy. The Chamber's efforts are focused on business-to-business and business-to-community opportunities. The Chamber hosts more than 100 events a year, connect business leaders to the community through our various committees, and much more.

### **Arlington Convention and Visitors Service (ACVS)**

A division of Arlington County's economic development department, ACVS promotes Arlington as the best place to stay, shop, dine and play when visiting the Washington, D.C. region. ACVS is proud to support Arlington's local businesses by offering a variety of services to suit the needs of your employees and visitors, services include: hotel bidding, site inspections, on-site convention services, tours, promotional information and photography and service-provider referrals.

### **Arlington Employment Center (AEC)**

AEC offers free workforce development services for Arlington employers. Services offered include pre-screening applicants, referrals to qualified applications, assistance marketing positions and facilities for recruiting and training employees.

### **Crystal City Business Improvement District (CCBID)**

The CCBID provides high-quality, customer-oriented services designed to define, enhance and continually improve Crystal City for those who work, live, visit and do business in the neighborhood.

## REGIONAL ORGANIZATIONS

### **Arlington-Alexandria Workforce Investment Board**

The Board's mission is to advance workforce development programs and initiatives that achieve sustainable economic growth in the City of Alexandria and Arlington County.

### **Greater Washington Board of Trade**

The Greater Washington Board of Trade is a network of area business leaders and executives within the private sector and government. They host professional development programs for all levels of leadership, as well as premier regional business events throughout the year.

### **Metropolitan Washington Council of Governments (COG)**

Founded in 1957, COG is an independent, nonprofit association with a membership of 300 elected officials from 23 local governments, the Maryland and Virginia state legislatures and U.S. Congress.

### **Northern Virginia Chamber of Commerce**

The Northern Virginia Chamber of Commerce offers business development opportunities to organizations interested in growth through knowledge, access and influence in Northern Virginia and throughout the Washington Metropolitan region.

### **Northern Virginia Regional Commission (NVRC)**

The NVRC is a regional council of fourteen member local governments in the Northern Virginia suburbs of Washington, D.C. NVRC's chief roles and functions are focused on providing information, performing professional and technical services for its members and serving as a mechanism for regional coordination.

### **Washington Area Board of Education (WABE)**

The WABE is a clearinghouse of information for all area public schools, except for the District of Columbia.

### **Washington Metropolitan Area Transit Authority (WMATA)**

The WMATA, commonly referred to as Metro, was created by an interstate compact in 1967 to plan, develop, build, finance and operate a balanced regional transportation system in the national capital area. Today, Metrorail serves 91 stations and has 117 miles of track. Metrobus serves the nation's capital 24 hours a day, seven days a week with 1,500 buses, combining to serve a population of 4 million people within a 1,500 square mile jurisdiction.

## INVESTMENTS IN THE SITE AND MARKET

### TRANSPORTATION

National Landing is a transit hub that offers multi-modal options for employees and residents rivaling many large urban centers. It’s no accident that it’s all here – Washington National Airport, Virginia Rail Express, Metrorail, Metrobus, Crystal City Potomac Yard Transitway, Capital Bikeshare and a multitude of car share services. By design, Arlington County’s community approved high-density, transit-oriented growth plans envision more capacity than what Cooper would represent.

Currently, the transportation infrastructure serving the National Landing site has unused capacity to accommodate additional travelers, given recent declines in travelers to and through the area due to the effects of Base Realignment and Closure (BRAC) and budget sequestration.

As a smart growth community, Arlington County will invest an additional \$360 million (\$215 million in committed funds and \$145 million in pending grants) in transportation projects to serve the Pentagon City, Crystal City and Potomac Yard neighborhoods within National Landing. These are designed to further enhance the site to ensure that development, transportation, public open space and other features work in concert to achieve high-quality placemaking and a vibrant urban place. The projects have all been included in Arlington County’s Capital Improvement Plan, adopted in July 2018.

Example projects include:

RAIL AND GATEWAY CONNECTIONS	SURFACE TRANSIT AND SERVICE EXPANSION	MULTI-MODAL STREET/CORRIDOR CONNECTIVITY INVESTMENTS
<ul style="list-style-type: none"> <li>• DCA Pedestrian Bridge (design)</li> <li>• Pentagon City Metrorail Station Second Elevator</li> <li>• Crystal City Metrorail Station East Entrance</li> <li>• Crystal City Virginia Rail Express Station Expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Columbia Pike Transit Stations</li> <li>• Pentagon City/Crystal City/Potomac Yard Transitway Expansion</li> <li>• Army Navy Drive Transit Lanes &amp; Multimodal Street Improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Columbia Pike East End</li> <li>• Boundary Channel Drive Interchange</li> <li>• Pentagon City/Crystal City Multimodal Streets &amp; Traffic Management</li> </ul>

These transportation investments will directly benefit Cooper employees by providing a wide variety of commute options, as well as making it easy for them to traverse between office nodes and area amenities.

### COOPER TRANSPORTATION PRIORITIES

Recognizing that Metro-related projects, the CC2DCA pedestrian bridge and Route 1 modifications and improvements were identified by Cooper as critical investments, Arlington County collaborated with the Virginia team to have funding sources included in the Commonwealth’s proposal. Arlington County will work with the Virginia Department of Transportation to coordinate, support and alleviate obstacles to ensure that the CC2DCA pedestrian bridge and the modifications and improvements to Route 1 are studied, designed and implemented based on the agreed scope of work. Arlington County anticipates an outcome that will result in an improved pedestrian experience, with enhanced walkability and connections between Crystal City and Pentagon City, strengthening these two urban nodes. Additionally, Cooper’s priority Metro-related projects, like the second entrance to the Crystal City Metrorail Station and the completion of the CCPY Transitway are included in Arlington’s investment offer detailed above.

## AFFORDABLE HOUSING

Housing affordability is key to Arlington County's future of remaining inclusive and diverse while accommodating more jobs and people. Efforts to expand affordability are woven into each of our long-range planning efforts and our community building culture. Below are highlights of Arlington's affordable housing goals:

- In 2015, Arlington adopted its Affordable Housing Master Plan (AHMP). As a key element of its Comprehensive Plan, the AHMP includes a goal that, "By 2040, 17.7% of the County's housing stock should be affordable rentals to meet the needs of renter households with incomes at or below 60% AMI."
- If annualized, this goal translates into approximately 600 new rental units and 100 ownership units per year through 2040, affordable to a wide range of working households (with incomes ranging between approximately \$35,000 to \$135,000).

As part of Arlington's affordable housing efforts, we anticipate that over the next 10 years approximately \$70 million of County investment will be made towards affordable housing across Pentagon City, Crystal City and Columbia Pike.<sup>1</sup> This anticipated investment could support the achievement of approximately 1,000 committed affordable units in this geography.

There are a number of implementation tools available to achieve Arlington's affordable housing goals. These tools include:

- Affordable Housing Investment Fund (AHIF), the County's main financing program for affordable housing development;
- AHIF loan repayments;
- A variety of planning tools, including incentive based and inclusionary zoning, providing for site plan cash contributions and affordable units in kind;
- Transfer of Development Rights;
- Opportunity Zones (for portions of Columbia Pike);
- Accessory Dwelling Units;
- Preservation of affordability in areas with Market Rate Affordable Units; and
- Revisiting regulations for Accessory Dwelling Units.

<sup>1</sup>Based on the assumption that funding for affordable housing is apportioned to the National Landing Corridor in a relative share equal to the area's housing growth as a percentage of the County's overall housing growth over the past 10 years.

## TAX INCREMENT FINANCING (TIF) FUND

Arlington County is committed to supporting public infrastructure improvements in the National Landing site. A high-quality public realm and top tier transportation system are integral to the type of urban environment and adopted land use plans Arlington County has envisioned for this area and that Cooper desires in a location. The National Landing TIF fund will help ensure that public infrastructure investments can be made as new growth and development occurs.

- In 2010, the County adopted a policy establishing a tax increment financing (TIF) area and created a separate fund comprised by a portion of incremental real property tax revenues in Crystal City, Potomac Yard and Pentagon City to pay for infrastructure improvements. The Arlington portion of the National Landing site falls within the TIF area. The TIF is currently set at 25% of the incremental property tax revenue.
- Starting in 2021, Arlington would set a baseline and dedicate half of the new TIF revenue to public infrastructure projects in the National Landing site for the next 10 years.
- For estimation purposes only, using a 4% escalation rate, half of the new TIF revenue is projected to be a total of \$28 million over the ten-year period from 2021 to 2030.
- This is not a grant, and the estimated value of the TIF Fund would not be included in a performance agreement. Arlington would not be required to contribute more to the fund if the value was lower than projected.
- At this time, we do not have enough information to identify the specific projects that would be made a priority. We look forward to collaborating with Cooper in the coming months to work out these details.

## BENEFITS TO EMPLOYEES

### RELOCATION & ACCLIMATION SERVICES

For employees, relocating can be a challenging experience. Whether solo or with a family in tow, every employee will have a unique set of circumstances dictating their needs for a smooth and exciting move to Arlington. AED understands the ease of employee relocation is critical to a successful transition for Cooper and we take our role in your expansion seriously.

We are ready and willing to work with your transition team to ensure a positive experience for your employees. We are nimble, efficient and can customize our relocation services to fit your needs. The following are a sampling of tools we are pleased to offer your employees in their relocation to Arlington and the region.

### BRANDED ORIENTATION WEBSITE

AED will customize a relocation website for Cooper's employees. This website will offer relocating employees information on housing, area schools and transportation options, among a wide variety of other useful information about the region.

### AREA FAMILIARIZATION MATERIALS, PRESENTATIONS AND TOURS

AED will assist with "look-see" or "familiarization" tours for any employees and their families considering a move to the area from elsewhere in the country.

### ON-SITE RESOURCE CENTER MATERIALS AND SERVICES

AED will establish a customized resource room and offer assistance in any resource fairs for employees in Seattle to help educate them on the D.C. metro area, partnering with regional stakeholders across state and county lines to ensure a full and thorough educational experience.

### TRANSPORTATION AND COMMUTING ASSISTANCE

Arlington Transportation Partners (ATP) can help employers develop programs to ease the journey to work for their employees. Services such as transportation consulting and surveys are available at no cost to your business. Additionally, ATP can help businesses design commuting incentives and create Personalized Transportation Options Portfolios for each employee.

### EMPLOYEE WELCOME CELEBRATION

Arlington believes strongly in celebrating our businesses and ensuring that new employees feel welcome and part of their new community. Arlington hosts grand openings and welcome parties for companies and their employees, introducing them to local restaurants and attractions as well as educating them on various County offerings and services. AED will work with your communications team to ensure that key political leadership in the Washington, D.C. region and notable business leaders are invited to such events.

**ARLINGTON ECONOMIC DEVELOPMENT**

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