Fund 700
Route 28 Tax District

Focus

Fairfax County, in partnership with Loudoun County, formed the Route 28 Highway Transportation Improvement District (District) on December 21, 1987. Under Virginia law such a district may be formed only upon the joint petition of owners of at least 51 percent of the land area in each county which is within the boundaries of the proposed district and which has been zoned or is used for commercial or industrial purposes. The District was formed to provide improvements to State Route 28 which connects State Route 7 in eastern Loudoun County to U.S. Route 50 and Interstate 66 in western Fairfax County, running approximately parallel to the County's western border. State Route 28 provides access to Dulles International Airport, along with the Dulles Access Road, which connects the Capital Beltway to Dulles International Airport. This District was formed upon landowner petition to accelerate planned highway improvements proposed by the state which relied primarily on slower pay-as-you-go financing from the Northern Virginia region's share of the State Primary Road Fund allocation. Under the terms of the agreement with the state, the District will fund 75 percent of defined Phase I and Phase II improvements and the state will fund 25 percent.

The District, administered by a Commission appointed by the Board of Supervisors of both counties, may subject the owners of industrial and commercial property within the District to a maximum additional tax assessment of 20 cents per $100 of assessed value. These funds, in addition to funds received through the State Primary Road Fund allocation formula, are to be used for the road improvements and debt service on bonds issued by the state. Improvements completed for Phase I of the Route 28 project included widening the existing road from two to six lanes and upgrading three major intersections. Legislation authorizing the issuance of Commonwealth Transportation Board (CTB) revenue bonds up to $160.7 million plus issuance expenses to finance the Phase I improvements to Route 28 was enacted during the 1988 Virginia General Assembly and became effective July 1, 1988. This legislation stipulates that the additional tax assessment in the District and funds allocated to the highway construction district, in which Route 28 lies, would reimburse the state for its debt service payments on its bonds. The Commonwealth issued $138.5 million in revenue bonds for the District in September 1988.

Fairfax County and Loudoun County entered into a contract with the District and agreed to levy an additional tax assessment, as requested by the District, collect the tax, and pay all tax revenues to a Fiscal Agent for distribution. The contract specifies that the counties shall pay all revenues collected on behalf of the District to Trustees jointly designated by the CTB and the counties, and the District in turn shall notify the County of the required payment and request a rate sufficient to collect that amount, up to a maximum of 20 cents per $100 of assessed value. The rate is set at $0.18 cents per $100 dollars of assessed value. In FY 2010, an amount of $12,591,673 has been included for Fairfax County collections based on estimated tax collections and an allowance for potential property buy-outs, late payments and penalties.

In August 2002 Fairfax County, Loudoun County, the Commonwealth Transportation Board and the Fairfax County Economic Development Authority (EDA) entered into contractual agreements to provide for construction of a portion of additional improvements on Route 28 (Phase II improvements). Specifically, six separated grade interchanges to be constructed to ease traffic congestion. Funding totaling $201.7 million was made available from a joint financing plan providing $75.4 million from CTB funds allocated from the state six-year primary and secondary road plan, approximately $36.3 million of remaining CTB Route 28 bond authorization, and approximately $90.0 million of bond funds issued by the EDA in 2003 and 2004 and supported by the two counties. Construction of the first six interchanges was completed in FY 2008.

In October 2006, the CTB, the counties and the Fairfax County EDA approved the financing plan for the construction of the final four interchanges at Willard Road, Frying Pan Park Road, CIT/Innovation Drive and Nokes Boulevard. The plan included acceptance of a $5.0 million grant and a $20.0 million loan from the State Transportation Partnership Opportunity Fund (TPOF); and issuance of Route 28 District revenue bonds; and use of surplus District tax revenues to fund the $119.2 million project estimate. Fairfax County EDA Revenue bonds were planned to be issued in two series. A total of $41.505 million were issued on February 27, 2007 and $51.505 million were issued on July 9, 2008. It should be noted that on July 24, 2007, the CTB notified the District Commission that an additional $23,936,772 was approved in the CTB's FY 2008-2013 Six

Year Improvement Plan as payment toward the State Obligation under the District Contract. Therefore, this additional funding fully replaced the $20,000,000 originally planned for the TPOF loan.

All bond issues will be fully supported by District tax revenue. In order to maximize revenues available for new debt service, the CTB refunded its outstanding 1992 bonds in October 2002. At the same time the CTB issued $36.4 million of new bonds for construction, representing the balance of bond authorization remaining from the 1988 acts of the General Assembly. The Fairfax County EDA issued Transportation Contract Revenue bonds in the amount of $33.375 million in October 2003 and issued $57.4 million in August 2004 as well as $41.505 million on February 27, 2007 and $51.505 million on July 9, 2008. In the event that District revenues are not sufficient to make debt service payments, the state bonds are backed by the appropriated state allocations to the Northern Virginia Transportation District. The EDA bonds are supported by a Revenue Stabilization Fund (RSF) equal to maximum annual EDA debt service created from surplus revenue collections. As a further credit enhancement for the proposed EDA bonds, both Fairfax and Loudoun Counties have pledged a joint moral obligation in the event that tax revenues and the RSF are not sufficient to support EDA debt service. It should be noted that due to the strong financial status of the fund, the Route 28 District Advisory Board recommended on March 18, 2009 a two cent decrease in the tax rate from $0.20 to $0.18 per $100 of assessed value. This tax rate decrease was subsequently adopted by the Board of Supervisors on April 27, 2009. The following chart depicts the financing structure as of May 2009:

Current Bonds

Bond Year (April 1)	District Revenues[1]	Series 2002 CTB Debt Service[2]	Series 2003 2004 2007A & 2008 EDA Debt Service[3]	Total Debt Service	Excess Revenues	Cumulative Excess Revenues[4]
Balance Fwd						$6,408,259
2003	$5,836,398	$4,656,294	$0	$4,656,294	$1,180,104	7,588,363
2004	12,679,429	7,523,176	3,127,943	10,651,119	2,028,310	9,616,673
2005	13,367,270	7,531,145	3,676,138	11,207,283	2,159,987	11,776,660
2006	14,486,968	7,528,145	4,169,446	11,697,591	2,789,377	13,066,037
2007	20,912,782	7,529,845	4,169,445	11,699,290	9,213,492	22,279,529
2008	24,560,055	7,524,883	6,034,672	13,559,555	11,000,500	33,280,029
2009	23,984,601	7,530,712	7,582,839	15,113,551	8,871,050	42,151,079
2010	20,803,731	7,528,150	8,679,995	16,208,145	4,595,586	46,746,665
2011		7,528,835	9,299,115	16,827,950		
2012		7,529,625	9,752,250	17,281,875		
2013		7,530,300	9,988,263	17,518,563		
2014		7,528,050	10,530,813	18,058,863		
2015		7,531,800	11,291,025	18,822,825		
2016		7,530,550	11,765,485	19,296,035		
2017		7,528,800	11,767,235	19,296,035		
2018		7,525,800	11,771,675	19,297,475		
2019		8,100,000	11,200,688	19,300,688		
2020		8,100,000	11,197,350	19,297,350		
2021		8,105,000	11,192,438	19,297,438		
2022		8,105,000	11,193,663	19,298,663		
2023		8,105,000	11,193,950	19,298,950		
2024		8,105,000	11,191,975	19,296,975		
2025		8,105,000	11,195,588	19,300,588		
2026		8,105,000	11,192,388	19,297,388		
2027		8,105,000	11,190,888	19,295,888		

Fund 700
Route 28 Tax District

Bond Year (April 1)	District Revenues[1]	Series 2002 CTB Debt Service[2]	Series 2003 2004 2007A & 2008 EDA Debt Service[3]	Total Debt Service	Excess Revenues	Cumulative Excess Revenues[4]
2028		8,105,000	11,191,513	19,296,513		
2029		8,105,000	11,193,488	19,298,488		
2030		8,105,000	11,191,838	19,296,838		
2031		8,105,000	11,195,288	19,300,288		
2032		8,105,000	11,192,888	19,297,888		
2033			19,299,088	19,299,088		
2034			19,298,213	19,298,213		
2035			19,298,325	19,298,325		
2036			19,298,038	19,298,038		
2037			19,295,813	19,295,813		
Total	**N/A**	**$231,046,110**	**$376,809,758**	**$607,855,869**	**N/A**	**N/A**

[1] FY 2003 represents partial year tax revenue and interest collections from October 1, 2002 to April 1, 2003. Tax district revenues represent all revenue collected from April 2 through April 1, respectively. FY 2003 through FY 2007 amounts are actual figures. FY 2008 and FY 2009 are estimates of combined Fairfax and Loudoun collections plus estimated interest earnings on revenue, debt service reserve and revenue stabilization fund accounts. Actual revenues also may include district buy-out proceeds.

[2] CTB Revenue Refunding and Revenue Bond Debt Service issue of September 26, 2002.

[3] Based on completion of EDA bond issues in 2003, 2004, 2007 and 2008 for an aggregate amount of $183,795,000. Sale of the Series 2003 bonds in the amount of $33,375,000 was completed on October 29, 2003. Sale of the Series 2004 bonds in the amount of $57,410,000 was completed on August 19, 2004. Sale of the Series 2007A Bonds in the amount of $41,505,000 was completed on February 27, 2007. Sale of the Series 2008 Bonds in the amount of $51,505,000 was completed on July 9, 2008.

[4] Balance Forward represents funds on account with CTB and transferred to the Fiscal Agent upon refunding the 1992 bonds and new money bonds issued October 2002. An amount of $19.30 million is reserved to fund the Revenue Stabilization Fund (RSF). Excess revenues available after achieving full RSF funding are held with the Fiscal Agent and may be used to fund deficiencies in the Debt Service Fund, additional Phase II improvements or reduce the tax rate in accordance with the District Contract. The tax rate may not be reduced until the District has recorded at least two successive years of excess revenues.

FY 2010 Funding Adjustments

The following funding adjustments from the FY 2009 Adopted Budget Plan are necessary to support the FY 2010 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on April 27, 2009.

♦ **Fiscal Agent Payments** **($759,441)**
An decrease of $759,441 or 5.7 percent from the FY 2009 Adopted Budget Plan amount of $13,351,114 in estimated payments to the fiscal agent is projected primarily due to a two cent tax decrease per $100 of assessed value from $0.20 to $0.18 which includes taxes due of $11,591,673 based on the January 1, 2009 assessments and an allowance for one-time buyouts and late payments of $1,000,000.

Changes to FY 2009 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2009 Revised Budget Plan since passage of the FY 2009 Adopted Budget Plan. Included are all adjustments made as part of the FY 2008 Carryover Review, FY 2009 Third Quarter Review, and all other approved changes through April 20, 2009.

♦ As part of the *FY 2008 Carryover Review*, the Board of Supervisors approved an increase $2,317 or .02 percent over the FY 2009 Adopted Budget Plan total of $13,351,114 based on a higher than anticipated ending balance. All taxes collected, as well as tax district buy out funds, are remitted to the fiscal agent on a monthly basis as collected.

Fund 700
Route 28 Tax District

FUND STATEMENT

Fund Type G70, Agency Funds **Fund 700, Route 28 Tax District**

	FY 2008 Actual	FY 2009 Adopted Budget Plan	FY 2009 Revised Budget Plan	FY 2010 Advertised Budget Plan	FY 2010 Adopted Budget Plan
Beginning Balance	**$2,653**	**$0**	**$2,317**	**$0**	**$0**
Revenue:					
Real Estate Taxes-Current[1]	$11,551,097	$12,351,114	$12,351,114	$12,879,636	$11,591,673
Revenue from Buy Outs	0	1,000,000	1,000,000	1,000,000	1,000,000
Interest on Investments	30,841	0	0	0	0
Total Revenue	$11,581,938	$13,351,114	$13,351,114	$13,879,636	$12,591,673
Total Available	**$11,584,591**	**$13,351,114**	**$13,353,431**	**$13,879,636**	**$12,591,673**
Expenditures:					
Payments to the State	$11,582,274	$13,351,114	$13,353,431	$13,879,636	$12,591,673
Total Expenditures	$11,582,274	$13,351,114	$13,353,431	$13,879,636	$12,591,673
Total Disbursements	**$11,582,274**	**$13,351,114**	**$13,353,431**	**$13,879,636**	**$12,591,673**
Ending Balance[2]	**$2,317**	**$0**	**$0**	**$0**	**$0**
Tax rate/per $100 Assessed Value[3]	$0.20	$0.20	$0.20	$0.20	$0.18

[1] Estimate to provide for sufficient appropriation includes projected tax collections based on assessments, and allowances for late payments, penalties and permitted property buy-outs. All monies collected are required to be remitted to the Fiscal Agent monthly as collected.

[2] As all monies collected are required to be remitted to the Fiscal Agent monthly as collected the ending balance should be zero unless as of the closing period there were pending remittances to the Fiscal Agent.

[3] For FY 2010 a two cent per $100 of assessed value tax decrease from $0.20 to $0.18 per $100 of assessed value was approved by the Route 28 Tax District Advisory Board on March 18, 2009 and by the Board of Supervisors on April 27, 2009.