

Fund 40125

Metrorail Parking System Pledged Revenues

Focus

The Metrorail Parking System Pledged Revenues Fund was established by the Board of Supervisors on November 18, 2014 to collect and disburse funds related to revenue-generating activities at Metrorail parking facilities owned by and located within the County. These funds will be earned from fees paid at these parking facilities and used to pay operating, maintenance and debt expenses of the facilities. Previously, these revenues and expenditures were either collected by the County or on behalf of the County by Washington Metropolitan Area Transit Authority (WMATA) and budgeted under Fund 40010, County and Regional Transportation Projects.

In November 2011, the Board of Supervisors agreed to the Memorandum of Agreement (MOA) to participate in Phase 2 of the Silver Line and to use its “best efforts” to seek funding for the parking garages at Herndon and Innovation Center from sources outside of the shared funding formula agreed to by the funding partners. In that MOA, the (WMATA) agreed in principle to changes in the 1999 Surcharge Agreement that would enable the County to use surcharge revenues to finance those parking facilities.

County staff worked with the staff at WMATA to provide the County direct access to parking surcharge revenue funds generated from County parking garages currently in the WMATA system. In addition, the Department of Public Works and Environmental Services (DPWES) has initiated preliminary design work at both garages. At the June 10, 2014, Board Transportation Committee Meeting, County staff provided an update on staff coordination with WMATA to amend surcharge documents, and an overview of the plan of finance to construct the parking garages at Herndon and Innovation Center. Until the opening of the Silver Line Phase 1, WMATA owned or leased all of the Metrorail parking garages in Fairfax County. The parking facility at the Wiehle-Reston East Metrorail Station is owned by Fairfax County, and the future parking facilities at the Herndon and Innovation Metrorail Stations will also be owned by Fairfax County. By retaining ownership of the new parking facilities, the County will be able to control future joint development on the sites, and retain all revenues generated from those joint developments.

The current surcharge agreement provides a mechanism to collect a base fee and a surcharge fee at the five WMATA owned/leased parking facilities in Fairfax County and two additional stations (East Falls Church in Arlington County and Van Dorn in the City of Alexandria). The surcharge fee has been used to pay the debt service on revenue bonds sold by the Fairfax County Economic Development Authority (EDA) to finance the construction of Metrorail parking facilities in the County. The base parking fee is utilized by WMATA to operate and maintain the parking facilities. Since the County will own the new parking facilities in the County, the existing surcharge agreement needed to be amended so the entire fee at the new facilities would be retained by the County, and the surcharge from the WMATA owned facilities could be utilized by the County for the County owned facilities. WMATA and Fairfax County staff worked together to create the Second Amended and Restated Surcharge Implementation Agreement. The major changes to the current surcharge agreement are summarized below:

- The current parking surcharge balance held at WMATA of approximately \$21 million (as of June 2014) will be transferred to the County (minus approximately \$2 million for a 12-month reserve for the current Vienna II garage debt service). The County currently plans to use this one time balance transfer of approximately \$19 million to reduce the amount of debt required to finance the Herndon and Innovation Station parking facilities which currently have a Total Project Estimate of \$58,700,000 and \$57,000,000, respectively.

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- All ongoing surcharge revenues collected at WMATA owned parking facilities in Fairfax County plus the East Falls Church and Van Dorn parking facilities will be transferred to the County and used to pay debt service, operating, and maintenance costs.
- All parking fees collected at Metrorail parking facilities owned by Fairfax County (e.g. Wiehle-Reston East, Herndon, and Innovation Center) will be retained by the County and used to pay debt service, operating, and maintenance expenses.
- The Agreement has been extended so that it will continue until all the costs incurred for the Fairfax County-owned parking spaces have been recovered.
- The County and WMATA agree that the surcharge revenues shall be used for the planning, development, financing (including, but not limited to, the payment of debt service), construction, operation, maintenance, insurance, improvement and expansion of Fairfax County's Metrorail parking facilities and WMATA-controlled parking facilities.
- WMATA acknowledges that the County will set the fees for the County-owned spaces and that the fees shall not be subject to WMATA's approval. On July 1, 2014, the Board of Supervisors established the parking fees for the Wiehle-Reston East Metrorail garage, and will continue to do so annually. The rates for the additional parking garages at Herndon and Innovation Center will be added when they become operational.
- WMATA also acknowledges that none of the fees set for County-owned Metrorail parking spaces is a surcharge, and that the County may use those fees for the same purposes allowed for the surcharge funds, except that the County may also use the fees for other parking facilities in the County that provide remote parking spaces for Metrorail patrons.

Currently, the only outstanding surcharge agreement related debt is that associated with the Vienna II parking garage through 2020. Absent the amendments that are currently being recommended, the surcharge fee would otherwise be eliminated after the debt service on Vienna II has been defeased. Maintaining County access to this revenue surcharge stream is an essential component for the parking revenue bond financing of the Herndon and Innovation Center Station Parking Garages as part of the County's "best efforts" to fund the parking garages per the 2011 MOA.

The WMATA Board approved the Second Amended and Restated Surcharge Implementation Agreement surcharge agreement on October 23, 2014. The Fairfax County Board of Supervisors then approved the Second Amended and Restated Surcharge Implementation Agreement at its meeting on October 28, 2014. Lastly, the Fairfax County Board of Supervisors approved a resolution and plan of finance on November 18, 2014 to create the Fairfax County Metrorail Parking System.

As part of the United States Department of Transportation Transportation's (USDOT) Transportation Infrastructure and Finance and Innovation Act (TIFIA) loan for the Dulles Metrorail project, Fairfax County will receive \$403.3 million toward its baseline share of project costs. As a condition to financial closing on the TIFIA loan, a Letter Agreement between USDOT and the County regarding the County's construction of the parking garages at the Herndon and Innovation Center Metrorail Stations was established. The County has agreed to complete construction of the parking garages by the WMATA-announced start date of revenue service for Phase 2. If the County does not meet this deadline, it is required to prepay any drawn portion of the TIFIA loan plus accrued interest. In the unlikely event the

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County does not complete construction of the parking garages by the agreed-upon date, staff would recommend a public sale of bonds backed by Fund 40010, the County and Regional Transportation Projects Fund, to repay the drawn portion of the County's TIFIA loan. The County timeline provides for the construction of the garages in spring 2018, which is well in advance of Phase 2 revenue service and does not anticipate any mandatory prepayment of the TIFIA loan.

The Letter Agreement also provides for an uncontrollable force provision (i.e., force majeure), whereby the County would not be held liable for any construction delay to either parking garage that was the result of certain circumstances beyond the control of the County, such as a natural disaster. Lastly, USDOT provided language in the Letter Agreement confirming that no TIFIA loan proceeds have or will be used for the parking garages. Thus, the parking garages have neither been selected nor designated a federally funded project. This provision was requested by the County to ensure that the parking garages would not be subject to federal regulation and oversight, which could cause a significant increase to the cost of constructing the garages and jeopardize the County's current plan of finance and project schedule.

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FUND STATEMENT

Fund 40125, Metrorail Parking System Pledged Revenues

	FY 2014 Actual	FY 2015 Adopted Budget Plan	FY 2015 Revised Budget Plan	FY 2016 Advertised Budget Plan	FY 2016 Adopted Budget Plan
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenue:					
Wiehle-Reston East Ground Rent ¹	\$0	\$0	\$0	\$0	\$0
Wiehle-Reston East Metrorail Parking Garage ²	0	0	0	0	0
Total Revenue³	\$0	\$0	\$0	\$0	\$0
Total Available	\$0	\$0	\$0	\$0	\$0
Expenditures:					
Operating Expenses	\$0	\$0	\$0	\$0	\$0
Wiehle-Reston East Parking Garage Debt Service ²	0	0	0	0	0
Total Expenditures³	\$0	\$0	\$0	\$0	\$0
Total Disbursements	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$0	\$0	\$0	\$0	\$0

¹ Revenues associated with ground rent at the Wiehle-Reston East Metrorail Station Parking Garage. Beginning in FY 2016, revenues and debt service associated with Metrorail parking garages will be collected in and disbursed from a new fund, Fund 40125, Metrorail Parking System Pledged Revenues. These changes will be included in the *FY 2015 Carryover Review*. The FY 2016 Adopted Budget Plan includes these funds under Fund 40010, County and Regional Transportation Projects.

² Parking revenues collected at the Wiehle-Reston East Metrorail Station. Beginning in FY 2016, revenues and debt service associated with Metrorail parking garages will be collected in and disbursed from a new fund, Fund 40125, Metrorail Parking System Pledged Revenues. These changes will be included in the *FY 2015 Carryover Review*. The FY 2016 Adopted Budget Plan includes these funds under Fund 40010, County and Regional Transportation Projects.

³ No funding projections are included in the FY 2016 Adopted Budget Plan.