

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 the Washington Metropolitan Area Transit Authority (WMATA) and budgeted under Fund 40010, County and Regional Transportation Projects and Fund 40000, County Transit Systems.

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, 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 Center 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 used by WMATA to operate and maintain the parking facilities. Since the County will own the new parking facilities within its jurisdiction, 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 used 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 parking surcharge balance held at WMATA was transferred to the County in June 2015 (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 \$21 million to pay current debt service and reduce the amount of debt required to finance the Herndon and Innovation Station parking facilities which currently have a Total Project Estimate of \$56,700,000 and \$57,400,000, respectively.

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- All ongoing surcharge revenues collected at the five 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 to 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 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, County and Regional Transportation Projects, to repay the drawn portion of the County's TIFIA loan. The County timeline provides for construction of the garages to be completed in spring 2019. This completion estimate is well in advance of anticipated Phase 2 revenue service and therefore the County 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.

FY 2017 Funding Adjustments

The following funding adjustments from the FY 2016 Adopted Budget Plan are necessary to support the FY 2017 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 26, 2016.

- ◆ **Operating and Maintenance Expense Adjustments** **\$1,400,000**
A total of \$1,400,000 is included for operating and maintenance expenses for the Wiehle-Reston East Metrorail parking garage. Prior to July 1, 2015, these expenses were included in Fund 40000, County Transit Systems, and the FY 2017 budgeted amount remains the same as the FY 2016 Adopted Budget Plan.

- ◆ **Debt Service Adjustments** **\$7,385,213**
A total of \$7,385,213 is included for debt service expenses for the Wiehle-Reston East Metrorail parking garage. Prior to July 1, 2015, these expenses were included in Fund 40010, County and Regional Transportation Projects, and the FY 2017 budgeted amount is a \$2,500, or 0.03 percent, decrease from the FY 2016 Adopted Budget Plan.

Changes to FY 2016 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2016 Revised Budget Plan since passage of the FY 2016 Adopted Budget Plan. Included are all adjustments made as part of the FY 2015 Carryover Review, FY 2016 Third Quarter Review, and all other approved changes through April 30, 2016.

- ◆ **Carryover Adjustments** **\$8,787,713**
As part of the FY 2015 Carryover Review, the Board of Supervisors approved funding of \$8,787,713 for operating and debt service expenses for the Wiehle-Reston East Metrorail parking garage. These expenses were previously included in Fund 40000, County Transit Systems, and Fund 40010, County and Regional Transportation Projects, respectively.

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FUND STATEMENT

Fund 40125, Metrorail Parking System Pledged Revenues

	FY 2015 Actual	FY 2016 Adopted Budget Plan	FY 2016 Revised Budget Plan	FY 2017 Advertised Budget Plan	FY 2017 Adopted Budget Plan
Beginning Balance	\$0	\$0	\$20,616,004	\$22,216,004	\$22,216,004
Revenue:					
Wihle-Reston East Ground Rent ¹	\$0	\$0	\$967,000	\$967,000	\$967,000
Wihle-Reston East Metrorail Parking Garage Fees ²	0	0	2,200,200	2,000,000	2,000,000
Interest on Investments	11,466	0	0	0	0
WMATA Surcharge Revenue Parking Fees ³	20,604,538	0	3,000,000	3,000,000	3,000,000
Total Revenue	\$20,616,004	\$0	\$6,167,200	\$5,967,000	\$5,967,000
Transfer In:					
County and Regional Transportation Projects (40010) ⁴	\$0	\$0	\$4,220,513	\$0	\$0
Total Transfer In	\$0	\$0	\$4,220,513	\$0	\$0
Total Available	\$20,616,004	\$0	\$31,003,717	\$28,183,004	\$28,183,004
Expenditures:					
Wihle-Reston East Parking Garage Operating Expenses ⁵	\$0	\$0	\$1,400,000	\$1,400,000	\$1,400,000
Wihle-Reston East Parking Garage Debt Service	0	0	7,387,713	7,385,213	7,385,213
Total Expenditures	\$0	\$0	\$8,787,713	\$8,785,213	\$8,785,213
Total Disbursements	\$0	\$0	\$8,787,713	\$8,785,213	\$8,785,213
Ending Balance	\$20,616,004	\$0	\$22,216,004	\$19,397,791	\$19,397,791

¹ Revenues associated with ground rent at the Wihle-Reston East Metrorail Station Parking Garage. Effective July 1, 2015, revenues and debt service associated with Metrorail parking garages are collected in and disbursed from Fund 40125, Metrorail Parking System Pledged Revenues. These changes were included in the *FY 2015 Carryover Review*. These funds were previously included in Fund 40010, County and Regional Transportation Projects.

² Parking revenues collected at the Wihle-Reston East Metrorail Station. Effective July 1, 2015, revenues and debt service associated with Metrorail parking garages are collected in and disbursed from Fund 40125, Metrorail Parking System Pledged Revenues. These changes were included in the *FY 2015 Carryover Review*. These funds were previously included in Fund 40010, County and Regional Transportation Projects.

³ Projected revenues transferred from the Washington Metropolitan Area Transit Authority (WMATA) for five WMATA owned/leased parking facilities in Fairfax County (Huntington, West Falls Church, Dunn Loring, Vienna, and Franconia) and two additional stations (East Falls Church in Arlington County and Van Dorn) in the City of Alexandria). These revenues will be used by the County to pay debt service on parking garages that are part of the Silver Line Phase 2 Metrorail extension.

⁴ Provides for the balance of funds required to pay debt service on the Wihle-Reston East Metrorail Station Parking Garage not covered by ground rent and parking fees on site. It is anticipated that FY 2017 funding will be required and will be indentified in an upcoming quarterly review.

⁵ Effective July 1, 2015, operating and maintenance expenditures associated with the Wihle-Reston East Metrorail parking garage are budgeted in Fund 40125, Metrorail Parking System Pledged Revenues and were included in the *FY 2015 Carryover Review*. These expenditures were previously included in Fund 40000, County Transit Systems.

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FY 2017 Summary of Capital Projects

Fund 40125, Metrorail Parking System Pledged Revenues

Project	Total Project Estimate	FY 2015 Actual Expenditures	FY 2016 Revised Budget	FY 2017 Advertised Budget Plan	FY 2017 Adopted Budget Plan
Wiehle Metro Pkg Facility Debt Service (2G40-115-000)	\$14,772,926	\$0.00	\$7,387,713.00	\$7,385,213	\$7,385,213
Wiehle Pkg Operations and Maintenance (2G40-120-000)	2,800,000	0.00	1,400,000.00	1,400,000	1,400,000
Total	\$17,572,926	\$0.00	\$8,787,713.00	\$8,785,213	\$8,785,213