

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 generated 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 II 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, a portion of the daily parking fees, generated from WMATA-owned parking garages located in Fairfax County. 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. Prior to the opening of the Silver Line Phase I, WMATA owned or leased all of the Metrorail parking garages in Fairfax County. Currently, the parking facilities at the Wiehle-Reston East, Herndon, and Innovation Center Metrorail Stations are owned by Fairfax County. By retaining ownership of the new parking facilities, the County is able to control future joint development on the sites and retain all revenues generated from those joint developments.

The 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 prior 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 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 at the Wiehle, Herndon, and Innovation Parking Garages. WMATA and Fairfax County staff worked together to create the Second Amended and Restated Surcharge Implementation Agreement that was approved in October 2014.

As part of the United States Department of Transportation’s (USDOT) Transportation Infrastructure and Finance and Innovation Act (TIFIA) loan for the Dulles Metrorail project, Fairfax County received \$403.3 million toward its baseline share of project costs. As a condition to financial closing on the TIFIA loan, a side 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 agreed to complete construction of the parking garages by the WMATA-announced start date of revenue service for Phase II. As part of the Board of Supervisors Transportation Committee meeting on May 24, 2016, and December 13, 2016, County staff provided an overview of the plan of finance associated with the planned EDA Parking Revenue bond for the Herndon and Innovation Center Station Parking Garages. The EDA and the Board of Supervisors then approved the plan of finance at their respective meetings on January 11, 2017, and January 24,

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2017. The bond sale occurred in February 2017 in the amount of \$90.9 million to fund the following: Herndon Station and Innovation Center Station Parking Garages of \$37.9 million and \$37.1 million, respectively, per final construction bids; and \$15.9 million to fund capitalized interest, funding of a debt service reserve, and cost of issuance. Following the construction period, the Herndon Station Parking Garage was completed in April 2019 and the Innovation Center Station Parking Garage was completed in June 2020. The parking garages will become fully operational and open to the public when the revenue/passenger service is announced for Phase II by WMATA.

Pandemic Response and Impact

In response to the recent resurgence of COVID-19 (Omicron) and ongoing driver shortages, Metrorail, Metrobus, and MetroAccess have reduced levels of service to continue to provide essential trips while mitigating public health concerns. Consequently, Metro continues to experience a significant drop in ridership. For FY 2023, WMATA is projecting ridership levels across all modes at 53 percent of the pre-pandemic level. County staff have also assumed very modest levels of utilization at its parking facilities. As further information is available on monthly parking trends and the commencement of the operations of the Dulles Rail Phase II project, parking revenue updates will be provided as part of a future quarterly review.

FY 2023 Funding Adjustments

The following funding adjustments from the FY 2022 Adopted Budget Plan are necessary to support the FY 2023 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 May 10, 2022.

Operational Expenses Adjustment for Herndon and Innovation Parking Garages (\$2,258,000)

A decrease of \$2,258,000 is included for revised estimated operational expenses for the Herndon and Innovation Center Station Parking Garages. Construction was completed on both parking garages in 2019 and 2020, respectively. Initial forecasted amounts for operations have since been adjusted to reflect current requirements for both garages. This figure will be adjusted accordingly in future budgets following the commencement of Phase II revenue/passenger service.

Operational Expenses Adjustment for Wiehle-Reston East Parking Garage \$70,558

An increase of \$70,558 is included for operational expenses for the Wiehle-Reston East Metrorail Parking Garage.

Debt Service Adjustment (\$1,500)

A decrease of \$1,500 is included for debt service expenses for the Wiehle-Reston East Metrorail Parking Garage.

Debt Service Adjustment (\$2,000)

A decrease of \$2,000 is included for programmed debt service expenses for the Herndon and Innovation Center Station Parking Garages.

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Changes to FY 2022 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2022 Revised Budget Plan since passage of the FY 2022 Adopted Budget Plan. Included are all adjustments made as part of the FY 2021 Carryover Review, FY 2022 Mid-Year Review, FY 2022 Third Quarter Review, and all other approved changes through April 30, 2022.

Carryover Adjustments **\$2,866,864**

As part of the *FY 2021 Carryover Review*, the Board of Supervisors approved funding of \$2,866,864 based on the carryover of unexpended project balances. This is due primarily to the carryover of \$2,662,025 in project balances associated with the Fairfax County Economic Development Authority (EDA) Parking Revenue bond sale in February 2017 for the Herndon Metrorail Station Parking Garage and the Innovation Center Metrorail Station Parking Garage. These parking garages are operated and maintained by the County as part of the agreement for the Silver Line Phase II. In addition, this increase is due to an adjustment of \$204,839 for encumbrances associated with the operations and maintenance of the Wiehle-Reston East Metrorail Parking Garage, Herndon Metrorail Parking Garage, and Innovation Center Metrorail Parking Garage.

Third Quarter Adjustments **(\$2,000,000)**

As part of the *FY 2022 Third Quarter Review*, the Board of Supervisors approved a decrease of \$2,000,000 due to lower than expected operational and maintenance requirements for the Herndon Metrorail Station Parking Garage and the Innovation Metrorail Center Station Parking Garage. These parking garages were built and are owned by the County as part of the agreement for the Silver Line Phase II.

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FUND STATEMENT

Category	FY 2021 Actual	FY 2022 Adopted Budget Plan	FY 2022 Revised Budget Plan	FY 2023 Advertised Budget Plan	FY 2023 Adopted Budget Plan
Beginning Balance	\$29,554,980	\$18,007,063	\$21,003,722	\$14,306,436	\$12,685,588
Revenue:					
Wiehle-Reston East Ground Rent ¹	\$2,943,382	\$2,900,000	\$2,900,000	\$2,900,000	\$2,900,000
Interest on Investments ²	108,045	0	0	0	0
Wiehle-Reston East Metrorail Parking Garage ³	184,742	863,254	500,000	863,254	863,254
New Garage Revenue ⁴	0	2,104,089	0	2,104,089	2,104,089
WMATA Surcharge Parking Fees ⁵	189,076	1,701,505	548,000	1,701,505	1,701,505
Total Revenue	\$3,425,245	\$7,568,848	\$3,948,000	\$7,568,848	\$7,568,848
Transfers In:					
County and Regional Transportation Projects (40010) ⁶	\$2,206,000	\$0	\$3,293,740	\$0	\$0
Total Transfers In	\$2,206,000	\$0	\$3,293,740	\$0	\$0
Total Available	\$35,186,225	\$25,575,911	\$28,245,462	\$21,875,284	\$20,254,436
Expenditures:					
Projects ^{7,8}	\$14,182,503	\$14,788,460	\$15,559,874	\$12,597,518	\$12,597,518
Total Expenditures	\$14,182,503	\$14,788,460	\$15,559,874	\$12,597,518	\$12,597,518
Total Disbursements	\$14,182,503	\$14,788,460	\$15,559,874	\$12,597,518	\$12,597,518
Ending Balance	\$21,003,722	\$10,787,451	\$12,685,588	\$9,277,766	\$7,656,918
Debt Service Reserve ⁹	\$4,758,500	\$4,758,500	\$4,758,500	\$4,758,500	\$4,758,500
Unreserved Balance	\$16,245,222	\$6,028,951	\$7,927,088	\$4,519,266	\$2,898,418

¹ Revenues associated with ground rent at the Wiehle-Reston East Metrorail Station Parking Garage.

² Interest on Investments revenue represents interest revenue associated with the Metrorail Parking System Pledged Revenues projects. An amount of \$108,045 was received in FY 2021.

³ Parking revenues collected at the Wiehle-Reston East Metrorail Station Parking Garage. As further information is available on monthly parking trends and the commencement of the operations of the Dulles Rail Phase II project, parking revenue updates will be provided as part of a future quarterly review.

⁴ Projected parking revenues to be collected at the Herndon and Innovation Center Station Parking Garages. As further information is available on monthly parking trends and the commencement of the operations of the Dulles Rail Phase II project, parking revenue updates will be provided as part of a future quarterly review.

⁵ Projected surcharge 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 are used by the County to pay debt service for the Herndon and Innovation Center Station Parking Garages.

⁶ Provides for additional funds to pay debt service on the Wiehle-Reston East Metrorail Station Parking Garage not covered by ground rent and parking fees. Funding needs will be reviewed as part of the annual budget process as well as the annual Carryover Review process.

⁷ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments were reflected as an increase of \$95,449.77 to FY 2021 expenditures to record expenditure accruals. This impacted the amount carried forward resulting in a decrease of \$95,449.77 to the FY 2022 Revised Budget Plan. The project affected by this adjustment was 2G40-120-000, Wiehle Pkg Operations and Maintenance. The Annual Comprehensive Financial Report (ACFR) reflects all audit adjustments in FY 2021. Details of the audit adjustments were found in Attachment VI of the FY 2022 Mid-Year Review.

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⁸ Construction funding from the Fairfax County Economic Development Authority Parking Revenue bond sale in February 2017 for the Herndon Station Parking Garage (\$37,900,000), Innovation Center Station Parking Garage (\$37,100,000), and annual operational costs for these parking garages as well as Wiehle-Reston East Metrorail Station Parking Garage.

⁹ Debt service reserve fund for the parking garage revenue bonds, which was funded at closing of the bond sale in March 2017.

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SUMMARY OF CAPITAL PROJECTS

Project	Total Project Estimate	FY 2021 Actual Expenditures	FY 2022 Revised Budget	FY 2023 Advertised Budget Plan	FY 2023 Adopted Budget Plan
Hern Innov Pkg Facility Debt Service (2G40-167-000)	\$21,236,750	\$4,757,250.00	\$4,758,500.00	\$4,756,500	\$4,756,500
Herndon Metrorail Parking Facility (TF-000033)	37,225,000	106,096.93	2,230,131.59	0	0
Herndon Pkg Operations and Maintenance (2G40-146-000)	4,189,632	146,881.01	262,118.99	0	0
Innovation Metrorail Parking Facility (TF-000034)	37,775,000	1,109,373.09	431,893.54	0	0
Innovation Pkg Operations and Maintenance (2G40-145-000)	159,000	29,116.81	129,883.19	0	0
Wiehle Metro Pkg Facility Debt Service (2G40-115-000)	56,029,041	6,421,584.74	6,185,778.26	6,184,000	6,184,000
Wiehle Pkg Operations and Maintenance (2G40-120-000)	11,732,313	1,612,200.59	1,561,568.17	1,657,018	1,657,018
Total	\$168,346,736	\$14,182,503.17	\$15,559,873.74	\$12,597,518	\$12,597,518