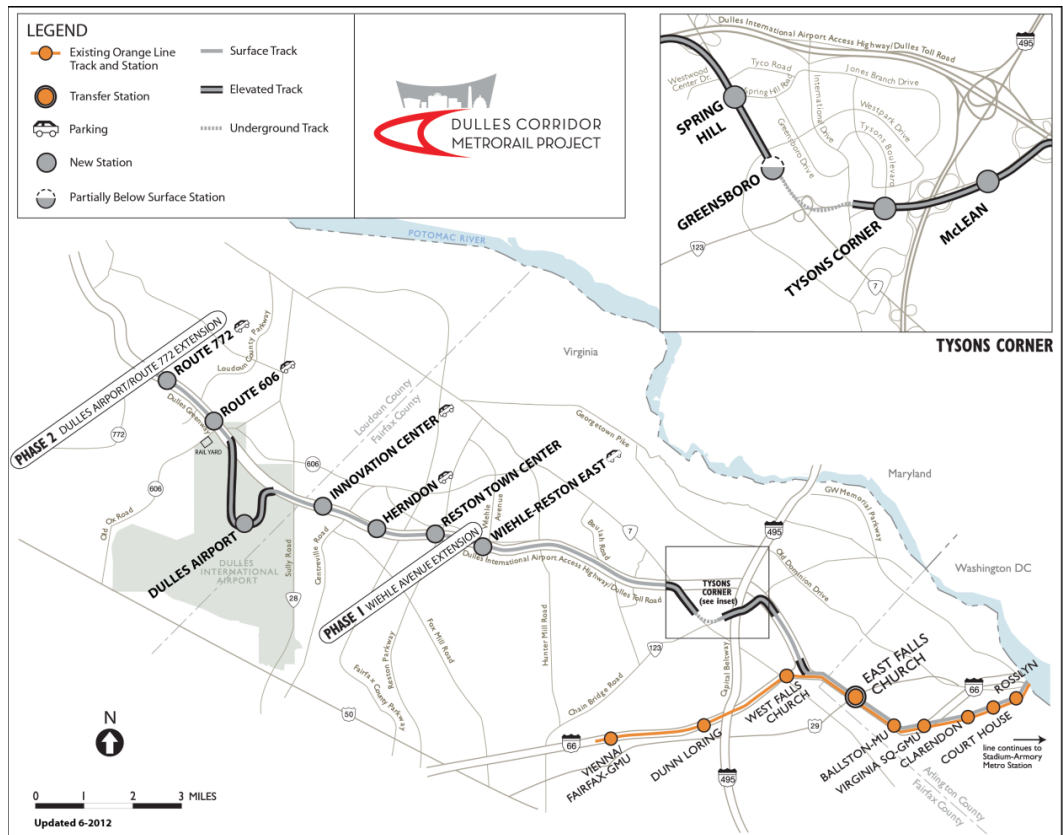


Fund 40110: Dulles Rail Phase I Transportation Improvement District

Focus

Metrorail service was extended approximately 23 miles from an area east of West Falls Church station, along the median of the Dulles Connector Road (DCR) through Tysons Corner, then further along the Dulles International Airport Access Highway (DIAAH), through Dulles International Airport, to Route 772 in Loudoun County. The total cost of the Rail to Dulles Project was approximately \$6.0 billion. Due to financial constraints imposed by the federal government, the project was completed in two phases. Phase I was completed in July 2014 and cost approximately \$2.9 billion for the segment from the Metrorail Orange line to Wiehle Avenue in Reston and included construction of five new stations in Fairfax County: McLean, Tysons Corner, Greensboro, Spring Hill, and Wiehle-Reston East, and are noted on the map below.



The Phase I cost of approximately \$2.9 billion was financed by the federal government, the Commonwealth of Virginia, Fairfax County, and revenue from the Dulles Toll Road (DTR). In March 2009, the Federal Transit Administration (FTA) executed a Full Funding Grant Agreement with the Metropolitan Washington Airports Authority (MWAA) for \$900.0 million for Phase I of the project. Fairfax County's share of Phase I, \$400.0 million, was financed from the Phase I Transportation Improvement District (Phase I District).

On January 21, 2004, a petition was filed with the Clerk to the Fairfax County Board of Supervisors (the Petition) by owners of commercial and industrial property (the Petitioners) asking the Board of Supervisors (Board) to create the Phase I District, as provided by Chapter 15 of Title 33.1 of the Code of Virginia, as amended (the Act). The Act is similar although not identical to the law that empowered the Board and the Board of Supervisors of Loudoun County to create the Route 28 Highway Transportation Improvement District (the Route 28 District) in both counties in 1988.

Fund 40110: Dulles Rail Phase I Transportation Improvement District

The Phase I District was approved and established by the Board on February 23, 2004, following a public hearing. It is governed by a District Commission, consisting of four Fairfax County Board members and the Chairman of the Commonwealth Transportation Board (CTB) or his/her designee. The District Commission is advised by a District Advisory Board, composed of landowner representatives. This is the same governance structure used for the Route 28 Tax District.

Commercial and industrial property within the district created pursuant to the Act can be taxed to raise funds for transportation improvements in the district. Such a district can be created upon the petition of the owners of at least 51 percent, measured by land area or assessed value, of the real property located within the proposed district that is zoned or used for commercial or industrial purposes. The properties listed on the signature pages of the Petition constituted over 64 percent of such property located within the Phase I District, measured by assessed value.

Per the Code of Virginia § 33.1-435, properties zoned to permit multi-unit residential use, but not yet used for that purpose, and multi-unit properties primarily leased or rented to residential tenants or other occupants by an owner who is engaged in such a business are deemed to be in commercial use for purposes of the Act. No other residential properties are subject to any tax that may be levied on behalf of such a district, even if they are within the boundaries of such a district.

On May 26, 2011, the Fairfax County Economic Development Authority (EDA) issued the first series of Phase I District EDA bonds in the amount of \$205.7 million, which provided \$220 million, including bond premium, for the construction of the Phase I project. On October 10, 2012, the second and final Phase I District EDA bonds were issued in the amount of \$42.4 million, which provided \$48.4 million, including bond premium, for the construction of the Phase I project. These two issues together, with \$131.6 million in equity contribution from District taxes collected, fully funded the County's obligation of providing \$400.0 million for Phase I of the project. MWAA transferred Phase I of the Silver Line to WMATA for final testing and training on May 27, 2014, and it opened for passenger service on July 26, 2014.

On April 10, 2012, the Board confirmed the County's participation in Phase II. MWAA completed preliminary engineering and awarded the Phase II construction contract in May 2014. Construction was completed in summer 2022 at an estimated cost of \$3.02 billion and passenger service commenced on November 15, 2022. For additional cost and project information about Dulles Rail Phase II, please refer to Fund 40120, Dulles Rail Phase II Transportation Improvement District, contained in Volume 2, Capital Construction and Other Operating Funds.

As part of the FY 2014 Adopted Budget Plan, there was joint concurrence from the Phase I Advisory Board as well as the Phase I Commission on the formal adoption of a Tax Rate Policy. Specifically, a series of criteria must be met to allow for a reduction in the tax rate that includes the following: maintaining targeted debt service coverage at 150 percent; historical debt service coverage will be at least 150 percent for two consecutive fiscal years before lowering the tax rate; and the tax rate will be lowered by no more than two cents in any given year provided coverage can still be maintained at 150 percent with the lower tax rate.

The District has witnessed strong growth in assessed values in recent years. The result was an ability to provide corresponding annual decreases in the tax rate of \$0.02 per \$100 of assessed value from FY 2016 through FY 2021, coupled with a revision to the Tax Rate Policy lowering the targeted debt service coverage from 150 percent to 140 percent. These actions were recommended by both the District Advisory Board and the Commission. The tax rate of \$0.09 per \$100 of assessed value as part of the FY 2024 Adopted Budget Plan remains unchanged from the FY 2023 Adopted Budget Plan.

Fund 40110: Dulles Rail Phase I Transportation Improvement District

FY 2024 Funding Adjustments

The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 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 9, 2023.

Debt Service Adjustments

(\$180,950)

There is a decrease of \$180,950, or 1.3 percent, from the FY 2023 Adopted Budget Plan amount of \$14,008,250 due to programmed debt service payments in FY 2024. This decrease represents savings from the partial debt defeasance that occurred in FY 2022.

Changes to FY 2023 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review, FY 2023 Third Quarter Review, and all other approved changes through April 30, 2023.

There have been no adjustments to this fund since approval of the FY 2023 Adopted Budget Plan.

Fund 40110: Dulles Rail Phase I Transportation Improvement District

FUND STATEMENT

Category	FY 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Beginning Balance	\$40,025,126	\$36,101,489	\$36,417,072	\$38,037,971	\$38,037,971
Revenue:					
Real Estate Taxes	\$15,378,945	\$15,629,149	\$15,629,149	\$15,740,702	\$15,740,702
Interest on Investments ¹	67,051	0	0	0	0
Miscellaneous Revenues ²	385	0	0	0	0
Total Revenue	\$15,446,381	\$15,629,149	\$15,629,149	\$15,740,702	\$15,740,702
Total Available	\$55,471,507	\$51,730,638	\$52,046,221	\$53,778,673	\$53,778,673
Expenditures:					
Debt Service ³	\$14,018,750	\$14,008,250	\$14,008,250	\$13,827,300	\$13,827,300
Debt Service Prepayment ⁴	5,035,685	0	0	0	0
Total Expenditures	\$19,054,435	\$14,008,250	\$14,008,250	\$13,827,300	\$13,827,300
Total Disbursements	\$19,054,435	\$14,008,250	\$14,008,250	\$13,827,300	\$13,827,300
Ending Balance⁵	\$36,417,072	\$37,722,388	\$38,037,971	\$39,951,373	\$39,951,373
Tax rate per \$100 Assessed Value	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09

¹ Interest on Investments revenue of \$67,051 was received in FY 2022.

² Miscellaneous Revenues of \$385 associated with litigation funding were received in FY 2022.

³ A partial refunding of outstanding Series 2011 and Series 2012 District bonds took place on March 2, 2016, resulting in a net present value savings of approximately \$16.5 million over the life of the bonds and corresponding lower annual debt service payments. No bond maturities were extended as a result of the refunding.

⁴ An amount of \$5,200,000 was appropriated from the fund balance in FY 2022 based on a recommendation from the Silver Line Phase I Transportation District Commission, including \$5,000,000 for debt defeasance and \$200,000 for the associated costs of issuance in FY 2022.

⁵ The ending balance includes the Residual Fund, the Debt Service Reserve Fund, and the Revenue Stabilization Fund.