Fund 70000: 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. Fund 70000, Route 28 Tax District, was formed to provide improvements to State Route 28 (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. 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.

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 $0.20 per $100 of assessed value. All Route 28 project improvements have been completed that included widening the existing road from two to six lanes and upgrading ten major intersections within the district boundaries. Funding sources for these projects included bond proceeds issued by the Commonwealth Transportation Board (CTB) and Fairfax County Economic Development Authority (EDA), the Northern Virginia Transportation Authority, and the Transportation Partnership Opportunity Fund (TPOF) through the Virginia Department of Transportation.

Fairfax County and Loudoun County entered into a contract with the District and agreed to levy the 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 a trustee jointly designated by the CTB and the counties, and the District in turn shall notify the counties of the required payment and request a rate sufficient to collect that amount, up to a maximum of $0.20 per $100 of assessed value. The FY 2025 tax rate for this district is currently set at $0.16 per $100 of assessed value. In FY 2025, an amount of $12.7 million has been included for Fairfax County collections based on estimated tax collections and an allowance for potential property buy outs, late payments, and penalties.

All bond issues are fully supported by District tax revenue. If 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. District Bonds issued by the Fairfax County EDA are also supported by a Revenue Stabilization Fund (RSF) and Debt Service Reserve Fund (DSRF) that is equal to the maximum annual EDA debt service. As a further credit enhancement for the EDA bonds, both Fairfax and Loudoun Counties pledged a joint moral obligation if tax revenues, the RSF, and DSRF are not sufficient to support debt service.

Refinancing, Partial Debt Defeasance and Debt Service Updates

In February 2022, a refunding bond sale for the Series 2022A was conducted in the amount of $49.1 million. This generated net present value debt service savings of approximately $6.58 million over the life of the bonds and refinanced the Series 2012 EDA Revenue Refunding Bonds. In December 2022, a partial defeasance of the Series 2012 CTB bonds was conducted utilizing $10.5 million in funds from the project completion fund. In December 2023, a final payoff of the Series 2012 Commonwealth Transportation Board (CTB) bonds and partial defeasance of the Series 2016A and Series 2016B EDA revenue refunding bonds was conducted utilizing $12.6 million in funds available from the project completion fund and partial release of debt service reserves. The following table incorporates the District's revised annual debt service profile:

Bond Year	CTB Debt 2002 (State Issued)	EDA Debt Service – Series 2016 and Series 2022	Total
2025	8,105,000	8,804,294	16,909,294
2026	8,105,000	8,798,994	16,903,994
2027	8,105,000	8,158,344	16,263,344
2028	-	8,162,344	8,162,344
2029	-	8,160,594	8,160,594
2030	-	8,162,844	8,162,844
2031	-	8,158,344	8,158,344
2032	-	8,161,844	8,161,844
2033	-	17,522,344	17,522,344
2034	-	18,751,844	18,751,844
2035	-	18,745,425	18,745,425
2036	-	17,045,350	17,045,350
2037	-	18,879,900	18,879,900
TOTAL	**$24,315,000**	**$157,512,463**	**$181,827,463**

FY 2025 Funding Adjustments

The following funding adjustments from the FY 2024 Adopted Budget Plan are necessary to support the FY 2025 program:

Fiscal Agent Payments **$617,782**

An increase of $617,782 or 5.1 percent from the FY 2024 Adopted Budget Plan amount of $12,084,290 for estimated payments to the fiscal agent is primarily due to anticipated assessed value adjustments.

Changes to FY 2024 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2024 Revised Budget Plan since passage of the FY 2024 Adopted Budget Plan. Included are all adjustments made as part of the FY 2023 Carryover Review and all other approved changes through December 31, 2023.

Carryover Adjustments **$5,073**

As part of the *FY 2023 Carryover Review*, the Board of Supervisors approved funding of $5,073 due to the timing of payments made in FY 2023 and the corresponding adjustment to appropriation levels in FY 2024.

FUND STATEMENT

Category	FY 2023 Actual	FY 2024 Adopted Budget Plan	FY 2024 Revised Budget Plan	FY 2025 Advertised Budget Plan
Beginning Balance	**($15)**	**$0**	**$5,073**	**$0**
Revenue:				
Real Estate Taxes-Current[1]	$11,062,112	$11,084,290	$11,084,290	$11,702,072
Revenue from Buy Outs	0	1,000,000	1,000,000	1,000,000
Interest on Investments	11,054	0	0	0
Total Revenue	**$11,073,166**	**$12,084,290**	**$12,084,290**	**$12,702,072**
Total Available	**$11,073,151**	**$12,084,290**	**$12,089,363**	**$12,702,072**
Expenditures:				
Payments to the Fiscal Agent	$11,068,078	$12,084,290	$12,089,363	$12,702,072
Total Expenditures	**$11,068,078**	**$12,084,290**	**$12,089,363**	**$12,702,072**
Total Disbursements	**$11,068,078**	**$12,084,290**	**$12,089,363**	**$12,702,072**
Ending Balance[2]	**$5,073**	**$0**	**$0**	**$0**
Tax rate per $100 Assessed Value	**$0.17**	**$0.16**	**$0.16**	**$0.16**

[1] The FY 2025 estimate is based on January 1, 2024, assessed values and an adopted tax rate of $0.16 per $100 of assessed value.

[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.