

Route 28 Taxing District

Lines of Business

LOB #306:

ROUTE 28 TAXING DISTRICT

Purpose

The Route 28 Highway Transportation Improvement District (District) was created to provide improvements to State 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. State 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.

Description

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 cents per \$100 of assessed value. The FY 2016 tax rate for this district is \$0.18 cents per \$100 of assessed value. These funds, in addition to funds received through the State Primary Road Fund allocation formula, are to be used for the road improvements and debt service on bonds issued by the state. Improvements completed for Phase I of the Route 28 project included widening the existing road from two to six lanes and upgrading three major intersections. Legislation authorizing the issuance of Commonwealth Transportation Board (CTB) revenue bonds up to \$160.7 million plus issuance expenses to finance the Phase I improvements to Route 28 was enacted during the 1988 Virginia General Assembly and became effective July 1, 1988. This legislation stipulates that the additional tax assessment in the District and funds allocated to the highway construction district, in which Route 28 lies, would reimburse the state for its debt service payments on its bonds.

Fairfax County and Loudoun County entered into a contract with the District and agreed to levy an 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 trustees jointly designated by the CTB and the counties, and the District in turn shall notify the County of the required payment and request a rate sufficient to collect that amount, up to a maximum of \$0.20 cents per \$100 of assessed value. The tax rate is currently set at \$0.18 cents per \$100 dollars of assessed value

In August 2002 Fairfax County, Loudoun County, the Commonwealth Transportation Board and the Fairfax County Economic Development Authority (EDA) entered into contractual agreements to provide for construction of a portion of additional improvements on Route 28 (Phase II improvements). Construction of the first six interchanges was completed in FY 2008 and in October 2006, the CTB, the counties and EDA approved the financing plan for the construction of the final four interchanges.

All bond issues are fully supported by District tax revenue. In order to maximize revenues available for new debt service, the CTB refunded its outstanding 1992 bonds in October 2002. At the same time, the CTB issued \$36.4 million of new bonds for construction, representing the balance of bond authorization remaining from the 1988 acts of the General Assembly. The EDA issued Transportation Contract Revenue bonds in the amount of \$33.375 million in October 2003 and issued \$57.4 million in August 2004 as well as \$41.505 million on February 27, 2007 and \$51.505 million on July 9, 2008. In the event that 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. The EDA bonds are supported by a Revenue Stabilization Fund (RSF) that is equal to the maximum annual EDA debt service and is created

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from surplus revenue collections. As a further credit enhancement for the proposed EDA bonds, both Fairfax and Loudoun Counties pledged a joint moral obligation in the event that tax revenues and the RSF are not sufficient to support EDA debt service. On March 18, 2009, the Route 28 District Advisory Board recommended a two cent decrease in the tax rate from \$0.20 to \$0.18 per \$100 of assessed value, due to the strong financial status of the fund. This decrease was subsequently adopted by the Board of Supervisors on April 27, 2009.

In March 2011, the Route 28 District Advisory Board recommended to approve \$6.0 million in Project Completion Funds for final design plans for four priority sections of Route 28 widening from six to eight lanes. In October 2012, the Commission considered the next steps for completion of Hot Spot Improvements. The staff recommended that the Commission delay additional debt until the District's debt service coverage is stronger, and to apply for a series of TPOF grants or loans to construct the improvements. County staff recommended the use of a portion of the Route 28 District Project Completion Fund (PCF) to construct the Route 28 Southbound Bridge over Dulles Toll Road, as has been designed. The estimated cost of this project is \$4,339,500.

Additionally, the Commission discussed the importance of constructing the northbound bridge over the Dulles Toll Road. This project was not originally included in the four hot spot widening projects that had recently been designed. However, discussions between the Route 28 Corridor Improvements contractor and the Metropolitan Washington Airports Authority (MWAA) highlighted the importance of construction of the bridges over the Dulles Toll Road in a timely manner. MWAA would begin construction of Phase 2 of the Dulles Corridor Metrorail Project in mid- to late-2014, which involves construction of facilities in the vicinity of the Route 28/Dulles Toll Road Intersection. MWAA noted that completion of any construction activities in this location is recommended prior to the mobilization of its contractor, to avoid any conflicts between the two contractors and allow their respective activities to be properly scheduled and coordinated. MWAA cautioned that construction of these bridge projects would be severely restricted during the Silver Line construction and its completion. Route 28 contractors estimate that substantial additional costs to the District would be incurred as a result of the delay and the restrictions.

Due to the timing of both projects, the Commission considered the need to move forward with the design for the northbound bridge. The Commission members then voted to recommend approval to fund the construction of the southbound bridge and design of the northbound bridge from the Route 28 PCF, in the amount of no more than \$5,000,000. The Commission also voted to authorize Fairfax and Loudoun County staffs to apply immediately for TPOF grant funding in the amount of \$5.0 million (the maximum allowed under TPOF guidelines) for the northbound bridge in FY 2013 and to apply for further funding in FY 2014 to continue the remaining spot widening improvements. The TPOF application was submitted in November 2012 and was awarded in February 2013.

As a result of the State Transportation funding plan approved during the 2013 Session by the General Assembly (HB 2313), additional revenues became available to Northern Virginia jurisdictions pending annual review and approval from the Northern Virginia Transportation Authority (NVTA) for regional transportation projects and transit needs. In July 2013, NVTA approved the FY 2014 total project list of \$209.793 million that consisted of funding via Pay-As-You-Go (\$116.058 million) and bond financing (\$93.735 million). The balance of the District's Hot Spot Widening Projects (excluding the bridge widening over the Dulles Toll Road) were included to receive NVTA funds for construction as follows: \$6.4 million for Southbound between Sterling Boulevard and the Dulles Toll Road (NVTA bond financing); \$20 million for Southbound between the Dulles Toll Road to Route 50 (NVTA Paygo); \$11.1 million for Northbound between McLearen Road and the Dulles Toll Road (NVTA Paygo). In January 2014, NVTA approved an additional \$6 million as part of FY 2014 Paygo funds to allocate for the balance of funds needed to complete the Hot Spot Widening for Southbound between Sterling Boulevard and the Dulles Toll Road.

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To facilitate the implementation of the hot spot widening projects, NVTA and jurisdictional staff developed an agreement to govern the terms and conditions associated with the funding NVTA has agreed to provide to these regional projects and to ensure that the requirements of HB 2313 are met. The Standard Project Agreement (SPA) was approved by NVTA on March 13, 2014 to execute each project approval. Following the approval of the SPA, the Authority worked with the Virginia Department of Transportation (VDOT) on an agreement that could be used for projects that will be implemented directly by VDOT, which applies in this case to the Hot Spot Widening projects for Route 28. Use of this agreement requires that VDOT will ultimately maintain the asset that is being constructed and/or it will be located in the VDOT right-of-way. The Authority approved the NVTA/VDOT SPA on October 6, 2014. The CTB authorized the Virginia Commissioner of Highways to execute these SPAs on November 12, 2014. On December 11, 2014, NVTA approved the Project Agreements for all hot spot widening projects for Route 28. The Fairfax County Board of Supervisors then approved the project agreements as part of their January 27, 2015 board meeting. Construction on the hot spot widening projects began in spring 2015 with projection completion anticipated by late 2016.

Resources

As this line of business encompasses all activities of the fund, please refer to the table in the Fund Resources section.