

**Phase 1 Dulles Rail
Transportation Improvement District Commissions**
Fairfax County Government Center Conference Room 11
March 31, 2020

MEETING MINUTES

1. Call to Order

Meeting called to order at 3:11 pm by Chairman McKay

Phase 1 and 2 Commission members in attendance:

Jeff McKay – Chairman, Fairfax County Board of Supervisors

Walter Alcorn – Supervisor, Hunter Mill

John Foust – Supervisor, Dranesville

Members joining remotely:

Dalia Palchik – Supervisor, Providence

Members absent:

Vacant – DRPT

Others present:

Kathy Smith – Supervisor, Sully

Beth Teare

Tom Biesiadny

Joe LaHait

Bryan Hill, County Executive

Joe Mondoro

Patti McCay

Martha Coello

2. Phase 1 Remote Participation Policy

Supervisor Foust moves that the Dulles Rail Transportation Improvement District Commission Phase 1 approve the policy for participation in meetings by electronic communications. Seconded by Supervisor Alcorn and approved unanimously by members physically present.

3. Verification of Remote Participants Volume

Supervisor Palchik is asked to test her volume and audibility for those present in the room. Motion by Supervisor Foust that the Commission confirm for the record that the voices of each commission member can be heard clearly and audibly. Seconded by Supervisor Alcorn and approved unanimously by members physically present.

4. Remote Participation in Accordance with the Policy

Motion by Supervisor Foust that pursuant to the Commission's policy for participation in meetings by electronic communication, Supervisor Palchik be permitted to participate remotely in this meeting because it comports to the policy and a physical quorum is present in the Government Center. Seconded by Supervisor Alcorn and approved unanimously. Supervisor Palchik joins the meeting remotely from the Providence District Office.

5. Phase 1 Approval of Minutes, 2019 Annual Meeting, April 2, 2019

Motion by Supervisor Foust, seconded by Supervisor Alcorn, and approved with three abstentions and one vote in the affirmative.

6. Dulles Rail Project Update – Martha Coello

Ms. Coello provided an update on Phase 1 noting that it is relatively complete with the only outstanding issues being the Old Meadow Road realignment, which is currently under construction, and VDOT punchlist. The current completion date for the Old Meadow Road realignment is June 2020 and fall 2020 for the VDOT punchlist. The budget for Phase 1 remains at \$2.98 billion. Phase 2 is overall 98% complete. Package A represents the rail line and stations and Package B is the rail yard at Dulles. Ms. Coello notes that remediation is still ongoing with concrete panel deficiencies, concrete ties/cross-level deficiencies and fouled ballast. The Fairfax County Board of Supervisors has sent letter to reiterate the concerns to make sure these issues are addressed properly. There are also other concerns regarding insulated joints, switches, surge arresters, system integration and spare parts in the WMATA Office of the Inspector General report. These issues have been discussed among all parties and will impact the timeline to reach substantial completion.

The target substantial completion for Package A is mid-2020 and for Package B it is fall 2020. Revenue service date will be established by WMATA. The overall budget for Phase 2 is \$2.778 billion with \$2.295 billion expended to date. The remaining contingency is \$212.8 million. The remaining construction for civil work is mainly to complete stormwater ponds and finish punch list work. Clean-up at the track continues, including the guideway. All Traction Power Substations (TPSS) were energized and software integration is still ongoing in order to tie in Phase 1 track. Punchlist work for all buildings at the Rail Yard and the installation of the hoist equipment is still ongoing.

Ms. Coello provides an update on the two garages being constructed by Fairfax County. The Herndon garage opened in April 2019. The public has been using the new garage, which allowed the renovation work on the existing garage, bus loop, and canopy. The Innovation Center Station garage is 97% complete with a project estimate of \$52 million. The garage has a March 2020 expected completion. The remaining work includes elevator finishes, bioretention pond, and landscaping work around the garage. Ms. Coello also included Reston Herndon Bus Route Optimization to show the outreach process and efforts on Fairfax Connector bus route planning for Phase 2 opening.

Discussion on the format of the update and inclusion of Phase 2 information in the update. Request from the Chairman McKay and Supervisor Foust to change the format of the meeting to only include information on Phase 1 for future Phase 1 Commission meetings.

7. Phase 1 Tax District Implementation Staff Report – Joe LaHait

At present-day the District stands at just below \$18 billion assessed value. A penny represents \$1.8 million dollars of revenue. At the current rate of 11 cents, we generate \$19.7 million. All debt has been issued for this tax district and reached the \$400 million cap paid to the Airports Authority. The funds were collected via cash contribution and bonds in 2011 and 2012. Excess cash has been accruing in the district so those additional funds could be used to pay off outstanding debt and provide more flexibility year to year. Moody has rated the District at AAA due to land values, proper management, and prepayment of debt.

Historic debt service coverage has achieved the 1.5 times debt service coverage. Recent discussions have examined using the 1.4 times debt service coverage and

keeping the 2 cent tax rate reduction policy. Mr. LaHait discusses the debt service reserve and revenue stabilization fund, which are already set aside and then the desire to add half of the annual debt service that equates to \$36.2 million, which needs to be maintained at all times. At 9 cents the district meets those requirements. In 2019 a large prepayment occurred and reset the debt service for a savings of \$700,000 per year. Under 3% and 1.5% growth scenarios the tax district can be paid off around 2031, six or seven years earlier than anticipated.

Staff recommends reducing the tax rate from 11 cents to 9 cents, completing a \$12.7 million prepayment using the Residual Fund.

Supervisor Alcorn asks Mr. LaHait whether staff considered going to 1.35 times debt service coverage. Mr. LaHait said it could be revisited but the 1.4 rate provided the greatest level of comfort. Further discussion on potential for negative growth but Mr. LaHait indicates that 1.4 is still prudent and conservative for that situation. Mr. Mondoro clarifies that there is no violation in policy because the decision was made this year based on the policy.

8. Phase 1 Resolution for Tax Year 2020

To request to the Board of Supervisors of Fairfax County to levy and collect an annual special improvements tax for Tax Year 2019 on taxable real estate zoned for commercial or industrial use or used for such purposes and taxable leasehold interests within the District of \$0. 09 per \$100 of assessed value.

Motion by Supervisor Foust and seconded by Supervisor Alcorn.

Resolution approved by unanimous voice vote.

9. Phase 1 Other Business

1. Election/Reaffirm Commission Officers for Phase 1

Motion to confirm the slate of officers to the Commission:

Chairman – Jeff McKay

Treasurer – Joe LaHait

Secretary – Martha Coello

Motion by Supervisor Foust, seconded by Supervisor Alcorn, and approved by unanimous voice vote.

10. Adjourn

Meeting adjourned at 3:50 pm