

**Phase 2 Dulles Rail
Transportation Improvement District Commissions**
Fairfax County Government Center Room 11
March 28th, 2023

1. Call to Order

Meeting called to order at 3:27 pm by Chairman McKay

Phase 2 Commission members joining:

Jeff McKay – Chairman, Fairfax County Board of Supervisors

Walter Alcorn – Supervisor, Hunter Mill

John Foust – Supervisor, Dranesville

Kathy Smith – Supervisor, Sully

Tim Roseboom – Department of Rail and Public Transportation (Virtual participation from Michigan)

Others present:

Dalia Palchik – Supervisor, Providence

Dan Stork – Supervisor, Mount Vernon

Barbara Byron

Galena Nedelcheva

Rachel Flynn

Tom Biesiadny

Martha Coello

Yuqing Xiong

Pam Rittenhouse

Jeffery Fairfield

Martha Reed

Leslie Johnson

JoAnne Carter

Amir Abu-El-Hawa

Joe LaHait

Mike Coyle

Clayton Medford

2. Remote Participation Policy

Motion to adopt a policy that allows remote participation of members of the Phase 2 Dulles Rail Transportation Improvement District Commission by Chairman McKay, seconded by Supervisor Alcorn, and approved by unanimous vote.

Tim Roseboom identifies his location for remote participation for this meeting. Motion to confirm that the remote participation for Tim Roseboom conforms to the remote participation policy by Chairman McKay, seconded by Supervisor Foust, and approved by unanimous vote.

3. Phase 2 Approval of Minutes, 2022 Annual Meeting, March 29, 2022

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

4. Dulles Corridor Metrorail Project Update – Martha Coello

Phase 2 budget was revised from \$2.77 billion to \$3.028 billion, which includes a \$250 million increase request from MWAA. The County paid 16% or \$40 million of that request per the funding agreement. Currently, \$53.3 million is available in contingency.

Phase 2 opened on November 15, 2022, with ridership at 25,000 trips per week and 5,000 trips per weekday.

Ms. Coello provides an update on the status of Fairfax County activities. Garages at Herndon Station and Innovation Center Station are open; Fairfax Connector has begun bus service to Phase 2 stations. The Board approved the Maintenance and Operations Agreement for Phase 2 facilities in May 2022. In summer 2022, the punch list was confirmed as complete.

Four of the five Fairfax-maintained facilities have been turned over and accepted by the County. Package K includes items to be completed after rail service initiation. The two Fairfax County items are the installation of a sidewalk on Sunrise Valley Drive and the removal of the bus bays on the south side of Wiehle-Reston East Metro Station.

5. Tax District Implementation Staff Report – Joe LaHait, Fairfax County Debt Coordinator

Mr. LaHait notes that this Tax District assessed value is about \$11 billion dollars, which is an 0.13 percent increase from previous year and a 65 percent increase since inception in 2011. The tax rate started at \$0.05/\$100 in 2014 and increased by 5 cents until its current rate of \$0.20/\$100.

Mr. LaHait compares the estimate revenue for FY 2024 based on tax rates at \$0.20, \$0.19, and \$0.18. It shows one penny in tax rate equals approximately \$1.08 million in tax revenue in FY 2024. Tax district revenue collected through June 30, 2022, totals \$182.3 million. To date, \$112.6 million has been used to pay cash towards Phase 2 invoices not covered by the TIFIA loan. The remaining funds are used to set aside reserves, as mandated for the TIFIA loan by USDOT, and prepaying the TIFIA loan.

The \$403 million TIFIA loan interest rate is locked at 2.73% with final maturity in 2046. The first debt service payment is due in October 2023. In November 2022, \$38.6 million of tax district funds were used for an early pre-payment of the TIFIA loan. This translated into a \$2.3 million per year savings and debt service is now fixed at \$12.2 million per year for the duration of this loan.

Mr. LaHait provides information on using excess funds to accelerate the retirement of debt in advance of its stated maturity based on an assumption of 1.5% AV Growth, which can potentially retire this tax district in 2038 instead of 2046. The key components of any financial policy would include debt service coverage and reserve levels. In 2022 the Commission adopted a reserve policy, which set the minimum debt service coverage threshold at 1.25 times and a minimum reserve level of two times the maximum annual debt service (\$24.4 million) that is to be held in debt service reserve and the residual fund.

Mr. LaHait recommends reducing the tax rate by 2 cents from \$0.20/\$100 to \$0.18/\$100 for FY 2024. He also recommends planning for a second pre-payment of the TIFIA Loan early in FY 2024 in an estimated amount of \$27.7 million. Annual debt service savings are estimated at \$1.6 million per year through FY 2046 and maximum annual debt services would decline from \$12.2 million to an estimated \$10.6 million.

6. Recommendation by the Phase 2 Dulles Rail Transportation Improvement District Advisory Board for Tax Year 2023

Mr. Fairfield states that the three members of the advisory board met on March 15th for its annual meeting but were not able to reach a quorum. Mr. Fairfield states that landowners in the district are happy about the financial performance and the revenue service that started last November. Mr. Fairfield states that the advisory board members that attended supported the proposed tax rate to be reduced to \$0.18 per \$100 of assessed value.

7. Proposed Resolution for Tax Year 2023 – Chairman McKay

“To request to the Board of Supervisors of Fairfax County to levy and collect an annual special improvements tax for Tax Year 2023 on taxable real estate zoned for commercial or industrial use or used for such purposes and taxable leasehold interests within the District of \$0.18 per \$100 of assessed value.”

Motion by Chairman McKay, seconded by Supervisor Smith and approved by unanimous vote.

8. Other Business

Election/Reaffirm Commission Officers

- i. Chairman (Chairman McKay)
- ii. Treasurer (Joe LaHait)
- iii. Secretary (Martha Coello)

Motion by Supervisor Smith, seconded by Supervisor Foust, and approved by unanimous vote.

9. Adjourn

Adjourned at 3:47 p.m.