

Fairfax County, Virginia

Metrorail Silver Line Phase 2



**Presentation
to
Phase 2 Dulles Rail
Transportation
Improvement District**

**District Commission
Meeting**

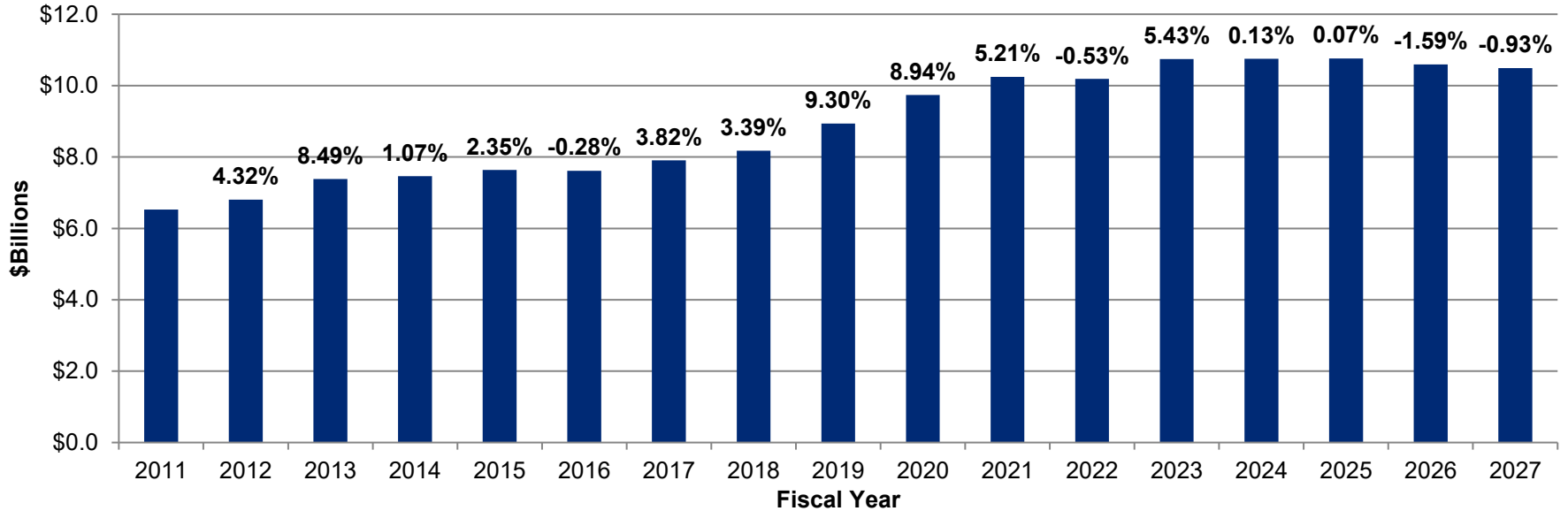
April 7, 2026



Overview

- The Phase 2 Special Improvements Tax was initially levied in FY 2011
- Assessed value has grown 60.9% since inception

Phase II Tax District Assessed Value



Fiscal Year (Valuation Date)	2011 (1/1/10)	2012 (1/1/11)	2013 (1/1/12)	2014 (1/1/13)	2015 (1/1/14)	2016 (1/1/15)	2017 (1/1/16)	2018 (1/1/17)	2019 (1/1/18)	2020 (1/1/19)	2021 (1/1/20)	2022 (1/1/21)	2023 (1/1/22)	2024 (1/1/23)	2025 (1/1/24)	2026 (1/1/25)	2027 (1/1/26)	
Assessed Value (Billions)	\$6.52	\$6.81	\$7.38	\$7.46	\$7.64	\$7.62	\$7.91	\$8.18	\$8.94	\$9.74	\$10.24	\$10.19	\$10.74	\$10.76	\$10.76	\$10.59	\$10.49	
District Tax Rate (per \$100 AV)	\$0.05	\$0.10	\$0.15	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.18	\$0.16	\$0.14	TBD
AV Growth	-	4.32%	8.49%	1.07%	2.35%	-0.28%	3.82%	3.39%	9.30%	8.94%	5.21%	-0.53%	5.43%	0.13%	0.07%	-1.59%	-0.93%	

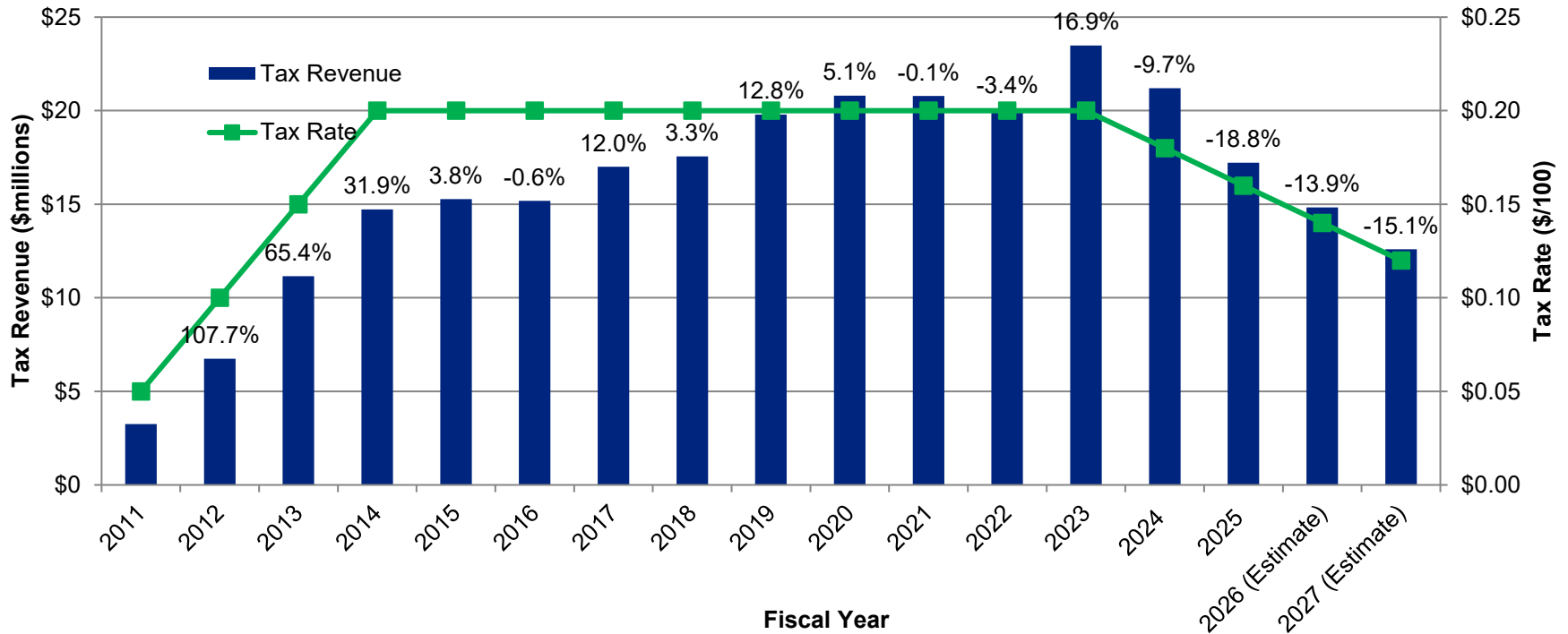
The Phase 2 Tax District was created by the County on December 21, 2009; tax first levied in FY2011



Trend in Phase 2 District Revenues

- Tax district revenue collected since inception through June 30, 2025, totals \$244.3 million, including interest income
- Taxes in the District are collected concurrently with all other County real property taxes on a single bill in two installments due July 28 and December 5
- One Penny = \$1.05 million in revenue in FY 2027
- Potential for a reduction in the tax rate from 14 cents to 12 cents in FY 2027

Annual Phase 2 Tax District Revenues and Tax Rate

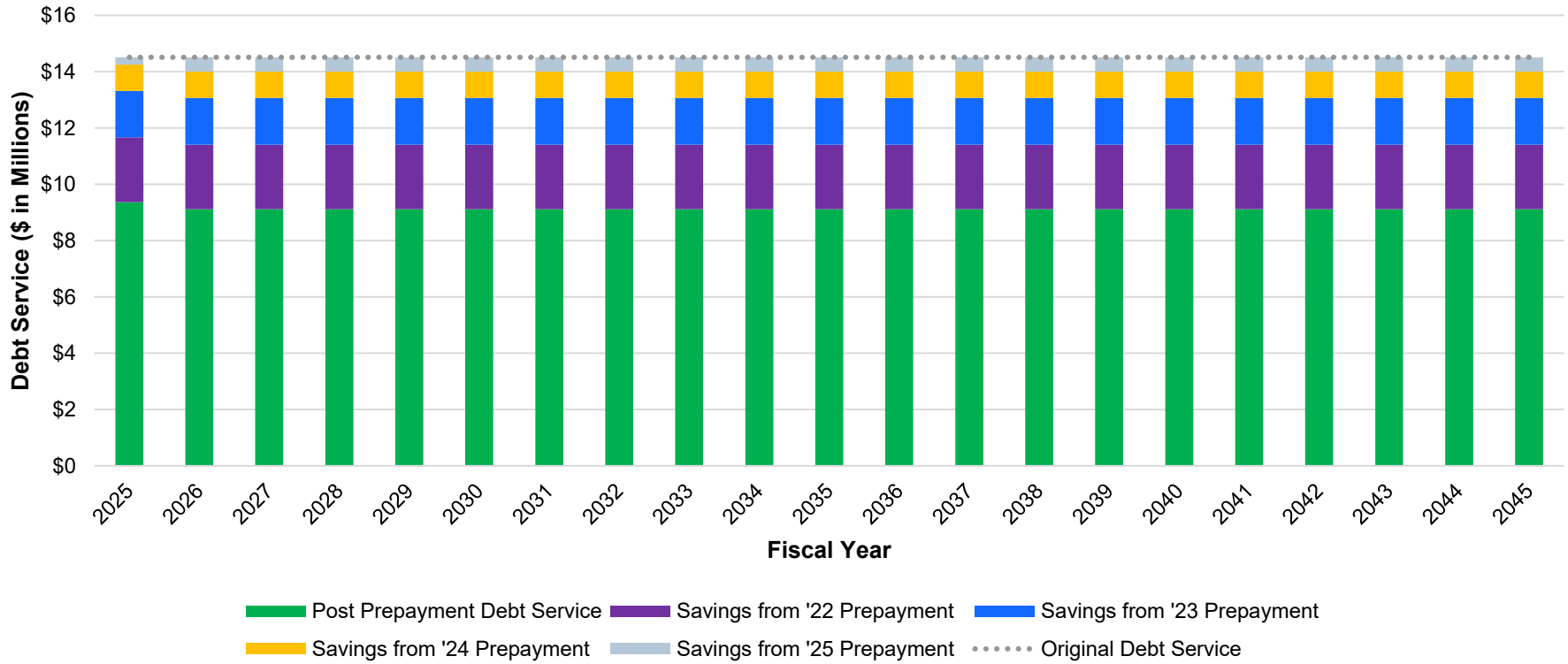


Source: Data shown through FY2025 from County ACFRs & includes interest earnings. FY 2026 and FY 2027 estimates are based on tax year assessed values multiplied by applicable tax rate.

Early Pre-Payments of TIFIA Loan

- On October 1, 2025, the County made its fourth cash prepayment of \$8.0 million of the TIFIA loan with unrestricted available amounts
- As of February 2026, the District has a total of \$142.4 million of loan outstanding (Phase II portion)
- By redeeming debt early, annual debt service was further reduced by approximately \$512,000 per year to \$9.1 million in FY 2027

Annual Debt Service (Fiscal Year)



Phase 2 Tax District Debt Service Coverage Policy

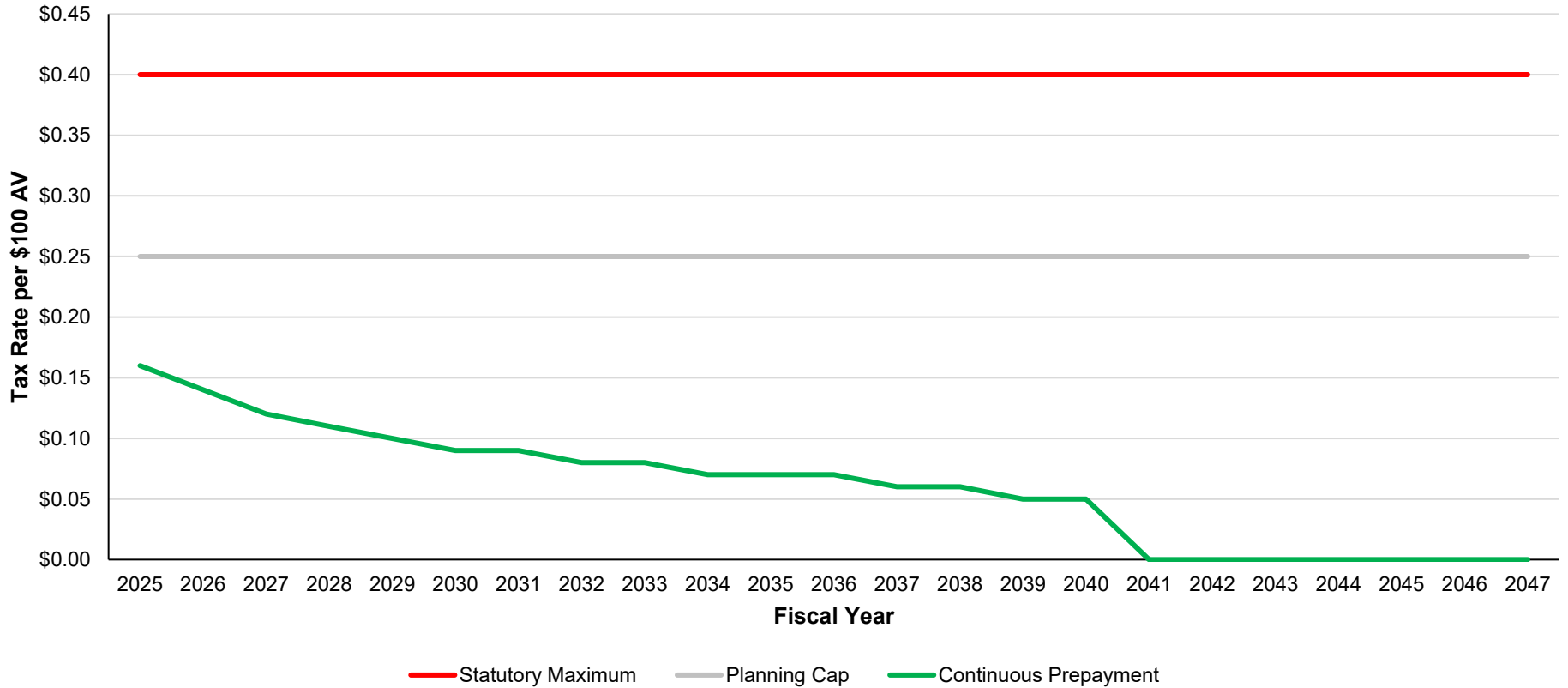
- Financial management policies for the Phase 2 Tax District were formally adopted in March 2022
- Targeted debt service coverage will be 1.25x, calculated as annual revenue divided by maximum annual debt service (MADS)
- Historical debt service coverage will be at or above 1.25x for two prior consecutive audited years before lowering the tax rate
 - FY2024 coverage on MADS = 1.86x
 - FY2025 coverage on MADS = 1.70x
- The tax rate may be lowered by no more than two cents per \$100 of AV in any given year, provided coverage can be maintained at 1.25x in the current year & in the year the tax rate reduction is effective
 - FY2026 estimated coverage on MADS (assuming tax rate of 14 cents) = 1.60x
 - FY2027 estimated coverage on MADS (assuming tax rate of 12 cents) = 1.38x

$$\text{Debt Service Coverage} = \frac{\text{Annual Tax District Revenue}}{\text{Maximum Annual Debt Service}}$$



Comparison of Scenarios (1.5% AV Growth)

Silver Line Phase 2 Tax District



Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Continuous Prepay	1.60x	1.38x	1.37x	1.33x	1.32x	1.40x	1.31x	1.39x	1.28x	1.36x	1.43x	1.31x	1.43x	1.54x	2.32x



Assumes at least 1.25x coverage in each fiscal year with tax rate reductions occurring in accordance with adopted policy guidelines.

Phase 2 Tax District Reserve Policy

In 2022, the Commission adopted a reserve policy, which indicated:

1. The Commission will also consider unrestricted balances in in Fund 40120, Dulles Rail Phase 2 Transportation Improvement District of the County's budget when setting the tax rate
2. The District will maintain all reserves at or above the legally required minimums at all times per TIFIA loan covenants
3. The District will target the total reserve balances (Unrestricted balance in Fund 40120 plus DSRF balance) to equal approximately 2.0x Maximum Annual Debt Service (currently \$18.2 million as of 6/30/2025)
 - A) Debt Service Reserve Fund secures outstanding debt & is fully funded at Maximum Annual Debt Service (MADS)
 - B) Unrestricted balance in Fund 40120 is fully funded (by policy) at MADS
 - C) Total reserve balance peaked at approximately \$29.0 million in FY 2022 and has since declined
4. When feasible and economically advantageous, the District will consider using excess funds in the Unrestricted balance in Fund 40120 to accelerate the retirement of debt in advance of its stated maturity



Recommendation & Next Steps

- Reduce tax rate by 2 cents from \$0.14/\$100 to \$0.12/\$100 for FY 2027
- Using an estimated \$7.8 million expected at the end of FY 2026, conduct a pre-pay of the TIFIA loan in Fall 2026

Expected Date	Event
3/4/2026	District Advisory Board meeting
4/7/2026	District Commission meeting
4/28/2026	Board of Supervisors FY 2027 Budget Mark-Up
5/5/2026	Board of Supervisors Adopts FY 2027 Budget

