

# Fairfax County, Virginia



**Presentation to  
Silver Line Phase 1  
Transportation District**

**District Advisory Board**

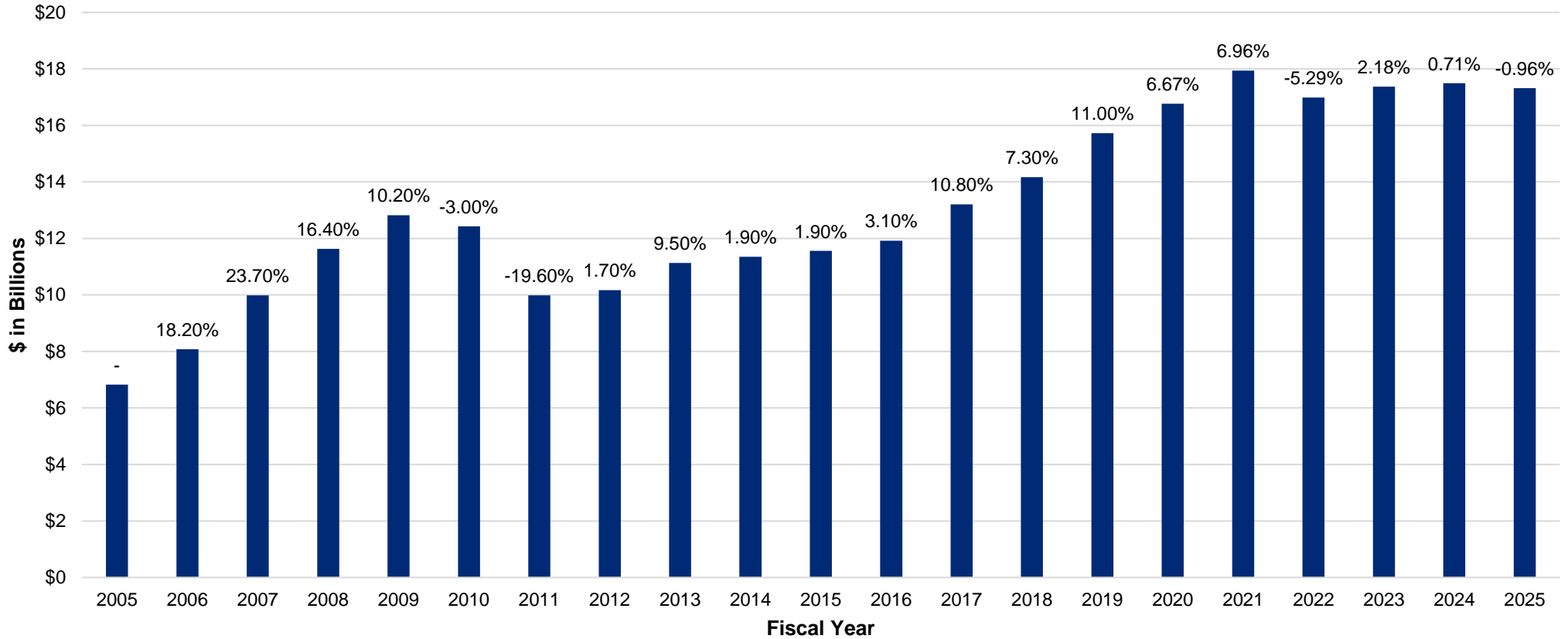
*February 26, 2024*

## Metrorail Silver Line Phase 1



# History of the Tax District

## Assessed Value of Taxable Property in the District (\$ Billions)



Fiscal Year (Valuation Date)	2005 (1/1/04)	2006 (1/1/05)	2007 (1/1/06)	2008 (1/1/07)	2009 (1/1/08)	2010 (1/1/09)	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)
Assessed Value (\$ in Billions)	6.83	8.08	9.99	11.63	12.82	12.43	9.99	10.17	11.13	11.35	11.56	11.92	13.21	14.17	15.73	16.77	17.94	16.99	17.37	17.49	17.32
District Tax Rate in \$ (per \$100 AV)	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.21	0.21	0.19	0.17	0.15	0.13	0.11	0.09	0.09	0.09	0.09	0.09
AV Growth	-	18.20%	23.70%	16.40%	10.20%	-3.00%	-19.6%	1.70%	9.50%	1.90%	1.90%	3.10%	10.80%	7.30%	11.00%	6.67%	6.96%	-5.29%	2.18%	0.71%	-0.96%

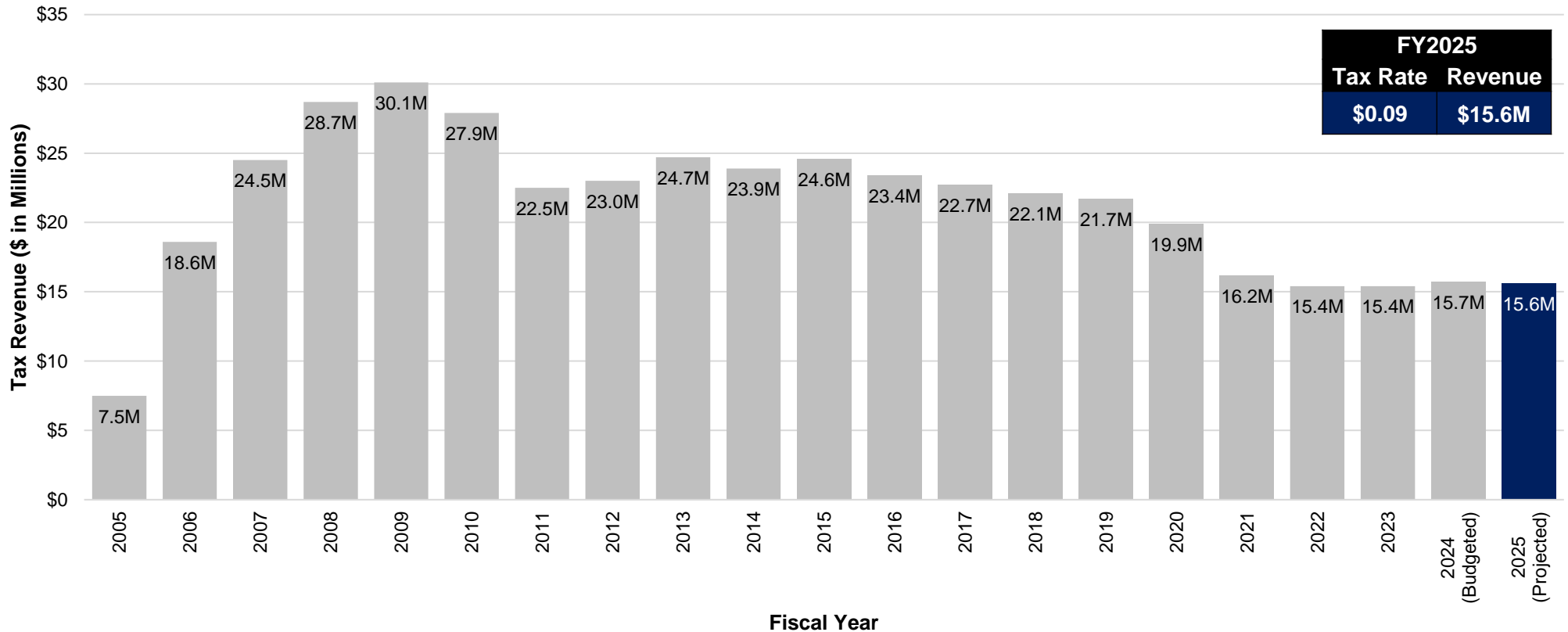


Note: The District was created on June 21, 2004.

# Revenue Trends

- The tax rate is set on an annual basis as part of the County's budget process and in accordance with the Petition and the District's Financial Policies
- Total tax revenue collected since 2005 is approximately \$428.5 million (as of 6/30/2024)
- In FY 2024, \$15.4 million has been collected through January 2024

**Annual Phase 1 Tax District Revenues**



Source: Fairfax County's ACFR 2005-2023 & includes interest earnings.

FY 2024 & FY 2025 revenue is an estimate based on the tax year assessed value multiplied by the adopted tax rate.

In 2005, tax was collected for half of the year.

# Use of Tax District Revenues

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- The Tax District has completed its obligation to fund \$400 million in project costs for Phase 1 of the Silver Line
- Both available funds on hand and debt were used to ensure a balanced funding plan
- Once the \$400 million obligation was met, annual revenue would be used to pay down debt
- The original series of bonds were issued with a final maturity in April 2037 with a goal to lower the tax rate as assessed value grew

Sources of Funds		
	\$	%
Cash Contribution	\$131,600,000	33%
Series 2011 Bond Proceeds	\$220,000,000	55%
Series 2012 Bond Proceeds	\$48,400,000	12%
<b>Total Sources of Funds</b>	<b>\$400,000,000</b>	<b>100%</b>

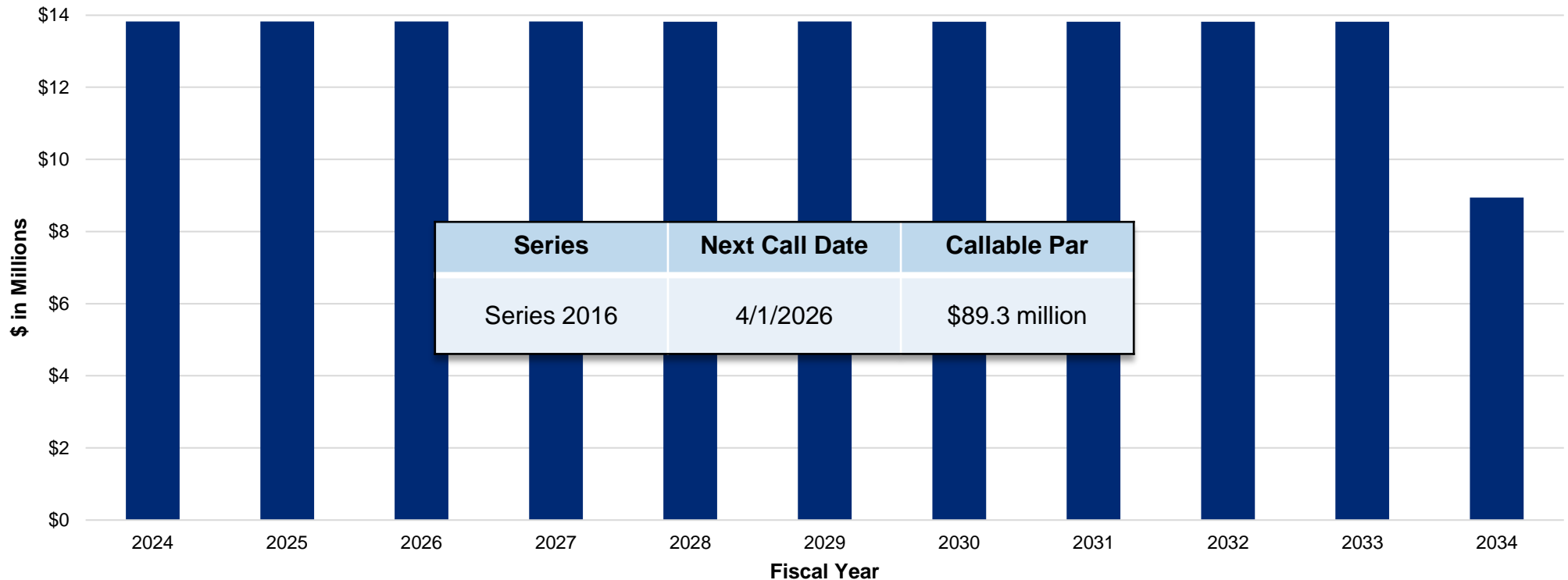


# Debt Profile

**Bonds carry strong ratings of Aa1 /AA+/AA+ from Moody's, S&P and Fitch Ratings.**

- As of 6/30/2023, the District has a total of \$116.8 million of debt outstanding
- Final maturity for the bonds is in 2034, three years earlier than the original structure
- Moody's established new criteria in November 2022 for how they rate debt issued by US Counties & Cities & as a result of the new criteria, the rating on the Series 2016 Bonds was lowered to Aa1 on February 21, 2023

## Annual Debt Service (Fiscal Year)

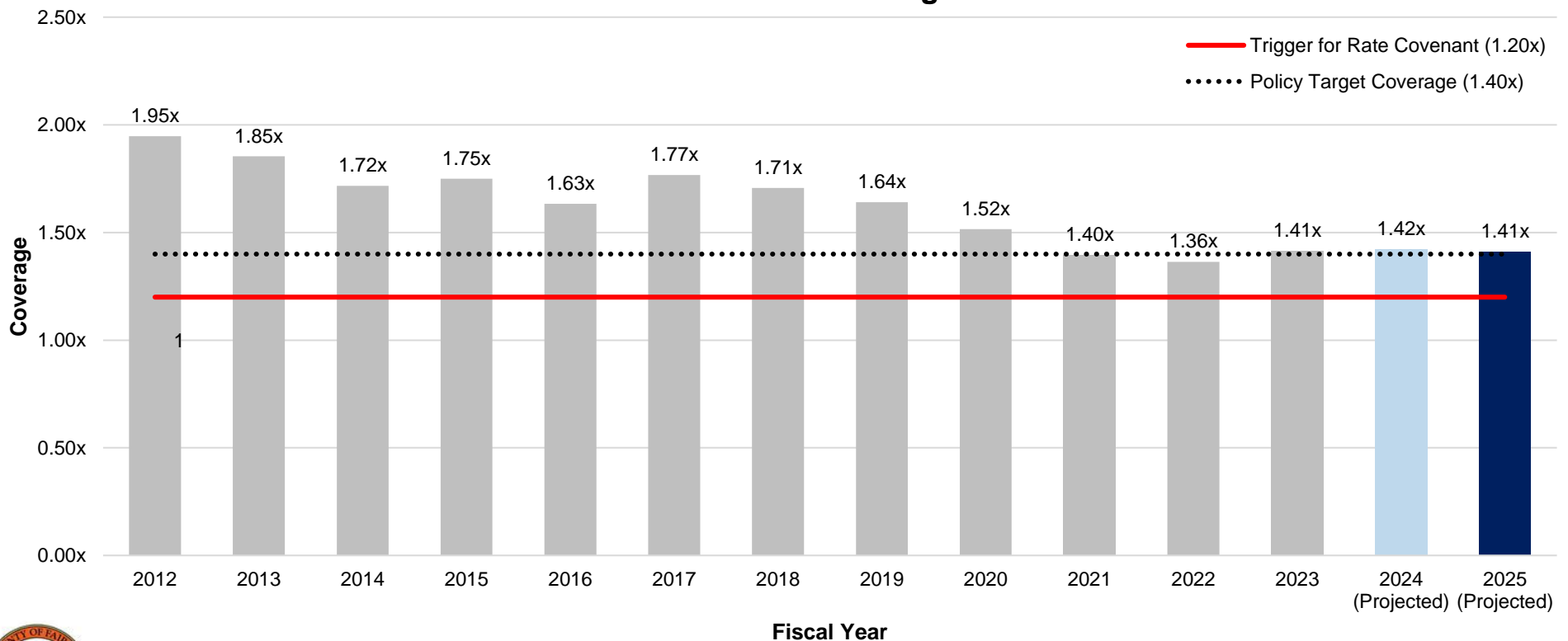


# Debt Service Coverage Policy

***In 2013, the Advisory Board and Commission adopted a debt service coverage policy to guide tax rate reductions, which was amended in 2020 & has the following parameters:***

- Targeted debt service coverage target will be 1.40x
- Historical debt service coverage will be at or above 1.40x for two prior consecutive audited years before lowering the tax rate
- The tax rate may be lowered by no more than two cents per \$100 of AV in any given year, provided coverage can maintained at 1.40x in the current year & in the year the tax reduction is effective
- When reducing the tax rate, the District reasonably expects that a forecast of future years' revenue is sufficient to pay annual debt service through final maturity of all debt

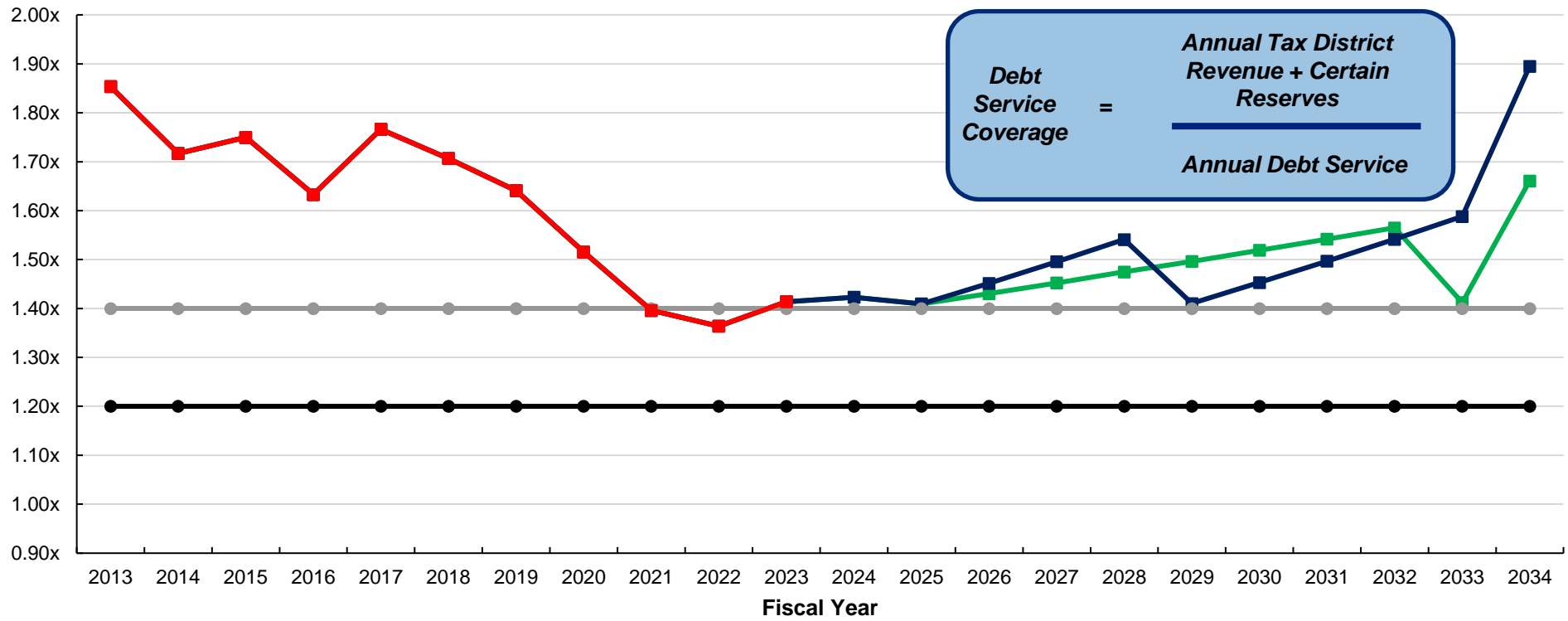
**Debt Service Coverage**



# Forecasted Debt Service Coverage

- Debt service coverage was below the policy target of 1.40x during one of the previous two audited fiscal years
  - FY 2022 = 1.36x
  - FY 2023 = 1.41x
- FY 2024 coverage is projected to be 1.42x, above the 1.40x threshold
- Since coverage in one of the prior two fiscal years was below 1.40x (1.36x in FY 2022), maintaining the current tax rate is advisable for FY 2025
- A tax rate increase is not required in FY 2025

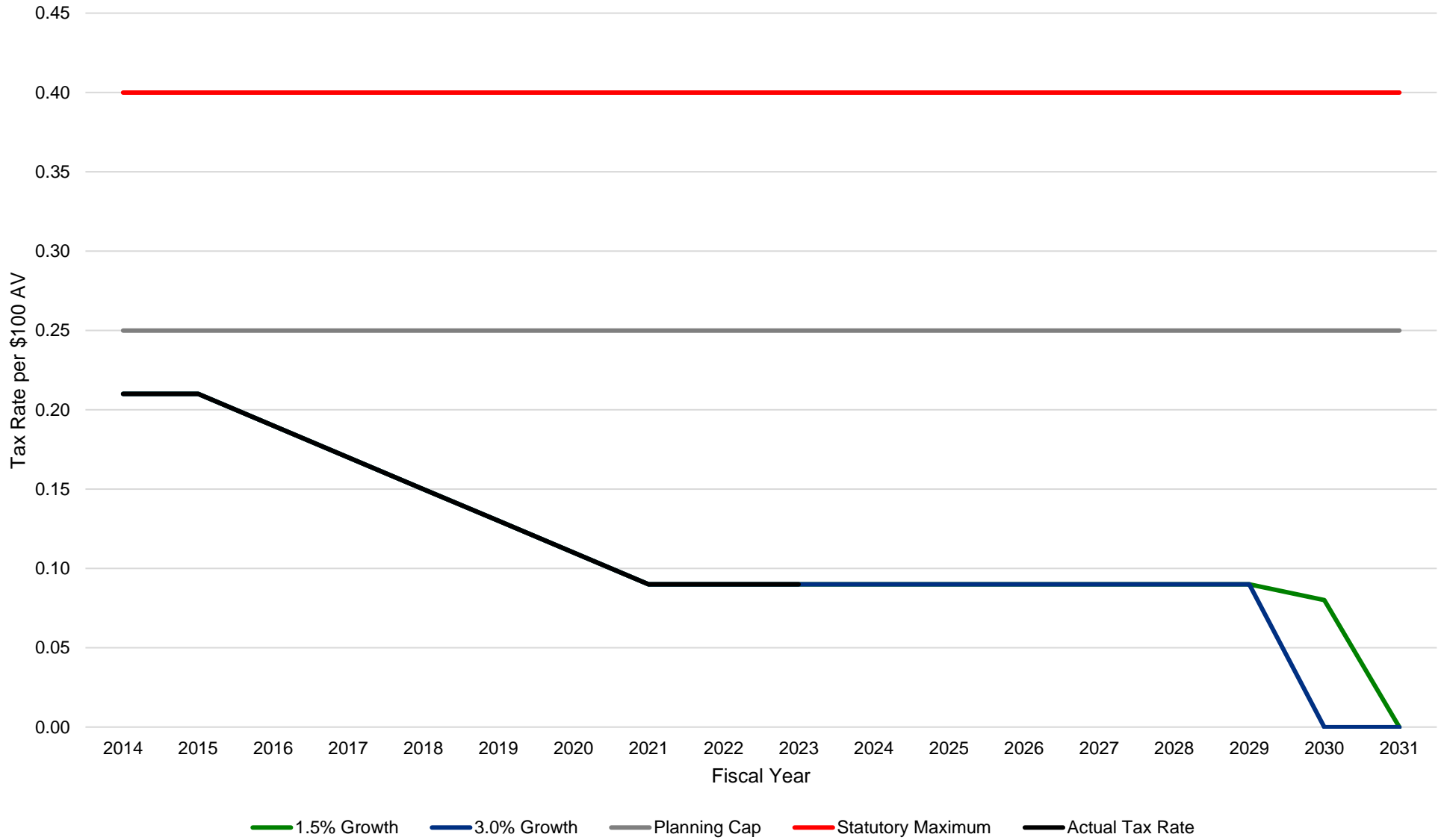
**Debt Service Coverage  
Assumes 9 cents Tax Rate**



■ 1.5% AV Growth    
 ■ 3.0% AV Growth    
 ● Policy Target Coverage    
 ● Minimum Legal Coverage    
 ■ Actual Coverage

# Projected Tax Rates by AV Growth (With Prepayments)

**Dulles Rail Phase 1 Tax District**  
Tax Rate by AV Growth Scenario (Assuming 9 cents in 2025)





# Reserve Policy

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***In 2013, the Advisory Board and Commission adopted a reserve policy, which indicated:***

1. The Commission will also consider balances in the Revenue Stabilization Subfund and the Residual Subfund when setting the tax rate;
2. The District will maintain all reserves at or above the legally required minimums at all times;
3. The District will target the aggregate reserve balances to equal approximately 2.5x Maximum Annual Debt Service (MADS)
  - A) Debt Service Reserve Fund secures outstanding bonds & is fully funded at MADS
  - B) Revenue Stabilization Fund secures outstanding bonds & is fully funded at MADS
  - C) Residual Fund is fully funded (by policy) at half of MADS
4. When feasible and economically advantageous, the District will consider using excess funds in the Residual Subfund to accelerate the retirement of Bonds in advance of their stated maturity.

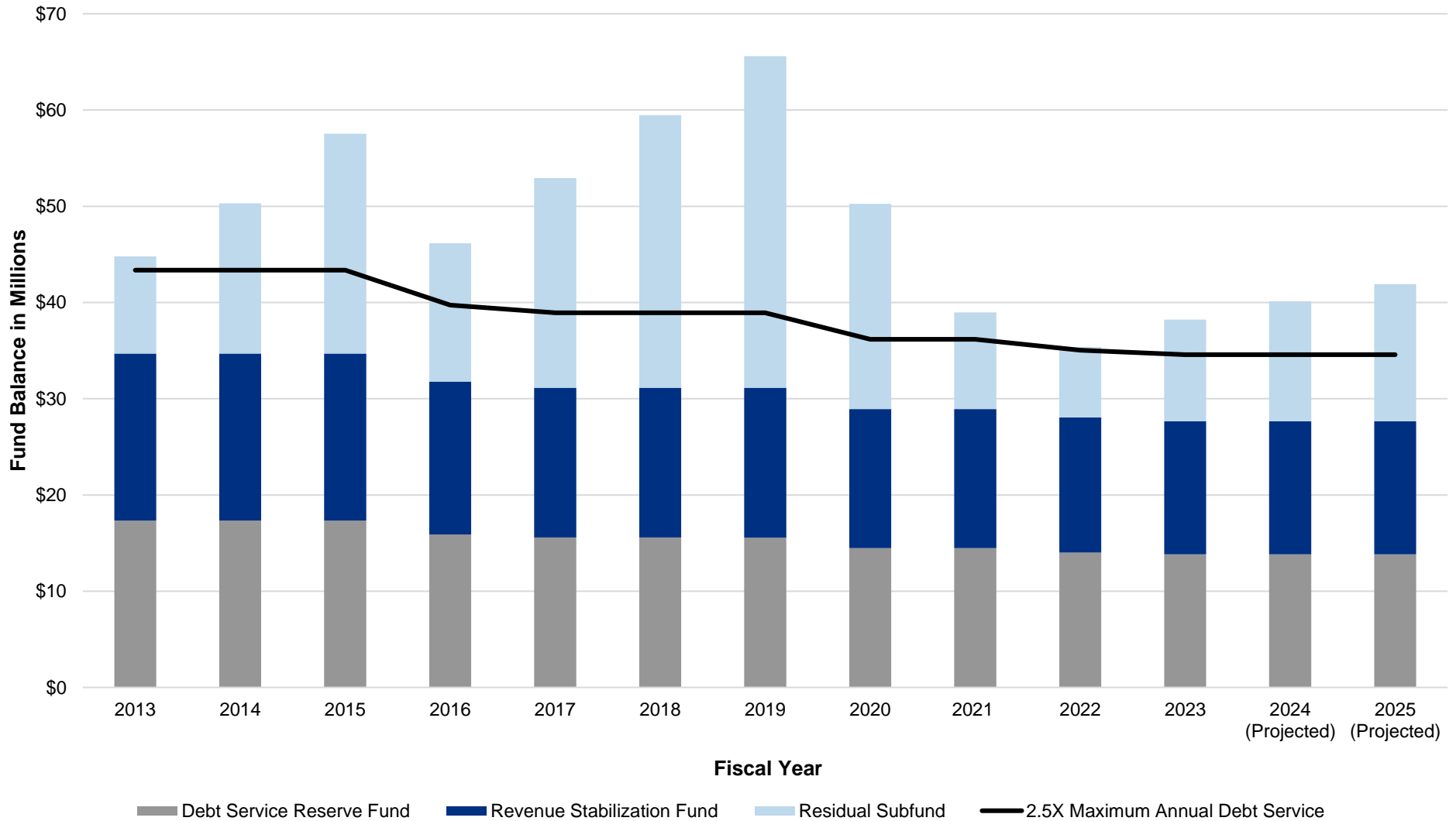
***No changes have been made to this policy.***



# Projected Total Reserves

**Based on slower AV growth in recent years and a stable tax rate, annual revenue exceeds debt service by only lower amounts than in prior years, lowering early cash pre-payments of debt.**

## Silver Line Phase I Reserves



Note: Assumes 9 cent tax rate in FY2025.



# Recommendation & Next Steps

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- Maintain tax rate at \$0.09/\$100 for FY 2025
- Complete early prepayment of debt with amounts designated in the budget and available from various fund releases during 2024

Expected Date	Event
2/26/2024	District Advisory Board meeting
3/12/2024	District Commission meeting
4/30/2024	Board of Supervisors FY 2025 Budget Mark-Up
5/7/2024	Board of Supervisors Adopts FY 2025 Budget

