

Phase 2 Dulles Rail
Transportation Improvement District Commission
Fairfax County Government Center
March 29, 2022
MEETING MINUTES

1. Call to Order

Meeting called to order at 3:30 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

Naila Alam – Councilmember, Town of Herndon

Members absent:

Time Roseboom – DRPT

Others present:

Dalia Palchik – Supervisor, Providence (remote from home)

Patti McCay

Jeffery Fairfield

Beth Teare

Martha Coello

Tom Biesiadny

Joe LaHait

Yuqing Xiong

Sean Schweitzer

Pam Rittenhouse

2. Phase 2 Approval of Minutes, 2020 Annual Meeting, April 6, 2021

Motion by Chairman McKay, seconded by Supervisor Smith with one correction on the name and approved by unanimous vote.

3. Dulles Corridor Metrorail Project Update – Martha Coello

Ms. Coello provides an update on Phase 2 noting that it is overall 100% complete. Package A represents the rail line and stations. Package B includes the rail yard at Dulles. Package A announced substantial completion November 4, 2021 and Package B announced substantial completion December 1, 2021.

The overall budget for Phase 2 is \$2.778 billion with \$2.551 billion expended to-date. The remaining contingency is \$124 million.

The project is currently in the Operational Readiness Testing phase. The completion of this phase is contingent upon WMATA completing the testing. WMATA will declare operational readiness after satisfaction of the testing results and start pre-revenue activities, which will last approximately 90 days. The Revenue Service date will be announced by the WMATA Board. Ms. Coello also provides the latest update on WMATA testing and punchlist completion in the meeting. The primary unresolved issue with MWAA and the contractor is regarding the heat tape deficiency.

Ms. Coello provides updates on Fairfax County activities to prepare for Phase 2 opening, which include: completion of the two garages constructed by Fairfax County at Herndon and Innovation, the latest punchlist inspections/verifications with MWAA and CRC, coordination

with MWAA on maintenance and operations agreement, coordination on installation of the pay for parking system for the garages, and coordination on the Non-Residential Use Permit (Non-RUP), with MWAA and Fairfax County Department of Planning and Development (DPD).

Ms. Coello discusses the Reston Herndon Bus Route Optimization plan which increases access to employment for populations relying on public transit.

Supervisor Foust asks to confirm that the new Herndon garage has non-RUP. Ms. Coello confirms and clarifies that the non-RUP on slide 5 refers to the metro station outside the garage. Ms. Coello states that MWAA recently received the certificate of occupancy issued by Virginia Department of General Services and are preparing documentation to meet the special exception conditions DPD in order to receive the non-RUP. Supervisor Foust also asks to confirm that the non-RUP issuance will not be holding the metro opening when WMATA is ready. Ms. Coello states DPD has been coordinating with FCDOT on these efforts and is aware of the upcoming submission. Mr. Biesiadny also confirms that the non-RUP is currently not on the critical path and will be issued prior to the metro station opening. Chairman McKay also stresses the importance to watch closely on the process of the issuance of the non-RUP to ensure that this does not become part of the reasons for the delay on the metro opening.

Supervisor Alcorn asks to confirm the role of the safety commission in the Operational Readiness determination. Mr. Biesiadny states that Metro safety commission must provide two certifications and they have been working closely with Metro and MWAA. Supervisor Alcorn also asks the time frame for the safety commission to review the WMATA safety certification process. Mr. Biesiadny states that safety committee has been reviewing documents by package instead of waiting until the end. The safety commission still needs to finalize their review to meeting the certification, but they have been stating that no additional issues have been identified. Supervisor Alcorn states that the County needs to continue to do our best to encourage safety commission and WMATA to develop a timeline for that process.

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

Mr. LaHait notes that the Phase 2 Tax District's Assessed Value (AV) is approximately \$10.8 billion dollars in FY23, which is approximately 5.4% growth from FY22 and 64.7% increase since inception in 2011. Tax rate started at \$0.05/\$100 and increased by 5 cents until its current rate of \$0.20/\$100.

Tax district revenue collected through June 30, 2021, totals \$162.3 million. The remaining funds are used in a combination of setting aside a reserve as mandated for the TIFIA loan by USDOT and excess cash to prepay the TIFIA loan. As of January 2022, \$112.6 million of Tax District cash has been used to pay MWAA invoices not covered by the TIFIA loan.

The \$403 million TIFIA loan interest rate is locked at 2.73% with final maturity in April 2046. The TIFIA loan has been drawn with \$215.6 million of the loan allocated to the Tax District. Annual debt service is estimated at \$14.5 million for the Phase 2 Tax District which would not kick in until FY 2024. Discussion of intent to use accruals for prepayment of the TIFIA loan and draft financial policies similar to Phase 1. The key components of the financial policy would include debt service coverage and reserve levels.

Mr. LaHait provides information on comparison of scenarios under 1.5% AV Growth and

Draft Debt & Financial Policy which shows continuous prepayment will help to close the debt in 2039 or sooner. County staff recommends adoption of Phase 2 Tax District Debt & Financial Policy prior to initial debt service payments due on the TIFIA loan (October 1, 2023/FY2024). Recommend minimum debt service coverage threshold at 1.25 times and maintain minimum reserve levels 2.0 times the maximum annual debt service or \$29 million, to be held in debt service reserve and residual fund. Mr. LaHait indicates that the County currently estimates an early prepayment of the TIFIA loan of approximately \$36.5 million. Mr. LaHait indicates that the annual debt service savings are estimated at \$2.1 million per year through FY2046. Maximum Annual Debt Service (MADS) would decline from \$14.5 million to an estimated \$12.3 million.

Mr. LaHait suggests maintaining the existing tax rate at \$0.20/\$100 AV in FY 2023, per terms of the petition.

In response to a question from Supervisor Foust, Mr. LaHait states that the TIFIA loan will be paid back from two different sources, one is from the County C&I loans and the other is from this Tax District.

5. Recommendation by the Phase 2 Dulles Rail Transportation Improvement District Advisory Board for Tax Year 2022

Mr. Fairfield states that there are currently two vacancies in the advisory board due to recent retirement of the committee members. The advisory board met on March 10th for its annual meeting but was not able to achieve a quorum. Mr. Fairfield states that landowners in the district are happy about the financial performance this year but would like to see the revenue service start since the district has been paying the tax since FY11. Mr. Fairfield states that the advisory board supports the proposed tax rate at \$0.20 per \$100 of assessed value.

6. Proposed Resolution for Tax Year 2021 – Chairman McKay

“To request to the Board of Supervisors of Fairfax County to levy and collect an annual special improvements tax for Tax Year 2022 on taxable real estate zoned for commercial or industrial use or used for such purposes and taxable leasehold interests within the District of \$0.20 per \$100 of assessed value.”

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

7. Proposed Resolution for Delegation of Authority – Chairman McKay

“Delegation of authority to apply certain excess Special Tax Revenues to the prepayment, redemption, or refunding of the County’s TIFIA loan”

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

9. Adjourn

Adjourned at 4:12 p.m.