Financing the Dulles Metrorail Extension

Rail~Volution 2005

Salt Lake City
September 9, 2009

Richard F. Stevens
Fairfax County DOT
Financing the Dulles Metrorail Extension

The Project

- 23 mile extension of the Washington DC Metrorail system into Northern Virginia
  - Fairfax County – 8 stations
  - Loudoun County – 2 stations
  - Dulles Airport – 1 station
- Completed FEIS and obtained ROD from FTA and the FAA
- Construction in two phases
  - Virginia Public Private Transportation Act (PPTA)
  - Design/Build Contract
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The corridor is composed of four major nodes:

- Tysons Corner
  - 37 million sf of office, commercial and retail space
  - 2\textsuperscript{nd} only to Washington DC
- Reston
  - Planned Community of 60,000 residents and 40,000 jobs
- Dulles Airport
  - One of the fastest growing airports in the nation
  - About 25 million annual enplanements
- Loudoun County
  - Fastest growing county in the nation
  - Population and employment to double in next 10 years
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Dulles Corridor LPA
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Tysons Corner
Fairfax County’s “Downtown”
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- Total project cost estimated at $3.5+ billion
- Project financing through a public-private partnership:

Distribution of Funding Sources

- 50.0% FTA
- 25.0% Virginia
- 16.1% Fairfax
- 4.8% LoudCo
- 4.1% MWAA
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Phase I Funding Approach

- FTA ‘New Starts’ – 50%
- Commonwealth of Virginia – 25%
  - Dulles Toll Road
    - 85% of surplus on base tolls funds transit services and transit construction
    - Toll increase implemented on May 22, 2005, 100% of toll funds transit construction
    - Toll increases generates $19 to $28 million annually between 2005 and 2030
- Fairfax County – 25%
  - Special Investment District
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- Special Improvement Districts authorized under Section 33.1 of the Code of Virginia
  - Created by petition to County Governing Board by owners of 51% land area or assessed value
  - Land zoned commercial or industrial
  - Petition must include:
    - Boundaries of the district
    - Transportation improvements
    - Benefits of the transportation improvements
  - County Governing Board conducts public hearing
  - County Governing Board finds district beneficial and adopts resolution to create the district
  - Requires establishment of District Advisory Board (landowners) and District Commission (elected officials) to guide actions of the Special Investment District
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Dulles Metrorail Extension – Phase I Special Improvement District
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- Dulles Phase I Special Improvement District
  - Encompasses Tysons Corner and Wiehle Avenue
    - More than 6,600 businesses
    - $200 million in taxes
    - $100 million in property taxes
  - Assessed value ranges from $6.8 billion in 2004 to a projected value of $15.3 billion in 2049
  - Assessed values increased by 14% between 2004 and 2005
  - Tax rate not to exceed $0.29 per $100 of assessed land valuation
  - Initial tax rate established at $0.22
  - Generates between $17 and $27 million annually depending on tax rate and assessed value
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Dulles Phase I Special Improvement District

- A number of conditions must be fulfilled to continue the tax district:
  - Project funding for design and construction must be actively pursued by Fairfax County and Virginia
  - Tax District currently limited to $400 million of project construction cost
  - Phase II of the project is planned, designed and funding is pursued for construction
  - A Full Funding Grant Agreement (FFGA) for Phase I is received from FTA by December 31, 2006
    - The district can be extended beyond this date by mutual agreement of the land owners and the County
Benefits of the Special Investment District

- Allows Tysons Corner and the Dulles Corridor to achieve its economic potential
- Funds Fairfax County’s share of Phase I project costs through a public-private partnership
  - $400,000,000
- Achieves land use goals for mix of development and character of Tysons Corner
  - 7.5 million additional sf of commercial, retail and office space
  - 4,700 additional residential units
- Enhances regional mobility and accessibility to and within the corridor
  - About 63,000 daily transit trips
- Creates additional employment opportunities within the corridor
  - More than 40,000 new jobs
- Establishes the basis for a project Phase II Special Investment District
- Initial step of providing a Metrorail connection to Dulles International Airport
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<tr>
<th>Type Use</th>
<th>Existing</th>
<th>Current Comp Plan</th>
<th>Comp Plan w Rail</th>
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<td><strong>Total</strong></td>
<td>46,252,000</td>
<td>63,130,000</td>
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- Phase II Funding Approach
  - FTA ‘New Starts’ – 50%
  - Commonwealth of Virginia – 25%
    - Dulles Toll Road tolls
  - Fairfax County – 9.1%
    - Special Investment District through Western Alliance for Rail to Dulles (WARD)
  - Loudoun County – 8.6%
    - Business, Professional, Occupational License (BPOL) fees
  - Metropolitan Washington Airports Authority (MWAA) – 7.3%
    - Passenger Facility Charges (PFCs)
Summary

- A comprehensive transportation network is a necessity for sustaining ‘Economic Vitality’
- The cost of transportation system infrastructure improvements far exceed federal, state and local governments’ funding ability
- Public-private partnerships provide new sources of funds to undertake near term transportation system improvements
- Public-private partnerships require
  - A strong working relationship among partners
  - A full understanding of the need for infrastructure improvements and the benefits for both partners and the general public