Metrorail Financial Update

Finance/Government Services and Economic Development Committee
September 13, 2016
Purpose of this item:

• Current Silver Line construction update
• Provide overview of Loudoun’s Metro obligations
• Discuss planned funding sources
• Discuss future decision points
• Establish annual item to FGOEDC on the County’s Metro obligations and status
Metrorail Silver Line:
Silver Line Phase 2:

- Package A – Main line and stations
- Package B – Maintenance Yard
- Package S – Stockpiled soil removal and site preparation for the Maintenance Yard
Package A – Main Rail Line and Stations:

– Design-builder: Capital Rail Constructors
– Contract awarded: May 2013
– Construction commenced in July 2013
– Original construction contract value: $1.778 billion
– Original substantial completion date: July 2018
– April 2015, 13 month project delay announced
– New Substantial completion date: August 2019
– Other construction claims may adjust the completion further
Package A – Construction Activity in Loudoun:

- Clearing at Loudoun Gateway and Ashburn Stations
- Utility relocations
- Grading
- Track side facilities (TPSS, electrical feeds)
- Widening of the Greenway
- Site preparation and foundations for pavilion buildings
Package B – Maintenance Yard:
  – Design-builder: Hansel Phelps
  – Contract awarded: July 2014
  – Original construction contract value: $249.3 million
  – Original substantial completion date: August 2018
  – Current scheduled Substantial Completion: May 2019

Package S – Maintenance Yard Site Prep and Soil Removal:
  – Design-builder: Atlantic Contracting and Material Company
  – Contract awarded: November 2013
  – Original construction contract value: $6.45 million
  – Work completed in: July 2016
Ashburn North Commuter Parking Garage:
- Privatized Concessionaire Agreement with Comstock Properties
- Project design plans nearing 100% complete
- Building Permit Application submitted in August 2016
- Project is substantially on-schedule

Ashburn South and Loudoun Gateway Commuter Garages:
- Developed by Loudoun County, using design-build contract
- RFQ advertised September 1, 2016
- Short list and RFP anticipated by the end of 2016
- Contract award by the Board, scheduled for March 2017
- Project completion estimated for June 2019
<table>
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<th>Major Construction Feature</th>
<th>Start</th>
<th>Finish</th>
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<tbody>
<tr>
<td>Ashburn Station Building</td>
<td>December 2016</td>
<td>December 2018</td>
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<tr>
<td>Ashburn South Area</td>
<td>March 2017</td>
<td>April 2018</td>
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<td>Ashburn Area North</td>
<td>June 2017</td>
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<tr>
<td>Ashburn North Garage</td>
<td>November 2016</td>
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<tr>
<td>Loudoun Gateway Station Building</td>
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Source: Information compiled from respective project schedules.
Loudoun’s Funding Obligation for Construction:

• 4.8% of Phases 1 & 2 costs = $274 million

• Sources of funding:
  1. TIFIA loan - $195 million
  2. Non-TIFIA debt - $61 million (lease revenue)
  3. Metrorail Service Tax District Revenue - $18 million
Post Construction Ongoing Obligations:

• WMATA annual operating & capital payments

  ✓ Capital – $11.8 million ($4.2m formula match and $7.2m Metro 2025 7000 series car investment) – First payment in 2020

  ✓ Operating - $11.1 million (equals 4.1% share) – First payment 18 months prior to revenue service start (estimated FY 2019)
Sources of Funding for ongoing obligations:

- Metrorail Service Tax District and Station Tax District revenues
- Local Gasoline Tax
- General Fund
- Future debt issuance
Metrorail Service Tax District and Station Tax District revenues:

• Current levies

  1. Metrorail Service Tax District - $0.20/$100 assessed value
  2. Route 606 Airport Station - $0.00/$100 assessed value
  3. Route 772 Station - $0.00/$100 assessed value
Local Gasoline Tax:

• Diverted to Metro starting in FY 2019
• Current projections for FY 2019 revenue are about $4 million below projections prior to drop in petroleum prices
• Slow recovery forecast
General Fund:

- Original model for TIFIA predicted need for General Fund or other funding source
- General Fund or other funding source required in FY 2019 and likely in FY 2024 – 2028
- Surplus should be realized over time based on: employment growth, development, increased RP value and higher densities associated with Metro
General Fund:

• Monitoring effects on the General Fund
  1. Tracking and forecasting RP development in the District
  2. Additional measures for tracking:
     ✓ Metrorail District revenue
     ✓ Growth in Metrorail District revenue since 2012
     ✓ Rate of commercial property growth District vs. Countywide
     ✓ Metro real estate “premium”
Post-Construction Debt Issuance for ongoing capital payments:

- Current placeholder in CIP beginning in FY 2019
- Staff currently evaluating debt option as part of FY 2018 budget development process
Summary of future decisions:

• Funding to account for the loss of Gasoline Tax revenue
• Funding sources for ongoing capital payments
• Contract award for self-perform parking garages
• CFA discussions with WMATA
Questions?