Loudoun Metrorail
Financial Obligations

Transportation and Land Use Committee
February 17, 2017
Purpose of Item

• Provide an update:
  – Loudoun’s Current & Estimated Future WMATA Obligations
    • **Current**: Silver Line Metrorail Project Obligation
    • **Current**: Commuter Garages (built by County)
    • **Future**: WMATA Contribution (operating and capital)
  – Connections to Loudoun’s FY 2018 Proposed Budget and CIP and Future Fiscal Plans
Metrorail Silver Line:
Loudoun’s Silver Line Construction Contribution

- **4.8%** of Phases 1 & 2 costs = **$274M**

  Sources of funding:
  1. TIFIA loan - **$195M**
  2. Non-TIFIA debt - **$60M** (lease revenue)
  3. Metrorail Service Tax District Revenue - **$19M**
Loudoun’s Silver Line Construction Contribution

• Costs incurred to date:
  – $83M of TIFIA loan drawn down through February 2017
  – TIFIA loan balance remaining is $112M
  – Interest payments begin FY 2019
  – Principal payments begin FY 2023
Loudoun’s Silver Line Construction Contribution

• FY 2018 Proposed Budget:

  – $60M additional debt issuance planned - FY 2018

  – Metrorail Tax District revenues collected through December 2016 total $24.7M
GARAGES

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 completion estimated for Mid-2018

Ashburn South and Loudoun Gateway Commuter Garages:
- Developed by Loudoun County, using design-build contract
- RFQ advertised September 1, 2016
- Short list and RFP completed December 1, 2016
- Contract award by the Board, scheduled for March 2017
- Project completion estimated for Mid-2019
• WMATA Proposed FY 2018 Operating Budget
  – General Manager Identified $290M funding gap
  – “Shared Sacrifice” approach in addressing the gap.
    • Riders: ($50M)
    • Management/Labor: ($50M)
    • FTA Grants: ($60M)
    • Jurisdictional Subsidies: ($130.5M)
• WMATA Proposed FY 2018 Operating Budget
  
  **Increased subsidy payments** by contributing jurisdictions total $130.5 million:
  
  - DC +$47.1M
  - MD +$44.5M
  - VA +$38.9M
  
  VA Local Governments:
  
  - Alexandria: +$6.5M
  - Arlington: +$11.9M
  - City of Fairfax: +$0.4M
  - Fairfax: +$19.9M
  - Falls Church: +$0.2M
• WMATA Proposed FY 2018 Capital Budget
  – Increased subsidy payments by contributing jurisdictions total $405M*:
    • DC +$138 M   MD +$135M   VA +$132 M

VA Local Governments:
  Alexandria: + $26 M
  Arlington: + $38 M
  City of Fairfax: + $1 M
  Fairfax: + $66 M
  Falls Church: + $1 M
  Commonwealth: $ 0 M

– *Funding plan includes $150 million in short-term debt projected to be used in FY 2017.
• WMATA Proposed FY 2018 Operating & Capital Budget

FY 2018 Proposed Budget

Operating $1.85B
Capital $1.25B
TOTAL $3.10B
WMATA Proposed FY 2018 – FY 2023 CIP

- 6-Year CIP totals $7.2B
- Subsidy totals $4.3B
- FY 2018 Subsidy increases +$405 M over FY 2017
• **Status of Safetrack**
  - 11 of 16 Safety surges are completed
  - 5 more surges to be completed
  - Safetrack expected to continue through FY 2017
• WMATA Annual Operating & Capital Payments
  – 1st Loudoun Payment is for start-up costs of Phase 2
    • 18 months prior to Revenue Service (FY 2019)
    • First payment - **start-up** costs for additional personnel etc. for extended Silver Line Service to Loudoun County
    • $11.1M est. based on WMATA Past Projections
Recent Sources for Loudoun’s Projected Contribution

- **WMATA (2012)**
- **MWCOG (October 2016)** Technical Panel
  - Interim Report with Final Report likely April 2017
  - Each set of projections pre-dates WMATA’s Proposed FY 2018 Budget & Proposed 6-Year CIP
  - MWCOG (2016) made relevant assumptions with regard to new Safety & Reliability Initiatives and future CIP
  - WMATA (2012) pre-dates current issues with Metrorail including Safetrack and Current General Manager
• WMATA 2012 Projections for Loudoun
  – Based on operating & capital assumptions
  – Forecasted amounts appear relatively flat
  – Fare Revenues escalate
  – Loudoun’s FY 18- FY 25 projected cost ranged from $16.2 million to $21.5 million per year
**LOUDOUN (Projections in Millions)**

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**NOTES:**
- Based upon assumptions for WMATA Projections (2012 Board Item).
- Forecasts based on obsolete WMATA Budgets and CIP.
• MWCOG (October 2016) PROJECTIONS FOR LOUDOUN
  • Interim MWCOG Technical Panel Report
  • Assumptions - Approach
    – Used FY 2017 WMATA Budget Data
    – Included inflation factors for projecting revenue and costs
    – Added additional amounts for continued Safe Track operations
    – Used WMATA’s 6-Year CIP as basis for capital needs
    – Added Metro 2025 CIP in addition to Baseline 6-year CIP
    – “Stacked CIPs”
  • Funding Assumptions
    – Federal funding reauthorized in FY 2020 and remains at $150M
    – Local jurisdictions continue to match federal $ at current levels
    – Existing jurisdictions contributions rise 3% annually at FY 2017 levels (past average was 7-8%)
• MWCOG (October 2016) PROJECTIONS FOR LOUDOUN
  • Assumptions - Operating & Maintenance
    – State & Local subsidies grow: 3% per year over FY 2017 base year
    – Continue Safe Track costs grow: 3% per year ($100M Base FY 2018)
    – Passenger revenue declines by approx. 10% in FY 2017 due to Safe Track
    – Passenger revenue remains flat until FY 2022 then grows at 3% per year
    – Includes OPEB contributions
    – Est. Total Operating Gap: $2.1B over 10 Years
• **MWCOG (October 2016) PROJECTIONS FOR LOUDOUN**

  • Assumptions – WMATA’s 10 Year Capital Plan
    
    — Estimated CIP would Range between $12B and $18B
    
    — Actual Spending averages $800M annually
    
    — Used a $12B Capital Plan as its Target
    
    » Still includes railcar replacements, track system upgrades for 8 car trains and passenger system upgrades
• **MWCOG (October 2016) PROJECTIONS FOR LOUDOUN**
  
  • Assumptions – WMATA’s 10 Year Capital Plan
    
    – **Why is $12B Estimated CIP so High?**
      
      » Includes both bus & rail (Loudoun opt-out of bus)
      
      » WMATA local partners will likely negotiate CIP to a lower amount
      
      » Capital funding gap is approx. $3.3B and growing from est. $333M in FY 2022 to more than $1.5B in FY 2026
      
      » “Pay-as-you-Go” funding averages $542.3M per fiscal year for “gap”
      
      » Roller coaster effect of both increases & increases as a result of “Pay-as-you-Go”
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NOTES:
- MWCOG (DC CFO 2016) included Loudoun participating in Metro Bus (will not be occurring)
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<th>FY 2018</th>
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**NOTES:**
- Not available or projected
- See assumptions on previous slides for WMATA 2012 & MWCOG 2016 Projections.
• **Potential funding gap solutions (Technical Panel)**
  
  – Annual increases in passenger revenue
  
  – Approximately **$500M** in annual federal grants – no local match
  
  – Increase of more than 8.2% annually (both operating and capital) for state & local subsidies over FY 2017
  
  – Approximately **$500M** regional dedicated funding mechanism
  
  – Some combination of the above
• Consequences of doing nothing (Technical Panel)
  – Safe Track delays continue indefinitely
  – Passenger safety risks increase
  – Traffic congestion worsens
  – Economic Growth in Region could slow
    • $25B development near Metro Rail Stations over the last 8 years
    • MWCOG implies regional state & local government tax revenue growth of about 2.5% annually
    • Reducing the economic forecast by 2.25% per year reduces the annual tax revenue to the region by approx. $1B by 2025 and thereafter
• All partners differ but will be impacted
  – MD & DC state funding paradigms are different than VA with respect to urban transit for their urban areas
  – All current compact members face these potential increases for safety & reliability now (straining their budgets)
  – Without WMATA issuing debt for capital – capital costs under pay-as-you-go rise and fall more dramatically
  – Less intergenerational equity without financing capital costs
  – Metro Safety Commission progressing in VA General Assembly
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<td>Gas Tax Revenue</td>
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*Numbers are rounded to the nearest thousand*
Summary of future decisions

- FY 2018 Budget and CIP – reflects Obligations
  - Modification to WMATA Contributions closely aligned to MWCOG (October 2016) estimates

- Contract award for self-perform parking garages
  - Estimated to be issued May 2017

- CFA discussions with WMATA (FY 2020)
Questions?