

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



WMATA (2012)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
LOUDOUN (Projections in Millions)								
Operating	\$11.1	\$11.4	\$12.4	\$12.7	\$13.0	\$13.3	\$13.6	\$13.8
Capital	\$5.1	\$6.8	\$6.9	\$7.1	\$7.2	\$7.4	\$7.5	\$7.7
TOTAL	\$16.2	\$18.2	\$19.3	\$19.8	\$20.2	\$20.7	\$21.1	\$21.5

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 & decreases as a result of “Pay-as-you-Go”



MWCOG (2016)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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LOUDOUN (Projections in Millions)

TOTAL	na	na	\$50.8	\$48.0	\$51.7	\$55.4	\$58.5	\$82.2
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NOTES:

- See assumptions on previous slides for MWCOG (DC CFO 2016) Projections. Forecasts based on FY 2017 WMATA Budgets & CIP + Addtl. Growth for New Initiatives.
- MWCOG (DC CFO 2016) included Loudoun participating in Metro Bus (will not be occurring)



DELTA	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
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LOUDOUN (Projections in Millions) – Deltas MWCOG (2016) v. WMATA (2012)

MWCOG (2016)	na	na	\$50.8	\$48.0	\$51.7	\$55.4	\$58.5	\$82.2
WMATA (2012)	\$16.2	\$18.2	\$19.3	\$19.8	\$20.2	\$20.7	\$21.1	\$21.5
DELTA	na	na	\$31.5	\$28.2	\$31.5	\$34.7	\$37.4	\$60.7

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
 - MWCOCG 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



WMATA OPERATING & CAPITAL	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
REVENUE:								
Gas Tax Revenue	\$0	\$8,852	\$9,795	\$10,519	\$11,131	\$11,383	\$11,619	\$11,782
NVTA 30%	\$0	\$0	\$12,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
GO Bonds	\$0	\$0	\$0	\$15,000	\$13,000	\$13,000	\$13,000	\$13,000
OBLIGATIONS:								
Loudoun Contribution	\$0	\$12,000	\$50,842	\$47,987	\$51,680	\$55,352	\$58,491	\$82,188

*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 MWCOCG (October 2016) estimates
- Contract award for self-perform parking garages
 - Estimated to be issued May 2017
- CFA discussions with WMATA (FY 2020)



Questions?

