

# Fund 309

## Metro Operations and Construction

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### **Focus**

Fund 309, Metro Operations and Construction, contains the funds provided by Fairfax County to pay the County's allocated portion of the Washington Metropolitan Area Transit Authority's (WMATA) FY 2007 operating and capital budget. The County subsidizes Metrorail, Metrobus, and MetroAccess (paratransit) service, contributes to construction costs associated with the 106-mile Metrorail system, and contributes to the repair, maintenance, rehabilitation, and replacement of capital equipment and facilities for the Metrobus, Metrorail, and MetroAccess systems.

The WMATA budget presented here is based on initial FY 2007 information obtained from WMATA budget staff, as well as, Fairfax County Department of Transportation staff estimates. The WMATA General Manager issued the proposed FY 2007 WMATA budget in December 2005, and the WMATA Board Budget Committee is in the process of reviewing the proposed budget between January and May 2006. After this period of review, the WMATA Board of Directors will adopt the FY 2007 Budget in June 2006. The budget guidance given to WMATA's General Manager noted that the overall operating subsidy shall not exceed a 7.3 percent increase over FY 2006 and that a fare increase is not desirable. In FY 2004, the base fare was raised from \$1.10 to \$1.20 for Metrobus and Metrorail and a second fare increase in the base fare from \$1.20 to \$1.25 for Metrobus and \$1.20 to \$1.35 for Metrorail was approved in FY 2005.

The County's portion of the total WMATA budget is determined by using several formulas that include factors such as jurisdiction of residence of passengers, number of stations located in a jurisdiction, the amount of service in a jurisdiction, the jurisdiction's population, and the jurisdiction's population density.

Applied State Aid, Gas Tax Receipts, and State Transportation Bond Revenues are identified in Fund 309, Metro Operations and Construction, even though these funds are not directly received or disbursed by the County. These funds are used by Fairfax County to offset the County's share of WMATA's operating and capital costs. The County contributes a General Fund Transfer to Fund 309 to cover the remaining Operating Expenditures and General Obligation Bond revenues to cover the remaining Capital Construction Expenditures. These categories are summarized below.

### **Operating Expenditures**

The total FY 2007 Fairfax County requirement (subsidy) for WMATA Operating Expenses totals \$61.1 million, of which \$33.7 million will be supported by local funding sources. This funding level supports:

- Existing Metrorail and Metrobus service levels. The funded level includes a 7.3 percent increase in operating subsidy to the WMATA FY 2006 Carryover Budget. The General Fund Transfer to Fund 309 will remain at the FY 2006 level as a result of increased Gas Tax Receipts and use of balance in FY 2007.
- Funding for MetroAccess, WMATA's Americans with Disabilities (ADA) paratransit service.
- Continuation of the Springfield Circulator Bus Service started in FY 2001.

As noted above, this estimate is based on preliminary FY 2007 information obtained from WMATA budget staff, as well as Fairfax County Department of Transportation staff estimates, and is subject to revision until the final WMATA budget is approved in June 2006.

On the basis of a Northern Virginia Transportation Commission (NVTC) formula, the County receives State Aid and Gas Tax Receipts to support operating requirements. In FY 2007, a total of \$26.5 million in State Aid and \$14.0 million in Gas Tax Receipts will be used to support the various Operating Expenses noted above. In addition, \$19.5 million is supported by a General Fund Transfer, \$0.3 million will be funded from interest on funds at NVTC, \$0.1 million will be transferred from Fund 301, Contributed Roadway Improvement Fund, to support shuttle service in the Franconia/Springfield area, and \$0.7 million will be funded from available balance.

# Fund 309

## Metro Operations and Construction

---

In addition, as a result of changes in the NVTC funding formula that became effective in FY 2000, State Aid and Gas Tax funds allocated to Fairfax County are higher than they would have been under the old formula. When the formula was updated, the Northern Virginia Transportation Commission required that additional formula funds that resulted from the change be used only for transit service enhancements, and could not be used to reduce the General Fund Transfer for current Operating Expenses. The FY 2007 amount attributable to the formula change is estimated to be \$2.1 million, of which \$1.8 million will be transferred from Fund 309 to Fund 100, County Transit Systems, for various FAIRFAX CONNECTOR service enhancements, and the remaining amount will remain in Fund 309 for WMATA-related service enhancements.

### **Capital Construction Expenditures**

An amount of \$23.3 million is required for Capital requirements, of which \$13.7 million is supported by Fairfax County General Obligation Bonds. The remaining total is funded through Virginia Transportation Act (VTA) 2000 funds, State Aid, and Gas Tax Receipts. Capital expenditures are focused on the Metro Matters Program, which supports the acquisition of facilities, equipment, rail cars, and buses.

FY 2007 Capital Expenditures include \$19.7 million for the Metro Matters Program. Metro Matters addresses the acquisition of new rail cars and buses, infrastructure maintenance, and system security enhancements. An amount of \$0.4 million is included for the Beyond Metro Matters Program which addresses Capital requirements in addition to those covered by the Metro Matters Program. An additional \$3.2 million is included to fund Adopted Regional System (ARS) debt service requirements.

### **FY 2007 Funding Adjustments**

*The following funding is necessary to support the FY 2007 program:*

- ◆ **Metro Annual Operating Requirements** **\$61,112,183**

The FY 2007 subsidy requirement for WMATA Operating Expenses totals \$61,112,183, of which \$33,658,034 will be supported by local funding sources. This estimate is based on initial FY 2007 information obtained from WMATA budget staff, as well as Fairfax County Department of Transportation staff estimates. This funding level supports existing Metrorail and Metrobus service levels. The funded level includes a 7.3 percent increase in the operating subsidy. Of this total, \$33,950,768 reflects the subsidy requirement for Metrobus and \$20,244,307 reflects the subsidy requirement for Metrorail. This funding also includes \$6,272,708 for MetroAccess service and \$644,400 for the continuation of the Springfield Circulator Bus Service. The General Fund Transfer to Fund 309, will remain at the FY 2006 level as a result of increased Gas Tax Receipts and use of balance in FY 2007.
- ◆ **Metro Capital Requirements** **\$23,270,928**

FY 2007 Capital Construction expenditures total \$23,270,928, of which \$13,735,000 will be supported by Fairfax County General Obligation Bonds. Capital expenditures are focused on the Metro Matters Program, which supports the acquisition of facilities, equipment, rail cars, and buses, as well as, provides general infrastructure support to the 106-mile Metrorail system. An amount of \$19,685,000 is directed to the Metro Matters Program. An additional \$417,000 is to support the Beyond Metro Matters Program which addresses capital construction needs beyond those included in the Metro Matters Program. Finally, an amount of \$3,168,928 is included to fund Adopted Regional System (ARS) debt service requirements.
- ◆ **Transfer to Fund 100, County Transit Systems, for Transit Enhancements** **\$1,768,275**

An amount of \$1,768,275 is transferred to Fund 100, County Transit Systems, as a result of increased State Aid and Gas Tax receipts due to a funding formula change that became effective in FY 2000. These funds will be used for various mass transit enhancements.

# Fund 309

## Metro Operations and Construction

### Changes to FY 2006 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2006 Revised Budget Plan since passage of the FY 2006 Adopted Budget Plan. Included are all adjustments made as part of the FY 2005 Carryover Review and all other approved changes through December 31, 2005:

- ◆ **Carryover Adjustments** (\$27,799,697)  
 As part of the FY 2005 Carryover Review, FY 2006 County-related disbursements are decreased by \$27,799,697. Of the total decrease, \$15,545,000 can be attributed to a reduction in capital expenditures and \$9,909,000 is due to an increase in Virginia VTA 2000 bonds projected to be applied to Capital Construction costs in FY 2006. The remaining \$2,345,697 can be attributed to lower than projected County bus and rail operating subsidies as reflected in WMATA's FY 2006 adopted budget for transit needs.

### Key Performance Measures

#### Objectives

- ◆ To maintain the annual number of trips taken on Metrobus routes serving Fairfax County at a total of 9,272,000 in FY 2007.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate/Actual	FY 2006	FY 2007
<b>Output:</b>					
Trips originating in Fairfax County	9,159,750	9,180,000	9,180,000 / 9,272,000	9,272,000	9,272,000
Metrobus routes	87	87	87 / 87	87	87
Metrobus platform hours	354,241	383,285	391,493 / 391,493	370,000	370,000
Metrobus platform miles	6,260,005	6,773,256	6,918,305 / 6,918,305	6,538,489	6,538,489
<b>Efficiency:</b>					
Operating costs	\$30,100,306	\$32,076,494	\$35,224,400 / \$34,437,579	\$36,808,794	\$39,513,968
Farebox revenue	\$4,635,399	\$5,140,800	\$5,508,000 / \$5,192,320	\$5,563,200	\$5,563,200
Operating subsidy	\$25,464,907	\$26,935,694	\$29,716,400 / \$29,245,259	\$31,245,594	\$33,950,768
Operating cost/platform mile	\$4.81	\$4.74	\$5.09 / \$4.98	\$5.63	\$6.04
Operating cost/platform hour	\$84.97	\$83.69	\$89.98 / \$87.96	\$99.48	\$106.79
Revenue as a percent of operating cost	15.40%	16.03%	15.64% / 15.08%	15.11%	14.08%
Operating subsidy per Metrobus trip	\$2.78	\$2.93	\$3.24 / \$3.15	\$3.37	\$3.66
<b>Outcome:</b>					
Percent change in Fairfax County trips	1.8%	0.2%	0.0% / 1.0%	0.0%	0.0%

## Fund 309

### Metro Operations and Construction

#### Performance Measurement Results

Fairfax County Metrobus trips originating in Fairfax County have slightly increased from 9.16 million to 9.27 million over the past two fiscal years due primarily to factors such as population growth and traffic congestion. Additional growth is not anticipated in FY 2006 and FY 2007. It should be noted that jurisdictional data provided by WMATA has been used to populate this chart.

#### Key Performance Measures

##### Objectives

- ◆ To increase the number of Metrorail trips originating in Fairfax County by 1.0 percent from 29,793,000 in FY 2006 to 30,100,000 in FY 2007.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate/Actual	FY 2006	FY 2007
<b>Output:</b>					
Fairfax County ridership	27,599,000	27,100,000	28,100,000 / 29,300,000	29,793,000	30,100,000
<b>Efficiency:</b>					
Operating costs	\$66,530,710	\$71,893,136	\$77,728,852 / \$80,386,977	\$83,172,448	\$84,567,307
Farebox revenue	\$46,392,000	\$53,311,000	\$60,334,000 / \$63,012,000	\$64,323,000	\$64,323,000
Operating subsidy	\$20,138,710	\$18,582,136	\$17,394,852 / \$17,374,977	\$18,849,448	\$20,244,307
Revenue as a percent of operating cost	69.73%	74.15%	77.62% / 78.39%	77.34%	76.06%
Operating subsidy per Metrorail passenger	\$0.73	\$0.69	\$0.62 / \$0.59	\$0.63	\$0.67
<b>Outcome:</b>					
Percent change in Fairfax County ridership	11.7%	(1.8%)	3.7% / 8.1%	1.7%	1.0%

#### Performance Measurement Results

Fairfax County Metrorail ridership has increased from 27.6 million riders to 29.3 million riders over the period from FY 2003 to FY 2005. This increase is attributable to factors such as population growth and traffic congestion. It is unlikely that this rate of increase is sustainable; therefore the Department of Transportation projects an increase of 1.7 percent from FY 2005 to FY 2006 and an increase of an additional 1.0 percent in FY 2007. It should be noted that jurisdictional data provided by WMATA has been used to populate this chart.

# Fund 309

## Metro Operations and Construction

### FUND STATEMENT

Fund Type G30, Capital Project Funds

Fund 309, Metro Operations and Construction

	FY 2005 Actual	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2007 Advertised Budget Plan
<b>Beginning Balance</b>	<b>\$13,392,001</b>	<b>\$0</b>	<b>\$1,882,881</b>	<b>\$2,828,034</b>
Revenue:				
Revenue Applied to Operating Expenses				
State Aid Applied to Operating	\$22,033,423	\$26,466,882	\$26,466,882	\$26,466,882
Gas Tax Revenue Applied to Operating	14,747,893	12,815,129	12,815,129	14,000,000
Interest	0	250,000	250,000	250,000
Subtotal - Revenue Applied to Operating	\$36,781,316	\$39,532,011	\$39,532,011	\$40,716,882
Revenue Applied to Capital Construction				
State Aid Applied to IRP	\$1,100,000	\$1,000,000	\$1,000,000	\$0
State Aid Applied to ARS Debt Service	3,010,481	3,010,481	3,010,481	3,010,481
VTA 2000 Bonds Applied to Capital Construction <sup>1</sup>	0	4,950,000	14,850,000	4,950,000
Gas Tax Rev. Applied to ARS Debt Service	158,447	158,447	158,447	158,447
System Improvement/ Expansion	277,600	400,000	409,000	0
System Access Program	109,017	0	0	0
State Aid Applied to Metro Matters Capital <sup>2</sup>	0	0	0	1,417,000
Subtotal - Revenue Applied to Capital Construction	\$4,655,545	\$9,518,928	\$19,427,928	\$9,535,928
County Bond Sales <sup>3</sup>	\$0	\$27,950,000	\$1,095,456	\$13,735,000
<b>Total Revenue</b>	<b>\$41,436,861</b>	<b>\$77,000,939</b>	<b>\$60,055,395</b>	<b>\$63,987,810</b>
Transfers In:				
General Fund (001)	\$18,144,820	\$21,316,309	\$21,316,309	\$21,316,309
Contributed Roadway Improvement Fund (301)	110,000	110,000	110,000	110,000
<b>Total Transfers In</b>	<b>\$18,254,820</b>	<b>\$21,426,309</b>	<b>\$21,426,309</b>	<b>\$21,426,309</b>
<b>Total Available</b>	<b>\$73,083,682</b>	<b>\$98,427,248</b>	<b>\$83,364,585</b>	<b>\$88,242,153</b>

# Fund 309

## Metro Operations and Construction

### FUND STATEMENT

#### Fund Type G30, Capital Project Funds

#### Fund 309, Metro Operations and Construction

	FY 2005 Actual	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2007 Advertised Budget Plan
Expenditures:				
Operating Expenditures				
Bus Operating Subsidy	\$29,245,259	\$32,016,400	\$31,245,594	\$33,950,768
Rail Operating Subsidy	17,374,977	20,394,852	18,849,448	20,244,307
ADA Paratransit - Metro	5,944,510	5,744,510	5,840,510	6,272,708
Service Enhancements	0	364,576	393,000	0
Springfield Circulator	417,337	753,911	600,000	644,400
Subtotal - Operating Expenditures	<u>\$52,982,083</u>	<u>\$59,274,249</u>	<u>\$56,928,552</u>	<u>\$61,112,183</u>
Capital Construction Expenditures				
Rail System Improvement/Expansion	\$277,600	\$400,000	\$409,000	\$0
Infrastructure Renewal Program (IRP)	12,919,109	15,778,000	18,346,000	0
System Access Program	218,089	18,122,000	0	0
Metro Matters Capital <sup>2</sup>	0	0	0	19,685,000
Beyond Metro Matters Capital <sup>2</sup>	0	0	0	417,000
ARS Debt Service	3,168,900	3,168,928	3,168,928	3,168,928
Subtotal - Capital Construction Expenditures	<u>\$16,583,698</u>	<u>\$37,468,928</u>	<u>\$21,923,928</u>	<u>\$23,270,928</u>
Total Expenditures	<u>\$69,565,781</u>	<u>\$96,743,177</u>	<u>\$78,852,480</u>	<u>\$84,383,111</u>
Transfers Out:				
County Transit Systems (100)	\$1,635,020	\$1,684,071	\$1,684,071	\$1,768,275
Total Transfers Out	<u>\$1,635,020</u>	<u>\$1,684,071</u>	<u>\$1,684,071</u>	<u>\$1,768,275</u>
<b>Total Disbursements</b>	<b><u>\$71,200,801</u></b>	<b><u>\$98,427,248</u></b>	<b><u>\$80,536,551</u></b>	<b><u>\$86,151,386</u></b>
<b>Ending Balance <sup>4</sup></b>	<b><u>\$1,882,881</u></b>	<b><u>\$0</u></b>	<b><u>\$2,828,034</u></b>	<b><u>\$2,090,767</u></b>
General Fund	\$482,337	\$0	\$2,828,034	\$2,090,767
Bond Funds	1,400,544	0	0	0
<b>Unreserved Balance</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<sup>1</sup> A total of \$14.85 million in Virginia VTA 2000 bonds are projected to be available to apply to Capital Construction costs in FY 2006. This amount is available as VTA 2000 bonds were not applied in either FY 2004 or FY 2005. In FY 2007, it is projected that \$4.95 million in VTA 2000 bonds will be applied to Capital Construction.

<sup>2</sup> Metro Matters is a public outreach campaign launched in October 2003 by the Washington Metropolitan Area Transit Authority (WMATA) to raise awareness about Metro's Capital needs. Metro Matters and Beyond Metro Matters will replace the Rail System Improvement/Expansion, Infrastructure Renewal, and System Access programs.

<sup>3</sup> The sale of bonds is presented here for planning purposes only. Actual bond sales are based on cash needs in accordance with Board policy. On November 3, 1992, the voters approved a \$50 million referendum for Metrorail construction expenses. All remaining bonds pertaining to this sale have been issued and allocated to Metro's Infrastructure Renewal Program and Dulles Corridor transit projects as directed by the Board of Supervisors on March 8, 1999. Bond sales projected from FY 2005 onward will be allocated from \$31 million of remaining authorized but unissued 1990 Transportation Improvement Bonds. The change in the ending balance is the result of the issuance of these bonds in advance of cashflow requirements for FY 2005 and FY 2006.

<sup>4</sup> The ending balance in Fund 309, Metro Operations and Construction, varies from year to year and is primarily related to differences between the preliminary budget presented by WMATA's General Manager and WMATA's Adopted budget.