

# 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 2008 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 2008 information obtained from WMATA budget staff as well as Fairfax County Department of Transportation staff estimates. The WMATA interim General Manager issued the proposed FY 2008 WMATA budget in December 2006, and the WMATA Board Budget Committee is in the process of reviewing the proposed budget between January and May 2007. After this period of review, the WMATA Board of Directors will adopt the FY 2008 Budget in June 2007. In FY 2004, the base fare was raised from \$1.10 to \$1.20 for Metrobus and Metrorail; in FY 2005 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.

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 2008 Fairfax County requirement (subsidy) for WMATA Operating Expenses totals \$64.9 million, of which \$36.7 million is supported by local funding sources. This funding level supports:

- Existing Metrorail and Metrobus service levels. The funded level includes a 7.0 percent increase over the WMATA operating subsidy in the *FY 2007 Revised Budget Plan*. The General Fund Transfer to Fund 309 will remain at the *FY 2007 Revised Budget Plan* level as a result of increases in State Aid, Gas Tax Receipts, interest earnings on County funds held by the Northern Virginia Transportation Commission (NVTC), and the use of FY 2008 beginning fund balance.
- Funding for MetroAccess, WMATA's Americans with Disabilities (ADA) paratransit service.
- Continuation of the Springfield Circulator Bus Service started in FY 2001.

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 2008, a total of \$27.0 million in State Aid and \$17.0 million in Gas Tax Receipts support the various Operating Expenses noted above. In addition, \$18.5 million in expenses is supported by a General Fund Transfer, \$1.2 million is funded from interest on funds at NVTC, and \$1.1 million is funded from available balance. A transfer of \$0.1 million from Fund 301, Contributed Roadway Improvement Fund, also contributes to the operating support of shuttle service in the Franconia/Springfield area.

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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 NVTC 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 2008 amount attributable to the formula change is estimated to be \$1.8 million, which will be transferred from Fund 309 to Fund 100, County Transit Systems, for various FAIRFAX CONNECTOR service enhancements.

### Capital Construction Expenditures

An amount of \$26.5 million is required for Capital requirements, of which \$21.9 million is supported by Fairfax County General Obligation Bonds. The remaining total is funded through 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 2008 Capital Expenditures include \$22.9 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 2008 Funding Adjustments**

*The following funding is necessary to support the FY 2008 program:*

- ◆ **Metro Annual Operating Requirements** **\$64,894,008**

The FY 2008 subsidy requirement for WMATA Operating Expenses totals \$64,894,008, of which \$36,678,070 will be supported by local funding sources. This estimate is based on initial FY 2008 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 7.0 percent increase in the operating subsidy over the *FY 2007 Revised Budget Plan*. Of this total, \$39,963,864 reflects the subsidy requirement for Metrobus and the Springfield Circulator service; and \$18,720,827 reflects the subsidy requirement for Metrorail. This funding also includes \$6,209,317 for MetroAccess service. The General Fund Transfer to Fund 309 remains the same as the *FY 2007 Revised Budget Plan* despite increases in Operating Expenses, because of increases in State Aid, Gas Tax Receipts, interest earnings, and the use of FY 2008 beginning fund balance.
  
- ◆ **Metro Capital Requirements** **\$26,485,928**

FY 2008 Capital Construction expenditures total \$26,485,928, of which \$21,900,000 will be supported by Fairfax County General Obligation Bonds. Of the total Capital Construction expenditures, \$22,900,000 is 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 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** **\$1,839,006**

An amount of \$1,839,006 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.

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### Changes to FY 2007 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2007 Revised Budget Plan since passage of the FY 2007 Adopted Budget Plan. Included are all adjustments made as part of the FY 2006 Carryover Review and all other approved changes through December 31, 2006:

- ◆ **Carryover Adjustments** **\$4,465,988**  
 As part of the FY 2006 Carryover Review, FY 2007 County supported disbursements increased by \$4,465,988. The increase can primarily be attributed to lower than projected availability of Virginia VTA 2000 bonds to be applied to FY 2007 Capital Construction costs, requiring the use of additional General Obligation bonds sold in FY 2006 and in FY 2007.

### Key Performance Measures

#### Objectives

- ◆ To increase the annual number of trips taken on Metrobus routes serving Fairfax County by 3.0 percent from 9,272,000 in FY 2007 to 9,550,160 in FY 2008.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate/Actual	FY 2007	FY 2008
<b>Output:</b>					
Trips originating in Fairfax County	9,180,000	9,272,000	9,272,000 / 9,272,000	9,272,000	9,550,160
Metrobus routes	87	87	87 / 87	87	87
Metrobus platform hours	383,285	391,493	370,000 / 370,000	370,000	370,000
Metrobus platform miles	6,773,256	6,918,305	6,538,489 / 6,538,489	6,538,489	6,538,489
<b>Efficiency:</b>					
Operating costs	\$32,076,494	\$34,437,579	\$36,808,794 / \$37,249,922	\$42,258,400	\$45,693,960
Farebox revenue	\$5,140,800	\$5,192,320	\$5,563,200 / \$5,563,200	\$5,563,200	\$5,730,096
Operating subsidy	\$26,935,694	\$29,245,259	\$31,245,594 / \$31,686,722	\$36,695,200	\$39,963,864
Operating cost/platform mile	\$4.74	\$4.98	\$5.63 / \$5.70	\$6.46	\$6.99
Operating cost/platform hour	\$83.69	\$87.96	\$99.48 / \$100.68	\$114.21	\$123.50
Revenue as a percent of operating cost	16.03%	15.08%	15.11% / 14.93%	13.16%	12.54%
Operating subsidy per Metrobus trip	\$2.93	\$3.15	\$3.37 / \$3.42	\$3.96	\$4.18
<b>Outcome:</b>					
Percent change in Fairfax County trips	0.2%	1.0%	0.0% / 0.0%	0.0%	3.0%

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#### Performance Measurement Results

Metrobus trips originating in Fairfax County have slightly increased from 9.18 million to 9.27 million over the past few years due primarily to factors such as population growth and traffic congestion. An additional annual growth of 278,160 trips is anticipated in FY 2008, to 9.55 million trips originating in Fairfax County. 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 4.0 percent from 30,100,000 in FY 2007 to 31,204,000 in FY 2008.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate/Actual	FY 2007	FY 2008
<b>Output:</b>					
Fairfax County ridership	27,100,000	29,300,000	29,793,000 / 29,793,000	30,100,000	31,304,000
<b>Efficiency:</b>					
Operating costs	\$71,893,136	\$80,386,977	\$83,172,448 / \$83,172,448	\$81,819,100	\$84,306,827
Farebox revenue	\$53,311,000	\$63,012,000	\$64,323,000 / \$64,323,000	\$64,323,000	\$65,586,000
Operating subsidy	\$18,582,136	\$17,374,977	\$18,849,448 / \$18,849,448	\$17,496,100	\$18,720,827
Revenue as a percent of operating cost	74.15%	78.39%	77.34% / 77.34%	78.62%	77.79%
Operating subsidy per Metrorail passenger	\$0.69	\$0.59	\$0.63 / \$0.63	\$0.58	\$0.60
<b>Outcome:</b>					
Percent change in Fairfax County ridership	(1.8%)	8.1%	1.7% / 1.7%	1.0%	4.0%

#### Performance Measurement Results

Fairfax County Metrorail ridership has increased from 27.1 million riders to 29.8 million riders over the period from FY 2004 to FY 2006. This increase is attributable to factors such as population growth and traffic congestion. The Department of Transportation projects an increase of 1.0 percent from FY 2006 to FY 2007 and an increase of an additional 4.0 percent in FY 2008. 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 2006 Actual	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan
<b>Beginning Balance</b>	<b>\$1,882,881</b>	<b>\$2,828,034</b>	<b>\$18,067,079</b>	<b>\$1,090,767</b>
Revenue:				
Revenue Applied to Operating Expenses				
State Aid Applied to Operating	\$19,808,839	\$26,466,882	\$25,993,499	\$27,015,938
Gas Tax Revenue Applied to Operating	17,971,301	14,000,000	14,000,000	17,000,000
Interest	1,200,000	250,000	250,000	1,200,000
Subtotal - Revenue Applied to Operating	\$38,980,140	\$40,716,882	\$40,243,499	\$45,215,938
Revenue Applied to Capital Construction				
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>	13,933,751	4,950,000	484,012	0
Gas Tax Rev. Applied to ARS Debt Service	158,447	158,447	158,447	158,447
State Aid Applied to Metro Matters Capital	925,000	1,000,000	1,000,000	1,000,000
Capital	416,911	417,000	417,000	417,000
Subtotal - Revenue Applied to Capital Construction	\$18,444,590	\$9,535,928	\$5,069,940	\$4,585,928
County Bond Sales <sup>2</sup>	\$18,000,000	\$13,735,000	\$2,961,943	\$21,900,000
Total Revenue	\$75,424,730	\$63,987,810	\$48,275,382	\$71,701,866
Transfers In:				
General Fund (001)	\$21,316,309	\$20,316,309	\$20,316,309	\$20,316,309
Contributed Roadway Improvement Fund (301)	110,000	110,000	110,000	110,000
Total Transfers In	\$21,426,309	\$20,426,309	\$20,426,309	\$20,426,309
<b>Total Available</b>	<b>\$98,733,920</b>	<b>\$87,242,153</b>	<b>\$86,768,770</b>	<b>\$93,218,942</b>

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### FUND STATEMENT

#### Fund Type G30, Capital Project Funds

#### Fund 309, Metro Operations and Construction

	FY 2006 Actual	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	FY 2008 Advertised Budget Plan
Expenditures:				
Operating Expenditures				
Bus Operating Subsidy <sup>3</sup>	\$31,686,722	\$33,950,768	\$36,695,200	\$39,963,864
Rail Operating Subsidy	18,849,448	20,244,307	17,496,100	18,720,827
ADA Paratransit - Metro	5,840,511	6,272,708	5,803,100	6,209,317
Springfield Circulator	0	644,400	644,400	0
Subtotal - Operating Expenditures	\$56,376,681	\$61,112,183	\$60,638,800	\$64,894,008
Capital Construction Expenditures				
Metro Matters Capital	\$19,020,250	\$19,685,000	\$19,685,000	\$22,900,000
Beyond Metro Matters Capital	416,911	417,000	417,000	417,000
ARS Debt Service	3,168,928	3,168,928	3,168,928	3,168,928
Subtotal - Capital Construction Expenditures	\$22,606,089	\$23,270,928	\$23,270,928	\$26,485,928
Total Expenditures	\$78,982,770	\$84,383,111	\$83,909,728	\$91,379,936
Transfers Out:				
County Transit Systems (100)	\$1,684,071	\$1,768,275	\$1,768,275	\$1,839,006
Total Transfers Out	\$1,684,071	\$1,768,275	\$1,768,275	\$1,839,006
<b>Total Disbursements</b>	<b>\$80,666,841</b>	<b>\$86,151,386</b>	<b>\$85,678,003</b>	<b>\$93,218,942</b>
<b>Ending Balance<sup>4</sup></b>	<b>\$18,067,079</b>	<b>\$1,090,767</b>	<b>\$1,090,767</b>	<b>\$0</b>
General Fund	\$2,828,034	\$1,090,767	\$1,090,767	\$0
Bond Funds	15,239,045	0	0	0
<b>Unreserved Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> No Virginia VTA 2000 bonds are projected to be available to apply to Capital Construction costs in FY 2008, as all VTA bonds have been applied in previous years.

<sup>2</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. The FY 2006 ending balance is due to the issuance of bonds in anticipation of cashflow requirements that were delayed. 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 to FY 2007 will be allocated from \$31 million of remaining authorized but unissued 1990 Transportation Improvement Bonds. In November 2, 2004, the voters approved a \$110 million referendum for the County's share of WMATA's capital improvement program, from which bonds will be issued to support FY 2007 and FY 2008 capital expenditures.

<sup>3</sup> FY 2008 expenditures for the Bus Operating Subsidy include \$644,000 in support for the Springfield Circulator service, the same level of support as in the previous year.

<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.