

Fund 309

Metro Operations and Construction

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 2006 operating and capital budget. The County subsidizes Metrorail, Metrobus, and MetroAccess (paratransit) service, contributes to construction costs associated with the 103-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 2006 information obtained from WMATA budget staff, as well as County Department of Transportation (DOT) staff estimates. The WMATA General Manager issued the proposed FY 2006 WMATA budget in December 2004, and the WMATA Board Budget Committee is in the process of reviewing the proposed budget between January and May 2005. After this period of review, the WMATA Board of Directors will adopt the FY 2006 Budget in June 2005. The budget guidance given to WMATA's General Manager noted that FY 2006 baseline expense growth shall not exceed a 6.5 percent increase over the FY 2005 level, the overall operating subsidy shall not exceed a 10.5 percent increase over FY 2005, and that two straight years of fare increases made a third such adjustment in FY 2006 undesirable. 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 rail 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 2006 Fairfax County requirement (subsidy) for WMATA Operating Expenses totals \$59.3 million, of which \$32.6 million will be supported by local funding sources. This funding level supports:

- Existing Metrorail and Metrobus service levels as well as the effect of the opening of the Blue Line extension to Largo, Maryland. The funded level includes a 9.5 percent increase in operating subsidy to the WMATA FY 2005 Carryover Budget. It should be noted that the General Fund is absorbing over 80 percent of this operating subsidy increase as State Aid applied to Operating is estimated to increase only 0.2 percent over the FY 2005 level based on initial FY 2006 information obtained from WMATA budget staff, as well as County Department of Transportation (DOT) staff estimates.
- Funding for MetroAccess, WMATA's Americans with Disabilities (ADA) paratransit service, which is seeing a leveling off of ridership increases seen over the previous few years.
- Continuation of the Springfield Circulator Bus Service started in FY 2001.

As noted above, this estimate is based on preliminary FY 2006 information obtained from WMATA budget staff, as well as County Department of Transportation (DOT) staff estimates, and is subject to revision until the final WMATA budget is approved in June 2005.

Fund 309

Metro Operations and Construction

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 2006, a total of \$26.5 million in State Aid and \$12.8 million in Gas Tax Receipts will be used to support the various Operating Expenses noted above. In addition, \$19.6 million is supported by a General Fund Transfer, \$0.3 million will be funded from interest on funds at NVTC, and \$0.1 million will be transferred from Fund 301, Contributed Roadway Improvement Fund, to support shuttle service in the Franconia/Springfield area. It should be noted that the General Fund is bearing a large portion of the overall subsidy increase in FY 2006 due primarily to the fact that very little additional state aid is projected to be available in FY 2006 above the FY 2005 level based on initial FY 2006 information obtained from WMATA budget staff, as well as County Department of Transportation (DOT) staff estimates.

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 could be used only for transit service enhancements, and could not be used to reduce the General Fund Transfer for current Operating Expenses. The FY 2006 amount attributable to the formula change is estimated to be \$2.1 million, of which \$1.7 million will be transferred from Fund 309 to Fund 100, County Transit Systems, for various FAIRFAX CONNECTOR service enhancements, and the remaining \$0.4 million will remain in Fund 309 for WMATA-related service enhancements.

Capital Construction Expenditures

An amount of \$37.5 million is required for Capital requirements, of which \$28.0 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 recently approved Metro Matters Program, including acquiring facilities, equipment, rail cars, and buses.

FY 2006 Capital Expenditures include \$15.8 million for the Infrastructure Renewal Program (IRP), a program which includes the rehabilitation of the railcar fleet, upgrades to Metrorail system components such as fare gates and farecard machines, improvements to Metrobus and Metrorail facilities, and funding for all capital equipment. It is anticipated that this amount will continue to increase in future years. The System Access Program (SAP) requires \$18.1 million, primarily to fund Fairfax County's share of the purchase cost of new railcars and buses. An additional \$0.4 million is included to support preliminary engineering requirements associated with the System Expansion Program (SEP) and \$3.2 million is included to fund Adopted Regional System (ARS) debt service requirements.

FY 2006 Funding Adjustments

The following funding is necessary to support the FY 2006 program:

- ◆ **Metro Annual Operating Requirements** **\$59,274,249**

The FY 2006 subsidy requirement for WMATA Operating Expenses totals \$59,274,249, of which \$32,557,367 will be supported by local funding sources. This estimate is based on initial FY 2006 information obtained from WMATA budget staff, as well as County Department of Transportation (DOT) staff estimates. This funding level supports existing Metrorail and Metrobus service levels as well as the effect of the opening of the Blue Line extension to Largo, Maryland. The funded level includes a 9.5 percent increase in the operating subsidy. Of this total, \$32,016,400 reflects the subsidy requirement for Metrobus and \$20,394,852 reflects the subsidy requirement for Metrorail. This funding also includes \$5,744,510 for MetroAccess service, \$753,911 for the continuation of the Springfield Circulator Bus Service, and \$364,576 for service enhancements initiated by WMATA in FY 2005.

Fund 309

Metro Operations and Construction

- ◆ **Metro Capital Requirements** **\$37,468,928**

FY 2006 capital construction expenditures total \$37,468,928, of which \$27,950,000 will be supported by Fairfax County bond funds. Capital expenditures are focused on the recently approved Metro Matters Program, including acquiring facilities, equipment, rail cars, buses, and supporting the 103-mile Metrorail system. An amount of \$15,778,000 reflects the subsidy requirement for the Infrastructure Renewal Program (IRP), which supports the rehabilitation of the railcar fleet, upgrades to Metrorail system components such as fare gates and farecard machines, improvements to Metrobus and Metrorail facilities, and funding for all capital equipment. It is anticipated that this amount will continue to increase in future years. Funding of \$18,122,000 is included for the System Access Program (SAP), which seeks to address bus and rail access and capacity issues. This funding supports Fairfax County's share of the purchase cost of new railcars and buses. Funding of \$400,000 is included for the System Expansion Program (SEP), which will support preliminary engineering requirements concerning the expansion and extension of the existing Metrorail system. 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** **\$1,684,071**

An amount of \$1,684,071 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 such as expanded bus service in the Route 1 Corridor.

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2006 Advertised Budget Plan, as approved by the Board of Supervisors on April 25, 2005:

- ◆ **General Fund Transfer to Metro** **(\$1,000,000)**

A decrease in the General Fund transfer to Fund 309, Metro Operations and Construction, is included due to a revised gas tax estimate for FY 2006 that reflects an increase of \$1,000,000 over the amount included in the FY 2006 Advertised Budget Plan, thus allowing a commensurate decrease in the General Fund transfer. No reduction in the County's commitment to Metro results from this adjustment.

Changes to FY 2005 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2005 Revised Budget Plan since passage of the FY 2005 Adopted Budget Plan. Included are all adjustments made as part of the FY 2004 Carryover Review and all other approved changes through December 31, 2004:

- ◆ **Carryover Adjustments** **\$63,304**

As part of the FY 2004 Carryover Review, FY 2005 disbursements are increased \$63,304 based on anticipated requirements in FY 2005 for transit needs, including capital costs, rail system enhancements, and facility improvements. The increase is due primarily to slightly higher than anticipated subsidy requirements for bus operating and ADA Paratransit services, partially offset by lower than projected subsidy requirements for rail operating.

The following funding adjustments reflect all approved changes to the FY 2005 Revised Budget Plan from January 1, 2005 through April 18, 2005. Included are all adjustments made as part of the FY 2005 Third Quarter Review:

- ◆ The Board of Supervisors made no adjustments to this fund.

Fund 309

Metro Operations and Construction

Key Performance Measures

Objectives

- ◆ To maintain the annual number of trips taken on Metrobus routes serving Fairfax County at a total of 9,180,000 in FY 2006.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate/Actual	FY 2005	FY 2006
Output:					
Trips originating in Fairfax County	9,000,000	9,159,750	9,272,000 / 9,180,000	9,180,000	9,180,000
Metrobus routes	87	87	87 / 87	87	87
Metrobus platform hours	348,063	354,241	383,285 / 383,285	391,493	393,689
Metrobus platform miles	6,150,828	6,260,005	6,773,256 / 6,773,256	6,918,305	6,964,544
Efficiency:					
Operating costs	\$29,527,915	\$30,100,306	\$33,529,544 / \$32,076,494	\$35,224,400	\$37,524,400
Farebox revenue	\$3,459,351	\$4,635,399	\$5,192,320 / \$5,140,800	\$5,508,000	\$5,508,000
Operating subsidy	\$27,649,107	\$25,464,907	\$28,337,224 / \$26,935,694	\$29,716,400	\$32,016,400
Operating cost/platform mile	\$4.80	\$4.81	\$4.95 / \$4.74	\$5.09	\$5.39
Operating cost/platform hour	\$84.83	\$84.97	\$87.48 / \$83.69	\$89.98	\$95.32
Revenue as a percent of operating cost	11.72%	15.40%	15.49% / 16.03%	15.64%	14.68%
Operating subsidy per Metrobus trip	\$3.07	\$2.78	\$3.06 / \$2.93	\$3.24	\$3.49
Outcome:					
Percent change in Fairfax County trips	5.3%	1.8%	1.0% / 0.2%	0.0%	0.0%

Performance Measurement Results

Fairfax County Metrobus trips originating in Fairfax County have slightly increased from 9.0 million to 9.18 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 2005 and FY 2006. It should be noted that jurisdictional data provided by WMATA has been used to populate this chart.

Fund 309

Metro Operations and Construction

Key Performance Measures

Objectives

- ◆ To increase the number of Metrorail trips originating in Fairfax County by 1.1 percent from 28,100,000 in FY 2005 to 28,400,000 in FY 2006.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate/Actual	FY 2005	FY 2006
Output:					
Fairfax County ridership	24,700,000	27,599,000	28,435,000 / 27,100,000	28,100,000	28,400,000
Efficiency:					
Operating costs	\$62,669,552	\$66,530,710	\$68,365,000 / \$71,893,136	\$77,728,852	\$82,746,852
Farebox revenue	\$43,826,000	\$46,392,000	\$47,355,000 / \$53,311,000	\$60,334,000	\$62,352,000
Operating subsidy	\$18,843,552	\$20,138,710	\$21,010,000 / \$18,582,136	\$17,394,852	\$20,394,852
Revenue as a percent of operating cost	69.93%	69.73%	69.27% / 74.15%	77.62%	75.35%
Operating subsidy per Metrorail passenger	\$0.76	\$0.73	\$0.74 / \$0.69	\$0.62	\$0.72
Outcome:					
Percent change in Fairfax County ridership	(0.8%)	11.7%	3.0% / (1.8%)	3.7%	1.1%

Performance Measurement Results

Fairfax County Metrorail ridership has increased from 24.7 million riders to 27.1 million riders over the period from FY 2002 to FY 2004. 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 projects an increase of 3.7 percent from FY 2004 to FY 2005 and an increase of an additional 1.1 percent in FY 2006. 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 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Beginning Balance	\$8,433,732	\$1,211,107	\$13,392,001	\$0	\$0
Revenue:					
Revenue Applied to Operating Expenses					
State Aid Applied to Operating	\$22,112,090	\$26,417,831	\$26,417,831	\$26,466,882	\$26,466,882
Gas Tax Revenue Applied to Operating	11,815,129	10,550,000	10,801,355	11,815,129	12,815,129
Prior Year Adjustments	5,173,861	0	0	0	0
Interest	0	250,000	250,000	250,000	250,000
Subtotal - Revenue Applied to Operating	\$39,101,080	\$37,217,831	\$37,469,186	\$38,532,011	\$39,532,011
Revenue Applied to Capital Construction					
State Aid Applied to IRP	\$2,828,327	\$1,000,000	\$1,100,000	\$1,000,000	\$1,000,000
State Aid Applied to ARS Debt Service	3,010,456	3,010,481	3,010,481	3,010,481	3,010,481
VTA 2000 Bonds Applied to Capital Construction ¹	0	9,900,000	9,900,000	4,950,000	4,950,000
NVTD Bonds Applied to Capital Construction	2,576,743	0	0	0	0
Gas Tax Rev. Applied to ARS Debt Service	158,444	158,447	158,447	158,447	158,447
System Improvement/ Expansion	408,000	400,000	300,000	400,000	400,000
System Access Program	66,359	0	0	0	0
Subtotal - Revenue Applied to Capital Construction	\$9,048,329	\$14,468,928	\$14,468,928	\$9,518,928	\$9,518,928
County Bond Sales ²	10,600,000	\$13,588,893	1,471,303	\$27,950,000	\$27,950,000
Total Revenue	\$58,749,409	\$65,275,652	\$53,409,417	\$76,000,939	\$77,000,939
Transfers In:					
General Fund (001) Contributed Roadway Improvement Fund (301)	\$12,272,714	\$18,144,820	\$18,144,820	\$22,316,309	\$21,316,309
Contributed Roadway Improvement Fund (301)	110,000	110,000	110,000	110,000	110,000
Total Transfers In	\$12,382,714	\$18,254,820	\$18,254,820	\$22,426,309	\$21,426,309
Total Available	\$79,565,855	\$84,741,579	\$85,056,238	\$98,427,248	\$98,427,248

Fund 309

Metro Operations and Construction

FUND STATEMENT

Fund Type G30, Capital Project Funds

Fund 309, Metro Operations and Construction

	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Expenditures:					
Operating Expenditures					
Bus Operating Subsidy	\$26,935,694	\$28,158,385	\$29,716,400	\$32,016,400	\$32,016,400
Rail Operating Subsidy	18,582,136	19,424,180	17,394,852	20,394,852	20,394,852
ADA Paratransit - Metro	4,936,401	5,158,538	5,944,510	5,744,510	5,744,510
Service Enhancements	0	364,576	364,576	364,576	364,576
Springfield Circulator	122,256	731,952	731,952	753,911	753,911
Other Transportation	1,696	0	0	0	0
Subtotal - Operating Expenditures	\$50,578,183	\$53,837,631	\$54,152,290	\$59,274,249	\$59,274,249
Capital Construction Expenditures					
Rail System					
Improvement/Expansion	\$408,000	\$400,000	\$300,000	\$400,000	\$400,000
Infrastructure Renewal					
Program (IRP)	10,387,800	13,700,000	13,800,000	15,778,000	15,778,000
System Access Program	66,359	12,000,000	12,000,000	18,122,000	18,122,000
ARS Debt Service	3,168,900	3,168,928	3,168,928	3,168,928	3,168,928
Subtotal - Capital Construction	\$14,031,059	\$29,268,928	\$29,268,928	\$37,468,928	\$37,468,928
Expenditures	\$64,609,242	\$83,106,559	\$83,421,218	\$96,743,177	\$96,743,177
Total Expenditures	\$64,609,242	\$83,106,559	\$83,421,218	\$96,743,177	\$96,743,177
Transfers Out:					
County Transit Systems (100)	\$1,564,612	\$1,635,020	\$1,635,020	\$1,684,071	\$1,684,071
Total Transfers Out	\$1,564,612	\$1,635,020	\$1,635,020	\$1,684,071	\$1,684,071
Total Disbursements	\$66,173,854	\$84,741,579	\$85,056,238	\$98,427,248	\$98,427,248
Ending Balance²	\$13,392,001	\$0	\$0	\$0	\$0
General Fund	63,304	0	0	0	0
Bond Funds	13,328,697	0	0	0	0
Unreserved Balance	\$0	\$0	\$0	\$0	\$0

¹ As part of the *FY 2004 Third Quarter Review*, a reduction of \$4,950,000 in Virginia VTA 2000 bonds that were to be applied to Capital Construction in FY 2004 has been made, as these funds will not become available until FY 2005. County General Obligation Bonds available as part of the beginning balance were used instead. An offsetting FY 2005 adjustment was completed as part of the *FY 2004 Carryover Review*, increasing the FY 2005 total to \$9.9 million so there will be no net impact associated with this adjustment during the two-year period.

² 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 2004 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 2004 and FY 2005.