

Fund 30000: Metro Operations and Construction

Focus

Fund 30000, 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 2023 operating and capital budget. The County subsidizes Metrorail, Metrobus, and MetroAccess (paratransit) service, contributes to construction costs associated with the 117-mile Metrorail system, and contributes to the repair, maintenance, rehabilitation, and replacement of capital equipment and facilities for the Metrorail, Metrobus, and MetroAccess systems.



The WMATA Board of Directors adopted the FY 2023 Operating Budget and FY 2023-2028 Capital Improvement Program on March 24, 2022. Any adjustments to the County's FY 2023 operating subsidy requirement will be incorporated as part of the *FY 2022 Carryover Review*.

Operating and capital requirements for the County's FY 2023 Metro subsidy total \$210,723,585. The County's portion of the total WMATA budget is determined 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. The County meets its Metro subsidy through a General Fund transfer, General Obligation bonds, applied State

Aid, Gas Tax receipts, and interest earnings on State Aid balances. State Aid and Gas Tax balances are held and disbursed to Metro by the Northern Virginia Transportation Commission (NVTC).

The County's FY 2023 operating contribution of \$163.1 million is a 7.2 percent increase over the \$152.1 million subsidy included in WMATA's FY 2022 Adjusted Budget. The increase in operating contribution assumes inflationary adjustments for all operational categories (e.g., Bus, Rail and Paratransit services) including the opening of Silver Line Phase 2 Metrorail service. In addition, Fund 30000 supports a transfer out of \$3.4 million to Fund 40000, County Transit Systems. These numbers are subject to change based on review by the Metro Board of Directors and potential subsequent revisions to jurisdictional operating subsidy requirements. The County will incorporate its final WMATA FY 2023 operating subsidy as part of the *FY 2022 Carryover Review Process*.

The total operational requirements of \$163.1 million and the \$3.4 million for County Transit requirements are funded through the following sources: a FY 2023 General Fund transfer of \$47.4 million, \$107.1 million in applied State Aid, and \$12.0 million in applied Gas Tax Receipts.

For FY 2023, the County has a \$47.6 million capital requirement to Metro, which is offset by \$42.0 million in General Obligation Transportation Bonds and \$5.6 million in General Fund monies to address the County's share of debt service for bonds that WMATA issued.

In 2018, the Virginia General Assembly passed legislation to provide for annual dedicated funding sources to Metro to address long term capital needs. Revenue sources previously dedicated to the

Northern Virginia Transportation Authority for the Transient Occupancy Tax and Grantor's Tax, in addition to redirecting two statewide revenue sources (state recordation tax currently used to pay bonds from the Northern Virginia Transportation District Fund and motor vehicle rental tax revenues), have been redirected to Metro. Also, a price floor on the regional gas tax was established to provide further dedicated funds to Metro.



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In prior fiscal years, a portion of Metro funding increases have been accommodated by maximizing one-time available balances in State Aid to the County held at NVTC, which have been drawn down. As a result, General Fund support is required to meet FY 2023 expenditure requirements. For FY 2023, \$53.0 million in General Fund support is provided, including a transfer of \$47.4 million for operating expenses and \$5.6 million applied to debt service.

Pandemic Response and Impact

In response to the recent resurgence of COVID-19 (Omicron) and ongoing driver shortages, Metrorail, Metrobus, and MetroAccess have reduced levels of service to continue to provide essential trips while mitigating public health concerns. Consequently, Metro continues to experience a significant drop in ridership. For FY 2023, WMATA is projecting ridership levels across all modes at 53 percent of the pre-pandemic level.

Metro is using \$715.8 million in financial support from the American Rescue Plan toward its FY 2023 Operating Budget. These funds allow Metro to continue to operate at the current level of service to support expected ridership growth, support safety-critical repairs and service reliability improvements. County staff continue to monitor the economic impacts of the pandemic on state transportation revenues, such as gas tax, and local transportation revenues and their ability to meet ongoing regional transit requirements.

FY 2023 Funding Adjustments

The following funding adjustments from the FY 2022 Adopted Budget Plan are necessary to support the FY 2023 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 10, 2022.

Metro Annual Operating Requirements **(\$13,894,408)**

The projected FY 2023 subsidy requirement for WMATA Operating Expenses totals \$163,105,592, a decrease of \$13,894,408, or 7.8 percent, from the FY 2022 Adopted Budget Plan. It should be noted that the decrease is attributable to revisions in WMATA's FY 2022 operating budget resulting from the receipt of federal stimulus funds which were received following the approval of the County's FY 2022 Adopted Budget Plan. As a result of the additional federal funding, the County's FY 2022 subsidy requirement was reduced from \$177.0 million to \$152.1 million.

Metro Capital Requirements **\$2,781**

Projected FY 2023 Capital Construction expenditures total \$47,617,993, an increase of \$2,781 over the FY 2022 Adopted Budget Plan. This funding supports the acquisition of facilities, equipment, rail cars, and buses and provides for general infrastructure needs of the Metro system. It also funds debt service on the County's share of Metro bonds sold in FY 2018.

General Fund Transfer

The FY 2023 General Fund Transfer to Fund 30000, Metro Operations and Construction is increased \$9,095,846 over the *FY 2022 Revised Budget Plan*, which included the reduced County subsidy requirements based on the receipt of federal stimulus funds. This increase is primarily attributable to the \$11.0 million Operating Subsidy requirement increase in FY 2023 over the *FY 2022 Revised Budget Plan*, partially offset by the projection of increased Gas Tax revenues.

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Changes to FY 2022 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2022 Revised Budget Plan since passage of the FY 2022 Adopted Budget Plan. Included are all adjustments made as part of the FY 2021 Carryover Review, FY 2022 Mid-Year Review, FY 2022 Third Quarter Review, and all other approved changes through April 30, 2022.

Carryover Adjustments \$0

FY 2022 expenditures remain unchanged from the FY 2022 Adopted Budget Plan. However, updated information was provided regarding federal stimulus funding and its impact on the County's Operating Subsidy to Metro and the County Connector Transit system. Going into the FY 2022 budget development process, Metro faced continuing challenges stemming from the pandemic, including uncertainty about fare revenue, the availability of federal stimulus support beyond December 2020, and feasible levels of service. With conservative assumptions for these variables, Metro's preliminary FY 2022 operating subsidy for Fairfax County was \$177.0 million. On June 10, 2021, the Metro Board revised their FY 2022 Operating budget to reflect the receipt of American Rescue Plan Act (ARPA) funding, changes to the level of service, including an adjustment to the start of Silver Line Phase 2 revenue service, revised fare revenue estimates, and lower operating requirements from local jurisdictions. Under Metro's FY 2022 Adjusted Budget, the County's required operating subsidy was revised to \$152.1 million. The County was then able to reduce previously programmed state aid by \$24.9 million from its FY 2022 operating subsidy.

Performance Measurement Results

Metrobus and Metrorail ridership continued to decline in FY 2021 and remained below pre-pandemic levels. While WMATA is projecting some increases in Metrobus ridership, the forecast for FY 2023 remains below "normal" levels of service for much of the year.

COVID-19 concerns and changes in travel patterns associated with the pandemic continue to impact ridership. However, partial rail line shutdowns for platform maintenance, normal systemwide maintenance, and an increase in teleworking have also contributed to reductions in ridership.

Indicator	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Metrobus						
Percent change in Fairfax County trips	15.3%	(25.2%)	(13.1%)	(29.9%)	37.4%	10.0%
Metrorail						
Percent change in Fairfax County ridership	(8.5%)	0.0%	(80.9%)	(85.1%)	42.3%	8.6%

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2023-adopted-performance-measures-pm>

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FUND STATEMENT

Category	FY 2021 Actual	FY 2022 Adopted Budget Plan	FY 2022 Revised Budget Plan	FY 2023 Advertised Budget Plan	FY 2023 Adopted Budget Plan
Beginning Balance	\$279,072	\$0	\$1,018,329	\$0	\$0
Revenue:					
Revenue Applied to Operating Expenses:					
State Aid	\$83,313,781	\$118,942,208	\$107,053,200	\$107,088,072	\$107,088,072
Gas Tax Revenue	7,522,364	18,000,000	10,000,000	12,000,000	12,000,000
Interest on NVTC Balances	300,000	5,000,000	0	0	0
Subtotal - State/Gas Revenue, Operating	\$91,136,145	\$141,942,208	\$117,053,200	\$119,088,072	\$119,088,072
Revenue Applied to Capital Expenses:					
State Aid Applied to Metro Capital	\$0	\$2,154	\$2,154	\$0	\$0
Subtotal - State/Gas Revenue, Capital	\$0	\$2,154	\$2,154	\$0	\$0
County Revenue:					
County Bond Sales ¹	\$42,000,000	\$42,000,000	\$40,981,671	\$42,000,000	\$42,000,000
Subtotal - County Revenue	\$42,000,000	\$42,000,000	\$40,981,671	\$42,000,000	\$42,000,000
Total Revenue	\$133,136,145	\$183,944,362	\$158,037,025	\$161,088,072	\$161,088,072
Transfers In:					
General Fund (10001)	\$38,337,366	\$38,337,366	\$38,337,366	\$47,428,277	\$47,428,277
General Fund Applied to Debt Service (10001)	5,613,058	5,613,058	5,613,058	5,617,993	5,617,993
Contributed Roadway Improvements (30040) ²	181,732	0	0	0	0
Total Transfers In	\$44,132,156	\$43,950,424	\$43,950,424	\$53,046,270	\$53,046,270
Total Available	\$177,547,373	\$227,894,786	\$203,005,778	\$214,134,342	\$214,134,342
Expenditures:					
Operating Expenditures					
Bus Operating Subsidy ³	\$56,893,780	\$65,490,000	\$56,281,067	\$60,349,069	\$60,349,069
Rail Operating Subsidy	75,705,980	88,500,000	76,055,496	81,552,796	81,552,796
ADA Paratransit - Metro	20,187,546	23,010,000	19,774,429	21,203,727	21,203,727
Subtotal - Operating Expenditures	\$152,787,306	\$177,000,000	\$152,110,992	\$163,105,592	\$163,105,592
WMATA CARES Credit	(\$26,262,080)	\$0	\$0	\$0	\$0
Operating Subsidy - Credit Applied	\$126,525,226	\$177,000,000	\$152,110,992	\$163,105,592	\$163,105,592
Capital Construction Expenditures					
Metro Capital	\$41,237,323	\$42,000,000	\$42,000,000	\$42,000,000	\$42,000,000
Metro Capital Debt Service	5,613,058	5,615,212	5,615,212	5,617,993	5,617,993
Total County Capital Construction Subsidy	\$46,850,381	\$47,615,212	\$47,615,212	\$47,617,993	\$47,617,993
Total Operating and Capital Subsidy	\$173,375,607	\$224,615,212	\$199,726,204	\$210,723,585	\$210,723,585

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Category	FY 2021 Actual	FY 2022 Adopted Budget Plan	FY 2022 Revised Budget Plan	FY 2023 Advertised Budget Plan	FY 2023 Adopted Budget Plan
Applied Support					
Applied NVTC State Aid and Gas Tax to Operating	(\$90,836,145)	(\$136,942,208)	(\$117,053,200)	(\$119,088,072)	(\$119,088,072)
Applied Interest at NVTC to Operating	(300,000)	(5,000,000)	0	0	0
Applied NVTC State Aid and Gas Tax to Capital	0	(2,154)	(2,154)	0	0
Total Expenditures, County	\$82,239,462	\$82,670,850	\$82,670,850	\$91,635,513	\$91,635,513
Transfers Out:					
County Transit Systems (40000)	\$3,153,437	\$3,279,574	\$3,279,574	\$3,410,757	\$3,410,757
Total Transfers Out	\$3,153,437	\$3,279,574	\$3,279,574	\$3,410,757	\$3,410,757
Total Disbursements, NVTC and County	\$176,529,044	\$227,894,786	\$203,005,778	\$214,134,342	\$214,134,342
Ending Balance⁴	\$1,018,329	\$0	\$0	\$0	\$0

¹ The sale of bonds is presented here for planning purposes only. Actual bond sales are based on cash needs in accordance with Board policy. In January 2022, an amount of \$36.86 million was sold (Series 2022A) from the 2020 Transportation bond. The ending authorized but unissued balance from the 2020 Transportation bond is \$106.24 million.

² For FY 2022, the transfer from Fund 30040, Contributed Roadway Improvements, is directed to Fund 40000, County Transit Systems, to support shuttle bus service in the Franconia-Springfield area. The transfer is based on actual receipts in the previous fiscal year and may fluctuate as proffer revenue changes. This bus service was previously provided as a WMATA route and these funds were transferred to Fund 30000, Metro Operations and Construction. Beginning in FY 2022, Fairfax Connector will operate the service and receive the contributions.

³ Prior to FY 2022, expenditures for the Bus Operating Subsidy included annual support of the Springfield Circulator service. Beginning in FY 2022, this service is operated by Fairfax Connector and the expenditures are budgeted in Fund 40000, County Transit Systems.

⁴ The ending balance in Fund 30000, Metro Operations and Construction, varies from year to year and is primarily related to differences between the preliminary budget presented by the WMATA General Manager and WMATA's Adopted Budget, and capital expenditures.