

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 2024 operating and capital budget. The County subsidizes Metrorail, Metrobus, and MetroAccess (paratransit) service, contributes to construction costs associated with the 128-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 2024 Operating Budget and FY 2024-2029 Capital Improvement Program on April 14, 2023. Adjustments to the County's FY 2024 operating subsidy requirement will be incorporated as part of the *FY 2023 Carryover Review*.

Operating and capital requirements for the County's FY 2024 Metro subsidy total \$215,529,835. 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 2024 operating contribution of \$166.9 million is a 2.3 percent increase over the \$163.1 million subsidy included in WMATA's FY 2023 Adjusted Budget. The increase in operating contribution assumes inflationary adjustments for all operational categories (e.g., Bus, Rail and Paratransit services) and the opening of the new Potomac Yard Station in Alexandria. In addition, Fund 30000 supports a transfer out of \$3.5 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 2024 operating subsidy as part of the *FY 2023 Carryover Review Process*.

The total operational requirements of \$166.9 million and the \$3.5 million for County Transit requirements are funded through the following sources: a FY 2024 General Fund transfer of \$47.4 million, \$110.0 million in applied State Aid, and \$13.0 million in applied Gas Tax Receipts.

For FY 2024, the County has a \$48.6 million capital requirement to Metro, which is offset by \$43.0 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 2024 expenditure requirements. For FY 2024, \$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.

Connection to the Countywide Strategic Plan

The Fairfax County Board of Supervisors adopted the first-ever Countywide Strategic Plan on October 5, 2021. The Countywide Strategic Plan serves as a road map to help guide future work, focusing on the 10 Community Outcome Areas that represent the issues of greatest importance to the community. In February of 2023, the first Annual Report on the work of the strategic plan was released to the public. The report contains point-in-time progress highlights for each of the proposed plan strategies, plus a sample data dashboard and data story that is being replicated across all of the outcome areas, and a number of additional initiatives to embed the elements of the plan within department-level work. The report also includes a Year Two Implementation Model, which focuses on identifying the specific strategies that will move forward to implementation under the guidance of the Board of Supervisors. For more information on the Countywide Strategic Plan, please visit www.fairfaxcounty.gov/strategicplan. Fund 30000, Metro Operations and Construction, primarily supports the following Community Outcome Area:



Community Outcome Area	Vision Statement
Mobility and Transportation	<i>All residents, businesses, visitors and goods can move efficiently, affordably and safely throughout the county and beyond via our well-designed and maintained network of roads, sidewalks, trails and transit options.</i>

FY 2024 Funding Adjustments

The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 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 9, 2023.

Metro Annual Operating Requirements **\$3,803,900**
 The projected FY 2024 subsidy requirement for WMATA Operating Expenses totals \$166,909,492, an increase of \$3,803,900, or 2.3 percent, over the FY 2023 Adopted Budget Plan, based on estimated funding requirements for Metrobus, Metrorail and MetroAccess.

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Metro Capital Requirements \$1,002,350

Projected FY 2024 Capital Construction expenditures total \$48,620,343, an increase of \$1,002,350 or 2.1 percent, over the FY 2023 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 2024 General Fund Transfer to Fund 30000, Metro Operations and Construction, is unchanged from the *FY 2023 Revised Budget Plan*. The increased operating requirements are offset by state aid for transit and the projection of increased Gas Tax revenues. Increased capital requirements are addressed through the County's bond program.

Changes to FY 2023 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review, FY 2023 Third Quarter Review, and all other approved changes through April 30, 2023.

Carryover Adjustments \$91,821

FY 2023 expenditures increased \$91,821 over the FY 2023 Adopted Budget Plan due to a modest increase in the jurisdictional subsidy for Metro capital. Fund balances were sufficient to support the increase without additional resources.

Performance Measurement Results by Community Outcome Area

Mobility and Transportation

Although Metrobus and Metrorail ridership remain below pre-pandemic levels, ridership for both services increased significantly from FY 2021 levels but remained below pre-pandemic levels.

WMATA is projecting further growth in both rail and bus ridership for FY 2024. COVID-19 concerns and changes in travel patterns associated with the pandemic continue to impact ridership. It should be noted that the ridership estimates for FY 2023 are based on WMATA's FY 2023 Budget, which has not been adjusted since adoption in April 2022; consequently, the estimated change in bus ridership for FY 2023 may not necessarily reflect year-to-date ridership trends.

Community Outcome Area	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Mobility and Transportation						
Efficient and Varied Transportation Options						
Percent change in Fairfax County trips on Metrobus	(25.2%)	(29.9%)	37.4%	28.0%	(4.8%)	33.1%
Percent change in Fairfax County ridership on Metrorail	0.0%	(85.1%)	42.3%	121.1%	42.8%	35.1%

A complete list of performance measures can be viewed at <https://www.fairfaxcounty.gov/budget/fy-2024-adopted-performance-measures-pm>

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FUND STATEMENT

Category	FY 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Beginning Balance	\$1,018,329	\$0	\$12,177,174	\$0	\$0
Revenue:					
Revenue Applied to Operating Expenses:					
State Aid	\$57,444,329	\$107,088,072	\$99,088,072	\$110,028,402	\$110,028,402
Gas Tax Revenue	7,751,050	12,000,000	20,000,000	13,000,000	13,000,000
Subtotal - State/Gas Revenue, Operating	\$65,195,379	\$119,088,072	\$119,088,072	\$123,028,402	\$123,028,402
Revenue Applied to Capital Expenses:					
State Aid Applied to Metro Capital	\$3,398,948	\$0	\$0	\$0	\$0
State Aid Applied to Metro Debt Service	2,807,606	0	0	2,350	2,350
Subtotal - State/Gas Revenue, Capital	\$6,206,554	\$0	\$0	\$2,350	\$2,350
County Revenue:					
County Bond Sales ¹	\$41,000,000	\$42,000,000	\$29,914,647	\$43,000,000	\$43,000,000
Subtotal - County Revenue	\$41,000,000	\$42,000,000	\$29,914,647	\$43,000,000	\$43,000,000
Total Revenue	\$112,401,933	\$161,088,072	\$149,002,719	\$166,030,752	\$166,030,752
Transfers In:					
General Fund (10001)	\$38,337,366	\$47,428,277	\$47,428,277	\$47,428,277	\$47,428,277
General Fund Applied to Debt Service (10001)	5,613,058	5,617,993	5,617,993	5,617,993	5,617,993
Total Transfers In	\$43,950,424	\$53,046,270	\$53,046,270	\$53,046,270	\$53,046,270
Total Available	\$157,370,686	\$214,134,342	\$214,226,163	\$219,077,022	\$219,077,022
Expenditures:					
Operating Expenditures					
Bus Operating Subsidy	\$62,089,220	\$60,349,069	\$72,071,203	\$72,292,270	\$72,292,270
Rail Operating Subsidy	67,380,517	81,552,796	71,006,460	74,469,125	74,469,125
ADA Paratransit - Metro	23,333,991	21,203,727	20,027,929	20,148,097	20,148,097
Subtotal - Operating Expenditures	\$152,803,728	\$163,105,592	\$163,105,592	\$166,909,492	\$166,909,492
Subsidy Credits					
CRRSAA Credit	(\$21,383,788)	\$0	\$0	\$0	\$0
ARPA Credit	(36,210,860)	0	0	0	0
Subtotal - Subsidy Credits	(\$57,594,648)	\$0	\$0	\$0	\$0
Capital Construction Expenditures					
Metro Capital	\$41,089,646	\$42,000,000	\$42,091,821	\$43,000,000	\$43,000,000
Metro Capital Debt Service	5,615,212	5,617,993	5,617,993	5,620,343	5,620,343
Total County Capital Construction Subsidy	\$46,704,858	\$47,617,993	\$47,709,814	\$48,620,343	\$48,620,343
Total Operating and Capital Subsidy	\$141,913,938	\$210,723,585	\$210,815,406	\$215,529,835	\$215,529,835

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Category	FY 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Applied Support					
Applied NVTC State Aid and Gas Tax to Operating	(\$65,195,379)	(\$119,088,072)	(\$119,088,072)	(\$123,028,402)	(\$123,028,402)
Applied Interest at NVTC to Operating	(2,807,606)	0	0	0	0
Applied NVTC State Aid and Gas Tax to Capital	(3,398,948)	0	0	(2,350)	(2,350)
Total Expenditures, County	\$70,512,005	\$91,635,513	\$91,727,334	\$92,499,083	\$92,499,083
Transfers Out:					
County Transit Systems (40000)	\$3,279,574	\$3,410,757	\$3,410,757	\$3,547,187	\$3,547,187
Total Transfers Out	\$3,279,574	\$3,410,757	\$3,410,757	\$3,547,187	\$3,547,187
Total Disbursements, NVTC and County	\$145,193,512	\$214,134,342	\$214,226,163	\$219,077,022	\$219,077,022
Ending Balance²	\$12,177,174	\$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 2023, an amount of \$30.00 million was sold (Series 2023A) from the 2020 Transportation bond. The ending authorized but unissued balance from the 2020 Transportation bond is \$76.24 million.

² 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. For FY 2022, the balance of County funds was utilized to address a portion of the County's FY 2023 capital requirements, thereby reducing the amount of General Obligation Bonds sold as part of the County's Series 2023A bond sale in January 2023.