

## Response to Questions on the FY 2009 Advertised Budget Plan

**Request By:** Chairman Connolly

**Question:** Provide the status of Northern Virginia Transportation Commission (NVTC) balances.

**Response:** Approximately \$1.8 million remains in uncommitted NVTC balances. This amount represents funds available after accounting for projects previously approved, projects included in the FY 2009 Advertised and FY 2008 Third Quarter budgets, and future projected appropriation requirements for partially funded projects in progress, including \$8.5 million for 21 FAIRFAX CONNECTOR buses needed to implement expansion service on three high-priority, overcrowded routes (routes 170, 401, and 950). The operating costs of the service will be funded with the new commercial property tax for transportation, if the tax is approved by the Board of Supervisors as part of the FY 2009 budget process.

The \$1.8 million balance also assumes the application of \$8.5 million in one-time NVTC funding to the County's FY 2009 Metro Operations and Construction budget, replacing General Fund Transfer dollars in order to address budget constraints. It was originally anticipated that both the \$8.5 million for the CONNECTOR buses and the \$8.5 million for the Metro subsidy would be funded from the new transportation funding authorized by HB 3202. The \$8.5 million for the Metro subsidy originally would have replaced a portion of the General Fund Transfer to Metro. However, the regional funding packages included in HB 3202 have been eliminated, due to the February 29, 2008, Virginia Supreme Court ruling that the General Assembly's delegation of taxing authority to the Northern Virginia Transportation Authority (NVTA) was unconstitutional. If the General Assembly does not implement changes to HB 3202 to generate additional transportation revenue, new Fairfax County revenue in FY 2009 will be limited to the Board of Supervisors' increase in the commercial real estate tax in support of transportation. As a result, staff has reevaluated the list of transportation projects approved by the Board on October 15, 2008, to determine whether alternative funds are available to undertake them.

NVTC holds funds for public transit on behalf of its member Northern Virginia jurisdictions. The funds originate from a two-percent regional motor fuels tax (for NVTC members this revenue source is limited to use for WMATA subsidy payments), state appropriations supported primarily by the Transportation Trust Fund, and state bonds. Annually, Fairfax estimates potential State Aid to be received, and applies this estimate towards the County's annual support for Metro Operations and Construction, along with the regional motor fuels tax and a General Fund Transfer. When State Aid and Gas Tax levels exceed expectations, only a portion of the State Aid is actually used to support Metro subsidy payments.

Increases in the price of motor fuel have positively impacted the level of regional Gas Tax Receipts available to Fairfax County for its Metro subsidy. Recently, the County has applied all of these higher Gas Tax Receipts to the Metro budget in lieu of some State Aid. NVTC balances also have grown as a result of an overall increased level of State Aid and recent State reimbursements for prior year capital equipment expenditures. This

has allowed Fairfax County some additional flexibility in making its Metro subsidy payments.

Staff periodically looks at the balances held by NVTC that are not needed for Metro support, and identifies projects that can support the CONNECTOR bus system and mass transit. This is done, so that these CONNECTOR projects will not need to be funded with General Fund Transfers. Staff project recommendations are reviewed through the County's budget process for approval. Projects are generally designated for one-time expenditures of a capital nature rather than for on-going operating costs.

Although \$1.8 million currently remains uncommitted, County staff have developed a list of over \$22.5 million in future transit requirements. Some of these projects include: the continuation of the CONNECTOR fleet rebuild program, which provides for a mid-life bus overhaul extending the efficiency and life-span of CONNECTOR buses; and funding for the higher costs of future hybrid bus replacements for CONNECTOR.