

Response to Questions on the FY 2018 Budget

Request By: Supervisor Foust

Question: Please provide additional information on projected FY 2019 and future year contribution levels across multiple funding sources that will be required to fund the County's Metro requirements.

Response: The following chart provides an estimate of the County's share of Metro's operating costs for FY 2018 to FY 2021. This assumes increases of ten percent for FY 2019 and FY 2020, and eight percent for FY 2021. These estimates are based on Metro input and historical data and no new regional revenue source dedicated to Metro. The County's additional costs have been offset by exhausting accumulated balances of state aid, using 100 percent of gas tax received, and no increase in the general fund. Under these assumptions, projected operating deficits are assumed in FY 2019 through FY 2021. As state aid balances continue to be drawn down, the County will need to consider other funding sources, such as the general fund or a new dedicated funding source, to meet future operating requirements.

	WMATA			
	Adopted	Estimate	Estimate	Estimate
	<u>2018 (1)</u>	<u>2019 (3)</u>	<u>2020 (3)</u>	<u>2021 (3)</u>
County Operating Requirement (4, 5)	\$135.3	\$148.8	\$163.7	\$176.8
State Aid (6)	\$107.1	\$95	\$95	\$95
Gas Tax (2)	17.3	17.3	17.3	17.3
General Fund Transfer (7)	10.9	10.9	10.9	10.9
Interest Income / Other Fund Transfers	-	-	-	-
Total	\$135.3	\$123.2	\$123.2	\$123.2
<i>Operating Surplus / (Deficit)</i>	-	(25.6)	(40.5)	(53.6)

The following chart provides an estimate of the County's share of Metro's capital costs for FY 2018 through FY 2021.

	WMATA Adopted <u>2018 (1)</u>	Estimate <u>2019 (3)</u>	Estimate <u>2020 (3)</u>	Estimate <u>2021 (3)</u>
County Capital Requirement (4,5)	\$117.8	\$99.0	\$109.0	\$96.0
County Share Financed by Metro	(77.8)			
Debt Service owed to WMATA	-	4.8	4.8	4.8
County Capital Contribution	\$40.0	\$103.8	\$113.8	\$100.8
General Obligation Bonds	\$30.0	\$30.0	\$30.0	\$30.0
State Aid Applied to Capital	10.0	5.2	5.2	5.2
State Aid Applied to Debt Service (6)	-	4.8	4.8	4.8
Total	\$40.0	\$40.0	\$40.0	\$40.0
Capital Surplus / (Deficit)	-	(\$63.8)	(\$73.8)	(\$60.8)

- (1) The final WMATA Adopted funding will be reflected at Carryover.
- (2) Gas Tax revenues fluctuate significantly. Estimates for FY 2019-2021 are based on FY 2016 actual receipts.
- (3) County staff estimates based on WMATA input and historical data.
- (4) Assumes no new revenue source.
- (5) Assumes States and Federal government continue to provide PRIIA and match after 2019.
- (6) Assumes the Commonwealth's projected deficit in transit revenues is addressed (no fiscal cliff).
- (7) Net of Transfer to County Transit Fund 40000.

For FY 2018, the County has a \$117.8 million capital requirement to Metro to be offset by \$30 million in General Obligation Transportation Bonds and \$10 million in state aid. For the \$77.8 million net remaining, the County is requesting that Metro sell this portion on the County's behalf as part of their larger bond sale programmed for FY 2018. The County's share of that debt, approximately \$4.8 million, would be due annually beginning in FY 2019. As illustrated, Capital deficits are noted in FY 2019 through FY 2021 that would require further funding from Metro bond sales with the County required to pay its share of ongoing debt service payments or some other mechanism to fund.

The use of state aid to offset capital costs in addition to the County's operating requirements exhausts the County's existing balances. Reliance upon state aid funding is not a sustainable long term solution. Additional local, state, and regional funding sources may need to be considered in the near future to meet operating and capital requirements to Metro. On April 20, 2017, the Metro General Manager reiterated his support for a dedicated regional funding source to address these requirements. On April 27, 2017, the Chief Administrative Officers of the region through the Metropolitan Washington Council of Governments issued its Technical Panel Final Report on Metro. This report and the related attachments were provided via email to the Board of Supervisors. As more information is provided from Metro, County staff will continue to brief the Board of Supervisors at future Transportation and Budget Committee meetings as it relates to FY 2019 and beyond.