

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 2019 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 Metrobus, Metrorail and MetroAccess systems.



The WMATA Board Budget Committee reviewed the WMATA General Manager's proposed budget between January and April 2018. The County's subsidy requirement for its portion of WMATA's FY 2019 Adopted Operating Budget was incorporated as part of the *FY 2018 Carryover Review*.

Projected operating and capital requirements for the County's FY 2019 Metro subsidy totals \$194,052,403. 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). Metro increases have been accommodated in FY 2019 with an increase to the General Fund and State Aid received at NVTC. As the conversation continues regarding ongoing WMATA funding, a more significant increase in County funding may be required in future years.



Based on current Metro system needs, an increase is anticipated in the FY 2019 operating subsidy requirement from local jurisdictions. The County's FY 2019 operating contribution of \$148.4 million is a 7.0 percent increase over the FY 2018 Adopted Budget Plan level. The increase in operating contribution assumes inflationary adjustments for all operational categories (e.g. Bus, Rail and Paratransit services) as well as full-year Silver Line costs. In addition, Fund 30000 supports a transfer out of \$2.9 million to Fund 40000, County Transit Systems.

The total operational requirements of \$148.4 million and the \$2.9 million for County Transit requirements are funded through the following sources: a FY 2019 General Fund transfer of \$15.0 million, \$119.5 million in applied State Aid, \$16.3 million in applied Gas Tax Receipts, \$0.3 million in anticipated interest on balances held by NVTC, and \$0.2 million in proffer revenue from Fund 30040, Contributed Roadway Improvements, for the operating support of bus service in the Franconia/Springfield area.

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For FY 2019, the County has a \$96 million capital requirement to Metro to be offset by \$30 million in General Obligation Transportation Bonds and \$10 million in State Aid. For the \$56 million net remaining, staff is requesting that Metro sell this portion on the County's behalf as part of their larger bond sale programmed for FY 2019. The County's share of that debt is due annually beginning in FY 2020.

As part of the 2018 Virginia General Assembly, legislation was adopted to provide for annual dedicated funding sources to Metro to address long term capital needs. Current revenue sources 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), will be redirected to Metro. Also, a price floor on the regional gas tax was established to provide further dedicated funds to Metro. Additional details of the legislation focus on the membership on the Metro board, requiring Virginia operating assistance for Metro to increase by no more than 3 percent annually, and ensuring proper reform measures are addressed. The implementation of all these components remains ongoing with the County coordinating with Metro and NVTC. If there are further developments that would affect the County's current funding approach to Metro in FY 2019, the County addressed these changes as part of the *FY 2018 Carryover Review*.

FY 2019 Funding Adjustments

The following funding adjustments from the FY 2018 Adopted Budget Plan are necessary to support the FY 2019 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 1, 2018.

- ◆ **Metro Annual Operating Requirements** **\$9,752,403**
The projected FY 2019 subsidy requirement for WMATA Operating Expenses totals \$148,352,403, an increase of \$9,752,403, or 7.0 percent over the FY 2018 Adopted Budget Plan were based on estimated funding requirements. The County's subsidy requirement for the FY 2019 Adopted WMATA operating expenses will be incorporated as part of the *FY 2018 Carryover Review*.

- ◆ **Metro Capital Requirements** **\$45,700,000**
Projected FY 2019 Capital Construction expenditures total \$45,700,000, an increase of \$5,700,000, or 14.3 percent, from the FY 2018 Adopted Budget Plan. This funding supports the acquisition of facilities, equipment, rail cars, and buses, and provides general infrastructure support to the 117-mile Metrorail system. It also funds debt service on the County's share of Metro bonds sold in FY 2018.

Changes to FY 2018 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2018 Revised Budget Plan since passage of the FY 2018 Adopted Budget Plan. Included are all adjustments made as part of the FY 2017 Carryover Review, FY 2018 Third Quarter Review, and all other approved changes through April 30, 2018.

- ◆ There have been no adjustments to this fund since approval of the FY 2018 Adopted Budget Plan.

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Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate/Actual	FY 2018	FY 2019
Metrobus					
Percent change in Fairfax County trips	(1.1%)	(21.1%)	(2.0%)/(8.4%)	(4.2%)	0.0%
Metrorail					
Percent change in Fairfax County ridership	(7.4%)	(7.8%)	(18.5%)/(9.2%)	(2.1%)	0.1%

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2019-adopted-performance-measures-pm>

Performance Measurement Results

WMATA conducted a Metrobus passenger survey in 2008, which generated the percentages used to calculate the bus ridership by jurisdiction. In FY 2015, a new survey was completed, which was used to update the percentages for FY 2016 and out-years along with geocoding route data to produce more accurate data. Therefore, not only did the overall ridership decline, but Fairfax County's bus ridership went down as well. Overall, Metrorail ridership is also down. There are several reasons for the overall drop in ridership of the system, including SafeTrack maintenance surges, reliability issues, lower gas prices, a reduction in the federal transit benefit, the economy (fewer jobs), and more teleworking.

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FUND STATEMENT

Fund 30000, Metro Operations and Construction

	FY 2017 Actual	FY 2018 Adopted Budget Plan	FY 2018 Revised Budget Plan	FY 2019 Advertised Budget Plan	FY 2019 Adopted Budget Plan
Beginning Balance	(\$20,853)	\$0	\$2,219,670	\$0	\$0
Revenue:					
Revenue Applied to Operating Expenses:					
State Aid	\$91,246,718	\$110,245,059	\$107,943,791	\$119,473,850	\$119,473,850
Gas Tax Revenue	15,841,098	17,300,000	16,300,000	16,300,000	16,300,000
Interest on NVTC Balances	511,562	150,000	150,000	300,000	300,000
Subtotal - State/Gas Revenue, Operating	\$107,599,378	\$127,695,059	\$124,393,791	\$136,073,850	\$136,073,850
Revenue Applied to Capital Expenses:					
State Aid Applied to Metro Capital	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Subtotal - State/Gas Revenue, Capital	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
County Revenue:					
County Bond Sales ¹	\$30,000,000	\$30,000,000	\$27,780,330	\$30,000,000	\$30,000,000
Total Revenue	\$137,599,378	\$167,695,059	\$162,174,121	\$176,073,850	\$176,073,850
Transfers In:					
General Fund (10001)	\$13,557,955	\$13,557,955	\$13,557,955	\$14,995,098	\$14,995,098
General Fund Applied to Debt Service (10001)	0	0	0	5,700,000	5,700,000
Contributed Roadway Improvement Fund (30040) ²	189,605	150,380	150,380	198,985	198,985
Total Transfers In	\$13,747,560	\$13,708,335	\$13,708,335	\$20,894,083	\$20,894,083
Total Available	\$151,326,085	\$181,403,394	\$178,102,126	\$196,967,933	\$196,967,933
Expenditures:					
Operating Expenditures					
Bus Operating Subsidy ³	\$63,203,123	\$73,914,081	\$63,645,015	\$70,391,386	\$70,391,386
Rail Operating Subsidy	42,186,173	49,214,389	58,237,112	64,410,246	64,410,246
ADA Paratransit - Metro	13,262,069	15,471,530	13,416,605	13,550,771	13,550,771
Subtotal - Operating Expenditures	\$118,651,365	\$138,600,000	\$135,298,732	\$148,352,403	\$148,352,403
Capital Construction Expenditures					
Metro Capital	\$27,759,479	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000
Metro Capital Debt Service	0	0	0	5,700,000	5,700,000
Total County Capital Construction Subsidy	\$27,759,479	\$40,000,000	\$40,000,000	\$45,700,000	\$45,700,000
Total Operating and Capital Subsidy	\$146,410,844	\$178,600,000	\$175,298,732	\$194,052,403	\$199,752,403

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	FY 2017 Actual	FY 2018 Adopted Budget Plan	FY 2018 Revised Budget Plan	FY 2019 Advertised Budget Plan	FY 2019 Adopted Budget Plan
Applied Support					
Applied NVTC State Aid and Gas Tax to Operating	(\$107,087,816)	(\$127,545,059)	(\$124,243,791)	(\$135,773,850)	(\$135,773,850)
Applied Interest at NVTC to Operating	(511,562)	(150,000)	(150,000)	(300,000)	(300,000)
Applied NVTC State Aid and Gas Tax to Capital	0	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
Total Expenditures, County	\$38,811,466	\$40,904,941	\$40,904,941	\$47,978,553	\$53,678,553
Transfers Out:					
County Transit Systems (40000)	\$2,695,571	\$2,803,394	\$2,803,394	\$2,915,530	\$2,915,530
Total Transfers Out	\$2,695,571	\$2,803,394	\$2,803,394	\$2,915,530	\$2,915,530
Total Disbursements, NVTC and County	\$149,106,415	\$181,403,394	\$178,102,126	\$196,967,933	\$202,667,933
Ending Balance⁴	\$2,219,670	\$0	\$0	\$0	(\$5,700,000)
Bond Funds	2,219,670	0	0	0	0
Unreserved Balance	\$0	\$0	\$0	\$0	(\$5,700,000)

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. On November 8, 2016, the voters approved a \$120 million Transportation Bond. In January 2018, an amount of \$27.8 million was sold (Series 2018A), leaving a balance of \$72.1 million in authorized but unissued bonds for this fund.

² FY 2019 transfer of \$198,985 from Fund 30040, Contributed Roadway Improvement Fund, supports Metro 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.

³ Expenditures for the Bus Operating Subsidy include continuing annual support of the Springfield Circulator service.

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 WMATA's General Manager and WMATA's Adopted budget.