

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 2020 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 March 2019. The County's subsidy requirement for its portion of WMATA's FY 2020 Adopted Operating Budget are incorporated as part of the FY 2020 Adopted Budget Plan.

The County's FY 2020 Metro subsidy totals \$186,494,700. 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).



Based on current Metro system needs, an increase is noted in the FY 2020 operating subsidy requirement from local jurisdictions. The County's FY 2020 operating contribution of \$155.9 million is a 5.1 percent increase over the FY 2019 Adopted Budget Plan level. The increase in operating contribution assumes inflationary adjustments for all operational categories (e.g. Bus, Rail and Paratransit services). In addition, Fund 30000 supports a transfer out of \$3.0 million to Fund 40000, County Transit Systems.

The total operational requirements of \$155.9 million and the \$3.0 million for County Transit requirements are funded through the following sources: a FY 2020 General Fund transfer of \$38.3 million, \$100.4 million in applied State Aid, \$20.0 million in applied Gas Tax Receipts, 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 2020, the County has a \$25 million capital requirement to Metro to be offset by \$25 million in General Obligation Transportation Bonds. The County's share of debt service for bonds that WMATA issued for the County's share of the capital costs in FY 2020 is included at \$5.6 million and is offset by General Fund monies.

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. 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.

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, additional General Fund support is required to meet FY 2020 expenditure requirements. For FY 2020, \$44.0 million in General Fund support is provided, including a transfer of \$38.3 million for operating expenses and \$5.6 million applied to debt service. This level of support is an increase of \$23.3 million, or 112 percent, over the FY 2019 Adopted Budget Plan.

FY 2020 Funding Adjustments

The following funding adjustments from the FY 2019 Adopted Budget Plan are necessary to support the FY 2020 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 7, 2019.

- ◆ **Metro Annual Operating Requirements** **\$7,531,316**
The FY 2020 subsidy requirement for WMATA Operating Expenses totals \$155,883,719, an increase of \$7,531,316, or 5.1 percent over the FY 2019 Adopted Budget Plan. The County's FY 2020 subsidy requirement is based on the FY 2020 Adopted WMATA Operating Budget.

- ◆ **Metro Capital Requirements** **(\$15,089,019)**
Projected FY 2020 Capital Construction expenditures total \$30,610,981, a decrease of \$15,089,019, or 33.0 percent, from the FY 2019 Adopted Budget Plan. This decrease is the result of Virginia General Assembly legislation that provides for dedicated funding for Metro capital needs.

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Changes to FY 2019 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2019 Revised Budget Plan since passage of the FY 2019 Adopted Budget Plan. Included are all adjustments made as part of the FY 2018 Carryover Review, FY 2019 Third Quarter Review, and all other approved changes through April 30, 2019.

◆ **Carryover Adjustments** **(\$5,687,330)**

As part of the FY 2018 Carryover Review, the Board of Supervisors approved a decrease of \$5,687,330 for revised capital contributions to Metro. The FY 2019 total capital requirement was lowered by \$62,600,000 from \$98,000,000 to \$35,400,000. To meet the capital requirement, the County is utilizing a one-time bond premium credit held by WMATA for \$11,087,902 to lower the planned sale of General Obligation bonds from \$30,000,000 to \$24,313,000 to cover the balance. These adjustments have no impact on the FY 2019 General Fund Transfer of \$20,695,098 which is applied toward operating and debt service costs for Metro. As a result of these actions, there was no change in the FY 2019 ending balance.

◆ **Third Quarter Adjustments** **\$12,100,000**

As part of the FY 2019 Third Quarter Review, the Board of Supervisors approved an increase of \$12,100,000 to support the County's share of Metro's retroactive collective bargaining payments for labor negotiations in the amount of \$7,600,000 and \$4,500,000 for the County's share of a new Metro Access (Paratransit Services) contract. These expenses are offset by a transfer in of \$12,100,000 from Fund 20000, Consolidated County and Schools Debt Service Fund.

Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimate/Actual	FY 2019	FY 2020
Metrobus					
Percent change in Fairfax County trips	(21.1%)	(8.4%)	(4.2%) / (11.8%)	(0.3%)	1.0%
Metrorail					
Percent change in Fairfax County ridership	(7.8%)	(9.2%)	(2.1%) / 5.1%	(2.8%)	(0.6%)

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2020-adopted-performance-measures-pm>

Performance Measurement Results

Metrobus ridership declined in FY 2018 due to a combination of factors, including low average fuel prices making personal vehicle travel cheaper; increases in teleworking; and competition from ride-hailing services such as Uber and Lyft.

The growth in Metrorail ridership in FY 2018 is primarily attributable to the resumption of normal operation after the completion of the SafeTrack maintenance program in June of 2017 and increased passenger familiarity with the first phase of the Silver Line.

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FUND STATEMENT

Fund 30000, Metro Operations and Construction

	FY 2018 Actual	FY 2019 Adopted Budget Plan	FY 2019 Revised Budget Plan	FY 2020 Advertised Budget Plan	FY 2020 Adopted Budget Plan
Beginning Balance	\$2,219,670	\$0	(\$330)	\$0	\$0
Revenue:					
Revenue Applied to Operating Expenses:					
State Aid	\$106,976,515	\$119,473,850	\$111,231,014	\$100,384,275	\$100,384,275
Gas Tax Revenue	16,630,583	16,300,000	16,300,000	20,000,000	20,000,000
Interest on NVTC Balances	873,918	300,000	300,000	0	0
Subtotal - State/Gas Revenue, Operating	\$124,481,016	\$136,073,850	\$127,831,014	\$120,384,275	\$120,384,275
Revenue Applied to Capital Expenses:					
Bond Premium Credits at Metro	\$0	\$0	\$11,087,902	\$0	\$0
State Aid Applied to Metro Capital	9,682,200	10,000,000	0	0	0
Subtotal - State/Gas Revenue, Capital	\$9,682,200	\$10,000,000	\$11,087,902	\$0	\$0
County Revenue:					
County Bond Sales ¹	\$27,780,000	\$30,000,000	\$24,313,000	\$25,000,000	\$25,000,000
Total Revenue	\$161,943,216	\$176,073,850	\$163,231,916	\$145,384,275	\$145,384,275
Transfers In:					
General Fund (10001)	\$13,557,955	\$14,995,098	\$14,995,098	\$41,379,985	\$38,339,443
General Fund Applied to Debt Service (10001)	0	5,700,000	5,700,000	5,700,000	5,610,981
Consolidated County and Schools Debt Service (20000) ²	0	0	12,100,000	0	0
Contributed Roadway Improvements (30040) ³	150,380	198,985	198,985	192,152	192,152
Total Transfers In	\$13,708,335	\$20,894,083	\$32,994,083	\$47,272,137	\$44,142,576
Total Available	\$177,871,221	\$196,967,933	\$196,225,669	\$192,656,412	\$189,526,851
Expenditures:					
Operating Expenditures					
Bus Operating Subsidy ⁴	\$63,732,240	\$70,391,386	\$66,738,949	\$67,344,675	\$71,706,511
Rail Operating Subsidy	58,237,112	64,410,246	66,178,993	75,745,523	68,588,836
ADA Paratransit - Metro	13,416,605	13,550,771	19,383,801	15,925,667	15,588,372
Subtotal - Operating Expenditures	\$135,385,957	\$148,352,403	\$152,301,743	\$159,015,865	\$155,883,719
Capital Construction Expenditures					
Metro Capital	\$39,682,200	\$40,000,000	\$35,400,000	\$25,000,000	\$25,000,000
Metro Capital Debt Service	0	5,700,000	5,608,396	5,608,396	5,610,981
Total County Capital Construction Subsidy	\$39,682,200	\$45,700,000	\$41,008,396	\$30,608,396	\$30,610,981
Total Operating and Capital Subsidy	\$175,068,157	\$194,052,403	\$193,310,139	\$189,624,261	\$186,494,700

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	FY 2018 Actual	FY 2019 Adopted Budget Plan	FY 2019 Revised Budget Plan	FY 2020 Advertised Budget Plan	FY 2020 Adopted Budget Plan
Applied Support					
Applied NVTC State Aid and Gas Tax to Operating	(\$123,607,098)	(\$135,773,850)	(\$127,531,014)	(\$120,384,275)	(\$120,384,275)
Applied Interest at NVTC to Operating	(873,918)	(300,000)	(300,000)	0	0
Applied Bond Premium Credits at Metro	0	0	(11,087,902)	0	0
Applied NVTC State Aid and Gas Tax to Capital	(9,682,200)	(10,000,000)	0	0	0
Total Expenditures, County	\$40,904,941	\$47,978,553	\$54,391,223	\$69,239,986	\$66,110,425
Transfers Out:					
County Transit Systems (40000)	\$2,803,394	\$2,915,530	\$2,915,530	\$3,032,151	\$3,032,151
Total Transfers Out	\$2,803,394	\$2,915,530	\$2,915,530	\$3,032,151	\$3,032,151
Total Disbursements, NVTC and County	\$177,871,551	\$196,967,933	\$196,225,669	\$192,656,412	\$189,526,851
Ending Balance⁵	(\$330)	\$0	\$0	\$0	\$0
General Fund and Contributions	\$0	\$0	\$0	\$0	\$0
Bond Funds	0	0	0	0	0
Unreserved Balance	(\$330)	\$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. 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 A Transfer In of \$12,100,000 from Fund 20000, Consolidated County and Schools Debt Service, was approved in the *FY 2019 Third Quarter Review* to reflect payments for the County's share of retroactive collective bargaining payments (\$7,600,000) and contract increase with Metro Access for Paratransit Services (\$4,500,000).

³ FY 2020 transfer of \$192,152 from Fund 30040, Contributed Roadway Improvements, 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.

⁴ Expenditures for the Bus Operating Subsidy include continuing annual support of the Springfield Circulator service.

⁵ 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.