

# 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 will review the WMATA General Manager's proposed budget between January and April 2019. The County's subsidy requirement for its portion of WMATA's FY 2020 Adopted Operating Budget will be incorporated as part of the *FY 2019 Carryover Review*.

Projected operating and capital requirements for the County's FY 2020 Metro subsidy totals \$189,624,261. 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 anticipated in the FY 2020 operating subsidy requirement from local jurisdictions. The County's FY 2020 operating contribution of \$159.0 million is a 7.2 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 \$159.0 million and the \$3.0 million for County Transit requirements are funded through the following sources: a FY 2020 General Fund transfer of \$41.4 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 2019 is included at \$5.6 million.

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, \$47.1 million in General Fund support is provided, including a transfer of \$41.4 million for operating expenses and \$5.7 million applied to debt service. This level of support is an increase of \$26.4 million, or 127 percent, from the FY 2019 Adopted Budget Plan. As the conversation continues regarding ongoing WMATA funding, a more significant increase in County funding may be required in future years.

### FY 2020 Funding Adjustments

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

- ◆ **Metro Annual Operating Requirements** **\$10,663,462**  
The projected FY 2020 subsidy requirement for WMATA Operating Expenses totals \$159,015,865, an increase of \$10,663,462, or 7.2 percent over the FY 2019 Adopted Budget Plan was based on estimated funding requirements. The County's subsidy requirement for the FY 2020 Adopted WMATA operating expenses will be incorporated as part of the *FY 2019 Carryover Review*.
  
- ◆ **Metro Capital Requirements** **(\$15,091,604)**  
Projected FY 2020 Capital Construction expenditures total \$30,608,396, a decrease of \$15,091,604, 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, and all other approved changes through December 31, 2018.

- ◆ **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.

### 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
<b>Metrobus</b>					
Percent change in Fairfax County trips	(21.1%)	(8.4%)	(4.2%) / (11.8%)	(0.3%)	1.0%
<b>Metrorail</b>					
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-advertised-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
<b>Beginning Balance</b>	\$2,219,670	\$0	(\$330)	\$0
Revenue:				
Revenue Applied to Operating Expenses:				
State Aid	\$106,976,515	\$119,473,850	\$111,231,014	\$100,384,275
Gas Tax Revenue	16,630,583	16,300,000	16,300,000	20,000,000
Interest on NVTC Balances	873,918	300,000	300,000	0
Subtotal - State/Gas Revenue, Operating	\$124,481,016	\$136,073,850	\$127,831,014	\$120,384,275
Revenue Applied to Capital Expenses:				
Bond Premium Credits at Metro	\$0	\$0	\$11,087,902	\$0
Gas Tax Rev. Applied to ARS Debt Service	0	0	0	0
State Aid Applied to Metro Capital	9,682,200	10,000,000	0	0
Subtotal - State/Gas Revenue, Capital	\$9,682,200	\$10,000,000	\$11,087,902	\$0
County Revenue:				
County Bond Sales <sup>1</sup>	\$27,780,000	\$30,000,000	\$24,313,000	\$25,000,000
<b>Total Revenue</b>	<b>\$161,943,216</b>	<b>\$176,073,850</b>	<b>\$163,231,916</b>	<b>\$145,384,275</b>
Transfers In:				
General Fund (10001)	\$13,557,955	\$14,995,098	\$14,995,098	\$41,379,985
General Fund Applied to Debt Service (10001)	0	5,700,000	5,700,000	5,700,000
Contributed Roadway Improvement Fund (30040) <sup>2</sup>	150,380	198,985	198,985	192,152
<b>Total Transfers In</b>	<b>\$13,708,335</b>	<b>\$20,894,083</b>	<b>\$20,894,083</b>	<b>\$47,272,137</b>
<b>Total Available</b>	<b>\$177,871,221</b>	<b>\$196,967,933</b>	<b>\$184,125,669</b>	<b>\$192,656,412</b>
Expenditures:				
Operating Expenditures				
Bus Operating Subsidy <sup>3</sup>	\$63,732,240	\$70,391,386	\$62,938,949	\$67,344,675
Rail Operating Subsidy	58,237,112	64,410,246	62,378,993	75,745,523
ADA Paratransit - Metro	13,416,605	13,550,771	14,883,801	15,925,667
Subtotal - Operating Expenditures	\$135,385,957	\$148,352,403	\$140,201,743	\$159,015,865
Capital Construction Expenditures				
Metro Capital	\$39,682,200	\$40,000,000	\$35,400,000	\$25,000,000
Metro Capital Debt Service	0	5,700,000	5,608,396	5,608,396
Total County Capital Construction Subsidy	\$39,682,200	\$45,700,000	\$41,008,396	\$30,608,396
<b>Total Operating and Capital Subsidy</b>	<b>\$175,068,157</b>	<b>\$194,052,403</b>	<b>\$181,210,139</b>	<b>\$189,624,261</b>

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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
Applied Support				
Applied NVTC State Aid and Gas Tax to Operating	(\$123,607,098)	(\$135,773,850)	(\$127,531,014)	(\$120,384,275)
Applied Interest at NVTC to Operating	(873,918)	(300,000)	(300,000)	0
Applied Bond Premium Credits at Metro	0	0	(11,087,902)	0
Applied NVTC State Aid and Gas Tax to Capital	(9,682,200)	(10,000,000)	0	0
Total Expenditures, County	\$40,904,941	\$47,978,553	\$42,291,223	\$69,239,986
Transfers Out:				
County Transit Systems (40000)	\$2,803,394	\$2,915,530	\$2,915,530	\$3,032,151
Total Transfers Out	\$2,803,394	\$2,915,530	\$2,915,530	\$3,032,151
<b>Total Disbursements, NVTC and County</b>	<b>\$177,871,551</b>	<b>\$196,967,933</b>	<b>\$184,125,669</b>	<b>\$192,656,412</b>
<b>Ending Balance<sup>4</sup></b>	<b>(\$330)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund and Contributions	\$0	\$0	\$0	\$0
Bond Funds	0	0	0	0
<b>Unreserved Balance</b>	<b>(\$330)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> 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.

<sup>2</sup> FY 2020 transfer of \$192,152 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.

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

<sup>4</sup> 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.