

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 2021 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 of Directors adopted an FY 2021 Operating Budget and FY 2021-2026 Capital Improvement Program on April 2, 2020. However, further adjustments to WMATA's FY 2021 Adopted Operating Budget are anticipated and changes to the County's subsidy requirement for its portion will be incorporated as part of the *FY 2020 Carryover Review*.

Projected operating and capital requirements for the County's FY 2021 Metro subsidy totals \$207,225,511. 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 2021 operating subsidy requirement from local jurisdictions. The County's FY 2021 operating contribution of \$160.5 million is a 2.9 percent increase over the FY 2020 Adopted Budget Plan level. The increase in operating contribution assumes inflationary adjustments for all operational categories (e.g. Bus, Rail and Paratransit services). Startup costs for Phase 2 of the Silver Line will be addressed as part of the *FY 2020 Carryover Review*. In addition, Fund 30000 supports a transfer out of \$3.1 million to Fund 40000, County Transit Systems.

The total operational requirements of \$160.5 million and the \$3.1 million for County Transit requirements are funded through the following sources: a FY 2021 General Fund transfer of \$38.3 million, \$105.8 million in applied State Aid, \$19.0 million in applied Gas Tax Receipts, \$0.3 million in interest income 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.

For FY 2021, the County has a \$38.0 million capital requirement to Metro to be offset by \$38.0 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 2021 is included at \$5.6 million and is funded 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

Fund 30000: Metro Operations and Construction

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 2021 expenditure requirements. For FY 2021, \$43.9 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 essentially unchanged from the FY 2020 Adopted Budget Plan.

Pandemic Response and Impact

In response to COVID-19, Metrorail, Metrobus, and MetroAccess have adjusted service to continue to provide essential trips while mitigating public health concerns. As of May 2020, Metro is operating at a reduced level of service and has experienced a significant drop in ridership. Rail, bus and paratransit systems will continue to serve passengers and options to return to a typical level of service will be evaluated as the situation evolves and restrictions are changed or lifted. Budget adjustments as a result of the ridership and service changes in Fund 30000, Metro Operations and Construction, will be considered as part of the *FY 2020 Carryover Review*.

FY 2021 Funding Adjustments

The following funding adjustments from the FY 2020 Adopted Budget Plan are necessary to support the FY 2021 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 12, 2020.

Metro Annual Operating Requirements **\$4,575,297**

The projected FY 2021 subsidy requirement for WMATA Operating Expenses totals \$160,459,016, an increase of \$4,575,297, or 2.9 percent, over the FY 2020 Adopted Budget Plan, based on estimated funding requirements.

Metro Capital Requirements **\$13,002,077**

Projected FY 2021 Capital Construction expenditures total \$43,613,058, an increase of \$13,002,077, or 42.5 percent, over the FY 2020 Adopted Budget Plan. This funding supports the acquisition of facilities, equipment, rail cars and buses and provides for general infrastructure needs of the Metro system. It also funds debt service on the County's share of Metro bonds sold in FY 2018.

Changes to FY 2020 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2020 Revised Budget Plan since passage of the FY 2020 Adopted Budget Plan. Included are all adjustments made as part of the FY 2019 Carryover Review, FY 2020 Third Quarter Review, and all other approved changes through April 30, 2020.

Carryover Adjustments **\$26,923,905**

As part of the *FY 2019 Carryover Review*, the Board of Supervisors approved an increase of \$26,923,905 for capital and operating requirements. A \$14,800,000 increase was included for the County's share of the FY 2020 Metro Capital Budget due to larger annual capital requirements and a \$12,123,905 increase was included for operating requirements for one-time payments of the County's share of retroactive collective bargaining payments for labor negotiations and a contract increase for Metro Access (Paratransit Services). FY 2020 revenues were increased by \$14,800,000

Fund 30000: Metro Operations and Construction

as the County sold additional general obligation bonds to meet its increased capital payments to Metro.

Performance Measurement Results

Metrobus ridership increased in FY 2019 due to Metrorail rail riders seeking alternatives during maintenance and service shutdowns, including bus bridges and increased service on parallel routes.

The decline in Metrorail ridership in FY 2019 is attributable to the partial rail line shutdowns for platform maintenance, normal systemwide maintenance, reliability issues, lower gas prices, a reduction in the federal transit benefit, and an increase in teleworking.

| Indicator | FY 2017 Actual | FY 2018 Actual | FY 2019 Estimate/Actual | FY 2020 Estimate | FY 2021 Estimate |
|--|-------------------|-------------------|----------------------------|---------------------|---------------------|
| Metrobus | | | | | |
| Percent change in Fairfax County trips | (8.4%) | (11.8%) | (0.3%) / 15.3% | (0.4%) | (0.8%) |
| Metrorail | | | | | |
| Percent change in Fairfax County ridership | (9.2%) | 5.1% | (2.8%) / (8.5%) | 4.5% | (4.1%) |

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2021-adopted-performance-measures-pm>

Fund 30000: Metro Operations and Construction

FUND STATEMENT

| Category | FY 2019 Actual | FY 2020 Adopted Budget Plan | FY 2020 Revised Budget Plan | FY 2021 Advertised Budget Plan | FY 2021 Adopted Budget Plan |
|---|----------------------|-----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Beginning Balance | (\$330) | \$0 | \$12,123,905 | \$0 | \$0 |
| Revenue: | | | | | |
| Revenue Applied to Operating Expenses: | | | | | |
| State Aid | \$108,402,756 | \$100,384,275 | \$100,449,275 | \$103,000,000 | \$105,793,355 |
| Gas Tax Revenue | 18,407,371 | 20,000,000 | 20,000,000 | 19,000,000 | 19,000,000 |
| Interest on NVTC Balances | 1,039,441 | 0 | 0 | 300,000 | 300,000 |
| Subtotal - State/Gas Revenue, Operating | \$127,849,568 | \$120,384,275 | \$120,449,275 | \$122,300,000 | \$125,093,355 |
| Revenue Applied to Capital Expenses: | | | | | |
| Bond Premium Credits at Metro | \$11,601,641 | \$0 | \$0 | \$0 | \$0 |
| Subtotal - State/Gas Revenue, Capital | \$11,601,641 | \$0 | \$0 | \$0 | \$0 |
| County Revenue: | | | | | |
| County Bond Sales ¹ | \$24,313,000 | \$25,000,000 | \$39,800,000 | \$38,000,000 | \$38,000,000 |
| Subtotal - County Revenue | \$24,313,000 | \$25,000,000 | \$39,800,000 | \$38,000,000 | \$38,000,000 |
| Total Revenue | \$163,764,209 | \$145,384,275 | \$160,249,275 | \$160,300,000 | \$163,093,355 |
| Transfers In: | | | | | |
| General Fund (10001) | \$14,995,098 | \$38,339,443 | \$38,339,443 | \$41,130,721 | \$38,337,366 |
| General Fund Applied to Debt Service (10001) | 5,700,000 | 5,610,981 | 5,610,981 | 5,613,058 | 5,613,058 |
| Consolidated County and Schools Debt Service (20000) ² | 12,100,000 | 0 | 0 | 0 | 0 |
| Contributed Roadway Improvements (30040) ³ | 198,985 | 192,152 | 192,152 | 181,732 | 181,732 |
| Total Transfers In | \$32,994,083 | \$44,142,576 | \$44,142,576 | \$46,925,511 | \$44,132,156 |
| Total Available | \$196,757,962 | \$189,526,851 | \$216,515,756 | \$207,225,511 | \$207,225,511 |
| Expenditures: | | | | | |
| Operating Expenditures | | | | | |
| Bus Operating Subsidy ⁴ | \$63,105,770 | \$71,706,511 | \$75,536,411 | \$74,605,867 | \$74,605,867 |
| Rail Operating Subsidy | 62,230,154 | 68,588,836 | 72,417,436 | 69,634,482 | 69,634,482 |
| ADA Paratransit – Metro | 14,883,800 | 15,588,372 | 20,118,777 | 16,218,667 | 16,218,667 |
| Subtotal - Operating Expenditures | \$140,219,724 | \$155,883,719 | \$168,072,624 | \$160,459,016 | \$160,459,016 |
| Capital Construction Expenditures | | | | | |
| Metro Capital | \$35,890,407 | \$25,000,000 | \$39,800,000 | \$38,000,000 | \$38,000,000 |
| Metro Capital Debt Service | 5,608,396 | 5,610,981 | 5,610,981 | 5,613,058 | 5,613,058 |
| Total County Capital Construction Subsidy | \$41,498,803 | \$30,610,981 | \$45,410,981 | \$43,613,058 | \$43,613,058 |
| Total Operating and Capital Subsidy | \$181,718,527 | \$186,494,700 | \$213,483,605 | \$204,072,074 | \$204,072,074 |

Fund 30000: Metro Operations and Construction

FUND STATEMENT

| Category | FY 2019 Actual | FY 2020 Adopted Budget Plan | FY 2020 Revised Budget Plan | FY 2021 Advertised Budget Plan | FY 2021 Adopted Budget Plan |
|---|----------------------|-----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Applied Support | | | | | |
| Applied NVTC State Aid and Gas Tax to Operating | (\$126,810,127) | (\$120,384,275) | (\$120,449,275) | (\$122,000,000) | (\$124,793,355) |
| Applied Interest at NVTC to Operating | (1,039,441) | 0 | 0 | (300,000) | (300,000) |
| Applied Bond Premium Credits at Metro | (11,601,641) | 0 | 0 | 0 | 0 |
| Total Expenditures, County | \$42,267,318 | \$66,110,425 | \$93,034,330 | \$81,772,074 | \$78,978,719 |
| Transfers Out: | | | | | |
| County Transit Systems (40000) | \$2,915,530 | \$3,032,151 | \$3,032,151 | \$3,153,437 | \$3,153,437 |
| Total Transfers Out | \$2,915,530 | \$3,032,151 | \$3,032,151 | \$3,153,437 | \$3,153,437 |
| Total Disbursements, NVTC and County | \$184,634,057 | \$189,526,851 | \$216,515,756 | \$207,225,511 | \$207,225,511 |
| Ending Balance⁵ | \$12,123,905 | \$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 2020, an amount of \$32.5 million was sold (Series 2020A), leaving a balance of \$19.1 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 2021 transfer of \$181,732 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 the WMATA General Manager and WMATA's Adopted Budget.