

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 2022 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 Metrorail, Metrobus, and MetroAccess systems.



The WMATA Board of Directors adopted the FY 2022 Operating Budget and FY 2022-2027 Capital Improvement Program on April 8, 2021. However, further adjustments to WMATA's FY 2022 Adopted Operating Budget are anticipated as a result of federal aid received from the American Rescue Plan and the corresponding adjustment to the County's FY 2022 operating subsidy requirement will be incorporated as part of the *FY 2021 Carryover Review*.

Projected operating and capital requirements for the County's FY 2022 Metro subsidy totals \$224,615,212. 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 2022 operating subsidy requirement from local jurisdictions. The County's FY 2022 operating contribution of \$177.0 million is a 2.7 percent increase over the \$172.3 million subsidy included in WMATA's FY 2021 Adopted Budget when excluding one-time credits of \$18.3 million as part of the Coronavirus Aid Relief and Economic Security (CARES) Act credits allocated by Metro to the County's 2021 operating subsidy. The increase in operating contribution assumes inflationary adjustments for all operational categories (e.g., Bus, Rail and Paratransit services) including the opening of Silver Line Phase 2 Metrorail service. In addition, Fund 30000 supports a transfer out of \$3.3 million to Fund 40000, County Transit Systems. These numbers are subject to change based on review by the Metro Board of Directors and the additional round of stimulus funding provided to Metro and potential subsequent revisions to jurisdictional operating subsidy requirements. The County will incorporate its final WMATA FY 2022 operating subsidy as part of the *FY 2021 Carryover Review Process*.

The total operational requirements of \$177.0 million and the \$3.3 million for County Transit requirements are funded through the following sources: a FY 2022 General Fund transfer of \$38.3 million, \$119.0 million in applied State Aid, \$18.0 million in applied Gas Tax Receipts, and \$5.0 million in interest income and reserves.

For FY 2022, the County has a \$47.6 million capital requirement to Metro to be offset by \$42.0 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 is included at \$5.6 million from General Fund monies.

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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, General Fund support is required to meet FY 2022 expenditure requirements. For FY 2022, \$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 2021 Adopted Budget Plan.

Pandemic Response and Impact

In response to COVID-19, Metrorail, Metrobus, and MetroAccess adjusted service to continue to provide essential trips while mitigating public health concerns. Metro is operating at a reduced level of service and both rail and bus service have experienced a significant drop in ridership. Since December 2020, Metrorail service has operated at 80 percent of the pre-pandemic level and Metrobus has operated at 85 percent of pre-pandemic level. Metro received financial support under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and additional federal funds from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and the American Rescue Plan toward its FY 2022 Operating Budget. These funds will allow Metro to continue to operate at the current level of service to support expected ridership growth, support safety-critical repairs and service reliability improvements. Beginning in June 2021, a portion of late-night Metrobus service will be restored. The Metro FY 2022 Operating Budget does not include any bus and rail service cuts, station closures or employee layoffs. Additionally, the economic impacts of the pandemic have adversely affected both state transportation revenues, such as gas tax, and local transportation revenues. County staff continue to monitor these revenues to meet its ongoing regional transit requirements.

FY 2022 Funding Adjustments

The following funding adjustments from the FY 2021 Adopted Budget Plan are necessary to support the FY 2022 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 4, 2021.

Metro Annual Operating Requirements **\$16,540,984**

The projected FY 2022 subsidy requirement for WMATA Operating Expenses totals \$177,000,000, an increase of \$16,540,984, or 10.3 percent, over the FY 2021 Adopted Budget Plan, based on estimated funding requirements.

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Metro Capital Requirements **\$4,002,154**

Projected FY 2022 Capital Construction expenditures total \$47,615,212, an increase of \$4,002,154, or 9.2 percent, over the FY 2021 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 2021 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, FY 2021 Third Quarter Review, and all other approved changes through April 30, 2021.

Carryover Adjustments **\$3,260,743**

As part of the *FY 2020 Carryover Review*, the Board of Supervisors approved an increase of \$3,260,743 in capital subsidy requirements.

Metro CARES Funding – Operating Subsidy Requirements

On April 2, 2020, the Metro Board approved an operating budget that recommended a Fairfax County operating subsidy of \$172.3 million, which also included Silver Line Phase 2 operational and start-up monies. Following Metro's receipt of CARES Act funding, the Metro Board on May 14, 2020, approved a revised FY 2021 Operating Budget that included a \$135 million reduction to all jurisdictions' operating subsidy requirements. The County's operating subsidy was reduced by \$18.4 million to \$153.9 million, including Silver Line Phase 2 costs. The County's FY 2021 Adopted Budget Plan also included an operating subsidy of \$160.5 million, as the Silver Line Phase 2 startup costs were originally anticipated to be funded with one-time funds as part of the *FY 2020 Carryover Review*.

Metro CARES Funding - Transit Systems

In addition to reducing operating subsidy requirements to local jurisdictions in FY 2021, the Metro Board on April 23, 2020, agreed to provide a portion of their CARES funding to support regional transit systems. As a result, the County received \$26.3 million in CARES Act credits allocated by Metro to support the County's transit system. These credits can be used toward capital, operating, and other transit-related expenses to prevent, prepare for, and respond to the COVID-19 pandemic, including the loss of passenger fare revenues. The CARES credits are held at the Northern Virginia Transportation Commission (NVTC) until spent. As part of the *FY 2020 Carryover Review*, \$8 million of these credits were appropriated in Fund 40000, County Transit Systems, to offset an anticipated reduction in Fairfax Connector fare revenue; and an additional \$2.9 million will be used for the same purpose in FY 2022. The remaining \$15.4 million will be held in reserve for future years or unanticipated issues related to the COVID-19 pandemic in Fund 40000.

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Performance Measurement Results

Metrobus ridership decreased sharply in FY 2020 due to COVID-19. Metrorail ridership also decreased precipitously during this time. While WMATA is projecting some increases in Metrobus ridership, the forecast for FY 2022 remains well below “normal” levels of service for much of the year.

The decline in Metrorail ridership in FY 2020 is attributable primarily to COVID-19. However, partial rail line shutdowns for platform maintenance, normal systemwide maintenance, lower gas prices and an increase in teleworking have also contributed to reductions in ridership.

Indicator	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Metrobus						
Percent change in Fairfax County trips	(11.8%)	15.3%	(0.4%)	(25.2%)	(13.1%)	10.9%
Metrorail						
Percent change in Fairfax County ridership	5.5%	(8.5%)	4.5%	0.0%	(80.9%)	11.6%

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2022-adopted-performance-measures-pm>

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FUND STATEMENT

Category	FY 2020 Actual	FY 2021 Adopted Budget Plan	FY 2021 Revised Budget Plan	FY 2022 Advertised Budget Plan	FY 2022 Adopted Budget Plan
Beginning Balance	\$12,123,905	\$0	\$279,072	\$0	\$0
Revenue:					
Revenue Applied to Operating Expenses:					
State Aid	\$95,545,892	\$105,793,355	\$73,907,189	\$118,942,208	\$118,942,208
Gas Tax Revenue	18,287,137	19,000,000	18,000,000	18,000,000	18,000,000
Interest on NVTC Balances	1,291,698	300,000	300,000	5,000,000	5,000,000
Subtotal - State/Gas Revenue, Operating	\$115,124,727	\$125,093,355	\$92,207,189	\$141,942,208	\$141,942,208
Revenue Applied to Capital Expenses:					
Bond Premium Credits at Metro					
State Aid Applied to Metro Capital	\$6,129,800	\$0	\$0	\$2,154	\$2,154
Subtotal - State/Gas Revenue, Capital	\$6,129,800	\$0	\$0	\$2,154	\$2,154
County Revenue:					
County Bond Sales ¹	\$40,000,000	\$38,000,000	\$40,981,671	\$42,000,000	\$42,000,000
Subtotal - County Revenue	\$40,000,000	\$38,000,000	\$40,981,671	\$42,000,000	\$42,000,000
Total Revenue	\$161,254,527	\$163,093,355	\$133,188,860	\$183,944,362	\$183,944,362
Transfers In:					
General Fund (10001)	\$38,339,443	\$38,337,366	\$38,337,366	\$38,337,366	\$38,337,366
General Fund Applied to Debt Service (10001)	5,610,981	5,613,058	5,613,058	5,613,058	5,613,058
Contributed Roadway Improvements (30040) ²	192,152	181,732	181,732	0	0
Total Transfers In	\$44,142,576	\$44,132,156	\$44,132,156	\$43,950,424	\$43,950,424
Total Available	\$217,521,008	\$207,225,511	\$177,600,088	\$227,894,786	\$227,894,786
Expenditures:					
Operating Expenditures					
Bus Operating Subsidy ³	\$65,272,786	\$74,605,867	\$59,548,793	\$65,490,000	\$65,490,000
Rail Operating Subsidy	70,135,745	69,634,482	74,166,714	88,500,000	88,500,000
ADA Paratransit - Metro	20,803,032	16,218,667	20,157,343	23,010,000	23,010,000
Collective Bargaining Agreement Settlement of Paratransit Contract	12,147,495	0	0	0	0
Subtotal - Operating Expenditures	\$168,359,058	\$160,459,016	\$153,872,850	\$177,000,000	\$177,000,000
WMATA CARES Credit	\$0	\$0	(\$26,300,000)	\$0	\$0
Operating Subsidy - Credit Applied	\$168,359,058	\$160,459,016	\$127,572,850	\$177,000,000	\$177,000,000
Capital Construction Expenditures					
Metro Capital	\$40,239,746	\$38,000,000	\$41,260,743	\$42,000,000	\$42,000,000
Metro Capital Debt Service	5,610,981	5,613,058	5,613,058	5,615,212	5,615,212
Total County Capital Construction Subsidy	\$45,850,727	\$43,613,058	\$46,873,801	\$47,615,212	\$47,615,212
Total Operating and Capital Subsidy	\$214,209,785	\$204,072,074	\$174,446,651	\$224,615,212	\$224,615,212

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Category	FY 2020 Actual	FY 2021 Adopted Budget Plan	FY 2021 Revised Budget Plan	FY 2022 Advertised Budget Plan	FY 2022 Adopted Budget Plan
Applied Support					
Applied NVTC State Aid and Gas Tax to Operating	(\$113,833,029)	(\$124,793,355)	(\$91,907,189)	(\$136,942,208)	(\$136,942,208)
Applied Interest at NVTC to Operating	(1,291,698)	(300,000)	(300,000)	(5,000,000)	(5,000,000)
Applied NVTC State Aid and Gas Tax to Capital	(6,129,800)	0	0	(2,154)	(2,154)
Total Expenditures, County	\$92,955,258	\$78,978,719	\$82,239,462	\$82,670,850	\$82,670,850
Transfers Out:					
County Transit Systems (40000)	\$3,032,151	\$3,153,437	\$3,153,437	\$3,279,574	\$3,279,574
Total Transfers Out	\$3,032,151	\$3,153,437	\$3,153,437	\$3,279,574	\$3,279,574
Total Disbursements, NVTC and County	\$217,241,936	\$207,225,511	\$177,600,088	\$227,894,786	\$227,894,786
Ending Balance⁴	\$279,072	\$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, and on November 3, 2020 the voters approved an additional \$160 million Transportation bond. In January 2021, an amount of \$42 million was sold (Series 2021A), utilizing bond authorization from both the 2016 and 2020 bond referenda. The 2016 Transportation bond has now been fully expended and the 2020 Transportation bond has an ending balance of \$143.1 million.

² For FY 2022, the transfer from Fund 30040, Contributed Roadway Improvements, is directed to Fund 40000, County Transit Systems, to support 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. This bus service was previously provided as a WMATA route and these funds were transferred to Fund 30000, Metro Operations and Construction. Beginning in FY 2022, Fairfax Connector will operate the service and receive the contributions.

³ Prior to FY 2022, expenditures for the Bus Operating Subsidy included annual support of the Springfield Circulator service. For FY 2022, this service will be run by Fairfax Connector and the expenditures are budgeted in Fund 40000, County Transit Systems.

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 the WMATA General Manager and WMATA's Adopted Budget.