

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY - METRO

MISSION STATEMENT

To provide financial contributions, on behalf of Arlington County, to satisfy the formula-based subsidy requirements of Metrorail, Metrobus, and MetroAccess services provided by the Washington Metropolitan Area Transit Authority (WMATA) throughout the region.

WMATA is a regional public transportation partnership among the area's state and local governments and the federal government. WMATA's member jurisdictions are: Arlington and Fairfax counties, the cities of Alexandria, Fairfax, and Falls Church in Virginia, the District of Columbia, and Montgomery and Prince George's counties in Maryland. Originally planned for FY 2020 but delayed until FY 2021, Loudoun County will become a member jurisdiction in Virginia once operations of Silver Line Phase II begin. The Authority's major budgetary programs are Metrorail, Metrobus, and MetroAccess operations, and the WMATA Capital Improvement Program (CIP).

FY 2021 PRIORITIES

WMATA's priorities in FY 2021 are to continue to improve the safety, reliability, and affordability of the system; to begin operations of Silver Line Phase II; and to remain fiscally accountable by adhering to mandated subsidy growth caps required by the State of Maryland and the Commonwealth of Virginia.

SIGNIFICANT BUDGET CHANGES

The FY 2021 proposed General Fund transfer for WMATA is \$49,308,764. This includes \$46,622,208 of ongoing General Fund tax support and \$2,686,556 of one-time funding for startup costs related to Silver Line Phase II. An increase to the County's available state transit aid balances offsets a reduction in projected regional gas tax receipts. Together, these revenues offset some of the net increase to General Fund tax support for WMATA.

Major drivers for the FY 2021 operating budget are increases to labor and fringe costs, an ongoing reduction in ridership on Metrobus and Metrorail, new customer initiatives to attract riders back to the system, and the startup and operating costs related to Silver Line Phase II. While the Silver Line Phase II costs are not currently included in the general manager's proposed FY 2021 budget, the County has been provided estimated costs and expects that the WMATA Board will consider an amendment to the FY 2021 budget prior to the start of the fiscal year. Given the uncertainty over the operational start date, Arlington is including ongoing funding for six months of Silver Line Phase II operating costs, and one-time funding for three months. Should WMATA approve a FY 2021 budget amendment that exceeds this amount, one-time funding will be identified to meet the County's obligation.

The County's budget was prepared under the assumption of three percent growth in jurisdictional subsidies based on the three percent operating subsidy cap imposed in the 2018 Virginia legislation approving dedicated WMATA capital funding. Certain costs are excluded from the three percent cap such as legal and contractual costs, costs of legally mandated services, and costs related to capital projects approved before July 1, 2018. County staff are working with regional funding partners and WMATA board members to finalize a funding plan for WMATA's budget, scheduled for adoption in March 2021.

BUDGET DESCRIPTION

The Metro General Manager released the proposed FY 2021 budget in November 2019. The Metro operating budget totals \$2.0 billion, while the capital budget totals \$1.8 billion. The operating budget is funded primarily from passenger fares and other revenues, with the balance paid by the local funding jurisdictions. Arlington's share of the local jurisdictional operating subsidy, net of revenues, is approximately seven percent of the total. WMATA's policy is to adjust fares biennially based on inflation. Fares were increased on average by six percent in FY 2015, and by approximately fourteen percent in FY 2018. A mix of fare increase are proposed as part of the FY 2021 operating budget, including a four increase to the base Metrorail fare, an increase in the per-mile charge after mile six from \$0.288 to \$0.326, increasing the max fare from \$6 to \$7, and a cash surcharge of \$0.25 on Metrobus.

Metrorail provides over 175 million passenger trips annually and serves 11 stations in Arlington along four lines (Orange, Silver, Yellow, and Blue). Metrobus provides over 120 million trips and has over 10,000 bus stops throughout the region. Many transit services in Arlington operate seven days per week providing up to 18 hours of daily coverage. Metro serves an overall population of approximately four million within a 1,500 square mile jurisdiction.

Capital Program

Metro's proposed FY 2021 - FY 2026 Capital Improvement Program (CIP) financial plan relies on a forecasted investment of \$10.4 billion funded by the federal government, state and local governments, and other sources. Of the \$10.4 billion six-year plan: \$2.3 billion comes from federal funding; state and local jurisdiction contributions total \$2.6 billion including a match to PRIIA funding; other sources constitute \$6 million; \$283 million from reimbursable local projects; \$3.0 billion comes from new dedicated funding approved in 2018 by the District of Columbia, Maryland, and the Commonwealth of Virginia; \$2.2 billion comes from revenue bonds paid from the new dedicated funding.

Arlington's share of WMATA's proposed CIP for FY 2021 is \$21 million of baseline funding. As part of Virginia's new \$155 million of dedicated funding for WMATA's capital program, Arlington must also contribute \$7.2 million of capital funding to the Commonwealth of Virginia. The County's contributions are funded with a combination of County General Obligation (GO) bonds, state transit aid, and gas tax revenues.

Funding

Passenger and system revenues historically funded over half of the annual cost of operations. In FY 2021, it is projected that fare revenues will experience further declines and only cover approximately 18 percent of Metrobus and 60 percent of Metrorail related expenditures. The balance of operating funding comes from local jurisdictional subsidies.

The Northern Virginia Transportation Commission (NVTC) serves as fiscal agent for the Northern Virginia jurisdictions. NVTC receives state transit funds from the Department of Rail and Public Transit (DRPT) on behalf of Northern Virginia jurisdictions, and also federal funds not directly allocated to WMATA. In addition, the state collects a regional gas tax on behalf of NVTC jurisdictions to be used for payment to WMATA for qualifying operating and capital costs. These revenues are reflected as State Transit Aid and Regional Gas Tax receipts in the County budget description. Local governments provide the balance of required funding for transit operating programs. Arlington County uses General Fund dollars to finance this portion of its share of WMATA operations.

METRO FINANCIAL SUMMARY

	FY 2019 Actual	FY 2020 Adopted	FY 2021 Proposed	% Change '20 to '21
Metrobus ¹	\$34,497,793	\$35,075,275	\$35,851,115	2%
Metrorail	37,132,077	41,807,790	38,466,071	-8%
Silver Line Phase II ³	-	-	8,059,668	-
MetroAccess	794,372	1,171,480	1,221,480	4%
FY 2019 Labor and MetroAccess Costs ²	2,001,029	2,838,033	-	-100%
Total WMATA Subsidy	74,425,271	80,892,578	83,598,334	3%
Source of Contributions				
State Transit Aid	29,025,399	29,253,799	31,948,428	9%
Regional Gas Tax	2,475,000	3,700,000	2,000,000	-46%
Subtotal, NVTC REVENUES	31,500,399	32,953,799	33,948,428	3%
Transportation Capital Fund - New Bus Operating Costs ¹	323,843	341,142	341,142	-
Total Revenues/Other Sources	31,824,242	33,294,941	34,289,570	3%
One-Time Funding ^{2,3}	2,001,029	2,838,033	2,686,556	-5%
Ongoing General Fund Tax Support	40,600,000	44,759,604	46,622,208	4%
TOTAL NET GENERAL FUND TAX SUPPORT ²	\$42,601,029	\$47,597,637	\$49,308,764	4%

¹ Beginning in FY 2019, the operating costs associated with new or increased service to bus routes as laid out in the County's adopted Transit Development Plan (TDP) are partially funded from the Transportation Capital Fund. \$341,142 in associated costs are proposed in FY 2021.

² In November 2018, the WMATA board approved amendments to their fiscal year 2018 and 2019 budgets for increases to personal and contracted services. Payment for the FY 2019 budget amendment was due in two installments in FY 2019 & FY 2020 and were paid from one-time funds identified in the County's budget.

³ In January 2020, WMATA provided jurisdictions with a preliminary FY 2021 cost for Silver Line Phase II operations. Arlington's share is approximately \$10.7 million. Costs were based on an operational start date of October 2020, resulting in required funding for three months of startup and nine months of operations. This start date and associated funding was deferred by the WMATA Board pending resolution of outstanding construction issues that are likely to delay the start of revenue service. Arlington's FY 2021 proposed budget funds nine months of combined startup and ongoing operations in FY 2021 pending WMATA's decision on an operational start date and adoption of a budget amendment for Silver Line Phase II costs. Should WMATA's budget require additional funding associated costs for Silver Line Phase II after budget adoption, the County will identify one-time funding in the general fund or from state transit aid balances.