

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY - METRO

MISSION STATEMENT

To provide financial contributions, on behalf of Arlington County, to satisfy the formula-allocated 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. The Authority's major budgetary programs are Metrorail, Metrobus, and MetroAccess operations, and the Capital Improvement Program (CIP).

FY 2018 PRIORITIES

WMATA's priorities in FY 2018 are focused primarily on safety and the state of good operations. In FY 2017, the SafeTrack program was introduced to expedite numerous critical safety recommendations to the Metrorail system. As this program comes to completion, WMATA has implemented two preventative maintenance focused programs, Back2Good, and a Railcar Get Well Plan. Back2Good is aimed at increasing rail worker safety and reducing infrastructure related delays in half. Improvements include new technology to reduce red signal overruns and to better protect railway workers in hazardous areas as well as the installation of a public radio system and increased cellular service in tunnels.

SIGNIFICANT BUDGET CHANGES

The FY 2018 proposed General Fund transfer for WMATA is \$36,239,655, reflecting a 19 percent increase over the FY 2017 adopted budget. This year, a one cent increase to the real estate tax is proposed to meet this significant increase in WMATA's operating and capital budgets. Of this amount, \$1.5 million of the tax rate increase will be reflected in the general fund debt service budget. This funding is to pay debt service on an additional \$22 million of bonds required to be issued in Spring 2017 to meet WMATA's FY 2018 capital budget request of \$58 million, a 190 percent increase over FY 2017. Arlington is also seeking an additional \$30 million in budget reductions from WMATA to meet the County's share of the FY 2018 subsidy increase. These reductions will be negotiated with regional partners and WMATA staff. A final recommendation will be included in WMATA's budget to be adopted in March 2017.

Major drivers for the operating budget are increased labor and fringe costs, lower forecasted ridership due to the impacts of SafeTrack, and a lower projected match from State transit aid. The County's operating subsidy increase reflects the following:

- ↑ Metrobus subsidy increases due to general labor cost increases and a reduction of regional bus routes outside of Arlington County which increases the County's proportional share of remaining regional routes. These reductions were made as part of the General Manager's proposed budget in order to reduce the budget gap. Gross subsidy also increased \$500 thousand due to enhanced route 2A service to be fully funded for two years by NVTC from transit funding set aside as part of the Transform 66 Inside the Beltway project.

- ↑ Metrorail subsidy increases due to the increased labor and fringe costs and a significant reduction in projected fare revenues due to lower ridership as a residual effect of SafeTrack.
- ↓ MetroAccess subsidy decreases due to fewer trips originating from Arlington.

BUDGET DESCRIPTION

The Metro General Manager released the proposed FY 2018 budget in December 2016. Arlington's share of the operating subsidy is approximately 7.1 percent of the total. Subsidy increases to the Metrobus and Metrorail systems are driven primarily by increased labor costs and reduced farebox revenues. WMATA's policy is to adjust fares biennially based on inflation. Fares were increased 6 percent in FY 2015, however the WMATA Board did not adopt a fare increase in FY 2017. A fare increase of approximately 14 percent was proposed for Metrobus, Metrorail, and MetroAccess in FY 2018.

Metrorail annually provides over 175 million passenger trips and serves 11 stations in Arlington along four lines (Orange, Silver, Yellow, and Blue). Metrobus has over 11,000 bus stops and over 2,500 shelters in 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 4 million within a 1,500 square mile jurisdiction.

Capital Program

Metro's proposed FY 2018 - FY 2023 Capital Improvement Program (CIP) financial plan relies on a forecasted investment of \$7.3 billion from the federal government, state and local governments, and other sources. Of the \$7.3 billion six-year plan: \$2.8 billion comes from federal funding; state and local contributions total \$4.5 billion including planned long-term financing of \$1.0 billion; other sources constitute \$15 million.

Arlington's share of WMATA's proposed CIP for FY 2018 is \$58 million of baseline funding. The County's contributions are funded with a combination of County General Obligation (GO) bonds, state transit aid, and gas tax revenues.

The County has been continuously working with the other regional funding partners of WMATA on a new six-year capital funding agreement (CFA). As part of the FY 2017 budget process, a one-year amendment was approved of the current CFA. Another one year extension of the CFA is expected to be approved as part of the FY 2018 budget adoption.

Funding

Passenger and system revenues historically funded approximately 51 percent of the annual cost of operations. In FY 2017, fare revenues only covered 47 percent of total expenditures. FY 2018 it is projected that fare revenues will only cover 41 percent of total 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 2.1 percent 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 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Metrobus ⁴	\$29,412,789	\$31,877,181	\$34,830,000	9%
Metrorail	28,096,196	23,919,983	35,840,000	50%
MetroAccess	1,000,732	893,994	830,000	-7%
Total Gross WMATA Subsidy	58,509,717	56,691,158	71,500,000	26%
Less \$30 Million of Additional Reductions ²	-	-	(2,650,000)	
Total Net WMATA Subsidy	58,509,717	56,691,158	68,850,000	21%
Source of Contributions				
State Transit Aid	24,180,782	22,147,843	27,910,345	26%
Regional Gas Tax	4,000,000	4,200,000	4,200,000	-
Transform 66 Funding ⁴	-	-	500,000	-
Subtotal, NVTC REVENUES	28,180,782	26,347,843	32,610,345	24%
Total Revenues/Other Sources	28,180,782	26,347,843	32,610,345	24%
NET TAX SUPPORT				
(Excluding \$0.01 on Tax Rate for WMATA)³	30,328,935	30,343,315	30,343,315	-
\$0.01 on Tax Rate Dedicated to WMATA	-	-	7,408,340	-
Less Transfer to Debt Service Budget for WMATA Debt¹	-	-	(1,512,000)	-
NET TAX SUPPORT				
(Including \$0.01 on Tax Rate for WMATA)	\$30,328,935	\$30,343,315	\$36,239,655	19%

¹ \$1.5 million is reflected in the debt service budget. This is for debt service related to an additional \$22 million of bonds to be issued in Spring 2017 in order to meet WMATA's FY 2018 Capital Budget needs.

² Arlington County is working with regional partners to identify \$30 million of additional savings in WMATA's FY 2018 operating budget. These reductions will be finalized as part of WMATA's approved operating budget in March 2017.

³ The proposed FY 2018 budget includes a \$0.01 cent real estate tax rate increase for WMATA.

⁴ As part of the Transform 66 Inside the Beltway project, funding of \$1 million was provided to fully fund enhanced WMATA route 2A service for two years. Net annual operating costs are estimated at \$500 thousand.