



FY 20 BUDGET MEMO # 09

DATE: March 28, 2019

TO: The Honorable Mayor and Members of the City Council

THROUGH: Robert Stalzer, City Manager *RA Stalzer*

FROM: Wendy Block Sanford, Transportation Director

SUBJECT: WMATA Funding

Background: Historically, the Virginia funding commitment to WMATA was borne by the local jurisdictions who used local, regional and state funds to pay their portion of the required operating and capital subsidy.

The operating subsidy is the City’s portion of operating expenses for Metrobus, Metrorail, MetroAccess and operating reimbursable projects. The largest source of funding for Metro operating comes from the jurisdictional subsidy (then fares and parking fees).

The capital subsidy is governed by the terms of the Capital Funding Agreement, which is a long term agreement signed by the Maryland, DC and Virginia WMATA jurisdictional partners. As part of the agreement, each member agrees to fund its proportional share of the WMATA capital subsidy each year. The local subsidy for capital funding increased significantly in FY 19 (for the City and all jurisdictional partners) because WMATA had planned a number of capital initiatives to meet safety and state of good repair needs. As explained in the next section, due to the passage of a dedicated capital funding source for WMATA starting in FY19, the capital subsidy did not increase as much as originally anticipated.

The City’s payments to WMATA from FY 11 through FY 20 (projected) are shown below.

FY	City of Fairfax Annual Payments to WMATA		
	Operating	Capital	TOTAL
11	\$1,180,662	\$338,011	\$1,518,673
12	\$1,430,905	\$487,974	\$1,918,879
13	\$1,386,197	\$471,067	\$1,857,264
14	\$1,621,965	\$523,860	\$2,145,825
15	\$1,731,682	\$520,949	\$2,252,631
16	\$1,847,006	\$470,299	\$2,317,305
17	\$1,817,056	\$487,127	\$2,304,183
18	\$2,158,045	\$595,459	\$2,753,504
19	\$2,424,778	\$673,176	\$3,097,954
20	\$2,700,000	\$732,355	\$3,432,355

The City pays its WMATA bills using revenues received into the City's Trust Fund account held at the Northern Virginia Transportation Commission (NVTC). The Trust Fund is comprised of gas tax revenues as well as state funding from the Virginia Department of Rail and Public Transportation (DRPT). Thus far, the City has not had to allocate local funding to supplement the NVTC funds.

Dedicated Funding for WMATA: In March, 2018, the Virginia General Assembly passed legislation (HB 1539) that provides \$154M in dedicated capital funding for Metro (Virginia's share of a new \$500M dedicated funding source for WMATA). The bill creates a WMATA Capital Fund and calls out the revenue sources that shall go into this Fund:

- State funding (rental car tax and \$20M from statewide recordation attributable to NoVa jurisdictions)
- Grantors Tax (repealed from NVTA and redirected towards Metro)
- Transient Occupancy Tax (also repealed from NVTA and redirected towards Metro)
- Gas Tax revenue gained from the increase in the regional gas tax floor,
- Local funding in the amount of \$27.12M. Each jurisdiction's share of the \$27.12M is based on the jurisdiction's proportion of the annual WMATA Capital Improvement Program. **For the City of Fairfax, this is a payment of \$260,875 in FY 19.** These funds may be paid from the jurisdiction's NVTA 30% funds or may be appropriated from other local funds by resolution.
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Impact to City of Fairfax: The dedicated funding package relieves the local jurisdictions from a portion of their capital subsidy. However, for the City much of those savings are offset by the approximate \$500,000 the City is losing through a) the loss of 30% funds from the repeal of the Grantors Tax and the Transient Occupancy Tax (approximately \$250,000) and 2) the City's share of the \$27M, which is \$260,875 in FY 19.