

May 5, 2016

Overview

Local Governments Bear Funding Obligation The Metro Compact states that the commitments to fund the portion of WMATA located within Virginia is by the component governments of the Northern Virginia Transportation District, which include the cities of Alexandria, Falls Church and Fairfax, and the counties of Arlington, Fairfax and Loudoun. Loudoun will incur a funding obligation when service begins on Silver Line Phase II. The total capital and operating needs are allocated to the jurisdictions by WMATA subsidy formulas based on mode. The NVTC WMATA jurisdictions meet their obligations with local and regional funds, with a portion reimbursed by the state. The local jurisdictions are ultimately responsible for meeting these subsidy requirements, regardless of the availability of state funds.

Source of Funding Varies as Between Local, Regional, State and Federal To meet their obligations, the localities utilize general funds, a regional gas tax and other regional funds, and state assistance received on a reimbursement basis. The state reimbursement percentage of the local obligations has varied significantly over the years. The region also directs its share of federal 5307 funds to support the WMATA capital program.

Subsidy Formula The total WMATA budget sets the operating and capital requirements of the agency. The subsidy formulas allocate a portion of these requirements to the NVTC local jurisdictions, which the jurisdictions are committed to make. There are different operating subsidy formulas for each of the three modes, with inputs including ridership, population, number of stations, revenue hours, revenue miles, and home of jurisdiction of ridership. The capital subsidies are determined by applying the operating subsidy formulas by mode to the related capital projects.

Local Funding of Metrorail Infrastructure in Addition to the Subsidy The local jurisdictions individually undertake major capital improvements to WMATA rail facilities, which are above and beyond the subsidy commitments. These locally committed projects are generally funded with local funds, with a portion reimbursed from the state, and in some cases, federal and regional funds.

FY2016 NVTC Jurisdiction Proportionate Share of Funding Obligations

	<u>Operating</u>	<u>Capital</u>
Alexandria	15.8%	16.0%
Arlington	27.2%	29.8%
City of Fairfax	0.9%	1.0%
Fairfax County	55.1%	52.1%
Falls Church	1.0%	1.2%
	<u>100.0%</u>	<u>100.0%</u>

Operating Assistance

Local Jurisdictions: The NVTC WMATA local jurisdictions are responsible for funding the WMATA operating subsidies, regardless of the funding provided by the state. The NVTC WMATA jurisdictions determine how to make their quarterly subsidy requirements by using a mixture of trust funds at NVTC, comprised of gas tax revenue and state assistance, and funding directly from the local jurisdictions. These local sources include general funds and NVTA 30% funds which are allocated at the discretion of the localities.

Virginia: The Commonwealth of Virginia, through the Department of Rail and Public Transportation (DRPT), provides operating assistance as a reimbursement to the local jurisdictions for a portion of their WMATA operating subsidy commitments. The assistance is based on the jurisdictions' share of WMATA's actual operating expenses from two years prior, system ridership and other performance based metrics. The amount of assistance fluctuates from year to year based on the amount of funding available in the program and the needs of all transit system throughout the Commonwealth. NVTC is the grantee for this state assistance. As the grantee, NVTC receives and allocates the funds using a regional formula, and holds the funds in trust for the jurisdictions' use.

Capital Assistance

Local Jurisdictions: The NVTC WMATA local jurisdictions are responsible for funding the WMATA capital subsidies, regardless of the funding provided by the state. The local jurisdictions determine how to make their quarterly subsidy requirements by using a mixture of trust funds at NVTC, comprised of gas tax revenue and state assistance, and funding directly from the local jurisdictions. These local sources include general funds, NVTA 30% funds and local bond proceeds.

Virginia: DRPT provides capital assistance on a reimbursement basis to help the local jurisdictions meet their WMATA capital subsidy commitments. Like operating assistance, capital assistance is available to all transit systems operating within Virginia. DRPT presently uses a tiered approach, funding different asset classes at various percentages. As with state operating assistance, NVTC is the grantee for capital assistance, and receives and allocates the funds using a regional formula, and holds the funds in trust for the jurisdictions' use.

Local Bus Systems

All but one of the NVTC jurisdictions provide local bus service which complements the service run by WMATA, and in many cases, service which would be provided by WMATA if the local systems did not operate. The capital and operating needs of this local bus service is funded by the local jurisdictions, with state reimbursements for a portion of the expenditures.

Localities Provide Paratransit

The jurisdictions also directly fund their own paratransit services, in addition to that provided by WMATA and billed to the jurisdictions through operating subsidies.

Regional Gas Tax

NVTC is the recipient of a 2.1% regional gas tax, which is allocated to the NVTC member jurisdictions on a point of sale basis, and held in trust for their restricted use. The NVTC WMATA members are required by statute to use the revenue to help cover their share of WMATA capital and operating subsidies. This revenue is considered to be local funds.

Other Sources of Funding

WMATA is eligible to receive funding directly from the Northern Virginia Transportation Authority, with a commitment from MD and DC for their appropriate share. This funding may only be used for capacity expansion capital projects.

CMAQ funds may be allocated by the NVTA for WMATA, which reduces the subsidy requirements for Virginia, Maryland and the District.

The Commonwealth of Virginia has committed to match one-third of the Federal PRIIA funding. As such, the funds are provided by the Commonwealth directly to WMATA.

The NVTC Jurisdictions' share of federal 5307 funds are directed to WMATA to support the capital program.

Northern Virginian Transportation Commission & WMATA

NVTC was founded, in part, to establish WMATA's Metrorail system. Today, NVTC promotes safe, reliable and cost-effective service on WMATA Metrorail and other services. NVTC manages assistance from the Commonwealth and appoints the Virginia Members of the WMATA Board of Directors. NVTC supports member jurisdictions with capital funding planning, budget analysis, and system performance and safety. All Virginia compact members are represented on the Commission. WMATA Board Members report to the Commission on budget and finance, safety, customer service, and other matters. The General Manager briefs the Commission at least annually on key issues. In addition to financial management and planning functions, NVTC's programs include emergency preparedness planning related to Virginia Metrorail Stations, next generation fare payment efforts, and developing funding resources for WMATA and other transit providers. Currently the Commission's membership is comprised of 19 elected officials (13 local and 6 state) and one designee by the Commonwealth who also serves on the WMATA Board. Loudoun will have an additional member effective July 1.