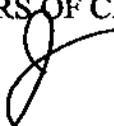


City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 16, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO #50: TRANSIT OPERATING SUBSIDY RE-ESTIMATE

This is to update City Council on changes to the Transit Subsidies budget which have occurred since presentation of the City Manager's proposed budget on March 8, 2005. The net of these adjustments is a \$2.0 million reduction in the City's General Fund subsidy for the Washington Metropolitan Area Transit Authority (WMATA) in FY 2006 due to a proposed reduction in the WMATA overall jurisdictional subsidy and an increase in the estimated amount of State aid available at the Northern Virginia Transportation Commission (NVTC) to support the FY 2006 WMATA budget.

WMATA subsidy reduction - At the March 10, 2005 meeting of the WMATA Budget Committee, WMATA staff presented a revised budget that included an overall jurisdictional subsidy reduction of \$9.5 million, from \$434.4 million presented in December 2004 to \$443.9 million. As a result, the City's share of the subsidy decreased \$0.5 million, from \$17.9 million presented in December to \$17.4 million. The savings were achieved primarily through Metrorail revenue projections performing more favorably than expected in the first seven months of FY 2005.

NVTC State aid - On April 12, 2005, NVTC staff released their estimate of FY 2006 transit operating and capital assistance (State aid). State aid is provided by the State to regional entities such as NVTC to help offset localities' transit operating and capital costs. Based on the NVTC estimates released this week, the amount of State aid available to help fund City WMATA payments has increased by \$1.5 million. The increase in State aid is attributable to two factors: an increase in the amount of transit funding provided by the General Assembly for FY 2006 and the implementation of the Metro Matters capital program. Capital assistance is provided by the State on a reimbursement basis, and an increase in WMATA capital expenditures will result in the Northern Virginia region receiving a larger share of the state-wide amount available for capital assistance.

Both of these adjustments will be included as part of the revenue re-estimates to be presented through the preliminary add/delete list.