

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 7, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #88: BUS COST RECOVERY RATES AND WMATA SUBSIDIES

This is in response to Councilman Macdonald's request for bus operating cost recovery rates in neighboring jurisdictions, and Councilwoman Woodson's question if City operating subsidies to Metro would be reduced/increased with increased ridership in developing areas such as Braddock Road.

Bus Cost Recovery Rates

Cost recovery, for the purposes of this presentation, is defined as the percent of operating costs recovered from fares and other non-subsidy revenue sources. The cost recovery rates do not reflect capital expenditures. Revenues include fares and other revenues, such as advertisements and charters. They do not include subsidy transfers from local governments. All data reflect actual FY 2005 revenues and expenditures.

<u>Jurisdiction</u>	<u>Cost Recovery Rate</u>
City of Alexandria (DASH)	27.9 %
Arlington County (ART)	18.6 %
Fairfax County (Connector)	15.0 %
Montgomery County (Ride On)	18.0 %
WMATA (Metrobus)*	33.2 %

* Bus only. Excludes Metrorail and Metro Access paratransit operations.

City Subsidies to WMATA

The City's subsidy to WMATA is determined by a set of formulae adopted by the WMATA Board. Factors used to allocate the subsidy by jurisdiction are demographic (population and population density), participation (average weekday ridership by jurisdiction of residence), and service levels (number of rail stations and miles and hours of bus service assigned to each

jurisdiction). A change in any one of these factors can cause the City's share of the subsidy to increase or decrease. With all other factors being constant, an increase in the number of Alexandria residents riding Metrobus or Metrorail would increase the City's share of the subsidy relative to the other jurisdictions. The theory behind those formulae is that the jurisdictions that get the most benefits should pay most of the losses, hence when our use increases, so do our costs.

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