

# City of Alexandria, Virginia

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## MEMORANDUM

DATE: APRIL 15, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO #63 : WMATA OPERATING SUBSIDY

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This memorandum is in response to Councilman Krupicka's request for the impact on the City's FY 2011 Washington Metropolitan Area Transit Authority (WMATA) operating subsidy if the WMATA Board of Directors votes to increase jurisdictional subsidies to avoid Metrorail, Metrobus, and MetroAccess service reductions.

The City's FY 2011 Proposed Budget includes no WMATA operating subsidy increase. This memorandum describes a variety of possible fare increase and service reduction scenarios currently under consideration by the WMATA Board of Directors that could result in a City subsidy increase of \$0 to \$3.9 million for FY 2011. The City's WMATA operating subsidy will ultimately depend on which fare increases and service reductions (if any) are approved by the WMATA Board of Directors in June.

The WMATA General Manager's proposed budget assumes \$89.4 million in fare increases, \$33.5 million in service reductions, \$10.0 million in Americans with Disabilities Act (ADA) managed growth, \$16.3 million in staff reductions, and \$40 million in unidentified sources to cover a \$189 million shortfall. The following are some of the options under consideration.

- If the WMATA Board of Directors approves the \$89.4 million in fare increases and \$33.5 million in service reductions assumed in the proposed budget plus enough additional fare increases and/or service reductions to cover the remaining \$40 million shortfall, the City's subsidy would not increase.
- If the WMATA Board approves the \$89.4 million in fare increases and \$33.5 million in service reductions and votes to close the remaining \$40 million shortfall by increasing jurisdictional subsidies, the City's share would be approximately \$1.6 million (the actual City amount would depend on which fare increases and service reductions are included in the final budget).

Alternatively, the Board could approve \$122.9 million in fare increases to avoid implementing the service reductions and fund the \$40 million shortfall from subsidy increases, also at a City cost of approximately \$1.6 million.

- If the Board approves \$129.4 million in fare increases to cover both the \$89.4 million of fare increases in the WMATA General Manager's proposed budget plus the remaining \$40 million shortfall and votes to increase jurisdictional subsidies to avoid any service reductions, the cost to the City would be as much as \$2.3 million.
- If the Board approves \$89.4 million in fare increases and increases jurisdictional subsidies to cover both the \$33.5 million needed to avoid service reductions and the remaining \$40 million shortfall, the cost to the City would be as much as \$3.9 million.
- There are a variety of other scenarios in which the Board could approve fare increases, service reductions, and/or jurisdictional subsidy increases that result in a range of subsidy increases between \$0 and \$3.9 million.