

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 30, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 93: WMATA SUBSIDY UPDATE

Budget Memo #63 identified the City's potential FY 2011 WMATA operating subsidy increase as a range of \$0 to \$3.9 million depending on the final decision of the WMATA Board of Directors scheduled for June. Based on the latest budget estimates from WMATA, the City's subsidy is now more likely to range from a decrease of \$100,000 to an increase of \$1.8 million.

At the April 29, 2010 WMATA Board of Directors' Finance and Administration Subcommittee meeting, the General Manager released a revised budget that reduced the previously proposed \$33.5 million in bus and rail service reductions to \$8.0 million and eliminated the \$40 million budget shortfall by proposing an additional \$12.2 million in fare increases above the \$89.4 million included in the proposed budget for a total \$101.6 million increase, borrowing \$30.1 million from the capital funding for preventive maintenance in the operating budget, and increasing the region-wide subsidy by \$26.0 million. If all of the above options are approved by the WMATA Board of Directors in June, the City's subsidy would actually decrease by \$100,000 as a result of the way the subsidies are allocated. The following are the most likely scenarios at this time.

1. If the WMATA Board approves the budget as revised, the City's subsidy would decrease by \$100,000 from the amount included in the City's FY 2011 Proposed Budget.
2. If the WMATA Board adjusts the budget to increase jurisdictional subsidies instead of borrowing \$30.1 million from capital, the City subsidy would increase by \$1.3 million over the FY 2011 Proposed Budget (the City's \$1.4 million share of the borrowing less the \$100,000 reduction included in the revised budget).
3. If the WMATA Board adjusts the budget to eliminate the remaining \$8.0 million in service reductions, the City's subsidy would increase by \$400,000 over the FY 2011 Proposed Budget (the City's \$500,000 share of service reductions less \$100,000).
4. If the WMATA Board adjusts the budget to eliminate the remaining service reductions and increase jurisdictional subsidies instead of borrowing from capital, the

City's subsidy would increase by \$1.8 million over the FY 2011 Proposed Budget (\$1.4 million to eliminate borrowing plus \$500,000 to eliminate service reductions less \$100,000).