




METRO

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Memorandum

DATE: March 31, 1992

TO: Jennifer Sims, Director of Finance and Management Information

FROM:  Christopher Scherer, Financial Planning Manager

RE: METRO FUNDING REQUIREMENTS

At your request, I have prepared this memorandum summarizing certain unfunded Metro future requirements including (1) funding of the future revenue shortfall in MERC-managed spectator facilities, (2) funding of projected revenue shortfalls at the Metro Washington Park Zoo, and (3) funding of projected shortfalls in Metro's planning functions.

Spectator Facilities

As you know, we prepared an analysis of spectator facilities funding requirements for the Regional Facilities Study. The analysis indicated that operation of the PCPA and Civic Stadium will result in annual deficits that will eventually deplete the fund balance that exists in the Spectator Facilities Fund. This analysis has been updated to include the proposed FY 1992-93 MERC budget. Below are results for FY 1995-96 (the fiscal year during which the existing fund balance will be depleted):

	PCPA	Stadium	
Revenues	\$4,945,000	\$1,961,000	\$6,906,000
Expenses	5,557,000	2,257,000	7,814,000
Capital outlays	330,000	82,000	412,000
Net Revenues	(\$942,000)	(\$378,000)	(\$1,320,000)

The projected average annual revenue shortfall for FY 1992-93 through FY 1999-2000 for these two spectator facilities is \$1,680,000.

Metro Washington Park Zoo

In the recently completed five-year financial plan, FY 1995-96 earned revenues in the Zoo Operating Fund, including the approved property tax levy, are projected to total \$14,088,000. Expenses for the same year, not counting unappropriated fund balance are projected to total \$15,663,640, resulting in a shortfall for the year of \$1,575,640. Although sufficient fund balance exists to cover that fiscal year's shortfall, it is projected that the shortfall will increase each year resulting in an annual deficit beginning in either FY 1996-97 or 1997-98. For planning purposes it is reasonable to

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assume that the Zoo will need an additional revenue source of approximately \$2,000,000 beginning in FY 1997-98.

Planning Functions

In FY 1995-96, the last year of the five-year financial plan, excise tax requirements are estimated at approximately \$9.2 million. This assumes growth as reported in General Fund programs, Planning and Development programs, and Transportation Planning programs. FY 1992-93 projections of excise tax receipts at a rate of 6.0% total \$4,807,405. If tax receipts grow at 5.0% per year, FY 1995-96 collections would total approximately \$5.6 million, indicating that competition for excise tax resources will intensify in future years. The planning costs projected to be funded by excise tax in FY 1995-96 total approximately \$2.6 million.

In addition, the Planning and Development five-year financial plan for FY 1995-96 included "unfunded" programs totaling \$4,339,000. As estimated in the plan, then, planning programs not funded by governmental dues, grants, and donations are projected to cost \$6,953,000.

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Let me know if you need anything else.