

T Transportation Committee

Business Item

Item: 2009-252

Meeting date: August 24, 2009

Management Committee: August 26, 2009

Metropolitan Council: September 9, 2009

ADVISORY INFORMATION

Date:	August 17, 2009
Subject:	2009 Unified Operating Budget Amendment
District(s), Member(s):	All
Policy/Legal Reference:	MN Statutes Section 473.13, sub. 1 – Council Budget Requirements
Staff Prepared/Presented:	Brian Lamb, General Manager Metro Transit (612-349-7510) Arlene McCarthy, MTS Director (651-602-1217) Ed Petrie, Director of Finance (612-349-7624) Sean Pfeiffer, Financial Analyst, MTS (651-602-1887) Alan Morris, Principal Financial Analyst, MC (651-602-1446)
Division/Department:	Transportation (Metro Transit & Metropolitan Transportation Services)

Proposed Action

That the Council:

- Amend the 2009 Unified Operating Budget in accordance with the attached table.

Background

This amendment recognizes changes in state appropriations and MVST due to legislative actions and economic conditions and seeks to bring in additional federal revenue, required local match, and related expenses. The amendment is also intended to reallocate funds to cover transit operational needs and to meet Council recommended target reserves (fund balances). Staff is recommending the following changes to the Transportation Division 2009 Operating Budget.

Metro Transit

Metro Transit – Bus: Revenues: (\$1,777,670); Transfers In: \$1,777,670

This amendment recognizes a \$3.1 million reduction to state general fund appropriations due to legislative actions and economic conditions. This reduction is offset by a \$1.3 million planned increase in MVST and a \$1.8 million transfer in from the Council's MVST reserve fund. These actions have no effect on reserves.

Metro Transit – Rail: Revenues: (\$1,000,000); Reserves: (\$1,000,000)

This amendment recognizes a \$1.8 million reduction to state general fund appropriations due to legislative actions and economic conditions. This reduction is offset by a \$0.8 million planned increase in MVST. The remaining \$1 million reduction is a planned use of reserves to bring the rail fund down to its target reserve level.

Metro Transit – Northstar: Revenues: \$0

This amendment recognizes a \$3.8 million reduction to state general fund appropriations due to legislative actions and economic conditions. This reduction is offset by a \$3.8 million planned increase in MVST. These actions have no effect on reserves.

Metropolitan Transportation Services

Suburban Transit Providers: Revenues: (\$5,572,641); Expenditures: (\$5,572,641)

This amendment requests a reduction in discretionary MVST and state general fund appropriations provided to regional Suburban Transit Providers (STPs). In 2008, the Council provided \$7.5 million in discretionary funds to the STPs. This amount was based on the STP's estimated needs for maintaining existing services. Of the \$7.5 million provided, \$4.2 million went into STP reserves. The Council's 2009 budget similarly programmed \$7 million in discretionary funds to the STPs, again with the understanding that the funds were needed to maintain existing services. An April 2009 analysis, using STP 2008 audited financial statements, determined actual STPs 2008 operating reserve balances ranged from 56% to 240% of their annual operating budgets and projected 2009 year-end reserve balances to be between 41% and 260%. Given that the 2009 programmed discretionary funding is more than needed to maintain STP services levels, the discretionary funding for the second half of 2009 is being eliminated. This amendment reduces STP remaining discretionary funding by \$3.6 million and realizes a further reduction due to the change in the February 2008 and February 2009 State MVST forecast of \$2 million. The STP fund functions as a pass-through so the reduction to funding has a direct correlation to its expenses. The discretionary funds are being reallocated to other transportation funds to offset reductions in state general fund appropriations.

Planning and Transit Services: Revenues: \$756,803; Expenditures: \$3,617,803; Reserves: (\$2,861,000)

This amendment reduces MTS budgeted MVST by \$2,000,000. This reduction in funding allows for its distribution to other transportation funds. This reduction results in a \$2,000,000 planned use of reserves and does not drop MTS below its Council target reserve policy.

This amendment requests additional expenditure authority to cover the operations of Route 288 Forest Lake/Columbus to Minneapolis express service. This service was originally provided as part of the region's service rerouting to address the I-35W Bridge collapse. In August 2008 the bridge reopened and the federal funding for this program ended. The Council with the help of Anoka, Washington, and Chisago counties continued to pay for this service for 2008. Near the end of 2008 it was still not clear whether the service would be continued or how it would be funded. Because of the timing of these unresolved issues MTS was unable to budget for this service. This amendment seeks to bring in the \$712,000 of expense for the service and \$371,000 of revenues. Revenues include \$28,000 cash fares, \$110,000 Anoka County share, and \$233,000 Washington County share. The net use of \$341,000 of reserves will not reduce reserves below Council target reserve policy.

This amendment requests an additional \$520,000 of authority to cover unbudgeted expenditures in the current Two Rivers contract. The Two Rivers contract provides services in the east and southeast metro area. This budgeting error occurred during the 2008 budgeting process and was discovered in 2009 when new internal controls were implemented. Staff believes that these additional internal controls will help prevent this type of error from occurring in the future. The net use of \$520,000 of reserves will not reduce reserves below Council target reserve policy.

The amendment requests to bring in \$2,385,803 of Job Access Reverse Commute (JARC) and New Freedoms federal funds into the operating budget. These funds will be used to pass-through \$1,883,303 of awarded JARC and New Freedom subrecipients. The funds will also be used to purchase a coach bus for the Blue Express service out of Prior Lake and will be matched with Prior Lake provided local funds. This program also provides \$32,500 for administrative cost reimbursement related to this program. This action does not affect reserves.

Rationale

Staff is recommending the following revisions to the Transportation Division 2009 Operating Budget.

Funding

This amendment recognizes changes in state funding, additional federal revenue and local match, transfer of fund balances between transportation division funds, and reserve usages.

Known Support/Opposition

No known opposition.

Metropolitan Council - Transportation Division

2009 Annual Budget - Summary of Revisions

Operating Budget Amendment - Business Item 2009-252

	2009 Adopted Budget	2009 Amended Budget	Metro Transit Bus	Metro Transit Rail	Metro Transit Northstar	Total Metro Transit	Metro Mobility	Suburban Transit Providers	Planning and Transit Services	Total Metropolitan Transport Services	2009 Revised Budget
Revenues											
State Revenues											
Motor Vehicle Sales Taxes	\$ 110,966,976	\$ 110,966,976	\$ 1,310,710	\$ 767,766	\$ 3,793,362	\$ 5,871,838	\$ -	\$ (4,647,641)	\$ (2,000,000)	\$ (6,647,641)	\$ 110,191,173
State Revenues	84,581,487	84,581,487	(3,088,380)	(1,767,766)	(3,793,362)	(8,649,508)	-	(925,000)	-	(925,000)	75,006,979
Total State Revenues	\$ 195,548,463	\$ 195,548,463	\$ (1,777,670)	\$ (1,000,000)	\$ -	\$ (2,777,670)	\$ -	\$ (5,572,641)	\$ (2,000,000)	\$ (7,572,641)	\$ 185,198,152
Other Revenues											
Federal Revenues	32,319,763	38,658,890	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 2,291,803	2,291,803	40,950,693
Local Revenues	43,660,458	43,660,458	-	-	-	-	-	-	437,000	437,000	44,097,458
Investment Earnings	215,000	215,000	-	-	-	-	-	-	-	-	215,000
Other Revenues	1,562,263	1,562,263	-	-	-	-	-	-	-	-	1,562,263
Fares - Base	93,593,096	93,593,096	-	-	-	-	-	-	28,000	28,000	93,621,096
Contract & Special Event Revenue	8,489,476	8,489,476	-	-	-	-	-	-	-	-	8,489,476
Total Revenues	\$ 375,388,519	\$ 381,727,646	\$ (1,777,670)	\$ (1,000,000)	\$ -	\$ (2,777,670)	\$ -	\$ (5,572,641)	\$ 756,803	\$ (4,815,838)	\$ 374,134,138
Expenses											
Salaries & Benefits	\$ 213,989,573	\$ 214,242,482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,500	\$ 32,500	\$ 214,274,982
Consulting & Contractual Services	9,556,520	14,164,968	-	-	-	-	-	-	-	-	14,164,968
Materials & Supplies	20,082,463	20,207,463	-	-	-	-	-	-	-	-	20,207,463
Rent & Utilities	8,032,007	8,032,007	-	-	-	-	-	-	-	-	8,032,007
Printing	145,000	145,000	-	-	-	-	-	-	-	-	145,000
Travel	38,500	38,500	-	-	-	-	-	-	-	-	38,500
Insurance	5,715,150	5,715,150	-	-	-	-	-	-	-	-	5,715,150
Transit Programs	74,611,396	75,804,166	-	-	-	-	-	(5,572,641)	1,232,000	(4,340,641)	71,463,525
Operating Capital	867,319	867,319	-	-	-	-	-	-	-	-	867,319
Grants - Governmental	-	185,000	-	-	-	-	-	-	1,883,303	1,883,303	2,068,303
Other Operating Expenses	33,176,078	33,176,078	-	-	-	-	-	-	-	-	33,176,078
Capital Outlay	-	-	-	-	-	-	-	-	470,000	470,000	470,000
Total Expenses	\$ 366,214,006	\$ 372,578,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,572,641)	\$ 3,617,803	\$ (1,954,838)	\$ 370,623,295
Other Uses											
Interdivisional Expense Alloc-MT & LRT	\$ 15,394,835	\$ 15,394,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,394,835
A-87- Metropolitan Transportation Services	825,000	825,000	-	-	-	-	-	-	-	-	825,000
Planning Chargeback Expense	208,343	208,343	-	-	-	-	-	-	-	-	208,343
Total Other Uses	\$ 16,428,178	\$ 16,428,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,428,178
MVST Transfers In	7,232,515	7,232,515	1,777,670	-	-	1,777,670	-	-	-	-	9,010,185
Transfers (To) / From Other Funds	21,150	21,150	-	-	-	-	-	-	-	-	21,150
Total Expenses and Uses	\$ 375,388,519	\$ 381,752,646	\$ (1,777,670)	\$ -	\$ -	\$ (1,777,670)	\$ -	\$ (5,572,641)	\$ 3,617,803	\$ (1,954,838)	\$ 378,020,138
Surplus/(Deficit)	\$ -	\$ (25,000)	\$ -	\$ (1,000,000)	\$ -	\$ (1,000,000)	\$ -	\$ -	\$ (2,861,000)	\$ (2,861,000)	\$ (3,886,000)