

**T** Transportation Committee  
**Meeting date: August 22, 2011**  
**Management Committee: August 24, 2011**  
**Metropolitan Council: September 14, 2011**

**ADVISORY INFORMATION**

**Date:** August 15, 2011  
**Subject:** 2011 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, Director, MTS (651) 602-1217  
Edwin D. Petrie, Director of Finance, Metro Transit, (612) 349-7624  
Amy Vennewitz, Deputy Director, MTS, (651) 602-1058  
Alan Morris, Principal Financial Analyst, (651) 602-1446  
Sean Pfeiffer, Financial Analyst, MTS, (651) 602-1887  
**Division/Department:** Metro Transit & Metropolitan Transportation Services

**Proposed Action**

That the Council amend the 2011 Unified Operating Budget in accordance with the attached table.

**Background**

The 2011 Legislative Special Session resulted in a \$51.7M one-time State General Fund (GF) appropriation reduction for transit operations for the SFY 2012-2013 biennium. Staff has identified a number of budget solutions which can be applied to reduce the impact of this reduction including increased Counties Transit improvement Board (CTIB) funding for transitway operations, use of excess Suburban Transit Provider (STP) reserves, use of Highway Right-of-Way Acquisition Loan Fund (RALF) balances, Metro Transit administrative and transit service reductions and use of existing MVST fund balances. This amendment reflects the budget solutions recommended to be applied for the remainder of CY 2011 (which constitutes the first six months for SFY2012) covering the period of July 1, 2011 to December 31, 2011.

The specific changes for Metro Transit and MTS are as follows:

**Metro Transit**

**Increase/(Decrease) in Revenues: (\$13,732,216); Expenditures and Uses: (\$13,732,216); Reserves: \$0**

**Bus Operations**

**Increase/(Decrease) in Revenues: (\$13,732,216); Expenditures: (\$1,295,000); Transfers In: 12,437,216; Reserves: \$0**

- Decrease MVST revenues (\$1,782,939) for Metro Transit Bus Operations.

- Reduce State GF appropriations (\$11,949,277) to reflect the one-time state GF reduction for the period of July 1 to December 31, 2011.
- Recognize a transfer of \$4,337,216 from the MVST reserve fund.
- Recognize a transfer of \$8,100,000 from the Highway Right-of-Way Acquisition Loan Fund (RALF). The transfer authority is statutorily available through December 31, 2011.
- Decrease expenses by (\$1,295,000). This expense decrease is for administrative reductions in Professional Services, Bus Parts and Utilities and for minor service reductions to be implemented in September 2011.

**Hiawatha Light Rail Operations Increase/(Decrease) in Revenues: \$0; Expenditures: \$0; Reserves: \$0**

- Decrease MVST revenues (\$911,000) for Hiawatha Light Rail Operations.
- Reduce State GF appropriations (\$798,000) to reflect the one-time state GF reduction for the period of July 1 to December 31, 2011.
- Recognize a \$1,709,000 increase in funding from the Counties Transit Improvement Board due to increasing the CTIB contribution from 50% to 75% of net operating costs.

**Northstar Commuter Rail Operations**

**Increase/(Decrease) in Revenues: \$0; Expenditures: \$0; Reserves: \$0**

- Decrease MVST revenues (\$1,533,000) for Northstar Commuter Rail Operations.
- Recognize a \$1,533,000 increase in funding from the Counties Transit Improvement Board due to increasing the CTIB contribution from 50% to 75% of net operating costs.

**Metropolitan Transportation Services**

**Increase/(Decrease) in Revenues: \$0; Expenditures: \$0; Reserves: \$0**

**Metro Mobility**

**Increase/(Decrease) in Revenues: \$0; Expenditures: \$0; Reserves: \$0**

- Reduce state GF appropriations (\$178,523) to reflect the one-time state GF reduction for the period of July 1 to December 31, 2011.
- Increase MVST revenues by \$178,523 to off-set the loss of the GF revenues.

**Contracted Services**

**Increase/(Decrease) in Revenues: \$0; Expenditures: \$0; Reserves: \$0**

- Decrease MVST revenues (\$101,264) for Contracted Transit Services.
- Recognize a \$101,264 increase in funding from the Counties Transit Improvement Board due to increasing the CTIB contribution from 50% to 75% of net operating costs.

### **Transportation Division - Passthrough**

**Increase/(Decrease) in Revenues: (\$4,675,270); Expenditures: \$8,100,000; Reserves: (\$12,775,270)**

### **Suburban Transit Providers**

**Increase/(Decrease) in Revenues: (\$4,675,270); Expenditures: \$0; Reserves: (\$4,675,270)**

- Decrease anticipated MVST revenues (\$4,675,270) to the STPs due to changes in the February 2010 to 2011 MVST forecast and to reflect the statutory authority to reduce MVST payments to STPs for the period of July 1 to December 31, 2011.

### **Highway Right-of-Way Acquisition Loan Fund (RALF)**

**Increase/(Decrease) in Revenues: \$0; Expenditures and Uses: \$8,100,000; Reserves: (\$8,100,000)**

- Recognize a transfer out of \$8,100,000 from the Highway Right-of-Way Acquisition Loan Fund (RALF) to Metro Transit Bus Operations. The transfer authority is statutorily available through December 31, 2011.

### **Rationale**

This amendment recognizes changes to the 2011 Transportation Operating Budget resulting from the Minnesota Legislature 2011 First Special Session Laws Chapter 3.

### **Funding**

This amendment recognizes changes in MVST revenue allocation as calculated from the Regional Transit Operating Revenue Allocation procedure, decreases in state GF appropriations, increases in CTIB funding, decreases in Metro Transit Bus Operations expenses and necessary planned use of MVST reserves.

### **Known Support / Opposition**

No known opposition.

## Metropolitan Council - Transportation Division 2011 Annual Budget - Summary of Revisions Operating Budget Amendment - Business Item 2011-205

	2011 Adopted Budget	2011 Amended Budget	Metro Transit Bus	Metro Transit Rail	Metro Transit Northstar	Total Metro Transit	Metro Mobility	Contracted Services	Transportation Planning	Total Metropolitan Transportation Services	2011 Revised Budget
<b>Revenues</b>											
<b>State Revenues</b>											
Motor Vehicle Sales Taxes	\$ 161,319,680	\$ 161,319,680	\$ (1,782,939)	\$ (911,000)	\$ (1,533,000)	\$ (4,226,939)	\$ 178,523	\$ (101,264)	\$ -	\$ 77,259	\$ 157,170,000
State Revenues	58,154,162	58,073,462	(11,949,277)	(798,000)	-	(12,747,277)	(178,523)	-	-	(178,523)	45,147,662
<b>Total State Revenues</b>	<b>\$ 219,473,842</b>	<b>\$ 219,393,142</b>	<b>\$ (13,732,216)</b>	<b>\$ (1,709,000)</b>	<b>\$ (1,533,000)</b>	<b>\$ (16,974,216)</b>	<b>\$ -</b>	<b>\$ (101,264)</b>	<b>\$ -</b>	<b>\$ (101,264)</b>	<b>\$ 202,317,662</b>
<b>Other Revenues</b>											
Federal Revenues	33,297,970	33,723,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	33,723,660
Local Revenues	14,711,235	14,711,235	-	-	-	-	-	101,264	-	101,264	14,812,499
Investment Earnings	749,920	749,920	-	-	-	-	-	-	-	-	749,920
Other Revenues	3,925,635	4,162,035	-	1,709,000	1,533,000	3,242,000	-	-	-	-	7,404,035
Fares - Base	98,083,645	93,048,315	-	-	-	-	-	-	-	-	93,048,315
Contract & Special Event Revenue	5,703,334	5,703,334	-	-	-	-	-	-	-	-	5,703,334
<b>Total Revenues</b>	<b>\$ 375,945,581</b>	<b>\$ 371,491,641</b>	<b>\$ (13,732,216)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (13,732,216)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 357,759,425</b>
<b>Expenses</b>											
Salaries & Benefits	\$ 227,621,317	\$ 227,621,317	\$ (483,602)	\$ -	\$ -	\$ (483,602)	\$ -	\$ -	\$ -	\$ -	\$ 227,137,715
Consulting & Contractual Services	15,786,691	19,436,727	(250,000)	-	-	(250,000)	-	-	-	-	19,186,727
Materials & Supplies	21,456,807	21,256,807	(161,398)	-	-	(161,398)	-	-	-	-	21,095,409
Rent & Utilities	7,952,226	7,952,226	(400,000)	-	-	(400,000)	-	-	-	-	7,552,226
Printing	108,250	108,250	-	-	-	-	-	-	-	-	108,250
Travel	36,000	36,000	-	-	-	-	-	-	-	-	36,000
Insurance	4,808,248	4,491,801	-	-	-	-	-	-	-	-	4,491,801
Transit Programs	55,460,947	55,460,947	-	-	-	-	-	-	-	-	55,460,947
Operating Capital	911,422	911,422	-	-	-	-	-	-	-	-	911,422
Grants - Governmental	-	1,344,928	-	-	-	-	-	-	-	-	1,344,928
Other Operating Expenses	25,981,426	25,981,426	-	-	-	-	-	-	-	-	25,981,426
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 360,123,334</b>	<b>\$ 364,601,851</b>	<b>\$ (1,295,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,295,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 363,306,851</b>
<b>Other Uses</b>											
Interdivisional Expense Alloc-MT & LRT	\$ 17,804,183	\$ 17,804,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,804,183
A-87- Metropolitan Transportation Services	1,539,030	1,539,030	-	-	-	-	-	-	-	-	1,539,030
Planning Chargeback Expense	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Uses</b>	<b>\$ 19,343,213</b>	<b>\$ 19,343,213</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,343,213</b>
MVST Transfers In	2,825,332	2,825,332	4,337,216	-	-	4,337,216	-	-	-	-	7,162,548
Transfers (To) / From Other Funds	21,150	21,150	8,100,000	-	-	8,100,000	-	-	-	-	8,121,150
<b>Total Expenses and Uses</b>	<b>\$ 376,620,065</b>	<b>\$ 381,098,582</b>	<b>\$ (13,732,216)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (13,732,216)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 367,366,366</b>
<b>Surplus/(Deficit)</b>	<b>\$ (674,484)</b>	<b>\$ (9,606,941)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (9,606,941)</b>