



# Management Committee

Transportation Committee: October 27, 2008  
Metropolitan Council: November 12, 2008

Meeting date: October 22, 2008

Business Item

Item: 2008-257

ADVISORY INFORMATION	
<b>Date:</b>	October 17, 2008
<b>Subject:</b>	2008 Unified Operating Budget Amendment
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	MN Statutes section 473.13, sub. 1 -- Council Budget Requirements
<b>Staff Prepared/Presented:</b>	Paul Conery (602-1374), Manager, Budget & Evaluation
<b>Division/Department:</b>	All

## Proposed Action

That the Metropolitan Council:

- Amend the 2008 Unified Operating Budget as indicated and in accordance with the attached tables.

## Background

Staff recommends the following revisions to the 2008 budget.

### Transportation

**Change in Revenues: \$2,355,000; Expenditures: \$2,740,500; Reserves:( \$385,500); FTE(s) 1.75**

Metro Transit - Bus: Revenues: \$1,822,000; Expenditures: \$1,822,000

- \$1,500,000 in expenditure authority is requested for parts expense previously charged in the Capital Maintenance Program. The expense will be offset by Federal Grant Revenue and will have no effect on reserves.
- \$322,000 in expenditure authority is requested to provide the local match to a Federal Grant for the tire lease in the capital program. This will be offset by and increase in advertising income and will have no effect on reserves.

Metro Transit - NorthStar: Revenues: \$295,500; Expenditures: \$681,000; Reserves: (\$385,500); FTE(s) 1.75

- \$681,000 and 1.75 Full Time Equivalentents are requested to begin pre-revenue start up operations. \$295,500 will be provided through subordinate funding agreements with the Hennepin, Anoka and Sherburne Regional Rail Authorities and \$385,500 will be drawn from operating reserves.

MTS: Revenues: \$237,500; Expenditures: \$237,500

- \$237,500 is expenditure authority is requested fund the 2030 Aviation System Plan Update. This will be offset by a Federal Aviation Administration Grant with the local match being provided by in-kind services. This will have no effect on reserves.
- \$411,458 in expenditure authority is requested in Metro Mobility to be offset by an increase in Federal Revenue. The Federal Revenue is available due to re-programming funding provided in response to the I-35W Bridge Collapse that was originally budgeted to the City of Maple Grove, Minnesota Valley Transit and Forest Lake Service. This has no effect on reserves.

## Rationale

Staff is recommending the following revisions to the 2008 budget.

## Funding

The proposed operating budget amendment makes the following changes to the 2008 Unified Operating Budget.

	<b>Adopted Budget</b>	<b>Previous Amendments</b>	<b>Proposed Amendment</b>	<b>Proposed Budget</b>
<b>Revenues</b>				
Operating	\$ 477,143,272	\$ 6,891,640	\$ 2,355,000	\$ 486,389,912
Pass Through	82,032,500	-	-	82,032,500
Debt Service	132,755,208	-	-	132,755,208
<b>Total Revenues</b>	<b>\$ 691,930,980</b>	<b>\$ 6,891,640</b>	<b>\$ 2,355,000</b>	<b>\$ 701,177,620</b>
<b>Expenditures</b>				
Operating	\$ 482,064,637	\$ 9,322,752	\$ 2,740,500	\$ 494,127,889
Pass Through	80,792,375	-	-	80,792,375
Debt Service	138,063,093	-	-	138,063,093
<b>Total Expenditures</b>	<b>\$ 700,920,105</b>	<b>\$ 9,322,752</b>	<b>\$ 2,740,500</b>	<b>\$ 712,983,357</b>
<b>Surplus / (Deficit)</b>	<b>\$ (8,989,125)</b>	<b>\$ (2,431,112)</b>	<b>\$ (385,500)</b>	<b>\$ (11,805,737)</b>

The Transportation Operating Reserves will decrease by \$385,500 as a result of this action.

## Know Support / Opposition

Committee Actions:

Transportation Committee – To be presented October 27, 2008

**Metropolitan Council**  
**2008 Annual Budget - Summary of Revisions**  
**Operating Budget Amendment - Business Item 2008-257**

	2008 Adopted Budget	2008 Amended Budget	Total Reg'l Admin & Community Dev	HRA Programs	Total Transportation	Environmental Services	Capital	Net Change	2008 Revised Budget
<b>Revenues &amp; Other Sources</b>									
Property Tax (Net)	\$ 8,759,250	\$ 8,759,250	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 8,759,250
Federal	35,322,757	40,288,845	-	-	1,737,500	-	-	1,737,500	42,026,345
State	217,535,315	218,185,315	-	-	-	-	-	-	218,185,315
Municipal & Wastewater Charges	105,433,000	105,433,000	-	-	-	-	-	-	105,433,000
Industrial Waste Charges	9,225,000	9,225,000	-	-	-	-	-	-	9,225,000
Passenger Fares	87,851,817	88,976,347	-	-	-	-	-	-	88,976,347
Debt Service	132,755,208	132,755,208	-	-	-	-	-	-	132,755,208
Passthrough	82,032,500	82,032,500	-	-	-	-	-	-	82,032,500
Other Sources	13,016,133	13,167,155	-	-	617,500	-	-	617,500	13,784,655
<b>Total Revenues and Other Sources</b>	<b>\$ 691,930,980</b>	<b>\$ 698,822,620</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,355,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,355,000</b>	<b>\$ 701,177,620</b>
<b>Expenses</b>									
Salaries & Benefits	\$ 283,924,618	\$ 286,160,067	\$ -	\$ -	591,000	\$ -	\$ -	\$ 591,000	\$ 286,751,067
Consultant / Contractual Services	31,010,886	32,226,811	-	-	327,500	-	-	327,500	32,554,311
Materials and Supplies	30,033,272	32,143,937	-	-	1,822,000	-	-	1,822,000	33,965,937
Rent, Utilities, & Insurance	29,665,162	29,665,162	-	-	-	-	-	-	29,665,162
Other Operating Expenses	28,782,568	29,246,529	-	-	-	-	-	-	29,246,529
Transit Assistance	71,825,238	75,121,990	-	-	-	-	-	-	75,121,990
Debt Service	138,063,093	138,063,093	-	-	-	-	-	-	138,063,093
Passthrough Grants & Loans	80,792,375	80,792,375	-	-	-	-	-	-	80,792,375
Capital Expenditures	6,822,893	6,822,893	-	-	-	-	-	-	6,822,893
<b>Total Expenses</b>	<b>\$ 700,920,105</b>	<b>\$ 710,242,857</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,740,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,740,500</b>	<b>\$ 712,983,357</b>
<b>Other Uses</b>									
Interdivisional Expense Allocation	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -
A-87 Charges/Planning Chargebacks	-	-	-	-	-	-	-	-	-
Transfers From (To) Other Funds	-	-	-	-	-	-	-	-	-
<b>Total Other Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses and Other Uses</b>	<b>\$ 700,920,105</b>	<b>\$ 710,242,857</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,740,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,740,500</b>	<b>\$ 712,983,357</b>
<b>Surplus/(Deficit)</b>	<b>\$ (8,989,125)</b>	<b>\$ (11,420,237)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (385,500)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (385,500)</b>	<b>\$ (11,805,737)</b>

# Transportation Committee

**Meeting date: October 27, 2008**

**Management Committee: October 22, 2008**

**Metropolitan Council: November 12, 2008**

<b>ADVISORY INFORMATION</b>	
<b>Date:</b>	October 10, 2008
<b>Subject:</b>	4 <sup>th</sup> Quarter 2008 Unified Operating Budget Amendment
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	MN Statutes Section 473.13, sub. 1 – Council Budget Requirements
<b>Staff Prepared/Presented:</b>	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, MTS Financial Analyst (651-602-1887)
<b>Division/Department:</b>	Transportation (Metro Transit & Metropolitan Transportation Services)

## Proposed Action

That the Council:

- Amend the 2008 Unified Operating Budget in accordance with the attached table.

## Background – 2008 Amendment

This amendment recognizes additional Federal revenue and related expenses. Staff is recommending the following revisions to the 2008 operating budget.

### Metro Transit Bus Operations

**Changes in Revenues: \$1,822,000; Expenditures: \$1,822,000; Reserves: \$0**

- Increase bus parts expense by \$1,500,000 for parts previously allowable in the Capitalized Maintenance program. These parts will now be charged to operations and will be offset by a Federal grant revenue of \$1,500,000 for preventative maintenance expenses.
- Increase other miscellaneous expense by \$322,000 to allow Metro Transit to use operating expenses as a match to a Federal Grant for tire lease in the capital program. This is being offset by an increase in advertising revenues.

### Metro Transit Northstar Commuter Rail

**Changes in Revenues: \$295,500; Expenses: \$681,000; Reserves: \$385,500; FTE's: 1.75**

- Add \$681,000 and 1.75 FTE's to begin the pre-revenue start up operations for the Northstar Commuter Rail. The revenue source will be motor vehicle sales tax transfer funds and subordinate funding agreements with the Hennepin, Anoka and Sherburne Regional Rail Authorities.
- Previously adopted FTE                    5.8 Capital Project  
Additional FTE's                            1.75 Operating  
    7.55 Total FTE's

## **Metropolitan Transportation Services**

**Change in Revenues: \$237,500; Expenditures: \$237,500; Reserves: \$0**

- Planning and transit services' staff is seeking to add a \$237,500 Federal Aviation Administration (FAA) grant for the 2030 Aviation System Plan Update. This grant will be matched using in-kind services of \$12,500 which is already included in our operating budget.
- Metropolitan Transportation Services is seeking to reallocate federal dollars for the I-35W bridge collapse. This reallocation is necessary because Minnesota Valley Transit Authority (MVTA) did not have federally eligible expenses for the last half of 2007 and Maple Grove did not have any federally eligible expenses. Both Maple Grove and MVTA expenses were ineligible for federal reimbursement because their procurements of service providers did not follow federal guidelines. An additional \$211,458 will be reallocated from contracted regular route due to a discontinuation of federal funding for the Forest Lake I-35W service based on the date of the bridge reopening. All amounts being reallocated will be transferred to Metro Mobility which does have additional eligible expenses.

## **Rationale**

Metro Transit amendments are necessary to recognize additional federal funding for preventive maintenance activities and to recognize the Northstar Budget for pre-revenue operations.

Metropolitan Transportation Services' amendments are necessary to reallocate I-35W bridge collapse monies to the funds that can use them and bring in additional federal funding.

## **Funding**

Metro Transit Bus Operations is recognizing additional Federal Funding which is eligible for Preventive Maintenance activities per federal 5307 guidelines. The Northstar pre-revenue operations is beginning in 2008 with anticipated revenue operations late in 2009. These pre-revenue operations in 2008 will be funded with a combination of 50% MVST funds and 50% through subordinate funding agreements with Hennepin, Anoka and Sherburne Regional Rail Authorities.

Metropolitan Transportation Services' is bringing in federal grant dollars to fund the above listed FAA project system update. No additional funding for the I-35W bridge collapse is being brought in by this amendment it is simply seeking to recognize the expense in the appropriate funds where it can be drawn from.

## **Known Support/Opposition**

MVTA was made aware of the ineligibility of their service provider expenses for the last half of 2007. MVTA conveyed to staff their dissatisfaction with this loss of funding and asked that we look into other ways to fund their costs related to the collapse. No other funding source for these expenses was found by staff.

**Metropolitan Council - Transportation Division  
2008 Annual Budget - Summary of Revisions  
Operating Budget Amendment - Business Item 2008-257**

	2008 Adopted Budget	2008 Amended Budget	Metro Transit Bus	Metro Transit Rail	Metro Commuter Rail	Total Metro Transit	Metro Mobility	Suburban Transit Providers	Planning and Transit Services	Total Metropolitan Transport Services	2008 Revised Budget
<b>Revenues</b>											
<b>State Revenues</b>											
Motor Vehicle Sales Taxes	\$ 125,000,369	\$ 125,000,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000,369
State Revenues	91,833,241	91,833,241	-	-	-	-	-	-	-	-	91,833,241
<b>Total State Revenues</b>	<b>\$ 216,841,610</b>	<b>\$ 216,841,610</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 216,841,610</b>
<b>Other Revenues</b>											
Federal Revenues	30,976,675	35,942,763	1,500,000	-	-	1,500,000	411,458	(200,000)	26,042	237,500	37,680,263
Local Revenues	6,041,977	6,142,349	-	-	295,500	295,500	-	-	-	-	6,437,849
Investment Earnings	628,030	628,030	-	-	-	-	-	-	-	-	628,030
Other Revenues	838,600	1,334,933	322,000	-	-	322,000	-	-	-	-	1,656,933
Fares - Base	79,111,931	79,715,796	-	-	-	-	-	-	-	-	79,715,796
Contract & Special Event Revenue	8,739,866	8,739,866	-	-	-	-	-	-	-	-	8,739,866
<b>Total Revenues</b>	<b>\$ 343,178,709</b>	<b>\$ 349,345,349</b>	<b>\$ 1,822,000</b>	<b>\$ -</b>	<b>\$ 295,500</b>	<b>\$ 2,117,500</b>	<b>\$ 411,458</b>	<b>\$ (200,000)</b>	<b>\$ 26,042</b>	<b>\$ 237,500</b>	<b>\$ 351,700,349</b>
<b>Expenses</b>											
Salaries & Benefits	\$ 199,547,162	\$ 201,873,789	\$ -	\$ -	\$ 591,000	\$ 591,000	\$ -	\$ -	\$ -	\$ -	\$ 202,464,789
Consulting & Contractual Services	7,184,662	7,168,962	-	-	90,000	90,000	-	-	237,500	237,500	7,496,462
Materials & Supplies	17,173,568	19,276,837	1,822,000	-	-	1,822,000	-	-	-	-	21,098,837
Rent & Utilities	6,336,951	6,336,951	-	-	-	-	-	-	-	-	6,336,951
Printing	118,000	118,000	-	-	-	-	-	-	-	-	118,000
Travel	43,000	43,000	-	-	-	-	-	-	-	-	43,000
Insurance	3,496,937	3,496,937	-	-	-	-	-	-	-	-	3,496,937
Transit Programs	71,825,238	75,121,990	-	-	-	-	411,458	(200,000)	(211,458)	0	75,121,990
Operating Capital	875,231	875,231	-	-	-	-	-	-	-	-	875,231
Other Operating Expenses	24,063,525	24,063,525	-	-	-	-	-	-	-	-	24,063,525
<b>Total Expenses</b>	<b>\$ 330,664,294</b>	<b>\$ 338,275,242</b>	<b>\$ 1,822,000</b>	<b>\$ -</b>	<b>\$ 681,000</b>	<b>\$ 2,503,000</b>	<b>\$ 411,458</b>	<b>\$ (200,000)</b>	<b>\$ 26,042</b>	<b>\$ 237,500</b>	<b>\$ 341,115,742</b>
<b>Other Uses</b>											
Interdivisional Expense Alloc-MT & LRT	\$ 14,815,401	\$ 14,815,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,815,401
A-37 - Metropolitan Transportation Services	805,000	805,000	-	-	-	-	-	-	-	-	805,000
Planning Chargeback Expense	295,735	204,557	-	-	-	-	-	-	-	-	204,557
<b>Total Other Uses</b>	<b>\$ 15,916,136</b>	<b>\$ 15,824,958</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,824,958</b>
Transfers To (From) Other Funds	21,150	21,150	-	-	-	-	-	-	-	-	21,150
<b>Total Expenses and Uses</b>	<b>\$ 346,559,280</b>	<b>\$ 354,221,250</b>	<b>\$ 1,822,000</b>	<b>\$ -</b>	<b>\$ 681,000</b>	<b>\$ 2,503,000</b>	<b>\$ 411,458</b>	<b>\$ (200,000)</b>	<b>\$ 26,042</b>	<b>\$ 237,500</b>	<b>\$ 356,961,850</b>
<b>Surplus/(Deficit)</b>	<b>\$ (3,380,571)</b>	<b>\$ (4,876,001)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (385,500)</b>	<b>\$ (385,500)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (5,261,501)</b>