

# M Management Committee

Transportation Committee: August 13, 2012

Environment Committee: August 14, 2012

Metropolitan Council: August 22, 2012

**Meeting date: August 8, 2012****ADVISORY INFORMATION**

<b>Date:</b>	August 2, 2012
<b>Subject:</b>	2012 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</b>	Mary Bogie (602-1359) Chief Financial Officer
<b>Prepared/Presented:</b>	Paul Conery (602-1374) Director, Budget & Operations
<b>Division/Department:</b>	All

**Proposed Action**

That the Metropolitan Council:

- Amend the 2012 Unified Operating Budget as indicated and in accordance with attached tables.

**Background**

Staff recommends the following revisions to the 2012 budget.

**Regional Administration****Change in Revenues: \$0; Expenditures: \$500,000; Reserves: (\$500,000)**

- \$500,000 is requested for the implementation of the Grants Management System. This will require the use of reserves. Reserves will continue to meet Council Target.

**Transportation****Change in Revenues: \$521,260; Expenditures: \$3,016,260;  
Reserves: (\$2,495,000)**

- \$2,865,000 is requested to cover the expenses related to the Metro Mobility ridership increase. This is offset by anticipated \$310,000 increase in fare-base revenue and \$60,000 state fuel tax credits. The rest is offset by using reserves of \$2,495,000.
- \$151,260 is requested to set up a pass-through grant to MVTA to pay for upcoming I-35W CMAQ expansion service. This is offset by federal grant revenue.

## **Environmental Services**

**Change in Expenditures: \$2,400,000; Reserves: (\$2,400,000)**

- \$2,400,000 is requested to cover Litigation costs associated with PFOS. This will require the use of reserves. Reserves will continue to meet Council Target.

## **Rationale**

Staff is recommending the following revisions to the 2012 budget.

## **Funding**

The proposed operating budget amendment makes the following changes to the 2012 Unified Operating Budget.

	<b>Adopted Budget</b>	<b>Previous Amendments</b>	<b>Proposed Amendment</b>	<b>Proposed Budget</b>
<b>Revenues</b>				
Operating	\$ 535,652,175	\$ 206,481	\$ 370,000	\$ 536,228,656
Pass Through	98,899,437	3,220,510	151,260	102,271,207
Debt Service	143,629,534	-	-	143,629,534
<b>Total Revenues</b>	<b>\$ 778,181,146</b>	<b>\$ 3,426,991</b>	<b>\$ 521,260</b>	<b>\$ 782,129,397</b>
<b>Expenditures</b>				
Operating	\$ 536,345,778	\$ 6,525,220	\$ 5,765,000	\$ 548,635,998
Pass Through	95,262,229	3,220,510	151,260	98,633,999
Debt Service	148,698,643	-	-	148,698,643
<b>Total Expenditures</b>	<b>\$ 780,306,650</b>	<b>\$ 9,745,730</b>	<b>\$ 5,916,260</b>	<b>\$ 795,968,640</b>
<b>Surplus / (Deficit)</b>	<b>\$ (2,125,504)</b>	<b>\$ (6,318,739)</b>	<b>\$ (5,395,000)</b>	<b>\$ (13,839,243)</b>

## **Know Support / Opposition**

Committee Actions:

Transportation Committee: August 13, 2012

Environment Committee: August 14, 2012

**Metropolitan Council**  
**2012 Annual Budget - Summary of Revisions**  
**Operating Budget Amendment - Business Item 2012-223**

	2012 Adopted Budget	2012 Amended Budget	Total Reg'l Admin & Community Dev	HRA Programs	Total Transportation	Environmental Services	Capital	Net Change	2012 Revised Budget
<b>Revenues &amp; Other Sources</b>									
Property Tax (Net)	\$ 11,791,064	\$ 11,791,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,791,064
Federal	51,649,548	51,781,029	-	-	151,260	-	-	151,260	51,932,289
State	210,219,972	210,219,972	-	-	-	-	-	-	210,219,972
Municipal & Wastewater Charges	104,160,160	104,160,160	-	-	-	-	-	-	104,160,160
Industrial Waste Charges	12,745,000	12,745,000	-	-	-	-	-	-	12,745,000
Passenger Fares	101,933,759	101,933,759	-	-	310,000	-	-	310,000	102,243,759
Debt Service	143,629,534	143,629,534	-	-	-	-	-	-	143,629,534
Passthrough	98,899,437	102,119,947	-	-	-	-	-	-	102,119,947
Other Sources	43,152,672	43,227,672	-	-	60,000	-	-	60,000	43,287,672
<b>Total Revenues and Other Sources</b>	<b>\$ 778,181,146</b>	<b>\$ 781,608,137</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 521,260</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 521,260</b>	<b>\$ 782,129,397</b>
<b>Expenses</b>									
Salaries & Benefits	\$ 330,394,201	\$ 330,616,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330,616,201
Consultant / Contractual Services	43,375,247	47,822,867	500,000	-	-	2,400,000	-	2,900,000	50,722,867
Materials , Supplies & Chemicals	38,242,275	38,242,275	-	-	743,000	-	-	743,000	38,985,275
Rent, Utilities, & Insurance	25,506,380	25,461,980	-	-	-	-	-	-	25,461,980
Other Operating Expenses	36,458,977	36,458,977	-	-	-	-	-	-	36,458,977
Grants from Operating Accounts	-	1,900,000	-	-	-	-	-	-	1,900,000
Transit Assistance	57,449,328	57,449,328	-	-	2,122,000	-	-	2,122,000	59,571,328
Debt Service	148,698,643	148,698,643	-	-	-	-	-	-	148,698,643
Passthrough Grants & Loans	95,262,229	98,482,739	-	-	151,260	-	-	151,260	98,633,999
Capital Expenditures	4,919,370	4,919,370	-	-	-	-	-	-	4,919,370
<b>Total Expenses</b>	<b>\$ 780,306,650</b>	<b>\$ 790,052,380</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ 3,016,260</b>	<b>\$ 2,400,000</b>	<b>\$ -</b>	<b>\$ 5,916,260</b>	<b>\$ 795,968,640</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>\$ 780,306,650</b>	<b>\$ 790,052,380</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ 3,016,260</b>	<b>\$ 2,400,000</b>	<b>\$ -</b>	<b>\$ 5,916,260</b>	<b>\$ 795,968,640</b>
<b>Surplus/(Deficit)</b>	<b>\$ (2,125,504)</b>	<b>\$ (8,444,243)</b>	<b>\$ (500,000)</b>	<b>\$ -</b>	<b>\$ (2,495,000)</b>	<b>\$ (2,400,000)</b>	<b>\$ -</b>	<b>\$ (5,395,000)</b>	<b>\$ (13,839,243)</b>

**Environment Committee**

**Meeting date: August 14, 2012**

**Management Committee: August 8, 2012**

**For the Council Meeting of Aug 22, 2012**

**ADVISORY INFORMATION**

**Date:** August 2, 2012  
**Subject:** 2012 Unified Operating Budget Amendment  
**District(s), Member(s):** All  
**Policy/Legal Reference:** Policies 3-1(budgets) and 3-8 (target fund balances) / MN Statutes 473.13 (budget) and 473.517 (reserve fund)  
**Staff Prepared/Presented:** John Atkins  
**Division/Department:** MCES

**Proposed Action**

That the Metropolitan Council amend the 2012 Unified Operating Budget for Environmental Services to increase expenditures by \$2.4 million.

**Background**

Litigation costs associated with PFOS issues were not anticipated and not included in the 2012 budget. However, these costs have become material and increased substantially and are expected to continue throughout the current year and into 2013.

**Rationale**

This amendment authorizes amending the MCES 2012 Operating Budget to increase expenditures to cover the estimated litigation costs through 2012. The proposed MCES 2013 Operating Budget is separately being revised to include anticipated 2013 PFOS litigation costs.

**Funding**

The Wastewater Operating Contingency Reserve Fund had \$30.5 million at 12/31/11 and is anticipated to have about \$26 million at 12/31/12. The minimum target fund balance for the wastewater reserve and contingency fund is \$12 million.

**Known Support / Opposition**

None

**T** Transportation Committee  
**Meeting date: August 13, 2012**  
**Management Committee: August 8, 2012**  
**Metropolitan Council: August 22, 2012**

**ADVISORY INFORMATION**

**Date:** July 31, 2012  
**Subject:** 2012 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:** Arlene McCarthy, Director, MTS, (651) 602-1217  
Amy Vennewitz, Deputy Director, MTS, (651) 602-1058  
Sean Pfeiffer, Principal Financial Analyst, MTS, (651) 602-1887  
**Division/Department:** Transportation / Metropolitan Transportation Services

**Proposed Action**

That the Council amend the 2012 Unified Operating Budget in accordance with the attached table.

**Background**

MTS is requesting operating budget amendments as a result of Metro Mobility ridership growth and a Minnesota Valley Transit Authority (MVTA) Congestion Mitigation and Air Quality (CMAQ) grant for I-35W South service as described below.

Metro Mobility, by federal law, is not permitted to deny trip requests by ADA certified riders that begin and end within ¾ mile of any all-day fixed route service during the times fixed route service is available. In addition, state law requires that all ADA certified riders receive Metro Mobility service within the Transit Taxing District, as established by the State effective March 2006.

The 2012 budget assumed Metro Mobility ridership growth between 3% and 5%. For the first six months of 2012, ridership compared to the same period for 2011 was up 9.5%. Growth for the remainder of 2012 is expected to be about 10%. This additional demand for service requires Metro Mobility to increase service hours and fuel usage. These increased service costs will be partially offset by higher fare revenues and state fuel tax credits. The \$2,495,000 net cost of the service level increase will be covered with existing reserves (fund balances). With this amendment, Metro Mobility's 2012 operating budget will be \$47,522,544.

Through the 2009 Regional Solicitation Process, MVTA submitted and received a CMAQ award for three years of operating assistance and six forty-foot buses on I-35W South for express service between Savage and downtown Minneapolis as well as limited stop service from Burnsville to downtown Minneapolis and the University of Minnesota. MVTA intends to begin operating this new service on September 4, 2012. The Council has applied for the federal funds and will enter into a sub-recipient agreement with MVTA to provide the funding.

The specific changes for MTS are as follows:

## **Metropolitan Transportation Services**

### **Metro Mobility**

**Increase/(Decrease) in Revenues: \$370,000; Expenditures: \$2,865,000; Reserves: (\$2,495,000)**

- Increase anticipated fare revenue \$310,000 to recognize higher than expected ridership and fare collections.
- Increase state tax fuel credits by \$60,000 to recognize higher fuel usage and the corresponding tax credit.
- Increase transit programs expense by \$2,122,000 to account for increased service hours needed by Metro Mobility to address additional service demand.
- Increase materials and supplies (fuel) expense by \$743,000 to account for increased fuel usage by Metro Mobility fleet to address additional service demand.

### **Contracted Services**

**Increase/(Decrease) in Revenues: \$151,260; Expenditures: \$151,260; Reserves: \$0**

- Increase federal revenues by \$151,260 to recognize FTA funds that will be used to pay 80% of the new MVTA I-35W transit service cost. The local match required for these funds will be provided by the Council in the form of a capital asset match funded by RTC.
- Increase grants-governmental (pass-through) expense by \$151,260 to recognize the expense related to sub-recipient payments made to MVTA.

### **Rationale**

This amendment recognizes Metro Mobility's increased ridership demand and the associated fare revenue, state tax fuel credits and expense adjustments required to meet that demand. It also allows the Council to pass through federal funds awarded to MVTA.

### **Funding**

The \$2,495,000 net costs associated with the ADA increase in ridership demand will be funded out of Metro Mobility's existing fund balance. This use of reserves will drop Metro Mobility below its Council approved target fund balance of 10%. This use of reserves will be replenished in 2012 with Regionally Allocated MVST. The MVTA pass-through portion of the amendment has no fiscal impact on the Council.

### **Known Support / Opposition**

MVTA supports the approval of funding for the start-up of I-35W South service. There is no known opposition to this amendment.

**Metropolitan Council - Transportation Division**  
**2012 Annual Budget - Summary of Revisions**  
**Operating Budget Amendment - Business Item 2012-223**

	2012 Adopted Budget	2012 Amended Budget	Metro Transit Bus	Metro Transit Rail	Metro Transit Northstar	Total Metro Transit	Metro Mobility	Contracted Services	Transportation Planning	Total Metropolitan Transportation Services	2012 Revised Budget
<b>Revenues</b>											
<b>State Revenues</b>											
Motor Vehicle Sales Taxes	\$ 168,132,000	\$ 168,132,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,132,000
State Revenues	40,184,884	40,184,884	-	-	-	-	-	-	-	-	40,184,884
<b>Total State Revenues</b>	<b>\$ 208,316,884</b>	<b>\$ 208,316,884</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 208,316,884</b>
<b>Other Revenues</b>											
Federal Revenues	44,231,048	44,408,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,260	\$ -	\$ -	44,408,648
Local Revenues	23,806,213	23,806,213	-	-	-	-	-	-	-	-	23,806,213
Investment Earnings	682,000	682,000	-	-	-	-	-	-	-	-	682,000
Other Revenues	884,889	884,889	-	-	-	-	60,000	-	-	60,000	944,889
Fares - Base	92,689,964	92,689,964	-	-	-	-	310,000	-	-	310,000	92,999,964
Contract & Special Event Revenue	9,243,795	9,243,795	-	-	-	-	-	-	-	-	9,243,795
Transfer in from other funds	13,703,004	13,703,004	-	-	-	-	-	-	-	-	13,703,004
<b>Total Revenues</b>	<b>\$ 393,557,797</b>	<b>\$ 393,735,397</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 370,000</b>	<b>\$ 151,260</b>	<b>\$ -</b>	<b>\$ 370,000</b>	<b>\$ 394,105,397</b>
<b>Expenses</b>											
Salaries & Benefits	\$ 238,123,912	\$ 238,345,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,345,912
Consulting & Contractual Services	16,383,621	16,383,621	-	-	-	-	-	-	-	-	16,383,621
Materials & Supplies	24,513,319	24,513,319	-	-	-	-	743,000	-	-	743,000	25,256,319
Rent & Utilities	6,314,197	6,314,197	-	-	-	-	-	-	-	-	6,314,197
Printing	93,250	93,250	-	-	-	-	-	-	-	-	93,250
Travel	37,000	37,000	-	-	-	-	-	-	-	-	37,000
Insurance	4,456,362	4,411,962	-	-	-	-	-	-	-	-	4,411,962
Transit Programs	57,449,328	57,449,328	-	-	-	-	2,122,000	-	-	2,122,000	59,571,328
Operating Capital	68,820	68,820	-	-	-	-	-	-	-	-	68,820
Grants - Governmental	-	-	-	-	-	-	-	151,260	-	151,260	151,260
Other Operating Expenses	27,528,060	27,528,060	-	-	-	-	-	-	-	-	27,528,060
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 374,967,869</b>	<b>\$ 375,145,469</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,865,000</b>	<b>\$ 151,260</b>	<b>\$ -</b>	<b>\$ 3,016,260</b>	<b>\$ 378,161,729</b>
<b>Other Uses</b>											
Interdivisional Expense Alloc-MT & LRT	\$ 18,482,751	\$ 18,482,751	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,482,751
A-87- Metropolitan Transportation Services	1,693,890	1,693,890	-	-	-	-	-	-	-	-	1,693,890
Planning Chargeback Expense	(21,150)	(21,150)	-	-	-	-	-	-	-	-	(21,150)
<b>Total Other Uses</b>	<b>\$ 20,155,491</b>	<b>\$ 20,155,491</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,155,491</b>
MVST Transfers In	-	-	-	-	-	-	-	-	-	-	-
Transfers (To) / From Other Funds	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses and Uses</b>	<b>\$ 395,123,360</b>	<b>\$ 395,300,960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,865,000</b>	<b>\$ 151,260</b>	<b>\$ -</b>	<b>\$ 3,016,260</b>	<b>\$ 398,317,220</b>
<b>Surplus/(Deficit)</b>	<b>\$ (1,565,563)</b>	<b>\$ (1,565,563)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,495,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,646,260)</b>	<b>\$ (4,211,823)</b>