

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, Minnesota 55101

COMMITTEE OF THE WHOLE

Wednesday, April 18, 2012

3:30 p.m.

Members Present: Chair Susan Haigh, James Brimeyer, Steven Chávez, Jon Commers, John Đoàn, Adam Duininck, Steve Elkins, Richard Kramer, Harry Melander, Jennifer Munt, Edward Reynoso, Sandra Rummel, Roxanne Smith, Gary Van Eyll, Wendy Wulff

Members Absent: Gary Cunningham, Lona Schreiber

CALL TO ORDER

A quorum being present, Chair Haigh called the Committee of the Whole to order at 3:40 p.m. on Wednesday, April 18, 2012.

APPROVAL OF AGENDA

It was moved by Reynoso, seconded by Elkins to approve the agenda for the meeting of April 18, 2012. **Motion Carried**

APPROVAL OF MINUTES

It was moved by Rummel, seconded by Chávez to approve the minutes for the meeting of April 4, 2012. **Motion Carried.**

1. Regional Forecasts – Todd Graham, Research Analyst and Libby Starling, Research Manager

Research manager Libby Starting provided an overview to the Committee of the Regional Forecast presentation; the Council's role in forecasting; Results: Employment, Population, and Household Forecasts to 2040, Methods behind the Council's forecasts, and the implications for the Council's work and the Thrive MSP 2040 plan.

Forecasts of population, households and employment in ten-year increments produced at least once per decade.

Today preliminary regional forecasts to 2040 are presented, in October preliminary, baseline forecasts are expected by geographic planning area, in April 2013, preliminary local forecasts will be presented, and in February 2014 the adoption of the Thrive MSP 2040 is expected.

Research Analyst Todd Graham first presented employment data; MSP's gross metro product is projected to grow to 1.5% of national GDP, in comparison, MSP has 1.0% of

nation's population. Wage and salary employment forecast to grow by 570,000 or 37%. Employment forecasted to grow 37%. Population growth is projected to increase 31% which is close to the national average. Growth is contributed to natural growth; people being born; International migrants and Domestic migrants.

Graham provided data on population by race and ethnicity. In 1990 the population was 91% white and 9% people of color, in 2010, people of color comprised 24 percent of the regional population, by 2040, projections suggest that 43 percent of the residents in the region will be persons of color.

Increasing racial diversity and continued economic and population growth are all anticipated changes to the seven-county Twin Cities region by 2040, according to a preliminary regional forecast.

The region is expected to gain almost 900,000 people by 2040; economic opportunity in the region will attract population growth. The region's Gross Metro Product, the sum of value added by all industry sectors, will rise to \$400 billion in 2040 – equivalent to 1.5 percent of the US Gross Domestic Product. This is a remarkable share, considering the Twin Cities region has less than 1.0 percent of the nation's population.

The Council's forecast projects that the region will continue to be an immigration gateway to the nation throughout the 30-year period, and immigration will substantially advance the region's diversity. Of the expected 463,000 international immigrants, 83 percent are expected to be people of color from all continents; the remaining 17 percent, non-Hispanic whites.

A larger share of the region's population growth will come from natural growth; birth rates will continue to be higher among families of color than white families.

The mix of households is also changing. Growth in households with children is expected, however, most of the growth among households with children is anticipated to be growth in one-parent households (up 80,000 over 30 years).

The forecasted increase in households of Senior citizens is expected to double. Seniors tend to live alone, or with a spouse. Most of the gain in households projected by the Council is reflected in net growth of one-person households (up 179,000 over 30 years) and of married couples without children (up 87,000). These gains reflect a progression of the household life-cycle, as married couples with children become households without children.

Chair Haigh asked for questions from the committee.

Brimeyer asked how close was the data in the 2000 forecast? Results, outcomes, etc.

Chair Haigh agreed it would be interesting to compare the forecasts from today and last time.

Starling responded the models only understand information submitted. The models know only what the models know. They cannot anticipate unexpected events.

Graham stated models cannot account for hiccups, Black swans, or differences in some variables. Alternate scenarios could be up a 100K or down a 100K.

Elkins commented all models are wrong, but some are useful. Then he asked about the net domestic migration.

Graham responded 10,000 per decade, half are domestic retirees and the other half migrating for economic reasons. Graham explained there are two populations attracted to the Twin Cities for economic reasons; international and domestic migrants.

Munt commented on the "doubling up" of some families for economic and cultural reasons, and international migrants desire larger rental units.

Graham responded household models make assumption for races; preferences, trends, multi generations, etc.

Commers asked about economic competitiveness, the 7 county GDP, how is it developed.

Starling stated they work with state economist using identical data. The model is different and has different purposes. State demographers' forecast model using assumptions for state population and the Council's forecast were only 10-15 thousand apart in 2040, she felt confident about the forecast.

Duininck asked if the demographics mirror the national average. Are they similar?

Graham responded many regions do employment and population forecasts, but no national household data.

Chair Haigh commented household formations are about choices and decisions, environmental conditions, for example the growth in senior population- do they want to live alone, or group homes.

Graham commented a PEER agency looks at recent history of race groups, age groups, looking at transitions.

Chair Haigh asked if other regions have a strong international migration and if changes in international migration are due to trends, or policies.

Graham responded the Twin Cities is a gateway for international migration, expecting 1.0% of the total international migration to migrate to the Twin Cities. He also stated changes in policies can influence migration; could result in less international migration and more domestic migration.

Chávez asked if the forecast process includes a “check-in” of assumptions. He suggests a 5 year check-in to determine how we are doing.

Starling responded the most up to date forecasts is included in 2020 system statements, and ultimately the 30 year forecast is the best way to update assumption.

Van Eyll asked if something surprised you working with the data. Significant change?

Graham responded the major trends, forecasts for household projections up 400,000.

Smith asked if a component of the population growth is due to international migration, or increased domestic migration.

Graham explained more people leave the Twin Cities to move to other areas of the US. A small number are leaving the US for international migration. Annually 100,000 people leave the Twin Cities, 87,000 move into the Twin Cities, leaving a net of minus 13,000.

Elkins asked when population data on household be released.

Starling responded preliminary numbers will be available in early 2013. The Thrive MSP report will contain data on households and types.

Rummel asked if the numbers expected in the 2040 reports have adjusted 2020-2030 numbers based on data.

Starling stated forecasts from now to 2040, all those intermediate decades are part of the new forecast.

Melander asked if the committee will be provided information going backwards, for example projections from 20 years ago, examine for accuracy.

Starling commented the Council has data going back many years, could share comparisons, but the best set of forecasts is based on today's information. It is like comparing today's weather report to last weeks'.

Chávez suggested adding a disclaimer like pollsters use, a = or – range. This could be helpful in making decisions.

Brimeyer suggests periodic planning, maybe done every year to allow for bumps in the economy.

Chair Haigh suggested 3-5 year strategic scenario planning.

Chair Haigh moved onto the next item.

2. Budget Principles – Pat Born, Regional Administrator and Mary Bogie, Chief Financial Officer

Regional Administrator Pat Born and Chief Financial Officer Mary Bogie gave a presentation on the Budget Principles for the 2013 Budget Development. The timeline for budget development began at the meeting on April 18 with a discussion on Budget Principles and Parameters, and will continue through the summer with the Council adopting wastewater rates (July 25, 2012), preliminary operating budget and levies (August 22, 2012), public comment drafts (October 24, 2012), and the final budget (December 12, 2012).

Budget discussions will take place on the committee-level with an overall preliminary presentation in June. The development of the 2013 budget will be similar to last year's process.

The budget development principles include representing the Council's mission, priorities and policies; remaining consistent with the regional development framework; maintaining legal/regulatory compliance and financial integrity; preserving and rehabilitating our infrastructure; maintaining a high level of service quality and efficiency; providing reasonable levies, rates, and fares representative of our service value and the needs of our patrons; and continuing to be a competitive employer. Funding a 21st century transportation system, replacing the retiring workforce and the uncertainty of federal and state funding were some of the challenges listed by Born and Bogie.

Chair Haigh asked the Council whether there were issues in terms of Council priorities, initiatives and challenges that were missing from the presentation.

Elkins mentioned that the Transportation Committee will include fare increase in their budget discussions.

Chair Haigh mentioned the work on the bus rapid transit should be considered in budget discussions and planning.

Pat Born stated that the funding for the 21st century transportation system and the plans for doubling ridership in the next 30 years (beginning in 2003) calls for a number of strategies and capital investments including bus rapid transit and the expansion of the LRT system.

Brimeyer asked that incentive funding rather than grant funding be considered in the future.

OTHER BUSINESS

There was no other business. Noted the next meeting on May 2nd will start at 3:30.

Business completed, the meeting adjourned at 5:05 p.m.

Respectfully submitted,

Michele Wenner, temporary Recording Secretary & Emily Randleman, permanent Recording Secretary