

**J** Transportation Committee (May 11, 2009)  
Management Committee (May 13, 2009)  
For the Metropolitan Council meeting of June 10, 2009

Item: 2009-159

**ADVISORY INFORMATION**

**Date Prepared:** May 20, 2009

**Subject:** Request to Change the Target Fund Balance Policy

**Proposed Action:**

That the Metropolitan Council approve revision of the [Target Fund Balance Policy](#) as it relates to Metropolitan Transportation Services in accordance with the attached revised Target Fund Balance policy.

**Summary of Committee Discussion / Questions:**

Mary Bogie and Sean Pfeiffer presented this action item requesting revision of the reserve fund balance target for Metropolitan Transportation Funds from an overall 15% of budgeted operating expenses to independent rates of 10% for the Metro Mobility Fund and 10% for the Planning and Transit Services Funds.

At Transportation Committee, Natalie Steffen asked when the Committee would be informed about an action or event that would drop fund balances below their targets. Sean Pfeiffer responded that as part of the amendment process all actions and events that result in a use of reserves are brought before the Committee for their consideration or approval.

At Management Committee, Kris Sanda asked if the policy had been revised since implemented. Mary Bogie responded her belief it had not.

The proposed action passed both committees unanimously.

# T Transportation Committee

**Meeting date: May 11, 2009**

**Management meeting May 13, 2009**

**Council Meeting: June 10, 2009**

## ADVISORY INFORMATION

<b>Date:</b>	May 1, 2009
<b>Subject:</b>	Request Change to Target Fund Balance Policy (3-8)
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Administrative Policy and Procedure Guide - Target Fund Balance Policy (3-8)
<b>Staff Prepared/Presented:</b>	Arlene McCarthy, Director MTS, 651-602-1754 Amy Vennewitz, Deputy Director Finance & Planning, 651-602-1058 Sean Pfeiffer, Financial Analyst, 651-602-1887
<b>Division/Department:</b>	Transportation / Metropolitan Transportation Services

### Proposed Action

That the Metropolitan Council authorize the Regional Administrator to amend the Administrative Policy and Procedure Guide's Target Fund Balance Policy as it relates to Metropolitan Transportation Services in accordance with the attached revised Target Fund Balance policy.

### Background

The Council's Finance and Asset Management Policy (Policy 3) requires that financial resources be restricted by organizational unit. The policy further provides that each unit will respond to year-end deficits and surpluses generated by that unit. To promote responsible financial management it is prudent for the Council to adopt target fund balances for each operating fund. The target fund balance is intended to help the operating fund/unit meet cash flow needs and to ensure adequate protection for unanticipated events. The targets are intended to be benchmarks and not absolutes.

### Rationale

Metropolitan Transportation Services has recently performed an internal analysis of its current target operating reserves (fund balances). The analysis used needed cashflow for payments, state, federal and local revenue reimbursement timing, and necessary contingencies for uncontrollable expense items, such as ADA demand, labor contracts, and fuel costs to form a recommendation for target operating reserve levels.

The analysis has indicated that it better serves the Council to change the Metropolitan Transportation Services reserve target of 15 percent for the entire department into two distinct ten (10) percent reserve targets. The reserves would be separated to more discretely show that ADA differs from Planning and Transit Services.

Metro Mobility ADA service is both federally and statutorily mandated with services level dictated by demand not revenue constraints. For Metro Mobility to be able to deal with these varying levels of service staff recommends a ten (10) percent level of reserves as appropriate. This isolation also removes the demand volatility from the other non-Metro Mobility transportation funds.

MTS also recommends a reduction of the Planning and Transit Services from fifteen (15) percent to ten (10) percent. The reduced reserve level will meet the cashflow need of the funds. The largest need for reserve levels in this fund is due to timing of federal revenues and needed matching reserves for larger planning projects.

**Funding**

Not applicable to this item.

**Known Support / Opposition**

No known opposition.

# M Management Committee

**Business Item**

Item: 2009-159

**Meeting date: May 13, 2009**

**Council Meeting: June 10, 2009**

## ADVISORY INFORMATION

<b>Date:</b>	May 6, 2009
<b>Subject:</b>	Request Change to Target Fund Balance Policy (3-8)
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Administrative Policy and Procedure Guide - Target Fund Balance Policy (3-8)
<b>Staff Prepared/Presented:</b>	Mary Bogie, Deputy Chief Financial Officer, 651-602-1359 Sean Pfeiffer, Financial Analyst, 651-602-1887
<b>Division/Department:</b>	Regional Administration/Fiscal Services, Transportation / Metropolitan Transportation Services

### Proposed Action

That the Metropolitan Council approve revision of the Target Fund Balance Policy as it relates to Metropolitan Transportation Services in accordance with the attached revised Target Fund Balance policy.

### Background

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The Transportation Committee reviewed this item on May 11, 2009

**Funding**

Not applicable to this item.

**Known Support / Opposition**

No known opposition.