

# 2010 Proposed Levies, Rates & Unified Operating Budget

**Metropolitan Council  
July 22, 2009**



# Budget Presentation

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- ❖ Overview – Tom Weaver & Wes Kooistra
- ❖ Levies & Regional Administration – Wes Kooistra
- ❖ Community Development – Guy Peterson
- ❖ Environmental Services – Bill Moore
- ❖ Transportation Division
  - Brian Lamb & Arlene McCarthy

# Preliminary Operating Budget & Levies Purpose

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- ❖ Information item today – vote on August 26
- ❖ Approval establishes levy ceilings for 2010
- ❖ Levies can be the same or lower in final adoption
- ❖ Operating budgets can be adjusted down or up
- ❖ Final budgets and levies adopted December 6

# 2010 Metropolitan Council Budget Schedule

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- ❖ **JUL 22**      **Presentation of Preliminary Unified Operating Budgets, Rates and Levies**
- ❖ **AUG 26**      **Adopt Preliminary Operating Budget, Rates and Levies**  
**Set Public Hearing Date**
- ❖ **SEP 9**        **Presentation of Preliminary Capital Program**
- ❖ **SEP 23**      **Set Budget and Levies for Public Hearing**
- ❖ **NOV 4**        **Hold Public Hearing (Subject to Change)**
- ❖ **DEC 9**        **Adopt Final Budget and Levies**

# Overarching Principles

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- ❖ Focus on mission
- ❖ Be accountable and transparent to the public
- ❖ Maximize value
- ❖ Work cooperatively with regional partners
- ❖ Apply a “corporate” approach to problem solving
- ❖ Acknowledge the current economic conditions
- ❖ Control staffing levels

# Financial Objectives

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A budget that:

- ❖ Reflects the priorities and policies of the Council
- ❖ Incorporates a long term view
- ❖ Mitigates structural gaps
- ❖ Builds reserves to meet targets
- ❖ Preserves the Council's AAA bond rating
- ❖ Keep impact of property tax levy flat to taxpayers

# Budget Challenges

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- ❖ Expectations to expand service
- ❖ Expectations to reduce costs
- ❖ Complexity of transit financing and governance
- ❖ Transit structural deficits
- ❖ Unstable revenue sources
  - ❖ Transportation (MVST, State GF)
  - ❖ Environmental Services (SAC)

# Budget Challenges

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- ❖ Volatility in fuel pricing
- ❖ Bus reserves significantly below targets
- ❖ Unsettled state budget – recent unallotment
- ❖ Health care costs
- ❖ Economic pressure on tax payers and local government



# Opportunities

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- ❖ Most operating reserves meet or exceed targets
- ❖ Federal stimulus funds
- ❖ Legacy Act funds
- ❖ Acceleration of MVST share
- ❖ Flexibility to position levy revenues
- ❖ Internal efforts to reduce costs

# 2010 Operating Budget Proposal Highlights

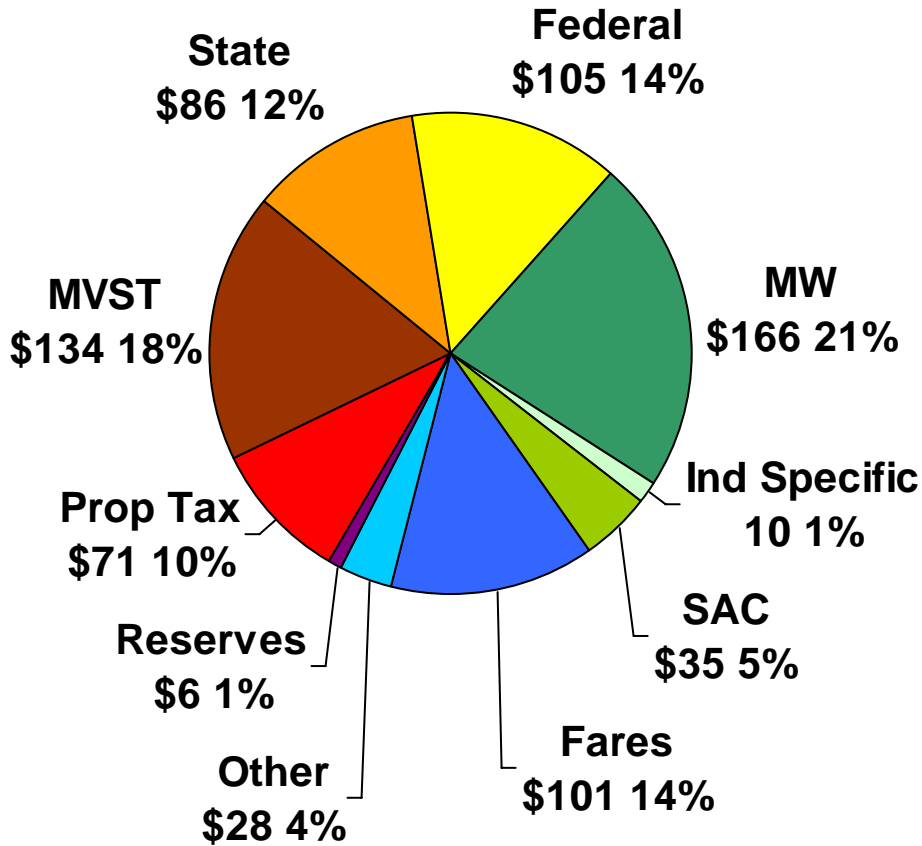
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- ❖ ES balances budget with use of \$2 M of operating reserves
  - ❖ SAC rate increase of \$100...SAC reserves to drop by about \$14M (est.)
  - ❖ Wastewater rates increase by 3.1% on average
- ❖ Transit – 2010 is the first year of a four-year plan
  - ❖ Balances budget over four years – 97% structural
  - ❖ Reserves are built to council policy levels over 4 years
- ❖ RA and CD general fund budgets are reduced from 2009
- ❖ Levy increases reduced from recent Council practice

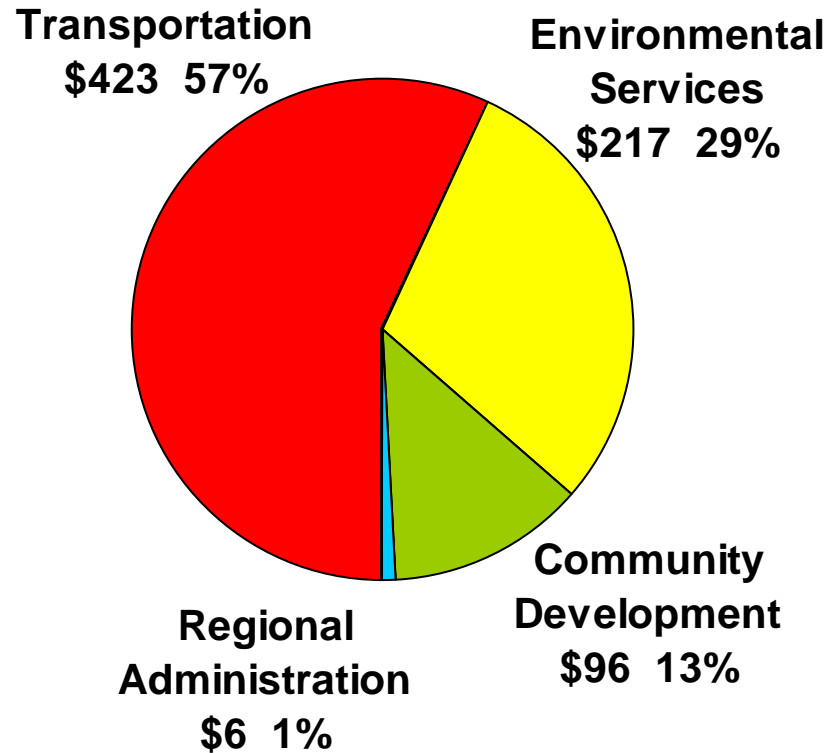
# Proposed 2010 Budget

## Metropolitan Council \$742M \*

### Revenues & Sources



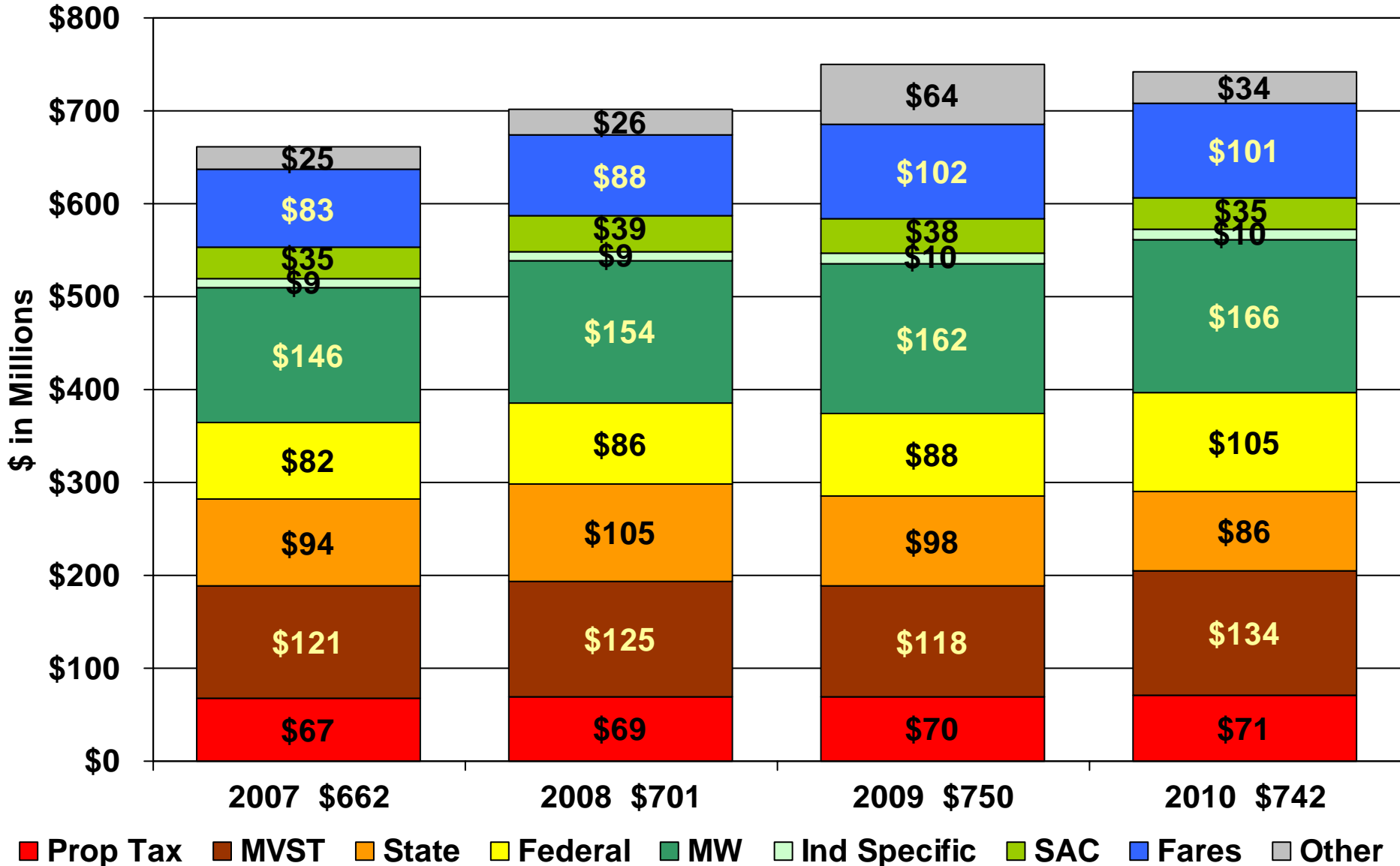
### Expenditures & Uses



\* Net of Transfers & Interdivisional Allocations

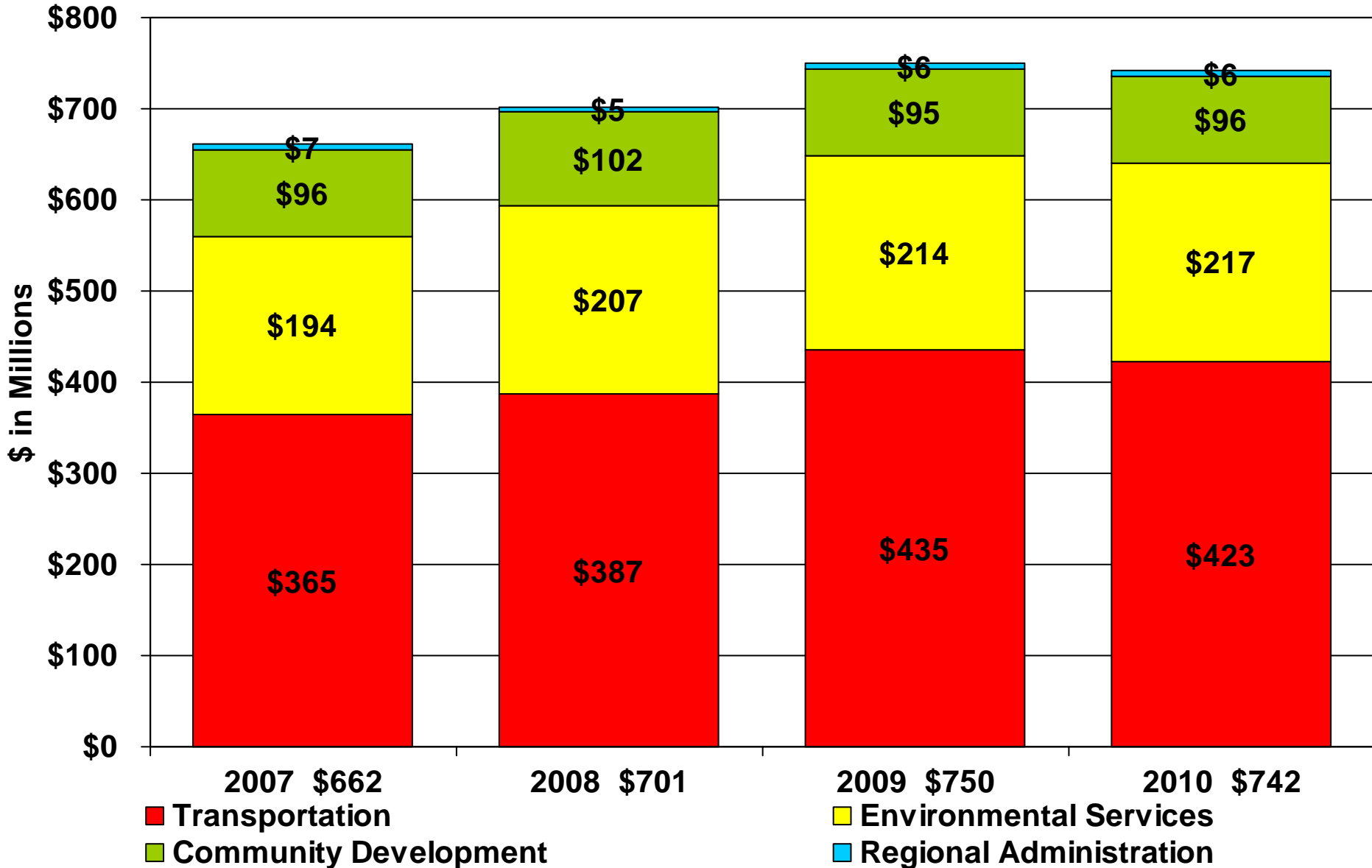
# Revenues and Sources by Type

## Metropolitan Council



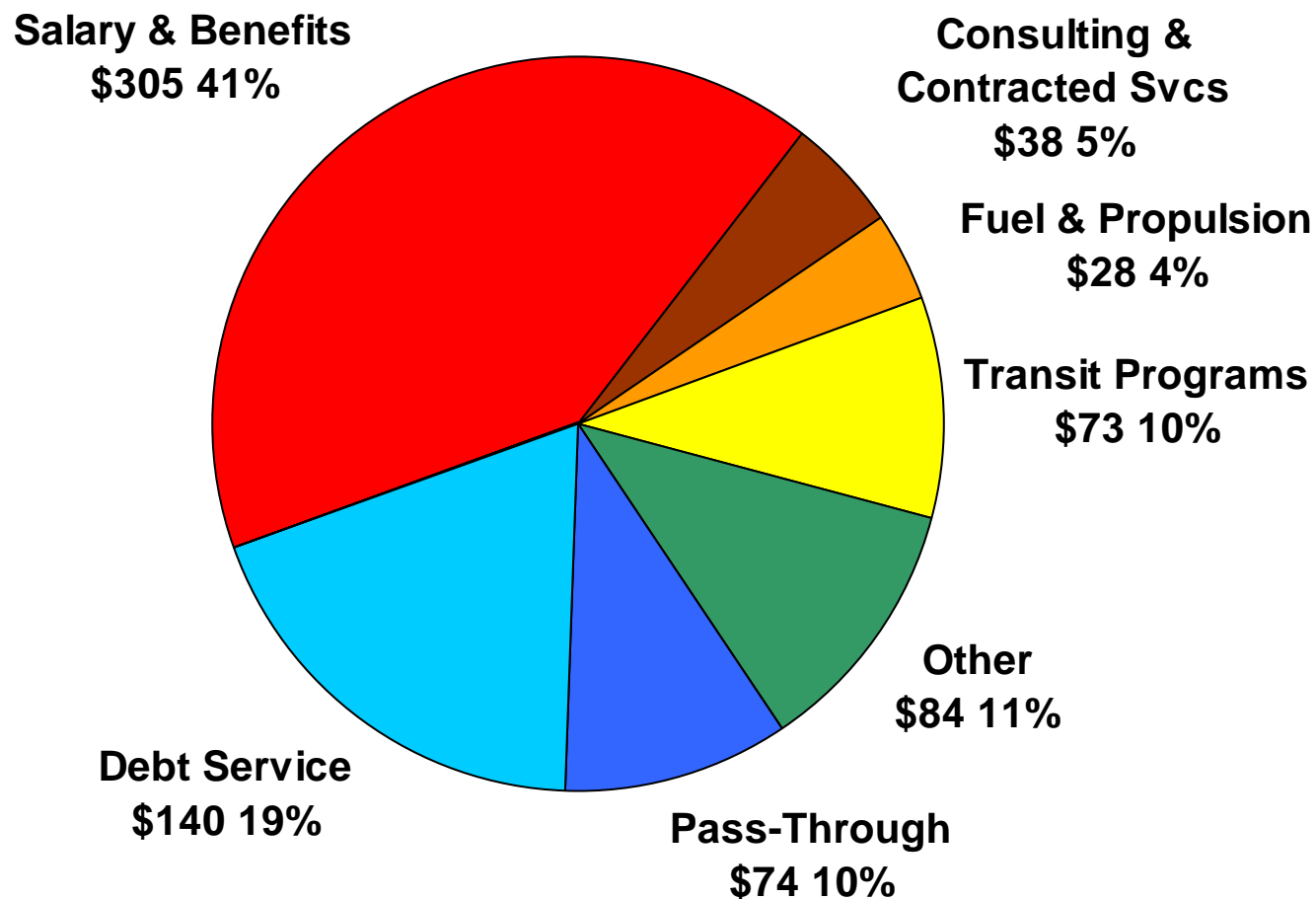
# Expenditures and Uses by Function

## Metropolitan Council



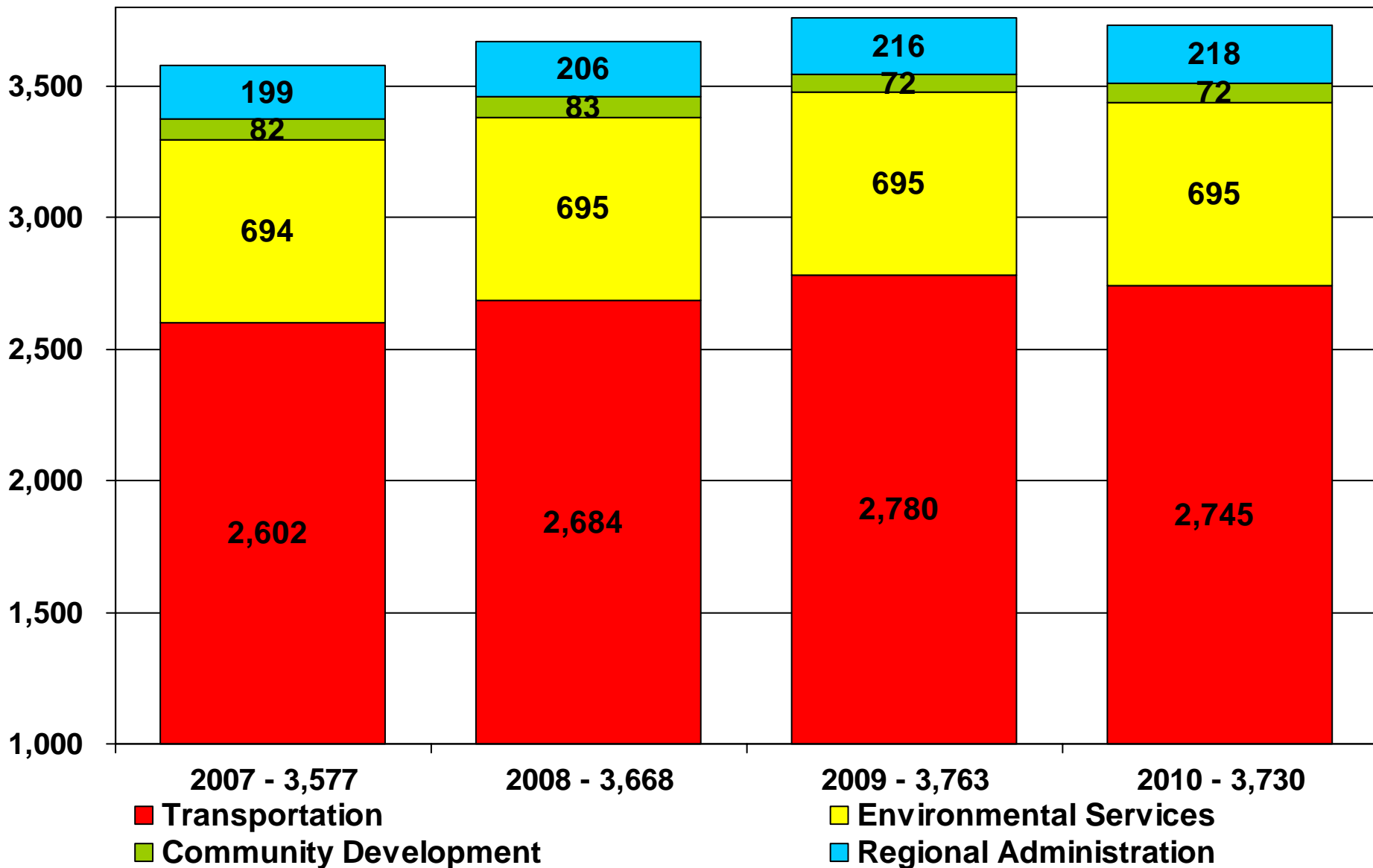
# Proposed 2010 Expenditures and Uses by Type

## Metropolitan Council \$742M



# Full Time Equivalents by Function

## Metropolitan Council



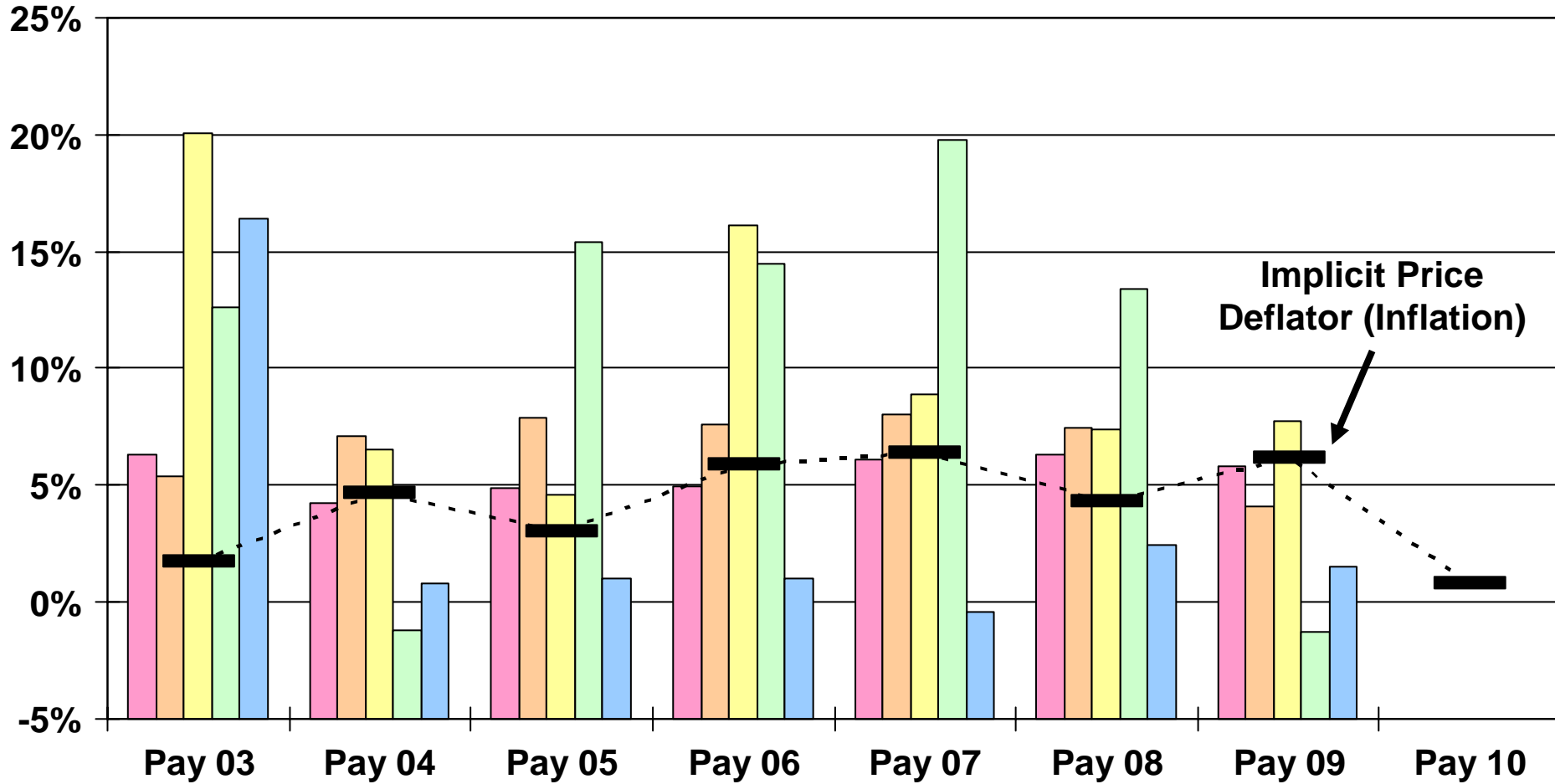
# Council Levies – Past Practice

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- ❖ Keep impact of property tax levy flat to taxpayers
- ❖ 1% annual adjusted growth
- ❖ Adjusted for transit service area expansion
  - ❖ Lakeville (2<sup>nd</sup> half), Forest Lake, Columbus
- ❖ 2009 Session – new flexibility for levy uses (transit)

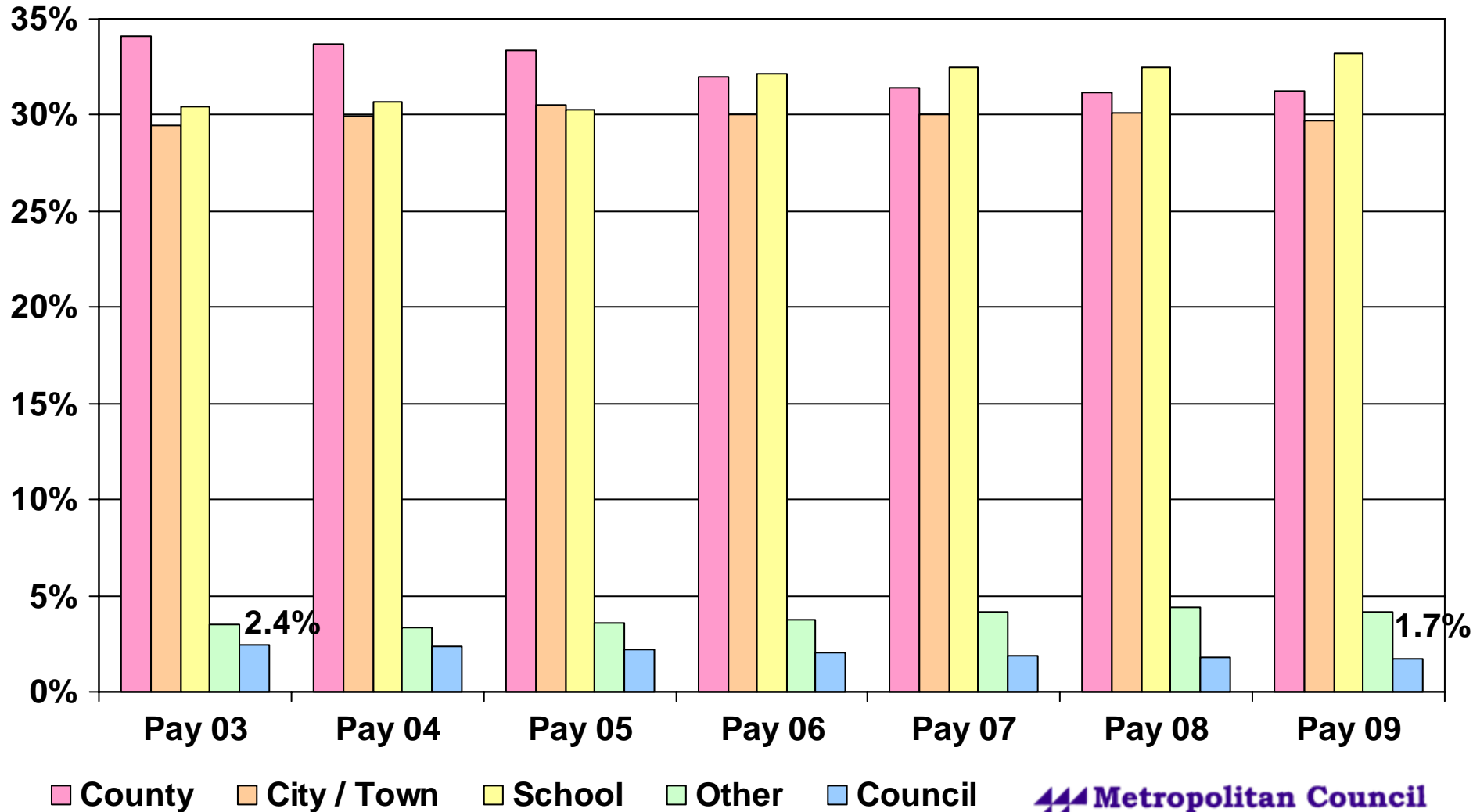


# Annual Change In Levies



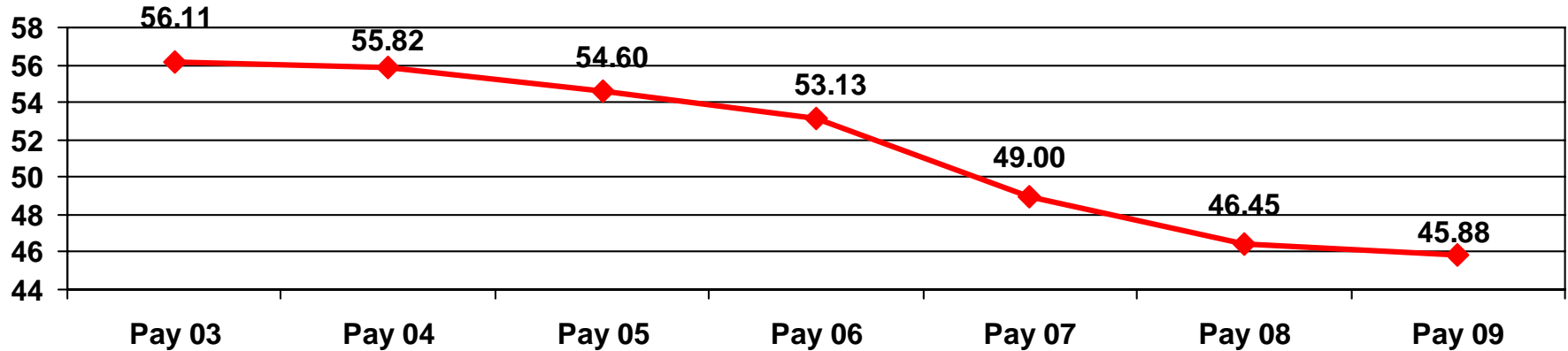
■ County    
 ■ City / Town    
 ■ School    
 ■ Other    
 ■ Council

# Percentage of Total Regional Levies

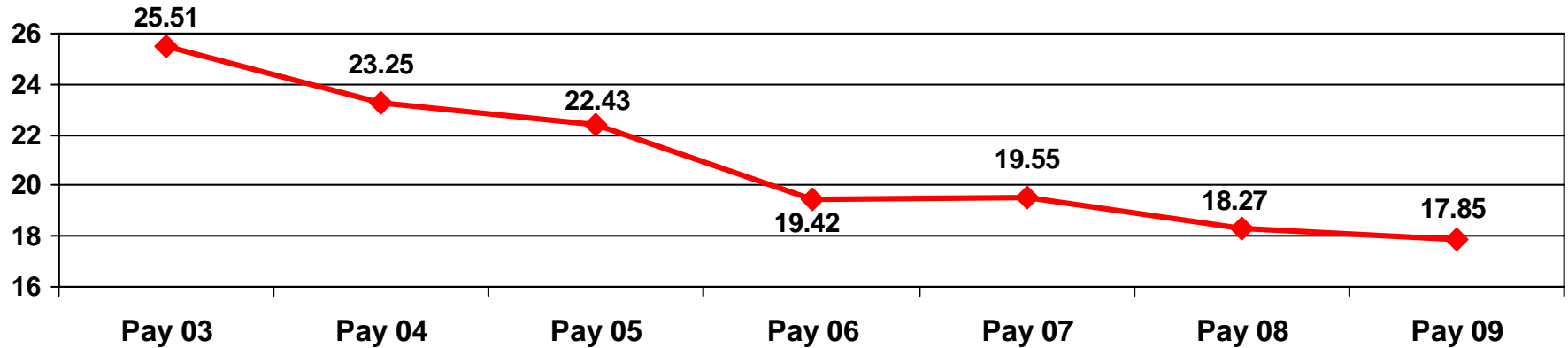


# Estimated Impact of Council Levies on a Home Currently Valued at \$250k

## Inside Transit District



## Outside Transit District



# 2010 Levies

## Available New Uses and Offsets

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- ❖ Optional uses for transportation operations
  - ❖ General Purposes levy increase (\$2.8M)
  - ❖ 50% of Livable Communities levies
  - ❖ 75% of Highway Right of Way levies
- ❖ Available offset to other levy increases
  - ❖ Anticipatory Parks Levy

# Potential Levy Growth Scenarios

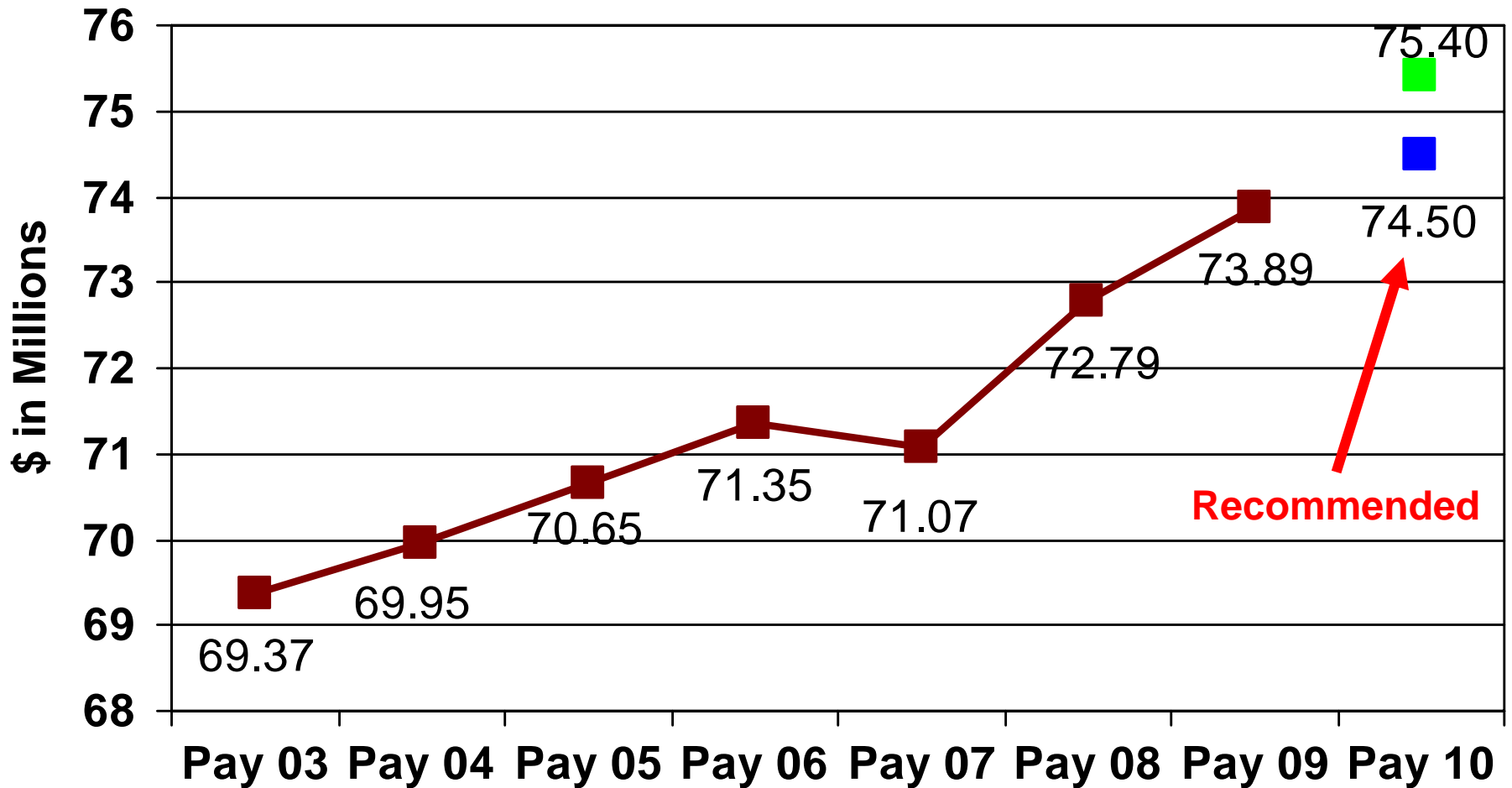
## 1% Adjusted Annual Growth (2.05% Increase)

\$ 73.89	2009 Total Levies
.74	1% Annual Growth
<u>.77</u>	Additions to Transit
\$ 75.40	Total 2010 Levies

## Implicit Price Deflator (0.83% Increase)

\$ 73.89	2009 Total Levies
<u>.61</u>	Implicit Price Deflator (estimated)
\$ 74.50	Total 2010 Levies

# Recommended Council Levy



■ Certified   ■ 1% Adjusted   ■ Implicit Price Deflator

# Proposed Levies and Levy Limits

	2010 Levy Limit	2009 Levy	Proposed 2010 Levy	Change 2009 - 2010
<b><u>Non-Debt Service Levies</u></b>				
General Operations	\$ 13.14	\$ 10.30	\$ 13.14	\$ 2.84
Highway Right of Way	3.53	3.43	3.53	0.10
Livable Communities				
- Demonstration Account	10.31	8.18	8.18	-
- Tax Base Revitalization	5.00	5.00	5.00	-
<b>Total Non-Debt Levy</b>	<b>\$ 31.98</b>	<b>\$ 26.91</b>	<b>\$ 29.85</b>	<b>\$ 2.94</b>
<b><u>Debt Service Levies</u></b>				
Parks		\$ 7.54	\$ 3.81	\$ (3.73)
Transit		39.44	40.84	1.40
<b>Total Debt Service Levies</b>		<b>\$ 46.98</b>	<b>\$ 44.65</b>	<b>\$ (2.33)</b>
<b>Total All Levies</b>		<b>\$ 73.89</b>	<b>\$ 74.50</b>	<b>\$ 0.61</b>
				<b>0.83%</b>

# History of Council Levies

Non-Debt Service Levies	Certified Council Levies							Proposed 2010	Change 09 / 10
	2003	2004	2005	2006	2007	2008	2009		
<b>General Purpose</b>	11.13	10.30	10.30	10.30	10.30	10.30	10.30	13.14	2.84
<b>Highway Right of Way</b>	3.14	2.81	2.81		3.16	3.30	3.43	3.53	0.10
<b>Livable Communities</b>									
- Demonstration Account	8.26	8.18	8.18	8.18	7.18	8.18	8.18	8.18	0.00
- Tax Base Revitalization	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
<b>Total Non-Debt Levy</b>	<b>27.53</b>	<b>26.29</b>	<b>26.29</b>	<b>23.48</b>	<b>25.64</b>	<b>26.78</b>	<b>26.91</b>	<b>29.85</b>	<b>2.94</b>
<b>Debt Service Levies</b>									
<b>Parks</b>	8.09	7.59	7.69	7.77	7.86	7.46	7.54	3.81	(3.73)
<b>Transit</b>	32.90	35.57	36.26	31.23	37.14	38.54	39.44	40.84	1.40
<b>Transit Tax Anticipation</b>				8.45					
<b>Radio</b>	0.42	0.42	0.41	0.42	0.41				
<b>Solid Waste</b>	0.43	0.08							
<b>Total Debt Levy</b>	<b>41.84</b>	<b>43.66</b>	<b>44.36</b>	<b>47.87</b>	<b>45.41</b>	<b>46.00</b>	<b>46.98</b>	<b>44.65</b>	<b>(2.33)</b>
<b>Total All Levies</b>	<b>69.37</b>	<b>69.95</b>	<b>70.65</b>	<b>71.35</b>	<b>71.05</b>	<b>72.78</b>	<b>73.89</b>	<b>74.50</b>	<b>0.61</b>
<b>Total Increase</b>		0.84%	1.00%	1.00%	-0.42%	2.43%	1.53%	0.83%	

\$ in Millions



# General Fund Operations Before Transfers

## Community Development & Regional Administration

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### **2009 Adopted Budget**

\$ 37.6 M Total Expenditures

### **Proposed 2010 Budget**

\$ 36.6 M Operating Expenditures

0.5 Reinvestment

\$ 37.1 M Total Expenditures

# Proposal Performance Against Financial Objectives

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A budget that:

- ❖ Reflects the priorities and policies of the Council
- ❖ Incorporates a long term view
- ❖ Mitigates structural gaps
- ❖ Builds reserves to meet targets
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- ❖ Keep impact of property tax levy flat to taxpayers

# Regional Administration Organization

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## ❖ Chair & Regional Administration

- ❖ Council & Office of the Chair
- ❖ Regional Administrator's Office
- ❖ Diversity & Equal Opportunity
- ❖ Government Affairs
- ❖ Public Affairs
- ❖ Program Evaluation & Audit
- ❖ Purchasing/Contracting

## ❖ Finance & Administration

- ❖ Budget and Evaluation
- ❖ Fiscal/Central/Payroll Svcs
- ❖ Information Services/GIS
- ❖ Risk Management

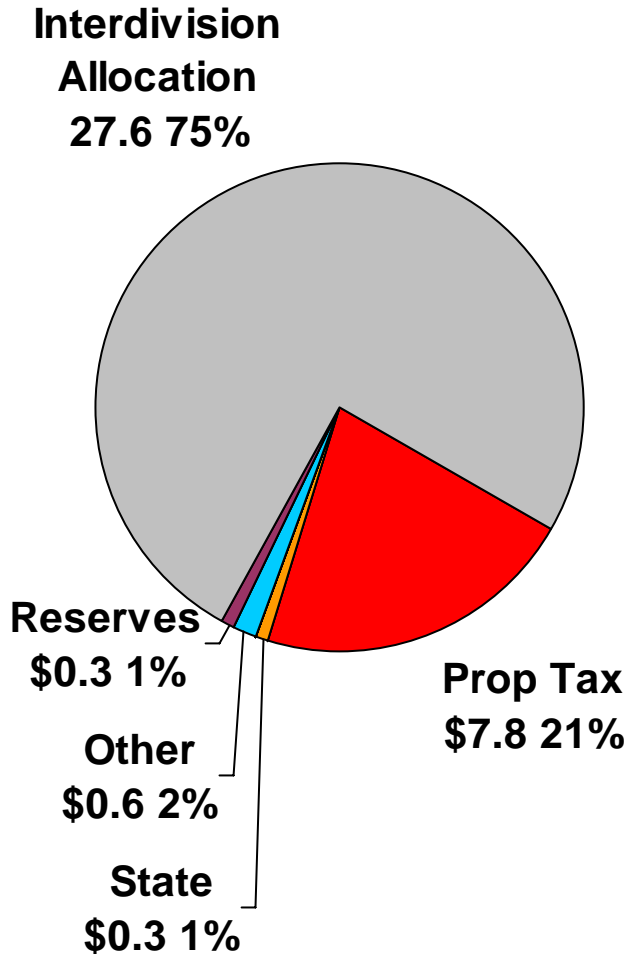
## ❖ **Human Resources**

## ❖ **Legal - General Counsel**

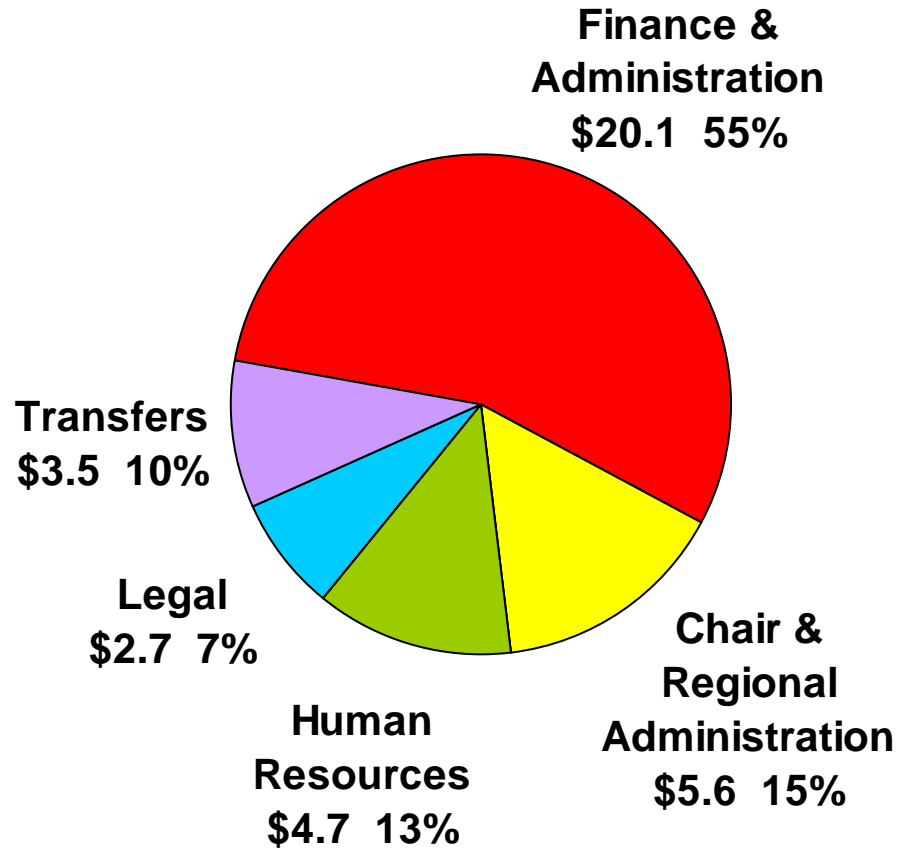
# Proposed 2010 Budget

## Regional Administration \$36.6M

### Revenues & Sources

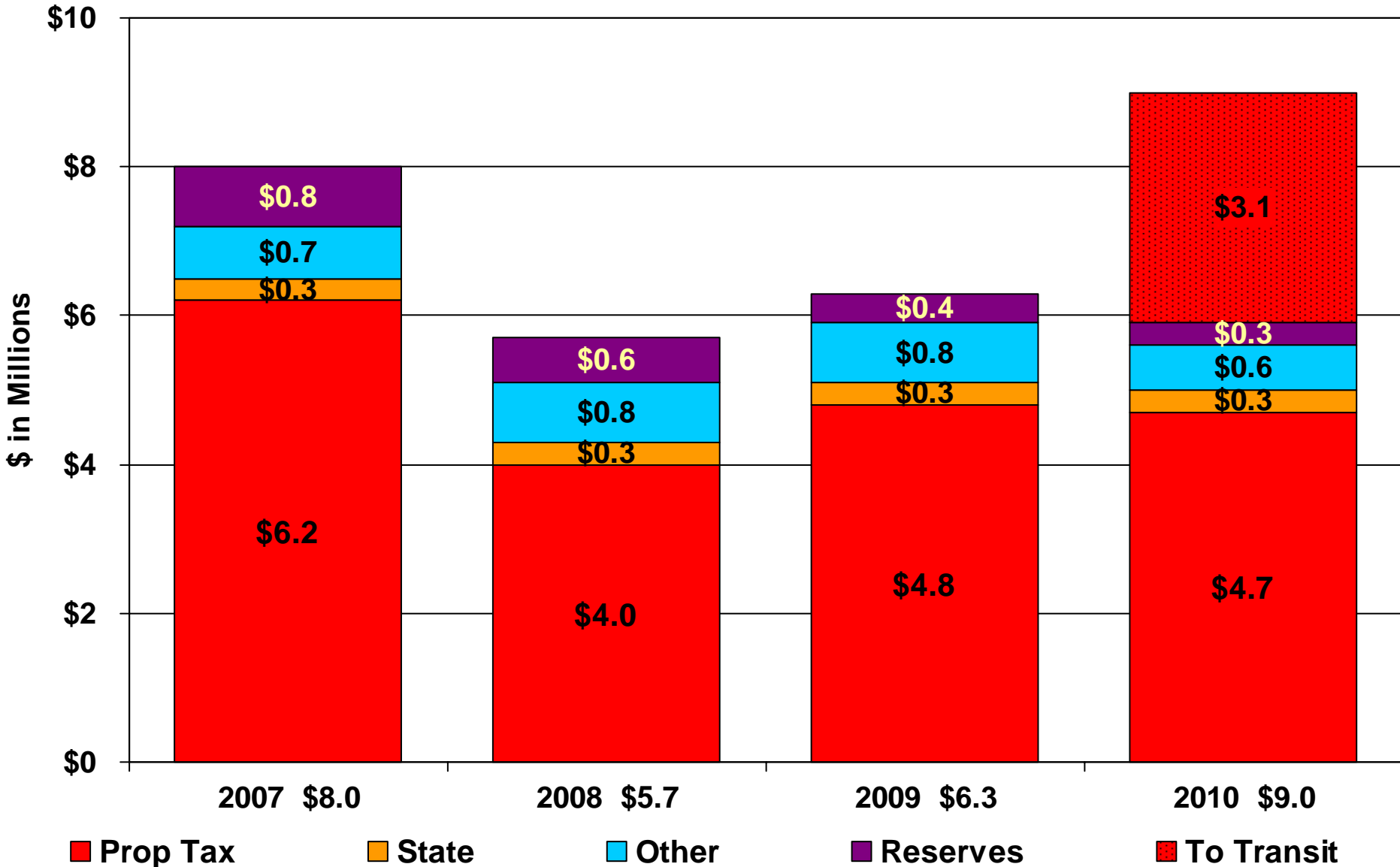


### Expenditures & Uses



# Revenues & Sources by Type

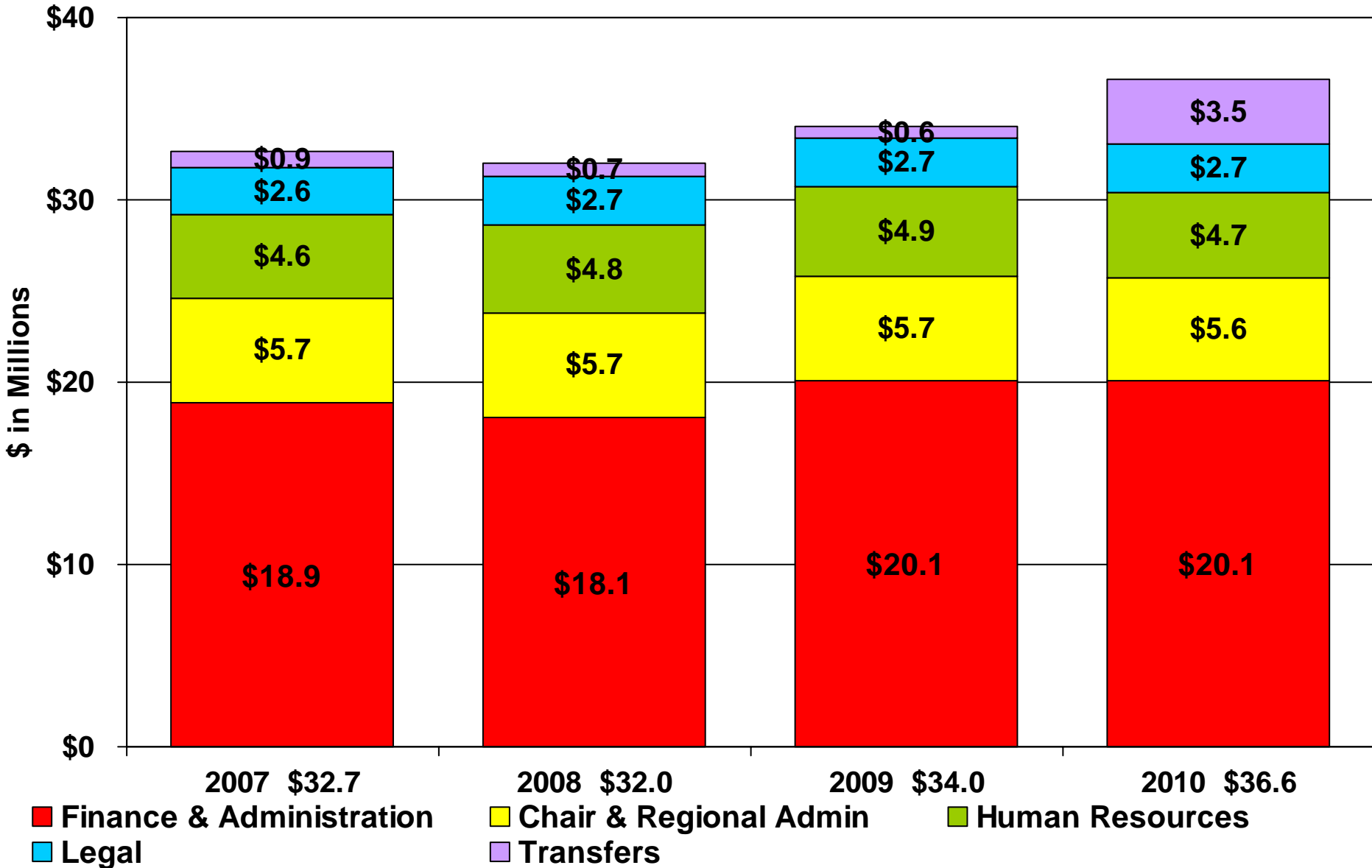
## Regional Administration \*



\* Excludes Interdivisional Allocations ('07 \$24.7 / '08 \$26.3 / '09 \$27.7 / '10 \$27.6)

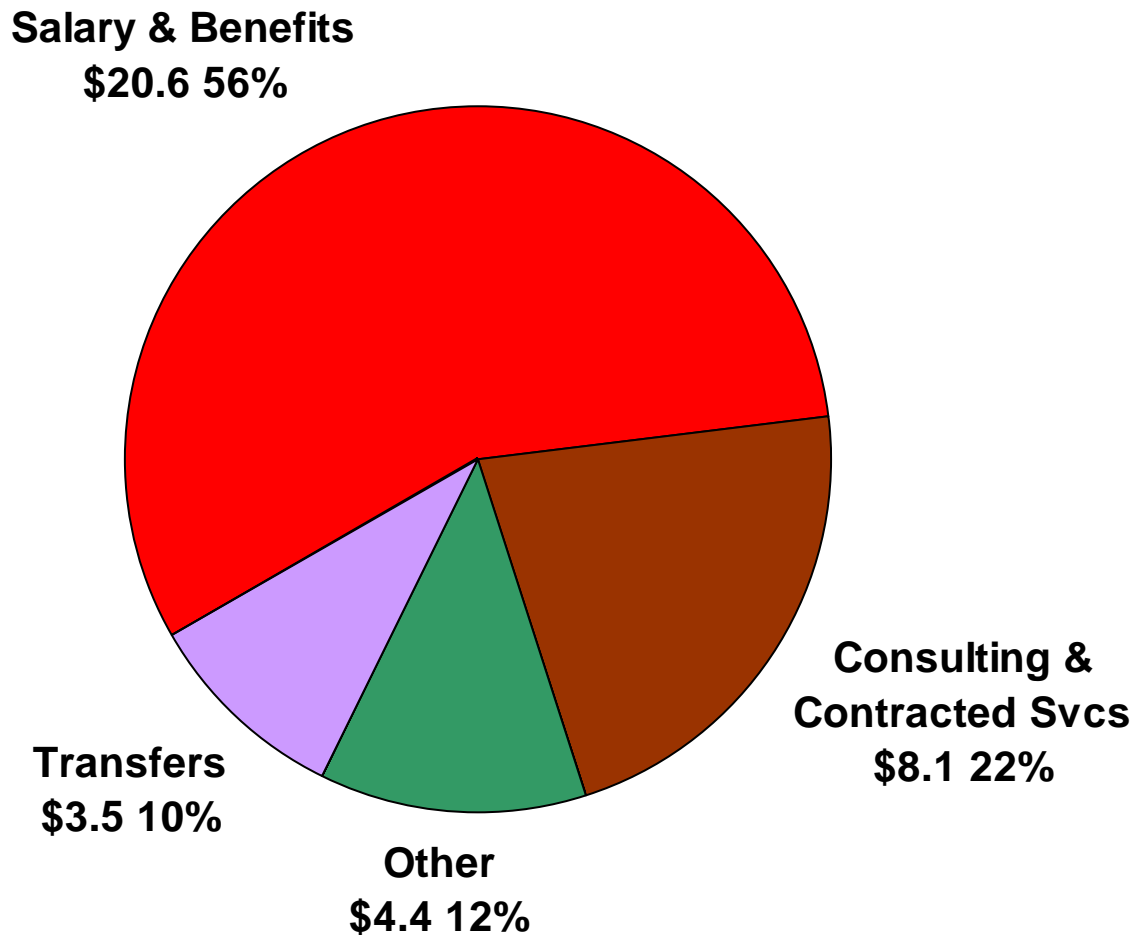
# Expenditures and Uses by Function

## Regional Administration



# Proposed 2010 Expenditures and Uses by Type

## Regional Administration \$36.6M



# Full Time Equivalents by Function

## Regional Administration

