

# E Environment Committee

Meeting date: February 13, 2007

## ADVISORY INFORMATION

<b>Date:</b>	February 7, 2007
<b>Subject:</b>	2007 Carry Forward Budget Amendment
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	MS 473.517(1) and Council policies 3-1, 3-1-3
<b>Staff Prepared/Presented:</b>	Jason Willett, 651/602-1196
<b>Division/Department:</b>	MCES c/o William G. Moore, 651/602-1162

### Proposed Action/Motion

That the Metropolitan Council approve amending the 2007 Unified Operating Budget by increasing revenues and expenses by \$1 million, as shown on the attached table.

### Issue(s)

Adding \$1,000,000 of resources from Environmental Services (ES) reserves to fund a million dollars of ES 2006 carry forward expenses was previously discussed by the Environment Committee in October 2006 as an element of the 2007 ES Operating Budget. However, to preserve the integrity of the public hearing process, it was not included in the Unified budget adopted in December. Specifically, the million dollars of projected 2006 surplus which had been added to supplement 2007 revenues was eliminated, as was a corresponding million dollars of expenses to maintain a balanced budget. The specific expenses removed, and now proposed to be restored, are \$545,000 for replacement of spent biofilter media at the Metro Plant and \$455,000 for staff planning and development of a performance system in Treatment Services.

The Amendment will also increase the costs allocated from Regional Administration to ES by \$89,133. This increase is the result of adding another diversity person and the merging of the payroll staffs. The increase is offset by reducing the amount budgeted for the leave liability (which we were able to fully fund at the end of 2006).

### Overview and Funding

Financial results for 2006 will not be final until the completion of the annual audit expected in late spring; however, the close of 2006 accounting on January 31<sup>st</sup> indicated that actual expenses and revenues for the year will result in a surplus of approximately \$7 million, well in excess of the budgeted \$2.0 million surplus. Savings have been realized in several areas: labor due to a number of vacant positions, contracted services, chemicals, capital purchases and interdivisional charges. At the close of the accounting year, the entire surplus transfers to the ES Reserve/Contingency Fund.

The proposed use of \$1.0 million of 2006 surplus will not reduce the end of 2006 ES Reserve / Contingency Fund balance below the desired level. The reserve balance target, 10% of the annual operating budget, recommends a 2006 balance of approximately \$11.5 million.

(This amendment will be incorporated into a unified amendment for all Council divisions. It will be considered by the Management Committee on 2/28, the Council on 3/14.)

**METROPOLITAN COUNCIL  
OPERATING BUDGET  
ENVIRONMENTAL SERVICES DIVISION  
2007**

	<b>Adopted 12/06</b>	<b>Amendment 2/07</b>	<b>As Revised 2/07</b>
<b><u>REVENUES:</u></b>			
State Revenue	-	-	-
Federal Revenue	-	-	-
Local/Other	-	-	-
Municipal Wastewater Charges	146,000,000	-	146,000,000
Industrial Waste Charges	9,400,000	-	9,400,000
Interest Revenue	2,000,000	-	2,000,000
Other Revenue	690,445	-	690,445
<b>Operating Revenues</b>	<b>\$158,090,445</b>	<b>-</b>	<b>\$158,090,445</b>
<b><u>OTHER SOURCES:</u></b>			
Water Supply Planning Grant	768,000	-	768,000
MC Transfer: Rent Rebate, Water Mgmt	225,650	-	225,650
SAC Transfers	34,561,000	-	34,561,000
Transfer from Other Funds	-	1,000,000	1,000,000
<b>Total Other Sources</b>	<b>35,554,650</b>	<b>1,000,000</b>	<b>36,554,650</b>
<b>TOTAL SOURCES AND REVENUES</b>	<b>\$193,645,095</b>	<b>\$1,000,000</b>	<b>\$194,645,095</b>
<b><u>EXPENSE:</u></b>			
Salaries & Benefits	57,751,803	(89,133)	57,662,670
Contract Services	12,746,566	1,000,000	13,746,566
Materials & Supplies	5,801,691	-	5,801,691
Chemicals	5,123,525	-	5,123,525
Utilities	17,118,430	-	17,118,430
Other Operating Expenses	1,227,615	-	1,227,615
Capital Expenses	898,130	-	898,130
Capital Project Expenses	1,000,000	-	1,000,000
Debt Service	81,782,000	-	81,782,000
<b>Total Expenses</b>	<b>\$183,449,760</b>	<b>910,867</b>	<b>\$184,360,627</b>
<b><u>OTHER USES:</u></b>			
Interdivisional Expense Allocation - ES	9,681,225	89,133	9,770,358
Planning Chargeback Expense	21,210	-	21,210
IS 040 Charges	492,900	-	492,900
<b>Total Other Uses</b>	<b>\$10,195,335</b>	<b>89,133</b>	<b>\$10,284,468</b>
<b>TOTAL EXPENSES AND USES</b>	<b>\$193,645,095</b>	<b>\$1,000,000</b>	<b>\$194,645,095</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>