



Management Committee

Community Development Committee: October 1 (2007-306)
Metropolitan Council: November 14, 2007 (2007-306)

Meeting date: October 24, 2007

Business Item

Item: 2007-306

ADVISORY INFORMATION	
Date:	October 17, 2007
Subject:	2007 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:	Paul Conery (602-1374), Manager, Budget & Evaluation
Division/Department:	All

Proposed Action/Motion

That the Metropolitan Council:

- Amend the 2007 Unified Operating Budget in accordance with the attached tables.

Overview and Funding

Community Development – HRA & FAHP

Change in Revenues: \$144,188; Expenditures: \$194,767; Reserves: \$50,579

- Hail and water damage of FAHP properties has necessitated repairs. A majority of the expense is being offset by insurance claims and increased rental income.
- The FAHP currently has a reserve account balance of \$1,296,941. A review of projections indicate planned funding sources remain sufficient to support the program until 2014.

Therefore, staff is recommending the following revisions to the 2007 budget.

Financial Summary

The proposed operating budget amendment makes the following changes to the 2007 Unified Operating Budget.

	Adopted Budget	Previous Amendments	Proposed Amendment	Proposed Budget
Revenues				
Operating	\$ 449,174,700	\$ 7,030,146	\$ 144,188	\$ 456,349,034
Pass Through	79,569,916	-	-	79,569,916
Debt Service	127,048,572	-	-	127,048,572
Total Revenues	\$ 655,793,188	\$ 7,030,146	\$ 144,188	\$ 662,967,522
Expenditures				
Operating	\$ 452,925,432	\$ 7,999,188	\$ 194,767	\$ 461,119,387
Pass Through	79,409,683	-	-	79,409,683
Debt Service	133,234,446	-	-	133,234,446
Total Expenditures	\$ 665,569,561	\$ 7,999,188	\$ 194,767	\$ 673,763,516
Surplus / (Deficit)	\$ (9,776,373)	\$ (969,042)	\$ (50,579)	\$ (10,795,994)

Metropolitan Council
2007 Annual Budget - Summary of Revisions
Operating Budget Amendment - Business Item 2007-306

	2007 Adopted Budget	Reg'l Admin.	Community Development	Total Reg'l Admin & Community Dev	HRA Programs	Total Transportation	Environmental Services	Capital	Net Change	2007 Revised Budget
Revenues & Other Sources										
Property Tax (Net)	\$ 9,736,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,736,267
Federal	36,779,171	-	-	-	-	-	-	-	-	36,779,171
State	202,893,277	-	-	-	-	-	-	-	-	202,893,277
Municipal & Wastewater Charges	98,779,000	-	-	-	-	-	-	-	-	98,779,000
Industrial Waste Charges	9,400,000	-	-	-	-	-	-	-	-	9,400,000
Passenger Fares	83,608,351	-	-	-	-	-	-	-	-	83,608,351
Debt Service	127,048,572	-	-	-	-	-	-	-	-	127,048,572
Passthrough	79,569,916	-	-	-	-	-	-	-	-	79,569,916
Other Sources	13,586,807	-	144,188	144,188	-	-	-	-	144,188	13,730,995
Total Revenues & Other Sources	\$ 661,401,361	\$ -	\$ 144,188	\$ 144,188	\$ -	\$ -			\$ 144,188	\$ 661,545,549
Expenses & Other Uses										
Salaries & Benefits	\$ 272,205,679	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ 272,205,679
Consultant / Contractual Services	30,197,991	-	194,767	194,767	-	-			194,767	30,392,758
Materials and Supplies	22,374,014	-	-	-	-	-			-	22,374,014
Rent, Utilities, & Insurance	28,583,697	-	-	-	-	-			-	28,583,697
Other Operating Expenses	32,423,528	-	-	-	-	-			-	32,423,528
Other Uses	-	-	-	-	-	-			-	-
Transit Assistance	71,277,381	-	-	-	-	-			-	71,277,381
Debt Service	133,234,446	-	-	-	-	-			-	133,234,446
Passthrough Grants & Loans	80,449,683	-	-	-	-	-			-	80,449,683
Capital Expenditures	2,822,330	-	-	-	-	-			-	2,822,330
Planning Chargeback Allocation	-	-	-	-	-	-			-	-
Other Uses	-	-	-	-	-	-			-	-
Total Expenses & Other Uses	\$ 673,568,749	\$ -	\$ 194,767	\$ 194,767	\$ -	\$ -			\$ 194,767	\$ 673,763,516
Transfers										
Transfers from Other Funds	(2,071,064)	-	-	-	-	-			-	(2,071,064)
Transfers to Other Funds	649,091	-	-	-	-	-			-	649,091
Net Transfers In / (Out)	\$ (1,421,973)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ (1,421,973)
Balance / (Deficit)	\$ (10,745,415)	\$ -	\$ (50,579)	\$ (50,579)	\$ -	\$ -			\$ (50,579)	\$ (10,795,994)

C Community Development Committee

Meeting date: October 1, 2007

For Metropolitan Council Meeting date: October 24, 2007

ADVISORY INFORMATION	
Date:	September 24, 2007
Subject:	2007 Unified Operating Budget Amendment
District(s), Member(s):	All
Policy/Legal Reference:	MN Statute 473.13 - Council Budget Requirements
Staff Prepared/Presented:	Guy Peterson, Director, Community Development Division (651) 602-1418 Beth Reetz, Manager, Housing & Redevelopment Authority (651) 602-1278
Division/Department:	Community Development/Housing & Redevelopment Authority

Proposed Action/Motion

That the Metropolitan Council amend the 2007 Unified Operating Budget by increasing authorized expenditures and revenues in the Family Affordable Housing Program as follows:

<u>Description</u>	<u>Approved</u>	<u>Revised</u>
Revenue	\$ 836,084	\$ 980,272
Expenses	\$ 953,355	\$1,003,855
Projected Deficit	(\$117,271)	(\$167,827)

Issue(s)

- None.

Overview and Funding

In January 2000, the Metropolitan Council established the Family Affordable Housing Program (FAHP). The FAHP is a federal public housing program that provides rental housing for low-income families. The FAHP operating revenue consists of resident rents and operating subsidy from the U.S. Department of Housing and Urban Development (HUD). Due to insufficient budget appropriations, the FAHP has and will continue to run an annual operating deficit.

The Council approved 2007 FAHP budget reflects a projected deficit of (\$117,271). We are now projecting a deficit of (\$167,827) for 2007 year end, a \$50,500 difference. The higher costs are primarily due to mold issues. Four FAHP homes experienced mold issues that required costly abatement and remediation. Most of the expense was not covered by insurance due to resident lifestyle issues. Mold prevention actions have been taken and residents have been educated on mold elimination and prevention to minimize future occurrences. Additional non-routine maintenance expense is also a factor resulting from higher than projected turnover rates.

Sixteen FAHP homes experienced roof and siding hail damage resulting in approximately \$100,000 in needed repair and replacement. The majority of this expense will be offset by insurance claims. The Council insurance policy requires a \$1,000 deductible on each claim. We are making our best attempt to complete all the work and collect all the insurance reimbursements during 2007.

The additional revenue represents insurance reimbursements and higher than expected rental income.

The FAHP currently has a reserve account balance of \$1,296,941. These funds will continue to cover FAHP projected deficits through the year 2011. These funds represent Section 8 reserves approved for FAHP use and excess development funds awarded by other funding partners. There is an additional \$2,075,000 in Section 8 reserves available to FAHP after 2011. Staff continues to research additional funding sources. Minnesota Housing issued a Request for Proposals for stabilizing and preserving public housing. Staff is preparing an application to apply for additional operating funds through this process which will be presented to the Committee for approval in October 2007.