

M Management Committee

Community Development Committee: February 5 (2007-60)
March 5 (2007-100)

Environment Committee: February 13 (2007-70)

Transportation Committee: March 12 (2007-87)

Metropolitan Council: April 11 (2007-87)

Meeting date: March 28, 2007

ADVISORY INFORMATION

Date: March 8, 2007

Subject: 2006/2007 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 2006 Unified Operating Budget in accordance with the attached tables.
- Amend the 2007 Unified Operating Budget in accordance with the attached tables.

2006 Overview and Funding

This budget amendment includes recommended changes to the 2006 Operating Budget to provide expenditure authority. Expenditures exceeded the amended budget in three areas. In two instances, Metro Mobility and the Family Affordable Housing Program, revenues were also over budget with a net effect on fund balance being favorable. In the case of Rural Small Urban, the primary reason is an adjusting 'book only' entry made for cash fares received directly by the providers that records the revenue and an offsetting expense. Regardless of cause, programs are not authorized to exceed the authorized budget as set by the Council. Staff is currently working on a revised reporting format and schedule that will assist in identifying issues.

Staff is recommending the following revisions to the 2006 budget.

Transportation

Change in Expenditures: \$1,350,000; Reserves: \$1,350,000

Passed by the Transportation Committee on March 12, 2007

Metropolitan Transportation Services

- Metro Mobility transit provider contract expenditures exceeded budget by \$1.3 million. Staff worked to bring the other program expenses in under budget through reductions in salary and consulting expenses gain realized from forward pricing of fuel. Metro mobility also received unexpected revenue from the federal fuel excise tax rebate. The result of these changes was that the Metro Mobility program realized an increase in fund balance of \$2.0 million, but also exceeded total expenditure authority. Staff requests an increase of \$700,000 expenditure authority in the Metro Mobility program.
- At the time the 2006 budget was established, several Regular Route contracts were thought to be eligible for federal 5307 funding and \$2.5 million in federal revenue was budgeted. Further inquiry revealed that the contracts were not eligible because the contracts did not meet all of the FTA requirements. The lost federal revenue resulted in a use of reserves of \$1.8 million. However, an additional \$2.0 million in federal revenue was drawn down against eligible Metro Mobility expenses. To offset the lost federal revenues in Regular Route, staff requests authority to reprogram state appropriations of \$1.8 million

from Metro Mobility to the Regular Route program.

- The Rural Small Urban final adjustment for fare revenue exceeded budget. This adjustment resulted in the program exceeding both revenue projections and expenditure authority by off-setting amounts. Staff requests an increase of \$650,000 in expenditure authority for the Rural Small Urban program.

Community Development

Change in Expenditures: \$400,000; Reserves: (\$400,000)

- Passed by the Community Development Committee on March 5, 2007
- The Family Affordable Housing Program received additional revenues of \$443,000 in 2006 that were expensed for capital improvements and non-routine maintenance. The primary sources were \$100,000 from MHFA, \$200,000 from Ramsey County and 80,000 in investment earnings.
- Both the MHFA and Ramsey County funding were required to be spent in 2006.
- The FAHP program exceeded their expenditure authority in 2006.
- Overall, the FAHP was budgeted to operate at a deficit of \$126,000. The net result of the additional revenues and expenditures was that the actual deficit was only 52,000.

2007 Overview and Funding

This budget amendment includes recommended carryovers of budget authority from 2006 to 2007. Included are contracts, projects and initiatives started prior to 2007 that require the budget authority brought forward in order to continue.

This amendment also recognizes changes identified after the Council adopted the Public Hearing draft of the 2007 Operating Budget. In order to maintain the integrity of the public hearing process, these changes were not incorporated into the final adopted budget.

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

Transportation

Change in Revenues: \$2,134,967; Expenditures: \$2,134,967; FTE(s) +24.3

Passed by the Transportation Committee on March 12, 2007

Metro Transit - Bus: Revenues: \$401,170; Expenditures: \$401,170; FTE(s) +24.27

- Shifts payroll function from Metro Transit to Regional administration
- Adjusts the A-87 indirect cost rate to the finalized adopted FTA rate for 2007.
- Increases salary and benefit costs for work on holidays to conform with negotiated agreements
- Adds Federal Revenues for staff training
- Adjusts revenues and expenditures for passenger fares and contracted services to better reflect 2006 experience.
- Adds 24.3 FTEs – 21 for Central Corridor (capital funded), 3 to administer Northstar Commuter Rail project contracts (capital funded), 1 to MT Purchasing to oversee contract administration for MT and MTS, 7.3 to adjust understated operator overtime and -8 to recognize the transfer of the payroll function. Table 7 FTE compliment will increase from 2,562.4 to 2,586.7.

Metro Transit - Rail: Revenues: \$1,570,491 Expenditures: \$1,570,491

- A-87 indirect cost rate has been adjusted to the finalized adopted FTA rate for 2007.
- Excess position expense was budgeted in the Rail budget and is being removed in this amendment.
- Clerical overtime costs are adjusted to conform to the negotiated labor contract provisions
- Passenger fare revenues adjusted to conform to the goal of providing 75 million bus and rail rides in 2007 at an average fare per passenger that continues the experience realized in 2006
- Metropolitan Airport Commission (MAC) contract service revenue is revised to reflect the construction schedule at Humphrey Terminal
- Advertising revenues is amended to conform to experience from 2006

- The receipt of the last three months of Congestion Mitigation and Air Quality (CMAQ) revenue for service enhancements is allocated to the January to March 2007 time period.
 - An additional amount is added to the budget for anticipated increases in propulsion costs
- MTS: Revenues: \$163,306; Expenditures: \$163,306
- Recognizes \$163,306 in Federal Revenues to fund \$123,306 for the Twin Cities Mode Choice Model Update and \$40,000 for the Access Minneapolis Study.
 - The 5307 eligibility issue in the Contracted Transit Services was identified after the 2007 budget was established with \$2.5 million in revenue from this source. Staff has been working to correct the problem in the competitive bidding process. Their efforts to date have resulted in a budgeted recovery of \$1.7 million leaving a deficit of \$800,000 in federal revenues. Staff recommends reprogramming \$800,000 in State Appropriations from Metro Mobility to Contracted Transit Services. Metro mobility will program an additional \$800,000 in federal revenues against eligible expenses.

Environmental Services

Change in Transfers From Other Funds: \$1,000,000; Expenditures: \$1,000,000

- Passed by the Environmental Committee on February 13, 2007
- Uses \$1,000,000 of surplus from 2006 operations through a transfer from the contingency reserve. Will fund \$545,000 for replacement of spent biofilter media at the Metro plant and \$445,000 for staff planning and development of performance system in Treatment Services.
- Reclassifies \$89,133 from Salaries and Benefits to Interdivisional Expense Allocation to recognize the merger of payroll staff and funding 60% of an existing and unfunded vacancy in the Office of Diversity and Equal Opportunity.

Community Development

Change in Expenditures: \$199,700; Reserves: (\$199,700)

- Passed by the Community Development Committee on February 5, 2007
- Surplus in 2006 exceeded \$500,000
- \$85,000 to fund a park intern for one year in support of the investigation in the formation of a park foundation.
- \$80,700 to continuing the pilot project for the ECMS and consultants to assist in the review of the comprehensive plan updates through 2008.
- \$34,000 for updating and printing costs associated with the comprehensive plan update review process and LPA Handbook updates.

Regional Administration

Change in Revenues: \$21,200; Expenditures: \$562,514; Reserves: (\$541,314)

- Provides funding of \$71,604 in salaries and benefits for a vacant position in the Office of Diversity and Equal Opportunity off-set by direct charges of \$42,962 (60%) to Environmental Services and \$28,642 (40%) to Metro Transit – Bus.
- Increases the salary and benefits for payroll staff to \$613,946 and increases the off-setting interdivisional cost allocation to \$577,487.
- Carries forward \$195,000 in authority to continue the Document Processing/Management pilot initiative. Intended to identify efficiencies and potential of a Council wide system with primary focus on the 2008 comp plan review process.
- Human Resources carries forward \$134,000 (\$40,000 in contracted services and \$94,000 in consulting) to continue the HRIS upgrade and \$46,000 in contracted services for Talent Recruitment and Performance Management software. Also recognizes \$21,200 in state revenue for an Influenza Pandemic Planning Grant from the Department of Public Safety – Homeland Security.
- Carries forward \$50,000 in contracted services and \$175,000 in consultants to continue the E-Gov and web redesign initiatives in the Communications Department.
- GIS carries forward \$13,100 in consulting for Latitude Geographics and the Strategic Directions Workshop and \$40,550 in contracted services for the data and cost sharing agreements with each of the 7 metro counties.

Operating Capital

Change in Transfers In: \$421,973; Expenditures: \$421,973

- Authorizes closing out the 390 North Robert Construction Fund (fund 345) by transferring the balance of \$421,973 into the 390 North Robert Operations Fund (fund 257).
- Authorizes expenditure of \$421,973 from the Operations Fund to maintain/upgrade 390 North Robert to include, but not limited to, audio/visual upgrades in conference room A, construction of 5th floor offices, replacement of chairs in conference rooms and way finding signage.

2007 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	\$ -	\$ 3,578,140	\$ 452,752,840
Pass Through	79,569,916	-	-	79,569,916
Debt Service	127,048,572	-	-	127,048,572
Total Revenues	\$ 655,793,188	\$ -	\$ 3,578,140	\$ 659,371,328
Expenditures				
Operating	\$ 452,925,432	\$ -	\$ 4,319,154	\$ 457,244,586
Pass Through	79,409,683	-	-	79,409,683
Debt Service	133,234,446	-	-	133,234,446
Total Revenues	\$ 665,569,561	\$ -	\$ 4,319,154	\$ 669,888,715
Surplus / (Deficit)	\$ (9,776,373)	\$ -	\$ (741,014)	\$ (10,517,387)

**Metropolitan Council
2006 Annual Budget - Summary of Revisions
Operating Budget Amendment**

	2006 Amended Budget	Total Reg'l Admin & Community Dev	HRA Programs	Total Transportation	Environmental Services	Capital	Net Change	2006 Revised Budget
Revenues & Other Sources								
Property Tax (Net)	\$ 9,857,000						\$ -	\$ 9,857,000
Federal	36,903,480						-	36,903,480
State	196,707,131						-	196,707,131
Municipal & Wastewater Charges	100,402,000						-	100,402,000
Industrial Waste Charges	10,214,600						-	10,214,600
Passenger Fares	81,359,073						-	81,359,073
Debt Service	125,660,000						-	125,660,000
Passthrough	91,729,949						-	91,729,949
Other Sources	10,793,899						-	10,793,899
Total Revenues & Other Sources	\$ 663,627,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 663,627,132
Expenses & Other Uses								
Salaries & Benefits	\$ 268,327,537						\$ -	\$ 268,327,537
Consultant / Contractual Services	27,895,834						-	27,895,834
Materials and Supplies	15,419,947						-	15,419,947
Rent, Utilities, & Insurance	30,315,240						-	30,315,240
Other Operating Expenses	33,475,645						-	33,475,645
Other Uses	-	-	-	-	-	-	-	-
Transit Assistance	69,573,370			1,350,000			1,350,000	70,923,370
Debt Service	126,500,844						-	126,500,844
Passthrough Grants & Loans	95,923,749						-	95,923,749
Capital Expenditures	4,086,285						-	4,086,285
Planning Chargeback Allocation	-						-	-
Other Uses	1,250,000		400,000				400,000	1,650,000
Central Service Dept Revisions	-						-	-
Total Expenses & Other Uses	\$ 672,768,451	\$ -	\$ 400,000	\$ 1,350,000	\$ -	\$ -	\$ 1,750,000	\$ 674,518,451
Transfers								
Interdivisional Expense Allocation	0						-	-
Transfers From/(To) Other Funds	-						-	-
Transfers to Other Funds	-						-	-
Net Transfers In / (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance / (Deficit)	\$ (9,595,759)	\$ -	\$ (400,000)	\$ (1,350,000)	\$ -	\$ -	\$ (1,750,000)	\$ (10,891,319)

**Metropolitan Council
2007 Annual Budget - Summary of Revisions
Operating Budget Amendment of March 2007**

	2007 Adopted Budget	Total Reg'l Admin & Community Dev	HRA Programs	Total Transportation	Environmental Services	Capital	Net Change	2007 Revised Budget
<u>Revenues & Other Sources</u>								
Property Tax (Net)	\$ 9,736,267	\$ -		\$ -			\$ -	\$ 9,736,267
Federal	30,342,246	-		3,583,210	-		3,583,210	33,925,456
State	202,832,077	21,200		-			21,200	202,853,277
Municipal & Wastewater Charges	98,779,000	-		-	-		-	98,779,000
Industrial Waste Charges	9,400,000	-		-			-	9,400,000
Passenger Fares	83,006,296	-		602,055			602,055	83,608,351
Debt Service	127,048,572	-		-			-	127,048,572
Passthrough	79,569,916	-		-			-	79,569,916
Other Sources	15,078,814	-		(2,050,298)	-		(2,050,298)	13,028,516
Total Revenues & Other Sources	\$ 655,793,188	\$ 21,200	\$ -	\$ 2,134,967	\$ -	\$ -	\$ 2,156,167	\$ 657,949,355
<u>Expenses & Other Uses</u>								
Salaries & Benefits	\$ 270,779,883	\$ 557,955		(170,584)	\$ (89,133)		\$ 298,238	\$ 271,078,121
Consultant / Contractual Services	27,022,529	853,350		123,306	1,000,000	221,973	2,198,629	29,221,158
Materials and Supplies	22,329,723	-		(155,709)		200,000	44,291	22,374,014
Rent, Utilities, & Insurance	28,160,745	-		422,952			422,952	28,583,697
Other Operating Expenses	31,285,484	-		1,315,044	-		1,315,044	32,600,528
Other Uses								
Transit Assistance	69,524,738	-		-			-	69,524,738
Debt Service	133,234,446	-		-			-	133,234,446
Passthrough Grants & Loans	80,409,683	-		40,000			40,000	80,449,683
Capital Expenditures	2,822,330	-		-			-	2,822,330
Planning Chargeback Allocation	-	-		-			-	-
Other Uses								
Total Expenses & Other Uses	\$ 665,569,561	\$ 1,411,305	\$ -	\$ 1,575,009	\$ 910,867	\$ 421,973	\$ 4,319,154	\$ 669,888,715
Transfers								
Transfers from Other Funds		(649,091)		-	(1,000,000)	(421,973)	(2,071,064)	(2,071,064)
Transfers to Other Funds		-		559,958	89,133		649,091	649,091
Net Transfers In / (Out)	\$ -	\$ (649,091)	\$ -	\$ 559,958	\$ (910,867)	\$ (421,973)	\$ (1,421,973)	\$ (1,421,973)
Balance / (Deficit)	\$ (9,776,373)	\$ (741,014)	\$ -	\$ -	\$ -	\$ -	\$ (741,014)	\$ (10,517,387)

C Community Development Committee

Meeting date: February 5, 2007

ADVISORY INFORMATION

Date:	January 31, 2007
Subject:	2007 Operating Budget Carry Forward Amendment
District(s), Member(s):	All
Policy/Legal Reference:	MN Statute 473.13 – Council budget requirements
Staff Prepared/Presented:	Guy Peterson, Acting Community Development Director (651-602-1418)
Division/Department:	Community Development/Planning and Growth Management, Parks

Proposed Action/Motion

That the Metropolitan Council amend the 2007 Unified Operating Budget by carrying forward expenditure authority from 2006.

Overview

1. Community Development ended 2006 over \$500,000 under budget.
2. Carry forward of \$199,700 is requested to provide budget authority from 2006 as follows:
 - **\$85,000** - This carry-over money will fund a park intern for one year to provide resources to Met Council staff as they investigate the formation of a park foundation.
 - **\$80,700** - This funding originated for the conversion of comp planning to e-gov. We are continuing with this process and are part of the pilot project for the ECMS. The funds will also be necessary for consultants to assist in the review of comprehensive plan updates that will be submitted from now through 2008.
 - **\$34,000** - This funding was for printing costs and updating as required for the *Local Planning Handbook*. This funding will be needed for future consultant work with the 2008 comprehensive plan update review process and LPA Handbook updates.

E Environment Committee

Meeting date: February 13, 2007

ADVISORY INFORMATION

Date:	February 7, 2007
Subject:	2007 Carry Forward Budget Amendment
District(s), Member(s):	All
Policy/Legal Reference:	MS 473.517(1) and Council policies 3-1, 3-1-3
Staff Prepared/Presented:	Jason Willett, 651/602-1196
Division/Department:	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 31st 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**

	Adopted 12/06	Amendment 2/07	As Revised 2/07
<u>REVENUES:</u>			
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
Operating Revenues	\$158,090,445	-	\$158,090,445
<u>OTHER SOURCES:</u>			
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
Total Other Sources	35,554,650	1,000,000	36,554,650
TOTAL SOURCES AND REVENUES	\$193,645,095	\$1,000,000	\$194,645,095
<u>EXPENSE:</u>			
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
Total Expenses	\$183,449,760	910,867	\$184,360,627
<u>OTHER USES:</u>			
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
Total Other Uses	\$10,195,335	89,133	\$10,284,468
TOTAL EXPENSES AND USES	\$193,645,095	\$1,000,000	\$194,645,095
SURPLUS/(DEFICIT)	\$ -	-	\$ -

T Transportation Committee

Meeting date: March 12, 2007

ADVISORY INFORMATION

Date:	March 5, 2007
Subject:	2006/2007 Unified Operating Budget Amendment
District(s), Member(s):	All
Policy/Legal Reference:	Mn Statutes Seciton 473.13, sub. 1 – Council Budget Requirements
Staff Prepared/Presented:	Amy Vennewitz, Deputy Director, MTS Planning & Finance (651-602-1058) Edwin Petrie, Director Finance Metro Transit (612-349-7624) Paul Conery, Manager Budget & Evaluation (651-602-1374)
Division/Department:	All

Proposed Action/Motion

That the Metropolitan Council:

- Amend the 2006 Unified Operating Budget in accordance with the attached table.
- Amend the 2007 Unified Operating Budget in accordance with the attached table.

2006 Overview and Funding

The proposed operating amendment is brought to the Transportation Committee for review and endorsement before presentation to the Management Committee on March 14 and the Council on March 28, 2007.

This budget amendment includes recommended changes to the 2006 Operating Budget to provide expenditure authority. Expenditures exceeded the amended budget in two programs. In Metro Mobility revenues were also over budget with a net effect on fund balance being favorable. In the case of Rural Small Urban, the primary reason is an adjusting entry made for cash fares received directly by the providers. Regardless of cause, programs are not authorized to exceed the authorized budget as set by the Council. Staff is currently working on a revised reporting format and schedule that will assist in identifying issues.

Staff is recommending the following revisions to the 2006 budget.

Metropolitan Transportation Services

Change in Expenditures: \$1,350,000; Reserves: \$1,350,000

- Metro Mobility transit provider contract expenditures exceeded budget by \$1.3 million. Staff worked to bring the other program expenses in under budget through reductions in salary and consulting expenses and the gain realized from forward pricing of fuel. Metro Mobility also received unexpected revenue from the federal fuel excise tax rebate. The result of these changes was that the Metro Mobility program realized an increase in fund balance, but also exceeded total expenditure authority. Staff requests an increase of \$700,000 expenditure authority in the Metro Mobility program.
- At the time the 2006 budget was established, several Regular Route contracts were thought to be eligible for federal 5307 funding and \$2.5 million in federal revenue was budgeted. Further inquiry revealed that the contracts were not eligible because the contracts did not meet all of the FTA requirements. The lost federal revenue resulted in a use of reserves of \$1.8 million. However, an additional \$2.0 million in federal revenue was drawn down against eligible Metro Mobility expenses.

To offset the lost federal revenues in Regular Route, staff requests authority to reprogram state appropriations of \$1.8 million from Metro Mobility to the Regular Route program.

- The Rural Small Urban final adjustment for fare revenue exceeded budget. This adjustment resulted in the program exceeding both revenue projections and expenditure authority by off-setting amounts. Staff requests an increase of \$650,000 in expenditure authority for the Rural Small Urban program.

2007 Overview and Funding

The proposed operating amendment is brought to the Transportation Committee for review and endorsement before presentation to the Management Committee on March 14 and the Council on March 28, 2007.

This Amendment:

- Incorporates the changes to the operating budget of Metro Transit due to the addition of staff support for the Central Corridor light rail line, the Northstar commuter rail line and a Principal Contract Administrator for Purchasing.
- Reflects the shift of Metro Transit payroll staff to Regional Administration (RA).
- Adjusts revenues and expenses related to amended service plans for bus and rail operations at Metro Transit, including the goal of producing 75 million rides during the year.
- Amends the full-time equivalent (FTE) positions funded in the Metro Transit budgets.
- Conforms to the 2007 indirect cost rate as mandated by the Federal Transit Administration (FTA).
- Recognizes the addition of two federal grants to Metropolitan Transportation Services.

Fiscal Analysis

Metro Transit Bus Operations

Changes: Revenues/Sources: +\$401,170; Expenditures/Uses: +\$401,170; Reserves: \$0; FTEs +24.3

- Shift the Metro Transit payroll function from Metro Transit to Regional Administration. Remove previously budgeted salary and fringe costs from those categories and add costs to the Council Allocated line item. Reduce the full-time equivalent (FTE) position count in the Metro Transit budget by 8.
- The A-87 indirect cost rate has been adjusted to the finalized adopted FTA rate for 2007. This has the effect of reducing costs in the operating budget for bus and increasing costs in federally-funded capital projects and in the rail operating fund.
- Costs for the work of employees required to work on legal holidays have been added to the operating budget in conformance with negotiated salary agreements.
- Add twenty-one (21) new 2007 full-time positions to the Metro Transit budget. These positions along with a portion of the time of existing staff already budgeted in Metro Transit are needed to perform required engineering, design and contract administration related to the Central Corridor LRT project. The cost of all staff will be supported with the capital funding provided for the project. As the Central Corridor project matures, additional staff requests will be made when needed at a later date which will be supported with the capital funding provided for the project.
- Add three (3) full-time positions to the Metro Transit budget in the Transit System Development Division. These positions are needed to perform required contract administration related to the Northstar Commuter Rail project. The cost of staff will be supported with the capital funding provided for the project.

- Add one (1) full-time position to the Metro Transit budget in the Purchasing Department to oversee contract administration for contracts with Metro Transit and Metropolitan Transportation Services.
- Adjust the revenues and expenses budgeted for Plymouth Metrolink contracted service, I-394 Corridor service expected to be funded with TAD garage revenues and policing contract services to the City of Minneapolis. These anticipated agreements will not be realized in the foreseeable future. Also, adjust other contract service and non-operating revenues and expenses to conform to experience from 2006.
- Adjust passenger fare revenues to conform to the goal of providing 75 million bus and rail rides in 2007 at an average fare per passenger that continues the experience realized in 2006.
- Add federal revenue for training of staff.
- Table 7 (Staff Complement in FTEs) of the Adopted Budget understated operator overtime by seven (7.3) FTEs. This adjustment, in addition to the above-stated FTE changes, amends the total FTE complement for bus and rail operations from 2,562.4 to 2,586.7 full-time equivalent positions.

Metro Transit Rail Operations

Changes: Revenues/Sources: +\$1,570,491; Expenditures/Uses: +\$1,570,491; Reserves: \$0

- The A-87 indirect cost rate has been adjusted to the finalized adopted FTA rate for 2007 as described above.
- Excess position expense was budgeted in the Rail budget and is being removed in this amendment.
- Clerical overtime costs are adjusted to conform to the negotiated labor contract provisions.
- Passenger fare revenues adjusted to conform to the goal of providing 75 million bus and rail rides in 2007 at an average fare per passenger that continues the experience realized in 2006.
- Metropolitan Airport Commission (MAC) contract service revenue is revised to reflect the construction schedule at Humphrey Terminal.
- Advertising revenues is amended to conform to experience from 2006.
- The receipt of the last three months of Congestion Mitigation and Air Quality (CMAQ) revenue for service enhancements is allocated to the January to March 2007 time period.
- An additional amount is added to the budget for anticipated increases in propulsion costs.

MTS Operations

Changes: Revenues / Sources: +163,306; Expenditures / Uses: +163,306; Reserves: \$0

- To recognize Federal grant for Access Minneapolis Study
- To recognize Federal grant for Twin Cities Mode Choice Model Update.
- The 5307 eligibility issue in the Contracted Transit Services was identified after the 2007 budget was established with \$2.5 million in revenue from this source. Staff has been working to correct the problem in the competitive bidding process. Their efforts to date have resulted in a budgeted recovery of \$1.7 million leaving a deficit of \$800,000 in federal revenues. Staff recommends reprogramming

\$800,000 in State Appropriations from Metro Mobility to Contracted Transit Services. Metro Mobility will program an additional \$800,000 in federal revenues against eligible expenses.

2006 Financial Summary

The proposed operating budget amendment makes the following changes to the Amended 2006 Unified Operating Budget:

	2006 Amended Budget	Proposed Amendment	2006 Budget (Revised 3/28/07)
Revenues			
Operating	\$ 446,237,183	\$ 0	\$ 446,237,183
Pass Through	91,729,949	0	91,729,949
Debt Service	125,660,000	0	125,660,000
Total Revenues	\$ 663,627,132	\$ 0	\$ 663,627,132
Expenditures			
Operating	\$ 450,343,858	\$ 1,350,000	\$ 451,693,858
Pass Through	95,923,749	0	95,923,749
Debt Service	126,500,844	0	126,500,844
Total Expenditures	\$ 672,768,451	\$ 1,350,000	\$ 674,118,451
Balance / (Deficit)	\$ (9,141,319)	\$ (1,350,000)	\$ (10,491,319)

2007 Financial Summary

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

	2007 Adopted Budget	Proposed Amendment	2007 Budget (Revised 3/28/07)
Revenues			
Operating	\$ 449,174,700	\$ 2,134,967	\$ 451,309,667
Pass Through	79,569,916	0	79,569,916
Debt Service	127,048,572	0	127,048,572
Total Revenues	\$ 655,793,188	\$ 2,134,967	\$ 657,928,155
Expenditures			
Operating	\$ 451,925,432	\$ 2,134,967	\$ 454,060,399
Pass Through	80,409,683	0	80,409,683
Debt Service	133,234,446	0	133,234,446
Total Expenditures	\$ 665,569,561	\$ 2,134,967	\$ 667,704,528
Net Transfers In/Out	\$ -	\$ -	\$ -
Balance / (Deficit)	\$ (9,776,373)	\$ -	\$ (9,776,373)

C Community Development Committee

Meeting date: March 5, 2007

ADVISORY INFORMATION

Date:	February 28, 2007
Subject:	2006 Operating Budget Amendment – Family Affordable Housing Program
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 and Redevelopment Authority (651-602-1278)
Division/Department:	Community Development/Housing and Redevelopment Authority

Proposed Action/Motion

That the Metropolitan Council amends the 2006 Unified Operating Budget by increasing authorized expenditures in the Family Affordable Housing Program as follows:

Current Budget	\$ 981,795
Amendment	<u>400,000</u>
Amended Budget	<u>\$ 1,381,795</u>

Overview

In January 2000, the Metropolitan Council established the Family Affordable Housing Program (FAHP). The FAHP is federal public housing and is a rental housing program that serves families with low incomes. The FAHP operating revenue consists of resident rents and an operating subsidy from the U.S. Department of Housing and Urban Development (HUD). Due to insufficient budget appropriations, the HUD operating subsidy is being paid at 76% of the HUD calculated subsidy level.

For this reason, since its inception FAHP has had an operating deficit each year and is projected to operate with a deficit for the next ten years. Due to long term deficit projections the FAHP was identified as a program to be audited in 2006 by the Internal Audit staff. An audit was completed in June 2006 and it concluded the overall management of the program is providing adequate controls to ensure that FAHP funds are being received, expended and accounted for properly.

The Council Approved 2006 FAHP budget reflected a projected deficit of \$125,540.00. Because of the ongoing projected deficits, FAHP staff has continued to pursue additional funding sources. During 2006, staff successfully secured additional funding from the Minnesota Housing Finance Agency in the amount of \$100,000 and from Ramsey County in the amount of \$200,000 for capital improvements and non-routine maintenance to the FAHP properties. Due to funding restrictions the newly acquired funds needed to be expended during 2006. Staff identified the priority property improvements. Using proper procurement procedures, bids were taken and contracts were awarded to accomplish the work and expend the funds during 2006.

With the addition of newly secured funds and other cost containment in 2006, FAHP ended the year with a \$57,000 deficit In contrast to the expected reserve expenditure of \$125,540.

A budget amendment should have been prepared and presented previously to authorize the expenditure of the additional funds. Should staff be successful in again securing additional funds to further offset the deficit and reduce the use of program reserves, the necessary budget amendment process will be initiated.