

## 2024 FINAL ADOPTED UNIFIED BUDGET

### **We are the regional government for the Twin Cities metropolitan area.**

Our goal is for the region to prosper and thrive, now and in the future. We work with the region's seven counties and 181 local communities to:

- Look ahead and plan for the future growth of our seven-county area
- Provide essential and cost-effective transit service and state-of-the-art wastewater collection and treatment
- Help households with low and moderate incomes find affordable housing
- Support communities as they plan for anticipated growth and change





## Met Council members represent the region

Our governing board has 17 members from all walks of life. Sixteen of them represent geographic districts across the region with roughly equal populations. Leading the board is the Met Council chair, the 17th member. The members are appointed by the Governor in consultation with community leaders.

Minnesota state law requires the legislature to redraw the boundaries of Met Council districts after each decennial federal census so that each district has substantially equal population. The Minnesota Legislature completed the statutory requirement to redraw the district as part of the legislative session. As a result of the new district boundaries, Gov. Tim Walz and Lt. Gov. Peggy Flanagan announced the reappointments on June 27. All 16 Council members, who began terms in March, were reappointed to represent their respective new districts, although the number for their district may have changed. The new terms expire Jan. 4, 2027.

Chair	Charlie Zelle
District 1	Judy Johnson
District 2	Reva Chamblis
District 3	Dr. Tyrone Carter
District 4	Deb Barber
District 5	John Pacheco Jr.
District 6	Robert Lilligren
District 7	Yassin Osman
District 8	Anjuli Cameron
District 9	Diego Morales
District 10	Peter Lindstrom
District 11	Dr. Gail Cederberg
District 12	Susan Vento
District 13	Chai Lee
District 14	W. Toni Carter
District 15	Tenzin Dolkar
District 16	Wendy Wulff

[metro council.org](http://metro council.org)



## We support our region's prosperity

Our planning and services provide a foundation for regional economic vitality.

- We operate Metro Transit, Metro Mobility, and transit services that provided more than 42 million rides in 2022, nearly 92% of the total regional ridership.
- Our strategic investments in a growing network of bus and rail transitways increase transportation choices for Twin Cities residents. They encourage transit-oriented development that creates residential and business opportunities.
- We collect and treat the wastewater for more than 90% of the region's population at rates about 35% lower than peer regions while earning state and national awards for environmental achievements.
- We plan and fund the land acquisition and development of a world-class regional parks and trails system, which had more than 69 million visits in 2022.
- Our Housing and Redevelopment Authority (Metro HRA) operates rent assistance programs that provide affordable opportunities for more than 7,200 households with low and moderate incomes, primarily through the federal Housing Choice Voucher program.



NEARLY

**4,500 employees**

WORK FOR THE MET COUNCIL



**42+ million** RIDES PROVIDED BY THE MET COUNCIL AND SUBURBAN TRANSIT PARTNERS IN 2022



TREATS

**250 million**

GALLONS OF WASTEWATER DAILY



**56** REGIONAL PARKS

**415+** MILES OF REGIONAL TRAILS

**55,000+** ACRES OF LAND



**\$76 million** IN HOUSING ASSISTANCE FOR

**7,200+** HOUSEHOLDS

As part of our ongoing effort to provide a more consistent and robust approach to complicated infrastructure projects, we are creating a new METRO Projects division to manage the development and construction of regional transit projects that are significant in size and complexity and have substantial financial impact.

This new division includes all light rail and bus rapid transit projects and will be led by a new executive director position who will report directly to Met Council Chair Charlie Zelle.

For many years, the Met Council managed only one major capital project at a time, but that has changed over the past 15 years. Today, we manage multiple projects simultaneously, which at times can pose unique challenges for the organization. With the inception of this new division, we will be better structured to efficiently implement multiple transitway capital projects at any given time.

## We are stewards of state and federal resources

### NEW METRO-AREA TRANSPORTATION SALES TAX

A new three-fourths cent metro-area sales tax for transportation will take effect on Oct. 1, 2023. Initial estimates suggest there will be more than \$400 million in revenue in 2024. Met Council policymakers are just beginning the process to determine which programs will be supported with these funds. We do expect the sales tax will create a predictable and sustainable revenue source for transit operations, maintenance, and security.

The Met Council will receive 83% of the revenue; the remaining 17% distributed to the seven metro-area counties. Of the 83%, 5% is set aside for active transportation and 95% to transit operations, maintenance, and capital projects. The required uses outlined in legislation include improvements to regular route bus service levels, transit safety, accessibility, and new and replacement shelters. Funds must also be used for bus rapid transit and other investments, including zero emissions vehicles, microtransit, active transportation, and wage adjustments for Metro Transit hourly operations employees.

### FEDERAL COVID-RELATED FUNDS

The Met Council has received a total of \$726 million in Coronavirus Aid, Relief, and Economic Security Act, Coronavirus Response and Relief Supplemental Appropriations Act of 2021, and American Rescue Plan funds since 2020. Approximately \$68 million in federal relief funds are programmed in the 2024 budget to offset revenue loss that continues as a result of the pandemic.

## We help advance equity in the region

As identified in Thrive MSP 2040, our budget includes a broad range of organizational activities – including specific examinations of how we plan, distribute funds, and support addressing regional disparities.

- Our Community Development division supports funding for planning, pre-development, and affordable housing investments in local communities.
- Our Transportation services division is studying the equity impacts of our regional transportation infrastructure investments.
- As part of its Safety & Security Action Plan, Metro Transit is intentionally engaging a broad range of customers and community stakeholders to improve the customer experience and emphasize that our transit system provides a safe and welcoming environment for everyone.
- Our Environmental Services division is working to improve access to language assistance for customers and individuals affected by construction projects throughout the region.

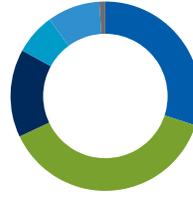
Goals around equity and specific outcomes are included in several efforts that extend across the entire Met Council organization. Our Climate Action Work Plan includes actions to address environmental justice needs and identified equity outcomes. Our workforce goals include ways to recruit more diverse candidates for hard-to-fill jobs, as well as efforts to attract, hire, train, retain, and promote employees who identify as people of color. Our work to support the development of the 2050 Regional Development Guide includes efforts to engage the range of voices and stakeholders in the process.



# 2024 Preliminary Operating Budget

Sources of funds:

**\$1.4 billion**



4% transit fares  
26% wastewater charges

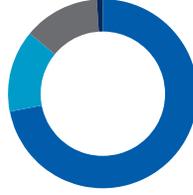


26% - Motor Vehicle Sales Tax  
8% - state appropriations  
4% - regional sales tax



Uses by function:

**\$1.4 billion**



Our bonds receive the **highest possible ratings** from Moody's and Standard and Poor's credit ratings agencies. Our top ratings reflect the sound financial management of the Met Council and allow us to borrow money at the **lowest market interest rates.**



## We plan for the long term

The Met Council’s proposed 2024 budget reflects the priorities and guidelines of its long-range plan for the Twin Cities region – Thrive MSP 2040. Thrive sets the policy foundation for plans we develop for regional transportation systems, water resources, regional parks, and housing.

Thrive MSP 2040 identifies five key outcomes for the metro area to strive for over the next decades:

**Stewardship:** Natural and financial resources are managed wisely.

**Prosperity:** The region’s economic competitiveness is enhanced through investments in infrastructure and amenities.

**Equity:** All residents share in the benefits and challenges of growth and change.

**Livability:** Our great quality of life is maintained and improved.

**Sustainability:** Regional vitality is protected for generations to come.

In addition, we leverage various policy tools to cooperatively address complex regional challenges. We collaborate with partners to achieve shared outcomes, evaluate the effectiveness of our policies and programs, and adjust accordingly.

Under state law, the Met Council prepares a long-range plan for the Twin Cities region every 10 years. Work has begun on the 2050 long-range plan, Imagine 2050, including engagement with our advisory committees, local government officials, and other government and community partners.

Over the next year as we continue to engage with residents of this region, our plan will solidify, followed by more formal public engagement late next summer. We anticipate approving the 2050 plan before the end of 2024.

The final product will reflect imaginative solutions for today’s challenges but will be far from imaginary. We will be setting policy and investment direction for the region’s future. This will guide our work and our partners’ work for years to come.

## We are committed to reducing climate impacts

The Met Council began to implement our Climate Action Work Plan, which will unify efforts across our organization over the next five years to reduce our climate impacts and prepare for a changing climate. The plan identifies actions to be taken over a three-to-five-year timeframe and makes five overarching commitments:



- 1. Commitment one:** Incorporate environmental justice principles as we plan, implement, and evaluate our climate action work.
- 2. Commitment two:** Accelerate emissions reductions from our operations to achieve carbon neutrality.
- 3. Commitment three:** Accelerate regional emissions reductions through existing and new partnerships.
- 4. Commitment four:** Reduce risks and impacts of climate change hazards to our facilities and services.
- 5. Commitment five:** We will support and collaborate with partners to advance regional climate adaptation efforts.

The plan is part of efforts implementing the Minnesota Climate Action Framework, a key priority of the Walz-Flanagan administration.



## We're prioritizing transit safety and security

The Met Council has established a wide range of initiatives to mitigate recent challenges facing transit operations so we can deliver a safe, welcoming transit experience.

### SAFETY & SECURITY ACTION PLAN

Developed with input from riders and employees, the Metro Transit Safety & Security Action Plan describes more than 40 actions we're taking to improve public safety on transit. A quarterly documented status report details progress using measurable outcomes for each action item.

Each of the actions are focused on one of three areas of work:

- Improving conditions
- Training and supporting employees
- Engaging customers and partners

**Supplemental security.** Security officers are working at the Lake Street/Midtown and Franklin Avenue stations. Security will also be dispatched to other sites with a high number of service calls.

**The expanded use of real-time cameras.** Cameras from light rail vehicles and METRO light rail and bus rapid transit stations are monitored regularly throughout the day.

**Facility enhancements.** From elevator and escalator repairs to deep cleanings and public artwork, many locations are undergoing improvements to be more welcoming for riders and neighborhood passersby.

**Transit Safety Intervention Project.** The \$2 million program aims to connect riders with social services and expand partnerships with area law enforcement. Contracts with community-based organizations will help sustain outreach efforts and supplement the work of Metro Transit's Homeless Action Team.



**Transit Rider Investment Program.** New program will allow non-police personnel to issue administrative citations for fare non-compliance.

**Code of Conduct.** Responding to rider and employee feedback, a revised Code of Conduct will set new expectations for riders and clarify how we'll address problematic behaviors.

**Ongoing recruitment to expand presence on transit.** Metro Transit continues to invest in a wide range of resources to increase outreach efforts as we try to address a rising number of transit service calls, including recruiting police officers to employ our full complement of 171 full-time officers; hiring more community service officers; six full-time staff monitoring cameras across the transit system; stationing additional security officers at designated METRO stops and other sites; additional non-police personnel to support customers and individuals experiencing homelessness and crisis situations.





## We help sustain our region's natural resources

In 2022, all nine of the Met Council's wastewater treatment plants were recognized as outstanding facilities by the Minnesota Pollution Control Agency (MPCA). Facilities receiving this recognition must show consistent compliance with monitoring, operations, and maintenance requirements; submit accurate, on-time reports to the pollution control agency; and employ staff certified in wastewater operations. This recognition is particularly significant as the MPCA celebrated the 50th anniversary of the Clean Water Act in 2023.

It's also worth noting that wastewater treatment rates have remained reasonable, averaging \$31 a month per household, which is estimated to be 35% less than other large U.S. wastewater utilities according to the National Associate of Clean Water Agencies.

We have developed capabilities to monitor the level of viral RNA from SARS-CoV-2 (the disease known as COVID-19) and prevalence of variants present in wastewater flowing into the Metropolitan Wastewater Treatment Plant in Saint Paul. The results closely track the clinical data for the plant's service area. We coordinate details with the Minnesota Department of Health and the Centers for Disease Control. Wastewater data is another valuable indicator of the SARS-CoV-2 conditions within our region.

In 2024, we will undertake \$251 million in capital investment in the regional wastewater system to preserve existing assets, improve efficiency, and provide needed capacity for growth. Key projects in 2024 include interceptor and lift station improvements in Excelsior, Brooklyn Park, Woodbury, and St. Bonifacius; interceptor improvements in Oakdale; interceptor rehabilitation in Coon Rapids; interceptor rehabilitation in Minneapolis; solids processing capacity and other improvements at the Empire Plant; a new service building, electrical distribution upgrades, secondary treatment renewal, and service water piping replacements at the Metropolitan Wastewater Treatment Plant; and renewal of the process control systems at seven plants. In addition to projects at our facilities, we've worked with communities and awarded grants for projects providing benefits for

stormwater management, water supply, and green infrastructure.

Our regional water resource and water supply planning work supports a sustainable and equitable future for a growing region. Through a new and significantly increased level of community engagement and collaboration, we are working to optimize our use and protection of water resources long term while fortifying infrastructure against climate challenges and ensuring equitable access to clean water for generations to come.

## We invest in green spaces

The Parks Acquisition Grant Program helps acquire new park and trail land in the Twin Cities region. The Regional Parks System protects valuable natural resources and wildlife habitats, helps address climate change, and provides health and happiness for the residents of our region.

As identified in the Thrive MSP 2040 plan, we recognize the importance of taking care of our regional parks for many generations to come. In 2023, the Minnesota Legislature made an investment of nearly \$29 million for operations and maintenance of our regional parks across state fiscal years 2024 and 2025. This includes a one-time boost of \$6 million, an ongoing increase of \$1.5 million annually. Regional parks and trails will also receive more than \$54 million in funds from the Clean Water, Land, and Legacy Amendment in state fiscal years 2024 and 2025, more than \$16 million in bonding for infrastructure, and \$9 million in one-time state funds for modernizing parks and trails. These combined investments represent the largest state investment in the region's parks and trails in recent history.

## We promote housing opportunities

The Metro HRA, in partnership with the Minneapolis Public Housing Authority, was awarded \$5.2 million through the U.S. Department of Housing and Urban Development's Community Choice Demonstration Program. The program works with voucher holders who have children to offer expanded housing choice in low-poverty neighborhoods.

The Metro Transit Homeless Action Team partners with the Metro HRA to connect people experiencing homelessness and utilizing transit as shelter to housing vouchers and services to achieve housing stability.

The Met Council makes more than \$27 million in annual grants through the Livable Communities program to help communities create more housing choice, support living wage job creation, and connect jobs, housing, and regional amenities to create a more equitable region.

Through housing policy planning, the Met Council assists communities throughout the region in planning for and creating options that give people of all income and life stages viable choices for safe, stable, and affordable homes.

## 2024 preliminary budget and levies

For 2024, the Met Council is proposing to spend \$1.37 billion for operations, pass-through programs, and debt service (loan repayments and interest).

### WHERE OUR FUNDING COMES FROM

**Charges for services.** Almost one-third (30%) of our funding comes from retail services. Our primary paying customers are transit riders and local municipalities for wastewater services.

**Transit fare revenues.** Revenues for 2024 are projected to total \$60.9 million. This reflects an increase from 2022 when actual fare revenue was \$53.3 million, but still significantly lower than the pre-pandemic budget of \$115.4 million.

Ridership on most of our services is forecasted to remain lower due to the pandemic. Metro Mobility ridership is projected to be back to pre-pandemic levels in the 2024. Light rail ridership is forecasted at 62% pre-pandemic levels, the bus system is forecasted at 57%, and Northstar Commuter Rail is forecasted at 20% pre-pandemic levels.

The Met Council continues to monitor and evaluate ridership impacts from the pandemic on a daily and weekly basis to evaluate services and the need for service adjustments.

Metro Mobility service is designed to meet state and federal standards, and ridership has grown disproportionately to other transit services in the region. Prior to the pandemic, ridership grew 67% and the service now has 33,000 certified riders.

**Federal relief funds.** The Met Council received three federal relief funding plans for transportation in 2020 and 2021, totaling \$725.8 million federal COVID relief and recovery act funds since 2020. These funds have been essential to maintaining service and balance the Met Council's transportation budget and providing support to the Suburban Transit Providers. These funds will continue to be used to support transit operations in calendar year 2024. We expect the last of these funds to be spent in 2025.

**Operating reserves.** We anticipate the federal relief funds will be used, along with one-time use of approximately \$119 million in operating reserves, to balance the budget of

Met Council transportation operations in calendar year 2024.

**Bus service revenues.** The 2024 preliminary budget assumes bus service levels will be at 88% of pre-pandemic levels, with service for light rail, and Metro Mobility at 100%, and Northstar at 55% of pre-pandemic levels (four trips daily with special event service and no weekend service). The actual service levels on bus and light rail are dependent on operator hiring availability.

The 2024 budget provides for increasing presence of non-sworn personnel who would conduct fare inspection, help customers, and monitor situations to help deter incidents and code-of-conduct violations.

**Wastewater charges.** Wastewater charges to local municipalities, which fund operations and debt service, are projected to total \$281.6 million in 2024. Other customer-generated sources include industrial waste charges (\$18.5 million) and sewer availability charges for new or expanded capacity (\$57.8 million).

The preliminary budget includes an increase in the metropolitan wastewater charge of 6.8%. The sewer availability charge of \$2,485 per unit will not increase for 2024 and has been flat since 2014.

**Federal revenues.** We receive federal revenues to support our transit and housing assistance programs, totaling approximately 15% of operating revenues. The preliminary 2024 budget for the Metro HRA includes \$95 million in federal revenues. More than 92% is passed through as rental assistance payments directly to landlords for tenant voucher holders.

**Property taxes.** Counties, cities, and school districts receive most of the revenue raised by property taxes in the region. The Met Council typically receives about 1.3% of the average property taxes in the Twin Cities.

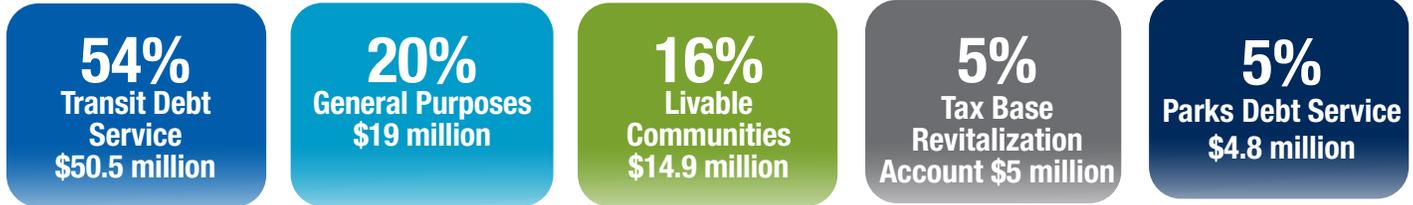
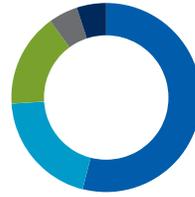
The Met Council's 2024 budget proposes property tax levies payable in 2024 of \$94.17 million. Property taxes are primarily used to pay debt service on bonds issued to support two purposes: the capital improvement programs for transit and parks and the pass-through grants to local communities with the Livable Communities Fund.

### Federal Pandemic Fund Spending since 2020

	2020	2021	2022	Amended Budget 2023	Preliminary Budget 2024	Forecast 2025	TOTAL
Coronavirus Aid, Relief, and Economic Security Act (2020)	\$197.1 million	\$22.8 million	\$6.58 million				\$226.5 million
Coronavirus Response and Relief, Supplemental Appropriations Act (2020)		\$9.96 million		\$100 million	\$52.9 million	\$23 million	\$185.9 million
American Rescue Plan Act (2021)		\$16.8 million	\$118.7 million	\$163.2 million	\$14.6 million		\$313.4 million
<b>TOTAL</b>	\$197.1 million	\$49.5 million	\$125.3 million	\$263.2 million	\$67.5 million	\$23 million	\$725.8 million

# 2024 Proposed Numbers

Property tax levies:  
**\$94.2 million**



Operating budget uses by division:  
**\$1.4 billion**



This fund supports community investments that revitalize economies, create affordable housing, and connect land uses and transportation. The fund also supports a category of transit-oriented development grants for high-density, mixed-use projects located along transit corridors.

**State revenues.** The Met Council receives revenue from the State of Minnesota, derived primarily from motor vehicle sales taxes (\$358.9 million) and state general fund appropriations mainly for rail operations (\$32.7 million) and Metro Mobility (\$56 million). The Met Council also estimates the use of \$49.4 million of the new regional sales tax in transit operations. We anticipate adding additional sales tax revenue to the operating and capital budget in the Public Comment Budget this October.

The state typically updates its revenue forecast in February and November each year. This preliminary budget relies on the state's February 2023 forecast. Metro-area transit receives 34.3% of motor vehicle sales tax revenues.

The Met Council budget includes pass-through funds of \$42.9 million in motor vehicle sales tax revenues to suburban transit providers.

The Legislature has continued to divide our base general fund appropriation for transit into separate line items for Metro Mobility and the Met Council's transit system. The state general fund funds a share of light rail and commuter rail.

State appropriations also help fund housing assistance (\$11.8 million) and environmental services grants (\$1.1 million).

## DEBT SERVICE AND BONDS

About 58.7% of total preliminary property tax levies is dedicated to paying debt service on bonds issued to support preserving and investing in capital assets for transit and parks.

Our total general obligation debt outstanding is \$1.7 billion as of Dec. 31, 2022. Approximately 68.5% of this debt relates to wastewater assets and is paid for by fees collected for wastewater services.

Our bonds receive the highest possible ratings from Moody's and Standard and Poor's credit ratings agencies. Our top ratings reflect the sound financial management of the Met Council and allow us to borrow money at the lowest market interest rates.

## RIGHT-OF-WAY ACQUISITION LOAN FUND

The Right-of-Way Acquisition Loan Fund program provides zero-interest loans to local governments to acquire right-of-way along highway corridors in advance of development. The proposed levy for 2024 does not include an amount for this fund. The fund has sufficient balance available to meet program needs for 2024.

## Property tax impact

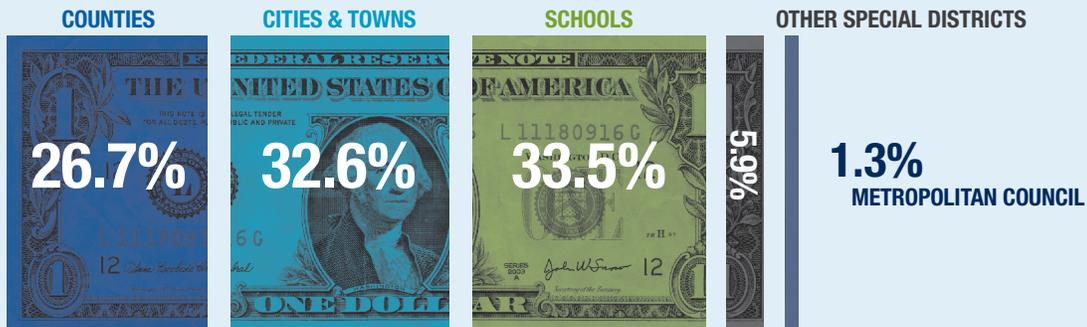
The 2024 budget proposes tax levies, payable in 2024, of \$94.17 million. Property taxes are primarily used to pay debt service on bonds issued to support the transit and parks capital improvement programs and to provide pass-through grants to local communities under the Livable Communities Act.

The proposed payable 2024 levy of \$94.17 million represents a 2% increase over the amount payable in 2023. Under the proposed levy, a metro-area home with an estimated value of \$300,000 could pay a Met Council-related property tax of approximately \$57 inside the transit-taxing communities and \$23 outside the transit-taxing communities.

The Met Council's statutory limit for general purposes and other non-debt service levies is \$43.98 million for taxes payable in 2024, compared to the proposed levy of \$38.88 million, which is about 12% below the levy cap.

Levies for debt service are not directly limited, but the levies for parks and transit are essentially restricted by our bonding authority (the dollar amount of bonds we can issue) as defined in statute. The proposed debt service for transit and parks debt service is \$55.29 million in 2024, which is 0.1% more than 2023 debt service levy.

## Where your property tax dollar goes



Source: MN Department of Revenue, Certified Payable 2024 Property Tax Levies

## Met Council fund accounting

Revenue collected by the Met Council is directed into separate funds. These funds allow us to manage spending by directing the revenue dedicated to specific activities or objectives to a group of related accounts. By maintaining separate funds, we comply with laws that require funds be spent for a specific purpose. For example, the Met Council may not raise transit fares to pay for wastewater services.

The general fund is used to account for administration functions of our Regional Administration and Community Development divisions. The Met Council has the most

discretion in the use of general fund dollars. The general fund accounts for about 8% of the Met Council budget and is primarily funded by the general-purpose property tax levy and inter-divisional allocations.

## POST-EMPLOYMENT BENEFITS

Funds are invested in a trust account to cover our liability for other post-retirement employee benefits (closed plan). We anticipate the investments totaling \$296.3 million on Dec. 31, 2022, will be sufficient to cover projected future costs for retirees.

# Budget Process

## DEVELOPING AND REVIEWING THE BUDGET

The process for developing the 2024 preliminary budget continues to be significantly impacted by the longer-term effects of the pandemic and the local economy, particularly the labor and supply markets. We anticipate the budget will change between the preliminary budget adopted in August and the final budget adopted Dec. 13, 2023.

Met Council standing committees review the operating budget during the summer. Then the Met Council adopts preliminary operating budget and levies prior to the statutory deadline of Sept. 1. In the months that follow, the committees move to reviewing the capital budget, which is a six-year program of projects. A Unified Operating and Capital Budget is released for public comment in October, and the Met Council adopts the unified budget prior to the statutory deadline of Dec. 20.

### BUDGET TIMELINE

