

Environment Committee

Meeting date: March 25, 2014

For the Metropolitan Council meeting of March 26, 2014

Subject: 2014 Unified Operating Budget Amendment

District(s), Member(s): All

Policy/Legal Reference: Council Admin Policy 3-1 and Procedure 3-1a / MN Statute 473.13-Council Budget Requirements, and 473.517 – Wastewater fees and reserve authority

Staff Prepared/Presented: John Atkins 651-602-1020

Division/Department: ES / Office of Finance, Revenue & Energy

Proposed Action

That the Metropolitan Council amend the 2014 Unified Operating Budget for wastewater operations to increase expenses by \$2,010,979.

Background

These expenses were budgeted in 2013, but due to delays were not expended through the end of 2013 as authorized. The funds were not spent on other expenses in 2013. These delays were caused by issues of scheduling, design, contract and bidding, along with parts availability and competing priorities. The amount includes:

- \$900,199 Maintenance projects
- \$725,780 Contracted Services and Consultant agreements
- \$385,000 Capital Outlays

Rationale

The \$2,010,979 of specific expense authority budgeted in 2013 was not budgeted again for 2014 to avoid increasing rates unnecessarily (as the 2014 budget was developed early in 2013 and the timing of such expenses then unknown).

This amendment authorizes expenses and purchases that management believes are needed for MCES operations and maintenance.

Funding

These projects or purchases were authorized through a prior budget but not spent in 2013. This means that the 2013 year-end balance of the Wastewater Operating Contingency Reserve is higher due to the delays. This amendment makes that surplus available to complete the work and will not cause reserves to fall below the 10% Council Target Reserve Balance policy level.

If 2014 produces a positive variance this use of reserves could be avoided, but that is not known at this time.

Known Support / Opposition

None