

## Environment Committee

Meeting date: July 8, 2014

For the Metropolitan Council meeting of August 13, 2014

**Subject:** Authorization to Amend the 2014 Unified Budget: Third Quarter 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:** MCES c/o Leisa Thompson, 651-602-8101

### Proposed Action

That the Metropolitan Council authorizes the amendment of the 2014 Unified Budget for wastewater operations to increase expenses by \$1,000,000.

### Background

On May 9, 2014, a major sinkhole developed at the intersection of Johnson Parkway and Phalen Boulevard in the City of St. Paul. MCES has a large gravity interceptor at this location and raw sewage was evident at the site. Caused by the collapse of the sewer in that area, this break in the wastewater pipe required immediate action through the declaration of an emergency repair. Prior business item 2014-118 ratified the emergency declaration which authorized procurement procedural shortcuts needed for the effective emergency response. However, that did not address funding.

### Rationale

Generally Accepted Accounting Principles (GAAP) clarifies that operating funds should be used for these types of repair costs, however insufficient funds were budgeted in the MCES 2014 Operating Budget to cover the cost of this emergency work.

### Funding

The cost of the emergency work is now estimated at \$1,250,000.

The motion proposes that this needed funding come from the Wastewater Operating Contingency Reserve. This amendment will not cause wastewater operating reserves to fall below the 10% Council policy target balance policy level.

Note that the long term improvement to these facilities will be financed through a capital project and requires no budget amendment.

### Known Support / Opposition

None