

Environment Committee

Meeting date: August 11, 2015

For the Metropolitan Council meeting of ~~August 26, 2015~~ September 9, 2015

Subject: Authorization to Amend the 2015 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 2015 Unified Budget for wastewater operations to increase expenses by \$2,000,000.

Background

At its June 23, 2015 meeting, the Environment Committee ratified an Emergency Declaration that resulted from a March 10, 2015 fire that damaged the south main gallery of the Flotation Building at the Metro Plant. The fire caused damage to the roof, structural members supporting the building, wire and conduit for process and HVAC equipment, a mezzanine, and motor control centers in the adjacent room. Repairs are underway and are anticipated to cost \$2M.

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 2015 Operating Budget to cover the cost of this type of emergency work. In addition, Council Policy and Procedure requires amending operating budgets to control expenses when insufficient funds have been budgeted in the approved operating budget.

Funding

The Council's insurance carrier, FM Global, will provide funding to cover the repair and restitution costs associated with the fire at the Flotation Building. This amendment will have no impact on wastewater operating reserves.

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