

## Environment Committee

Meeting date: Dec 10, 2019

## Management Committee

Meeting date: Dec 11, 2019

For the Metropolitan Council meeting of Dec 11, 2019

**Subject:** Authorization to Amend the 2019 Unified Budget

**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:** Ned Smith, 651-602-1162

**Division/Department:** MCES c/o Leisa Thompson, General Manager (651-602-8101)

### Proposed Action

That the Metropolitan Council authorizes the amendment of the 2019 Unified Budget as indicated and in accordance with Attachment A and authorize the amendment of the 2019 Unified Budget as indicated and in accordance with the attached table.

### Background

The Environmental Services Division requires an amendment to the 2019 operating budget. This is due to Spring flooding, the Metro Plant steam turbine, the Eagle's Point outfall pipe repair, and high rain throughout the year.

**Spring flooding:** Additional costs were incurred at the Metro Plant to respond to Mississippi River flooding. These costs were associated with construction of a temporary roadway to access the plant, additional security, and electrician overtime to support the effluent pumps running 24-7 to counter the high river level. MCES has filed for FEMA relief and anticipates receiving a reimbursement in 2019.

**Steam Turbine:** For much of 2019, the steam turbine generator at the Metro Plant Solids Management Building was not operating due to mechanical failure. This turbine typically provides up to 25% of the Metro Plant's electricity supply. In the absence of the turbine, additional electricity had to be purchased from Xcel.

**Eagle's Point outfall pipe:** In early 2019, an emergency was declared when staff discovered that the Eagles Point outfall pipe, located in the Mississippi River, was severely damaged by either a barge or by dredging activity. Corrective repairs were immediately undertaken to restore the flow and to mitigate the potential for damage to other public infrastructure. These expenses will be mostly offset by insurance claim revenue.

**Higher than normal precipitation:** 2019 has been a wet year. As a result, electricity consumption is over budget to operate the effluent pumps at multiple plants to counter the high river levels and in the interceptors to pump clearwater through the lift stations.

Requested changes to the operating component of the 2019 Unified Budget total \$4.3M in expense and \$1.6M in revenue. The following requests are being made by the Environmental Services Division:

Environmental Services

Change in Expenditures: \$4,262,000; Revenues: **\$1,639,000**; Reserves: **(\$2,623,000)**

**NOTE:** Due to forecasted overages in revenue collection (not amended here), the net impact to the reserve is expected to be \$1,258,000

The proposed budget amendment impacts the following areas of the Operations budget:

- ES-Wide Other Revenues by \$1,639,000 from \$100,000 to \$1,739,000
- Operations Salaries and Benefits by \$627,000 from \$38,972,000 to \$39,599,000
- Operations Consulting and Contractual Services by \$145,000 from \$12,149,000 to \$12,294,000
- Operations Utilities by \$1,738,000 from \$15,776,000 to \$17,514,000
- Technical Services Consulting and Contractual Services by \$1,752,000 from \$93,000 to \$1,845,000

**Rationale**

The proposed amendments will bring forecasted 2019 revenues and expenses within the amended budget for the Environmental Services Division.

**Thrive Lens Analysis**

*Outcomes:*

Stewardship: the budget reflects MCES ongoing effort to be good stewards of ratepayer revenue and the metropolitan disposal system by incurring the necessary expenses to insure regulatory compliance and meeting customer levels of service.

*Principles:*

Accountability: the amendment insures transparency into council operations.

**Funding**

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 level.

**Fiscal Impact**

The amendment will not impact wastewater users. The amendment uses available reserves and will not cause the year end 2019 fund balance to fall below the target fund balance for Environmental Services.

**Known Support / Opposition**

None

Attachments:

A – Table B-1 – Environmental Services Division Operating Budget as amended through Dec 11, 2019



## METROPOLITAN COUNCIL SUMMARY BUDGET OPERATIONS BY FUND FY19

Table 3

(\$ in 000's)

	General Fund			Transportation											Memo Total	
	Regional Administration	Community Development	General Fund Total	HRA & FAHP	Environmental Services	Metropolitan Transportation Services				Metro Transit				Transportation Total		
						Metro Mobility	Contracted Services	Transportation Planning	MTS Total	Bus	Light Rail	Commuter Rail	Metro Transit Total			
<b>Revenues:</b>																
Property Tax	2,571	12,758	15,329	-	-	-	-	-	-	-	-	-	-	-	-	15,329
Federal Revenues	-	-	-	5,065	-	-	3,430	6,050	9,480	41,921	1,012	454	43,387	52,867	57,932	
State Revenues	-	-	-	148	1,766	82,264	22,943	4,041	109,248	211,295	25,589	7,189	244,073	353,321	355,235	
Local Revenues	-	-	-	-	-	-	-	109	109	-	26,565	10,332	36,897	37,006	37,006	
Municipal Wastewater Charges	-	-	-	-	137,586	-	-	-	-	-	-	-	-	-	137,586	
Industrial Wastewater Charges	-	-	-	-	13,142	-	-	-	-	-	-	-	-	-	13,142	
Passenger Fares	-	-	-	-	-	8,770	2,477	-	11,247	73,655	26,050	2,580	102,285	113,532	113,532	
Contract & Special Event Revenues	-	-	-	-	-	-	-	-	-	1,400	450	-	1,850	1,850	1,850	
Investment Earnings	550	-	550	50	900	-	-	-	-	750	677	-	1,427	1,427	2,927	
Other Revenues	308	-	308	2,260	2,265	-	-	-	-	5,148	1,563	-	6,711	6,711	11,544	
<b>Total Revenues</b>	<b>3,429</b>	<b>12,758</b>	<b>16,187</b>	<b>7,523</b>	<b>155,659</b>	<b>91,034</b>	<b>28,850</b>	<b>10,200</b>	<b>130,084</b>	<b>334,169</b>	<b>81,906</b>	<b>20,555</b>	<b>436,630</b>	<b>566,714</b>	<b>746,083</b>	
<b>Expenses:</b>																
Salaries & Benefits	41,371	5,649	47,020	4,417	67,827	2,114	842	3,391	6,347	289,260	42,226	5,335	336,821	343,168	462,432	
Consulting & Contractual Services	18,619	896	19,515	1,687	21,801	926	719	4,406	6,051	9,841	5,871	7,700	23,412	29,463	72,466	
Material & Supplies	458	6	464	40	8,978	412	93	15	520	22,123	5,570	1,319	29,012	29,532	39,014	
Fuel	-	-	-	-	258	9,569	221	-	9,790	14,440	14	1,174	15,628	25,418	25,676	
Chemicals	-	-	-	-	9,180	-	-	-	-	-	-	-	-	-	9,180	
Rent & Utilities	5,041	183	5,224	147	18,296	210	142	381	733	3,809	6,829	740	11,378	12,111	35,778	
Printing	63	30	93	7	39	36	13	21	70	402	-	-	402	472	611	
Travel	553	94	647	40	526	30	9	45	84	492	38	27	557	641	1,854	
Insurance	48	-	48	100	1,150	-	-	-	-	2,767	1,436	2,411	6,614	6,614	7,912	
Transit Programs	-	-	-	-	-	66,634	25,790	-	92,424	-	-	-	-	92,424	92,424	
Operating Capital	507	75	582	43	3,684	130	39	37	206	-	-	-	-	206	4,515	
Governmental Grants	-	1,400	1,400	-	3,435	-	210	106	316	2,631	-	-	2,631	2,947	7,782	
Other Expenses	540	301	841	691	2,840	82	66	72	220	4,128	656	82	4,866	5,086	9,458	
<b>Total Expenses</b>	<b>67,200</b>	<b>8,634</b>	<b>75,834</b>	<b>7,172</b>	<b>138,014</b>	<b>80,143</b>	<b>28,144</b>	<b>8,474</b>	<b>116,761</b>	<b>349,893</b>	<b>62,640</b>	<b>18,788</b>	<b>431,321</b>	<b>548,082</b>	<b>769,102</b>	
<b>Other Sources and (Uses):</b>																
Interdivisional Cost Allocation	65,712	(2,414)	63,298	(1,420)	(16,695)	(2,176)	(706)	(1,726)	(4,608)	(35,701)	(4,397)	(477)	(40,575)	(45,183)	-	
Modal Allocation	-	-	-	-	-	-	-	-	-	11,792	(10,625)	(1,167)	-	-	-	
A-87 Allocation	-	-	-	-	-	-	-	-	-	4,725	(4,393)	(332)	-	-	-	
MVST Transfers In	-	-	-	-	-	-	-	-	-	21,228	-	-	21,228	21,228	21,228	
Transfer To Passthrough	-	(3,000)	(3,000)	-	-	-	-	-	-	-	-	-	-	-	(3,000)	
Transfer To Capital	(2,771)	-	(2,771)	-	(11,000)	-	-	-	-	-	-	-	-	-	(13,771)	
Net Operating Transfers	(700)	(1,250)	(1,950)	1,250	700	-	-	-	-	-	-	-	-	-	-	
<b>Net Other Sources and (Uses)</b>	<b>62,241</b>	<b>(6,664)</b>	<b>55,577</b>	<b>(170)</b>	<b>(26,995)</b>	<b>(2,176)</b>	<b>(706)</b>	<b>(1,726)</b>	<b>(4,608)</b>	<b>2,044</b>	<b>(19,415)</b>	<b>(1,976)</b>	<b>(19,347)</b>	<b>(23,955)</b>	<b>4,457</b>	
<b>Change in Fund Balance</b>	<b>(1,530)</b>	<b>(2,540)</b>	<b>(4,070)</b>	<b>181</b>	<b>(9,350)</b>	<b>8,715</b>	<b>-</b>	<b>-</b>	<b>8,715</b>	<b>(13,680)</b>	<b>(149)</b>	<b>(209)</b>	<b>(14,038)</b>	<b>(5,323)</b>	<b>(18,562)</b>	

Carry Forward Amendment changes
1st & 2nd Quarter Amendment changes
2nd Quarter Budget Amendment
2nd & 3rd Quarter Budget Amendments
3rd Quarter Budget Amendment
4th Quarter Budget Amendments
4th Quarter Budget Amendment & Carry Forward Amendment
Correction of CF from Passthrough to Operations