

Management Committee

Meeting date: April 10, 2013

For the Metropolitan Council meeting of April 10, 2013

Subject: Authorization to amend the 2013 Unified Operating Budget

District(s), Member(s): All

Policy/Legal Reference: MN Statutes Section 473.13, Subd. 1

Staff Prepared/Presented: Paul Conery, Director of Budget/Operations (651-602-1374)

Division/Department: All

Proposed Action

That the Metropolitan Council authorize the amendment of the 2013 Unified Operating Budget as indicated and in accordance with the attached tables.

Background

Staff recommends the following revisions to the 2013 operating budget:

Regional Administration

Change in Revenues and Sources: \$755,000

Change in Expenses and Uses: \$825,000

Change in Reserves: (\$70,000)

- \$683,000 is requested by Information Services to address support requirements of Metro Transit and Environmental Services as well as new enterprise wide applications. Metro Transit requirements include support of TXBase and website software, installation and support of new laptops/tablets for mechanics to perform on-board maintenance, support of wireless bus systems, additional support in meeting the business needs of the Metro Transit Police Department and to address the concerns about single point of failure mentioned in a recent internal audit report. Environmental Services support requirements are in Sharepoint Development to support their MetNet site and help them establish collaboration capability. New Enterprise Applications requiring support include the budget system, grants system, e-Profile Manager functions and other systems currently being added.
- \$77,000 is requested by Procurement for increased demands related to processing non-standard purchasing agreements.
- \$65,000 is requested by Communications for outreach and engagement work to historically underrepresented communities.

Environmental Services

Change in Revenues and Sources: \$0

Change in Expenses and Uses: \$187,000

Change in Reserves: (\$187,000)

- \$187,000 is requested by Environmental Services to recognize the change in the Interdivisional Cost Allocation resulting from changes requested by Regional Administration.

Community Development

Change in Revenues and Sources: (\$2,857,000)

Change in Expenses and Uses: (\$1,000,000)

Change in Reserves: (\$1,857,000)

- Sequestration went into effect March 1, 2013, resulting in the Council's budget authority from the U.S. Department of Housing and Urban Development decreasing by 5.1 percent. This translates into a reduction of \$2.5 million available for rental subsidies for the Section 8 program and a reduction of \$357,000 in administrative fees generated to cover the HRA's operating costs in 2013. In order to mitigate the impact of the reductions on as many families as possible, Community Development staff is proposing to reduce expenditures by \$1 million and use \$1,857,000 in Section 8 reserves to allow housing assistance contracts to be reduced during the rest of 2013 by attrition. The use of reserves will not cause the reserve fund balance to fall below the Council's target fund balance.

Transportation

Change in Revenues and Sources: \$0

Change in Expenses and Uses: \$319,000

Change in Reserves: (\$319,000)

- \$319,000 is requested by Metro Transit to recognize the change in the Interdivisional Cost Allocation resulting from changes requested by Regional Administration.

Rationale

Staff recommends the requested revisions to meet changing organization needs and to adjust the Metro HRA budget to reflect the impact of federal sequestration on anticipated revenues.

Changes requested by Regional Administration include additional FTEs as determined necessary to meet the identified business needs.

Funding

\$755,000 of the \$825,000 increase in Expenses and Uses for Regional Administration will be captured through the Interdivisional Cost Allocation plan with the remaining \$70,000 coming from General Fund Reserves.

Increases of Expenses and Uses in Transportation and Environmental Services reflect the net change needed to cover the increase in Interdivisional Cost Allocation charges

This amendment will not cause operating reserve balances to fall below the Council Target Reserve Balance policy level for the General Fund or respective division operating funds.

	Adopted Budget	Previous Amendments	Proposed Amendment	Proposed Budget
Revenues				
Operating	\$ 555,840	\$ 0	(\$ 357)	\$ 555,483
Pass Through	112,944	0	(2,500)	110,444
Debt Service	149,004	0	0	149,004
Total Revenues	\$ 817,788	\$ 0	(\$ 2,857)	\$ 814,931
Expenditures				
Operating	\$ 572,006	\$ 4,790	\$ 576	\$ 577,372
Pass Through	109,891	0	(1,000)	108,891
Debt Service	145,882	0	0	145,882
Total Expenditures	\$ 827,779	\$ 4,790	(\$ 424)	\$ 832,145
Change in Reserves	(\$9,991)	(\$4,790)	(\$2,433)	(\$ 17,214)

(\$ in 000s)

Known Support/Opposition

None

Attachments:

Community Development Committee Business Item 2013-79

Transportation Committee Business Item SW 2013-79

Environment Committee Business Item SW 2013-79

Metropolitan Council
2013 Annual Budget - Summary of Revisions
Operating Budget Amendment - Business Item 2013-79

(\$ in 000s)

	2013 Adopted Budget	2013 Amended Budget	Total Reg'l Admin & Community Dev	HRA Programs	Total Transportation	Environmental Services	Capital	Net Change	2013 Revised Budget
Revenues & Other Sources									
Property Tax (Net)	\$ 9,658	\$ 9,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,658
Federal	31,632	31,632	-	(357)	-	-	-	(357)	31,275
State	235,954	235,954	-	-	-	-	-	-	235,954
Municipal & Wastewater Charges	108,074	108,074	-	-	-	-	-	-	108,074
Industrial Waste Charges	13,977	13,977	-	-	-	-	-	-	13,977
Passenger Fares	100,530	100,530	-	-	-	-	-	-	100,530
Debt Service	149,004	149,004	-	-	-	-	-	-	149,004
Passthrough	112,944	112,944	-	(2,500)	-	-	-	(2,500)	110,444
Other Sources	56,015	56,015	-	-	-	-	-	-	56,015
Total Revenues and Other Sources	\$ 817,788	\$ 817,788	\$ -	\$ (2,857)	\$ -	\$ -	\$ -	\$ (2,857)	\$ 814,931
Expenses									
Salaries & Benefits	\$ 349,140	\$ 349,140	\$ 825	\$ -	\$ (249)	\$ -	\$ -	\$ 576	\$ 349,716
Consultant / Contractual Services	45,679	50,400	-	-	-	-	-	-	50,400
Materials , Supplies & Chemicals	42,542	42,542	-	-	-	-	-	-	42,542
Rent, Utilities, & Insurance	32,163	32,163	-	-	-	-	-	-	32,163
Other Operating Expenses	30,770	30,770	-	-	-	-	-	-	30,770
Grants from Operating Accounts	585	585	-	-	-	-	-	-	585
Transit Assistance	65,306	65,306	-	-	-	-	-	-	65,306
Debt Service	145,882	145,882	-	-	-	-	-	-	145,882
Passthrough Grants & Loans	110,891	110,891	-	(1,000)	-	-	-	(1,000)	109,891
Capital Expenditures	4,821	4,890	-	-	-	-	-	-	4,890
Total Expenses	\$ 827,779	\$ 832,569	\$ 825	\$ (1,000)	\$ (249)	\$ -	\$ -	\$ (424)	\$ 832,145
Other Uses									
Interdivisional Expense Allocation	\$ -	\$ -	(755)	\$ -	\$ 568	\$ 187	\$ -	\$ -	\$ -
A-87 Charges/Planning Chargebacks	-	-	-	-	-	-	-	-	-
Transfers (From) To Other Funds	-	-	-	-	-	-	-	-	-
Total Other Uses	\$ -	\$ -	\$ (755)	\$ -	\$ 568	\$ 187	\$ -	\$ -	\$ -
Total Expenses and Other Uses	\$ 827,779	\$ 832,569	\$ 70	\$ (1,000)	\$ 319	\$ 187	\$ -	\$ (424)	\$ 832,145
Surplus/(Deficit)	\$ (9,991)	\$ (14,781)	\$ (70)	\$ (1,857)	\$ (319)	\$ (187)	\$ -	\$ (2,433)	\$ (17,214)

NOTES:

Community Development Committee

Meeting date: April 1, 2013

For the Metropolitan Council meeting of April 24, 2013

Subject: 2013 1st Quarter Operating Budget Amendment

District(s), Member(s): All

Policy/Legal Reference: MN Statutes section 473.13, sub. 1 – Council Budget Requirements

Staff Prepared/Presented: Terri Smith, HRA Manager (651-602-1187)

Division/Department: Community Development / HRA

Proposed Action

That the Metropolitan Council amend the 2013 Unified Operating Budget in accordance with the table below:

<u>Description</u>	<u>Adopted</u>	<u>Proposed</u>	<u>Change</u>
HRA Operating Revenue	\$ 6,221,459	\$ 5,864,789	(\$ 356,670)
HRA Operating Expense	\$ 5,925,405	\$ 5,925,405	\$ 0
Change in Fund Balance	\$ 296,054	(\$ 60,616)	(\$ 356,670)
HRA Pass Through Revenue	\$ 57,382,915	\$ 54,882,915	(\$ 2,500,000)
HRA Pass Through Expense	\$ 57,382,915	\$ 56,382,915	(\$ 1,000,000)
Change in Fund Balance	\$ 0	(\$ 1,500,000)	(\$ 1,500,000)

Background

Sequestration, a series of automatic across-the-board federal budget cuts, went into effect on March 1, 2013. As a result, the Council's budget authority from the U.S. Department of Housing and Urban Development (HUD) has been decreased by 5.1%. This translates into a reduction of \$2.5 million available for rental subsidies for the Section 8 Program and a reduction of \$356,670 in the administrative fees generated to cover the HRA's operating costs in 2013.

A number of budget reduction strategies were discussed at the March 18, 2013 CDC Meeting, including:

1. End rental assistance for 350 families effective May 1, 2013 and reduce the program size through regular monthly attrition to keep spending within the reduced budget;
2. Use Section 8 Administrative Fee Reserves to fund the full shortfall;
3. Use a combination of Section 8 Reserves (\$1.5 million) and reduce program size through regular monthly attrition.

The budget amendment being recommended today reflects scenario number 3 above. This is the most reasonable way to mitigate the impact on as many families as possible due to the decreased budget while also acting in a fiscally responsible manner. Under this scenario, the number of households served would be reduced over the course of 2013 and would not require action to end housing assistance to any currently assisted households. The reduced program size would be accomplished through regular monthly attrition. However, because the reduction in spending is being accomplished over the remainder of the year, it will require the use of \$1.5 million in Section 8 reserves. This results in a program size by year end at a level sustainable with projected 2014 federal funding.

The reduction in administrative fee revenue results in a (\$60,616) deficit at year end. To make the budget whole, we are recommending the use of an additional \$60,616 in reserves as shown on the above chart.

This budget amendment reduces the projected administration fee revenue for the Section 8 Housing Choice Voucher (HCV) program and reduces the projected pass through revenue due to the sequestration. In response to both reductions, funds are being transferred from Section 8 Administrative reserves to mitigate the reductions.

Rationale

The Council's Target Fund Balance threshold is 8.3% of the HRA's annual budgeted operating expenses or \$5.25 million. The HRA's current reserve fund balance is \$7 million. Using \$1,560,616 in reserves will result in the reserve fund balance remaining above the Council's threshold at year end 2013.

Funding

Funding for the HCV program is provided through the U.S. Department of Housing and Urban Development. The Transfer from Other Funds line items will be funded from Section 8 reserves. This is an approved use of reserves under the HCV program rules.

Known Support / Opposition

Addressing this funding shortfall in this manner has the support of Chair Haigh.

Transportation Committee

Meeting date: April 8, 2013

For the Metropolitan Council meeting of April 10, 2013

Subject: Approval of the 2013 Operating Budget Amendment

District(s), Member(s): All

Policy/Legal Reference: MN Statutes Section 473.13, Subd. 1 – Council Budget Requirements

Staff Prepared/Presented:

Brian J. Lamb, General Manager, Metro Transit (612) 349-7510

Edwin D. Petrie, Director of Finance, Metro Transit (612) 349-7624

Division/Department: Transportation/Metro Transit

Proposed Action

That the Metropolitan Council amend the 2013 Metro Transit Operating Budget to increase appropriations by \$319,000.

Background

Staff recommends the following revisions to the 2013 Operating Budget for Metro Transit.

Transportation/Metro Transit

Change in Expenditures: \$319,000; Reserves: (\$319,000)

A total of \$319,000 is requested by Metro Transit to add two FTE's for TXBase and wireless infrastructure support, and for Metro Transit's portion of the cost allocation of four positions added in Regional Administration. These four positions include: Two FTE's to support PeopleSoft and current and new Enterprise Applications such as the new budget system, new grants system, e-Profile Manager functions; One FTE for Procurement to process non-standard purchasing agreements; and One FTE in Communications to do outreach work to traditionally underrepresented communities.

Rationale

Staff recommends the following revisions to additional staffing needs.

Funding

This amendment will be funded from fund balance reserves available at the end of 2012. This amendment will not cause reserves to fall below the Council Target Reserve Balance policy level for Metro Transit.

Known Support / Opposition

No known opposition

Environment Committee

Meeting date: April 9, 2013

For the Metropolitan Council meeting of April 10, 2013

Subject: Approval of the 2013 Operating Budget Amendment

District(s), Member(s): All

Policy/Legal Reference: MN Statutes Section 473.13, Subd. 1 – Council Budget Requirements

Staff Prepared/Presented:

John Atkins, Budget Manager, Environmental Services (651) 602-1020

Alan Morris, Budget Coordinator, Regional Administration (651)602-1446

Division/Department: Environmental Services

Proposed Action

That the Metropolitan Council amend the 2013 Environmental Services Operating Budget to increase appropriations by \$187,000.

Background

Staff recommends the following revisions to the 2013 Operating Budget for Environmental Services.

Environmental Services

Change in Expenditures: \$187,000; Reserves: (\$187,000)

A total of \$187,000 is requested by Environmental Services for a SharePoint developer to support the division's MetNet site, and for Environmental Services' portion of the cost allocation of staff positions added in Regional Administration. These Regional Administration positions will support PeopleSoft and current and new Enterprise Applications such as the new budget system, new grants system, e-Profile Manager functions; will provide additional staff in Procurement to process non-standard purchasing agreements; and provide additional staff in Communications to do outreach work to traditionally underrepresented communities.

Rationale

Staff recommends the following revisions to additional staffing needs.

Funding

This amendment will be funded from fund balance reserves available at the end of 2012. This amendment will not cause reserves to fall below the Council Target Reserve Balance policy level for Environmental Services.

Known Support / Opposition

No known opposition