

Metropolitan Council

PRELIMINARY

2017 Unified Budget & Levies

August 10, 2016 Council Meeting



Council Budget Development

Operating Budget

Operations
Pass-through
Debt Service

Capital Program

Authorized Projects
Planned (6-year)
Annual Spending

Timeline for Budget Development

May-July Staff - Budget Development Activities

Aug
(before Sept1)

Council - Adopt Preliminary Budget/Levies

Oct

Council - Adopt Public Comment Drafts

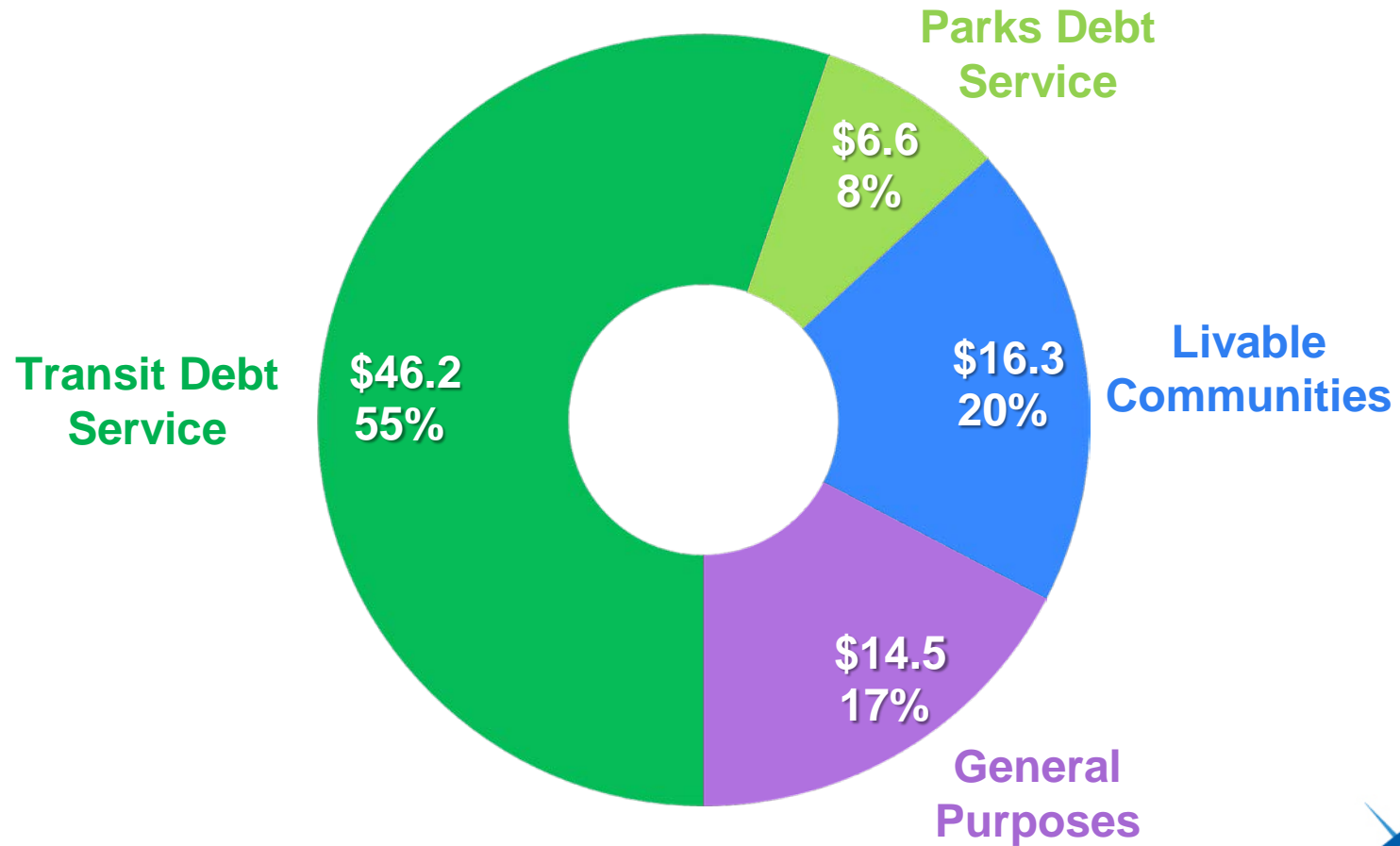
Dec
(before Dec 20)

Council - Adopt Final Budget/Levies

Transitioning the Capital Program from 2016 to 2017

- **Today's Presentation**
 - ❑ Current 2016 Capital Program, as amended
 - ❑ Highlight of Proposed Changes
- **October**
 - ❑ Summary of Proposed Changes
 - ❑ Proposed 2017 Capital Program Tables
- **December**
 - ❑ Final 2017 Capital Program Tables

Proposed Payable 2017 Levy \$83.6M



Dollars in millions

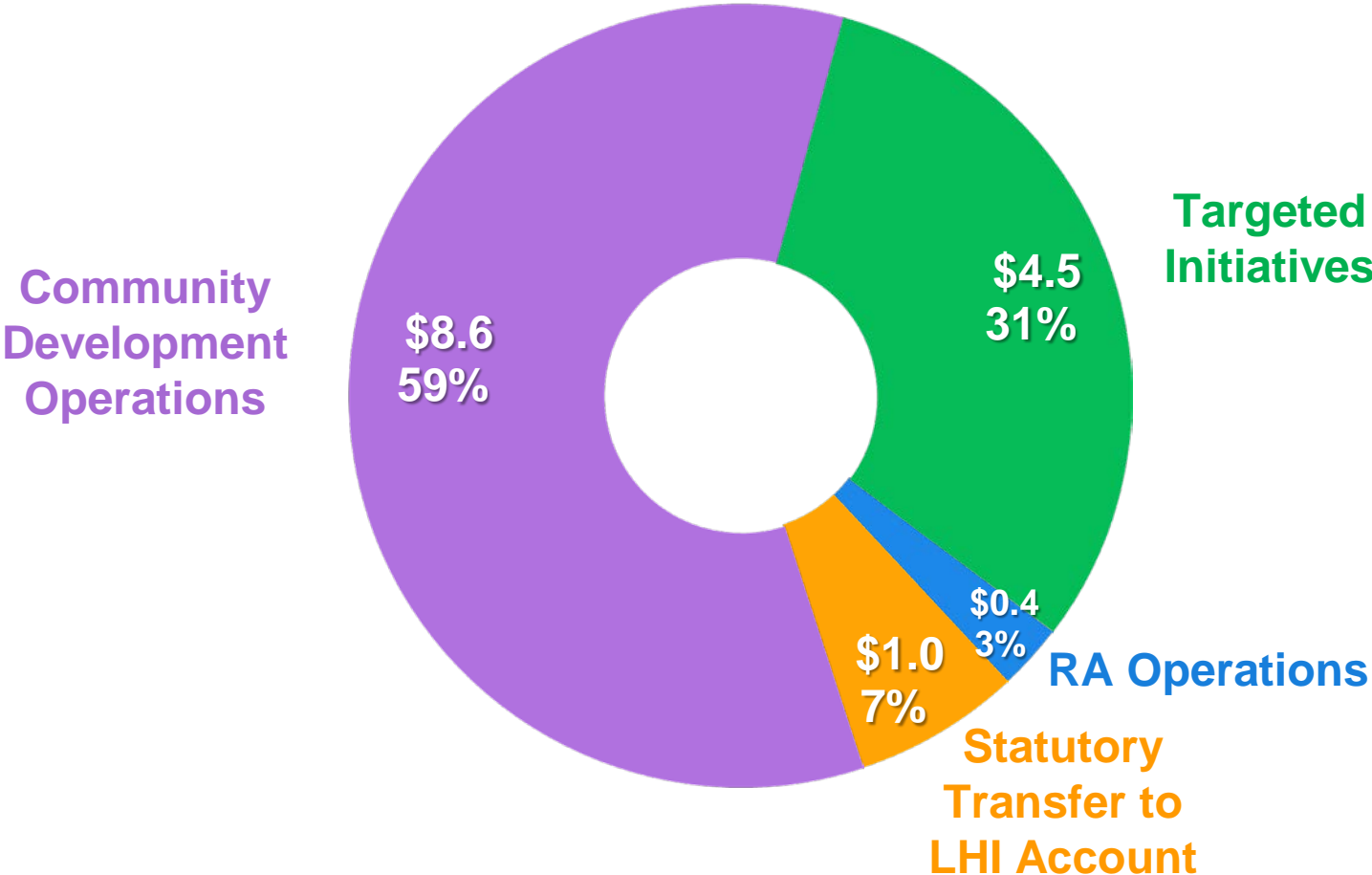
Recommended Levies + 1.9%

	2016	2017	Limit
<u>Non-Debt Service Levies</u>			
General Purposes	\$ 14.451	\$ 14.481	\$ 14.481
Highway Right of Way	-	-	3.893
Livable Communities:			
- Demonstration Acct	11.343	11.367	11.367
- Tax Base Revitalization	5.000	5.000	5.000
Total Non-Debt Levies	\$ 30.794	\$ 30.848	\$ 34.741
			88.8%
<u>Debt Service Levies</u>			
Parks	\$ 6.558	\$ 6.555	
Transit	44.687	46.217	
Total Debt Levies	\$ 51.245	\$ 52.772	
Total All Levies	\$ 82.039	\$ 83.620	
	2.0%	1.9%	

Implicit Price Deflator: Change
0.210%



General Purposes Levy Uses - \$14.5 M



Dollars in millions



Targeted Initiatives

General Purpose Levy Use - \$4.5 M

- CD - Housing Corridor Study
 - Blue Line Extension
- ES – Grant Program Pilots
 - Stormwater/Green Infrastructure
- RA - Robert Street Building
 - Elevators and Accessibility
- Enterprise Technology Infrastructure
 - Network Redundancy/Database

Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability



Impact on the Taxpayer



\$250,000

Transit Tax Communities

Inside

\$56.35

+\$0.35

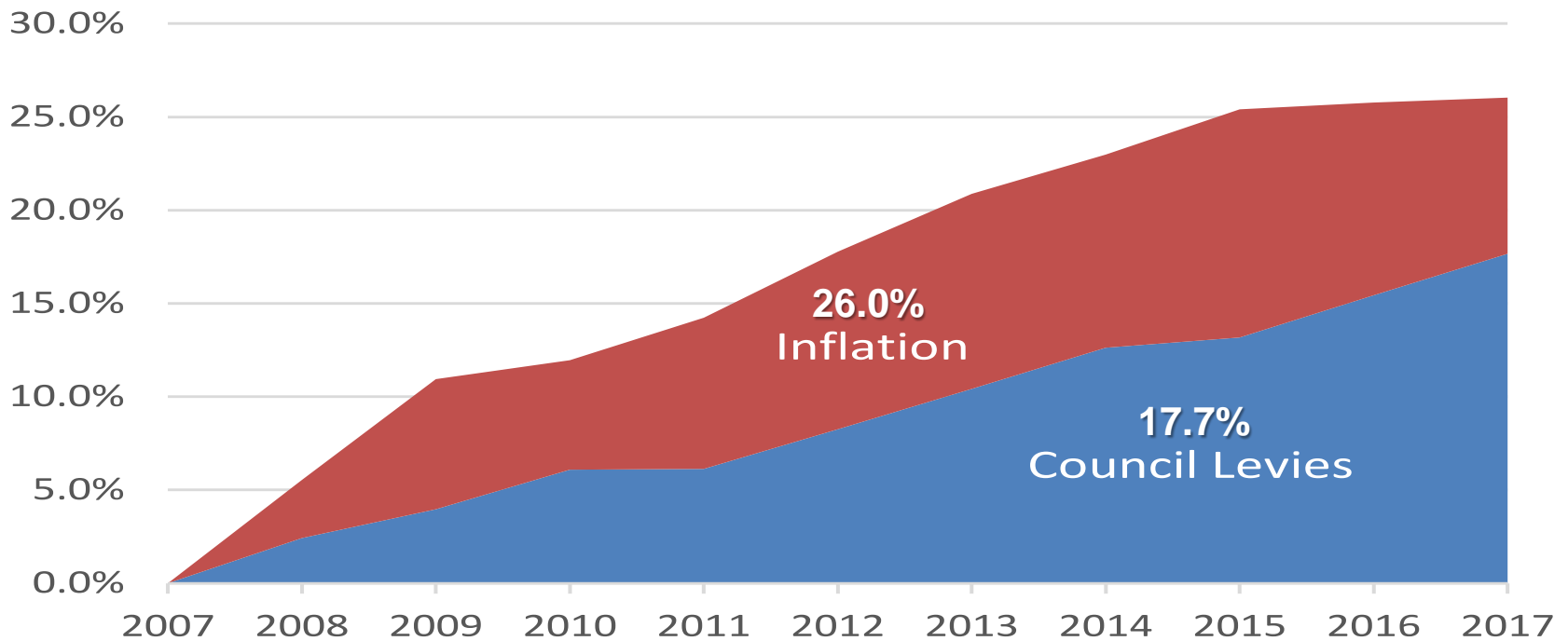
Outside

\$21.57

-\$0.29

Change in Council's Property Tax Levies Compared to Inflation

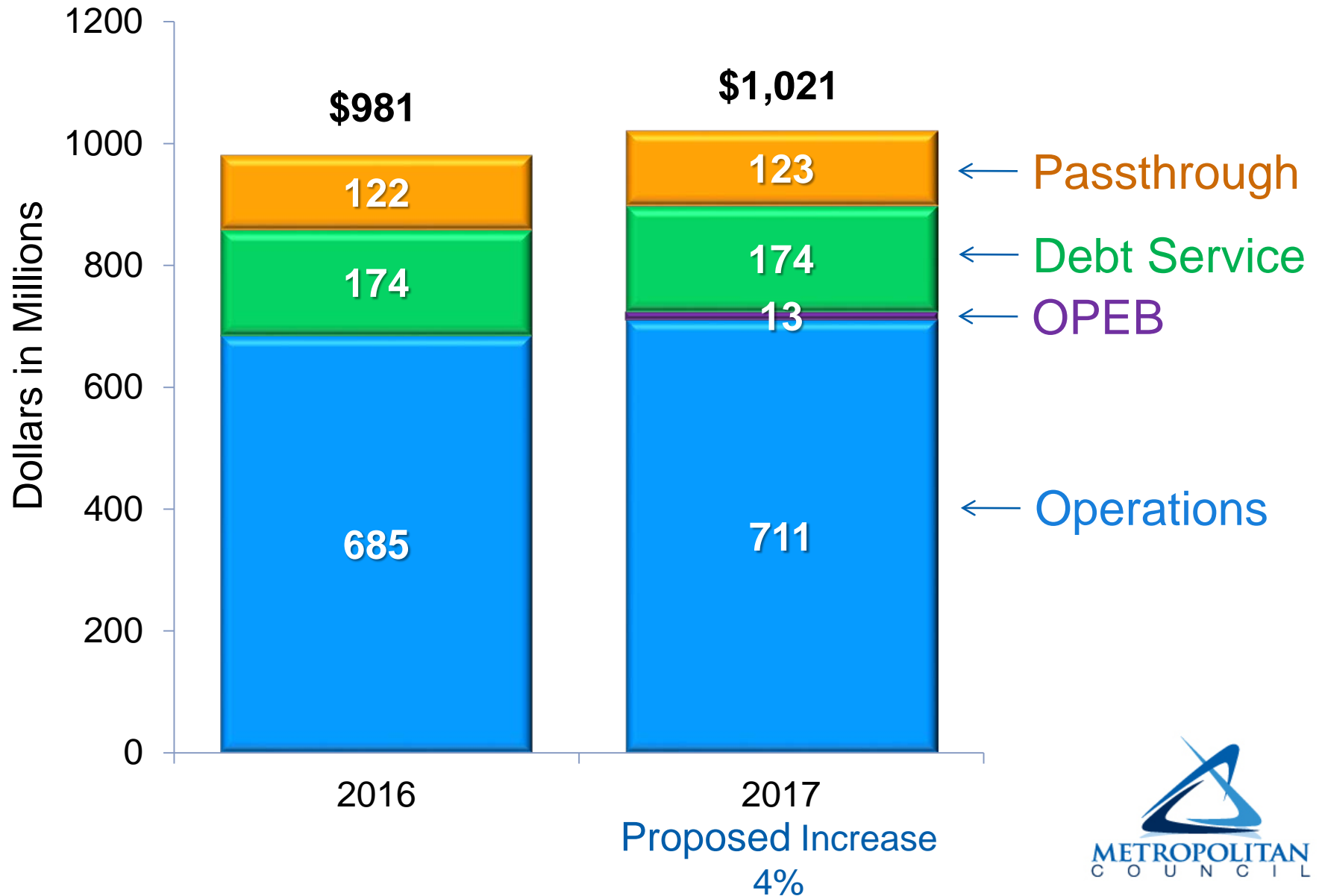
Council Levies Compared to Inflation:
2007-2017



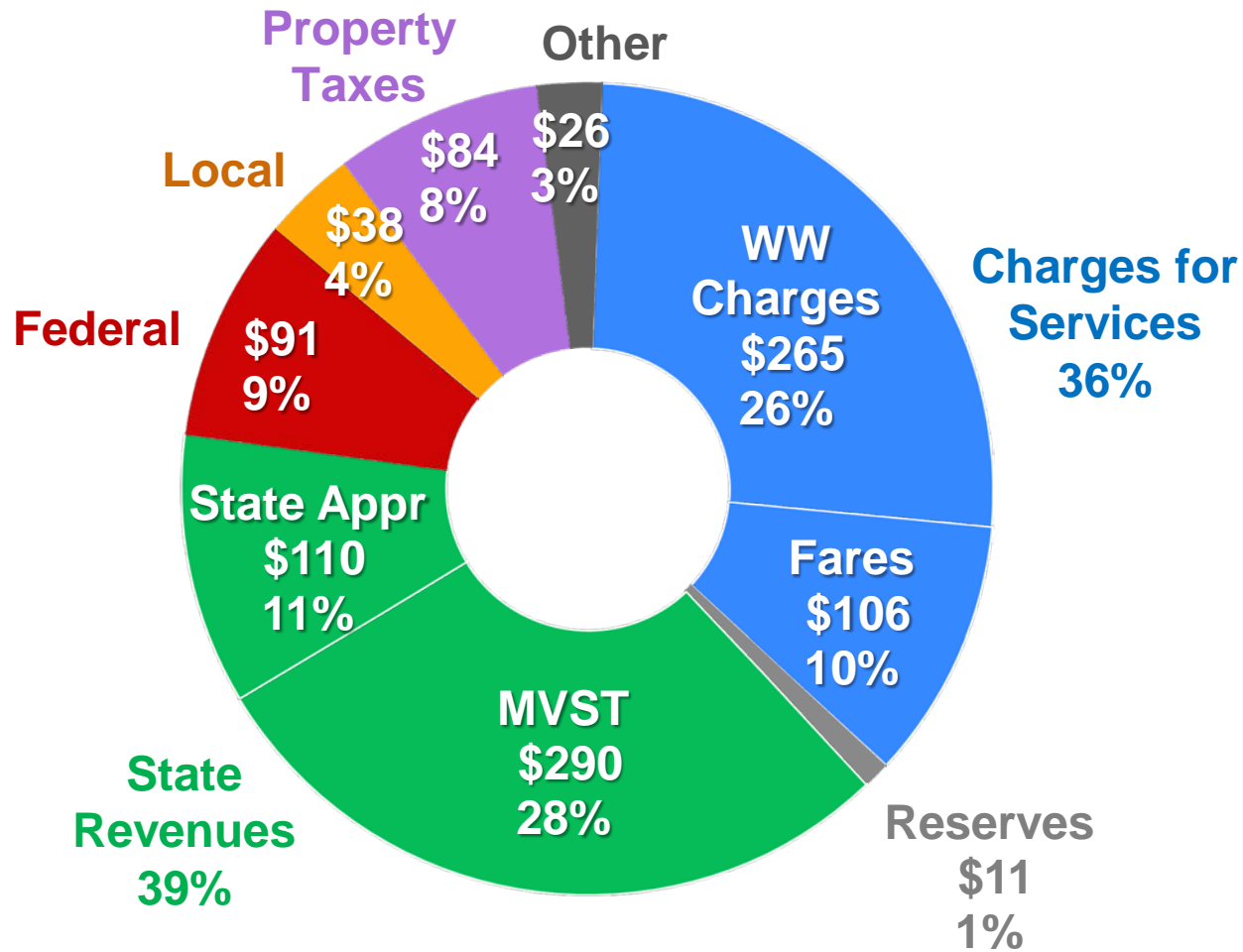
Council's Property Tax Levies Compared to Other Taxing Authorities



Proposed 2017 Operating Budget

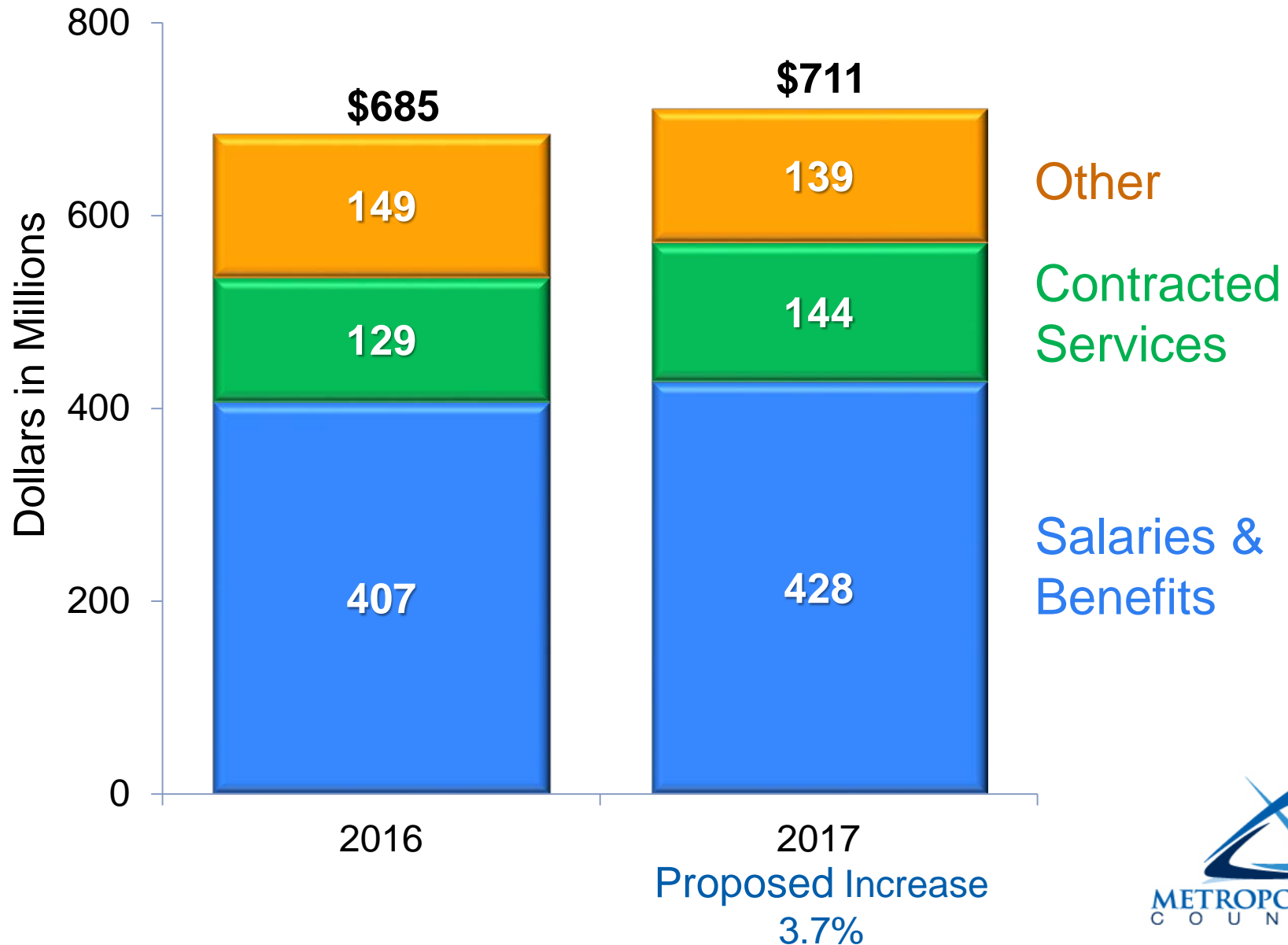


Proposed 2017 Operating Budget Funding Sources - \$1,021 B

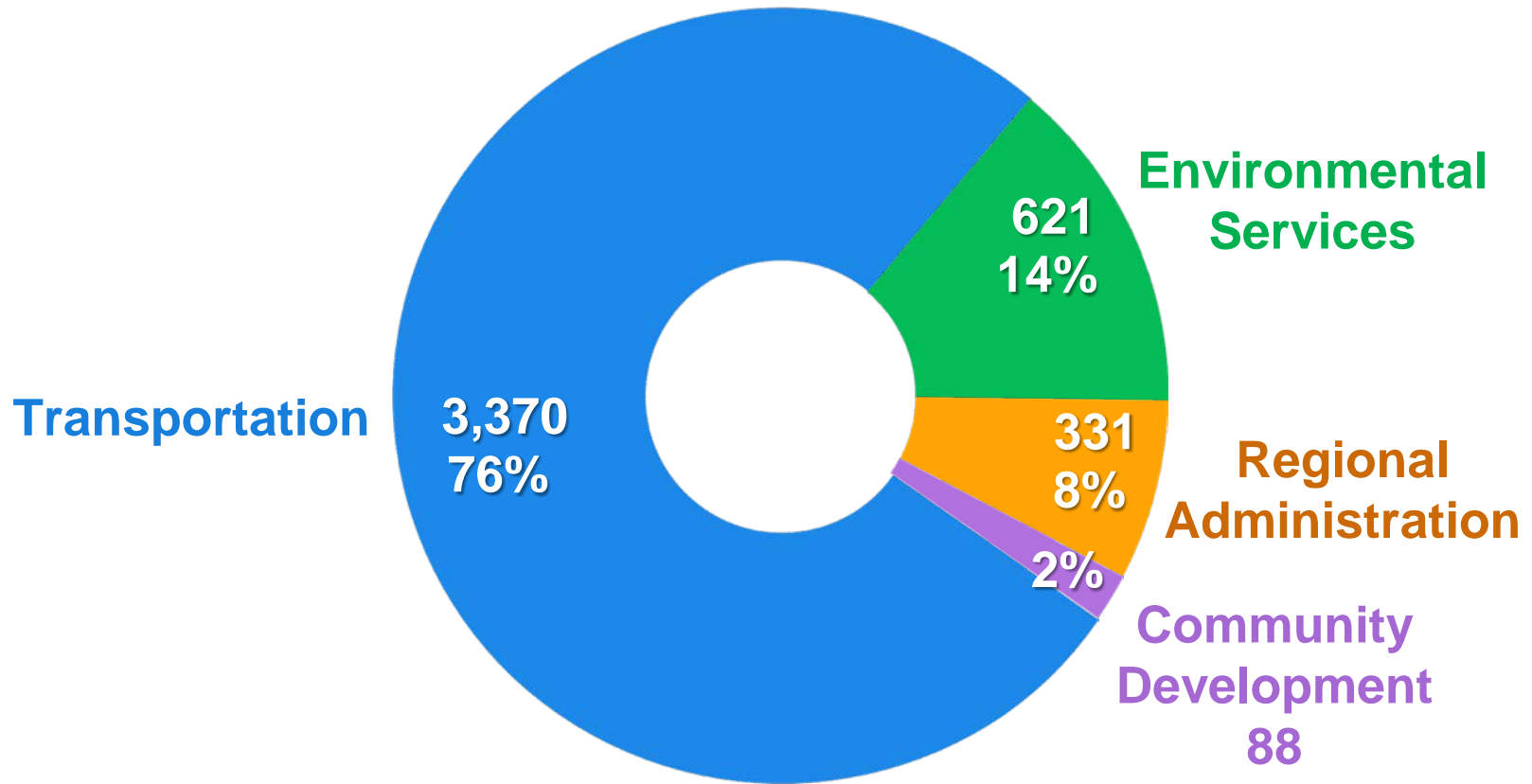


Dollars in millions

Operations Budget Comparison



Proposed FTEs 4,410 by Division



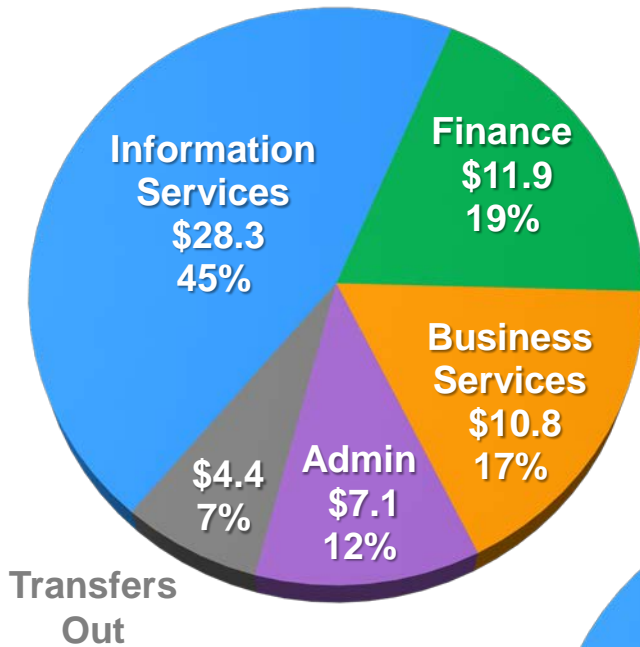


Regional Administration

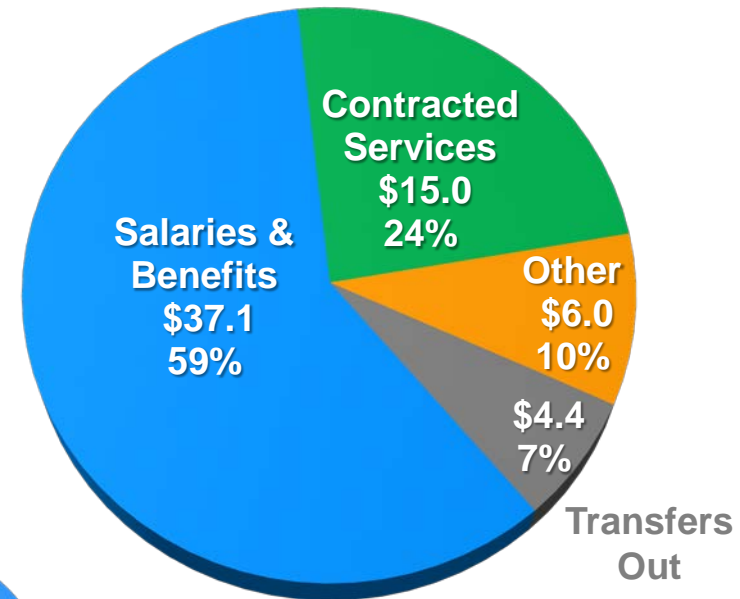


Regional Administration – \$62.5 M

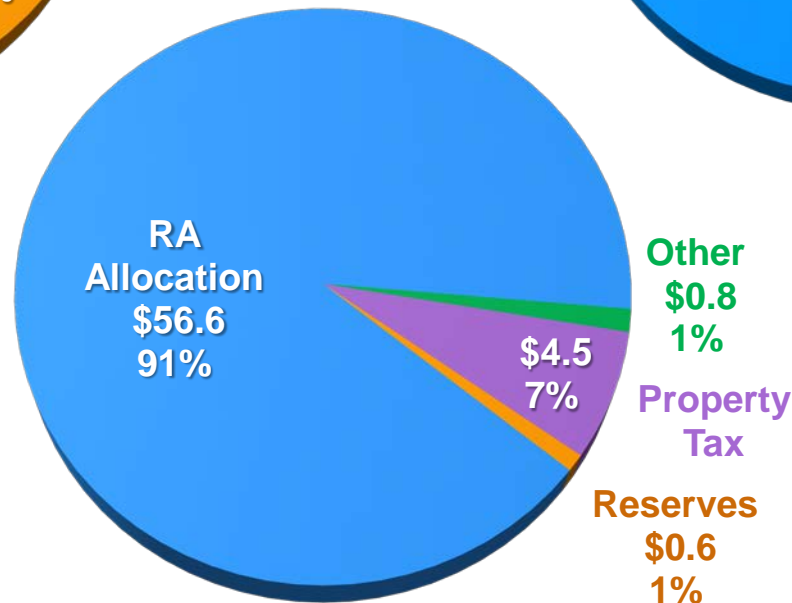
Uses by Department



Uses by Category



Sources



Dollars in millions



Thrive in Motion



- Workforce Development

- Infrastructure preservation
 - Robert Street Building
 - Accessibility
 - Elevator Refurbish
 - Network and Database Infrastructure

Stewardship

Prosperity

Equity

Livability

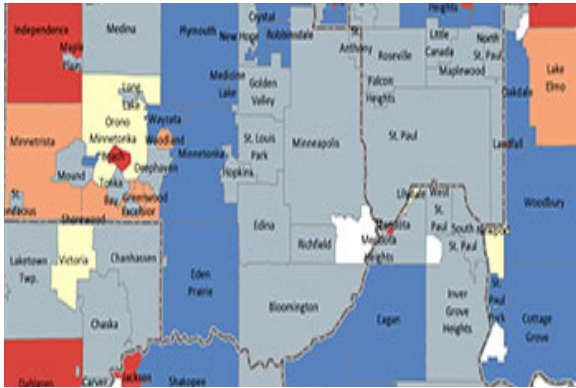
Sustainability

Integration

Collaboration

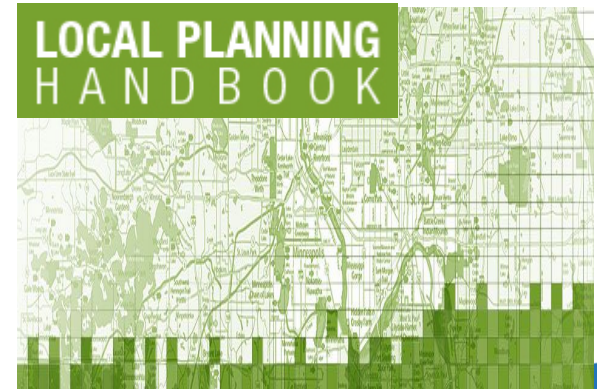
Accountability





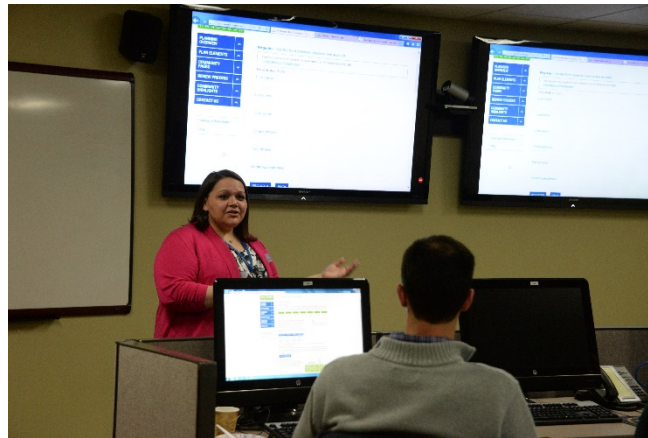
COMMUNITY DEVELOPMENT

Beth Reetz, Director



Thrive in Motion

- Local Planning Assistance



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability



Thrive in Motion

- Housing Choice



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

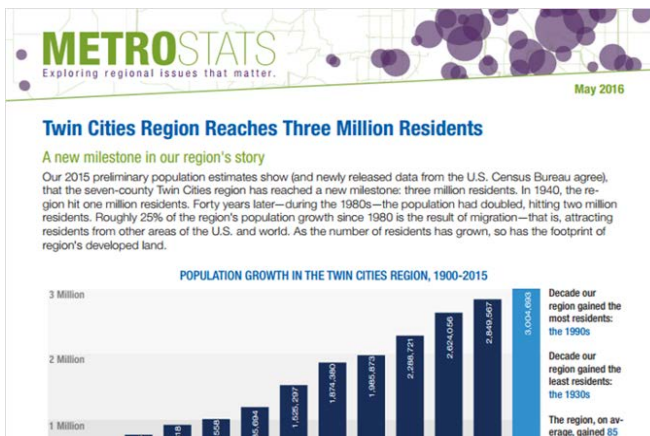
Collaboration

Accountability



Thrive in Motion

- Climate Change Resiliency, Data & Research, Equitable Park Usage



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

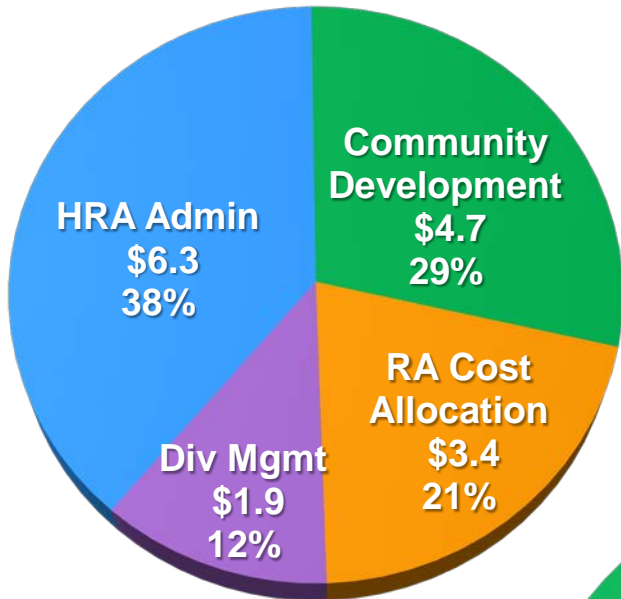
Accountability



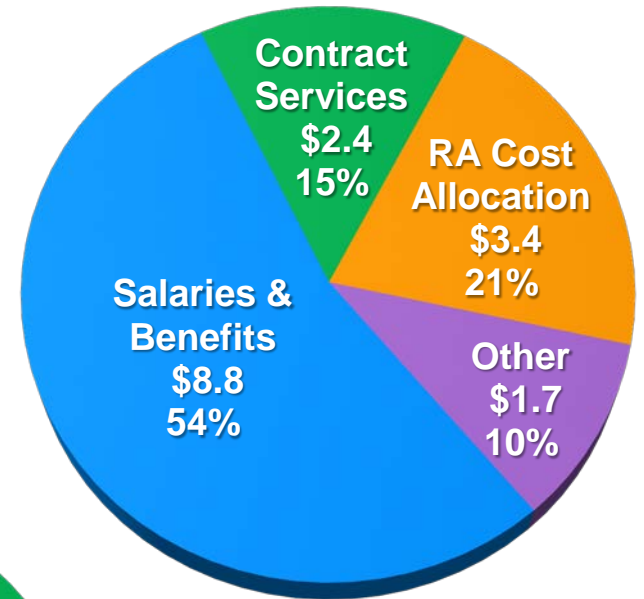
Community Development - \$16.3M

General Fund and HRA

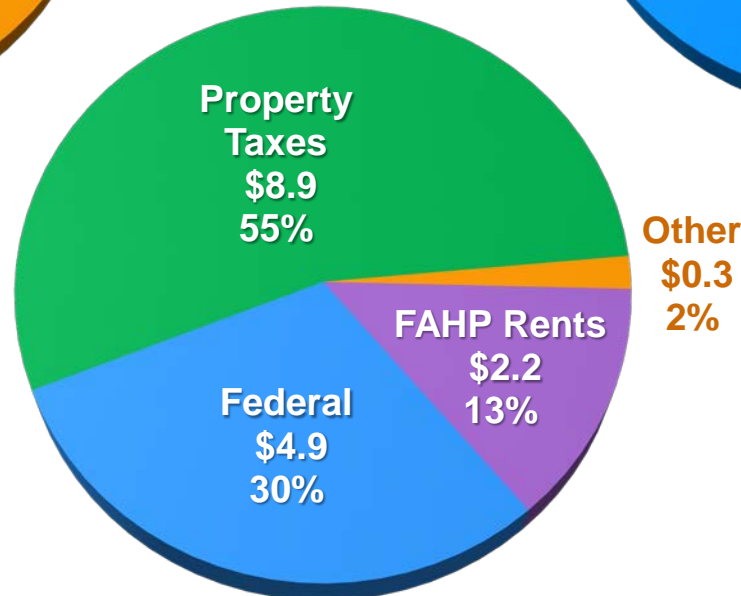
Uses by Department



Uses by Category



Sources

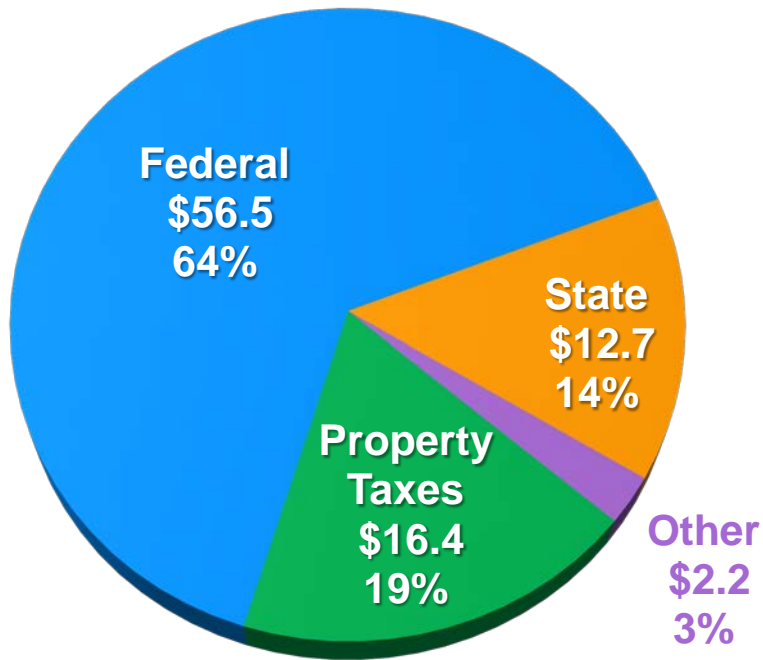


Dollars in millions

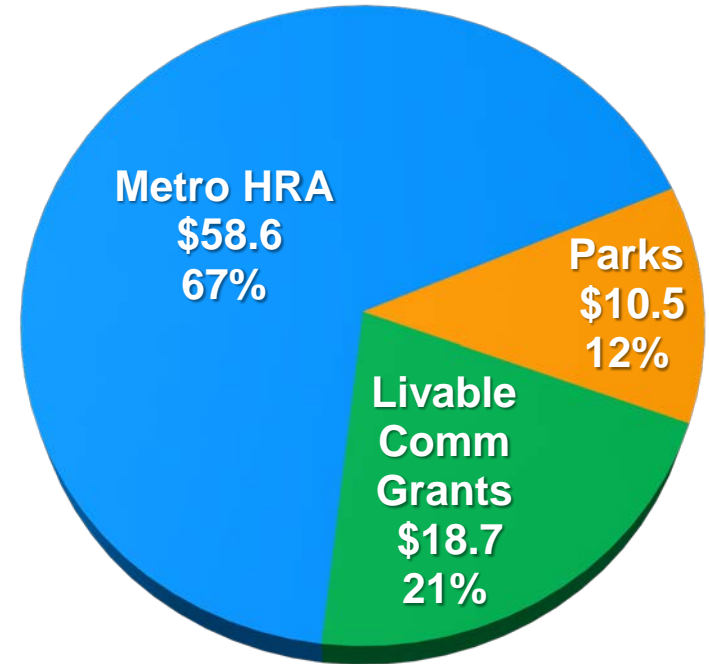
Community Development - \$87.8M

Passthrough Programs

Sources

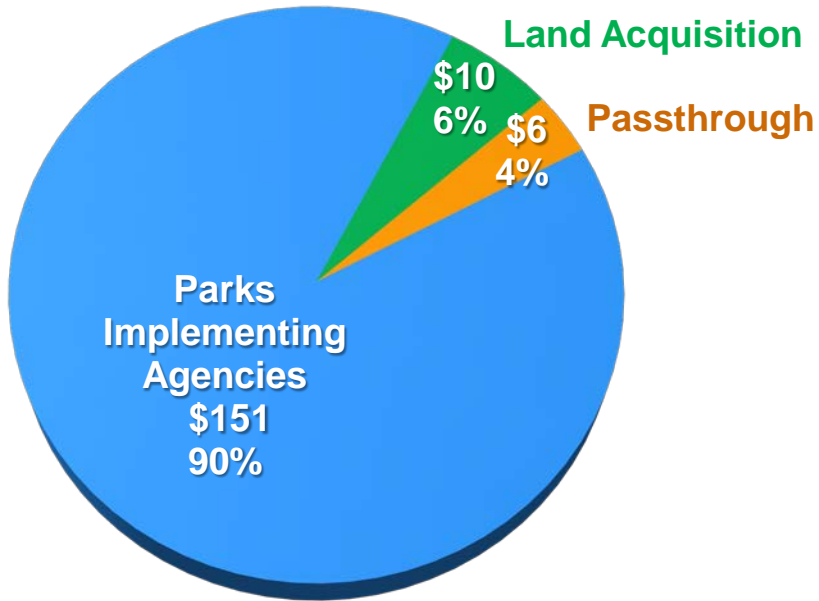


Uses

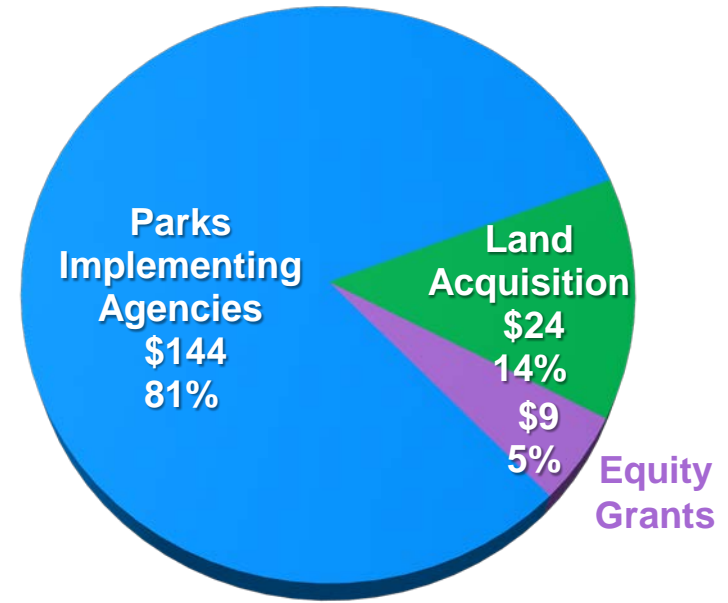


Dollars in millions

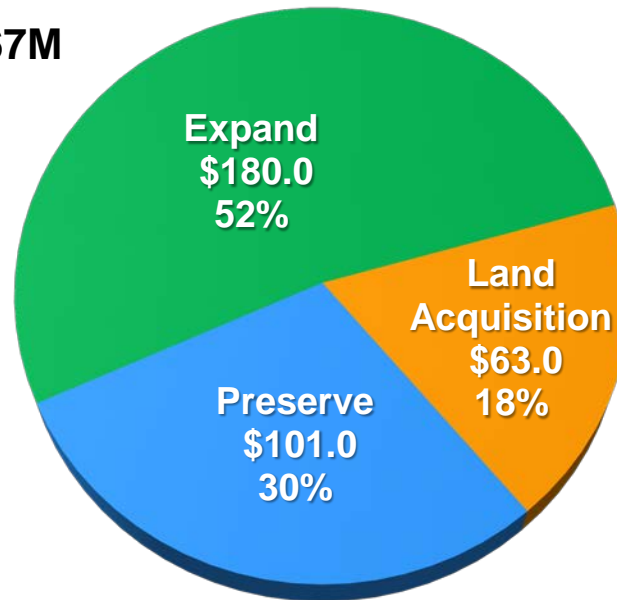
Parks Capital Program - \$344 M



Authorized Projects - \$167M



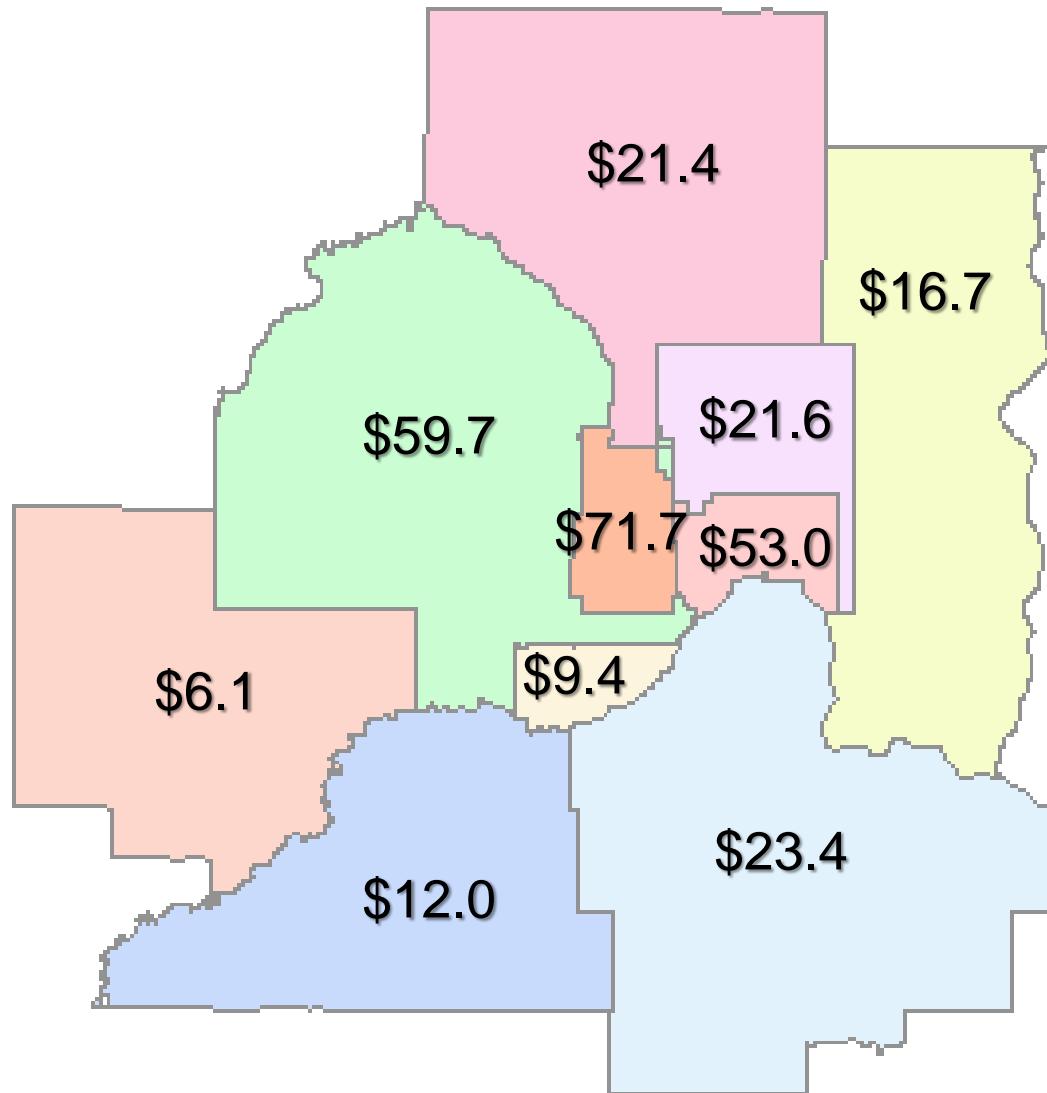
Planned Projects - \$177M



Projects By Category - \$344M

Dollars in millions

CIP By Park Implementing Agency

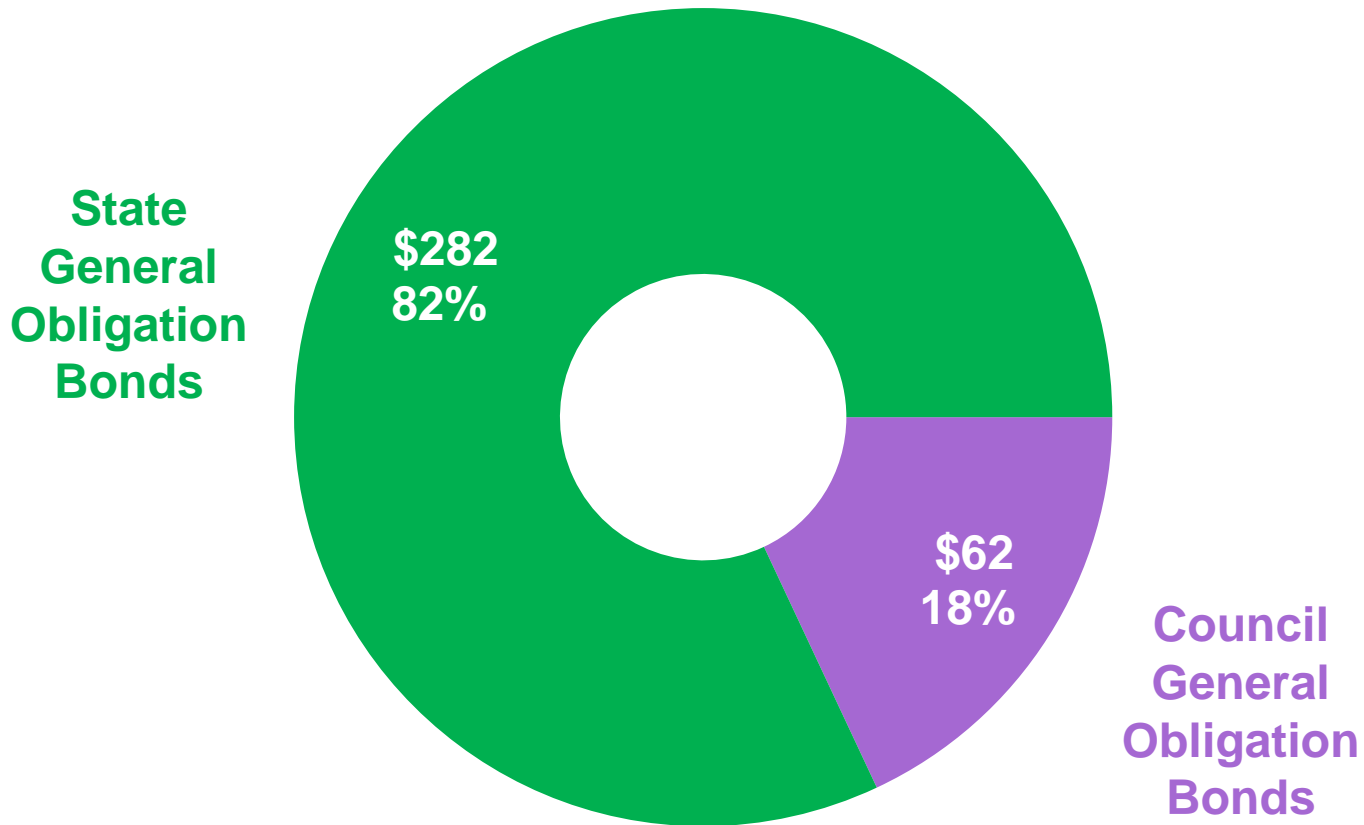


Unallocated
Acquisition Pool,
Equity Grants and
Other Units of
Government
\$49.1M

Dollars in millions

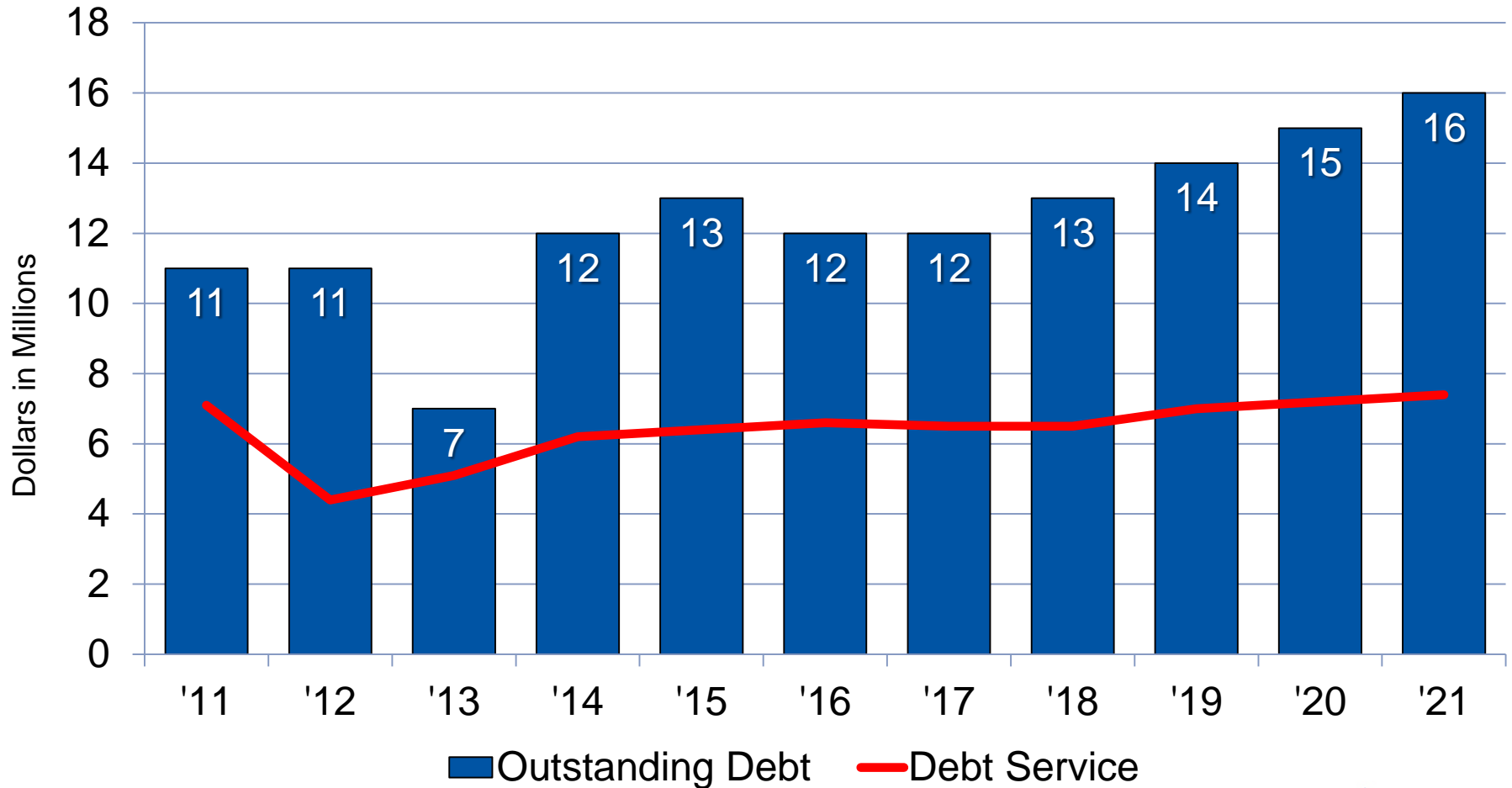
Parks Capital Program - \$344M

Funding Sources



Dollars in millions

Parks Debt Service & Bonds Outstanding



Proposed Changes For The 2017 Capital Program

- **No changes to existing projects**
- **Add planned projects to 2022**
 - Regional Parks Projects
 - Land Acquisition Grants
- **Preliminary 2017 Capital Budget - \$36 M**

Environmental Services

Leisa Thompson, General Manager



Thrive in Motion

- Water Efficiency Grants



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability



Thrive in Motion

- Stormwater/Reuse Grants



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability



Thrive in Motion

- Energy Conservation



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

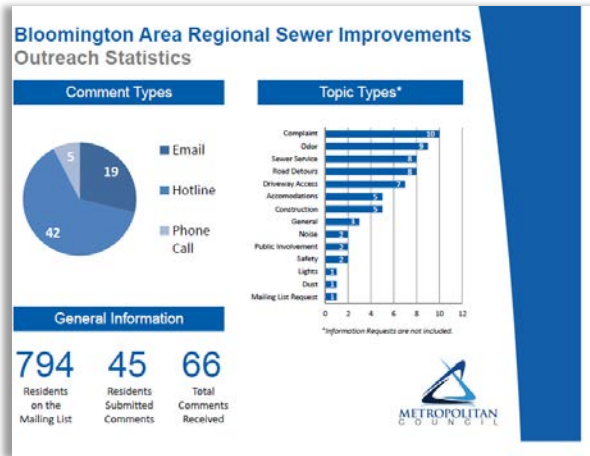
Collaboration

Accountability



Thrive in Motion

- Taskforce, outreach, coordination



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

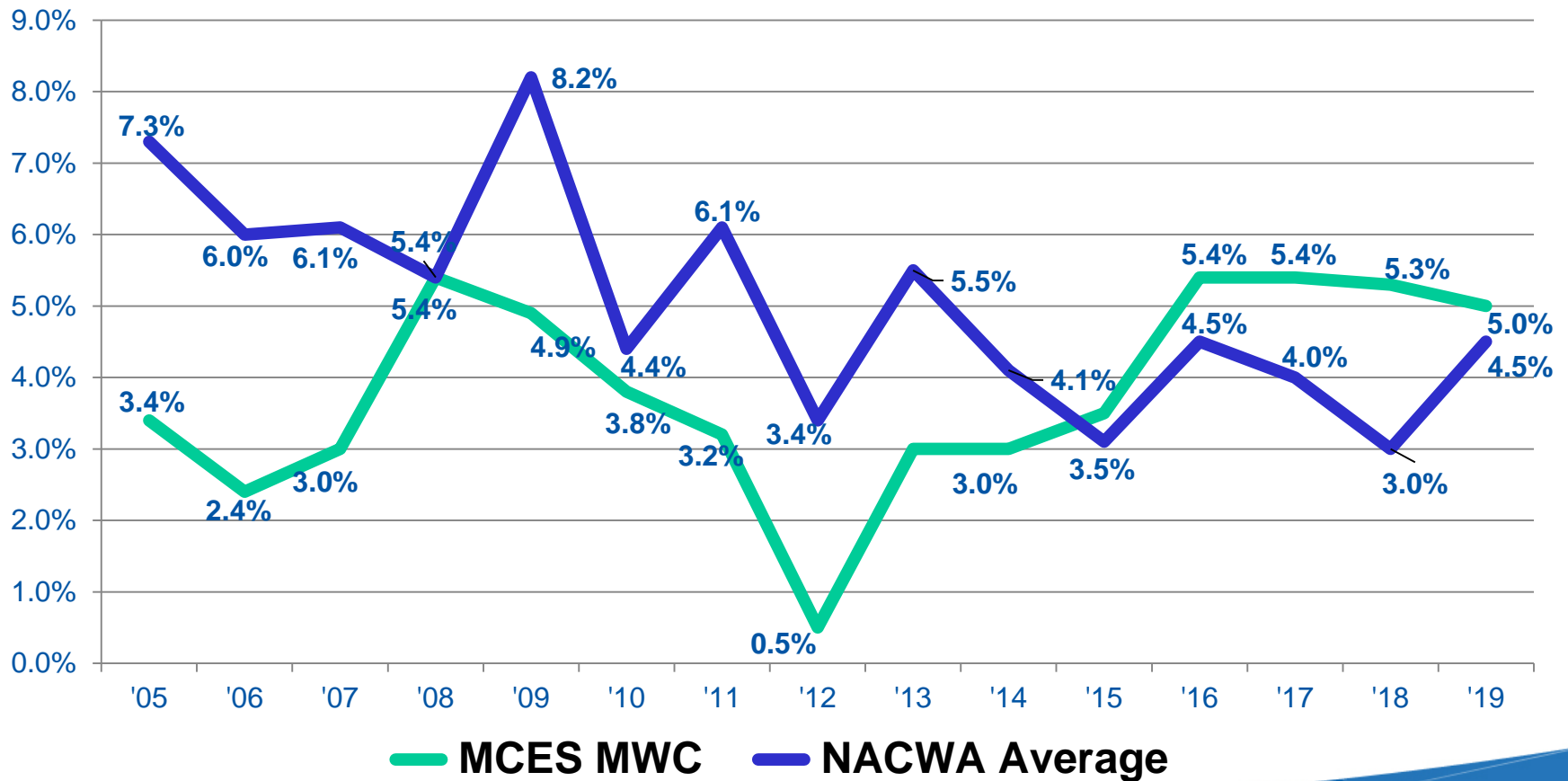
Accountability



Operating Budget Highlights

- Municipal Wastewater Charge: +5.4%
 - FY17 = \$211.9M (+\$10.9M vs. 2016)
 - +\$15 per year per household
- Sewer Access Charge: No Change
 - \$2,485 per SAC (flat since 2014)
 - Total FY17 transfer = \$39.4M
- Industrial Waste Strength Charge: +7.8%
- Industrial Waste Permit Fees: +5.4%

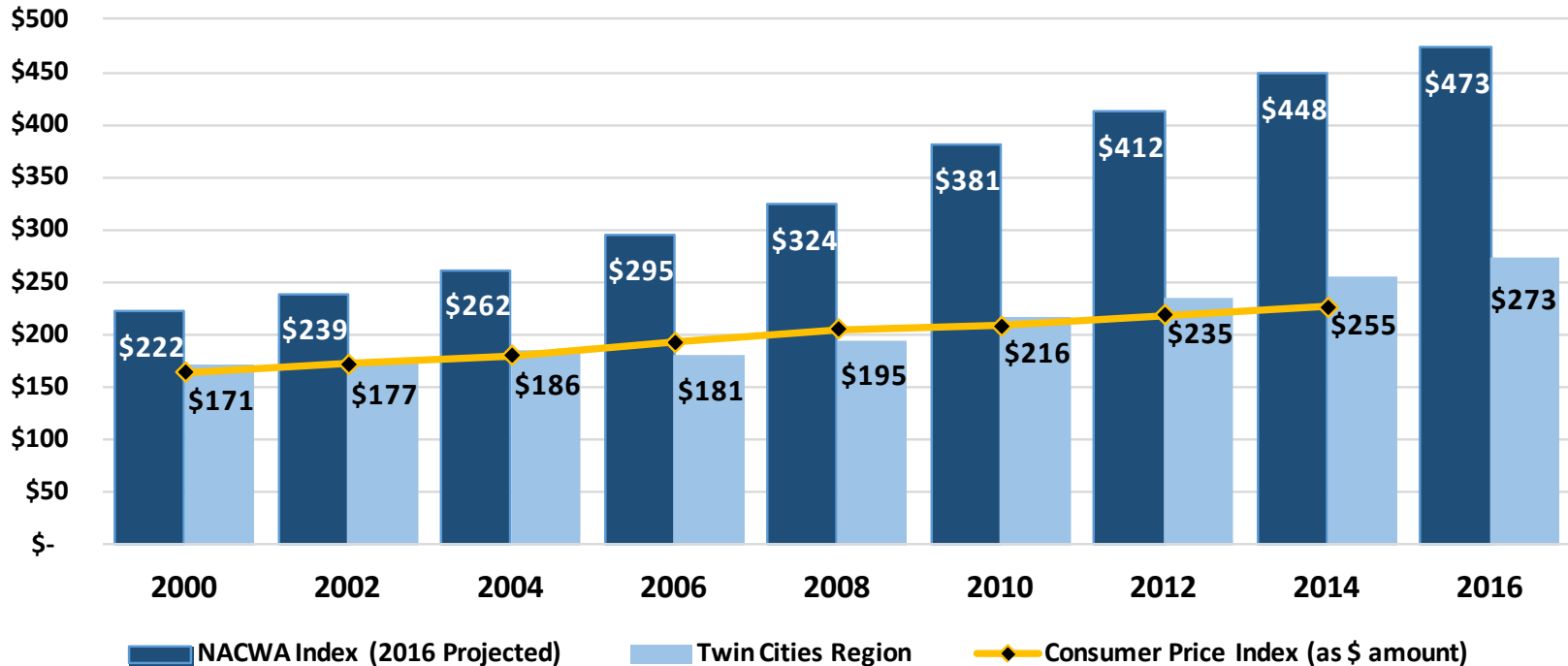
MWC Increases Compared to NACWA Average



Source is NACWA 2015 Service Charge Index
(future years are projections)

Annual Retail Sewer Charge per Household

Average Annual Service Charge per Household, 2000 - 2016



5-Year MWC Projections

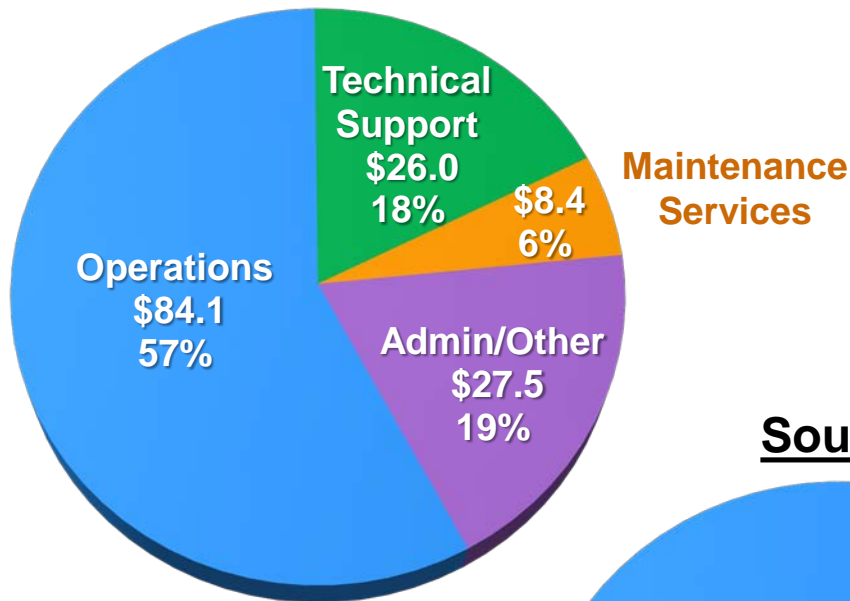
	MWCs	% Increase
2016	\$201,013,000	5.4
2017	\$211,932,000	5.4
2018	\$223,080,000	5.3
2019	\$234,260,000	5.0
2020	\$246,491,000	5.2
2021	\$260,288,000	5.6

Key Assumptions:

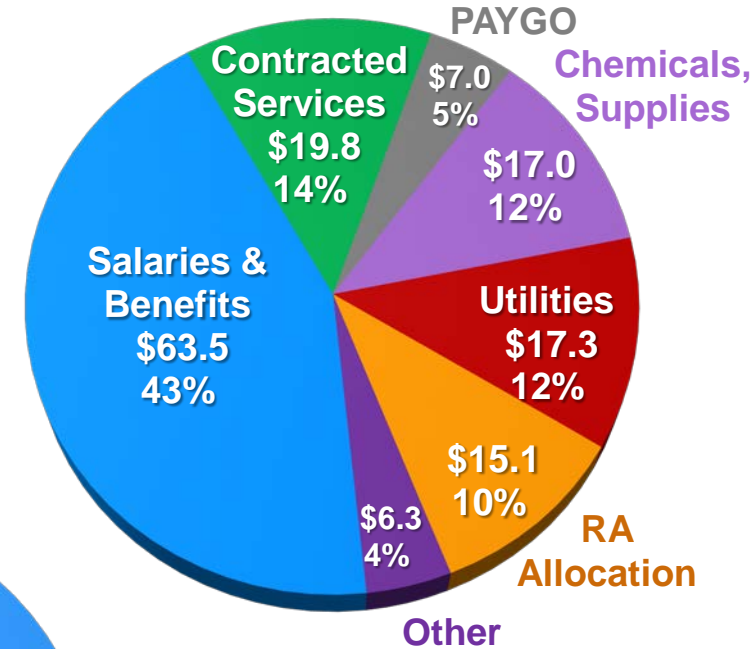
- 3% annual expense inflation
- PAYGO flat at \$7M per year
- 4% annual increase in Industrial Waste rates
- Includes reduced revenue and increased expense due to IPIP
- No surpluses or deficits budgeted, except in 2017
- Based on most recent Capital Improvement Program
- Includes some smoothing of principal repayment on new debt

Environmental Services Operations: \$146M

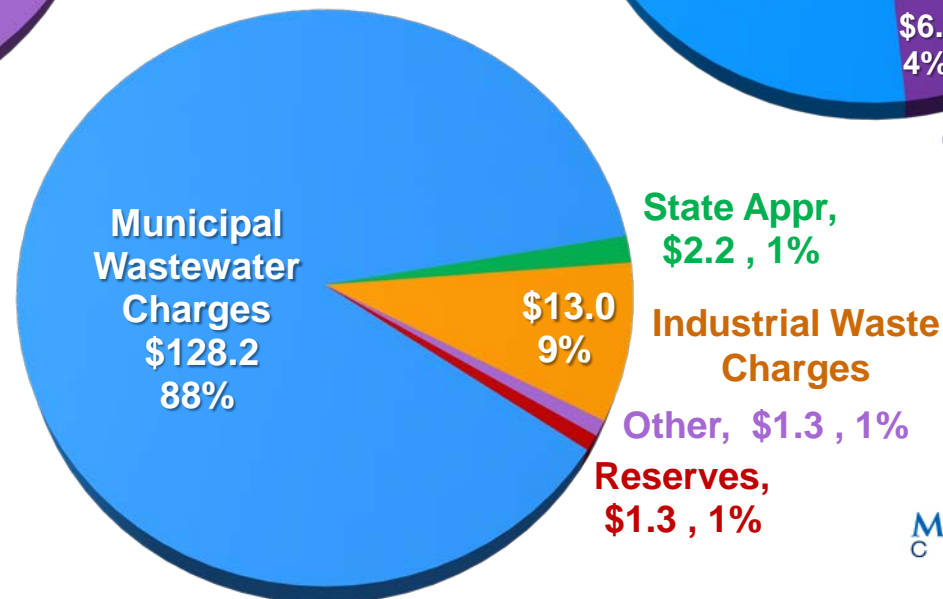
Uses by Department



Uses by Category



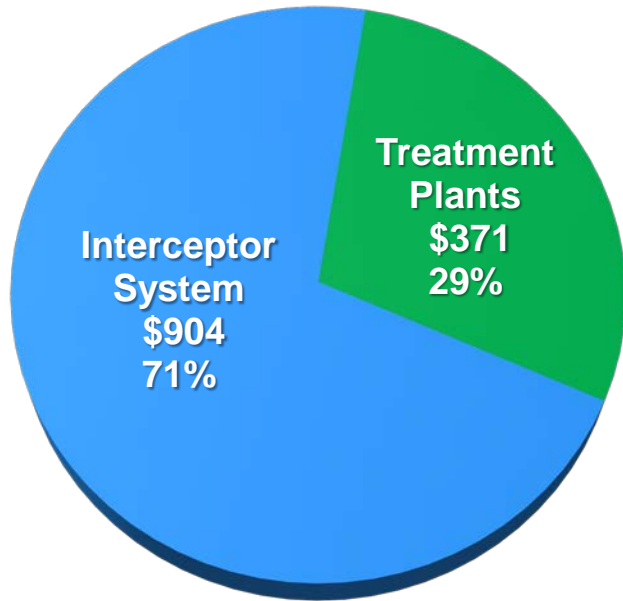
Sources



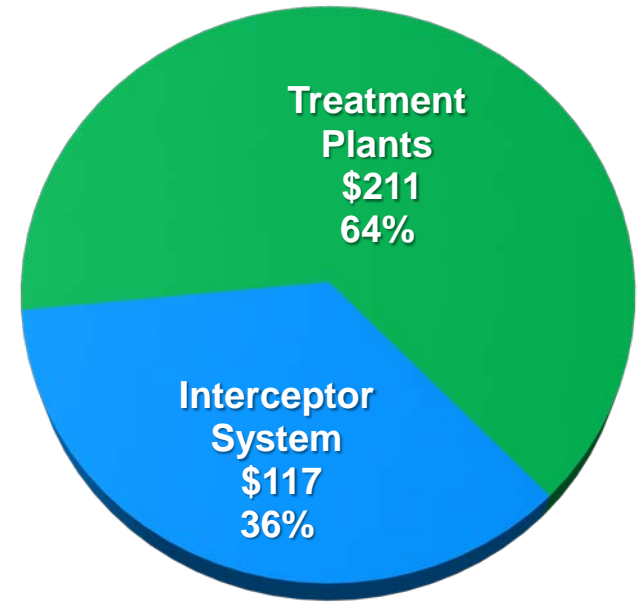
Dollars in millions



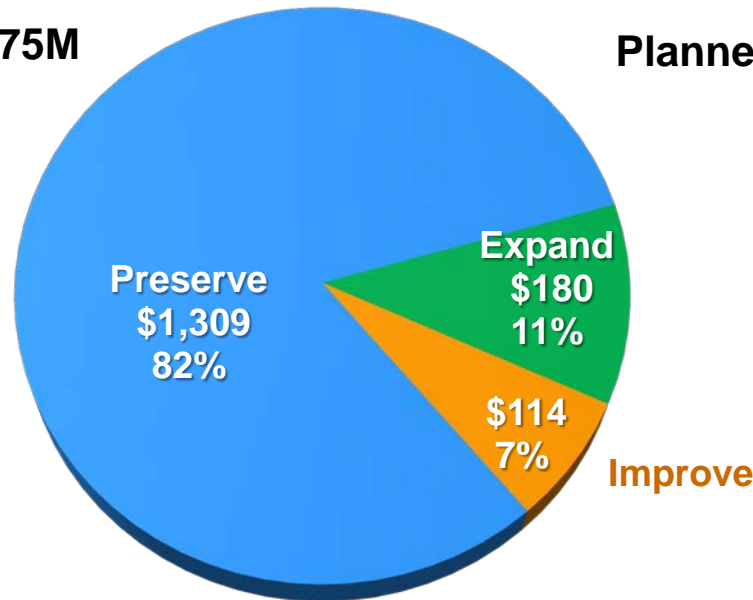
Environmental Services Capital Program - \$1.6B



Authorized Projects - \$1,275M



Planned Projects - \$328M



Projects By Category - \$1.6B

Dollars in millions

Proposed Changes For The 2017 Capital Program

- **Authorized Capital Program (ACP) Adjustments**

- \$163 M Increase for Existing Projects

- \$ 16 M Add for Brooklyn Park-Champlin Interceptor Renewal

- \$221 M Decrease for Completed Projects

- \$ 42 M Net Decrease in Authorizations

- **2017 Capital Budget - \$184 M**

- **Capital Improvement Program (CIP) Increases**

- Brooklyn Park Lift Station 32

- Coon Rapids-Fridley Interceptor Renewal

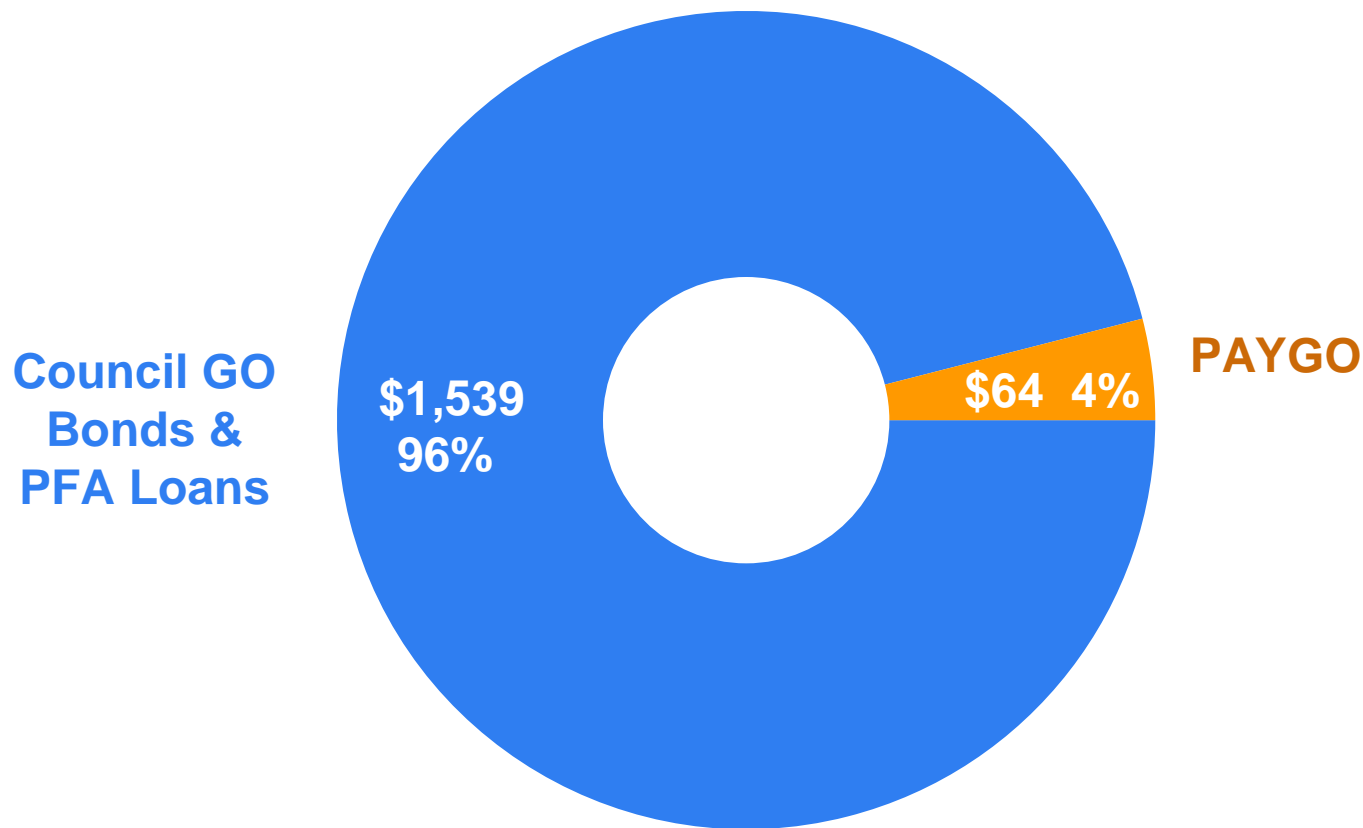
- Coon Rapids Lift Station 34

- Minneapolis and St. Paul interceptors

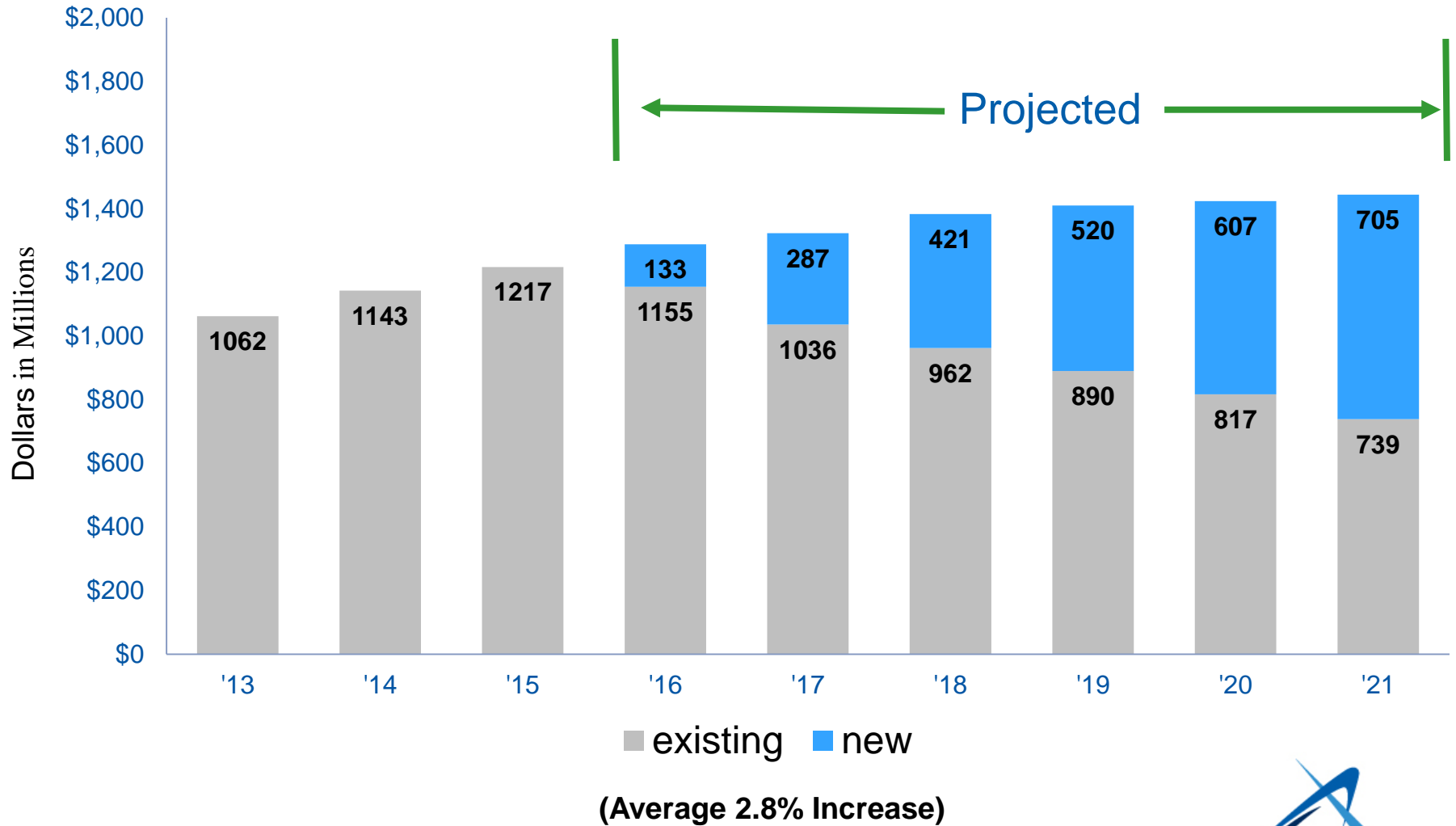
- \$175 M Increase in Planned Authorizations

Environmental Services Capital Program – \$1.6B

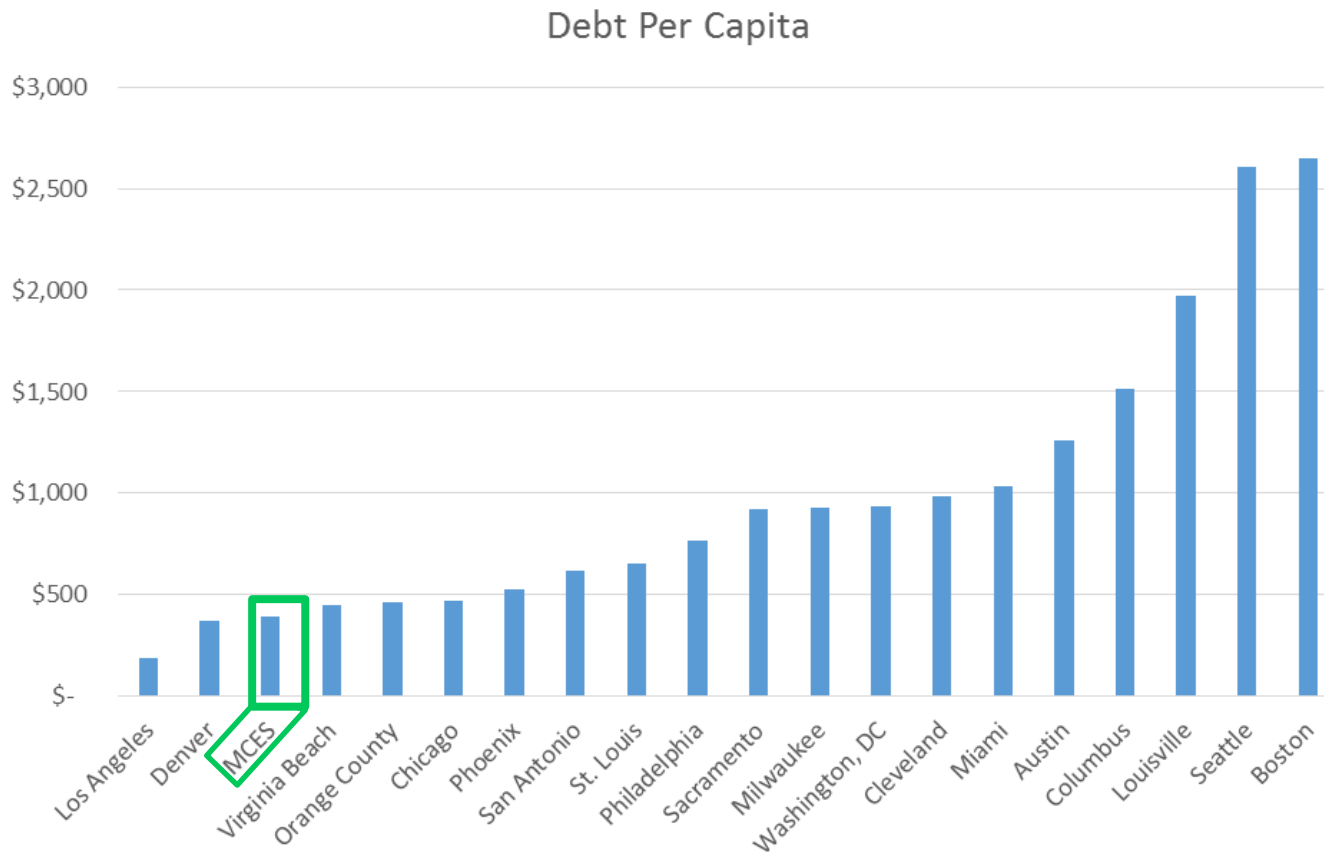
Funding Sources



Wastewater Outstanding Debt



Peer Agencies



* 2013 data from 2014 NACWA survey

Transportation

Ed Petrie
Director, Metro Transit Finance

Heather Aagesen-Huebner
Manager, MTS Administration



Thrive in Motion

- A-Line Opened June 11, 2016



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability



Thrive in Motion

- Bus Shelters



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

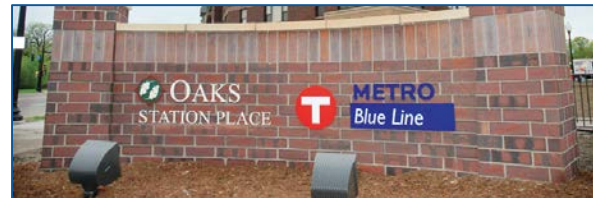
Collaboration

Accountability



Thrive in Motion

- Transit Oriented Development



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

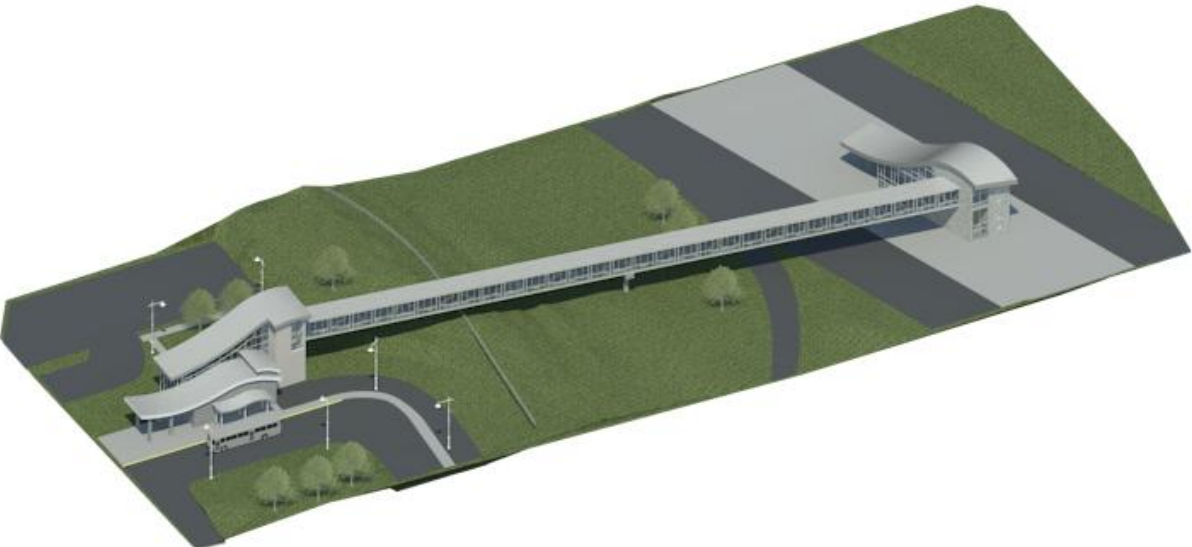
Collaboration

Accountability



Thrive in Motion

- Cedar In-Line Station Construction



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability



Thrive in Motion

- Asset Management & Fleet Policy Study

MAP-21
Moving Ahead for Progress in the 21st Century



FHWA MAP-21 Site



FTA MAP-21 Site



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability



Transportation Budget Objectives

- Support Implementation of
 - Thrive MSP 2040
 - Regional Transportation Policy Plan
- Thrive Lens
 - Grow ridership & meet needs across region
 - Construct a balance transit budget over four years
 - Prioritize structural solutions – mitigate structural gaps over time
 - Minimize impact on Council levies
 - Maintain reserves at policy levels

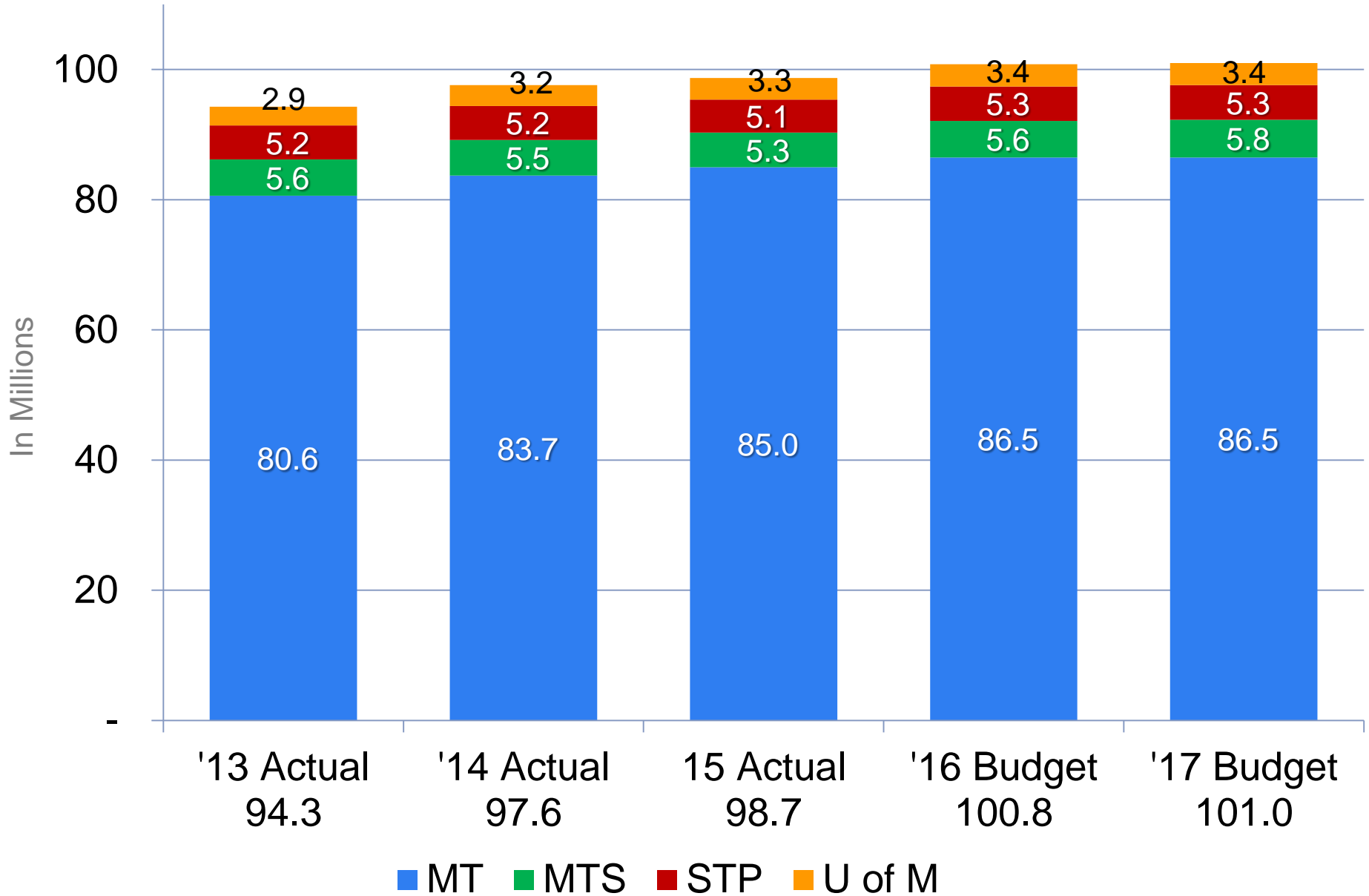
Mitigating Revenue and Expense Volatility

- Motor Vehicle Sales Tax
 - Budget 95% of current State Forecast and;
 - Actual MVST receipts above 95% from prior year
- Fuel Price Hedging
 - Budget certainty for 90% of projected fuel consumption over next 24 months
- Operating Fund Reserve Targets
 - Address volatility in other revenues and expenses
 - Regional revenue allocation procedure

Budget Assumptions

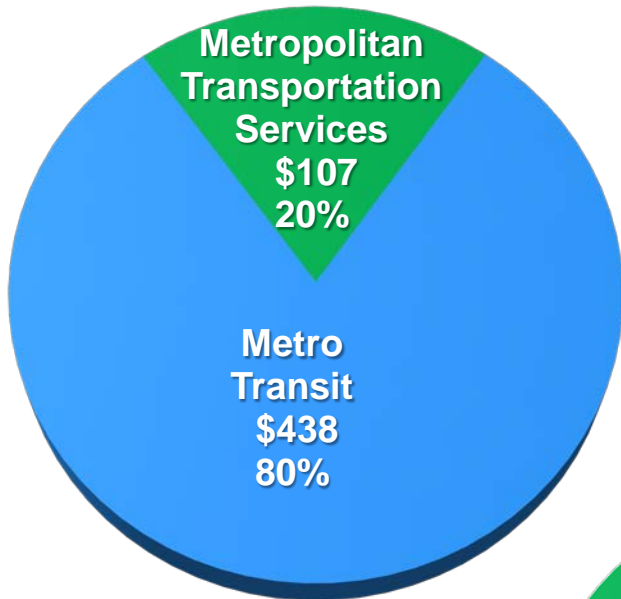
- No regional fare increase
 - Regional fare policy review to continue
- Regional ridership remains stable
- Metro Mobility ridership growth – 8%
- Operations
 - Revenues allocated based on Regional Allocation Model
 - Maintain 2016 service levels
 - Light Rail and Commuter Rail Overhaul Program
 - Fund Travel Behavior Inventory Study and development of Transit Asset Management Plan
- Green Line Extension FFGA Application

Regional Ridership

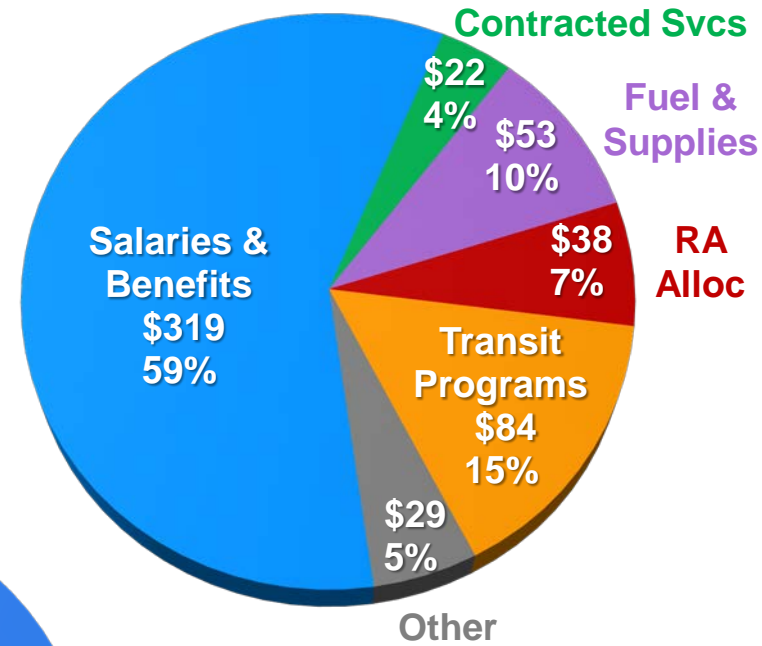


Transportation Operations - \$545 M

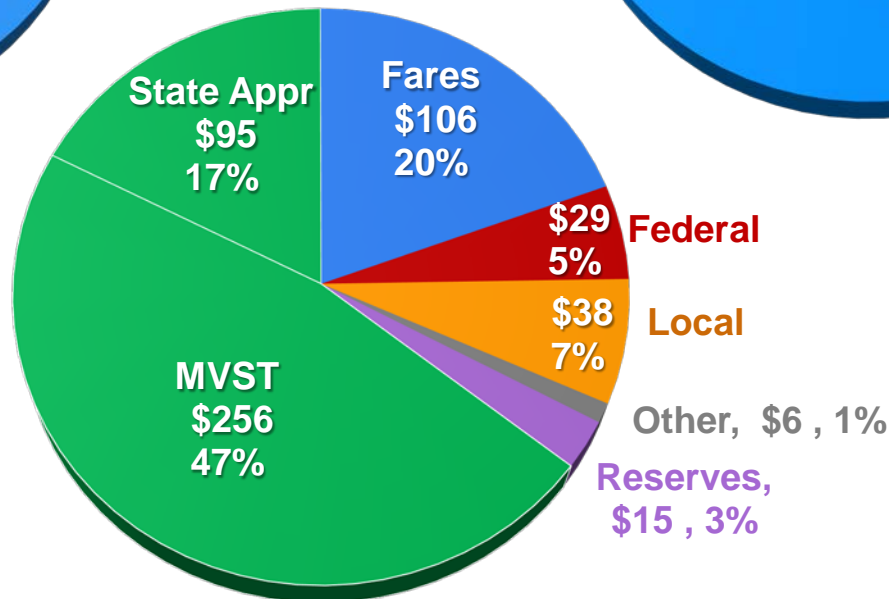
Uses by Department



Uses by Category



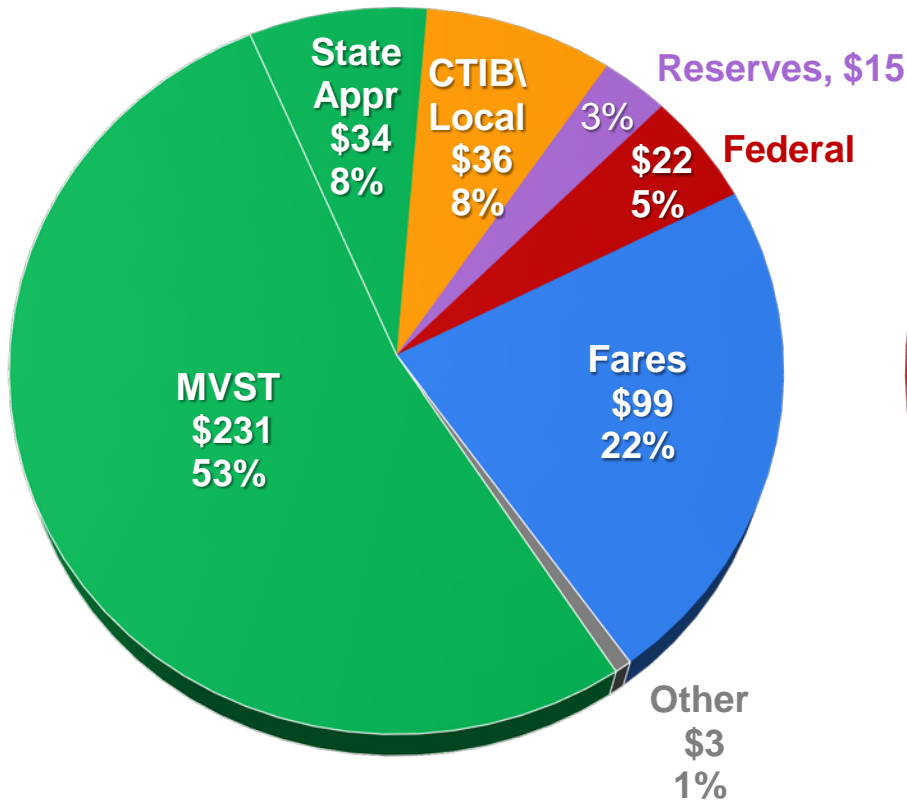
Sources



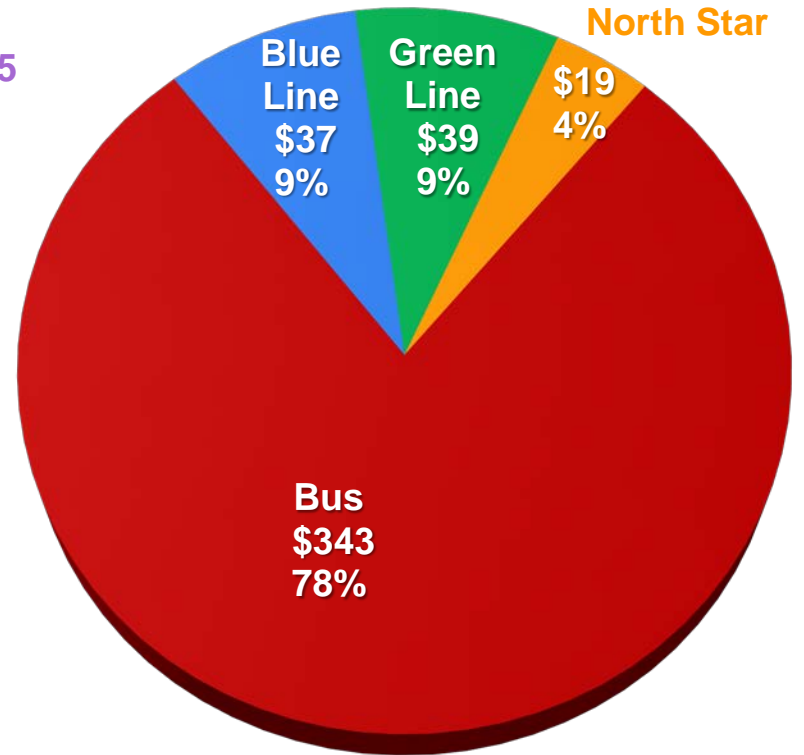
Dollars in millions



2017 Metro Transit Operations – \$438 M



Sources

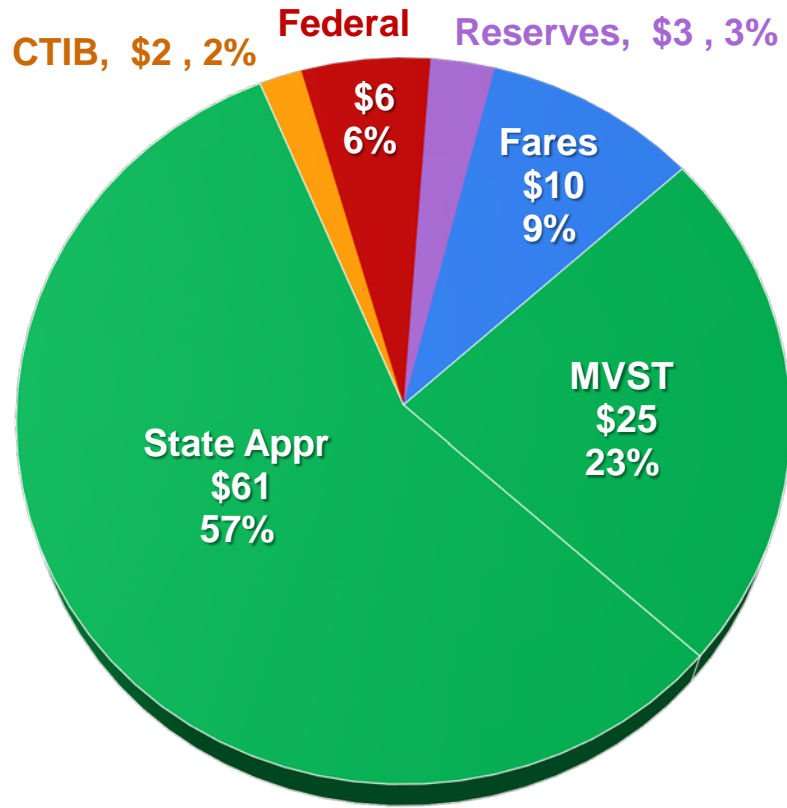


Uses

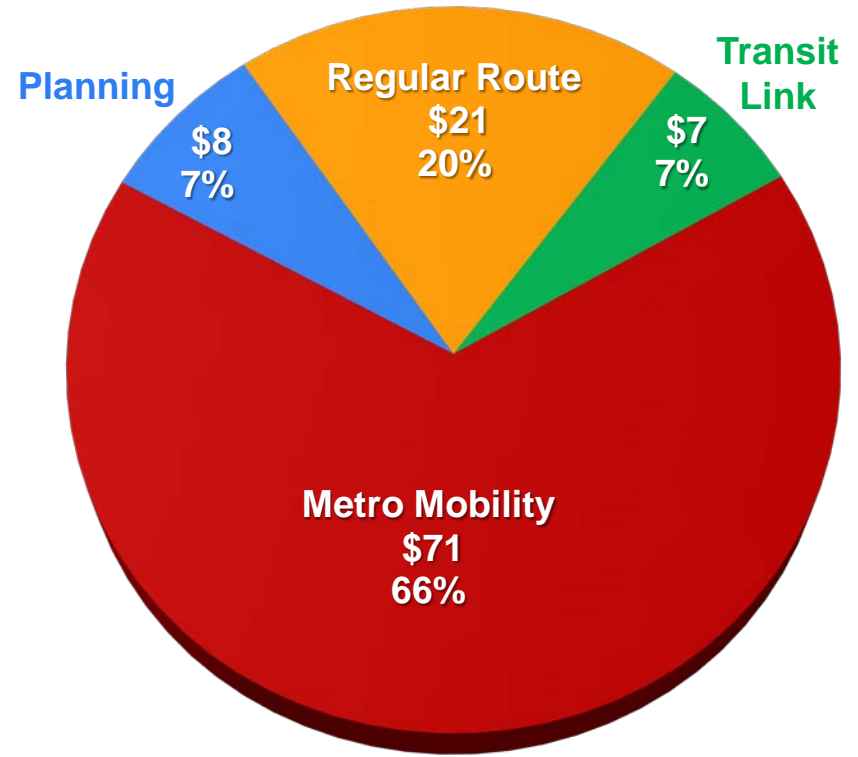


Metropolitan Transportation Services

Operations – \$107 M



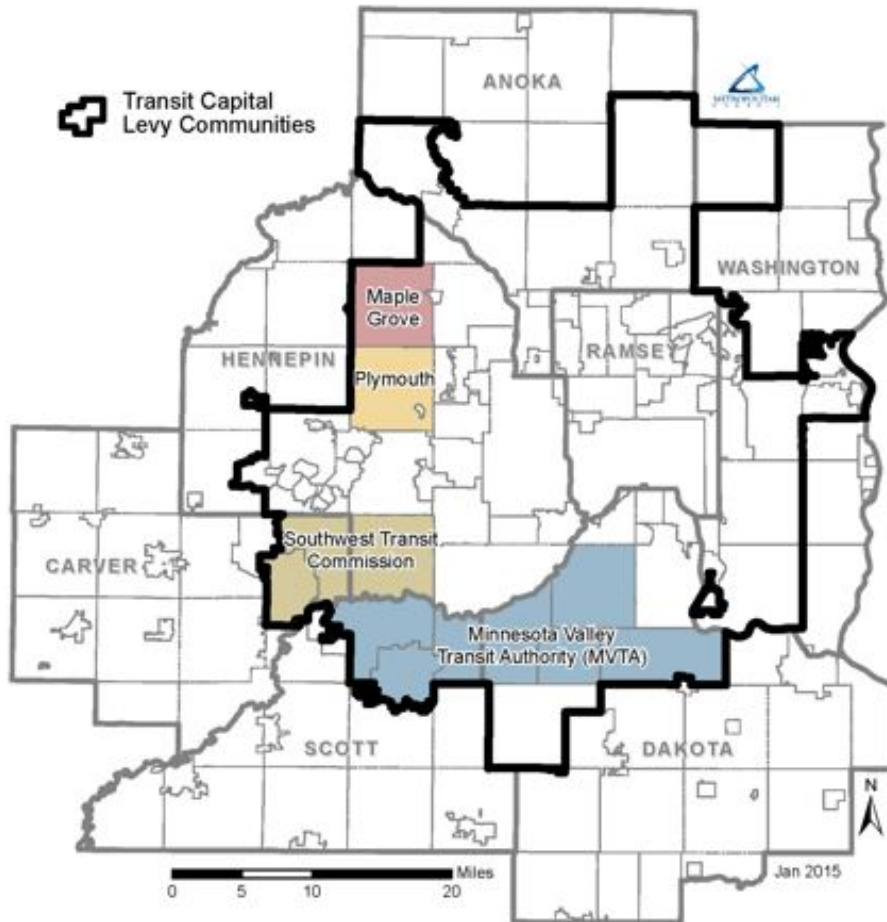
Sources



Uses

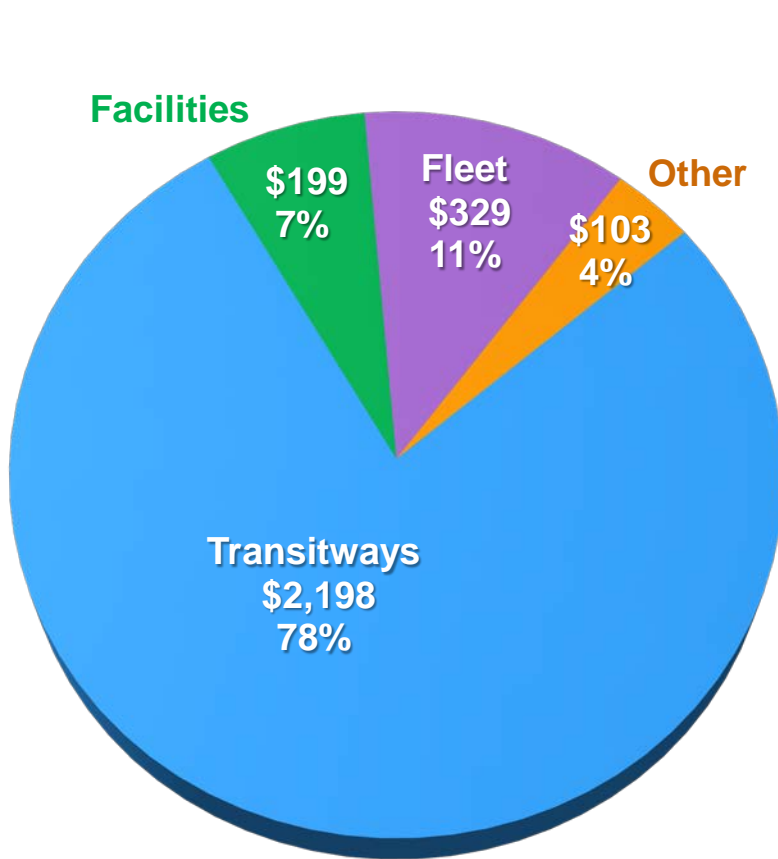
MTS Passthrough Program - \$33.4 M

Suburban Transit Providers

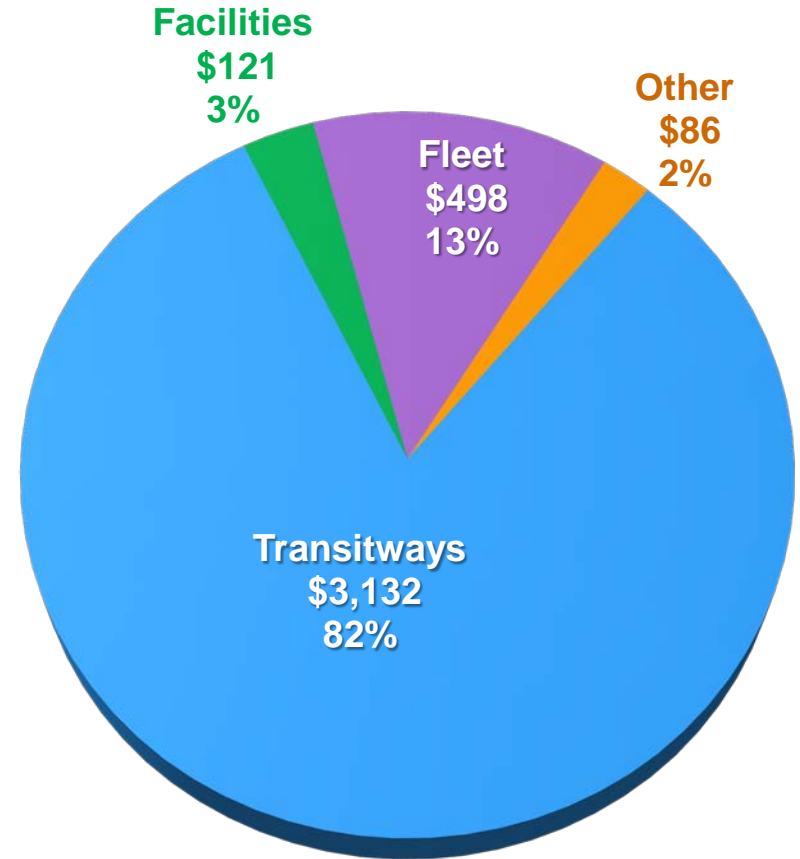


- MVTA and SWT will receive Regionally Allocated MVST
- Maple Grove and Plymouth continue to use reserves over regional targets

Transportation Capital Program – \$6.7 B

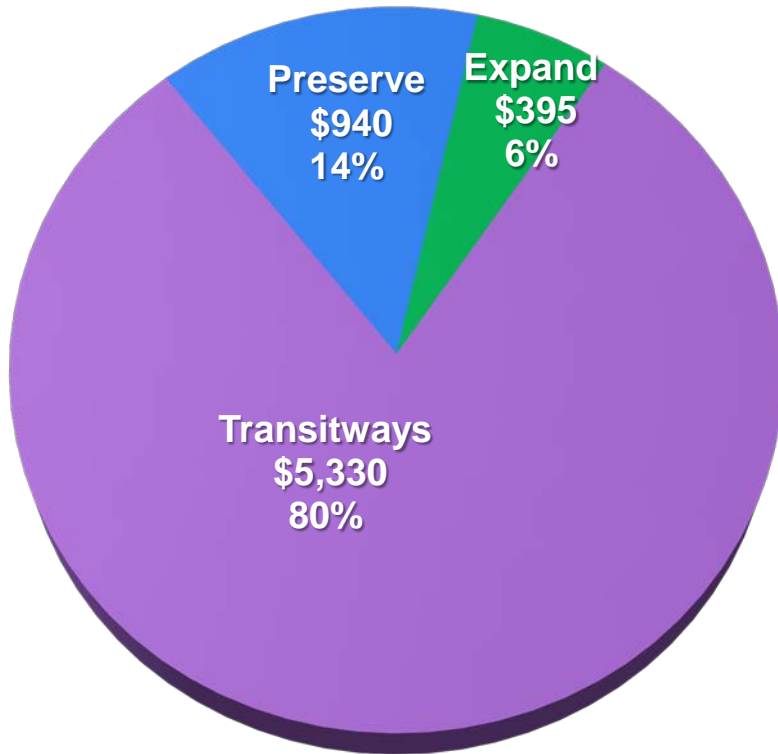


Authorized Projects - \$2.8B

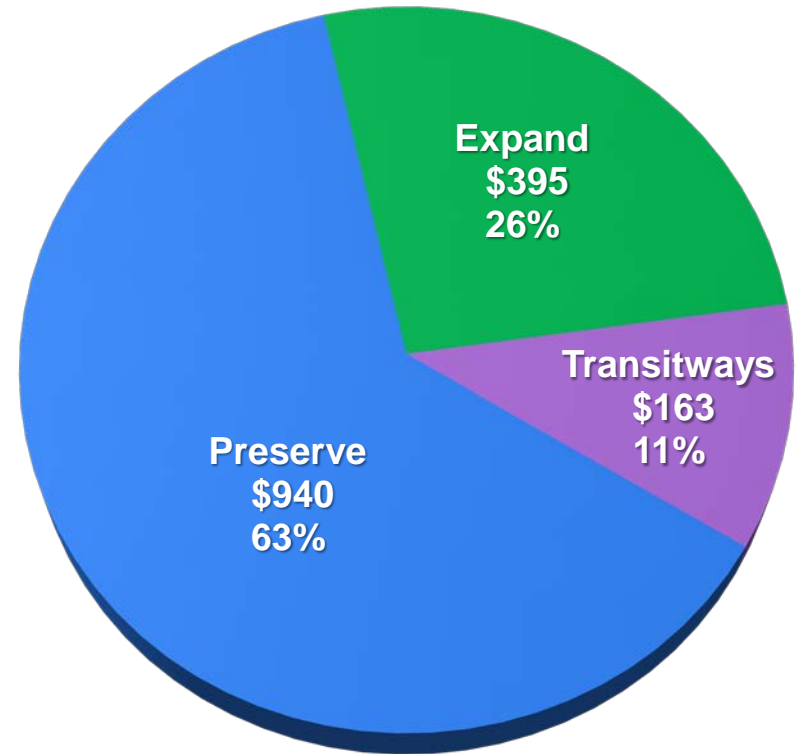


Planned Projects - \$3.9B

Transportation Capital Program By Category



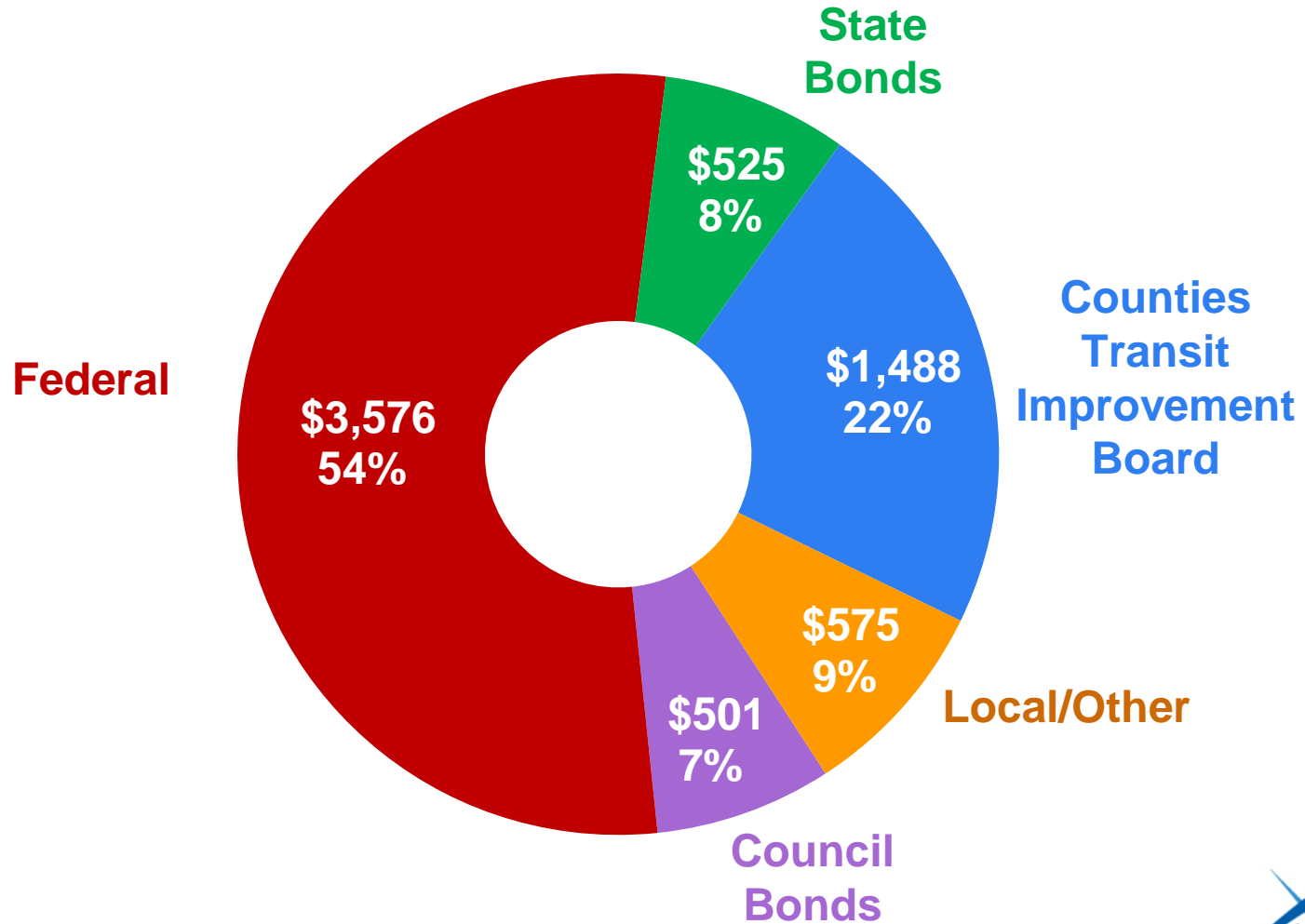
Total - \$6.7B



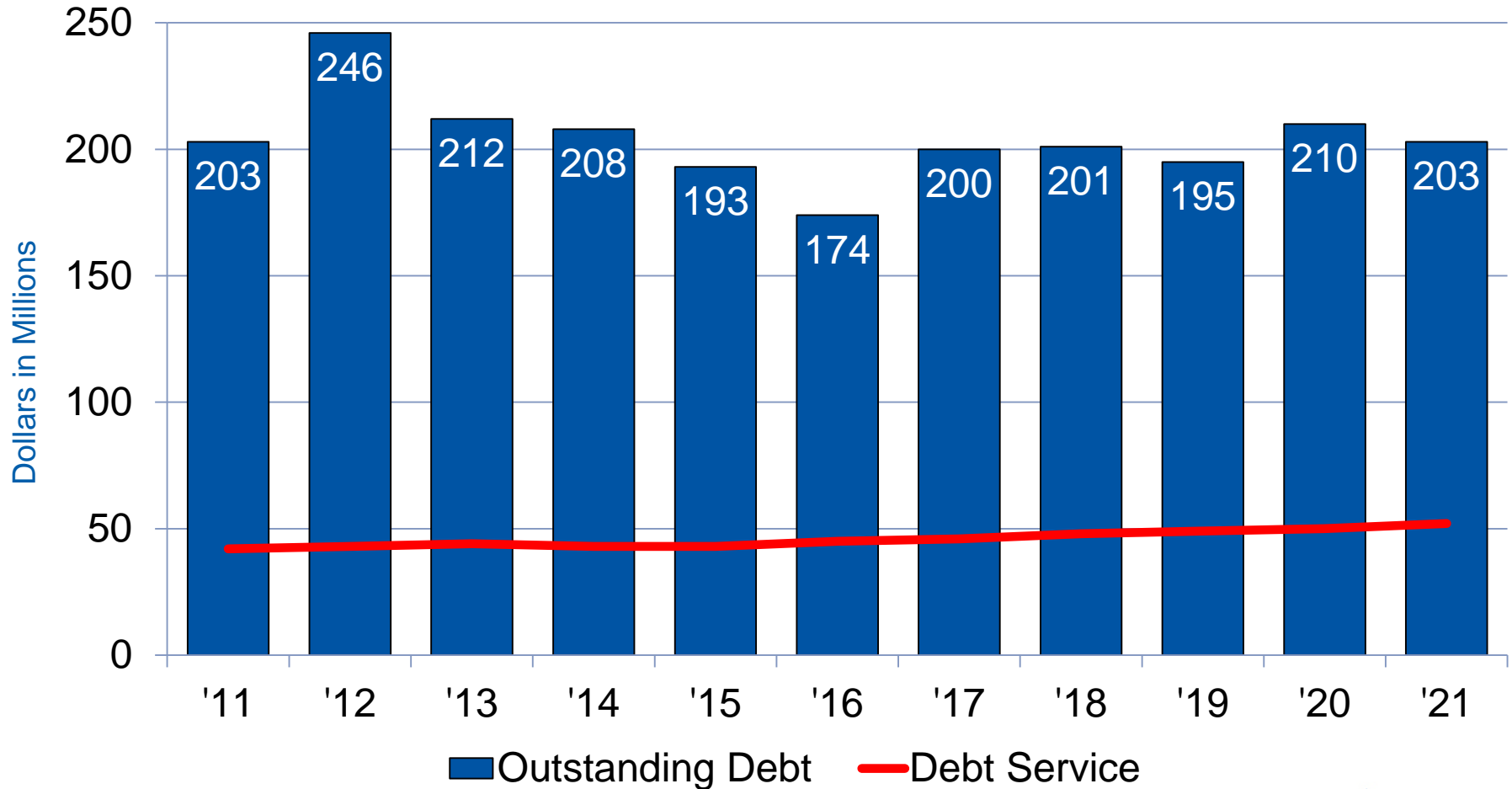
W/O New Starts Rail - \$1.5B

Transportation Capital Program – \$6.7B

Funding Sources



Debt Service & Bonds Outstanding



Proposed Changes For The 2017 Capital Program

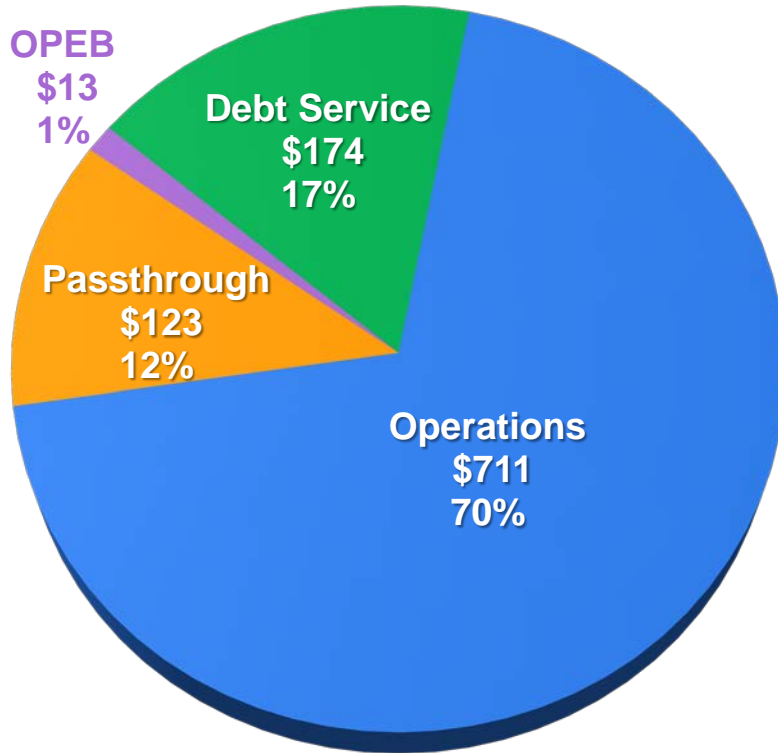
- **Add planned projects to 2022**
 - Preservation of Fleet and Facilities
 - Building Major Transitways
 - CMAQ and Suburban Transit Provider Projects
- **Metro Mobility fleet expansion needs are under review**
- **Preliminary 2017 Capital Budget - \$600 M**

Council Action on August 25

- **Adopt Preliminary Operating Budget**
- **Set Maximum Property Tax Levy**

Preliminary Operating Budget & Levies

Operating Budget – \$1.02 B



Property Tax Levies - \$83.6 M

