

# **PRELIMINARY**

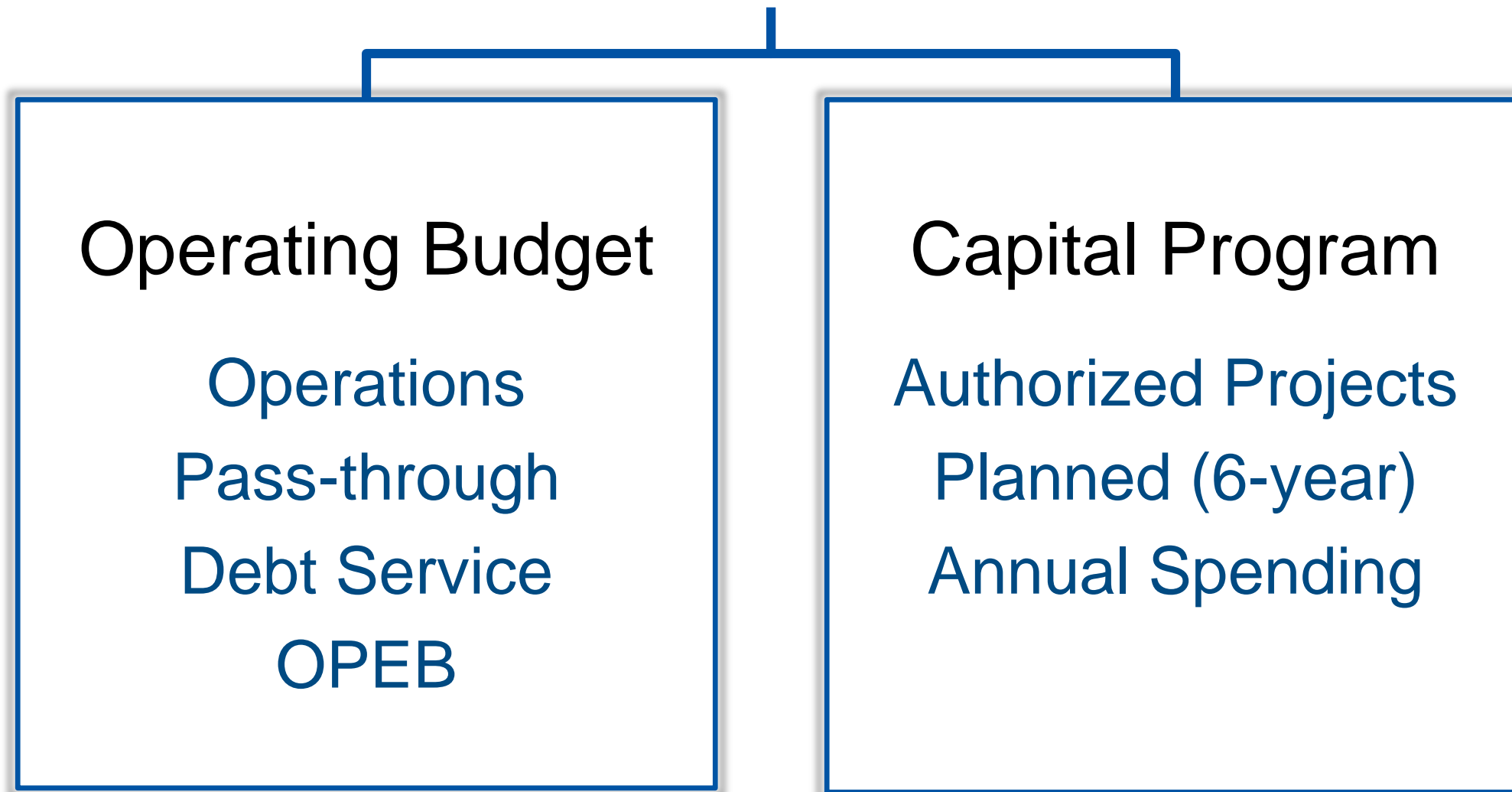
# **2019 Operating Budget & Levies**

Metropolitan Council – August 8, 2018



# Council Budget Development

## Unified Budget



May-July

Staff - Budget Development Activities

**Aug 22**  
(before Sept 1)

**Council - Adopt Preliminary Budget/Levies**

Oct 12

Council - Capital Program Presentation

Oct 24

Council - Adopt Public Comment Draft Budget

**Dec 12**  
(before Dec 20)

**Council - Adopt Final Budget/Levies**

# Our Levy Strategy

- Levy Givens:
  - Meet Transit and Parks Debt Service Needs
  - Statutory Fiscal Disparities Levy \$5M to Tax Base Revitalization Account
- Strategy Based Decisions:
  - Hold Total Levy Increase to 2% Annually
  - Maximize the Livable Communities Demonstration Account Levy to Create \$5M Transit Oriented Development Component within the Grant Program
  - Maximize General Purpose Levy
  - No Levy for Highway Right of Way Program  
(sufficient reserves)

# Pressures on Levy Strategy

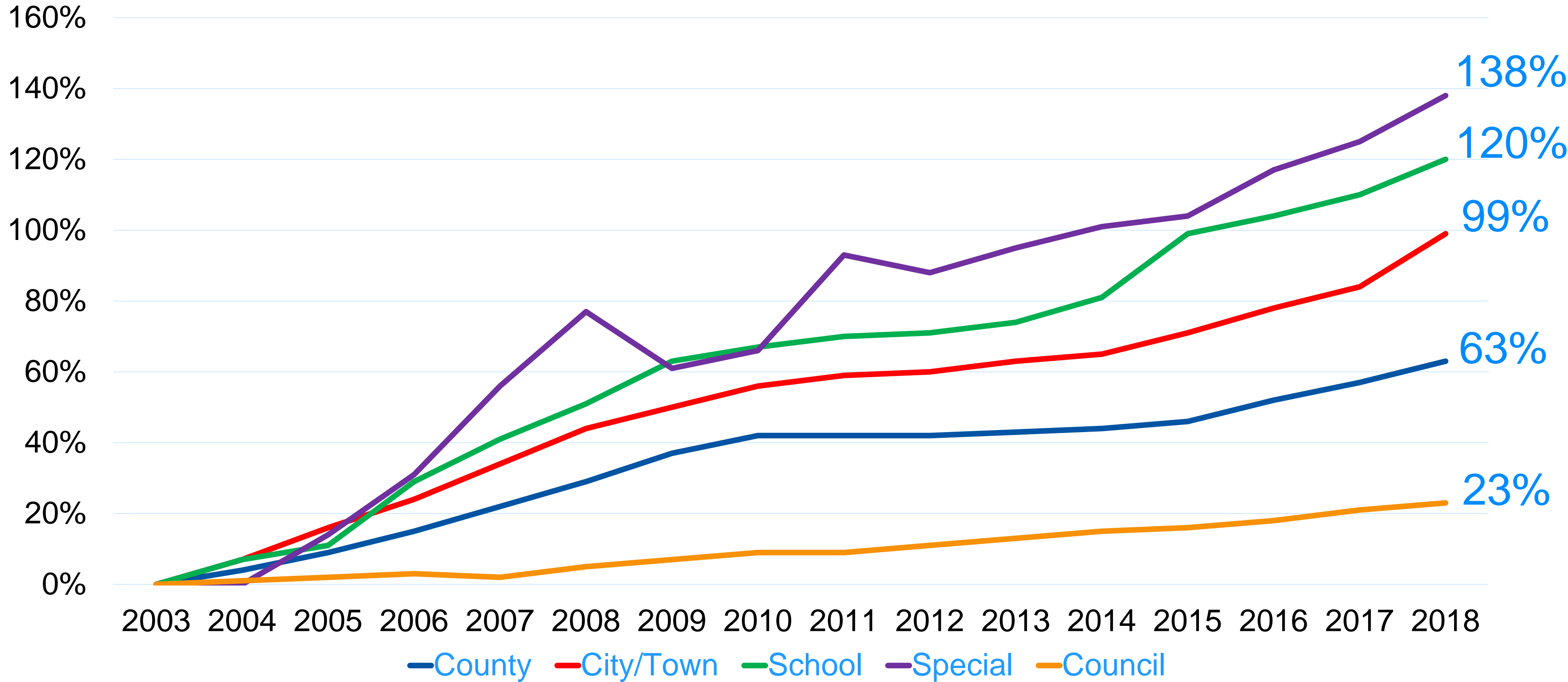
- General Inflation (avg. 2%)
  - General Purposes Levy
  - Livable Communities Demonstration Account
- Annual Transit Bonding Authority Growth (4.5%)
  - Transit Debt Service
- No Current Pressures
  - Tax Base Revitalization Account
  - Highway Right of Way
  - Parks Debt Service

3% Annual Growth



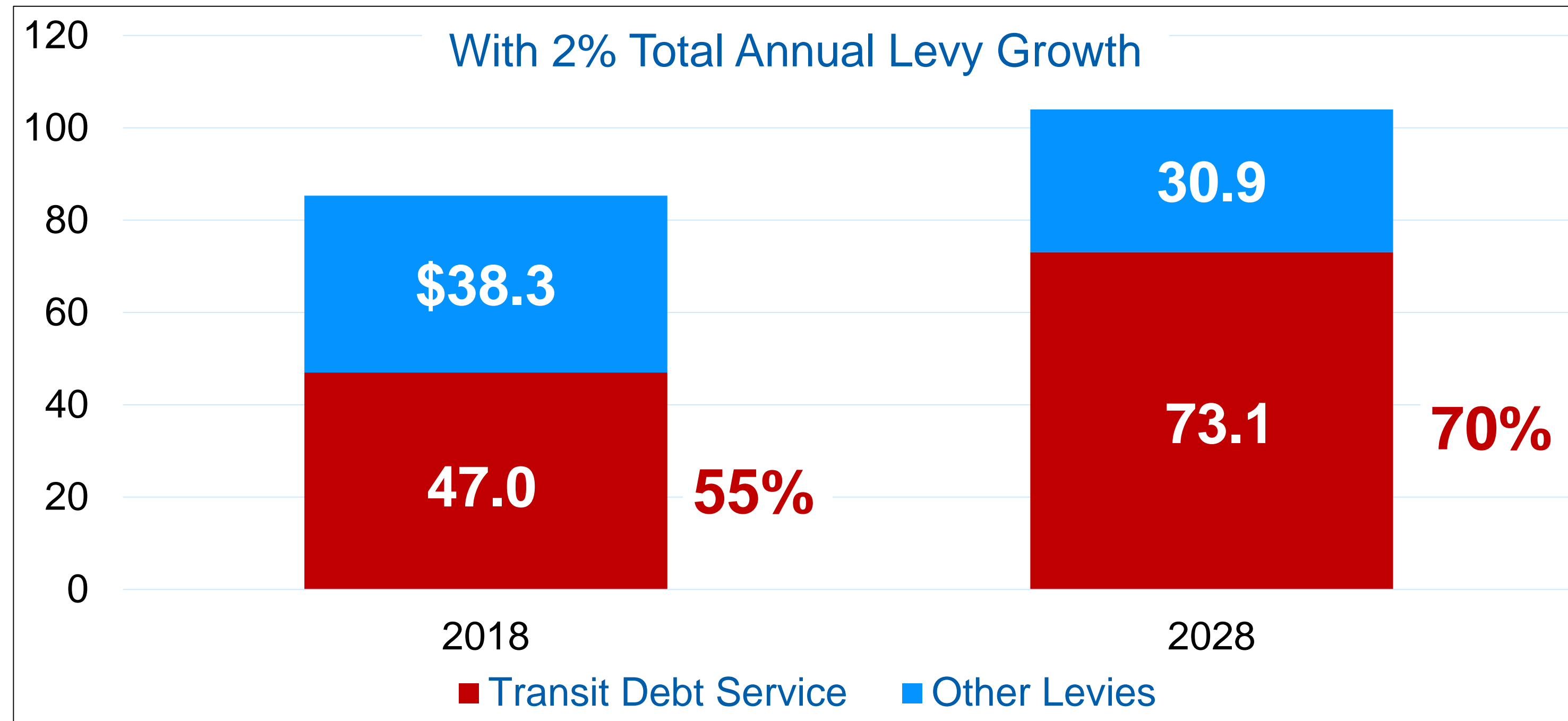
# Comparing Trends in Total Levy Increase

## Levy Increases by Government Type



# Transit Debt Service Levy

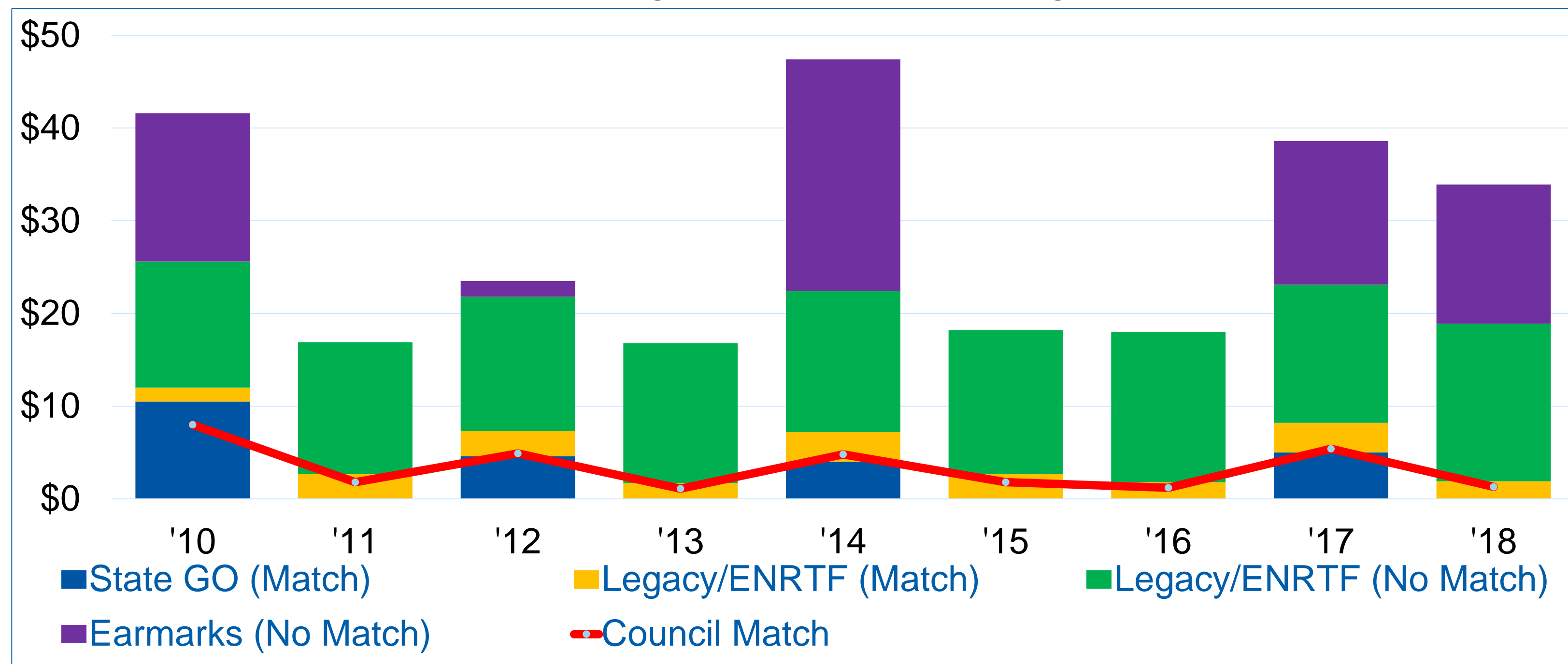
- Bonding Authority
  - Legislature grants annual authority
  - Recent success with inflation factor (4.5%)
  - Outstanding Debt - \$181M
- Pressure on Overall Levy



# Parks Debt Service Levy

- Bonding Authority
  - \$40 M in Revolving Outstanding
  - Outstanding Debt - \$4.6 M
- Historic Plan - Match State Bonds 3:2 (\$10.5:\$7 M a year)

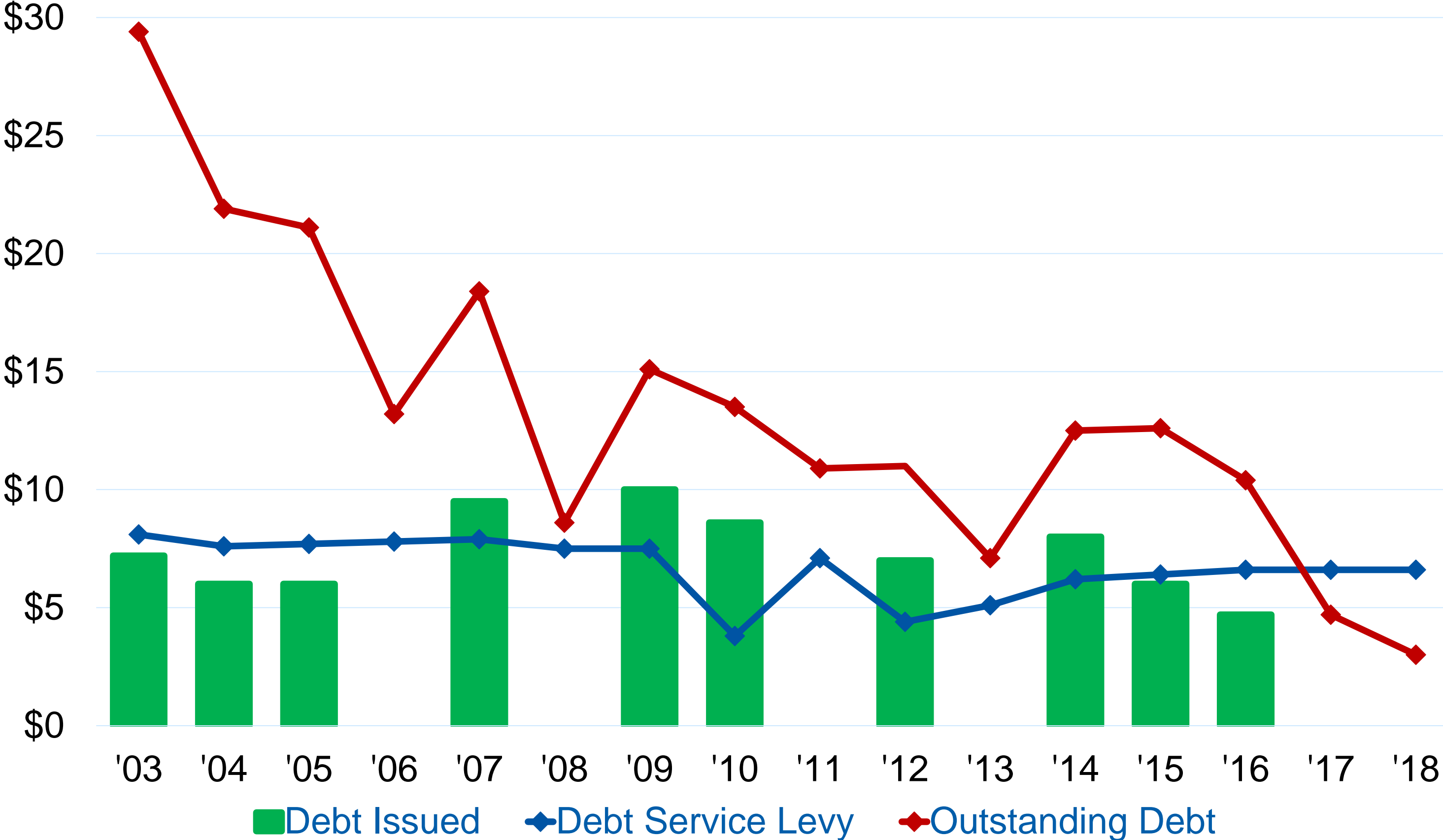
State Funding of Parks Capital Program



Average Council  
Matching Bonds  
\$3.35 M



# Parks Debt Service Levy

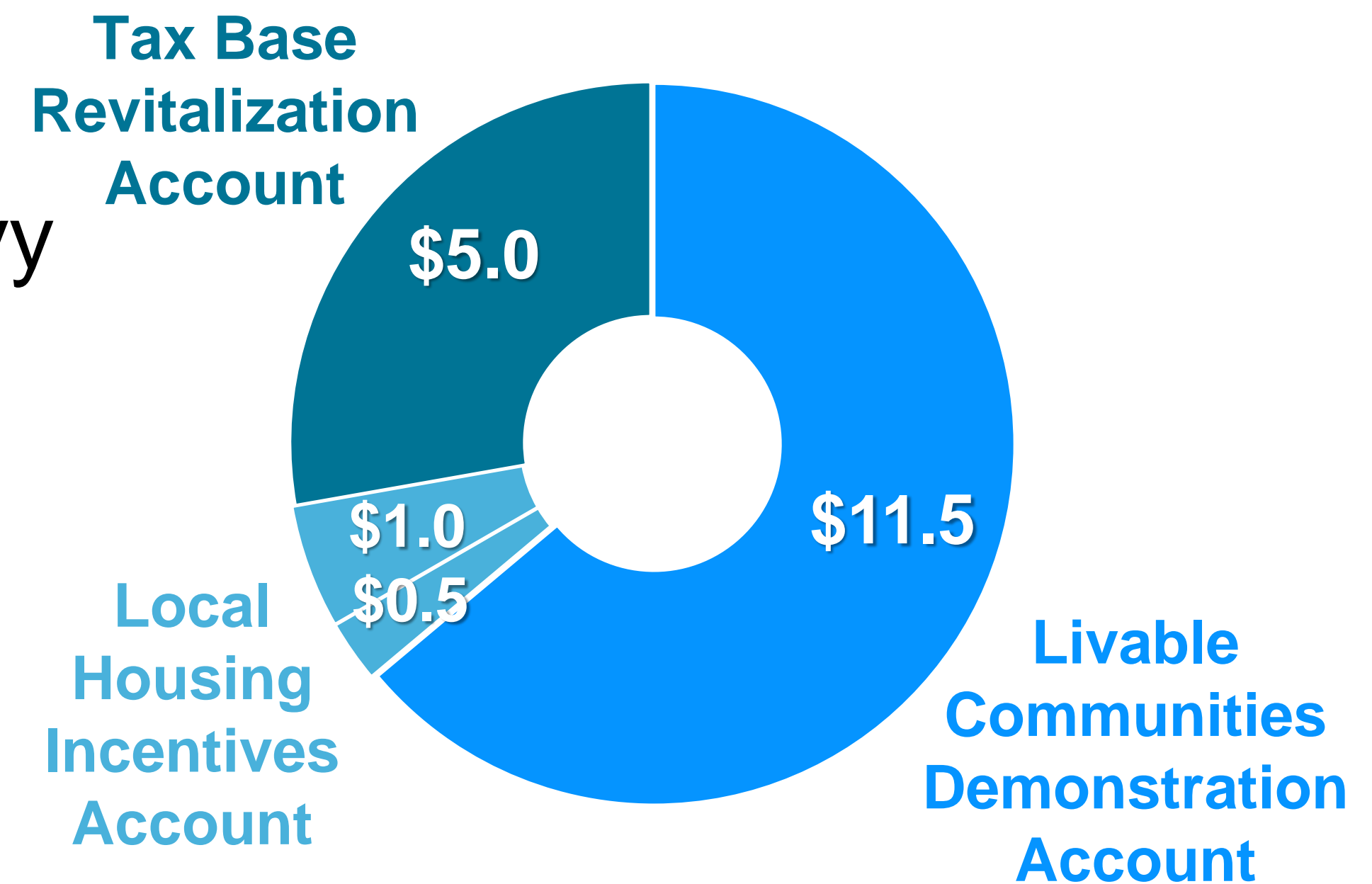


	<u>Average</u>
Debt Service Levy	\$6.7
Debt Issued	\$4.6
Outstanding Debt	(\$26.5)



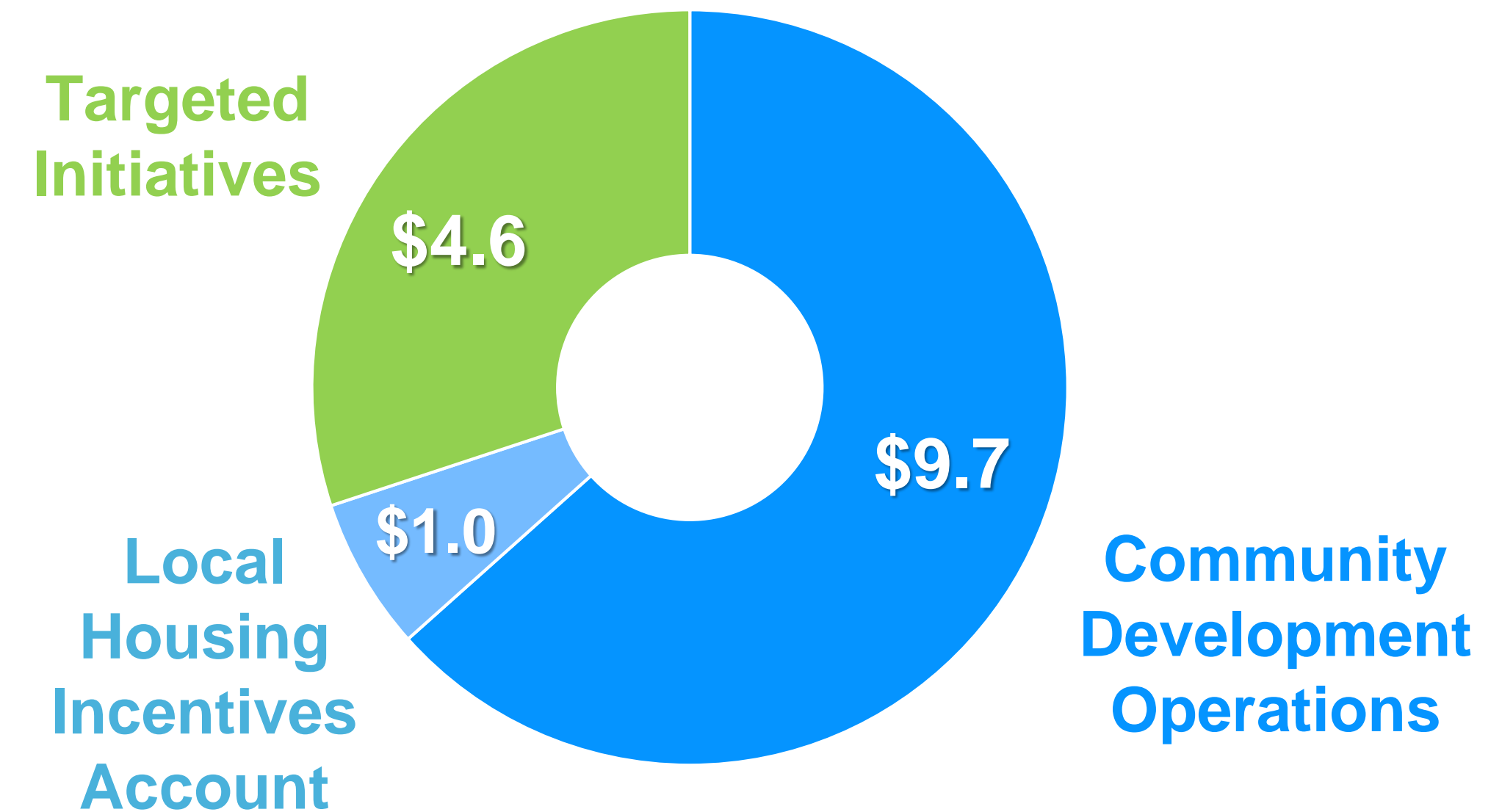
# Livable Communities Levies (Grant Programs)

- Tax Base Revitalization Account Levy
  - \$5M annually from regional fiscal disparities pool
  - Clean up polluted land in the metropolitan area
- Livable Communities Demonstration Account Levy
  - \$12.0M proposed levy for 2019
  - Strategy: Grow to accommodate TOD Component
  - Limitation: Capped by implicit price deflator
- Local Housing Incentives Account
  - Statutory transfers from LCDA (\$0.5M) and General Purpose Levy (\$1.0M)



# General Purposes Levy - \$15.3M

- Most Flexible Use Levy Funding
  - Carry out Council responsibilities as provided in law
- Primary Uses
  - Community Development Administration
  - Statutory Transfer to Local Housing Incentive Account (\$1M)
- Targeted Initiatives
  - One-Time
  - Pilot or Bridge to other funding sources



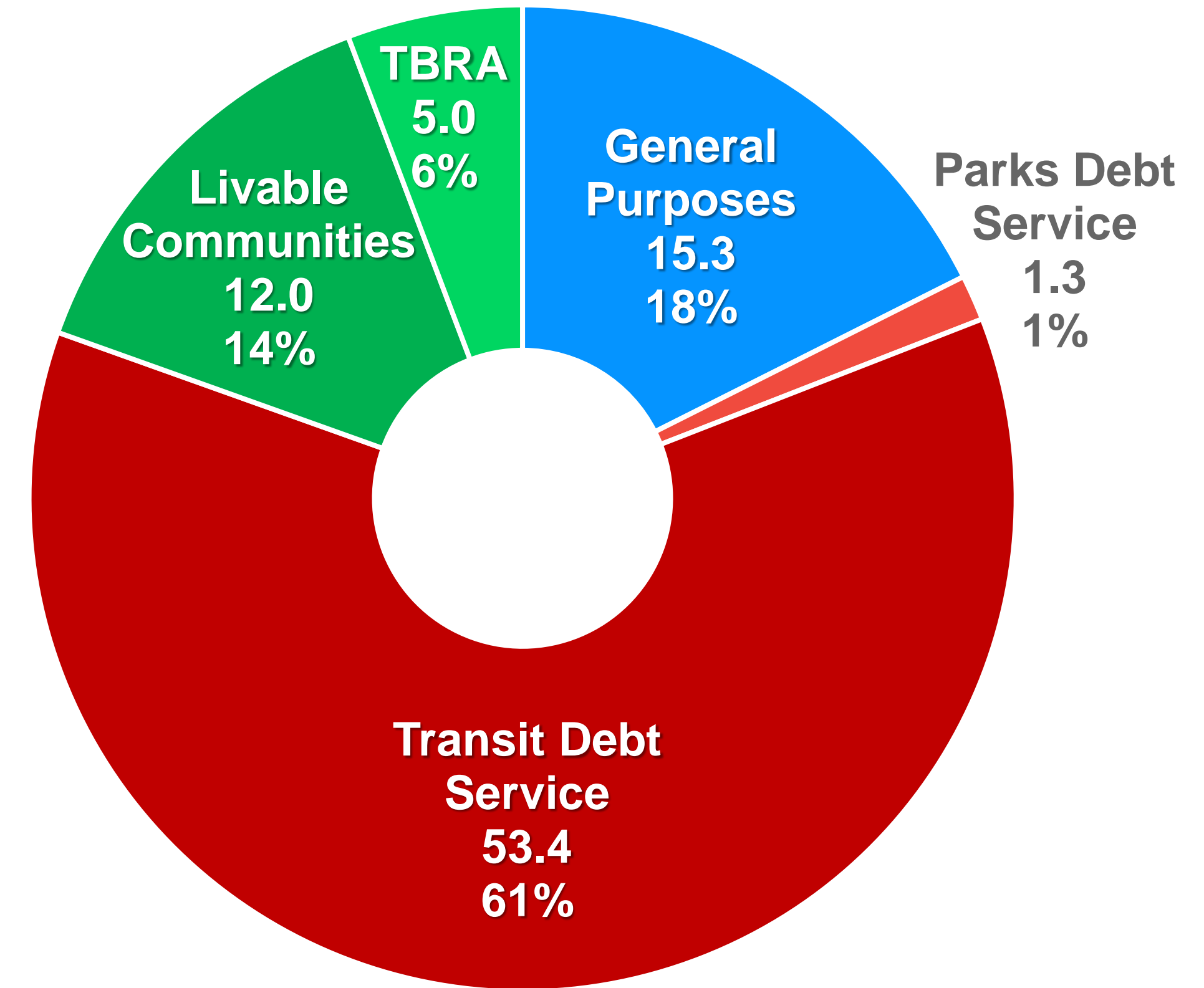
# 2019 General Purposes Levy Requests

Division Request	Recommended
CD Preserve Housing Vouchers	\$2.0
ES Stormwater Mgmt Grants	0.5
CW ADA Compliance	1.3
CW CRM System Pilot	0.2
RA Plaza repairs	0.6
	\$4.6



# Proposed 2019 Property Tax Levies - \$87.0M

	Certified 2018	Proposed 2019	Pct Chg
<b><u>Non-Debt Service Levies</u></b>			
General Purposes	\$ 14.9	\$ 15.3	2.8%
Highway Right of Way	-	-	
Livable Communities:			
- Demonstration Acct	11.7	12.0	2.8%
- Tax Base Revitalization	5.0	5.0	0.0%
<b>Total Non-Debt Levies</b>	<b>\$ 31.6</b>	<b>\$ 32.3</b>	<b>2.2%</b>
Levy as Pct of Limit		89.0%	
<b><u>Debt Service Levies</u></b>			
Parks	\$ 6.6	\$ 1.3	-80.1%
Transit	47.0	53.4	13.4%
<b>Total Debt Levies</b>	<b>\$ 53.7</b>	<b>\$ 54.7</b>	<b>1.9%</b>
<b>Total All Levies</b>	<b>\$ 85.3</b>	<b>\$ 87.0</b>	<b>2.0%</b>





# Impact on the Taxpayer



\$250,000  
Market Value

## Transit Tax Communities

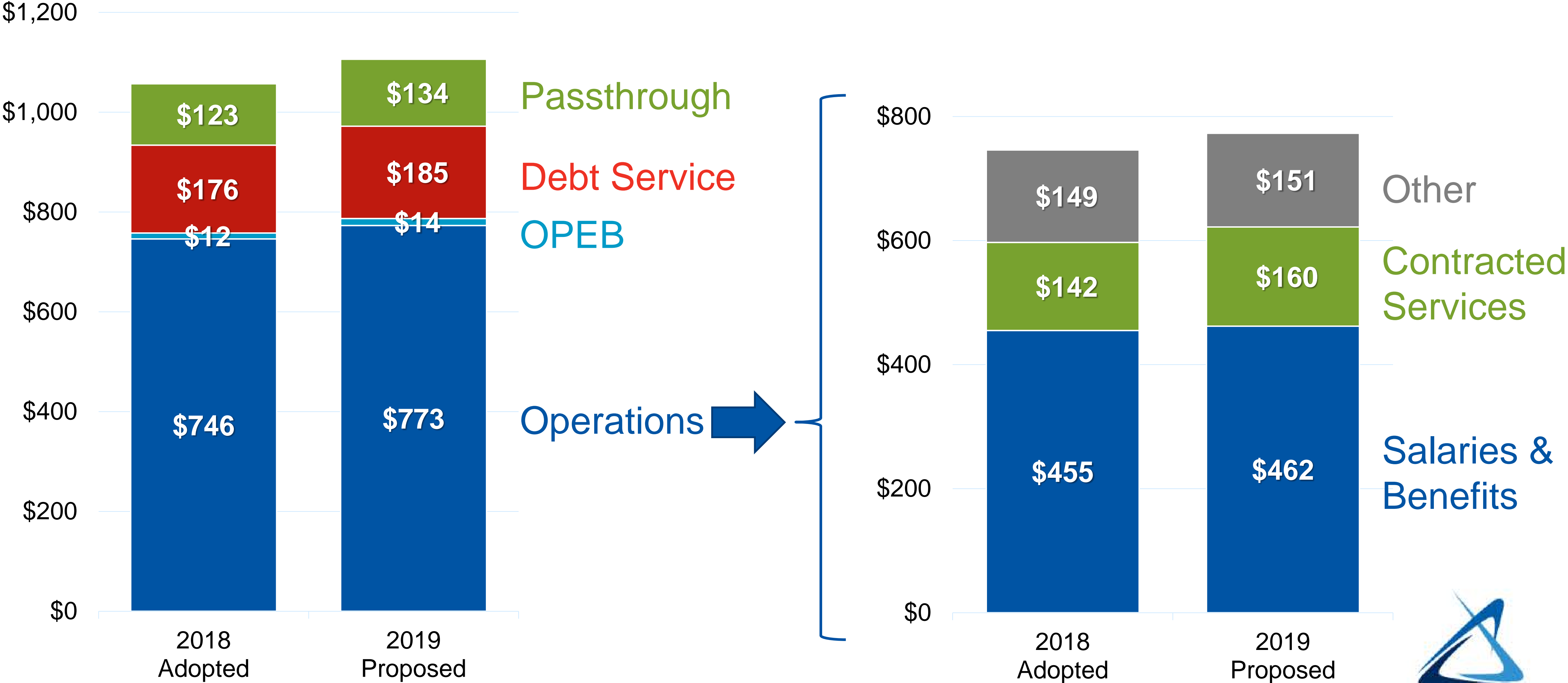
<u>Inside</u>	<u>Outside</u>
\$55.54	\$17.90
+\$1.58	-2.90
+3.0%	-15.5%

# Impact on the Taxpayer



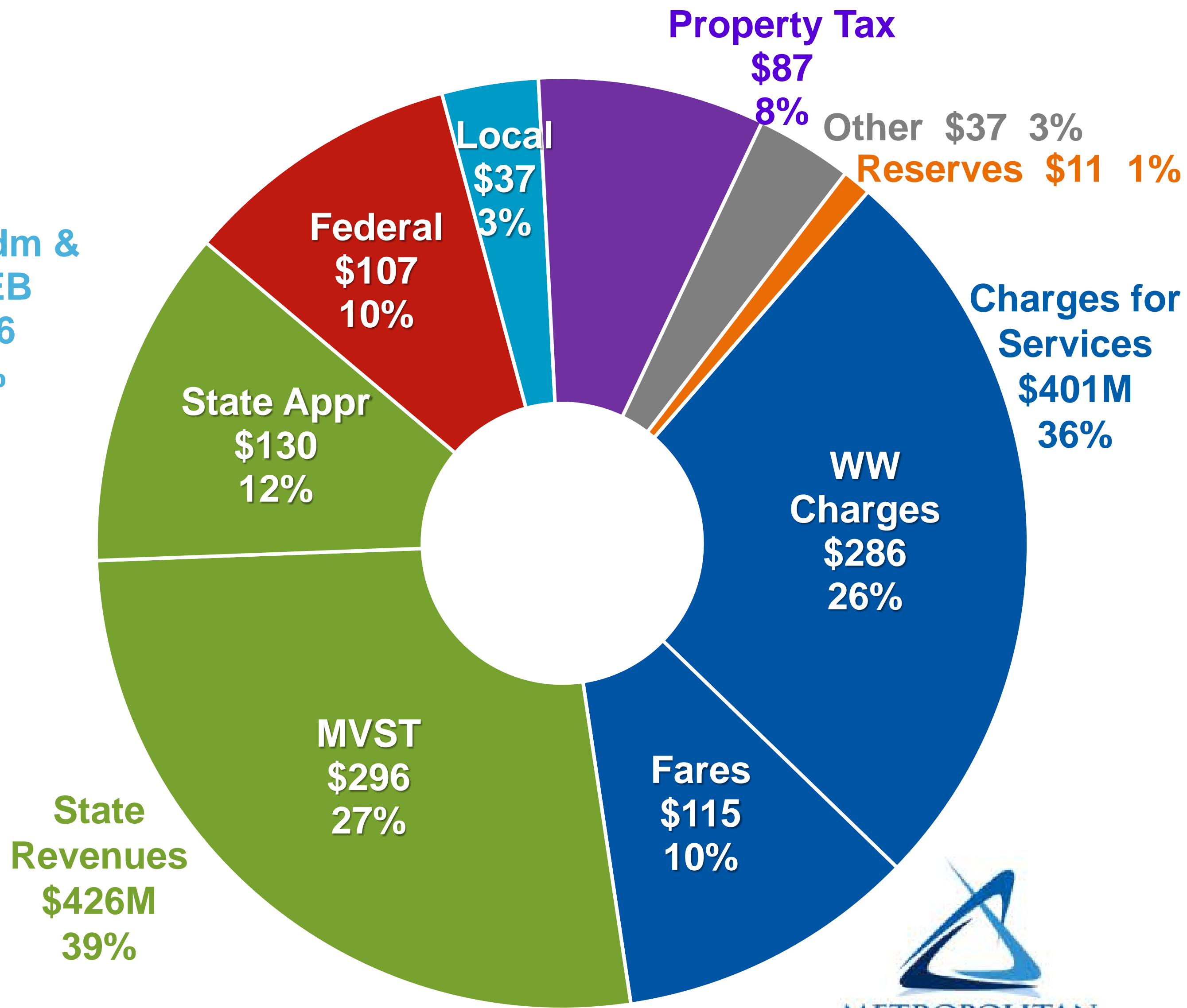
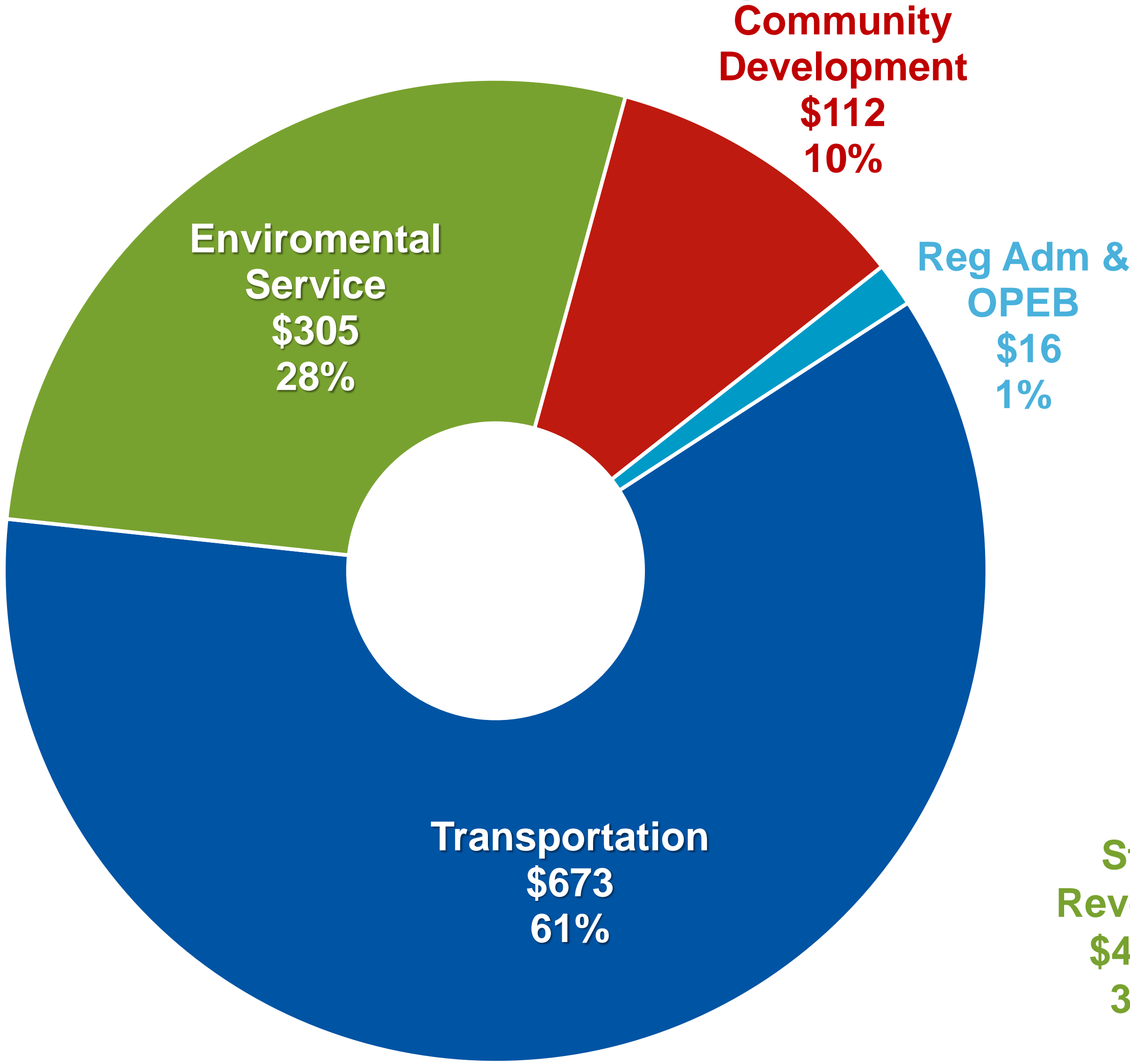
# Proposed 2019 Operating Budget

# Proposed Operating Budget - \$1.1 Billion

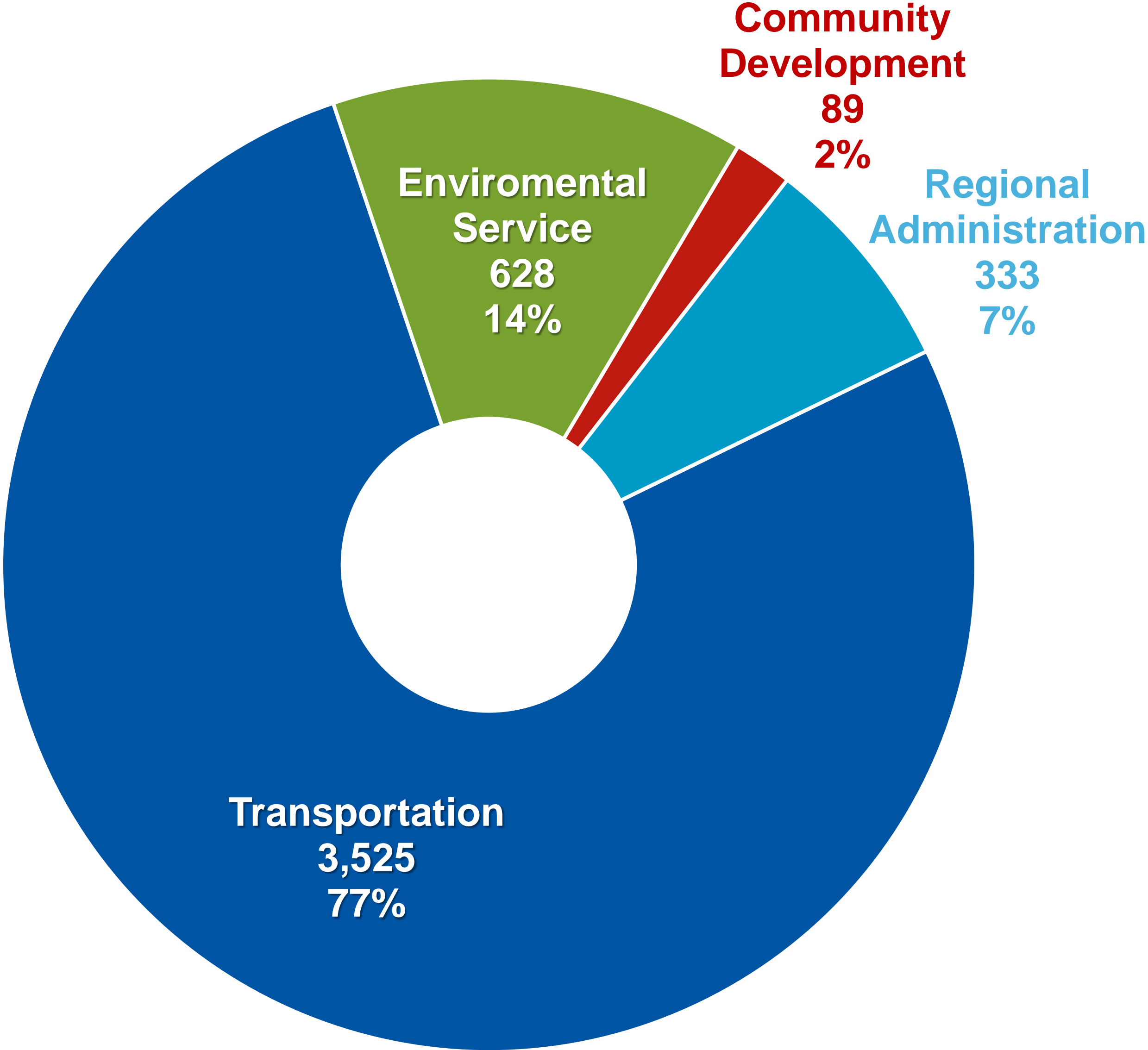




# Proposed Budget - \$1.1 Billion



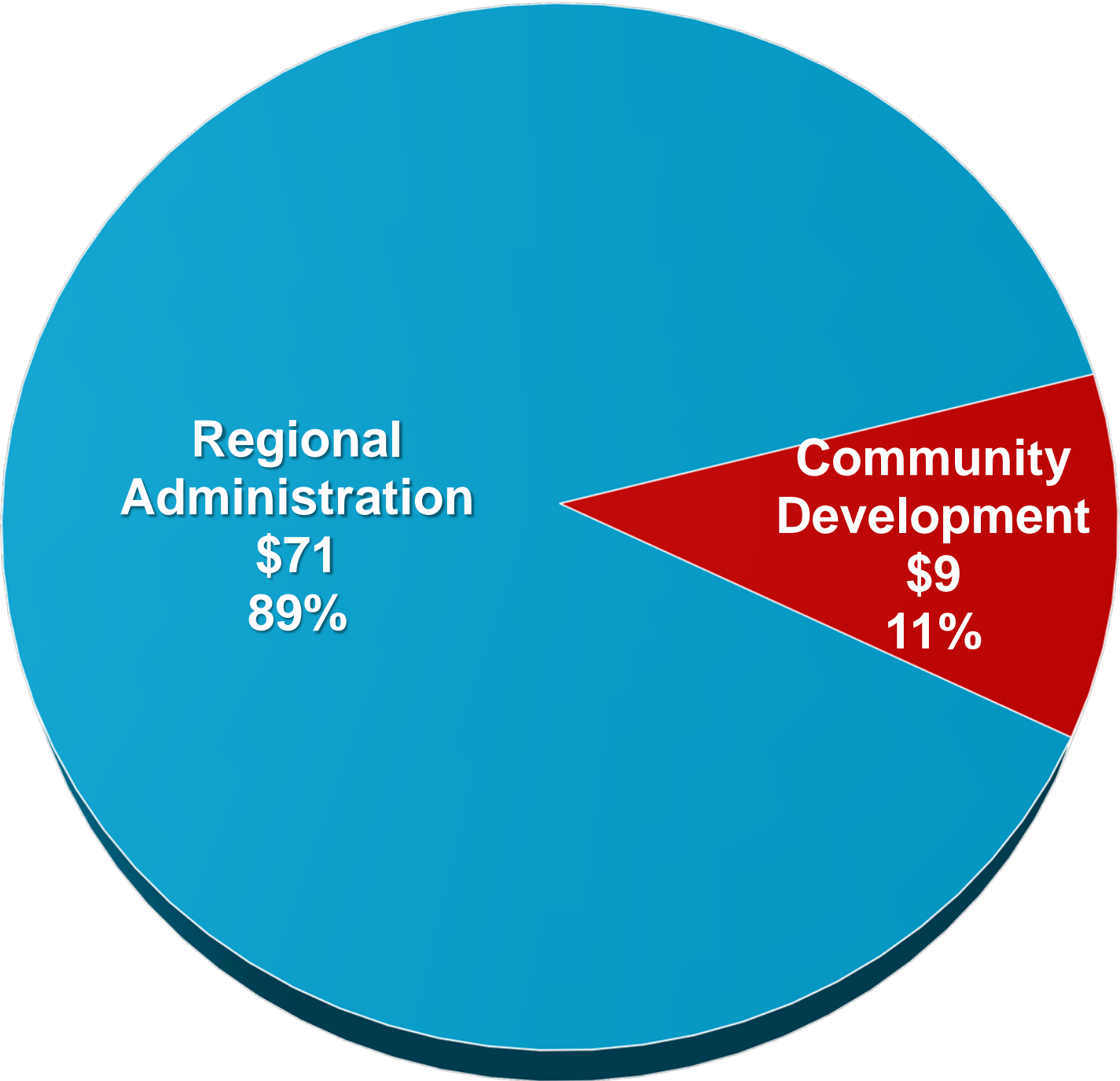
# Proposed FTEs – 4,575



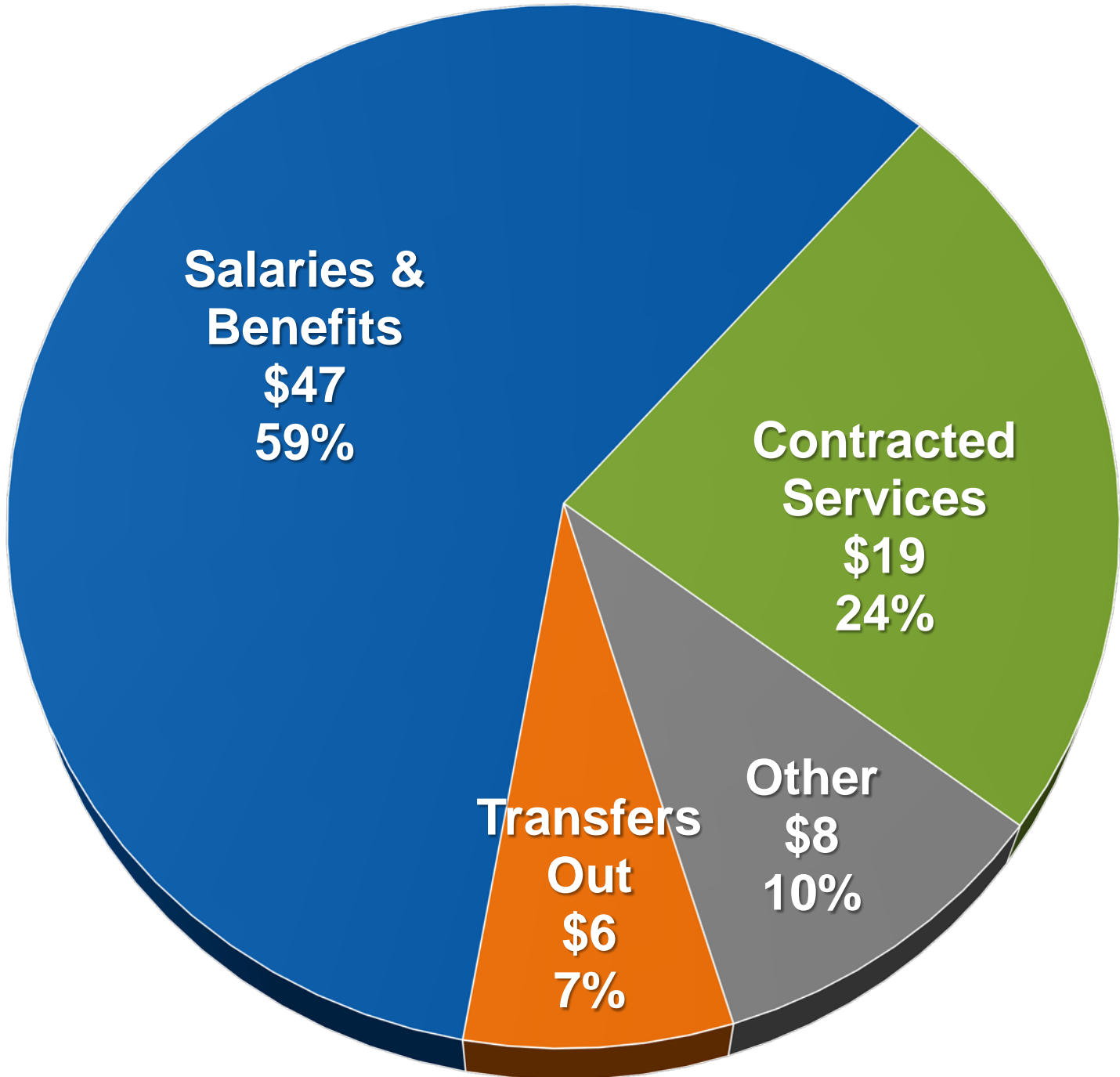
# General Fund Operations

# General Fund Operations - \$80 M

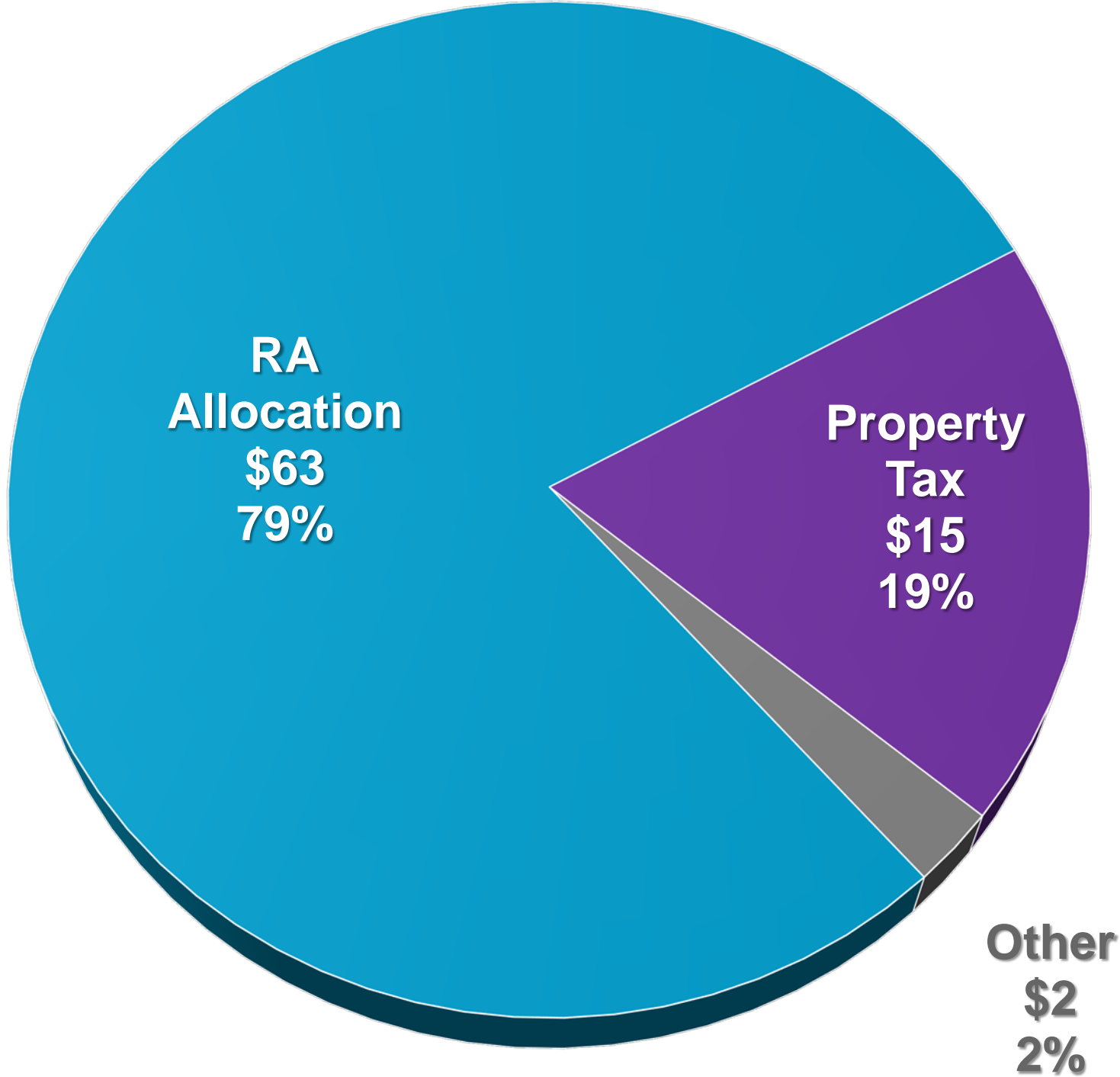
Uses by Department



Uses by Category



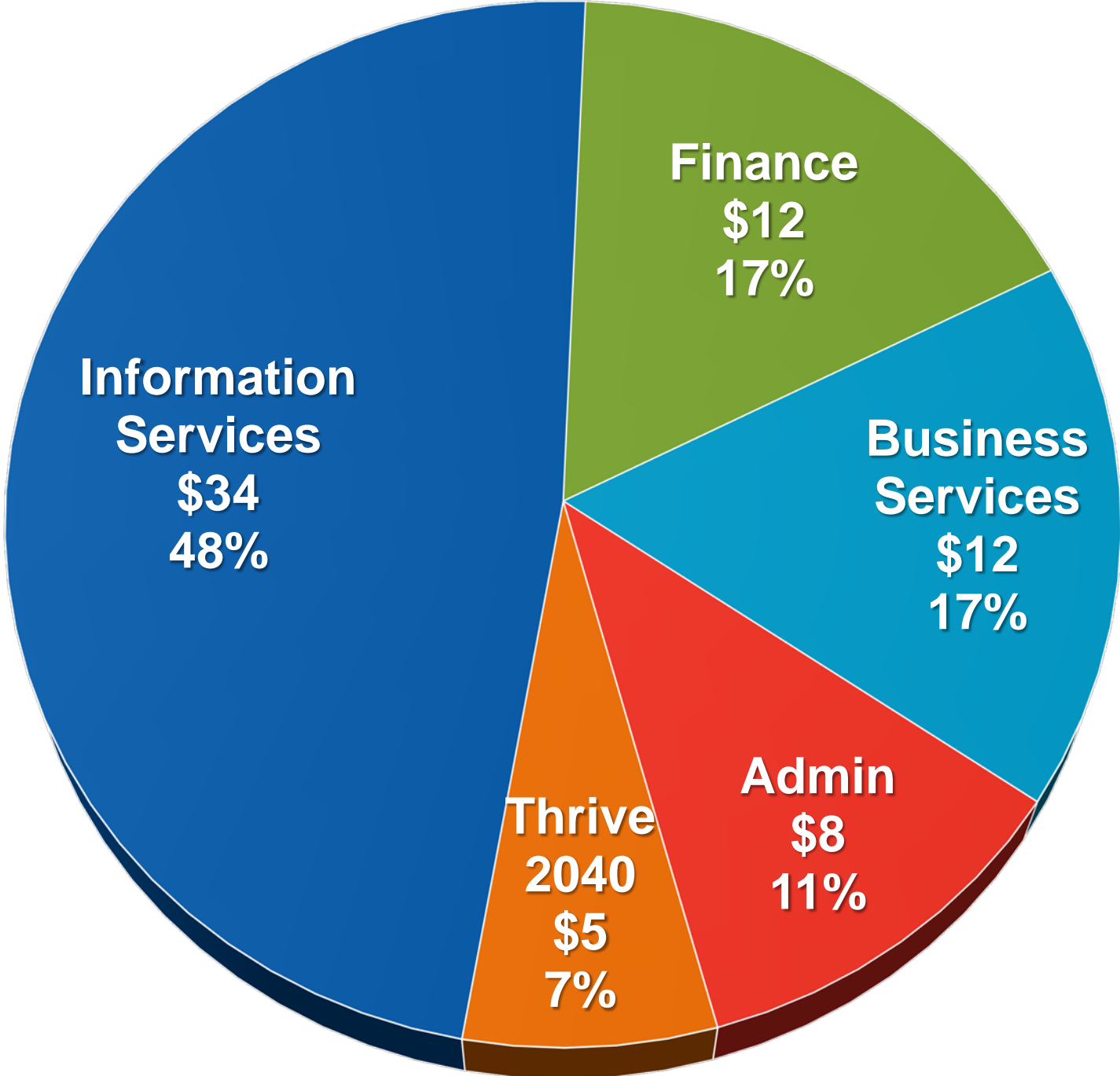
Sources



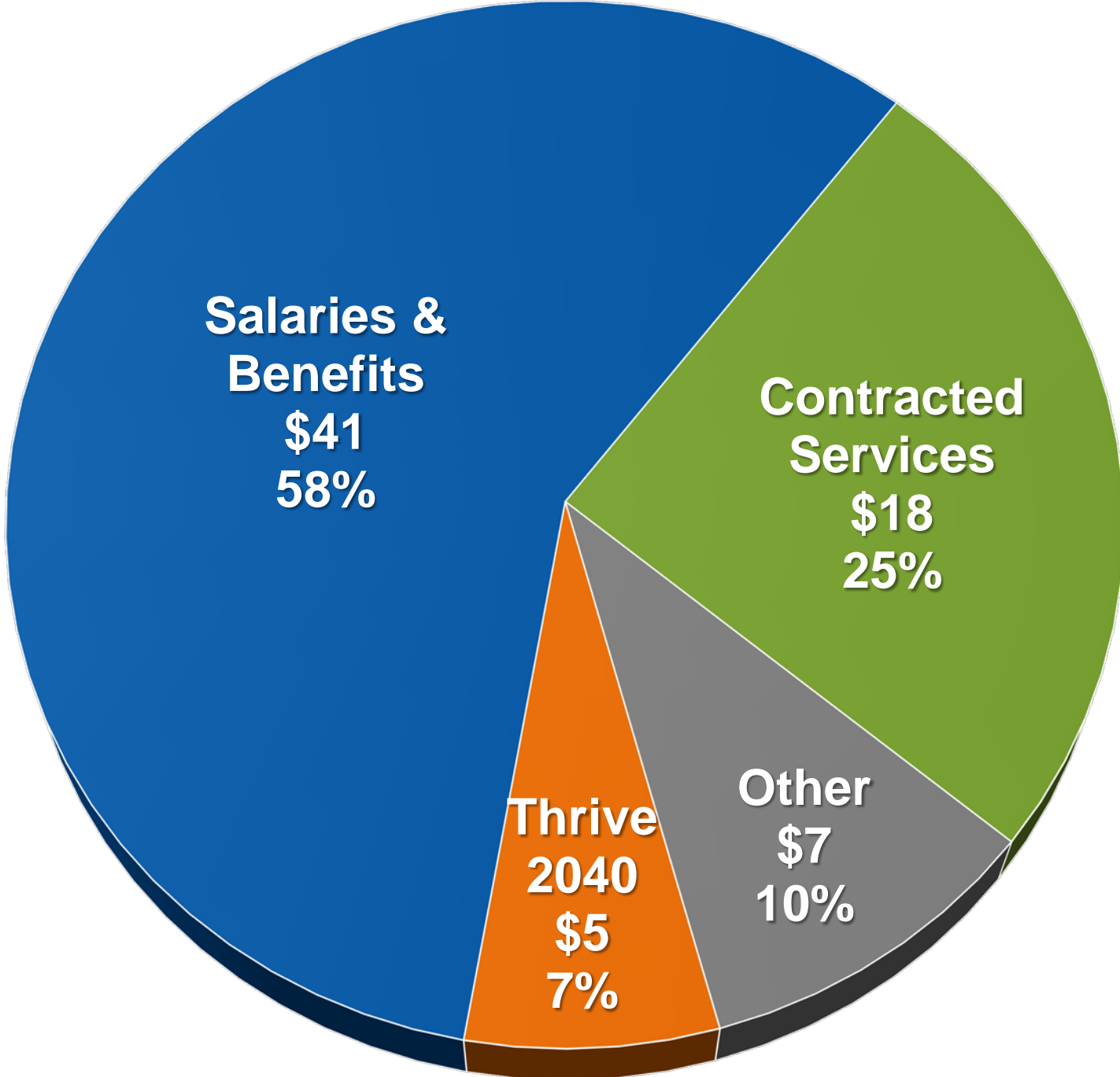


# Regional Administration - \$71 M

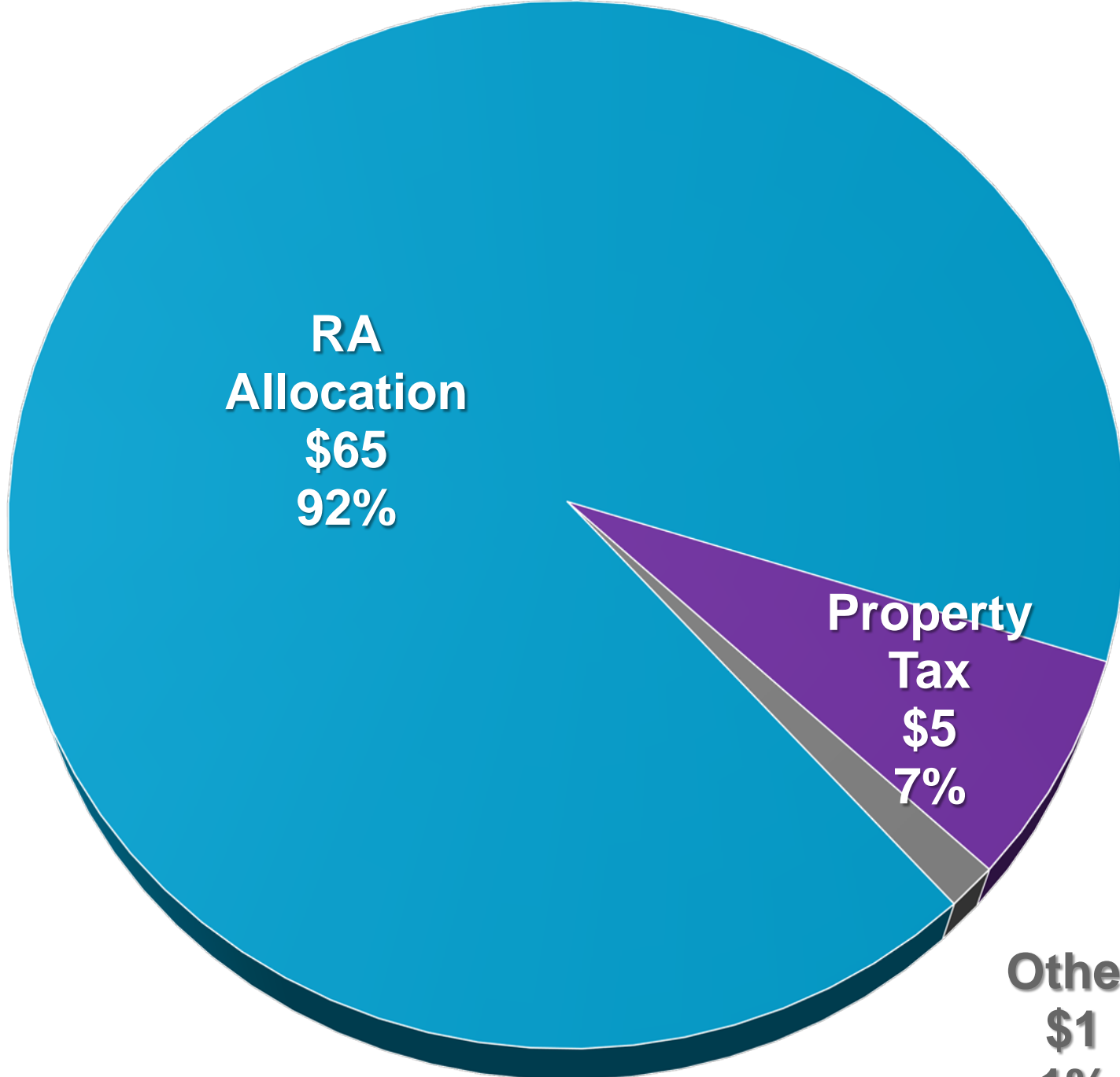
Uses by Department



Uses by Category



Sources

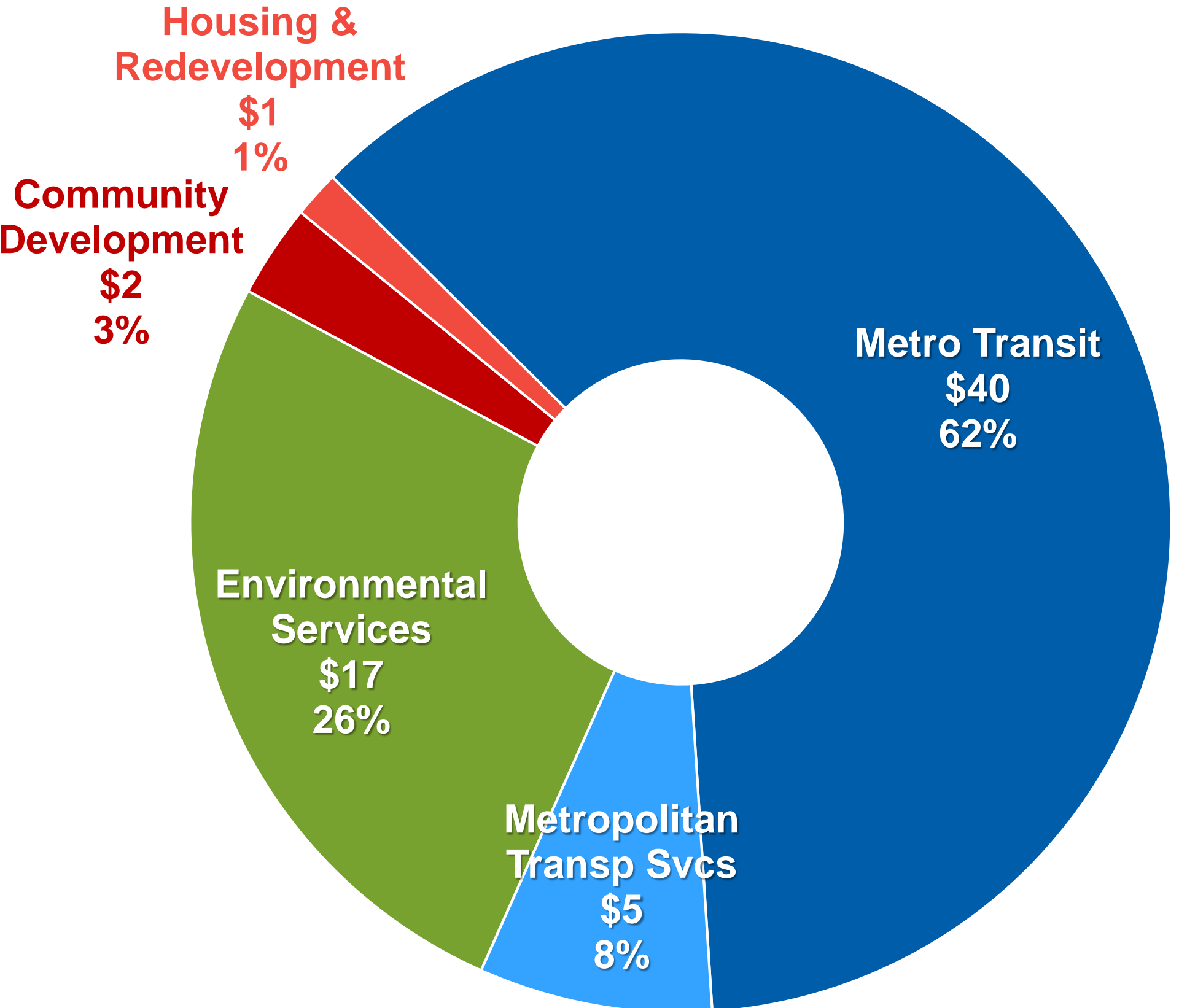


Department	Change	Percent
Information Services	2,515	8.01%
Human Resources	664	8.37%
All Other	721	3.10%
<b>Total</b>	<b>3,900</b>	<b>6.22%</b>

Dept	Contributing Factors	Change	% for Dept
IS	Position Transferred from Metro Transit	225	0.72%
IS	Additional Overtime	100	0.32%
IS	Leased Lines & Phone Charges	419	1.34%
IS	Hardware & Software Maintenance *	1,276	4.08%
HR	Workforce Development – 4 FTEs	448	5.64%



# RA Interdivisional Allocation - \$65 M



Div	Change	Percent	Departments
ES	0.5	2.9%	IS 611
MT	3.2	8.7%	IS 1,825 – HR 637 – OEO 585
MTS	(0.4)	(8.8%)	
CD	0.2	8.5%	IS 126 – Gen Counsel 97
HRA	0.1	6.7%	Communications 163



# Community Development

# TRAINING & DEVELOPMENT

PlanIt



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability





# Thrive in Motion



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

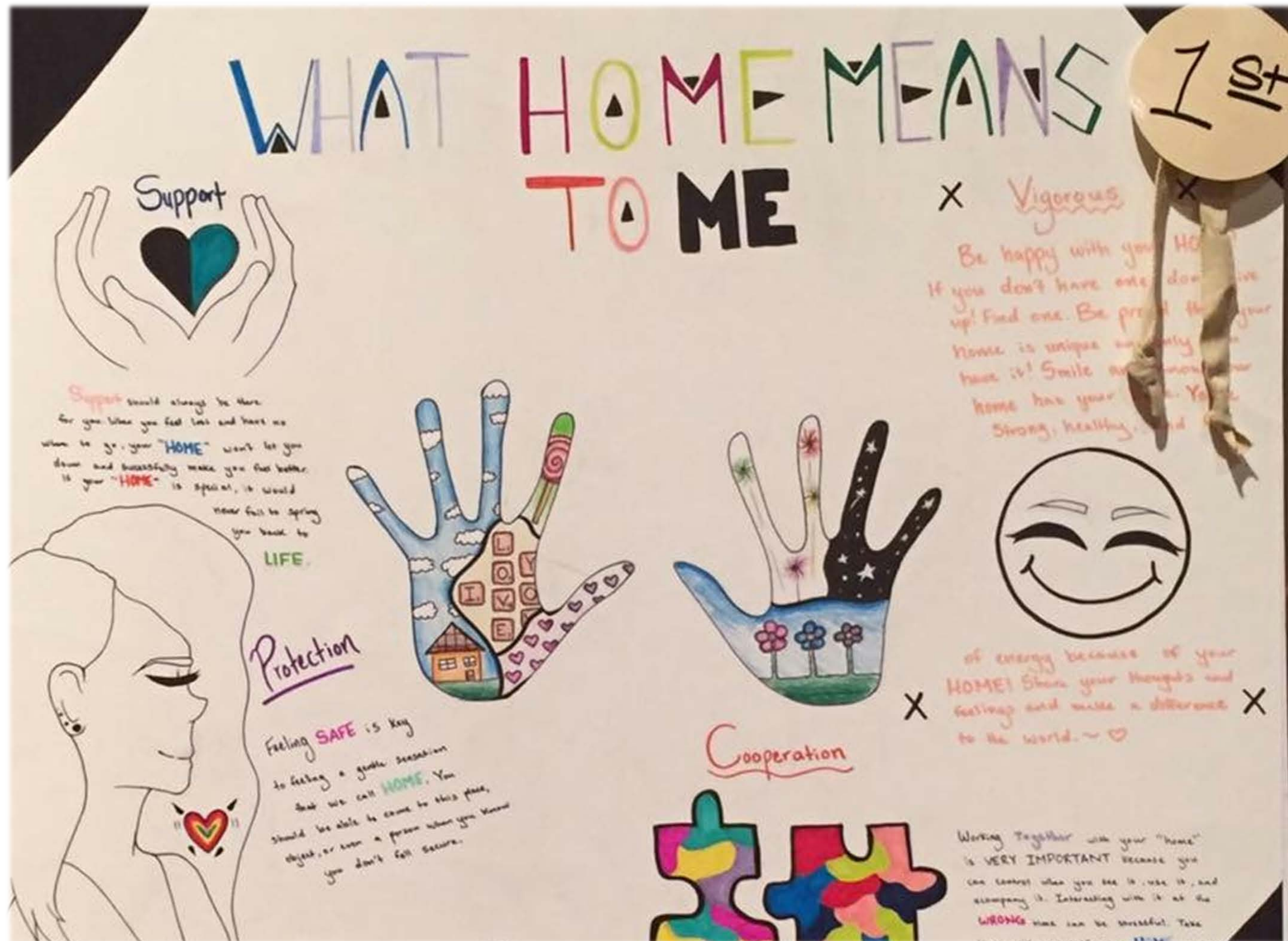
Collaboration

Accountability





# Thrive in Motion



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability

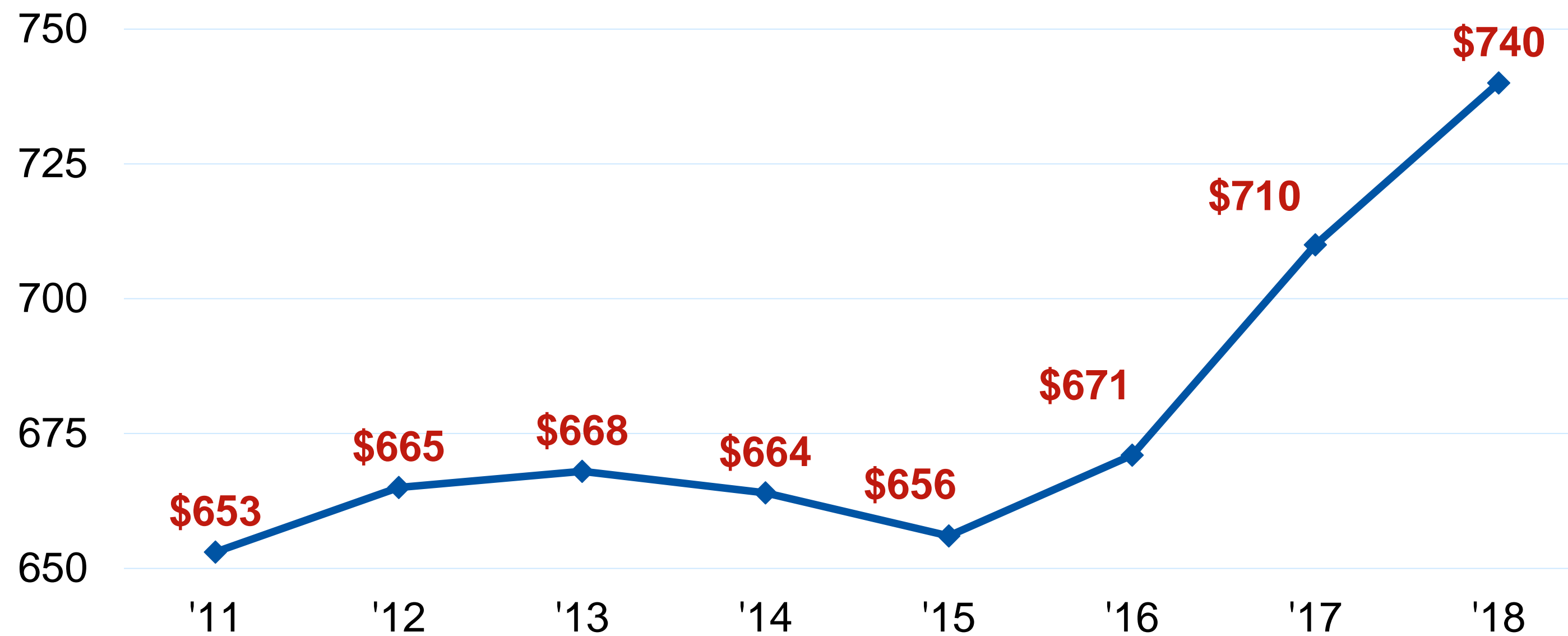




# Preserve Housing Vouchers

- Federal funding is based on previous year expenditures

Average Housing Assistance Payment

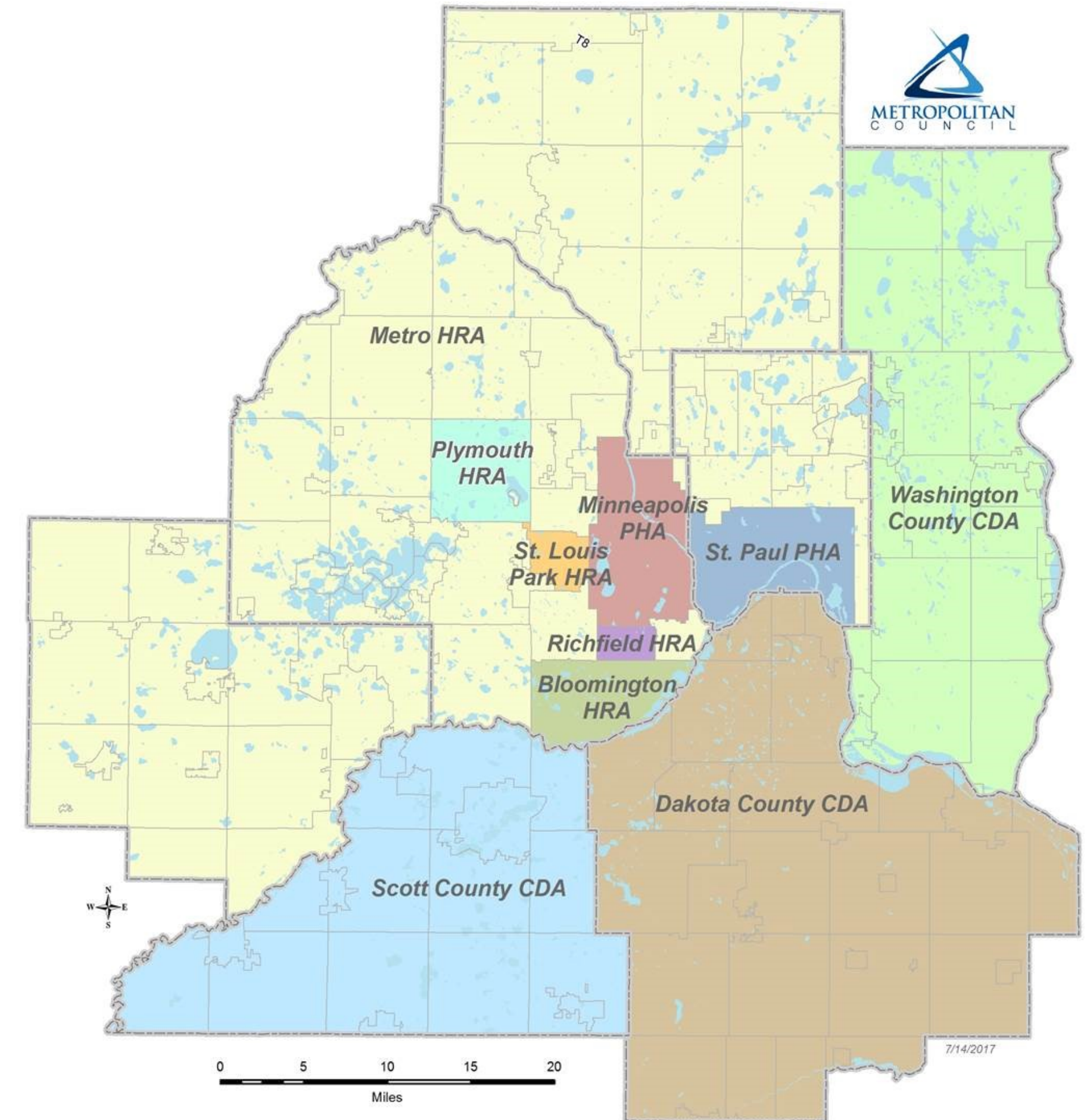


\$710	Federal reimbursement
<u>(740)</u>	Current subsidy
(30)	Structural deficit

# Funding Considerations

- 2019 Budget Recommendation
  - Preserve existing service by subsidizing with Council's General Purpose Levy
- Future Budget Considerations
  - Subsidize with General Purpose Levy
  - Reduce Program (voucher attrition)
  - Secure alternate funding source(s)

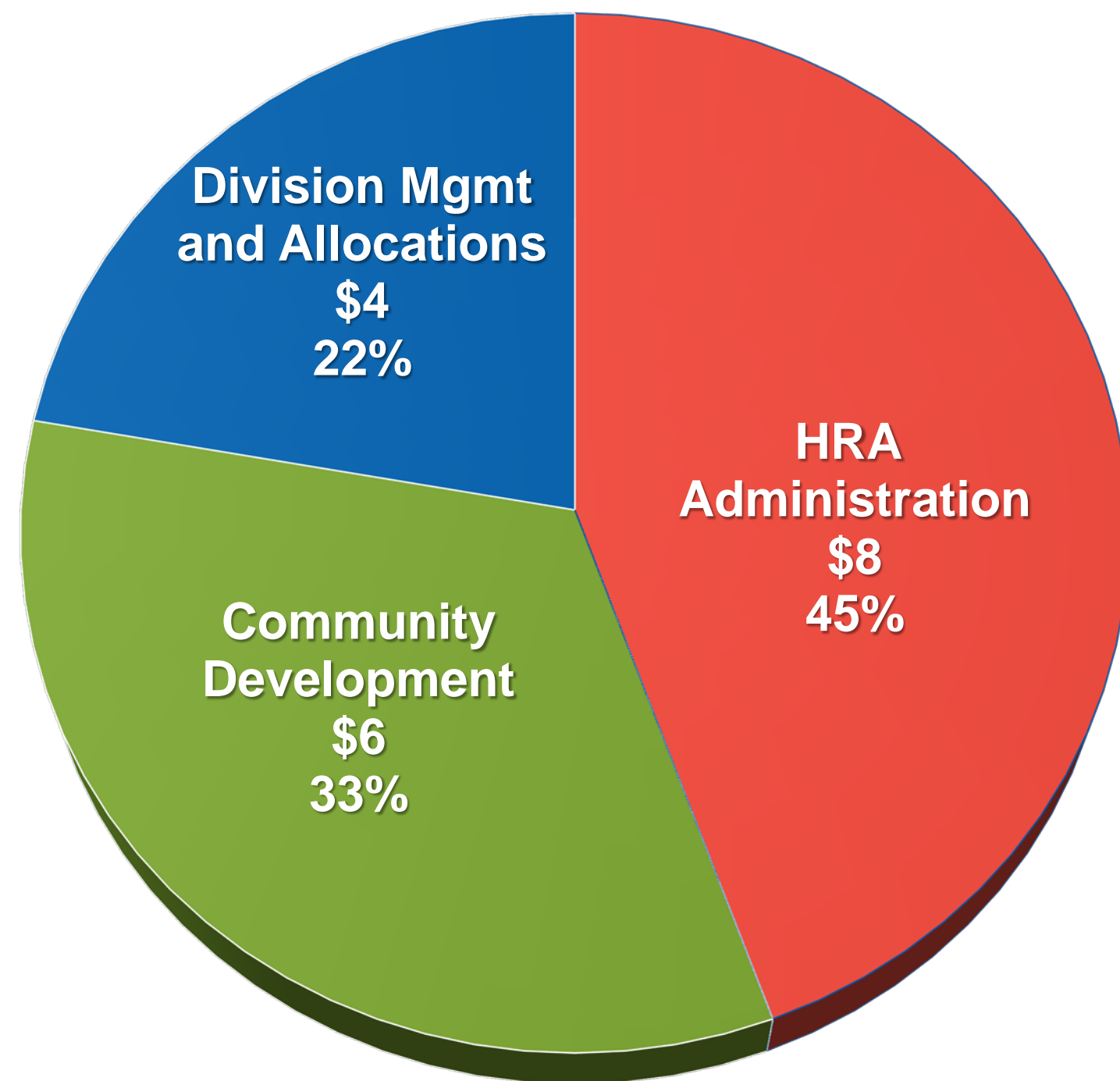
## HRA Service Area



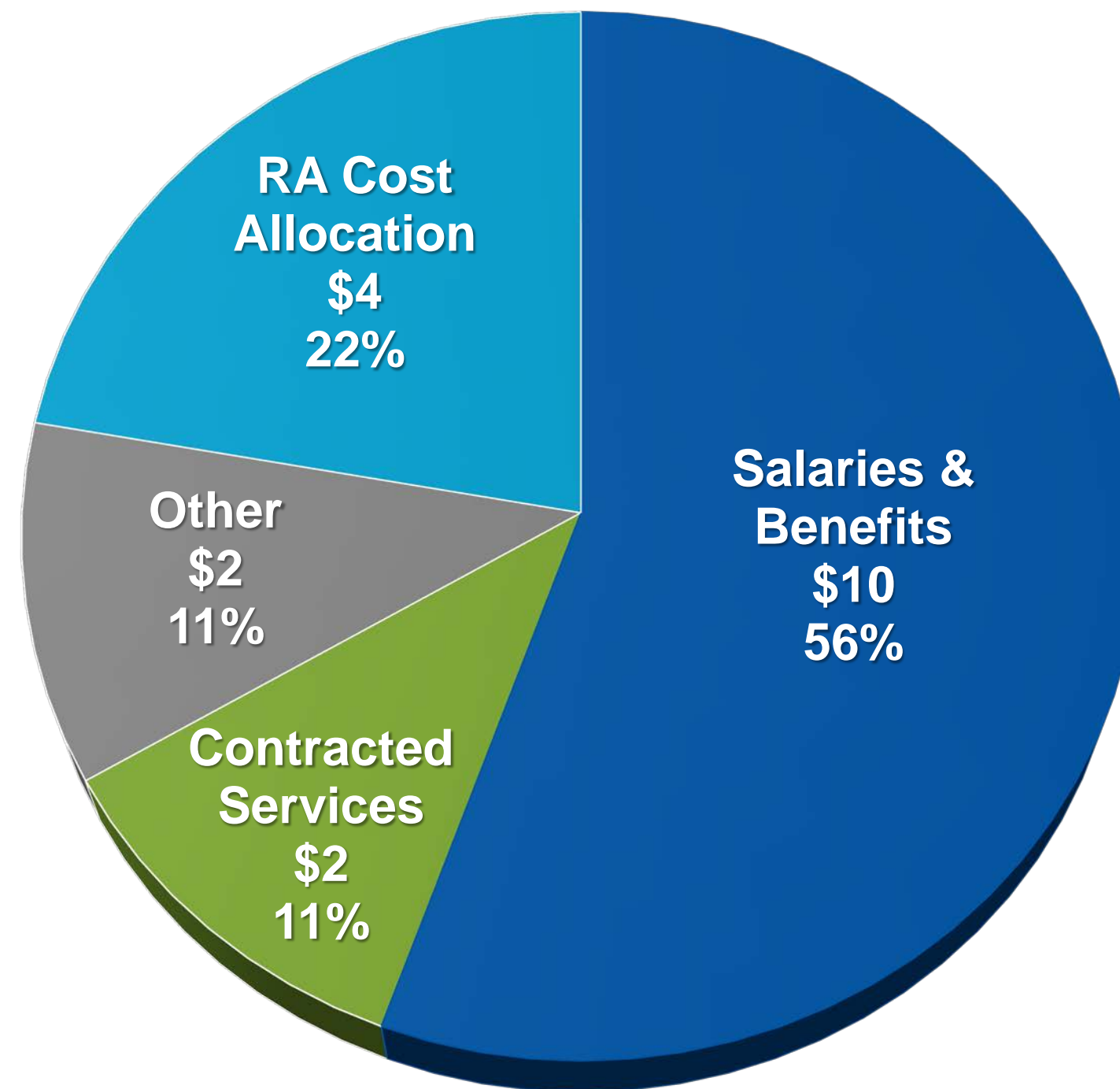


# Community Development Operations - \$18 M

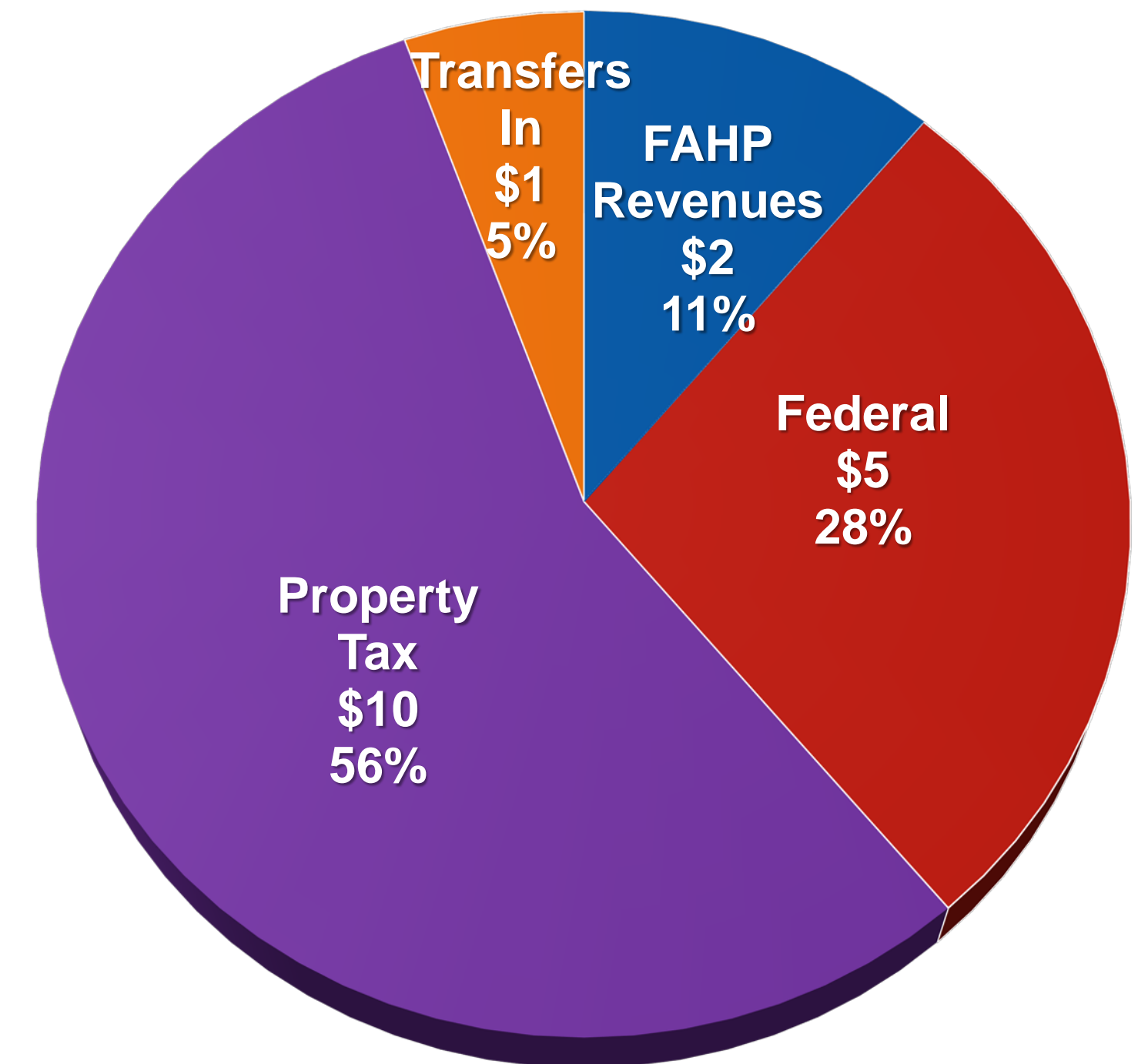
Uses by Department



Uses by Category

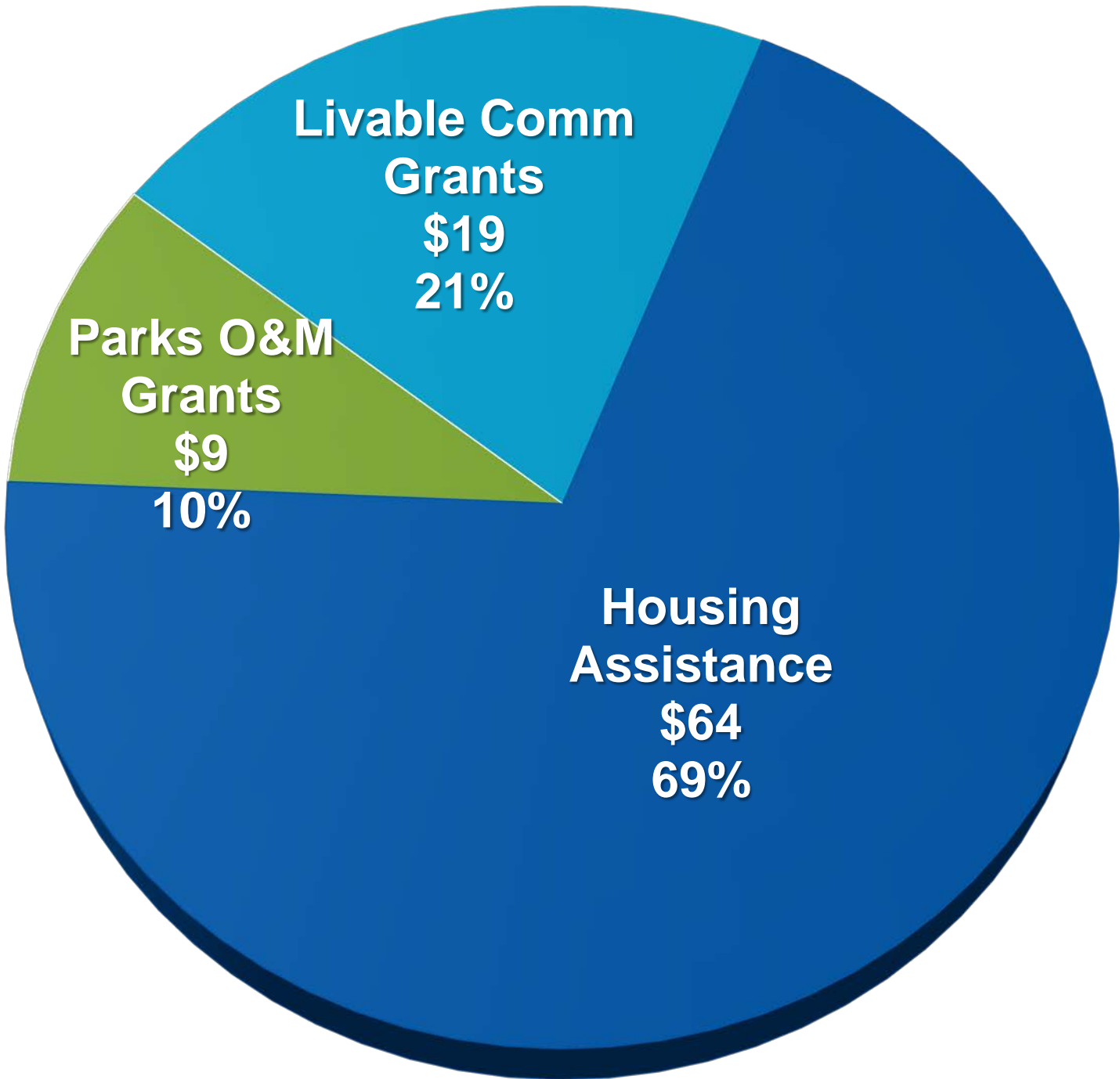


Sources

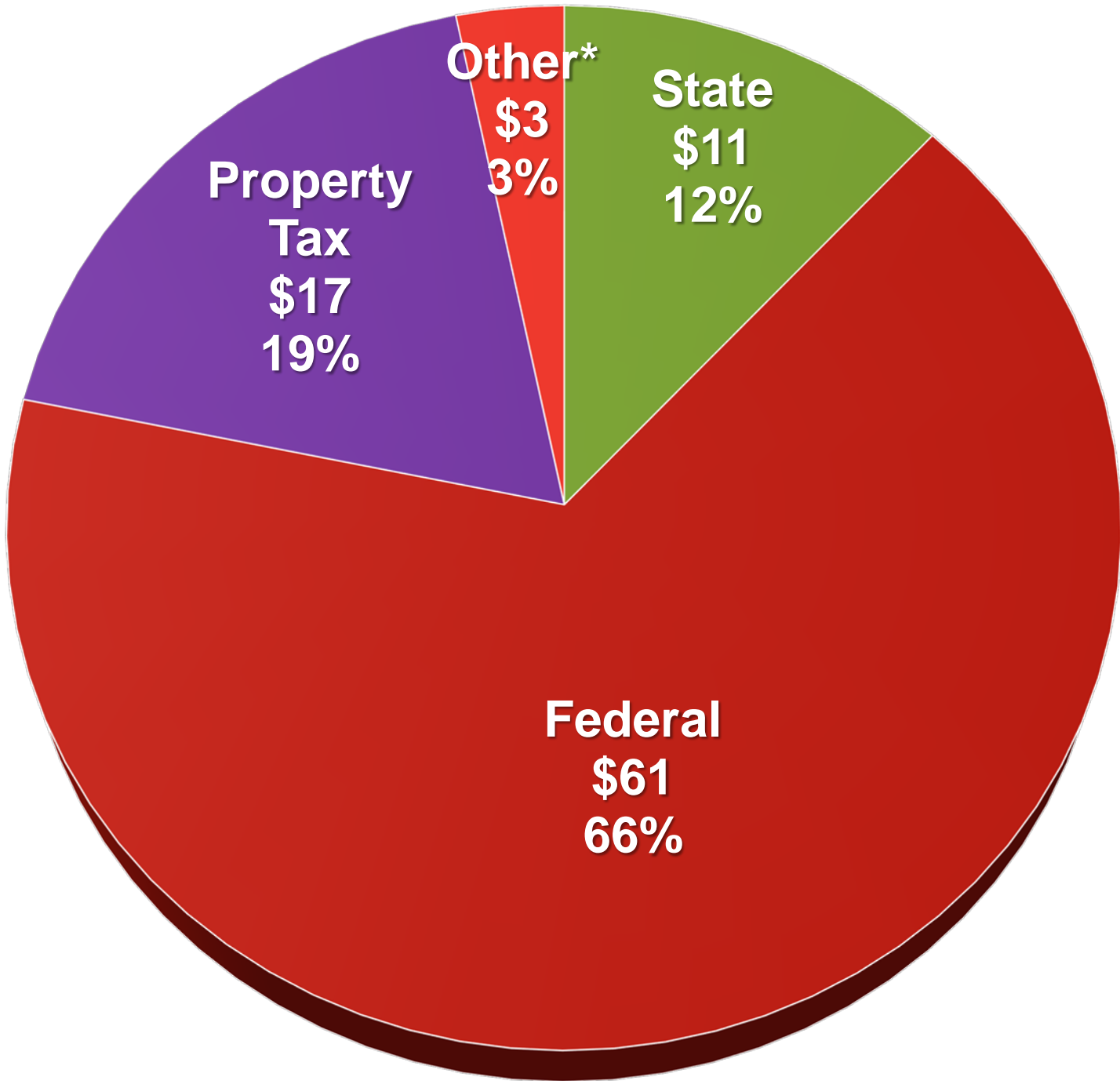


# Community Development Passthrough - \$92 M

Uses By Program



Sources



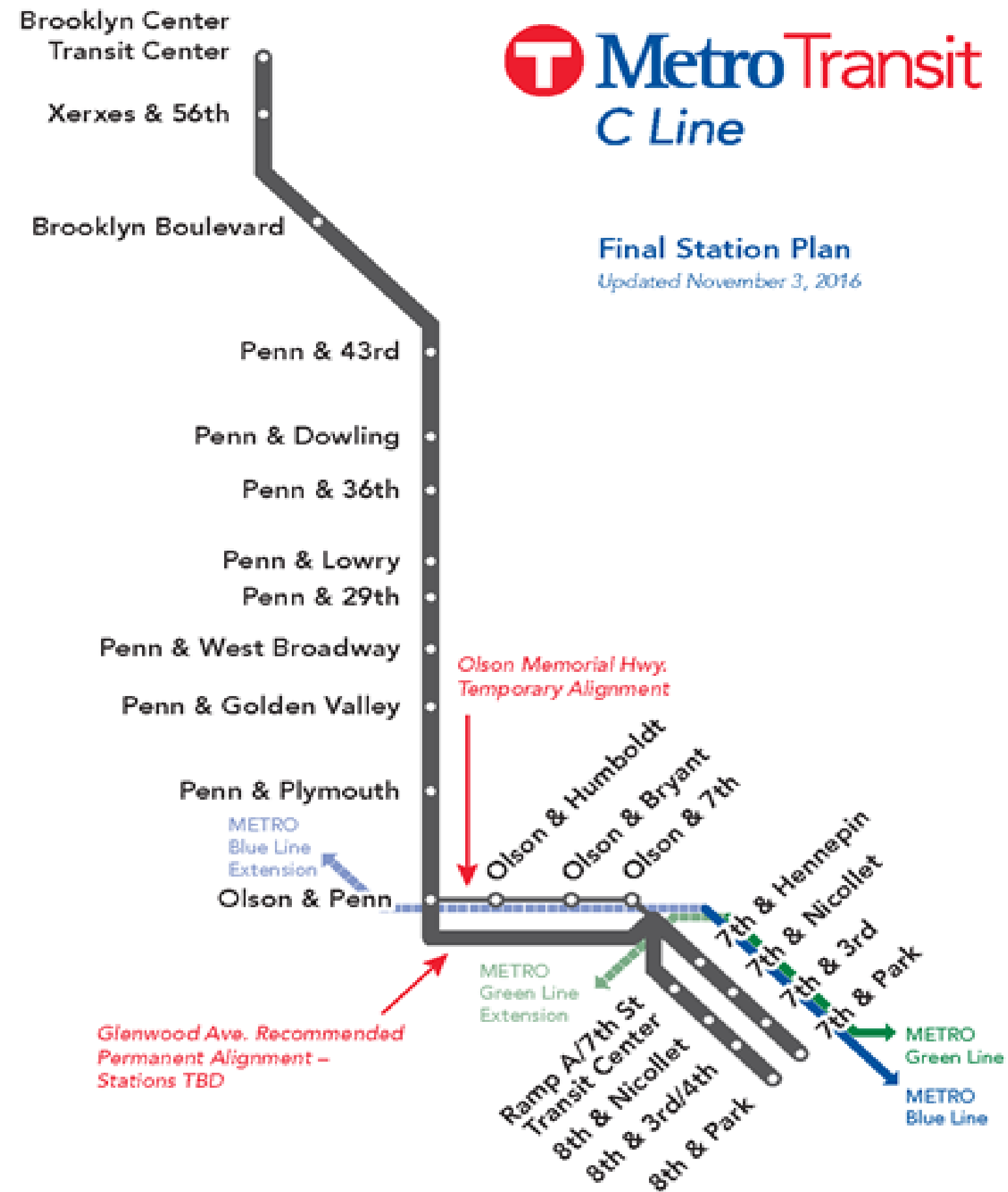
\*Other includes \$2 M in Transfers In



# Transportation

# Thrive in Motion

## • C Line Rapid Bus



- 8.5 miles from downtown Minneapolis to Brooklyn Center
- 23 stations
- Faster trip
  - Pre-boarding fare payment
  - All-door boarding on 60-foot buses
  - In-lane stop (curb extensions)
  - Transit signal priority
- Construction 2018
- Opening 2019
- 7,600 daily rides today, 9,300 by 2030
- Coordination with 8th Street Reconstruction, Penn Avenue improvements
- \$20 million non-fleet project cost

Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability





# Thrive in Motion

- Asset Management



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





FHWA MAP-21 Site      FTA MAP-21 Site

Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

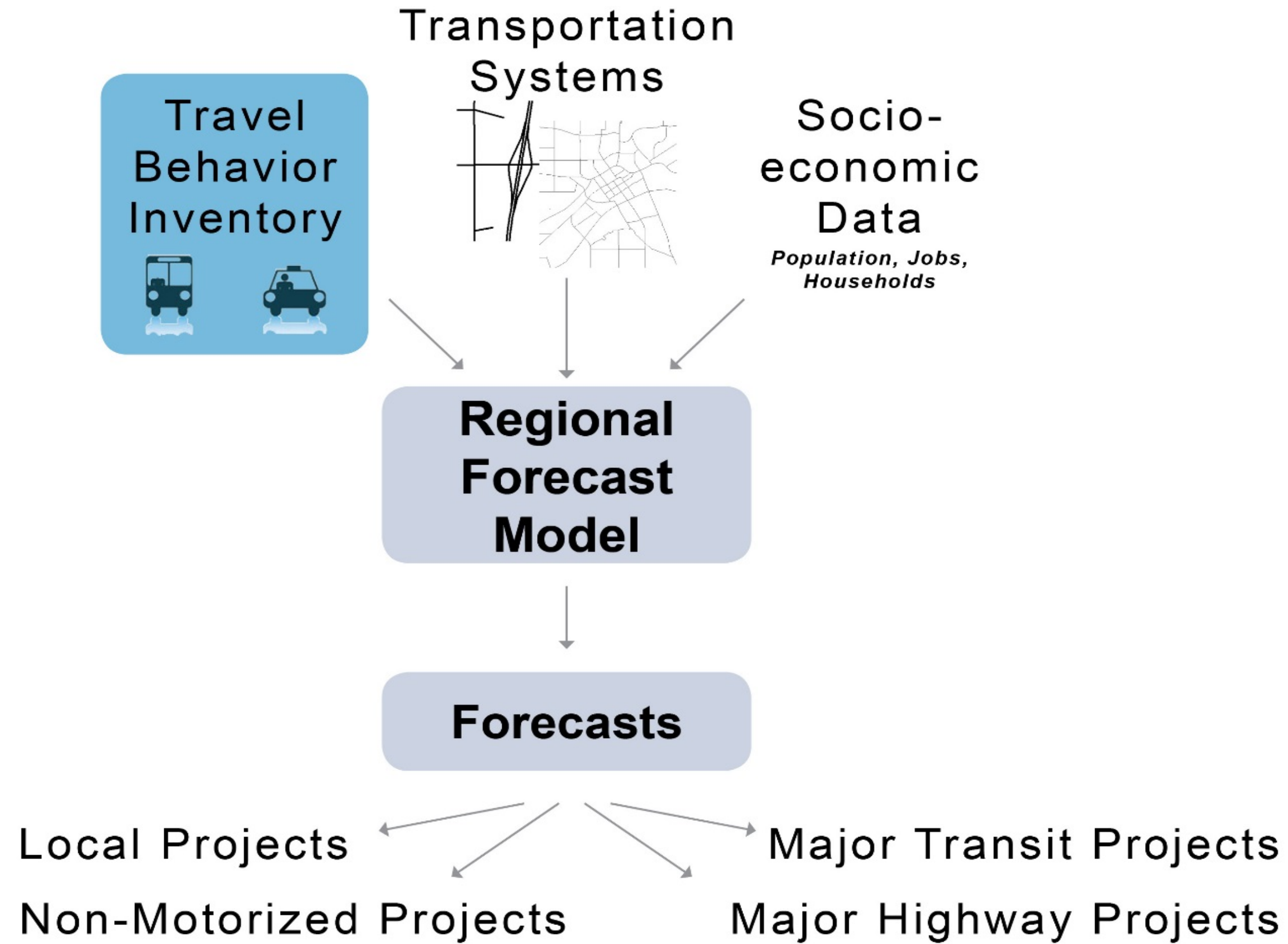
Collaboration

Accountability



# Thrive in Motion

- Travel Behavior Inventory



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability





# Thrive in Motion

- Metro Mobility Task Force



Stewardship

Prosperity

Equity

Livability

Sustainability

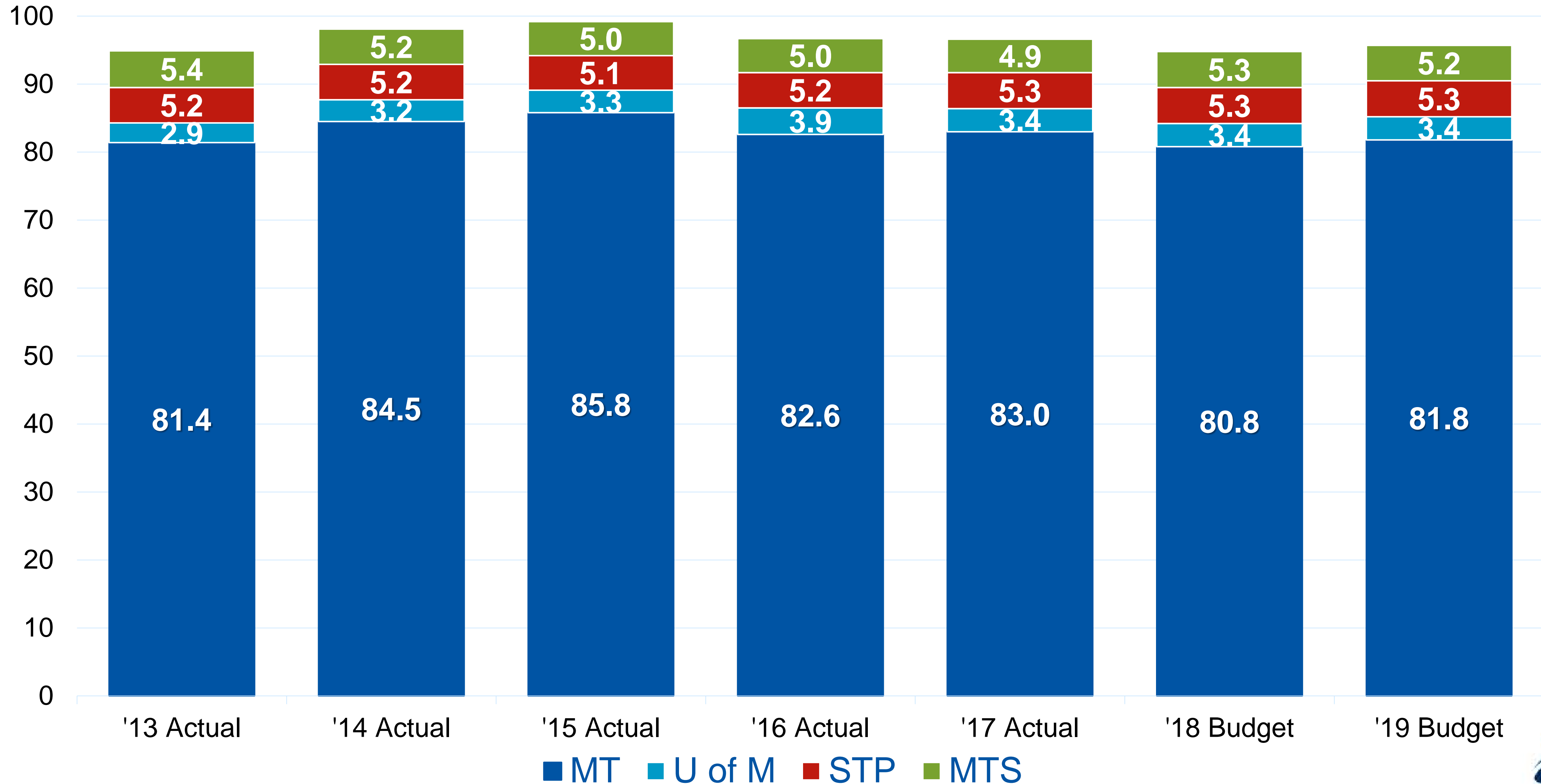
Integration

Collaboration

Accountability



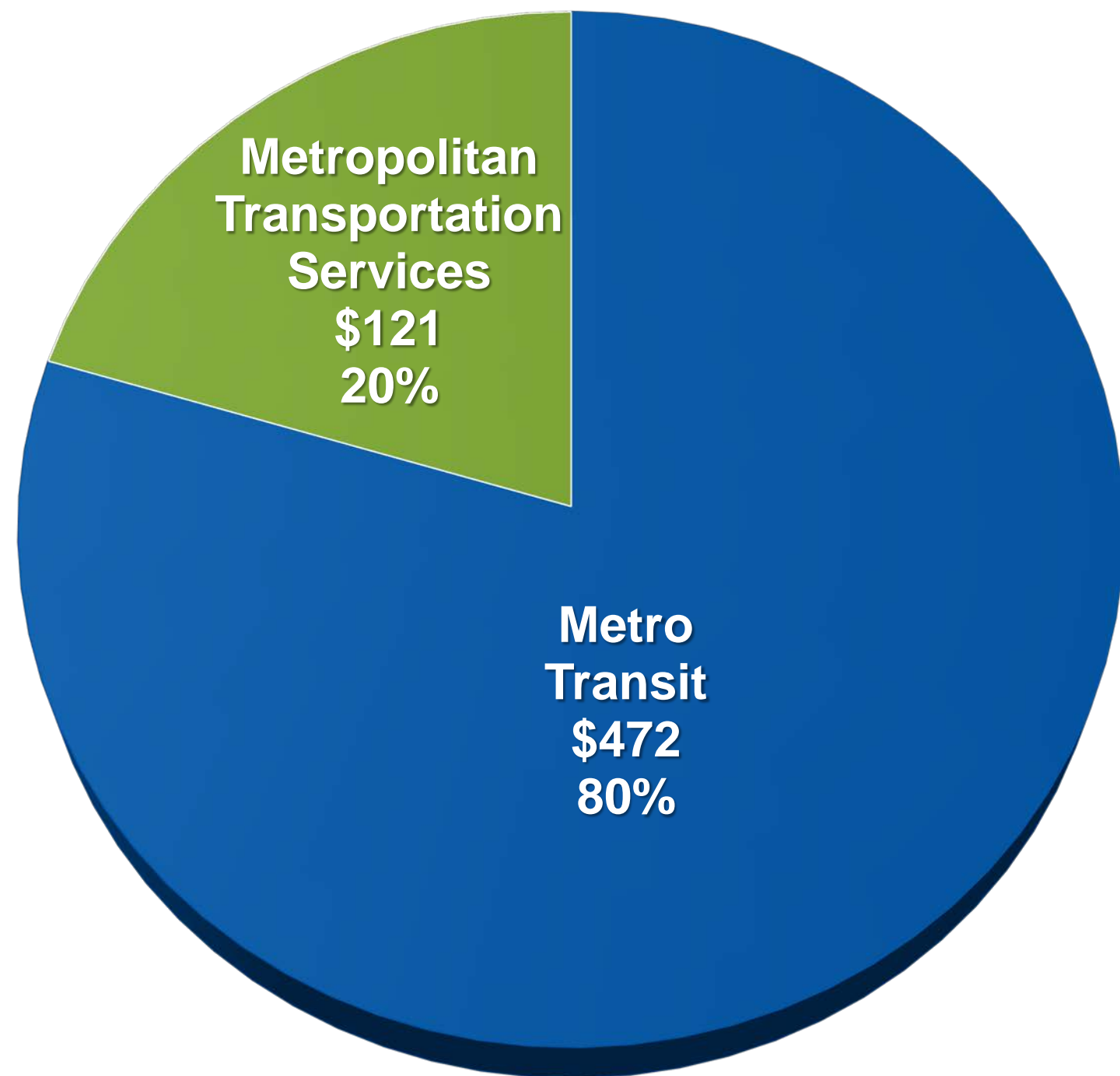
# Transit Ridership



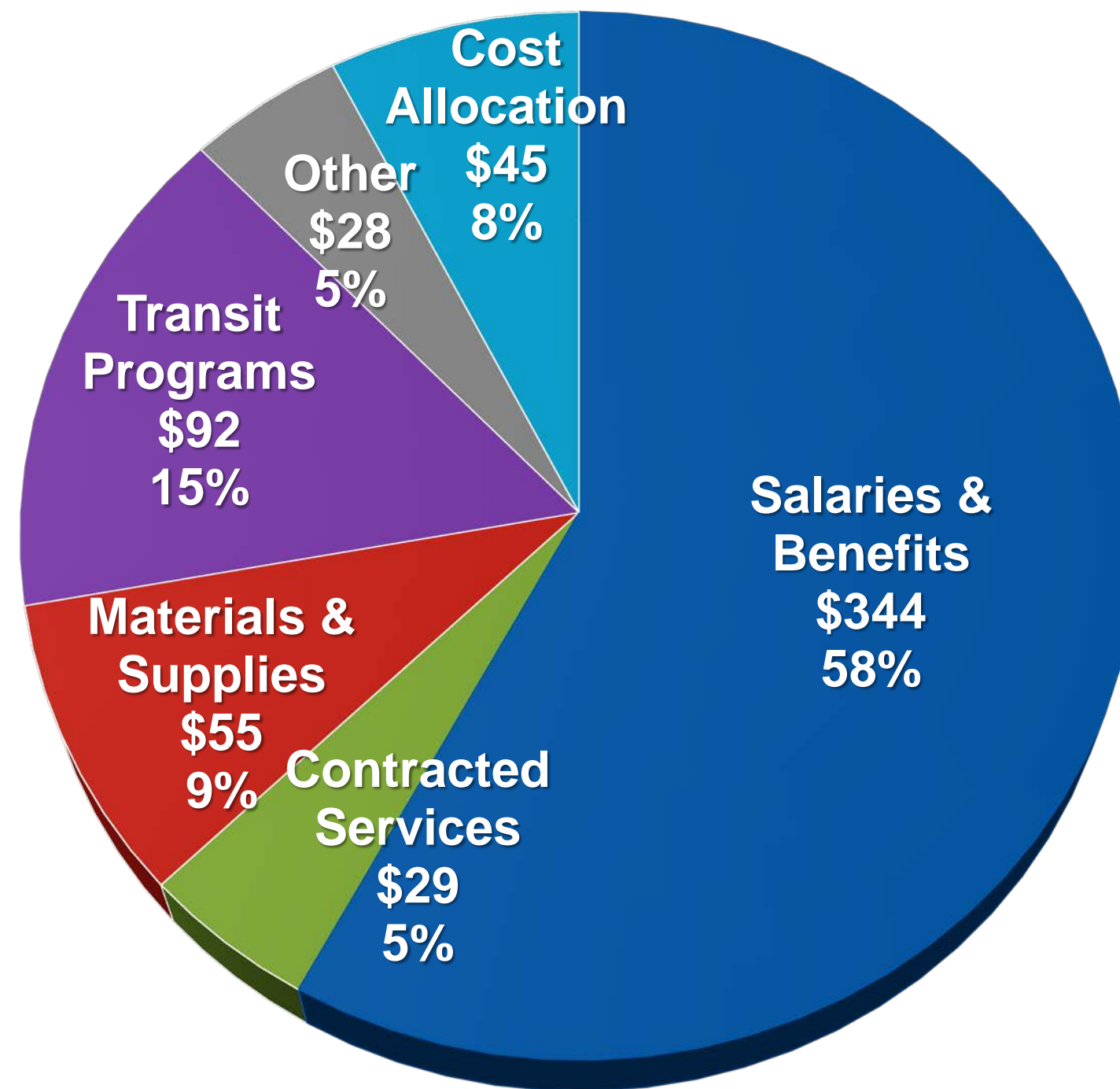


# Transportation Operations - \$593 M

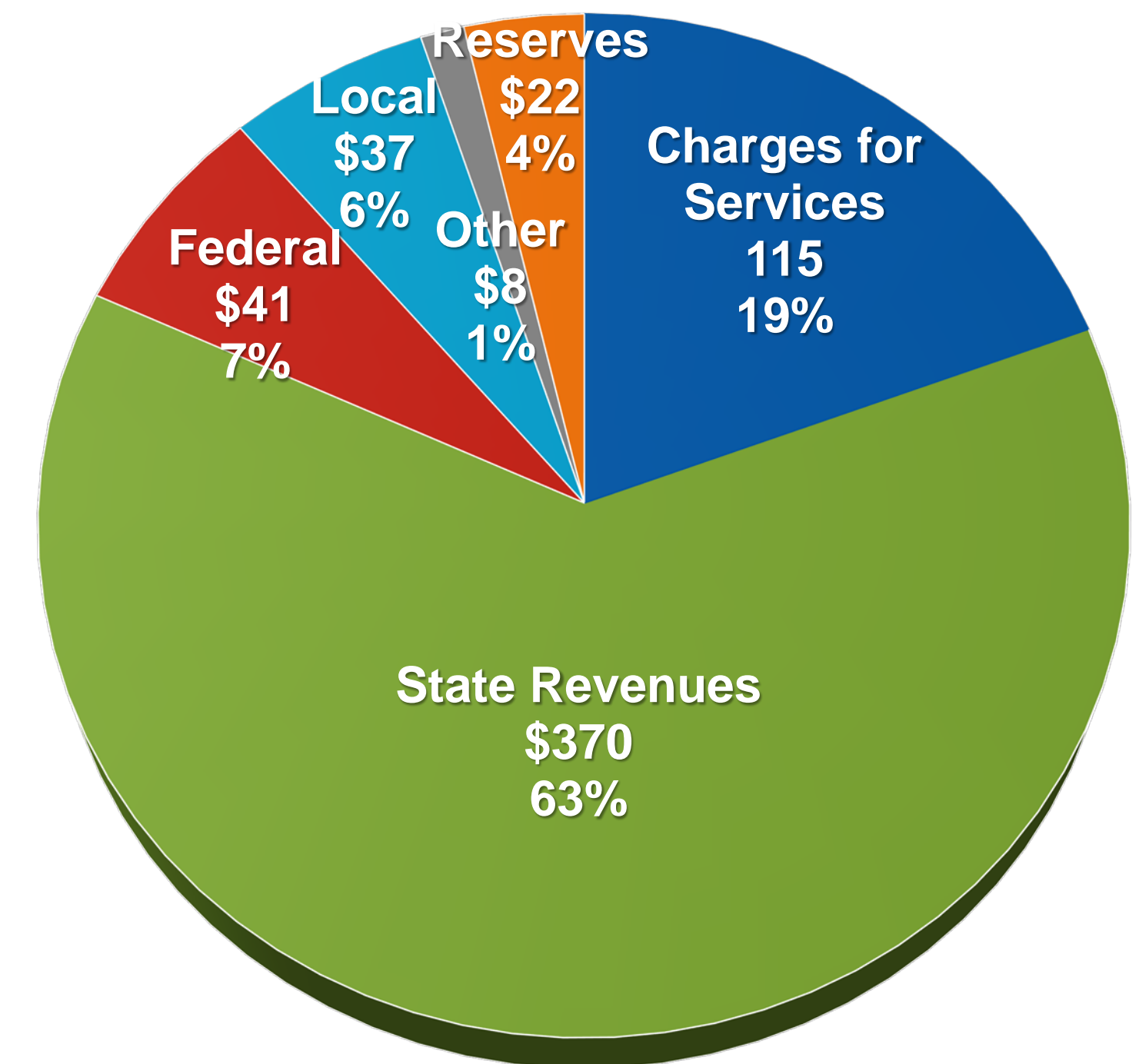
**Uses by Department**



**Uses by Category**

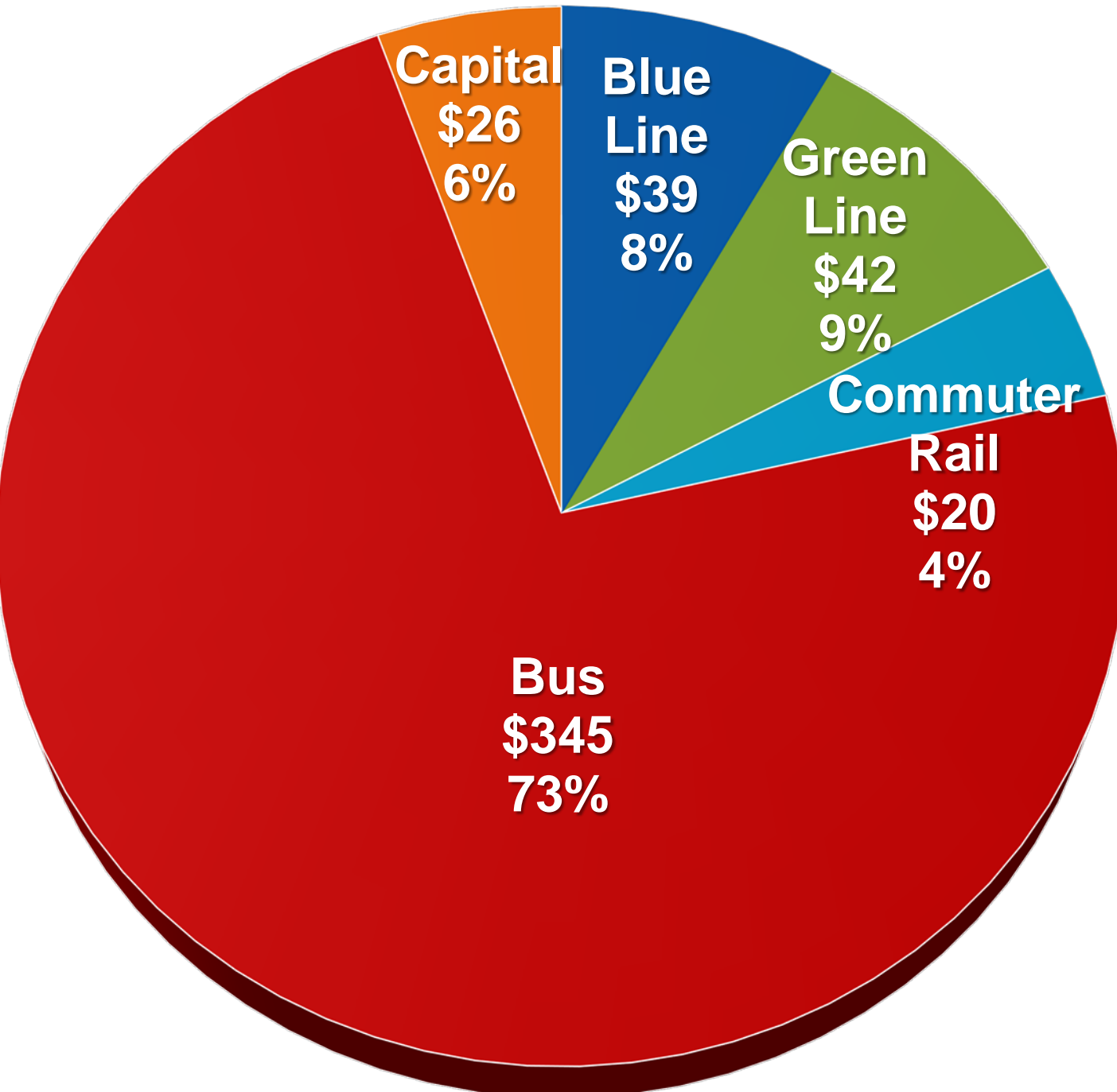


**Sources**

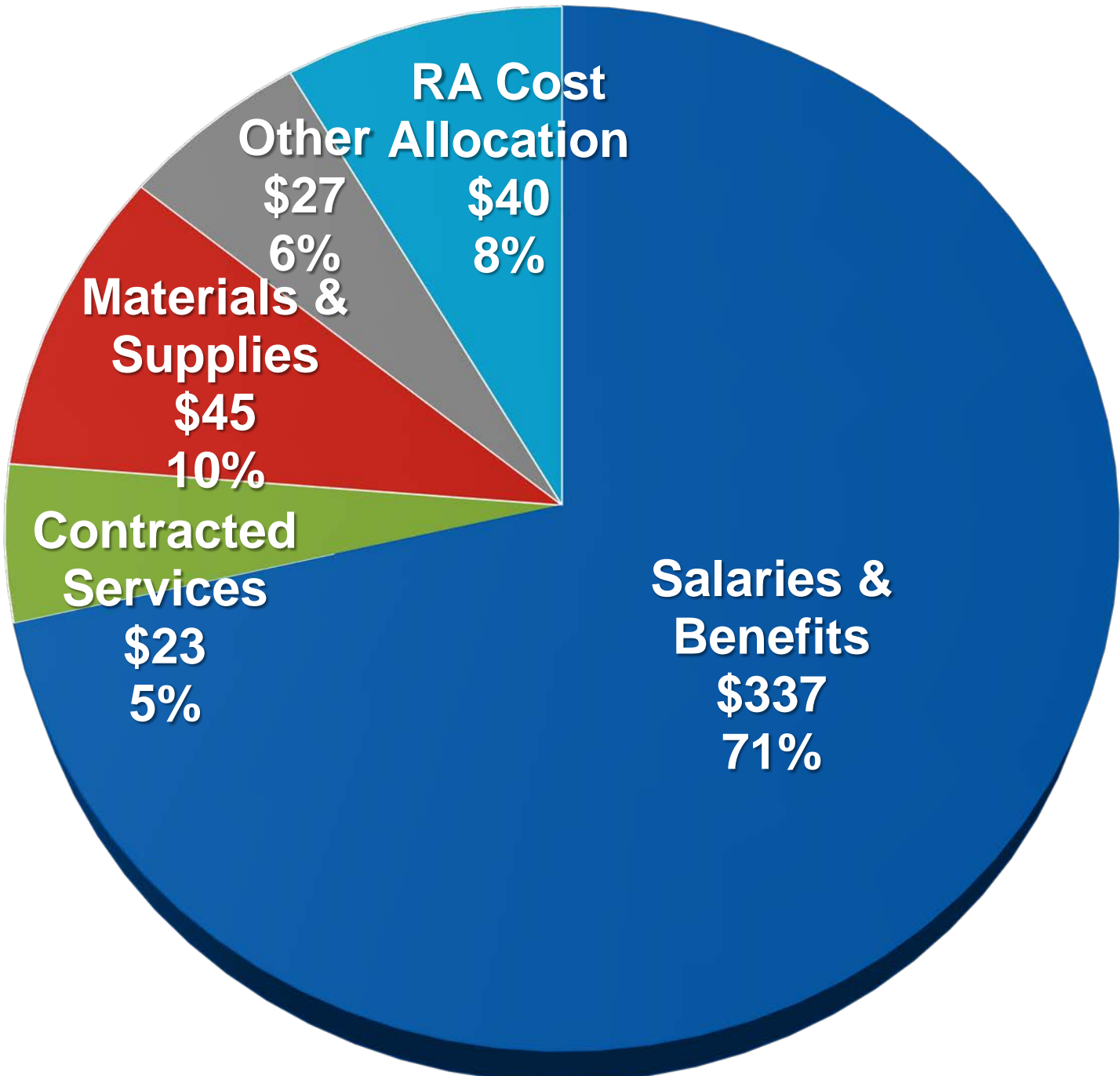


# Metro Transit Operations - \$472 M

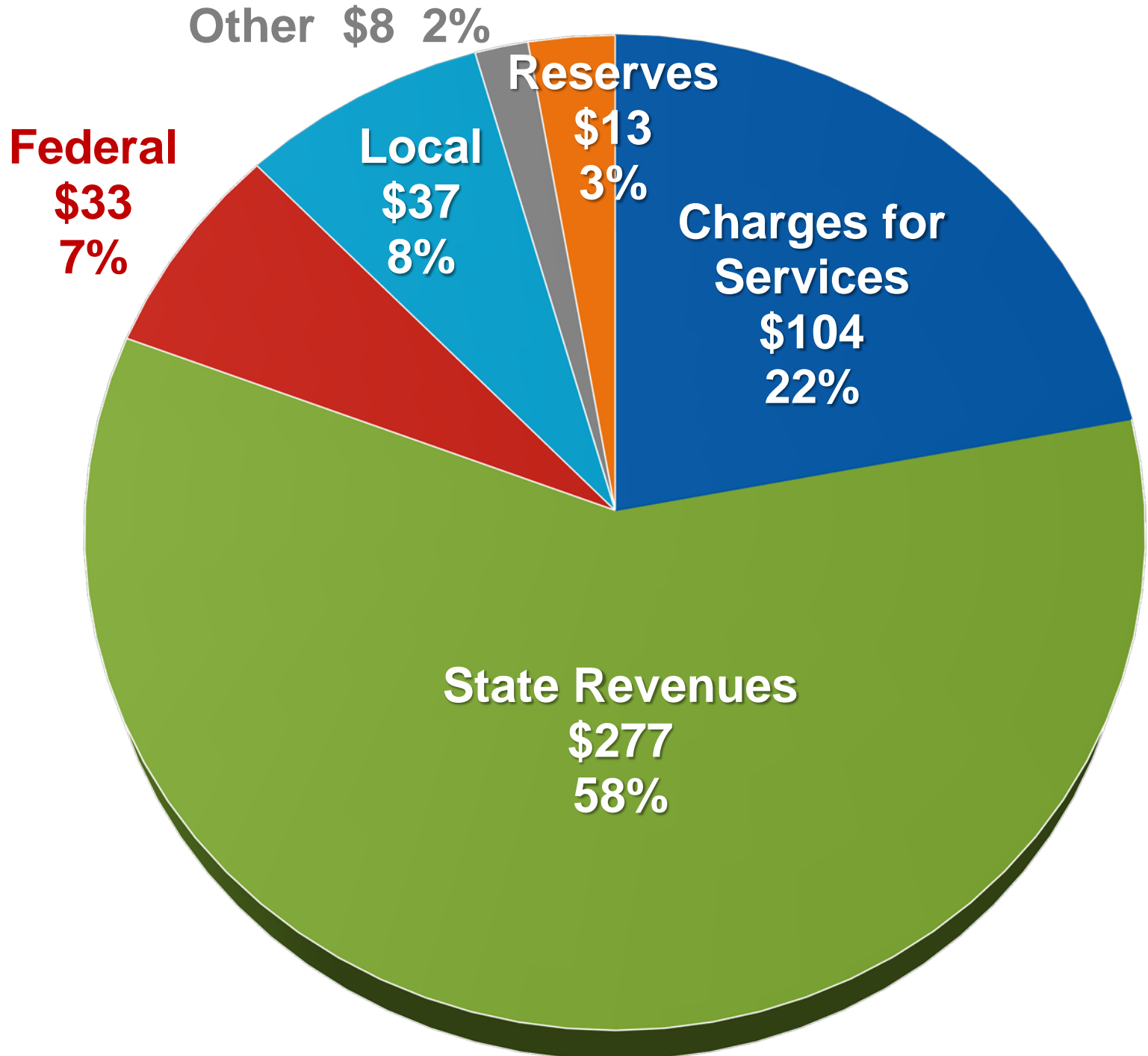
Uses by Department



Uses by Category

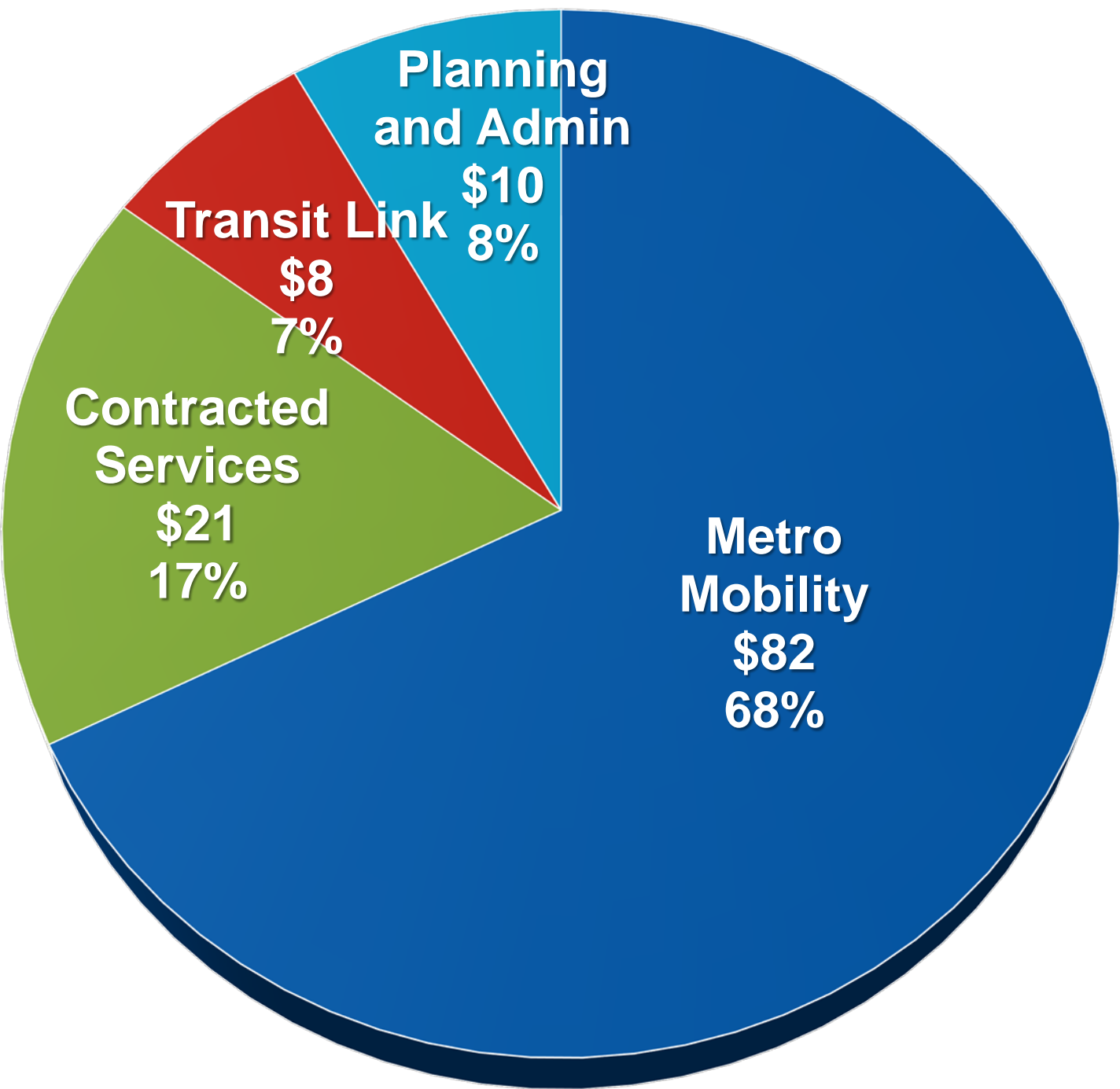


Sources

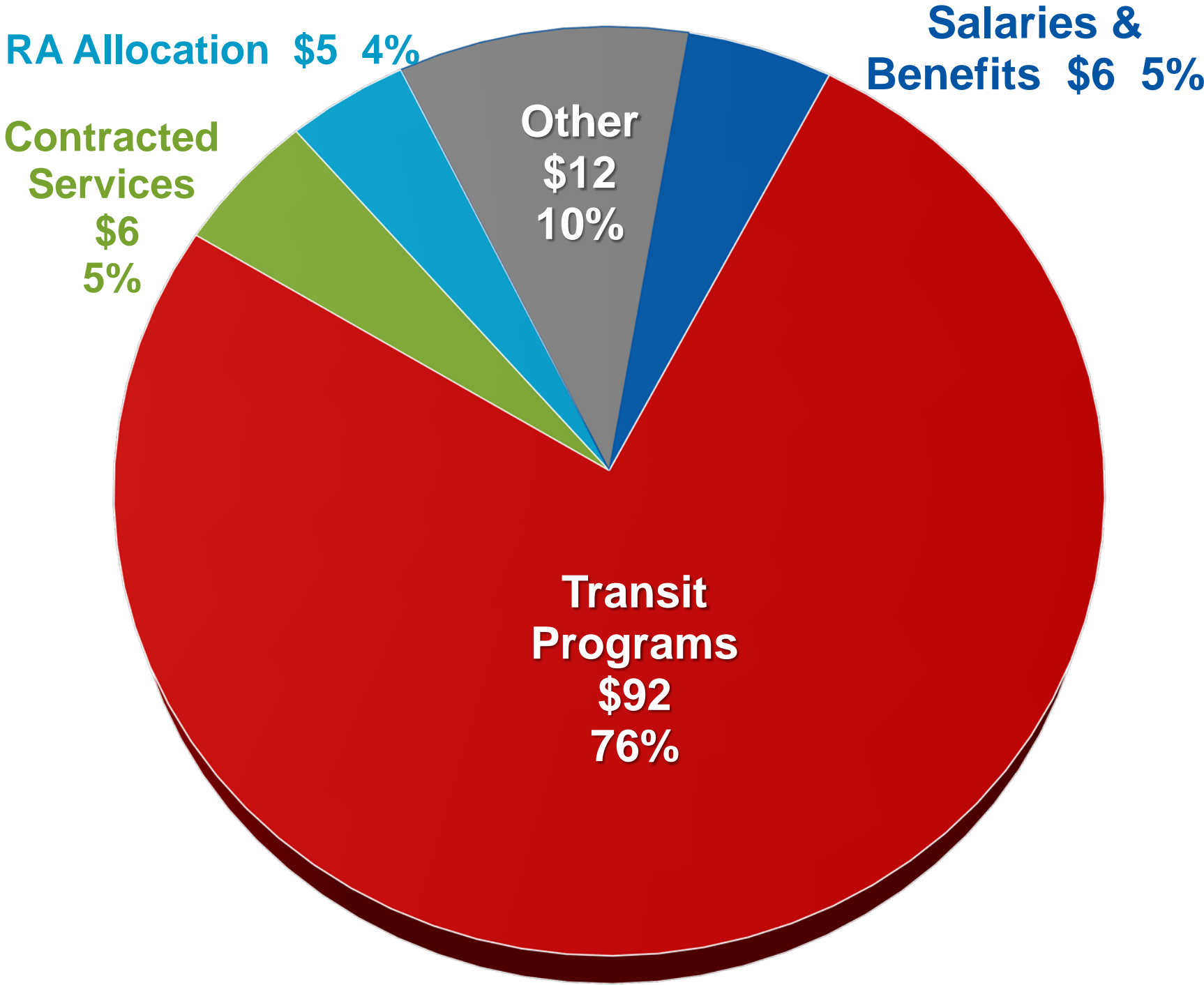


# Metropolitan Transportation Services Operations - \$121 M

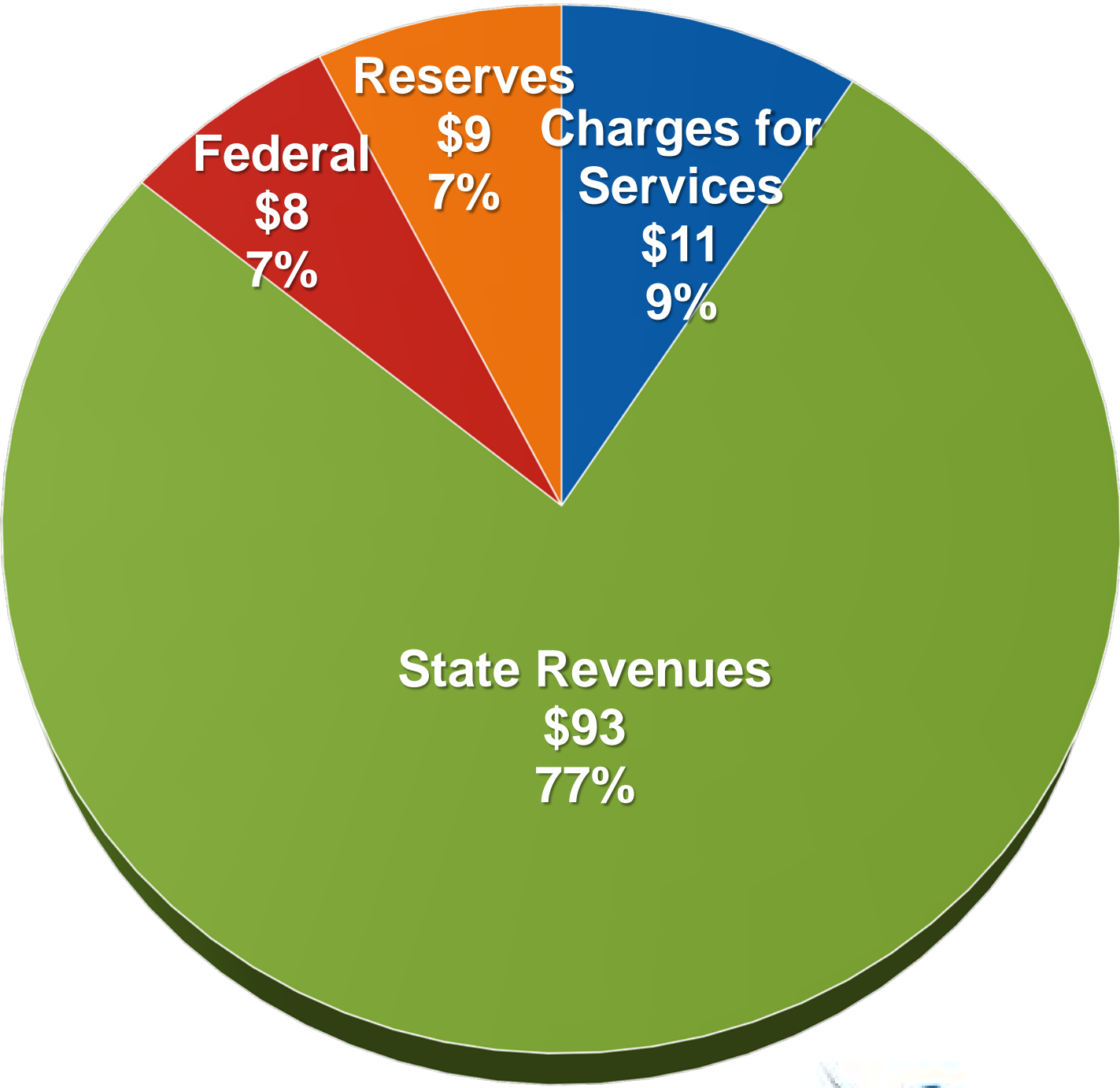
Uses by Department



Uses by Category



Sources





# Structural & Financial Position

State Fiscal Years

<b>2019 Preliminary Budget</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Structural Position</b>	(37)	(47)	(51)	(67)	(77)	(87)
Non-Base State Appropriation	30	40	-	-	-	-
Available Reserves	7	7	51	6	-	-
<b>Financial Position</b>	-	-	-	(61)	(77)	(87)



# Environmental Services



METROPOLITAN  
COUNCIL

# Advancing Thrive 2010-2018 Highlights

Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability



# 2016 Utility of the Future Today

- Awarded by National Association of Clean Water Agencies (NACWA)





# Engaging Communities to Build a Collaborative Water Supply Plan

- Working towards implementation of the 2015 Master Water Supply Plan, developed with input from 250+ people from 75+ communities.





# Wastewater Reuse Task Force & Policy Amendment Paved Way for Reuse Project Success



**APRIL-NOV. 2017**  
Wastewater Reuse  
Policy Task Force

**FEB./MAR.  
2018**  
Public  
Workshops

**APRIL  
2018**  
Public  
Hearing

**MAY 2018**  
WRPP  
Amended





# Proposed Southeast Metro Water Reclamation Facility

- Major step for Council's Wastewater Reuse Program



# Green Infrastructure at Empire Attracting Visitors to the Area





# Water Reuse at CHS Field

- Joint effort with City of Saint Paul, the Saints, & the Capitol Region Watershed District
- Won 2015 Freshwater Society's Clean Water Champion Award; 2016 Sustainable Saint Paul Water Conservation Award





# UMN Department of Public Health “Partner of the Year” Award



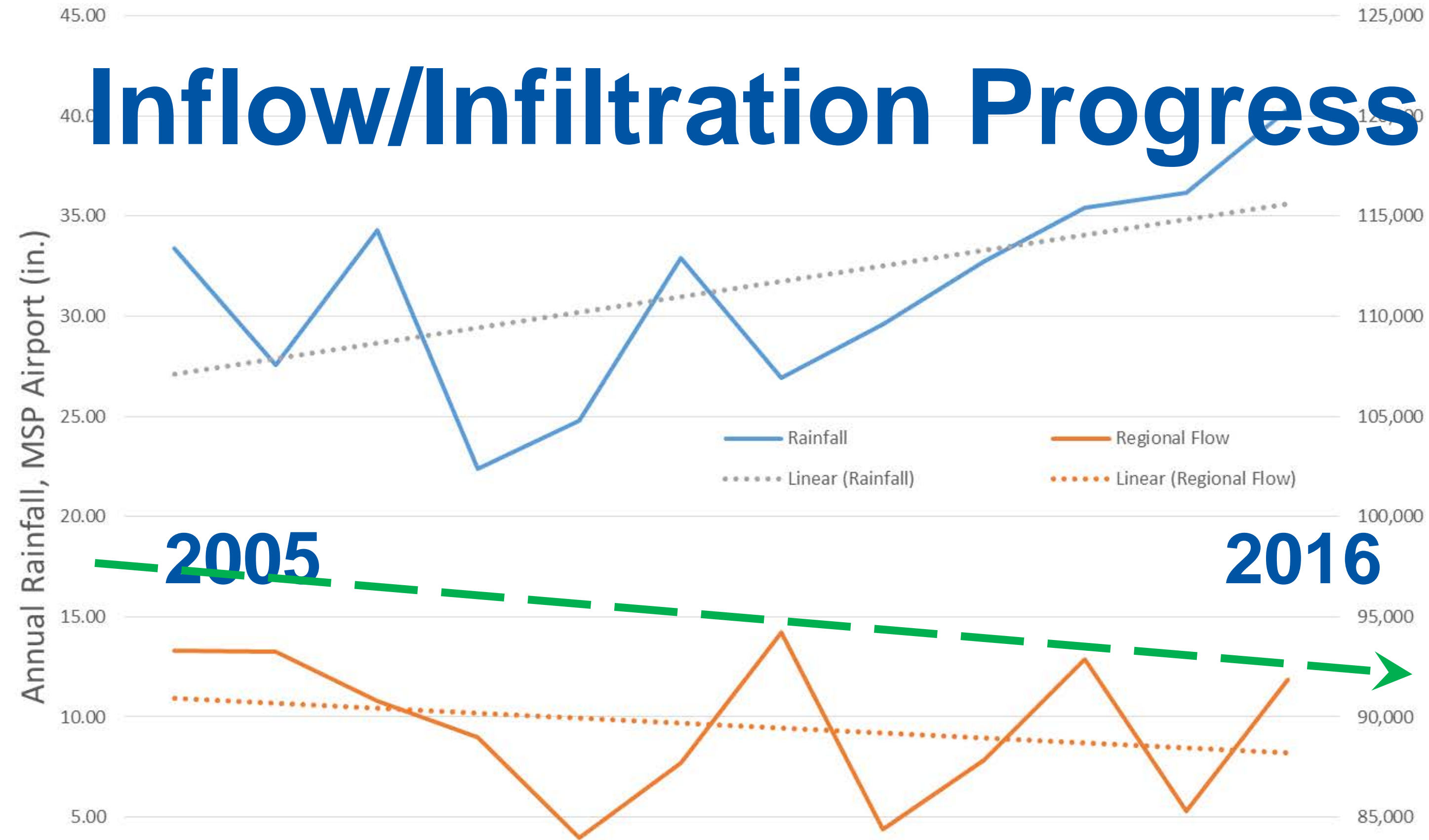


# 2017 Environmental Initiative Awards: Community Action





# Inflow/Infiltration Progress

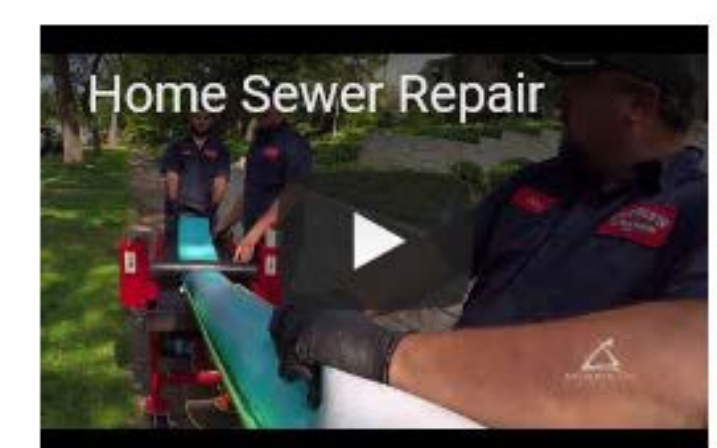


## TOOLS FOR PROPERTY OWNERS

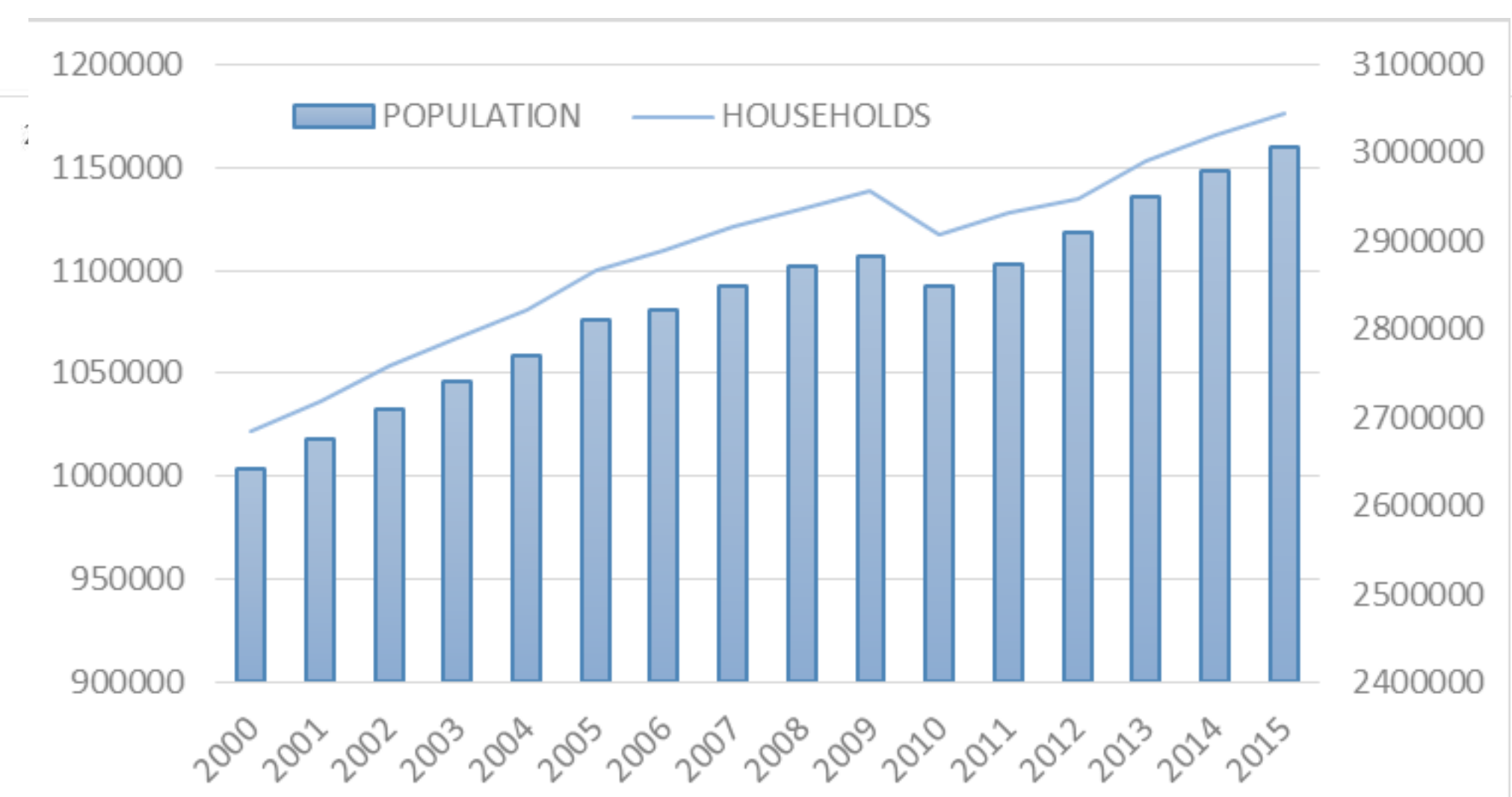


Don't let clear water into the wastewater system. It costs you in many ways:

- Causes sewer backups into homes
- Causes sewer overflows into rivers and lakes
- Increases sewers and utility fees
- Increases the need for larger and more expensive sewer pipes and treatment facilities



**REDUCE I/I ON YOUR PROPERTY**



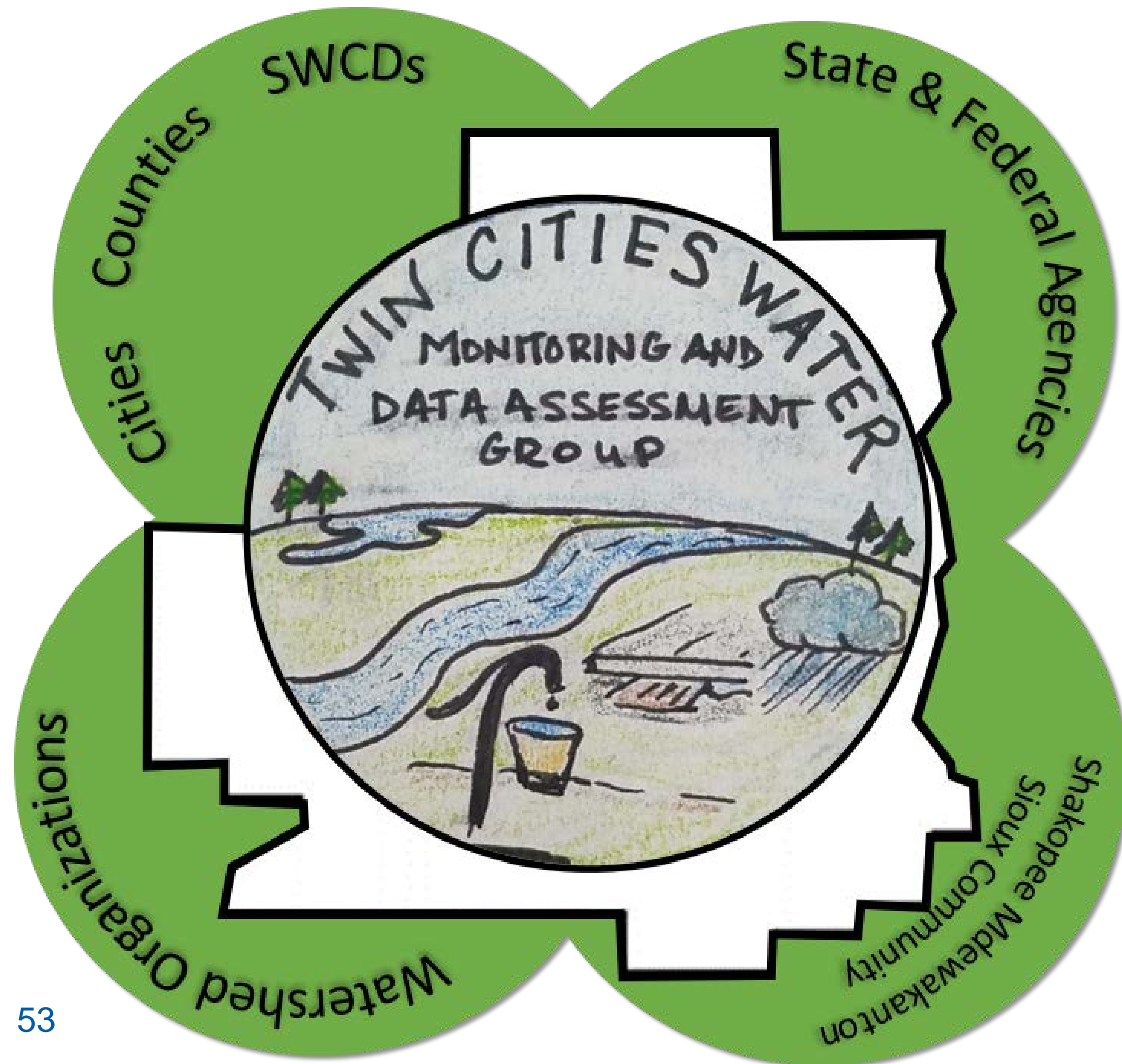


# Capital Improvement in the Region





# Twin Cities Water Monitoring & Data Assessment Group





# One Water Summit

- Hosted the 2018 US Water Alliance One Water Summit in the Twin Cities, with over 900 attendees from across the US and Canada





# Platinum Peak Performance Award



**NACWA**  
A Clear Commitment to America's Waters



# Refreshed Customer Open House

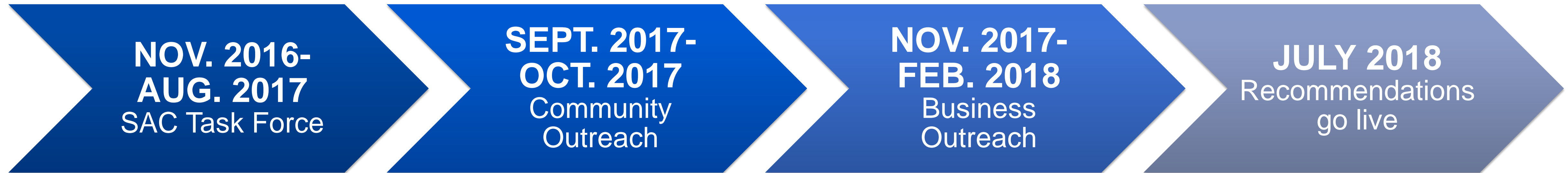
- Held 2 Open Houses in Eagan and Minnetonka with 40 representatives from 33 communities using a new open house format





# 2016-2017 SAC Task Force

- Comprised of 14 representatives from customer communities and businesses, including Metro Cities



- Community Outreach
  - “This will really simplify the process.”
  - “This will be easier for staff and businesses to understand.”
- Business Outreach
  - “I did not expect such a major change!”
  - “It’s great you are working with customers to improve the process.”
  - “I’m impressed [the outreach] was done as well as it was.”



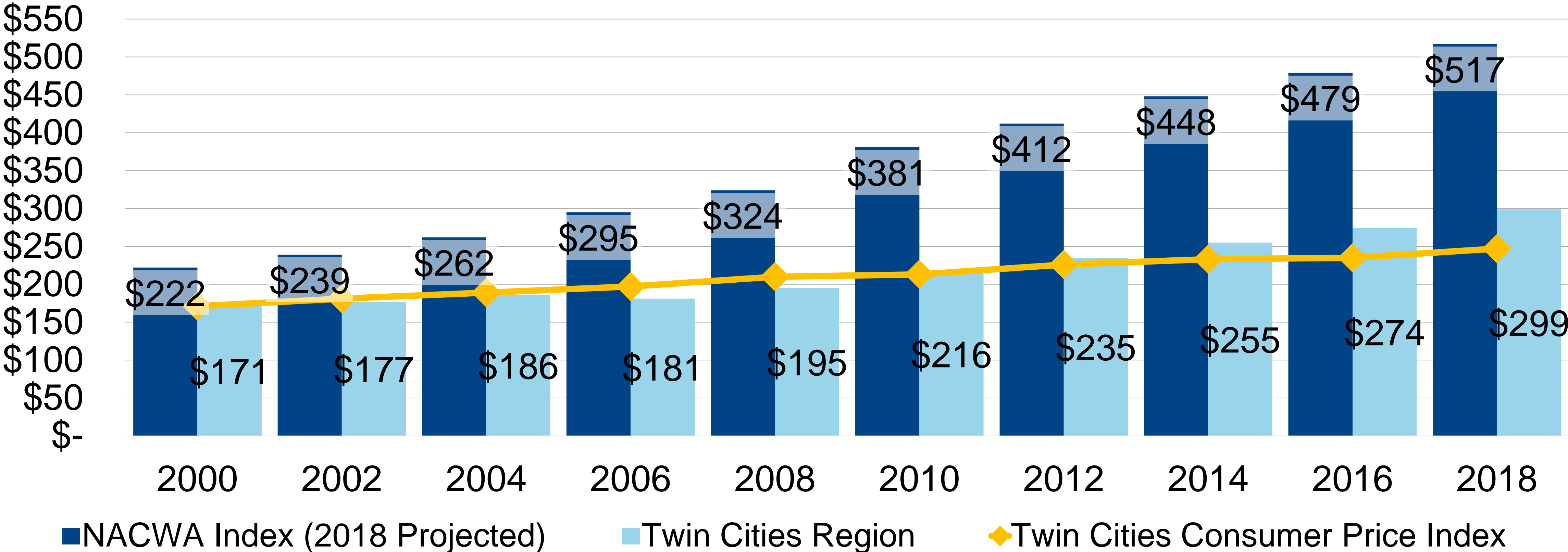
# Operating Budget Highlights

- **Municipal Wastewater Charge: +3.5%**
  - 2019 = \$227.4M (\$7.7M higher than 2018)
  - \$5 increase per REC (residential equivalent connection)
- **Sewer Access Charge: No Change**
  - \$2,485 per SAC (flat since 2014)
  - Total FY19 transfer = \$44.3M
- **Industrial Waste Strength Charge: +3.4%**
- **Industrial Waste Permit Fees: +3.5%**



# Annual Retail Sewer Charge per Household

Average Annual Service Charge per Household, 2000-2018

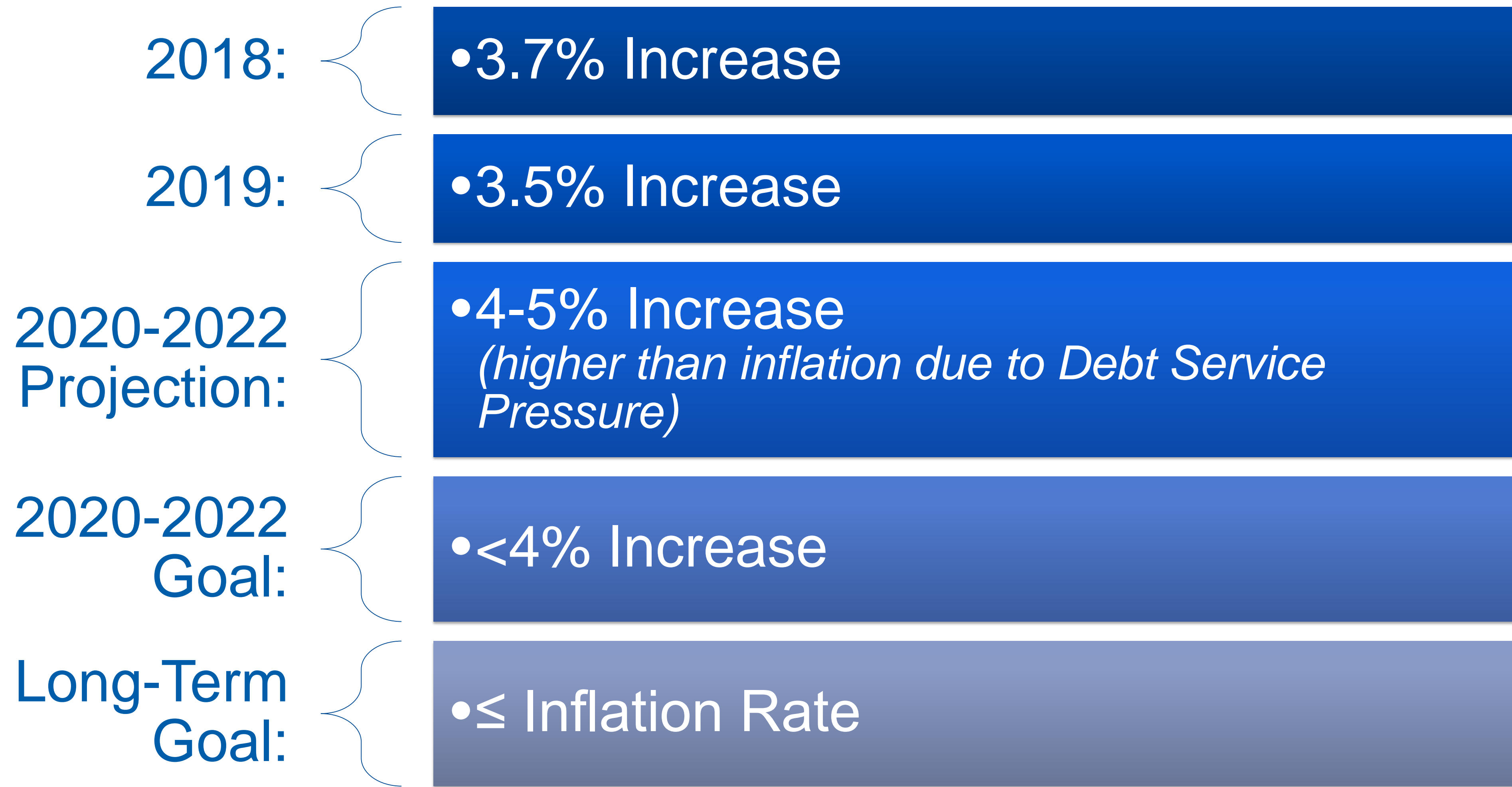


**Source:** NACWA 2017 Cost of Clean Water Index, and 2016 MCES Rate Survey\*  
 \*with 2018 rate adjusted for MCES rate increases.



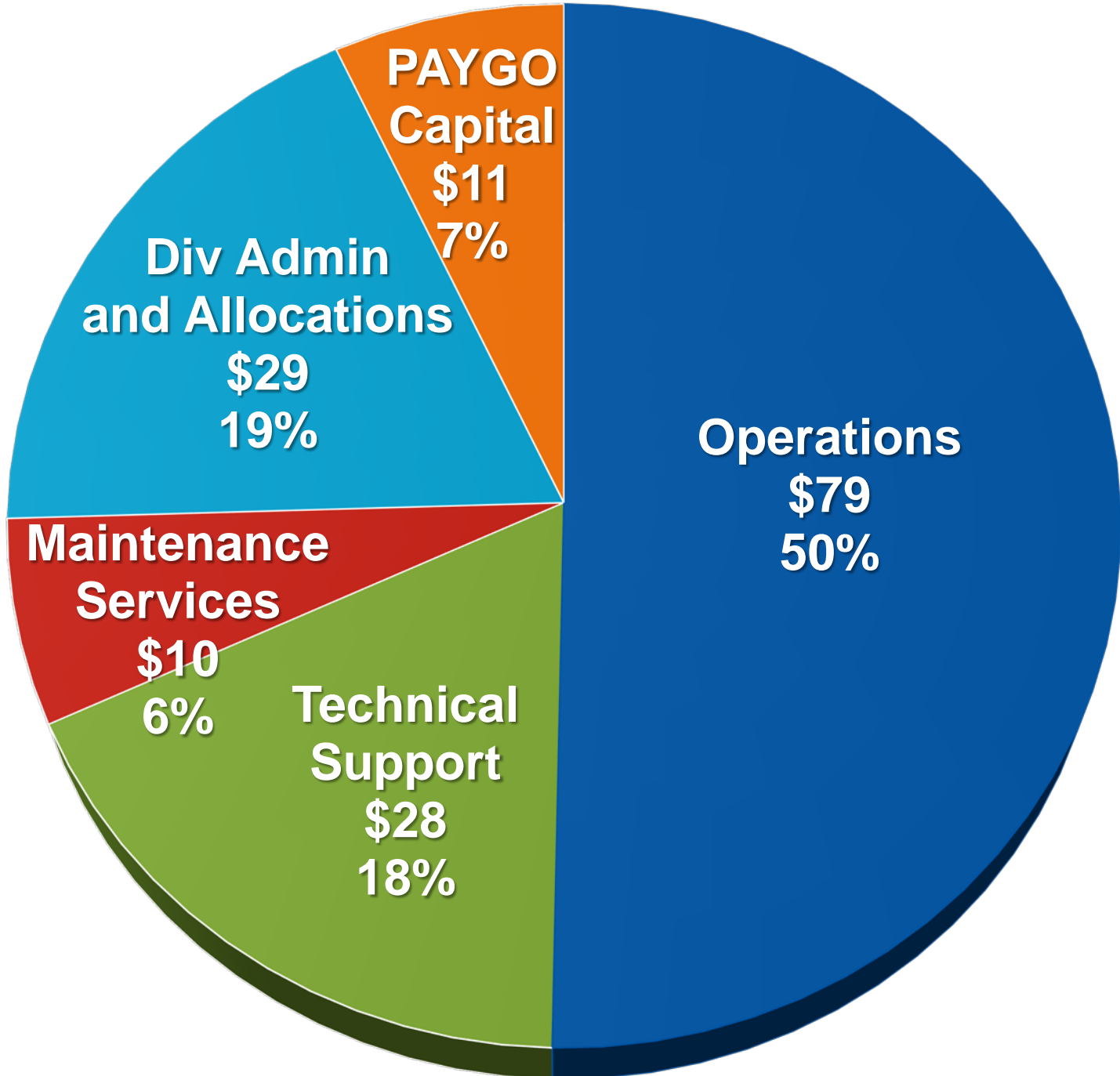


# 5 Year Municipal Wastewater Charge Projection

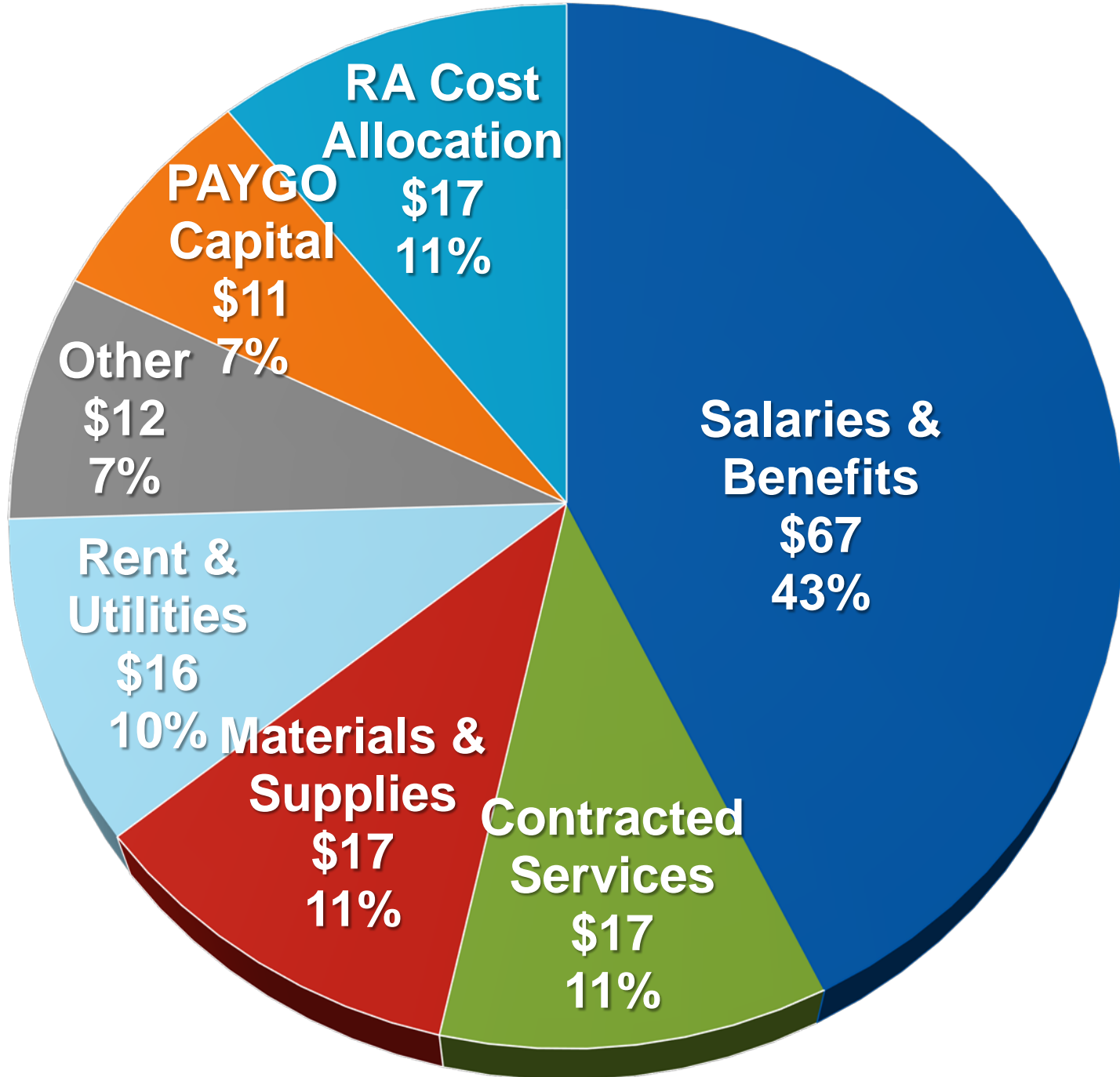


# Environmental Services Operations - \$157 M

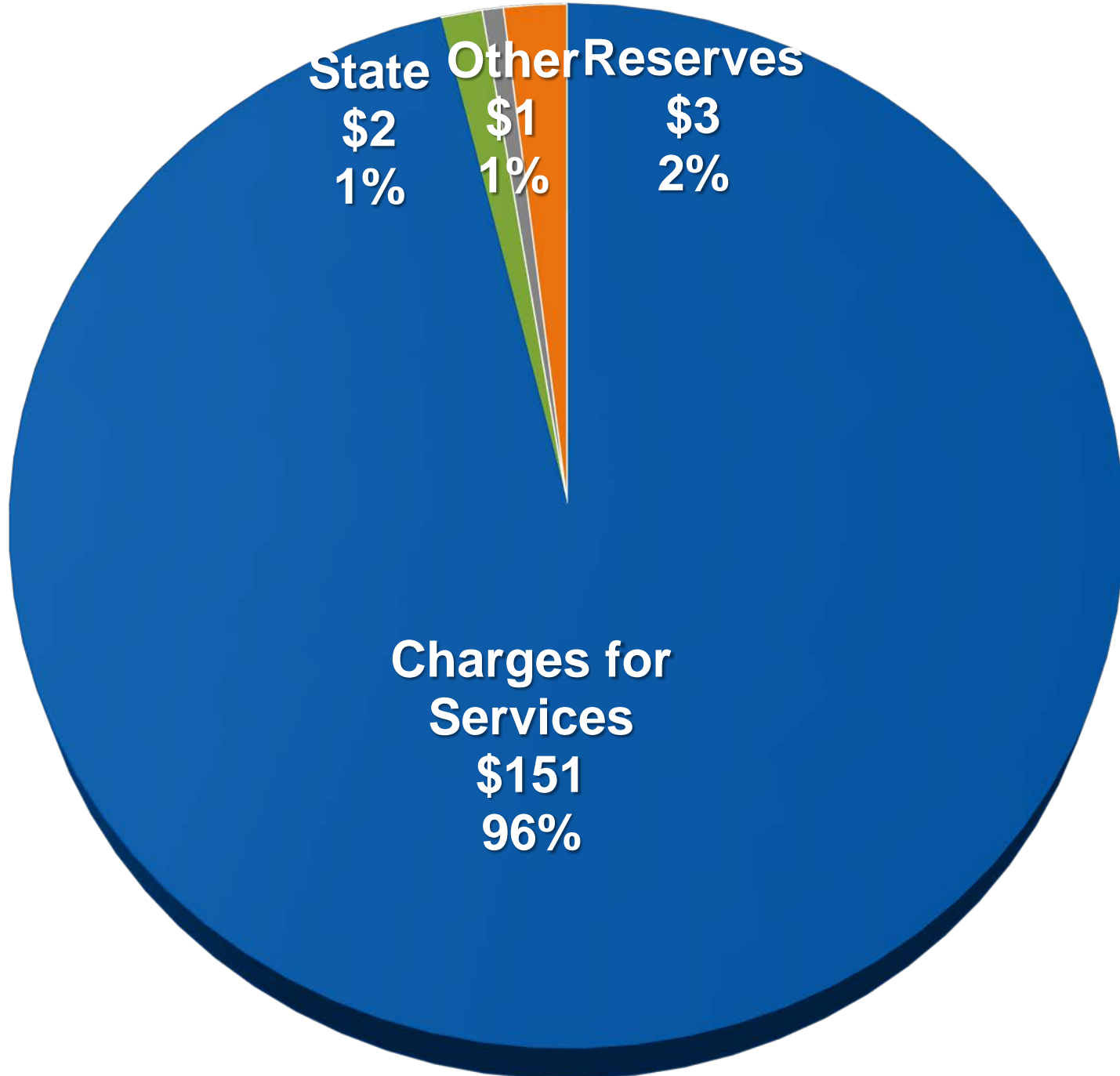
Uses by Department



Uses by Category



Sources

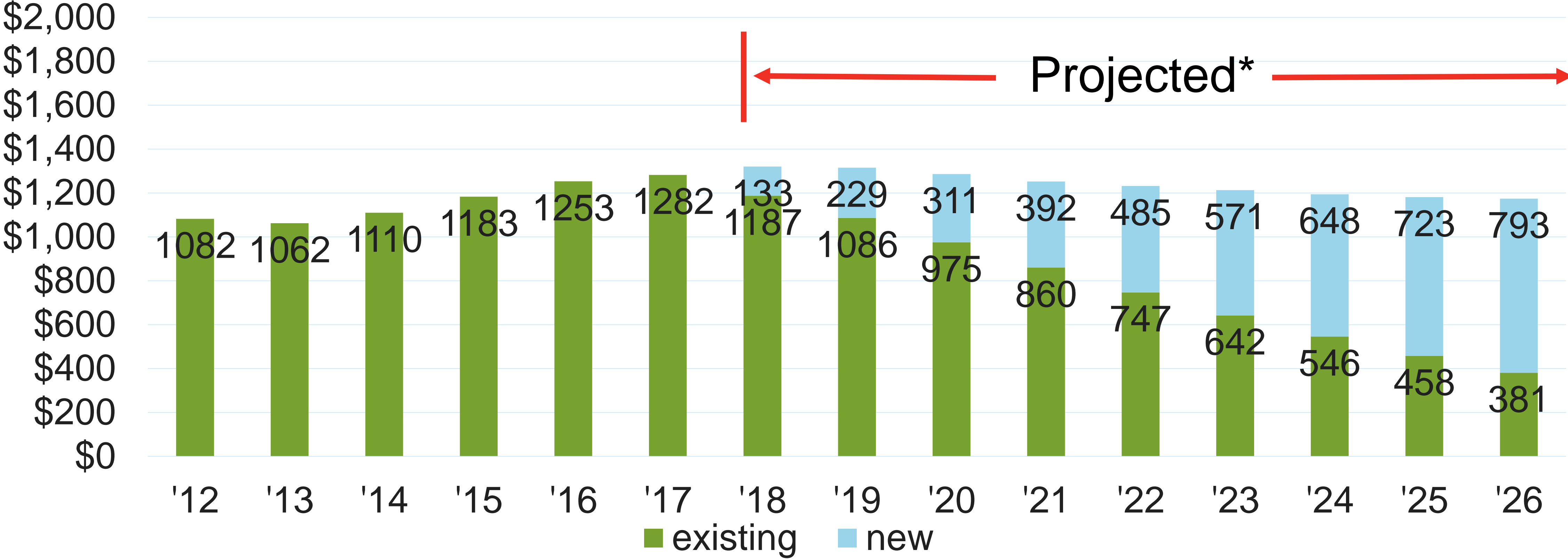


*\*2019 Municipal Wastewater Charges are \$227.4, which includes debt service.*





# Wastewater Outstanding Debt (\$M)

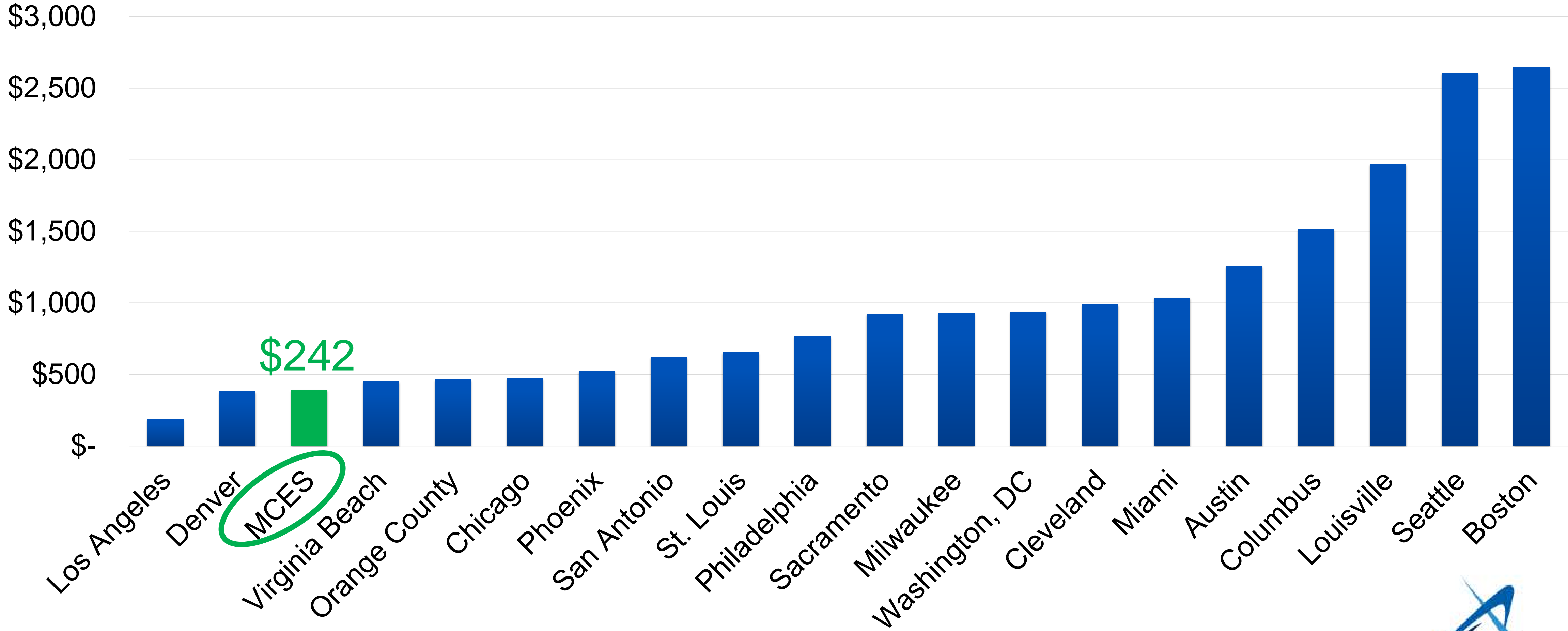


	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total (in millions)	\$1,320	\$1,315	\$1,286	\$1,252	\$1,232	\$1,213	\$1,194	\$1,181	\$1,174



# Peer Agencies

## Debt per Capita



*\*2013 data (per 2014 NACWA survey, next update 2018)*





# Budget Development Timeline

- Jul-Aug Committee - Division Level Budget Presentations
- Jul 25 Council - Adopt Wastewater Rates
- Aug 8 Council - Division Level Budget Presentation
- Aug 22 Council - Adopt Preliminary Budget & Levies**
- Oct 12 Council - Division Level Capital Program Presentation
- Oct 24 Council - Adopt Public Comment Drafts
- Dec 12 Council - Adopt Final Budget & Levies**



# Budget - \$1.1 Billion

# Levy - \$877 Million

