

Management Committee

Meeting date: December 11, 2019

For the Metropolitan Council meeting of December 11, 2019

Subject: 2019 Budget Amendment – 4th Quarter

District(s), Member(s): All

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

Staff Prepared/Presented: Stewart McMullan, Budget Director (651-602-1374)

Division/Department: All

Proposed Action

That the Metropolitan Council authorizes the 2019 Unified Budget as indicated and in accordance with the attached tables.

Background

The third quarter unified budget amendment includes amendments to the capital program for Transportation, Environmental Services and Community Development.

These proposed first quarter amendments were reviewed by the Environmental Committee on December 10, 2019 and by the Management Committee on December 11, 2019. Any issues or concerns from the Management Committee will be addressed at the Council meeting on December 11, 2019.

Operating Component of the 2019 Unified Budget

Environmental Services

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

1. 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.

2. On the Carry Forward Budget Amendment approved on February 27, 2019, the Targeted Stormwater grants, Green Infrastructure grants, Private I&I Demonstration grants and WOMP grants totaling \$2,859,000 were originally recorded under the passthrough section and should have been recorded in the operating budget. This amendment will move \$2,859,000 from Passthrough Grants and Loans to the Operating budget.

Rationale

The proposed amendment programs use available federal, state, other, and regional funds to the Unified Budget to allow the Council to carry out its work plan and its long-term capital program.

Thrive Lens Analysis

- The Transportation Division amendments support the Stewardship and Prosperity outcomes by demonstrating a commitment to asset preservation, assessing future needs and through strategic investment in regional infrastructure
- The Environmental Services Division amendments demonstrates commitment toward asset preservation and supports the Thrive outcomes of stewardship by assessing the future needs, responsible planning and management of resources for Environmental Services, and of Sustainability for preserving existing regional wastewater infrastructure investments and extending their useful life.
- The Community Development Division Livable Communities amendments support the Equity outcome by investing in a mix of housing affordability and producing or preserving more affordable housing along transit corridors.
- The Community Development Division Parks amendments address the Livability outcome by providing access to natural resources for healthy exercise.

Funding

Funding for the capital program amendments come from new federal, local funding and from available uncommitted regional bond authorizations.

The following table summarizes the regional transit bonding authority committed to authorized projects. The remaining authority will be committed to planned projects in future amendments.

Fiscal Impact

The capital budget has no impact on regional taxpayers.

Known Support / Opposition

None

Attachments

Table 2: Operations Passthrough and Debt Service Summary – Amended December 11, 2019

Table 3: Summary Budget Operations – Amended December 11, 2019

Table 4: Passthrough Grants and Loans – Amended December 11, 2019

Table B-1: Transportation Summary Budget – Amended December 11, 2019

Environmental Services Committee Business Item – December 10, 2019



**METROPOLITAN COUNCIL
UNIFIED BUDGET
OPERATIONS, PASSTHROUGHS AND DEBT SERVICE
2017, 2018 and 2019**

TABLE 1

(\$ in 000s)

	2017 Actual	2018 Adopted	2019 Adopted	Change
<u>Revenues</u>				
Net Property Tax	83,048	85,293	86,999	2.0%
Federal Revenues	89,750	101,078	119,292	18.0%
State Revenues	383,508	406,633	399,938	-1.6%
Local Revenues	30,934	34,994	37,006	5.7%
Municipal Wastewater Charges	211,861	219,750	227,441	3.5%
Industrial Wastewater Charges	13,978	13,680	13,957	2.0%
Passenger Fares, Contract & Special Events	107,592	113,361	115,382	1.8%
Investment Earnings	10,145	2,937	3,978	35.4%
OPEB Investment Earnings	-	16,522	19,176	16.1%
Other Revenues	5,223	8,545	15,544	81.9%
Total Revenues	936,039	1,002,793	1,038,713	3.6%
<u>Other Sources</u>				
MVST Transfers In	2,407	-	21,228	-100.0%
SAC Transfers In	39,388	41,929	44,330	5.7%
Total Other Sources	41,795	41,929	65,558	56.4%
Total Revenues and Other Sources	977,834	1,044,722	1,104,271	5.7%
<u>Expenses</u>				
Salaries & Benefits	390,771	455,091	462,432	1.6%
OPEB Benefit Payments *	-	12,453	14,267	14.6%
Consulting & Contractual Services	48,031	59,098	72,466	22.6%
Materials & Supplies	19,614	38,612	39,014	1.0%
Fuel	33,346	23,658	25,676	8.5%
Chemicals	7,103	8,699	9,180	5.5%
Rent & Utilities	32,119	33,268	35,778	7.5%
Printing	600	671	611	-8.9%
Travel	1,572	1,853	1,854	0.1%
Insurance	3,562	7,677	7,912	3.1%
Transit Programs	78,398	83,420	92,424	10.8%
Operating Capital	6,360	3,187	4,515	41.7%
Governmental Grants	2,448	5,396	7,782	44.2%
Other Expenses	11,252	11,564	9,458	-18.2%
Passthrough Grants & Loans	115,137	123,742	137,205	10.9%
Debt Service Obligations	173,100	176,464	185,202	5.0%
Total Expenses	923,413	1,044,853	1,105,776	5.8%
<u>Other Uses</u>				
Transfers Out/Other Uses	8,358	12,520	13,771	10.0%
Total Other Uses	8,358	12,520	13,771	10.0%
Total Expenses and Other Uses	931,771	1,057,373	1,119,547	5.9%
Change in Fund Balance	46,063	(12,651)	(15,276)	

* OPEB payments were included in Salaries & Benefits line for 2016.



**METROPOLITAN COUNCIL
SUMMARY BUDGET
OPERATIONS, PASSTHROUGH AND DEBT SERVICE
FY19**

TABLE 2

(\$ in 000s)

	Council Operations	Passthrough Grants & Loans	Debt Service Funds	Other Post Employment Benefits (OPEB)	Total
Revenues					
Property Tax	15,329	17,032	54,638	-	86,999
Federal Revenues	57,932	61,360	-	-	119,292
State Revenues	345,235	54,703	-	-	399,938
Local Revenues	37,006	-	-	-	37,006
Municipal Wastewater Charges	137,586	-	89,855	-	227,441
Industrial Wastewater Charges	13,142	-	815	-	13,957
Passenger Fares, Contract & Special Events	115,382	-	-	-	115,382
Investment Earnings	2,927	775	276	19,176	23,154
Other Revenues	11,544	-	4,000	-	15,544
Total Revenues	736,083	133,870	149,584	19,176	1,038,713
Other Sources					
MVST Transfers In	21,228	-	-	-	21,228
SAC Transfers In	-	-	44,330	-	44,330
Total Other Sources	21,228	-	44,330	-	65,558
Total Revenues and Other Sources	757,311	133,870	193,914	19,176	1,104,271
Expenses					
Salaries & Benefits	462,432	-	-	-	462,432
OPEB Benefit Payments	-	-	-	14,267	14,267
Consulting & Contractual Services	72,466	-	-	-	72,466
Materials & Supplies	39,014	-	-	-	39,014
Fuel	25,676	-	-	-	25,676
Chemicals	9,180	-	-	-	9,180
Rent & Utilities	35,778	-	-	-	35,778
Printing	611	-	-	-	611
Travel	1,854	-	-	-	1,854
Insurance	7,912	-	-	-	7,912
Transit Programs	92,424	-	-	-	92,424
Operating Capital	4,515	-	-	-	4,515
Governmental Grants	7,782	-	-	-	7,782
Other Expenses	9,458	-	-	-	9,458
Passthrough Grants & Loans	-	137,205	-	-	137,205
Debt Service Obligations	-	-	185,202	-	185,202
Total Expenses	769,102	137,205	185,202	14,267	1,105,776
Other Uses					
Net Interbudget Transfers	3,000	(3,000)	-	-	-
Transfer to Capital	13,771	-	-	-	13,771
Total Other Uses	16,771	(3,000)	-	-	13,771
Total Expenses and Other Uses	785,873	134,205	185,202	14,267	1,119,547
Change in Fund Balance	(28,562)	(335)	8,712	4,909	(15,276)



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				
Revenues:																	
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	353,321	-	355,235
Local Revenues	-	-	-	-	-	-	-	109	109	26,565	10,332	36,897	37,006	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	-	113,532
Contract & Special Event Revenues	-	-	-	-	-	-	-	-	-	1,400	450	-	1,850	1,850	1,850	-	1,850
Investment Earnings	550	-	550	50	900	-	-	-	-	750	677	-	1,427	1,427	1,427	-	2,927
Other Revenues	308	-	308	2,260	2,265	-	-	-	-	5,148	1,563	-	6,711	6,711	6,711	-	11,544
Total Revenues	3,429	12,758	16,187	7,523	155,659	91,034	28,850	10,200	130,084	334,169	81,906	20,555	436,630	566,714	566,714	746,083	
Expenses:																	
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	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	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	29,532	-	39,014
Fuel	-	-	-	-	258	9,569	221	-	9,790	14,440	14	1,174	15,628	25,418	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	12,111	-	35,778
Printing	63	30	93	7	39	36	13	21	70	402	-	-	402	472	472	-	611
Travel	553	94	647	40	526	30	9	45	84	492	38	27	557	641	641	-	1,854
Insurance	48	-	48	100	1,150	-	-	-	-	2,767	1,436	2,411	6,614	6,614	6,614	-	7,912
Transit Programs	-	-	-	-	-	66,634	25,790	-	92,424	-	-	-	-	92,424	92,424	-	92,424
Operating Capital	507	75	582	43	3,684	130	39	37	206	-	-	-	-	206	206	-	4,515
Governmental Grants	-	1,400	1,400	-	3,435	-	210	106	316	2,631	-	-	2,631	2,947	2,947	-	7,782
Other Expenses	540	301	841	691	2,840	82	66	72	220	4,128	656	82	4,866	5,086	5,086	-	9,458
Total Expenses	67,200	8,634	75,834	7,172	138,014	80,143	28,144	8,474	116,761	349,893	62,640	18,788	431,321	548,082	548,082	769,102	
Other Sources and (Uses):																	
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)	(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	-	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	-	-	-	-	-	-	-	-	-	-	-	-
Net Other Sources and (Uses)	62,241	(6,664)	55,577	(170)	(26,995)	(2,176)	(706)	(1,726)	(4,608)	2,044	(19,415)	(1,976)	(19,347)	(23,955)	(23,955)	4,457	
Change in Fund Balance	(1,530)	(2,540)	(4,070)	181	(9,350)	8,715	-	-	8,715	(13,680)	(149)	(209)	(14,038)	(5,323)	(5,323)	(18,562)	

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	



METROPOLITAN COUNCIL SUMMARY BUDGET PASSTHROUGH GRANTS AND LOANS FY19

Table 4

(\$ in 000s)

	Metro HRA	Parks O & M	Planning Assistance	Livable Communities	Suburban Transit Providers	MCES Grants	Memo Total
Revenues:							
Property Tax	-	-	-	17,032	-	-	17,032
Federal Revenues	61,000	-	-	-	360	-	61,360
State Revenues	1,875	8,540	-	-	35,024	8,739	54,178
Investment Earnings	-	-	15	760	525	-	1,300
Other Revenue	-	-	-	-	-	-	-
Total Revenues	62,875	8,540	15	17,792	35,909	8,739	133,870
Expenses:							
Passthrough Grants & Loans	64,925	8,540	300	18,792	35,909	8,739	137,205
Total Expenses	64,925	8,540	300	18,792	35,909	8,739	137,205
Other Sources and (Uses):							
Transfers From Other Funds	2,000	-	-	1,000	-	-	3,000
Transfers To Other Funds	-	-	-	-	-	-	-
Transfer From Operations	2,000	-	-	1,000	-	-	3,000
Net Other Sources and (Uses)	2,000	-	-	1,000	-	-	3,000
Change in Fund Balance	(50)	-	(285)	-	-	-	(335)

3rd Qrt Budget Amendment
Correction of Carry forward Amendment



**METROPOLITAN COUNCIL
SUMMARY BUDGET
ENVIRONMENTAL SERVICES DIVISION
FY19**

Table B-1

	Operations	Support Services	Maintenance Services	Technical Services	EQA	GM Office	ES Wide	Total Operating	Debt Service	Passthrough Grants	Memo Total
Revenues:											
Net Property Tax	-	-	-	-	-	-	-	-	-	-	-
State Revenues	-	-	-	-	1,766	-	-	1,766	-	8,739	10,505
Municipal Wastewater Charges	-	-	-	-	-	-	137,586	137,586	89,855	-	227,441
Industrial Wastewater Charges	-	-	-	-	-	-	13,142	13,142	815	-	13,957
Sewer Availability Charges	-	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	900	900	-	-	900
Other Revenues	29	275	25	-	98	99	1,739	2,265	4,000	-	6,265
Total Revenues	29	275	25	-	1,864	99	153,367	155,659	94,670	8,739	259,068
Expenses:											
Salaries & Benefits	39,599	12,488	6,418	4,244	4,885	2,348	(2,155)	67,827	-	-	67,827
Consulting & Contractual Services	12,294	2,027	2,340	1,845	2,319	368	608	21,801	-	-	21,801
Materials & Supplies	5,450	1,253	543	270	263	13	1,186	8,978	-	-	8,978
Fuel	194	22	22	9	11	-	-	258	-	-	258
Chemicals	9,180	-	-	-	-	-	-	9,180	-	-	9,180
Utilities	17,514	263	148	-	12	-	359	18,296	-	-	18,296
Printing	2	2	-	6	26	3	-	39	-	-	39
Travel	77	134	37	71	151	56	-	526	-	-	526
Insurance	-	-	-	-	-	-	1,150	1,150	-	-	1,150
Operating Capital	200	122	2,485	-	-	-	877	3,684	-	-	3,684
Governmental Grants	-	-	-	500	2,935	-	-	3,435	-	-	3,435
Other Expenses	81	38	14	18	451	278	1,960	2,840	-	-	2,840
Passthrough Grants	-	-	-	-	-	-	-	-	-	8,739	8,739
Debt Service Obligations	-	-	-	-	-	-	-	-	139,000	-	139,000
Total Expenses	84,591	16,349	12,007	6,963	11,053	3,066	3,985	138,014	139,000	8,739	285,753
Other Sources and (Uses):											
Interdivisional Allocation	-	-	-	-	-	-	(16,695)	(16,695)	-	-	(16,695)
SAC Transfers In	-	-	-	-	-	-	-	-	44,330	-	44,330
Transfers From RA Operations	-	-	-	-	200	-	500	700	-	-	700
Transfers To Capital Program	-	-	-	-	-	-	(11,000)	(11,000)	-	-	(11,000)
Net Other Sources and (Uses)	-	-	-	-	200	-	(27,195)	(26,995)	44,330	-	17,335
Change in Fund Balance	(84,562)	(16,074)	(11,982)	(6,963)	(8,989)	(2,967)	122,187	(9,350)	-	-	(9,350)

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