

Council Budget Orientation

2019 Unified Budget and Levies

2019 Unified Budget - Adopted December 12, 2018



Council Budget Development

Calendar Year

Operating Budget

Operations
Pass-through
Debt Service
OPEB

Capital Program

Authorized Projects
Planned (6-year)
Annual Spending



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Council Budget Development Schedule

Mar-July

Staff/Committees - Budget Development Activities

Aug 22
(before Sept1)

Council - Adopt Preliminary Budget/Levies

Oct 12

Council - Capital Program Presentation

Oct 24

Council - Adopt Public Comment Draft Budget

Dec 12
(before Dec 20)

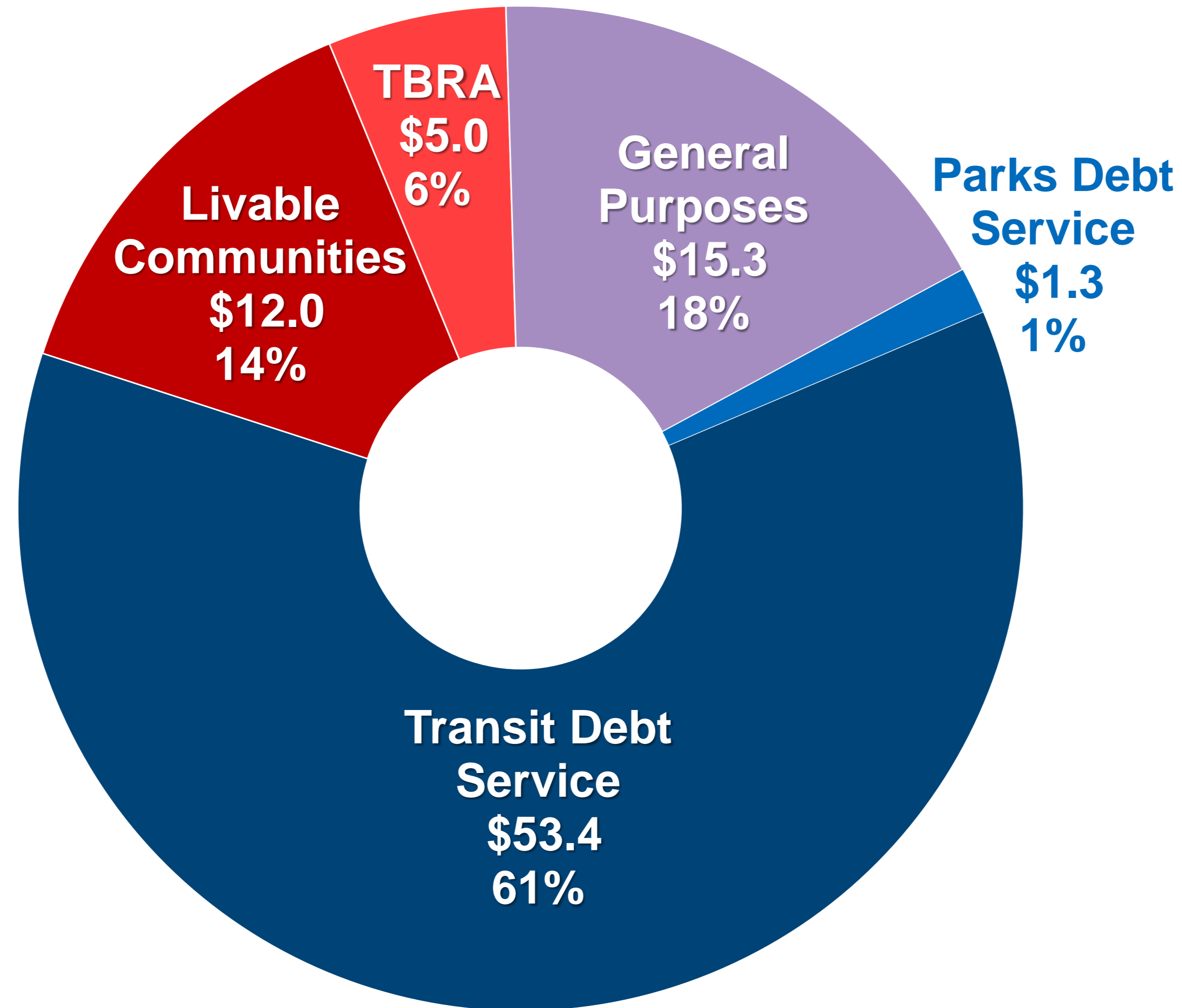
Council - Adopt Final Budget/Levies



Financial Position

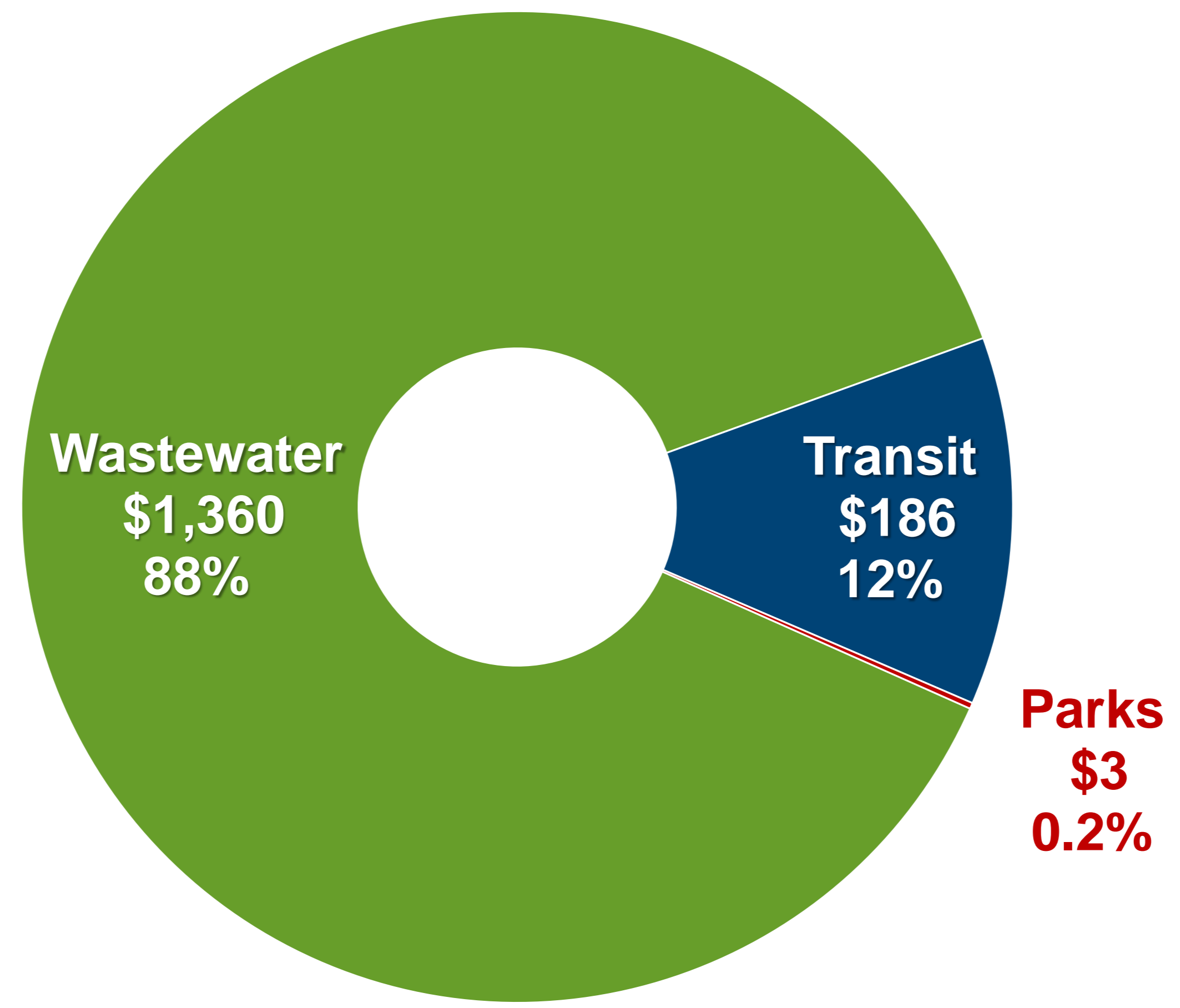
- Excellent Operating Fund Balance Position
- Tax Levies Historically Managed Below Caps
- Prudent Debt Management Program (AAA/Aaa Rating)
- Fully-funded Other Post Employment Benefits
- Self-funded Employee Health Benefits
- Risks Proactively Identified and Managed

2019 Council Property Tax Levy - \$87M



Outstanding General Obligation Debt as of December 31, 2018 - \$1.5 B

AAA/Aaa Bond Rating



Council Bonding Authority

	Current Authority	2019 Planned	Remaining Authority
Parks	\$40M Revolving	-	\$37.1M
Transit	\$138.5M	\$72.3M – 10yr \$44.7M – 20yr	\$21.5M
Wastewater	Unlimited	-	Unlimited



Authority vs Issuance Timing

Bus Purchase

Year 1

Year 2

Year 3

Bonding Authority

Authorized Capital Program

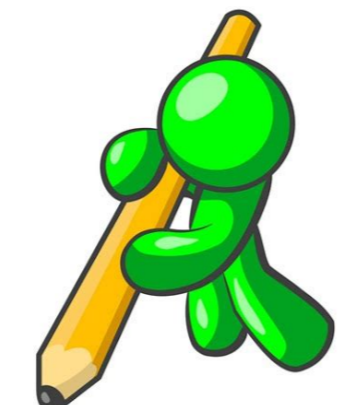
Place Order

Sell Bonds

Take Delivery

Pay Invoice

Manufacture the bus (~18 mos.)

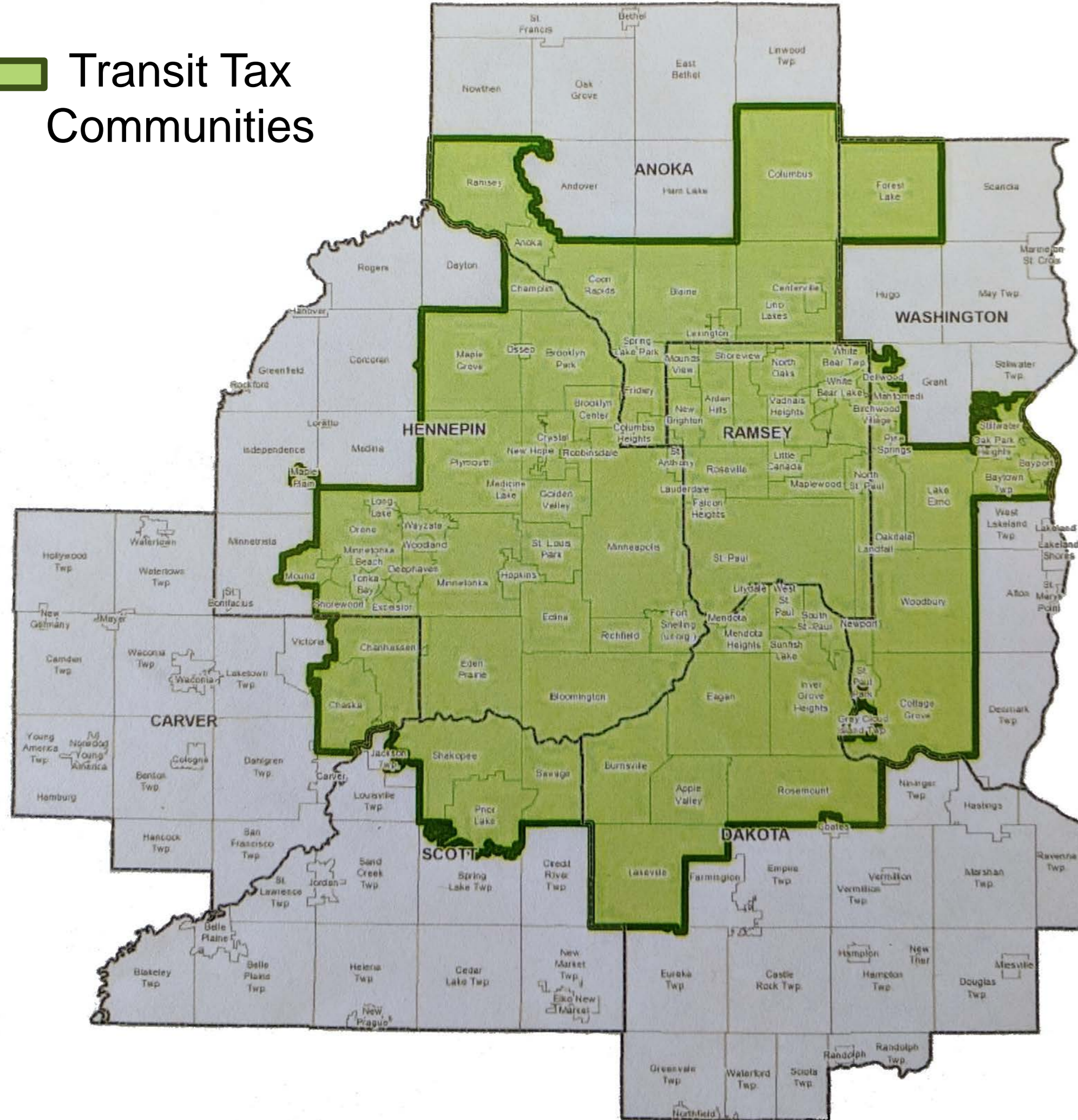


Council Levy as Percent of Metro Area



Taxpayer Impact

 Transit Tax Communities



\$250,000
Market Value

Transit Tax Communities

Inside
\$55.53

Outside
\$17.91



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

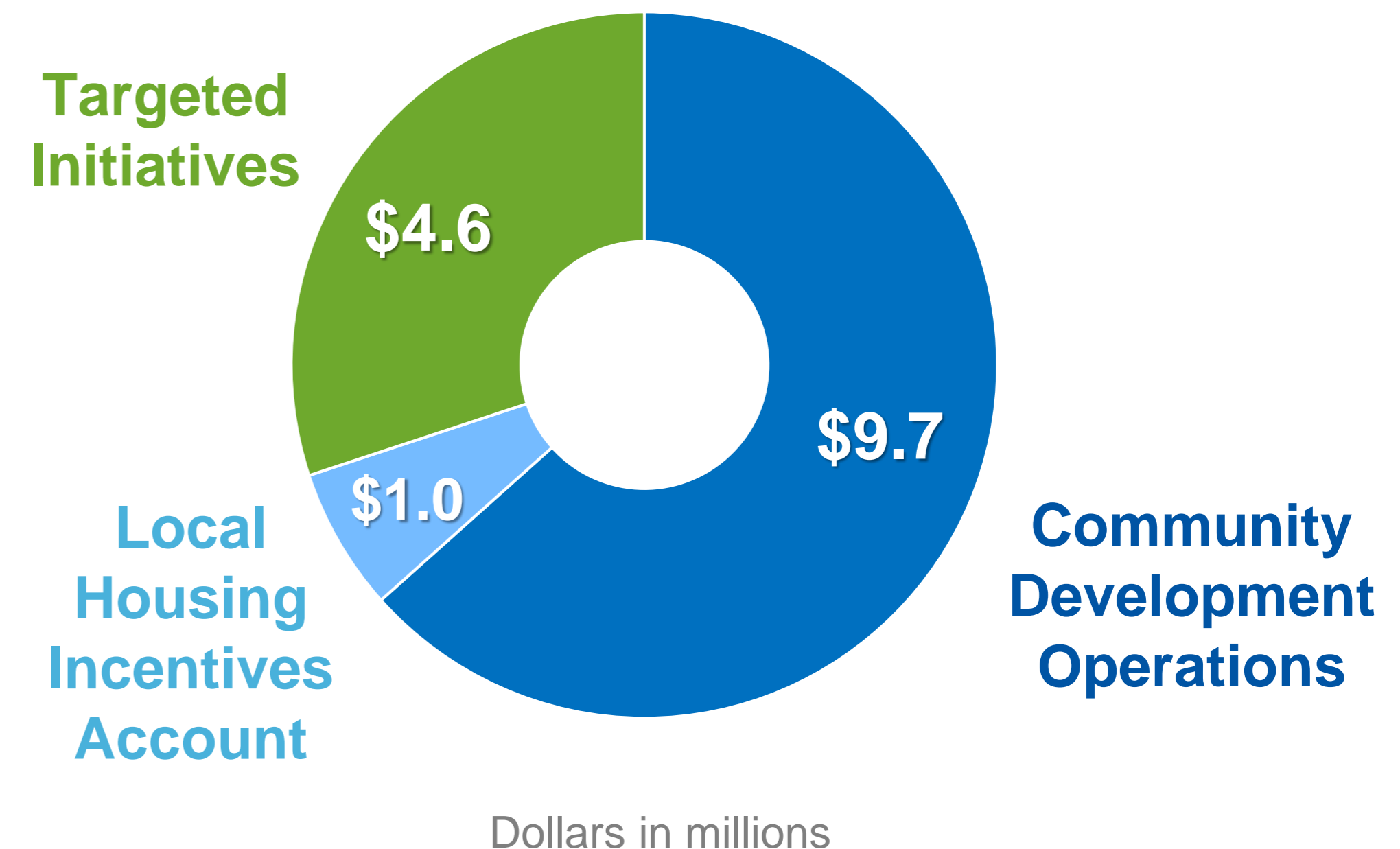
- General Inflation (avg. 2%)
 - General Purposes Levy
 - Livable Communities Demonstration Account
- Annual Transit Bonding Authority Growth (4.5%)
 - Transit Debt Service

- No Current Pressures
 - Tax Base Revitalization Account
 - Highway Right of Way
 - Parks Debt Service

} 3% Annual Growth

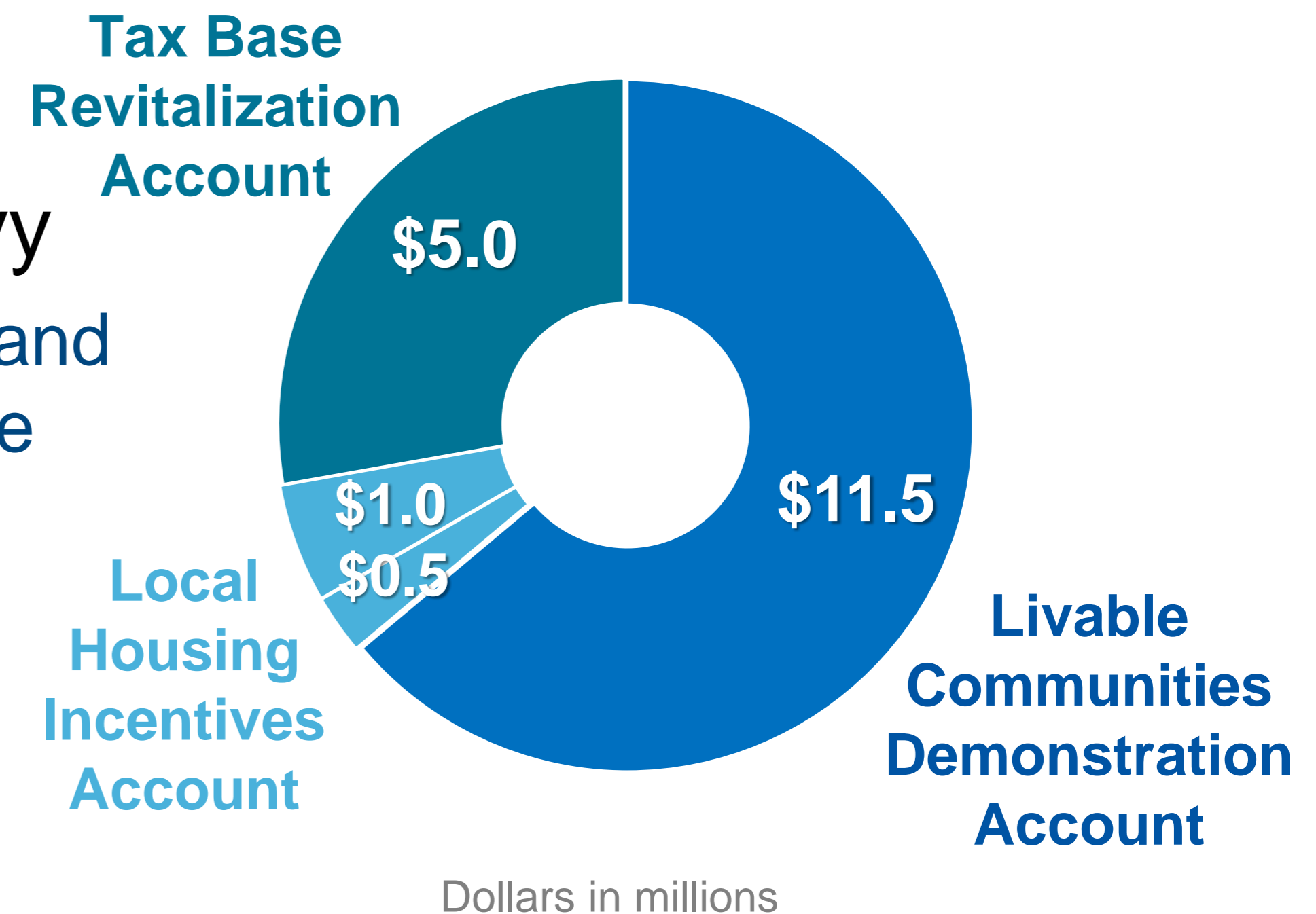
General Purposes Levy - \$15.3M

- Most Flexible Use Levy Funding
 - Carry out Council responsibilities as provided in law
 - Limitation: Capped by implicit price deflator
- Primary Uses
 - Community Development Administration
 - Statutory Transfer to Local Housing Incentive Account (\$1M)
- Targeted Initiatives (one-time or bridge funding)
 - ADA Compliance
 - HRA – preserve housing vouchers
 - MCES – storm water management grants
 - RA – plaza repairs, CRM pilot



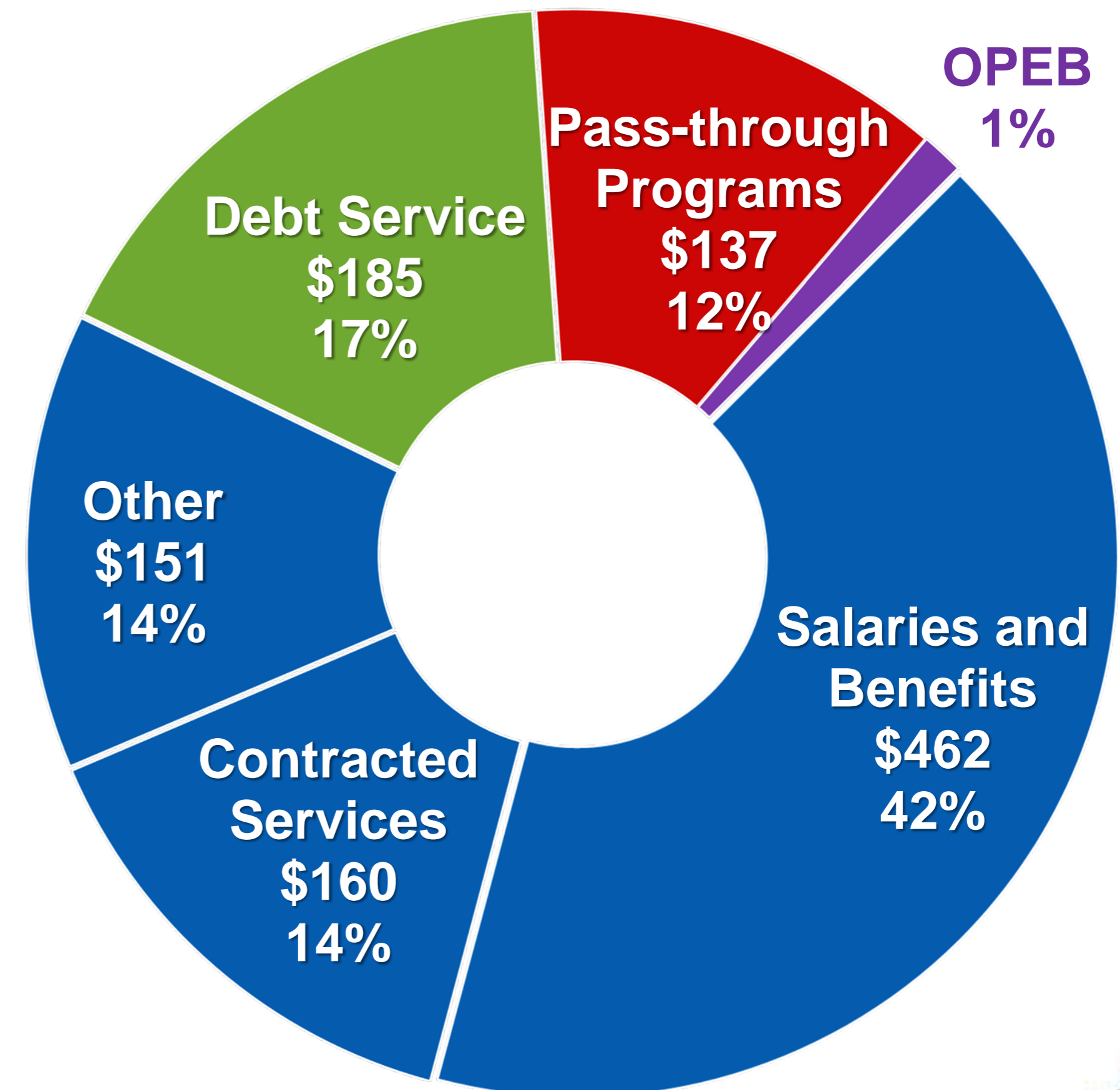
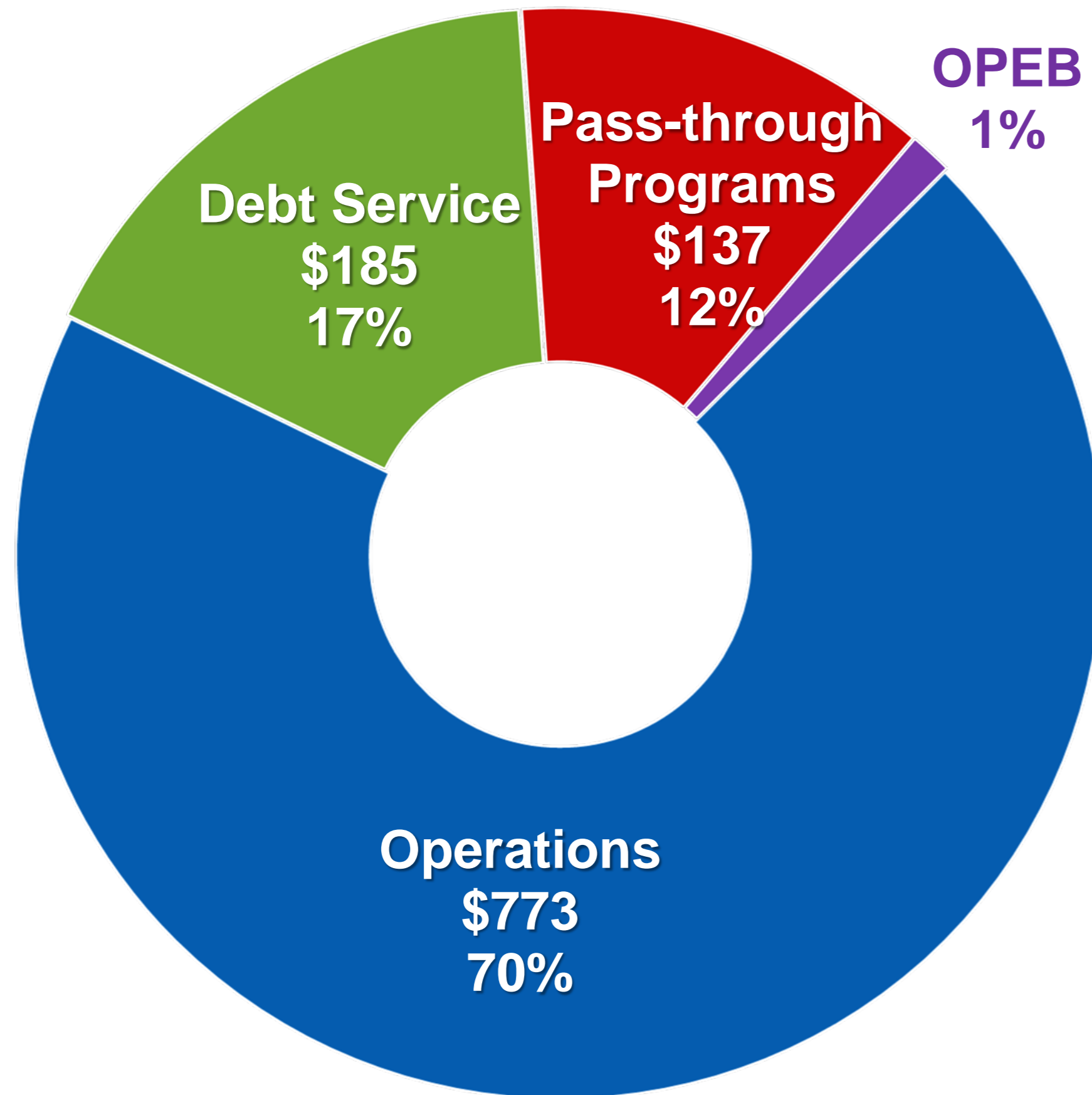
Livable Communities Levies (Grant Programs)

- Tax Base Revitalization Account Levy
 - Clean up polluted land in the metropolitan area
 - \$5M annually from regional fiscal disparities pool
- Livable Communities Demonstration Account Levy
 - Development & redevelopment that links housing, jobs and services and cost-effective use of land and infrastructure
 - Strategy: Grow to accommodate TOD Component
 - Limitation: Capped by implicit price deflator
- Local Housing Incentives Account
 - Produces and preserves housing choices that are affordable for low to moderate incomes
 - Statutory transfers: LCDA (\$0.5M), Gen Purpose (\$1.0M)



2019 Operating Budget

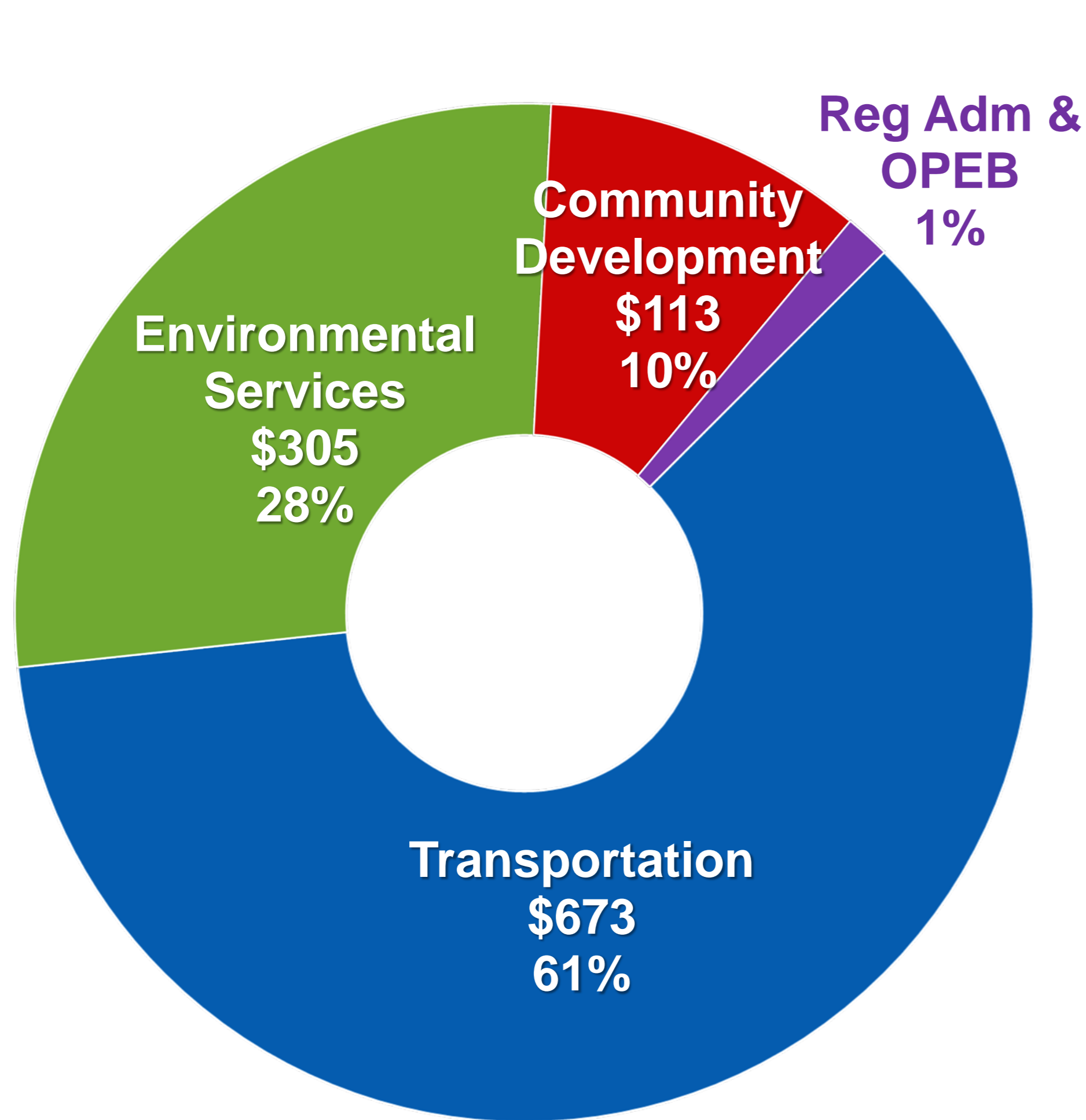
Uses by Category and Function - \$1.1 B



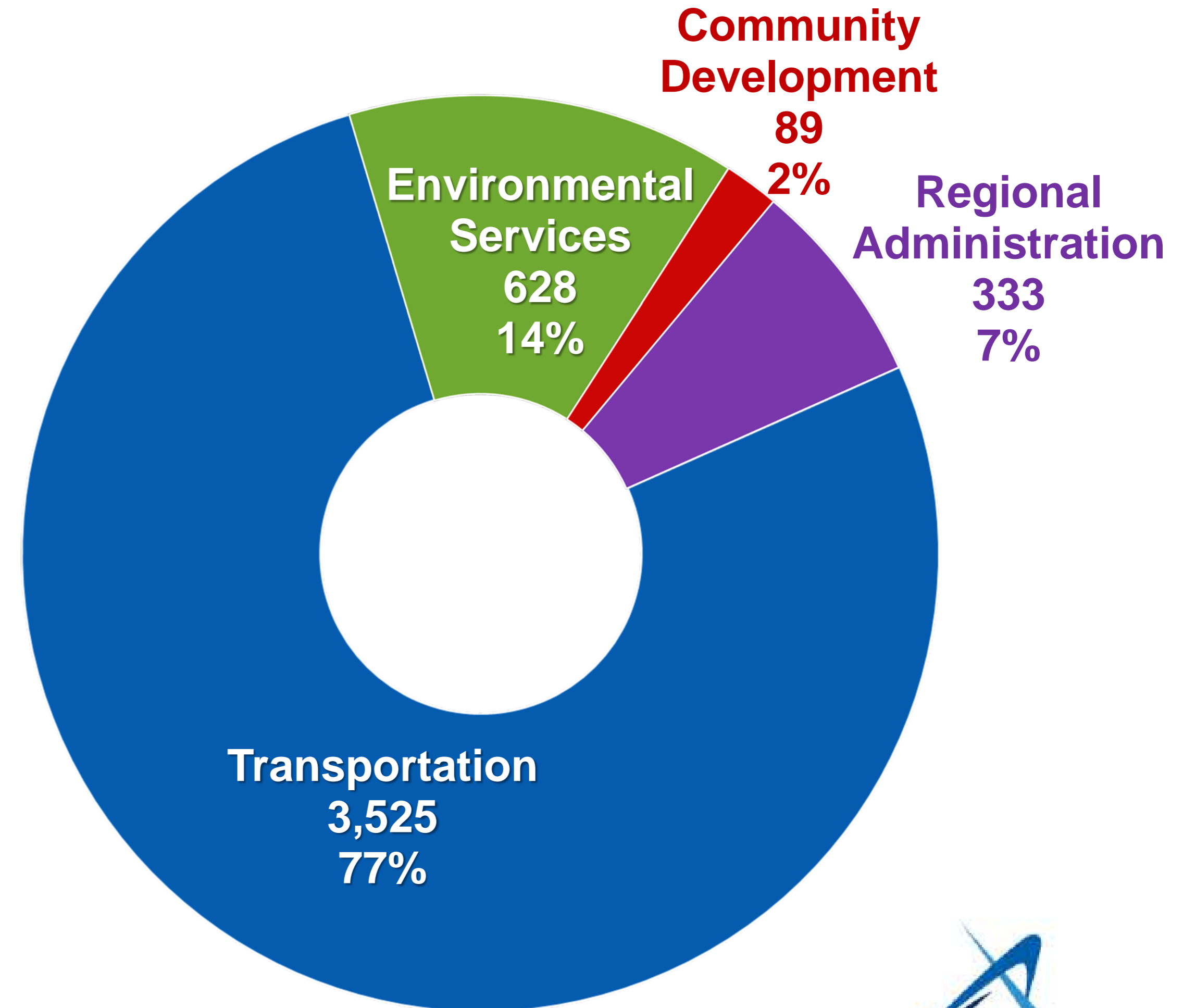
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2019 Operating Budget

Uses and FTEs by Division - \$1.1 B



Uses by Division



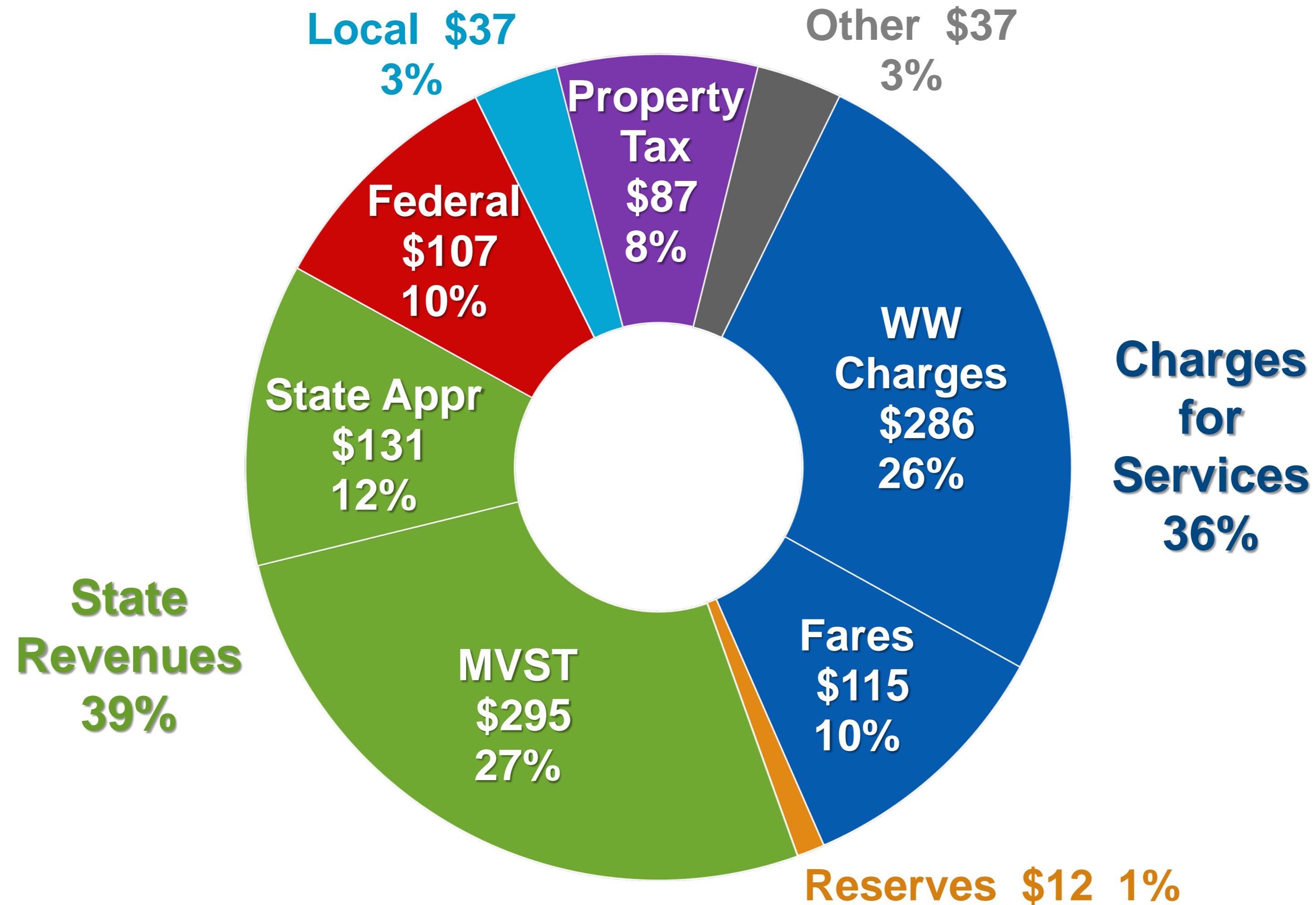
FTEs



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2019 Operating Budget - \$1.1 B

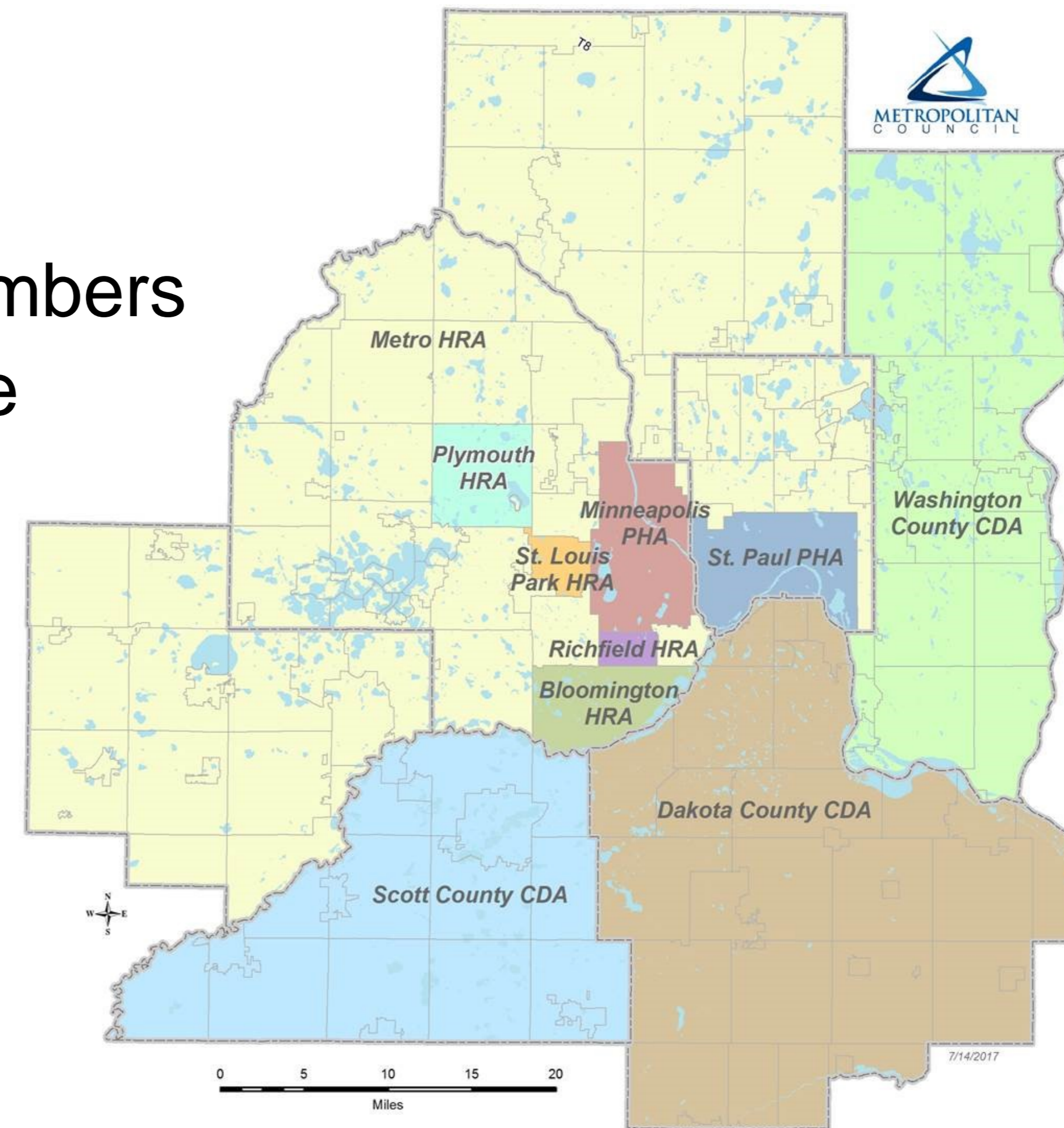
Sources of Funds



Federal Funds: Metro HRA - \$61M Passthrough

Who is the Metro HRA Serving

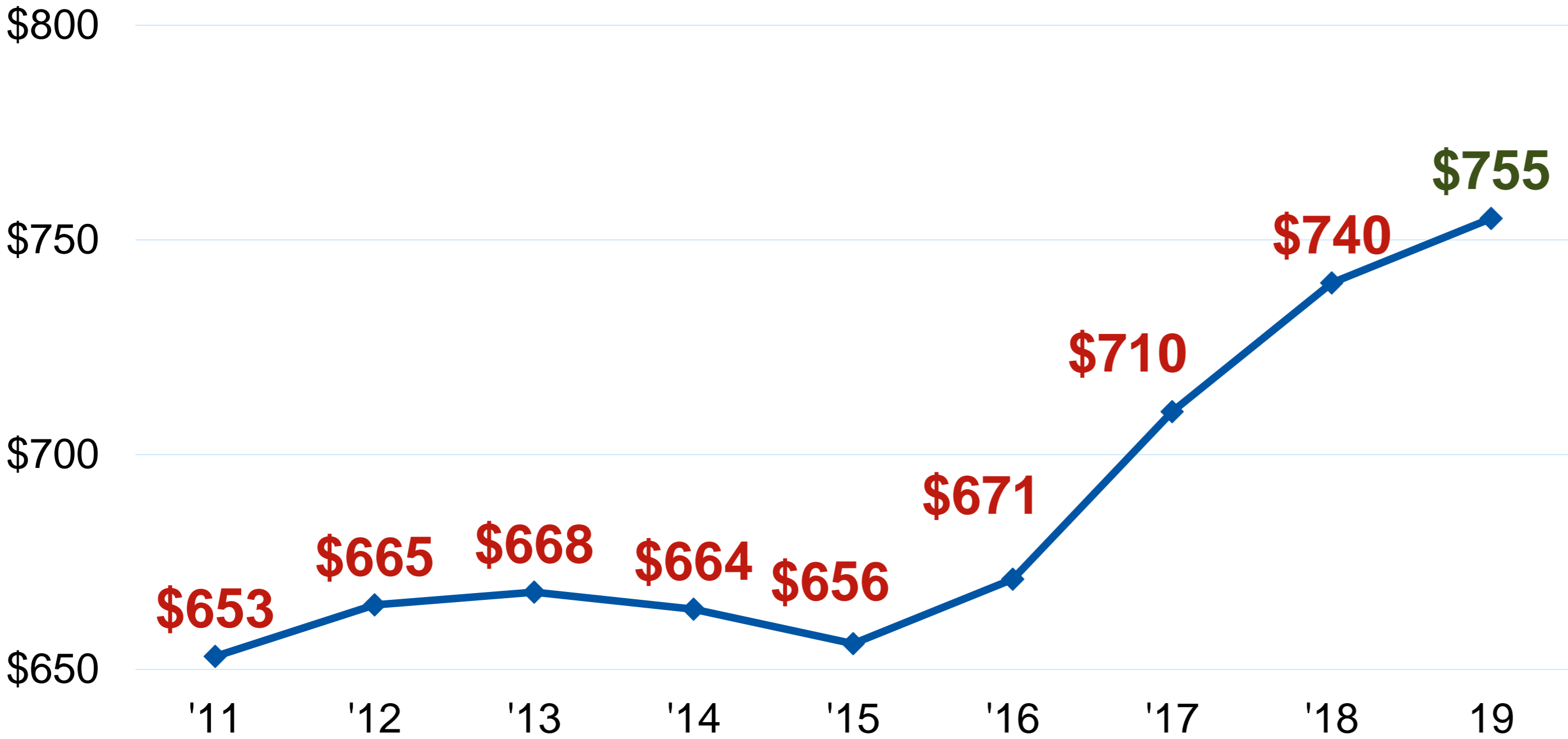
- 6,500 families
- Average household size = 2.9 members
- Average household annual income
 - \$16,000
 - 45% have wage income
 - 47% elderly or disabled
 - 53% families with children
- Average Rent Payment = \$390
- Average HRA Payment = \$740



Federal Funds: Preserve Housing Vouchers

- Federal funding
 - Based on previous year expenditures and percentage of voucher utilization

Average Housing Assistance Payment



\$730 Federal Reimbursement
(755) 2019 Budget Subsidy
\$(25) Structural Deficit



Wastewater Charges - \$286M

Municipal Wastewater Charge (+3.5%)

- \$5.00 increase per residential equivalent connection
- Average metro household will pay \$26/month
(55% Met Council / 45% Local Municipality)

Sewer Access Charge (No Change)

- \$2,485 per SAC (rate flat since 2014)

Industrial Strength Charge (+3.4%) and Permit Fees (+3.5%)

Transit Passenger Fare Revenues - \$115M

Fare Increase October 2017

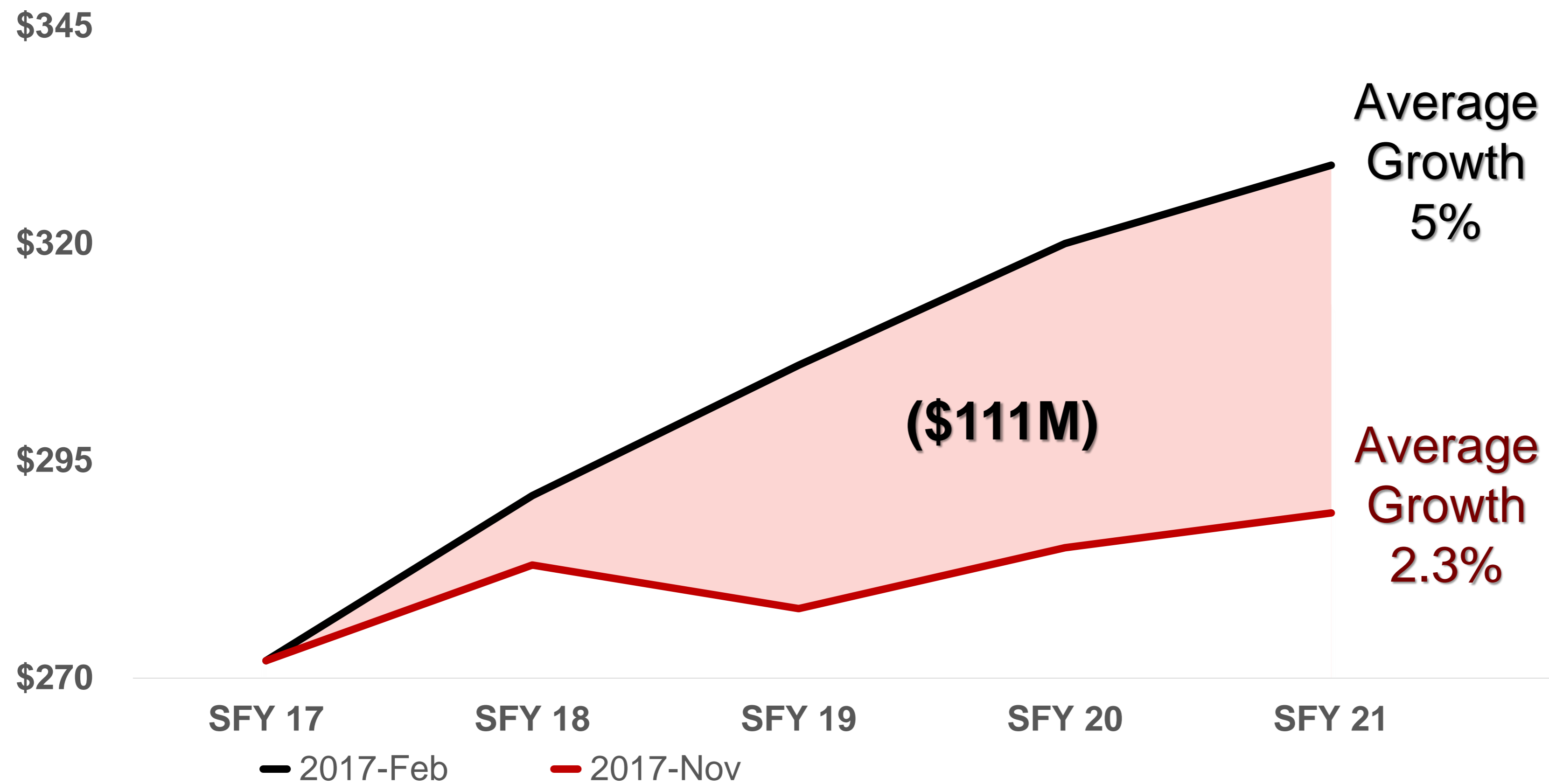
- \$0.25 across all transit modes

Ratio of Fare Revenue to Cost Varies

- Light Rail Transit – 35-40%
- Regular Route Bus – 28-33%
- Metro Mobility – 10-12%

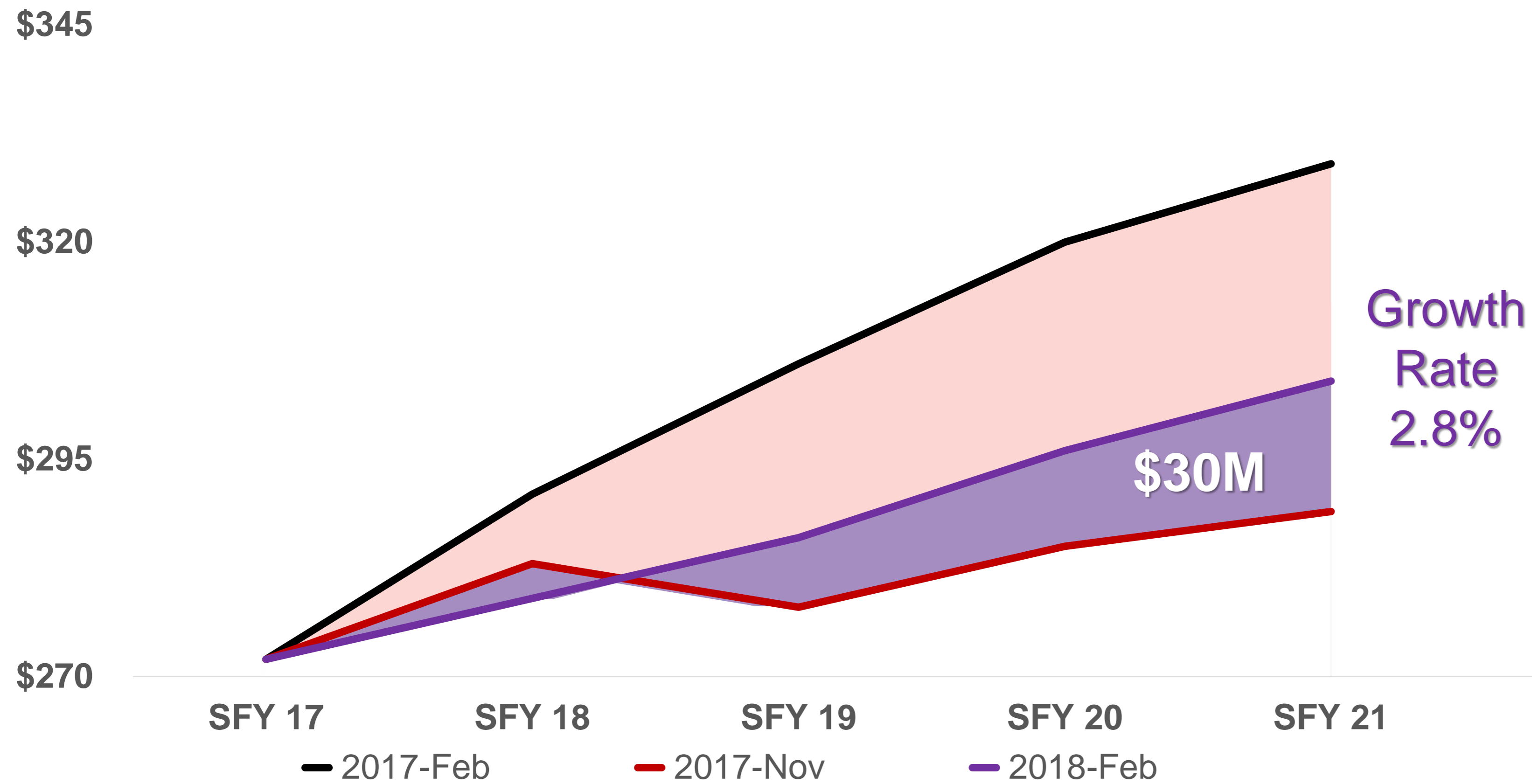
Motor Vehicle Sales Tax – SFY 17-21

Forecast Trend



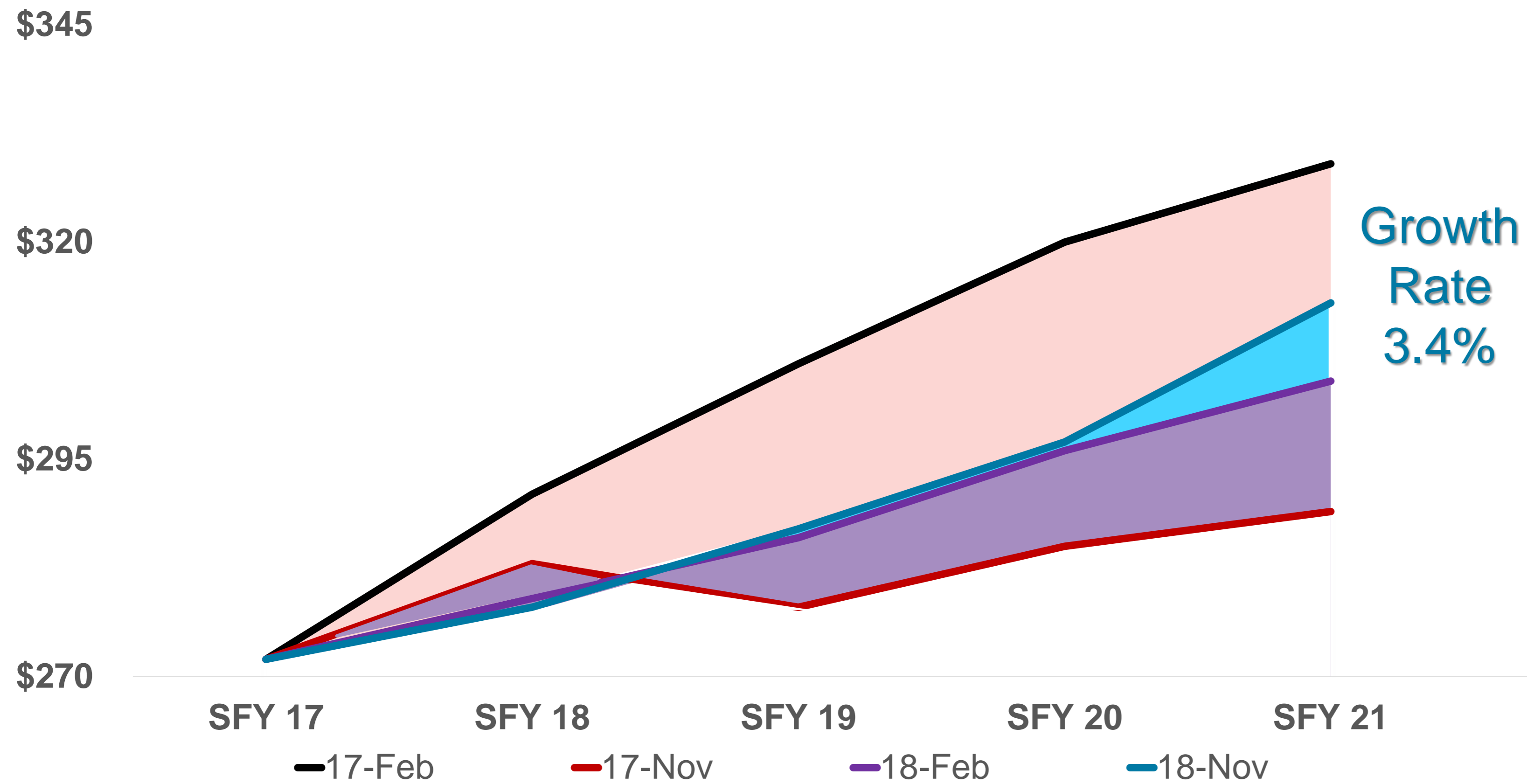
Motor Vehicle Sales Tax – SFY 17-21

Forecast Trend



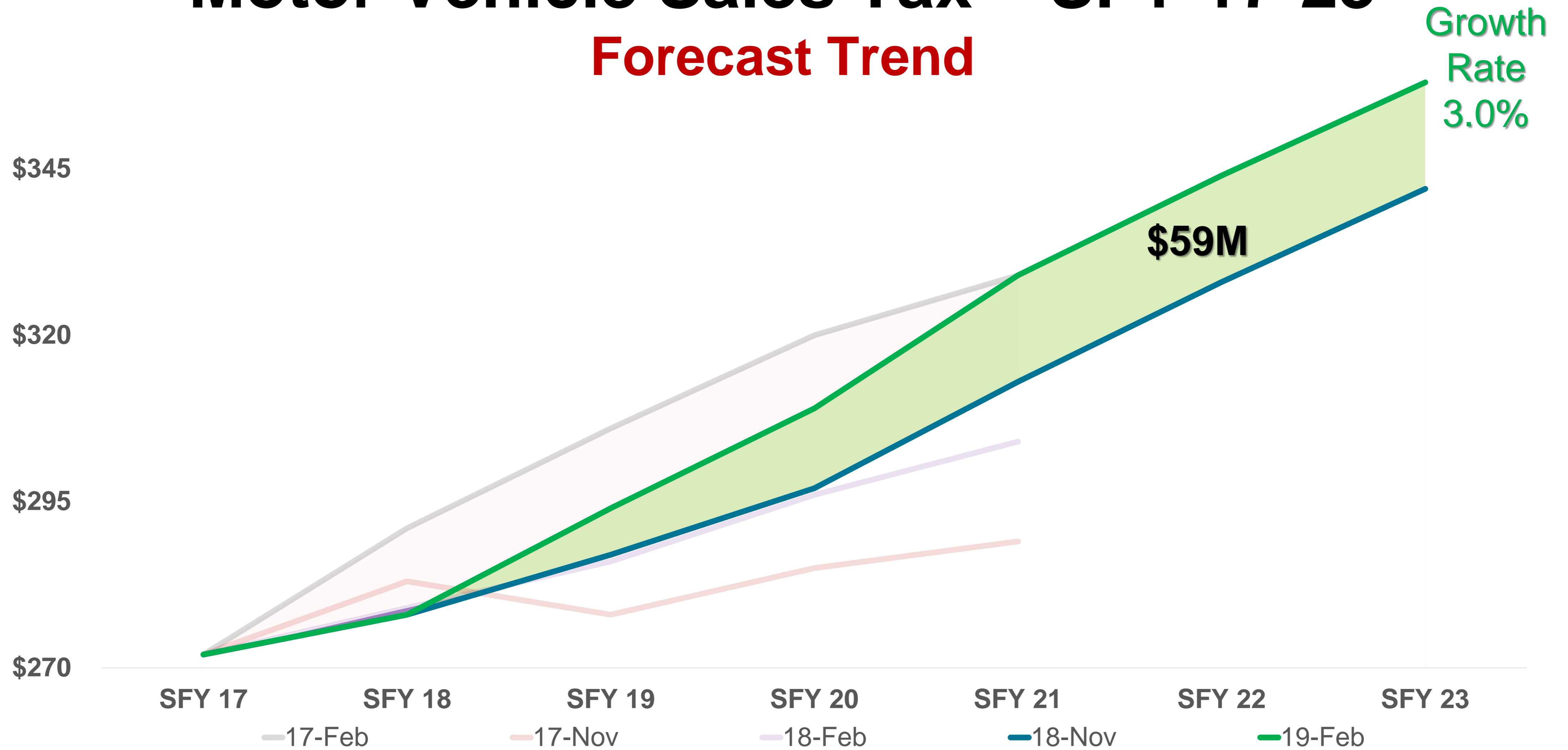
Motor Vehicle Sales Tax – SFY 17-21

Forecast Trend



Motor Vehicle Sales Tax – SFY 17-23

Forecast Trend



Structural & Financial Position

2019 Adopted Budget	State Fiscal Years				
	2019	2020	2021	2022	2023
Structural Position	(44)	(37)	(40)	(51)	(59)
Non-Base State Appropriation	40	-	-	-	-
Reserves above Target	4	26	14	18	15
Financial Position	-	(11)	(26)	(33)	(44)



Financial Position by Fund

State Fiscal Years

	2020	2021	2022	2023
Financial Position	(10.7)	(26.1)	(33.2)	(43.7)
Metro Mobility	(10.6)	(25.6)	(32.4)	(39.7)
Rail Operations	(0.1)	(0.5)	(0.8)	(4.0)
Bus Operations & Planning	-	-	-	-

Budget for One Minnesota



INVESTING IN TRANSIT

- Dedicated Funding For Metro Mobility
 - \$36.5M in SFY20-21
- An 1/8-cent Sales Tax in the seven-county Metropolitan Area
- An increase in Motor Vehicle Sales Tax from 6.5% to 6.875%
- State GO Bonding \$20M



Council Budget Development

Calendar Year

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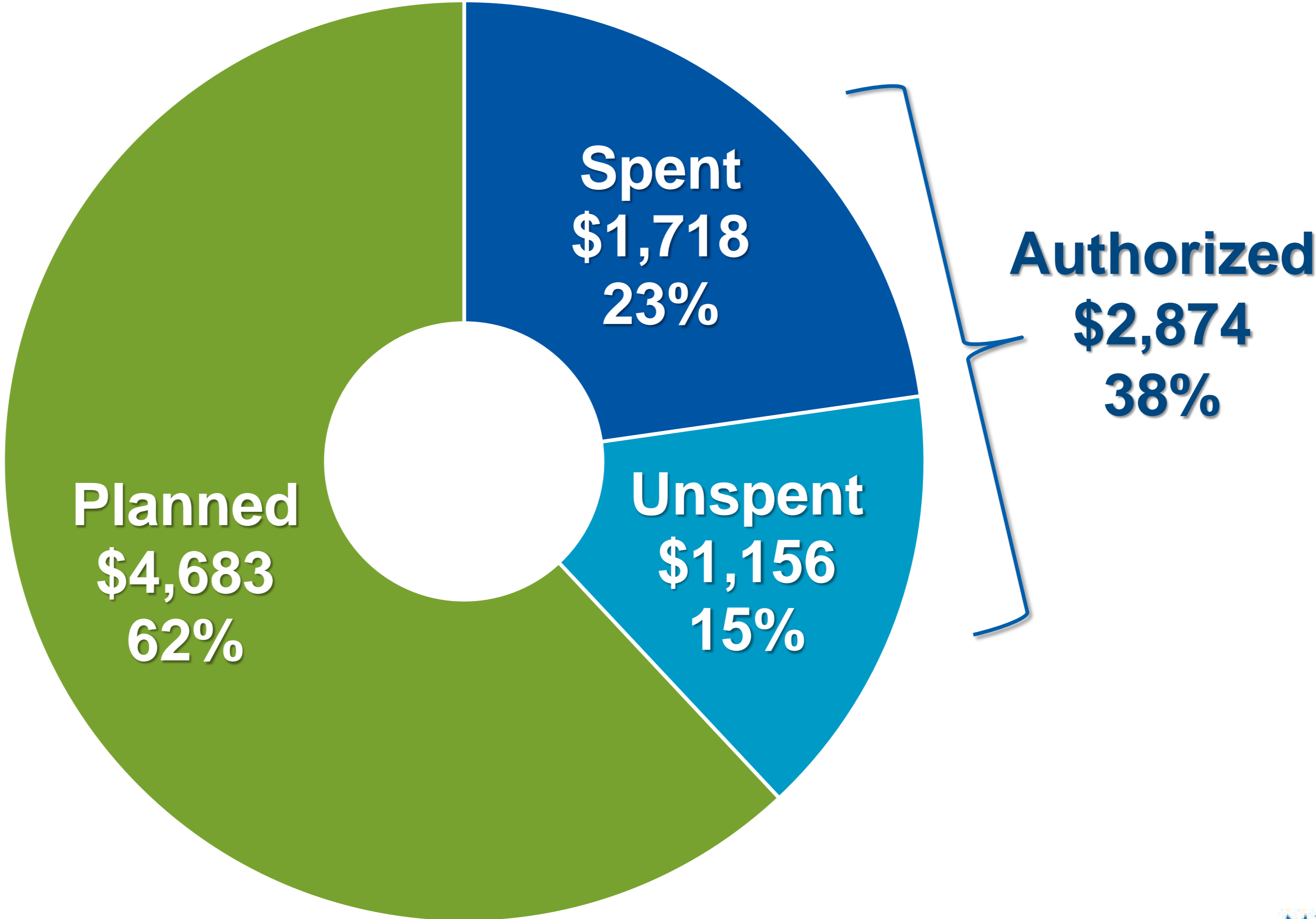
Capital Program

Authorized Projects
Planned (6-year)
Annual Spending

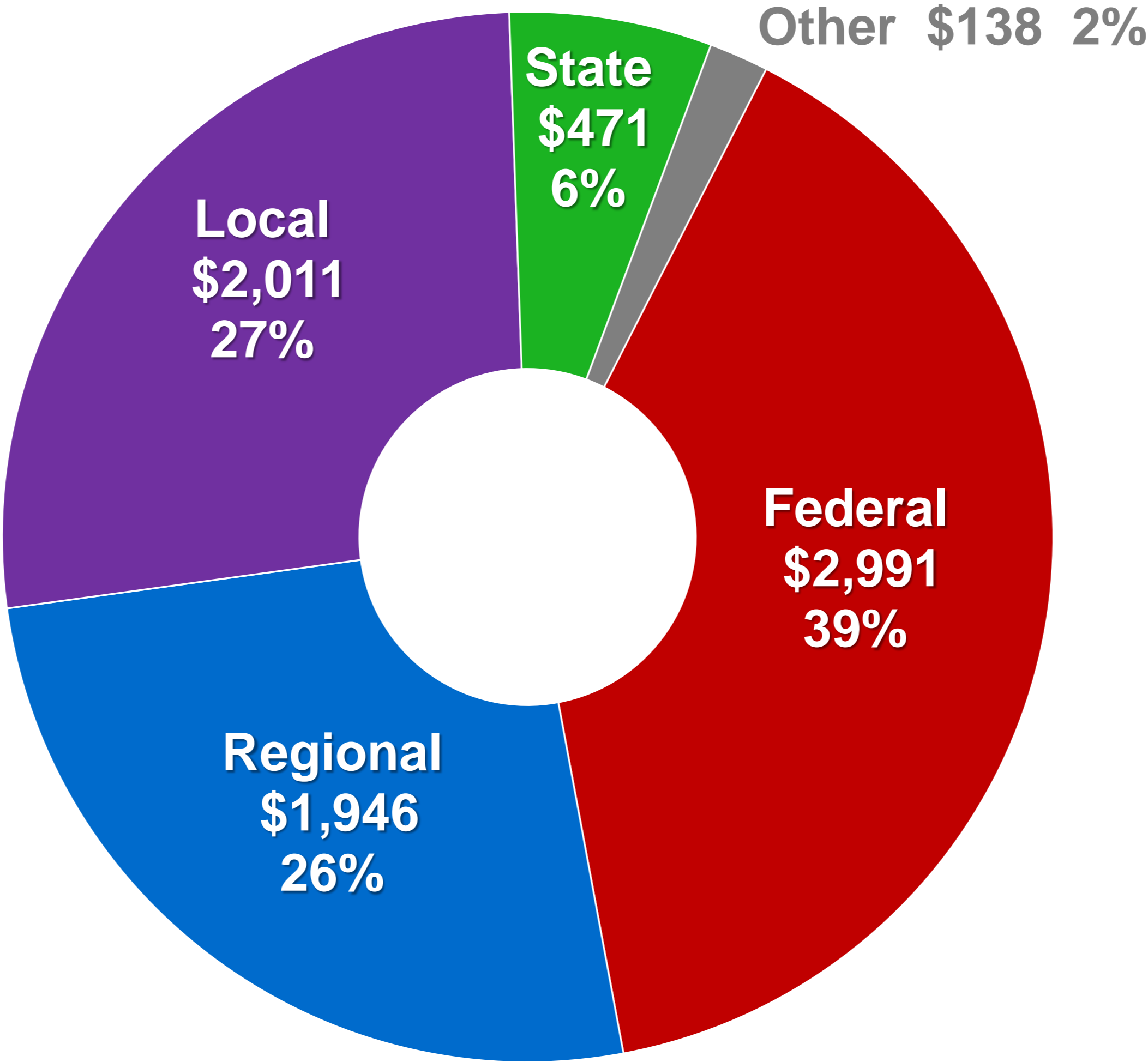


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2019 Capital Program – \$7.6B

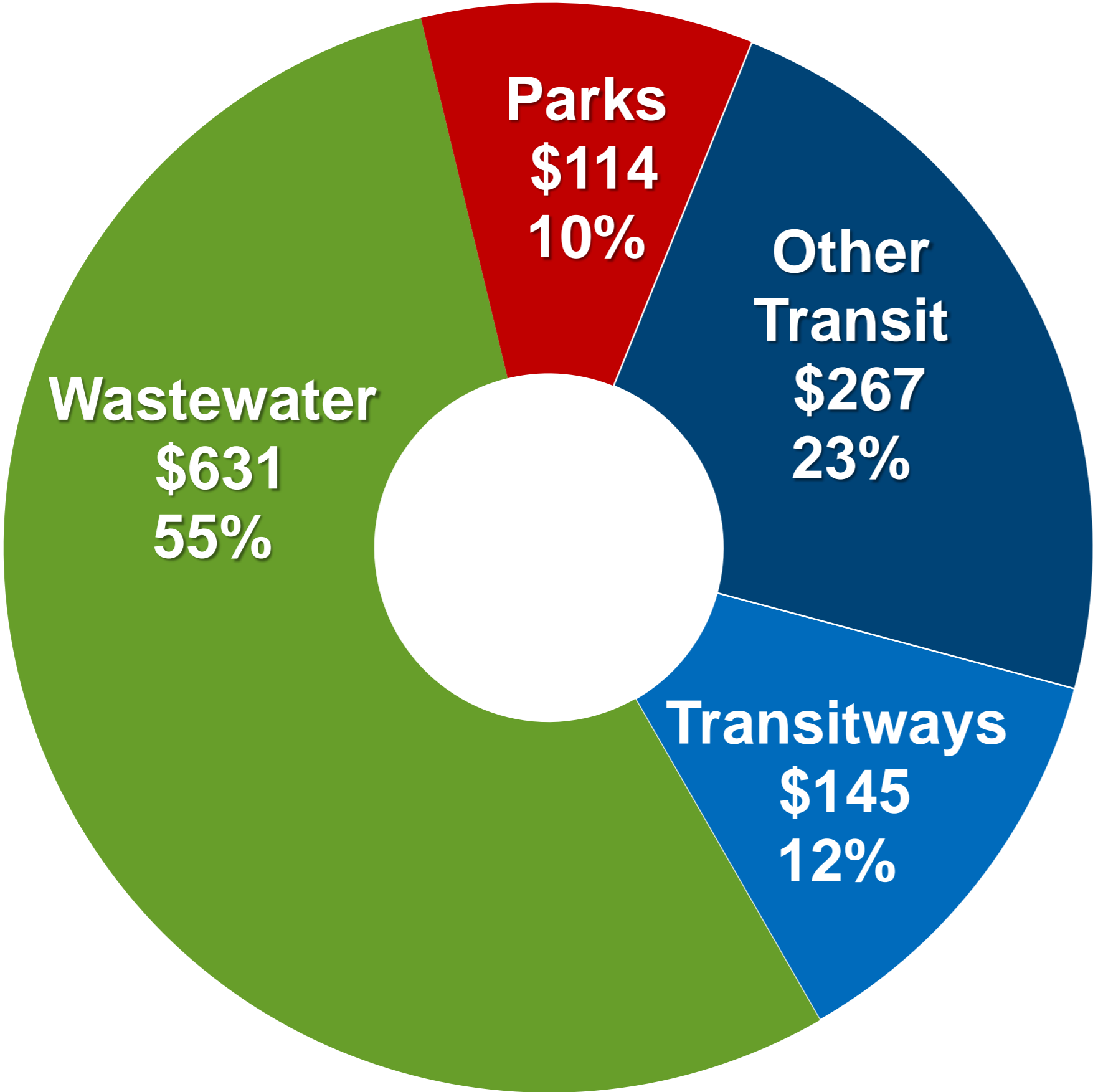


2019 Capital Program by Funding Source – \$7.6B

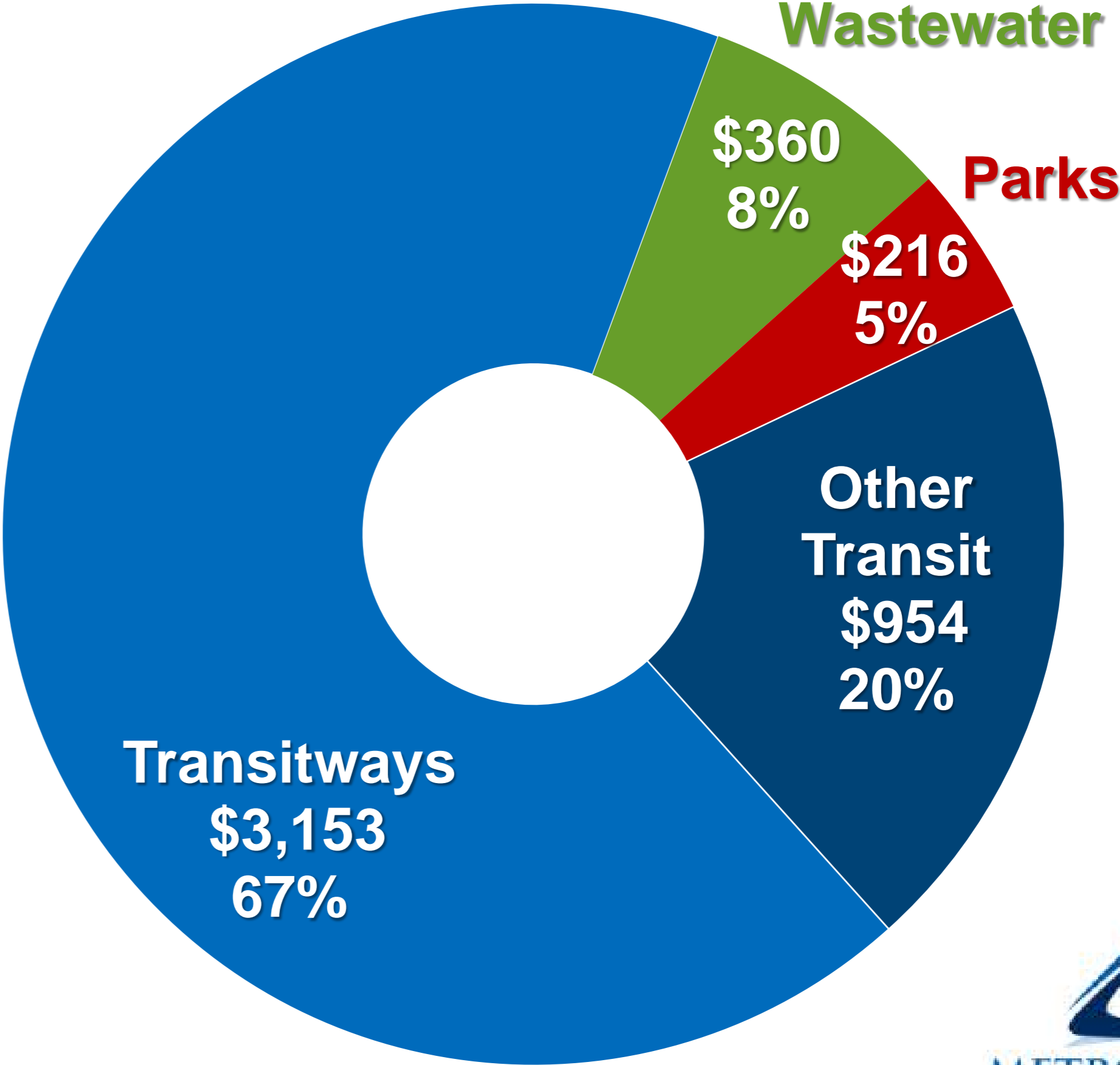


Future Capital Program Spending – \$5.9B

Authorized Capital Program
\$1.2B



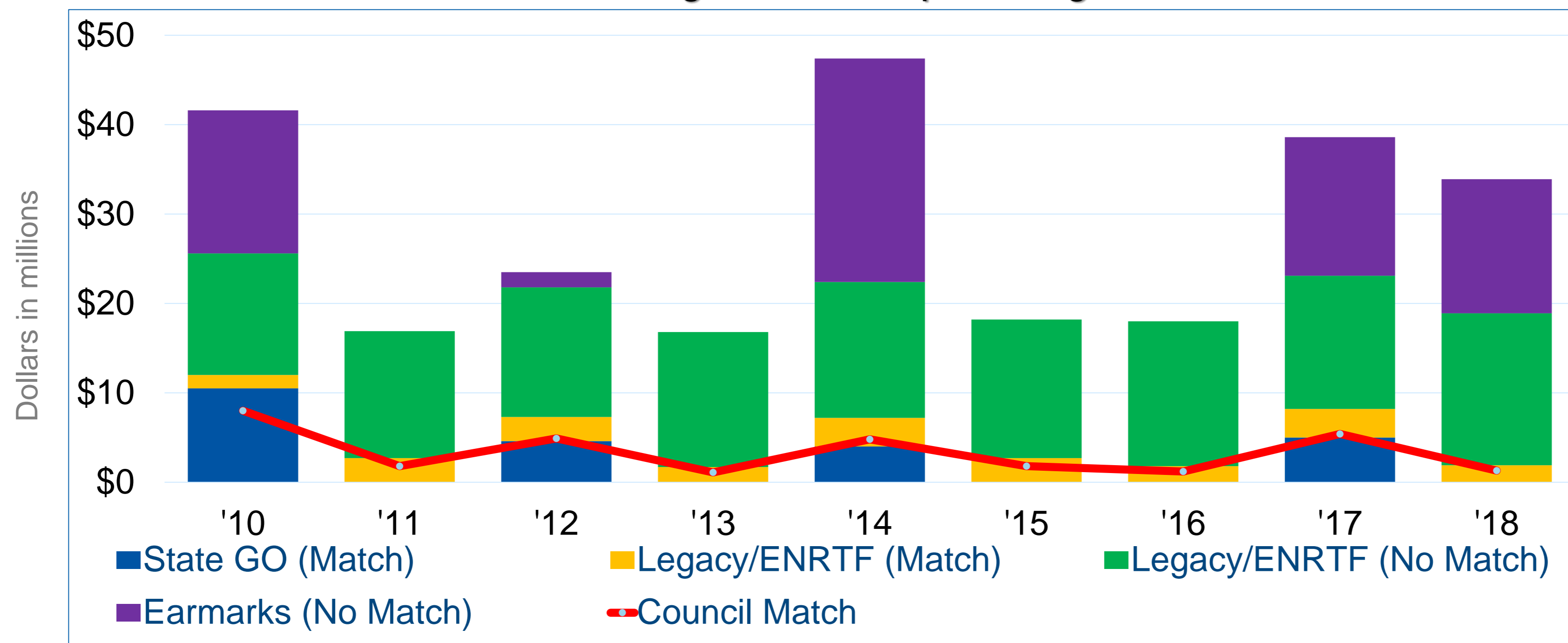
6-Yr Capital Improvement Plan
\$4.7B



Parks Capital Program

- 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)
- Capital Program 2019 – Adds Environmental Trust Fund Match

State Funding of Parks Capital Program



**Average Council
Matching Bonds
\$3.35 M**



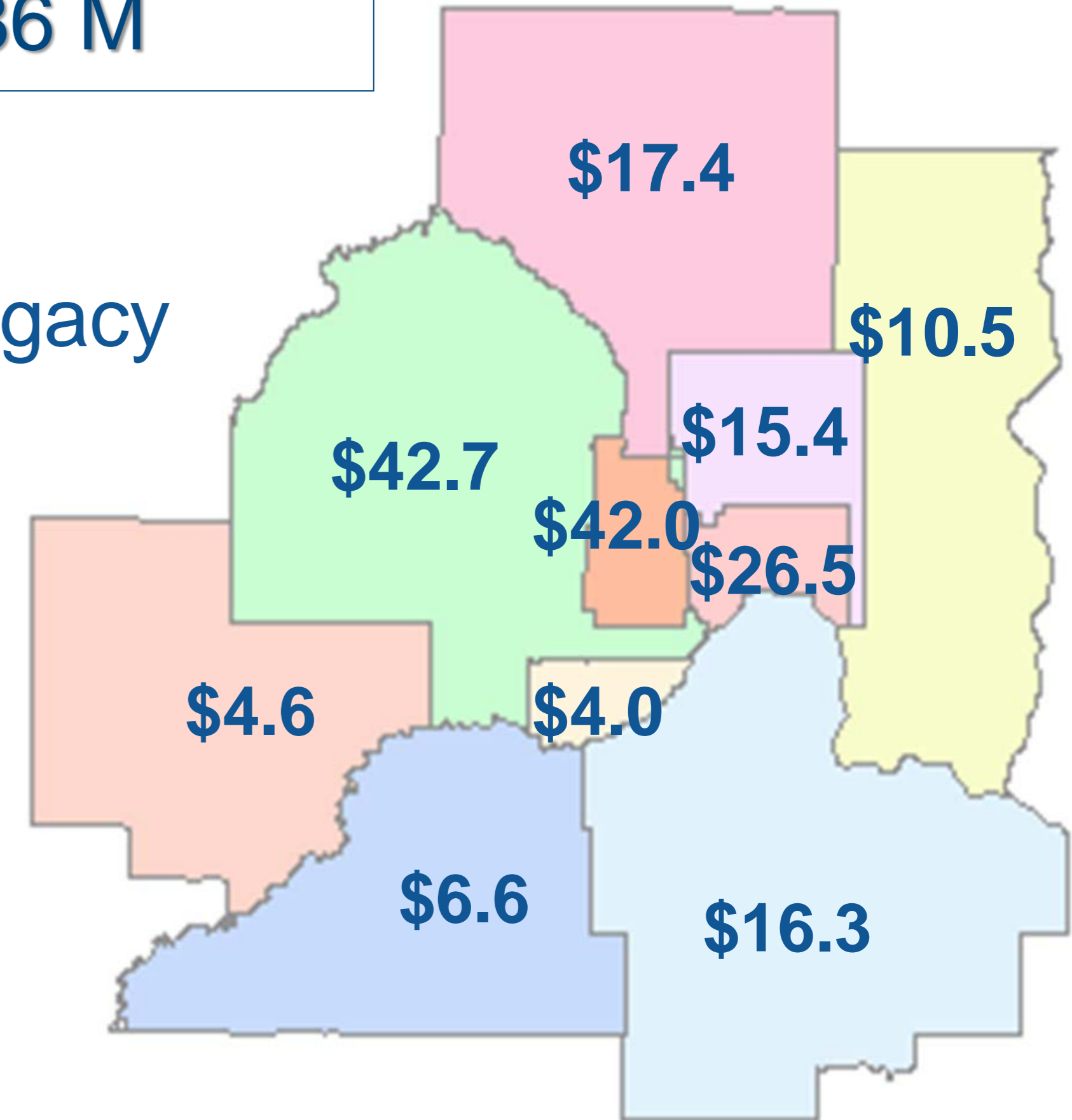
Parks Implementing Agencies - \$263 M

Authorized - \$77 M



Planned - \$186 M

- State Bonding
- Parks & Trails Legacy



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Parks Land Acquisition - \$35 M

Authorized - \$7 M



Planned - \$28 M

- Parks & Trails Legacy
- ENRTF



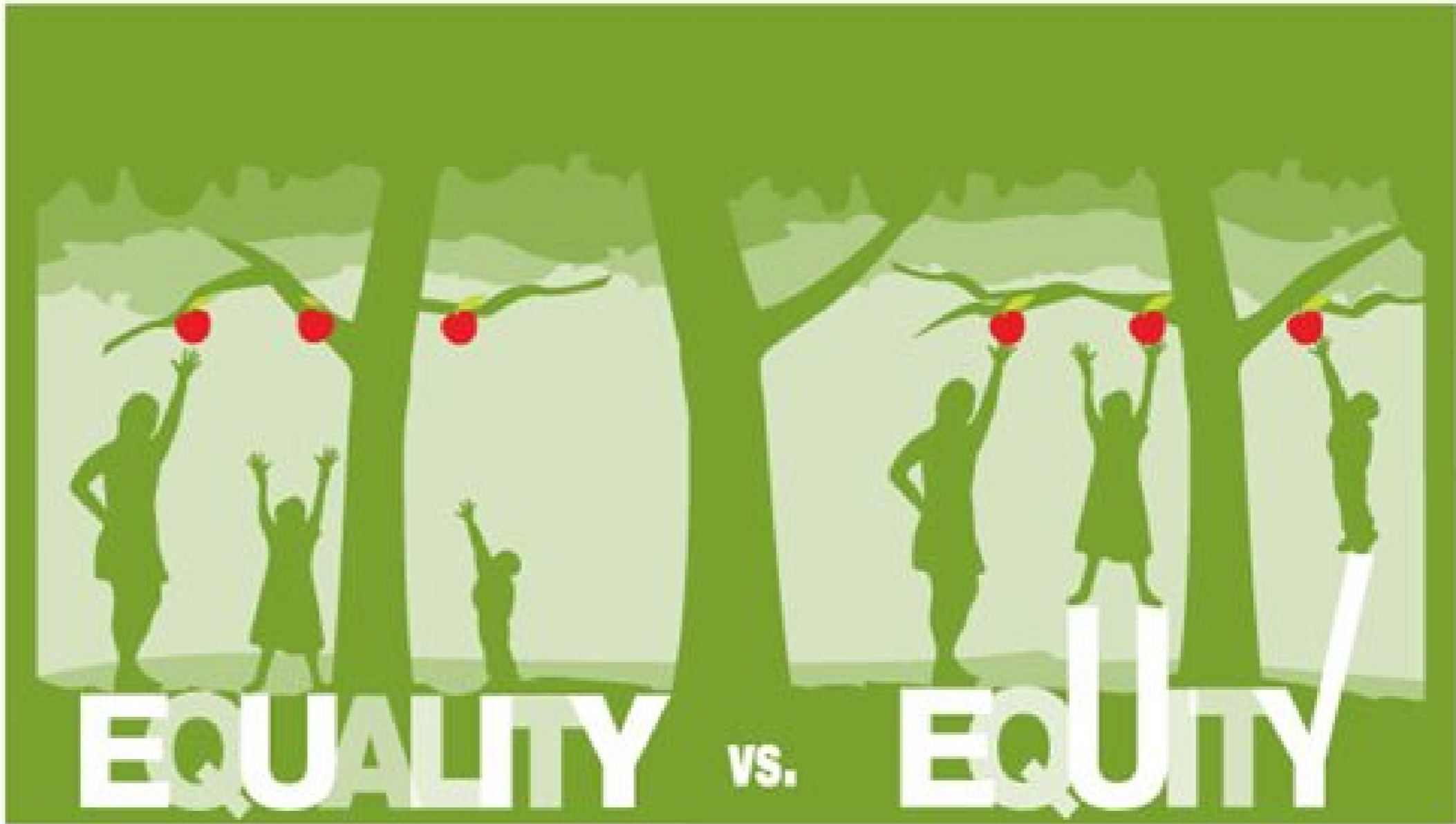
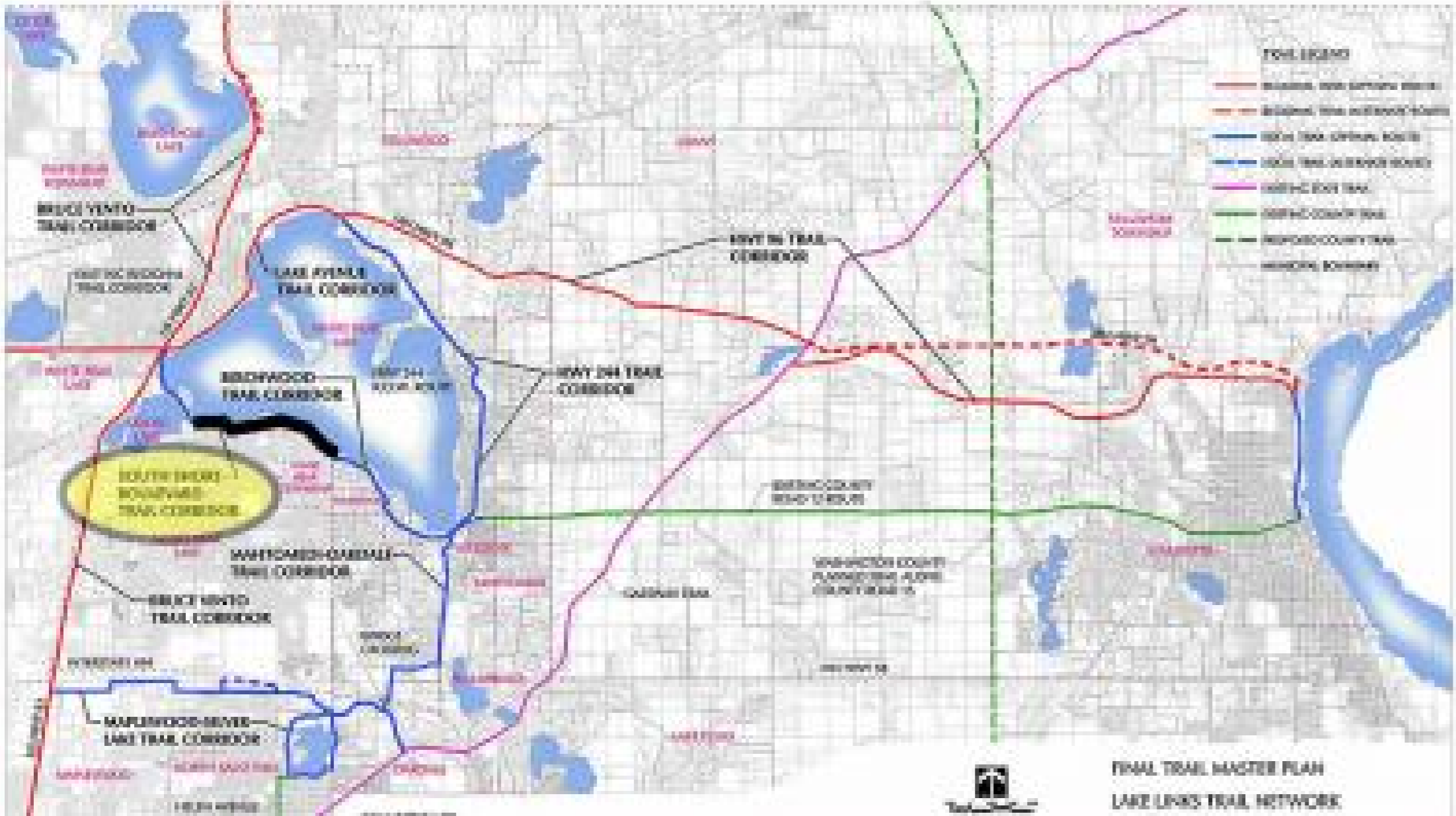
Other Parks Program - \$32 M

Authorized - \$30 M

- Pass-through of State Appropriations to other Governmental Agencies

Planned - \$2 M

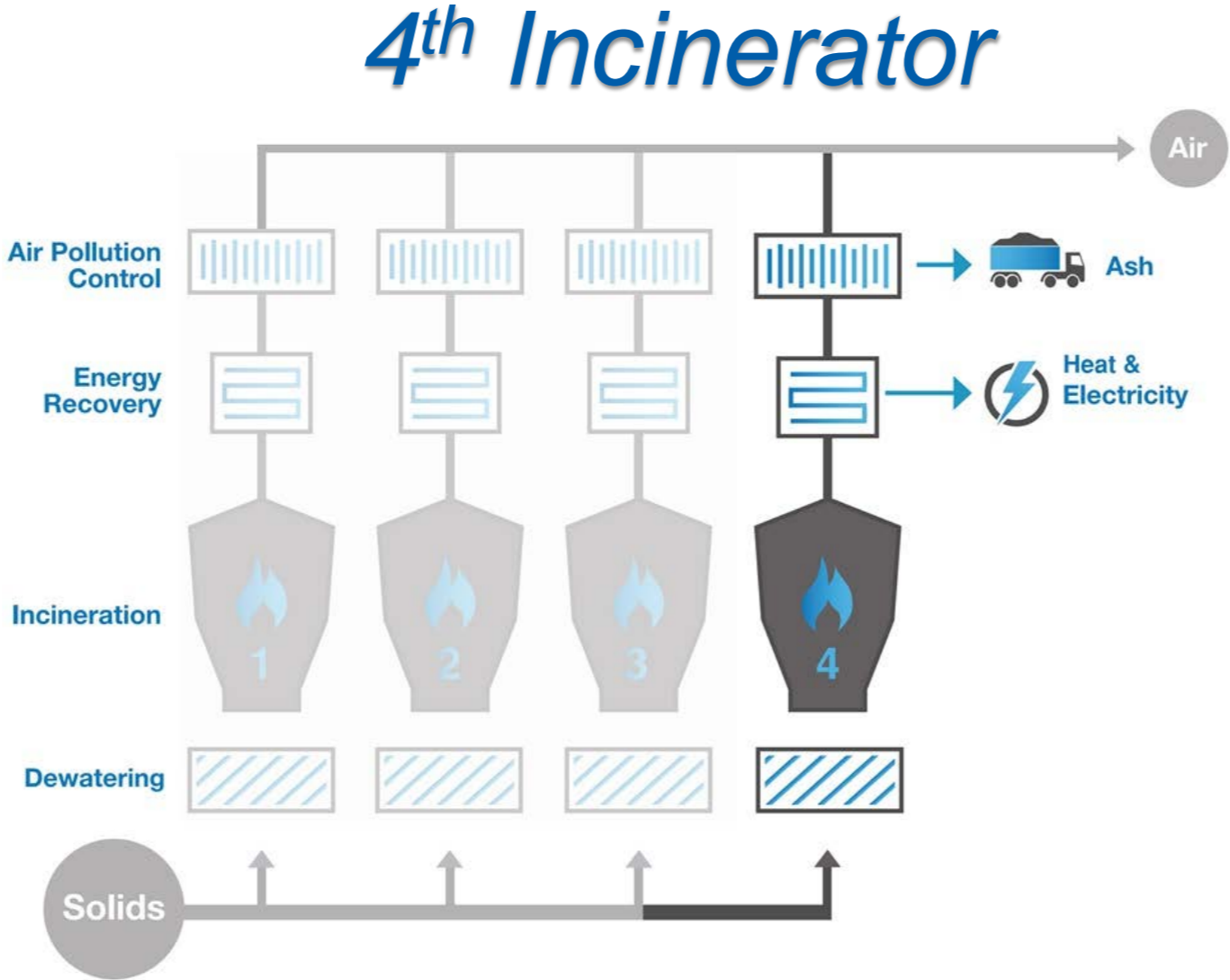
- Equity Grant Program Funds



Wastewater Treatment Plants - \$460 M

Authorized - \$259 M

- MWWTP Rehab and Asset Renewal
- Seneca and Empire WWTP Solids Processing Improvements
- SE Metro Water Reclamation Facility



Planned - \$201 M

- MWWTP Solids Processing – Fourth Incinerator
- Hastings Plant
- Blue Lake Solids Processing

Reclamation Facility



Interceptor Projects - \$531 M

Authorized - \$372 M

- Mounds Area Improvements – L38 Forcemain
- Minneapolis System Rehab – Interceptor 1 MN-344 and Tunnel R04
- North Area Interceptor Rehab – Phase 5
- St Paul Interceptor System Interceptor 8566-370 & 7705 Eastview and Mounds Park



Planned - \$159 M

- Brooklyn Park-Champlin Interceptor Renewal
- Brooklyn Park Lift Station L32
- Minneapolis Interceptor 1 MN-340 Relief

Transit Fleet Management - \$764 M

Authorized - \$88 M

- Maintain Current System
- Fleet Replacement Plan
- CTIB Vehicle Note Payable
- Non-Revenue Vehicles



Planned - \$676 M

- Fleet Replacement Plan
- ABRT Bus Procurement (CMAQ)
 - B, D, E and Orange
- Electric Buses
- Overhaul of Rail Vehicles
- SWT Service Expansion (CMAQ)



Transit Fleet – Service Vehicles

Purchases



Overhauls

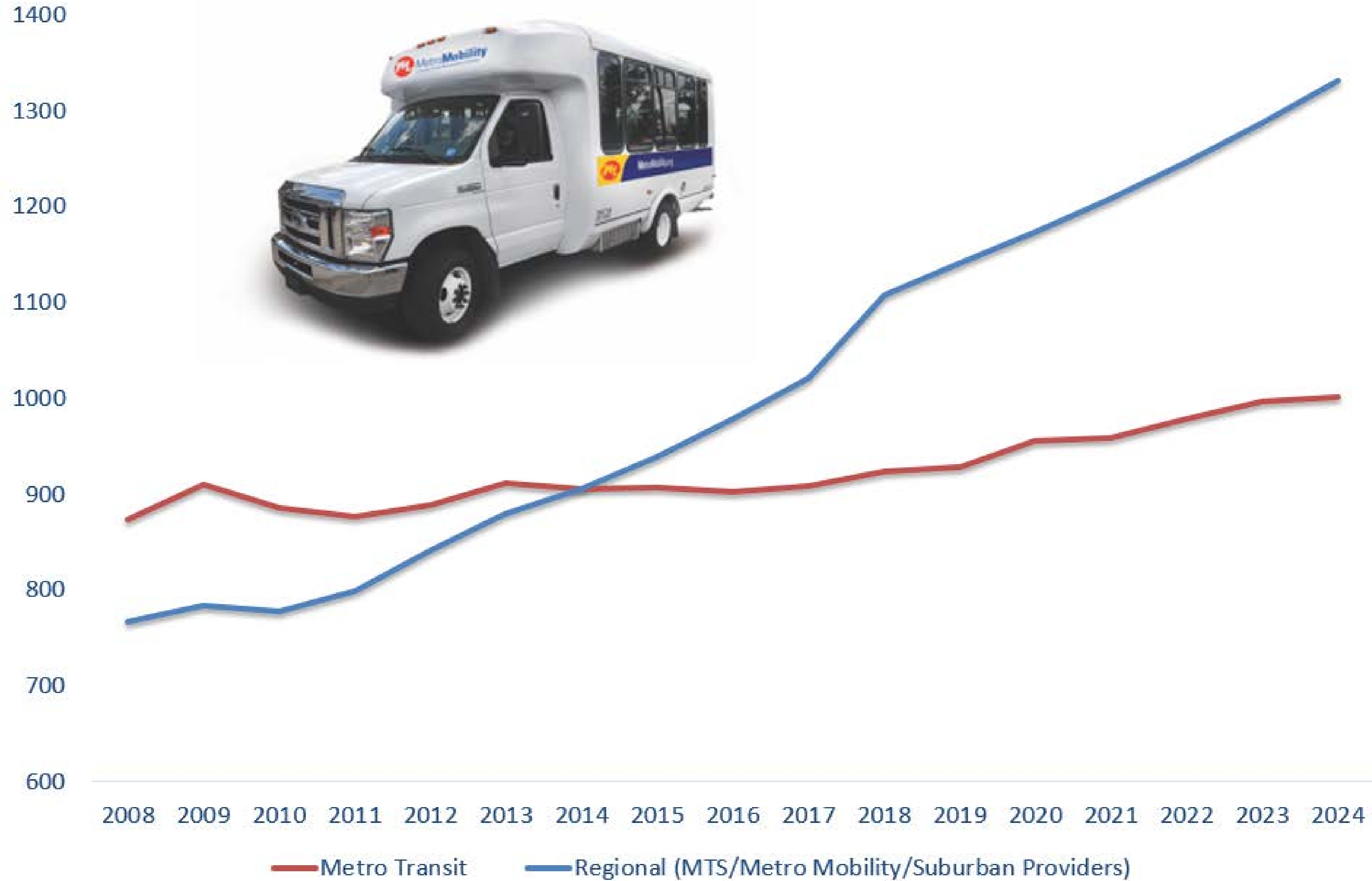


	Base	Option
Standard	213	27
Articulated	116	44
Electric	84	42
Coach	24	-
	437	113

	Base
Small Bus	945
Big Bus	107
Articulated	3
Sedan	62
	1,117

Rail Transit	
Blue Line	44
Green Line	47
NorthStar	18

Transit Fleet Growth



Transit Facilities - \$258 M (Customer & Support)

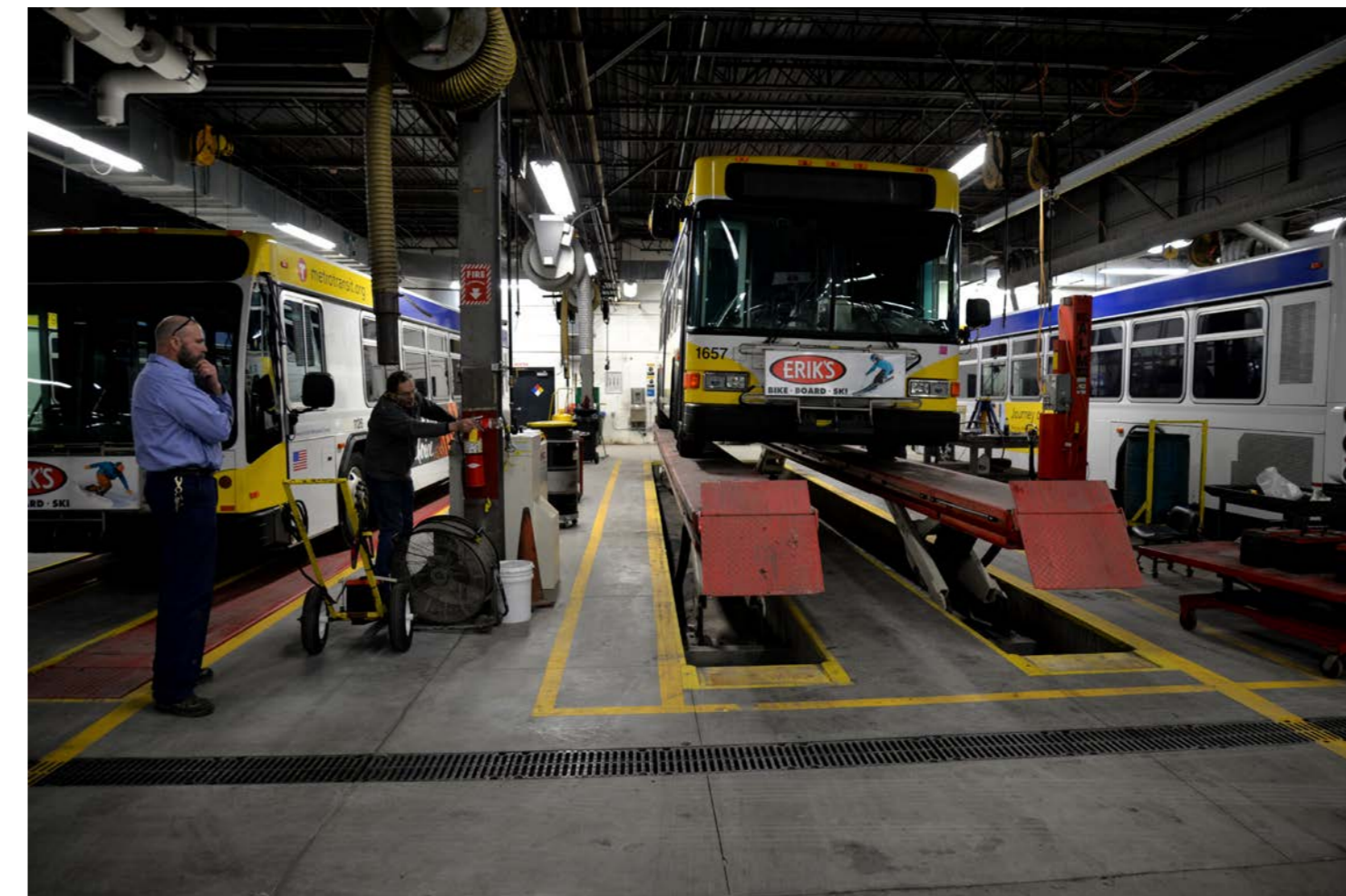
Authorized - \$131 M

- Energy Enhancements
- Improvements, Repairs and Refurbishments
- Heywood Campus Administrative Expansion
- New Minneapolis Garage



Planned - \$127 M

- Bus Electrification Infrastructure
- Hoist Replacements
- Improvements, Repairs and Refurbishments



Transitways - \$3.3 B

Authorized - \$145 M

- Metro C Line Construction
- Metro Green and Blue Line Extensions pre-FFGA
- Metro Orange Line



Planned - \$3.15 B

- Metro Green and Blue Line Extensions post-FFGA
- Bus Rapid Transit/ABRT
 - Rush, Gold and ABRTs
- LRT Interlocking Projects
- LRT/Northstar ADA and Safety Improvements
- LRT Rail Replacement
- Apple Valley Transit Station Parking



Other Transit - \$199 M

Authorized - \$48 M

- Police LENS Project
- IS Capital Upgrades
- Support Equipment



Planned - \$151 M

- Replacement of GFI Fareboxes
- Upgrade Cubic Fare Collection System
- LRT Fleet
 - Replace CCTV System
 - Safety Strobe Lights
- Communications, Message, and Real Time Signage Replacements

