

Transportation, Community Development and Management Committees

For the Metropolitan Council meeting of January 22,2020

Subject: 2020 Unified Budget Amendment – Special Amendment

Proposed Action

That the Metropolitan Council authorizes the 2020 Unified Budget as indicated and in accordance with the attached tables.

Summary of Committee Discussion/Questions

The proposed amendment was reviewed and approved by the Transportation Committee at its January 13, 2020 meeting. Metro Transit Finance Director Ed Petrie presented this item. There were no questions or comments from Council Members.

Motion by Cummings, seconded by Chamblis. Motion carried.

The proposed amendment will be reviewed by the Community Development Committee on January 21, 2020 meeting. Any issues or questions will be addressed at the council meeting.

The proposed amendment will be reviewed by the Management Committee same day as it is presented to the council on January 22, 2020 meeting. Any issues or questions will be addressed at the council meeting.

Management Committee

Meeting date: January 22, 2020

For the Metropolitan Council meeting of January 22, 2020

Subject: 2020 Budget Amendment

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 2020 Unified Budget as indicated and in accordance with the attached tables.

Background

The January 2020 unified budget amendment includes amendments to the operating and capital program for Transportation, Parks, and Regional Administration.

These proposed amendments were reviewed by the Transportation Committee on January 13th and the Community Development Committee on January 20th.

Operating Component of the 2020 Unified Budget

Regional Administration – Self Insured Health Plan

Change in Expenditures: \$1,900,000; Revenues: \$0; Reserves: (\$1,900,000)

At its meeting on Sept 11, 2019, the Management Committee reviewed and discussed proposed 2020 premium rates and target reserve balances in the self-insured benefit plans. Each year, total premiums are estimated to cover anticipated plan costs. In concert with our Labor Management Benefits Advisory Committee, staff recommended a one-time drawdown of reserves through distribution to an individual Health Care Savings Plan of \$500 for each employee enrolled in the medical health care plan as of March 31, 2020. This amendment provides budget authority to distribute funds.

Parks Arbitrage Reserve

Change in Expenditures: \$0; Revenues: \$3,948,000; Reserves: (\$3,948,000)

This amendment will transfer funds out of the Arbitrage Reserve Fund (\$3,948,000) and into the Parks Capital Debt Service Account (\$3,948,000). Regional Parks Implementing Agency spending patterns in the third and fourth quarters of 2019 increased at a rate out of pace with historical averages and have exhausted the Regional Park Bond account. The Council issues Regional Parks Bonds to cash flow regional match. This is the account that is currently exhausted. Arbitrage Reserve dollars originated from Parks bond issuances and are available to cash flow projects.

Capital Component of the 2020 Unified Budget

Transportation

Change in Authorized Capital Program (ACP): \$77,997,468

Additions: \$ 77,997,468

Reductions: (\$0)

Change in Capital Improvement Plan (CIP): (\$77,997,468)

Reductions: (\$0)

Change in Capital Program (ACP+CIP): \$0

Change in 2020 Capital Budget: \$ 45,000,000

This authorizes \$78M to the ACP where federal, state, local and regional funding have been secured.

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: 2020 Summary Operation, Debt Service and Passthrough – Amended January 22, 2020

Table 5: 2020 Debt Service - Amended January 22, 2020

Table D-1: Community Development Operating Budget - Amended January 22, 2020

Appendix F: Other Post-Employment Benefits - Amended January 22, 2020

Table 9: 2020 Transportation Capital Program – Amended January 22, 2020

Transportation Committee Business Item – January 13, 2020

Community Development Committee Business Item – January 20, 2020



**METROPOLITAN COUNCIL
SUMMARY BUDGET
OPERATIONS, PASS-THROUGH AND DEBT SERVICE
FY2020**

TABLE 2

(\$ in 000s)

	Council Operations	Pass-through Grants & Loans	Debt Service Funds	Other Post Employment Benefits (OPEB)	Total
Revenues					
Property Tax	15,672	17,301	55,766	-	88,739
Federal Revenues	41,967	64,800	-	-	106,767
State Revenues	368,909	48,117	-	-	417,026
Local Revenues	38,182	-	-	-	38,182
Municipal Wastewater Charges	138,691	-	96,938	-	235,629
Industrial Wastewater Charges	13,591	-	815	-	14,406
Passenger Fares, Contract & Special Events	112,938	-	-	-	112,938
Investment Earnings	1,928	-	270	17,698	19,896
Other Revenues	10,965	-	-	-	10,965
Total Revenues	742,843	130,218	153,789	17,698	1,044,548
Other Sources					
MVST Transfers In	25,301	-	-	-	25,301
SAC Transfers In	2,000	-	46,247	-	48,247
Total Other Sources	27,301	-	46,247	-	73,548
Total Revenues and Other Sources	770,144	130,218	200,036	17,698	1,118,096
Expenses					
Salaries & Benefits	478,438	-	-	-	478,438
OPEB Benefit Payments	-	-	-	13,582	13,582
Consulting & Contractual Services	70,267	-	-	-	70,267
Materials & Supplies	38,104	-	-	-	38,104
Fuel	29,640	-	-	-	29,640
Chemicals	8,578	-	-	-	8,578
Rent & Utilities	35,971	-	-	-	35,971
Printing	544	-	-	-	544
Travel	2,103	-	-	-	2,103
Insurance	8,415	-	-	-	8,415
Transit Programs	105,457	-	-	-	105,457
Operating Capital	2,522	-	-	-	2,522
Governmental Grants	3,105	-	-	-	3,105
Other Expenses	13,419	-	-	-	13,419
Passthrough Grants & Loans	-	133,043	-	-	133,043
Debt Service Obligations	-	-	199,974	-	199,974
Total Expenses	796,563	133,043	199,974	13,582	1,143,162
Other Sources and (Uses)					
Net Interbudget Transfers	(1,500)	1,500	4,000	(4,000)	-
Transfer to Capital	(11,000)	-	(3,948)	-	(14,948)
Total Other Sources and (Uses)	(12,500)	1,500	52	(4,000)	(14,948)
Total Expenses and Other Sources and (Uses)	809,063	131,543	199,922	17,582	1,158,110
Change in Fund Balance	(38,919)	(1,325)	114	116	(40,014)



**METROPOLITAN COUNCIL
SUMMARY BUDGET
DEBT SERVICE
FY2020**

TABLE 5

(\$ in 000s)

	Parks	Transit	Environmental Services	Memo Total
<u>Revenues</u>				
Property Tax	-	55,766	-	55,766
Municipal Wastewater Charges	-	-	96,938	96,938
Industrial Wastewater Charges	-	-	815	815
Investment Earnings	90	180	-	270
Total Revenues	90	55,946	97,753	153,789
<u>Other Sources</u>				
SAC Transfers In	-	-	46,247	46,247
Total Revenues and Other Sources	90	55,946	144,000	200,036
<u>Expenses</u>				
Debt Service Obligations	1,230	50,744	148,000	199,974
Total Expenses	1,230	50,744	148,000	199,974
<u>Other Sources and (Uses)</u>				
Transfer To Operating Capital	(3,948)	-	-	(3,948)
Transfer In from OPEB	-	-	4,000	4,000
Total Other Sources and (Uses)	(3,948)	-	4,000	52
Total Expenses and Other Sources and (Uses)	5,178	50,744	144,000	199,922
Change in Fund Balance	(5,088)	5,202	-	114



**METROPOLITAN COUNCIL
SUMMARY BUDGET
COMMUNITY DEVELOPMENT DIVISION
FY20**

Table D-1

(\$ in 000's)

	Division Management	Reg Policy & Research	Local Planning Assistance	Reg Parks & Natural Resources	Livable Communities	Subtotal General Fund Operating	HRA Administration	Total Operating	Parks Debt Service	Parks Pass-Through	HRA Pass-Through	Planning Assistance Pass-Through	TBRA	DEMO	LHIA	Total Livable Communities Pass-Through	Memo Total	
Revenues:																		
Property Tax	13,513	-	-	-	-	13,513	777	14,290	-	-	-	-	5,000	12,301	-	17,301	31,591	
Federal Revenues	-	-	-	-	-	-	5,265	5,265	-	-	64,800	-	-	-	-	-	70,065	
State Revenues	-	-	-	-	-	-	148	148	-	8,540	1,950	-	-	-	-	-	10,638	
Investment Earnings	-	-	-	-	-	-	-	-	90	-	-	-	-	-	-	-	90	
Other Revenues	-	-	-	-	-	-	2,435	2,435	-	-	-	-	-	-	-	-	2,435	
Total Revenues	13,513	-	-	-	-	13,513	8,625	22,138	90	8,540	66,750	-	5,000	12,301	-	17,301	114,819	
Expenses:																		
Salaries & Benefits	956	1,887	1,573	868	610	5,894	4,675	10,569	-	-	-	-	-	-	-	-	10,569	
Consulting & Contractual Services	185	701	135	560	-	1,581	1,785	3,366	-	-	-	-	-	-	-	-	3,366	
Materials & Supplies	6	-	-	-	-	6	45	51	-	-	-	-	-	-	-	-	51	
Rent & Utilities	178	-	-	-	-	178	145	323	-	-	-	-	-	-	-	-	323	
Printing	10	-	-	-	-	10	5	15	-	-	-	-	-	-	-	-	15	
Travel	39	28	17	15	13	112	60	172	-	-	-	-	-	-	-	-	172	
Insurance	-	-	-	-	-	-	95	95	-	-	-	-	-	-	-	-	95	
Operating Capital	84	-	-	-	-	84	38	122	-	-	-	-	-	-	-	-	122	
Other Expenses	1,665	33	107	3	3	1,811	721	2,532	-	-	-	-	-	-	-	-	2,532	
Passthrough Grants	-	-	-	-	-	-	-	-	-	8,540	67,750	325	5,000	11,801	2,000	18,801	95,416	
Debt Service Obligations	-	-	-	-	-	-	-	-	1,230	-	-	-	-	-	-	-	1,230	
Total Expenses	3,123	2,649	1,832	1,446	626	9,676	7,569	17,245	1,230	8,540	67,750	325	5,000	11,801	2,000	18,801	113,891	
Other Sources and (Uses):																		
Interdivisional Cost Allocation	(2,337)	-	-	-	-	(2,337)	(1,056)	(3,393)	-	-	-	-	-	-	-	-	(3,393)	
Transfer To Operating Capital	-	-	-	-	-	-	-	-	(3,948)	-	-	-	-	-	-	-	(3,948)	
Intradivisional Transfers	(1,500)	-	-	-	-	(1,500)	-	(1,500)	-	-	-	-	-	(500)	2,000	1,500	-	
Net Other Sources and (Uses)	(3,837)	-	-	-	-	(3,837)	(1,056)	(4,893)	(3,948)	-	-	-	-	(500)	2,000	1,500	(7,341)	
Change in Fund Balance	6,553	(2,649)	(1,832)	(1,446)	(626)	-	-	-	(5,088)	-	(1,000)	(325)	-	-	-	-	(6,413)	

OTHER POSTEMPLOYMENT BENEFITS

The Council's Other Postemployment Benefit Plan (OPEB) is a single-employer defined benefit health care plan for eligible retirees, their spouses, and dependents.

Benefit provisions are established through respective bargaining agreements with unions representing our employees. Only employees hired prior to benefit sunset dates, and meeting criteria for length of service and retirement age, are entitled to receive these employer paid benefits.

The Council has invested assets, with a fair market value of \$254,972,000 as of December 31, 2018, to pay OPEB obligations for retirees. The 2020 budget anticipates benefit payments of \$13,582,000 from the OPEB fund.

More information regarding the Council's OPEB obligations and assets can be found in the Council's Comprehensive Annual Financial Report.

METROPOLITAN COUNCIL OTHER POSTEMPLOYMENT BENEFITS 2020 BUDGET

(\$ in 000s)	Metro Transit	Environmental Services	Regional Administration	Total
<u>Revenues:</u>				
Investment Earnings	11,639	5,632	427	17,698
<u>Expenses:</u>				
Medical Insurance Premiums	9,109	4,247	226	13,582
<u>Transfers:</u>				
Net Inter Budget Transfers	-	(4,000)	-	(4,000)
Change in Fund Balance	2,530	(2,615)	201	116

SELF-INSURED BENEFIT PLANS

The Council self-insures its medical and dental plan benefits for employees and eligible retirees. Plan activity is recorded in an internal service fund. The internal service fund receives monthly premium revenues from operating division budgets and the OPEB fund and directly pays claims and administration costs of the plan.

Total premiums are intended to cover overall plan costs and maintain a sufficient reserve balance to minimize cash flow risk and protect the fund against unforeseen claims or plan expenses that may exceed annual premium revenues in a given year. This risk further limited by insuring the plan for 125% aggregate and \$500,000 individual stop loss coverage.

Plan reserves totaled \$31,675,107 on December 31, 2018.

METROPOLITAN COUNCIL SELF-INSURED BENEFITS INTERNAL SERVICE FUND 2020 BUDGET

(\$ in 000s)	Medical	Dental	Total
<u>Revenues:</u>			
Insurance Premiums	79,956	5,371	85,327
<u>Expenses:</u>			
Claims and Admin Costs	80,522	5,102	85,624
Change in Fund Balance	(566)	269	(297)

**METROPOLITAN COUNCIL
CAPITAL PROGRAM
TRANSPORTATION**

TABLE 9

(\$ in 000's)

	Authorized Capital Program (ACP)			Capital Improvement Plan (CIP)							ACP + CIP Combined
	2020 Current	Changes	2020 Amended	2020	2021	2022	2023	2024	2025	Total	
TOTAL Federal New Starts Rail Projects	1,205,807	-	1,205,807	2,540,711	274	283	292	301	311	2,542,172	3,747,979
Total METRO TRANSIT Capital Program	2,277,781	77,997	2,355,779	2,673,811	137,193	138,219	218,118	144,733	114,800	3,426,874	5,782,653

**METROPOLITAN COUNCIL
CAPITAL PROGRAM
TRANSPORTATION**

TABLE 9

(\$ in 000's)

	Authorized Capital Program (ACP)			Capital Improvement Plan (CIP)							ACP + CIP Combined
	2020 Current	Changes	2020 Amended	2020	2021	2022	2023	2024	2025	Total	
METROPOLITAN TRANSPORTATION SERVICES											
Fleet Modernization											
Big Buses	76,964	-	76,964	38,430	7,122	10,061	14,571	26,002	30,811	126,997	203,961
Non-Revenue Vehicles	36	-	36	100	100	100	100	100	100	600	636
Repairs, Equipment and Technology	9,430	-	9,430	3,500	4,331	4,500	6,200	3,000	3,000	24,531	33,961
Small Buses	42,596	-	42,596	11,982	10,754	17,524	13,318	32,611	29,141	115,329	157,925
TOTAL Fleet Modernization	129,027	-	129,027	54,011	22,306	32,185	34,189	61,712	63,053	267,456	396,483
Customer Facilities											
Bus System Customer Facility	-	-	-	1,000	1,000	1,000	1,000	1,000	1,000	6,000	6,000
TOTAL Customer Facilities	-	-	-	1,000	1,000	1,000	1,000	1,000	1,000	6,000	6,000
Technology Improvements											
Repairs, Equipment and Technology	-	-	-	731	792	875	963	1,013	1,065	5,438	5,438
Technology Investments	12,117	-	12,117	16,367	6,345	5,941	5,424	4,787	11,639	50,503	62,620
TOTAL Technology Improvements	12,117	-	12,117	17,098	7,137	6,816	6,386	5,800	12,704	55,941	68,058
Other Regional Providers - Non Fleet											
Maple Grove Transit	2,410	-	2,410	331	338	346	353	361	369	2,099	4,509
Minnesota Valley Transit Authority	8,754	-	8,754	1,579	1,614	1,649	1,686	1,723	1,761	10,011	18,765
Plymouth Transit	4,565	-	4,565	314	321	328	335	343	350	1,992	6,557
SouthWest Transit	1,426	-	1,426	659	674	689	704	719	735	4,180	5,606
University of Minnesota Transit	850	-	850	2,188	287	293	299	306	313	3,686	4,536
TOTAL Other Regional Providers - Non Fleet	18,006	-	18,006	5,071	3,234	3,305	3,378	3,452	3,528	21,967	39,973
Transitways - Non New Starts											
Transitways	8,068	-	8,068	75	75	75	75	75	75	450	8,518
TOTAL Transitways - Non New Starts	8,068	-	8,068	75	75	75	75	75	75	450	8,518
Total MTS Capital Program	167,218	-	167,218	77,256	33,752	43,381	45,027	72,039	80,359	351,815	519,032
COMBINED											
Fleet Modernization	386,841	-	386,841	84,671	108,383	102,850	120,179	159,914	128,981	704,978	1,091,818
Support Facilities	263,384	3,000	266,384	21,875	11,234	7,819	5,531	3,895	25,661	76,013	342,397
Customer Facilities	74,040	-	74,040	8,180	3,748	3,763	3,628	3,794	3,660	26,772	100,812
Technology Improvements	60,695	-	60,695	25,659	15,642	20,756	12,602	12,221	21,247	108,128	168,822
Other Regional Providers - Non Fleet	18,006	-	18,006	5,071	3,234	3,305	3,378	3,452	3,528	21,967	39,973
Other Capital Equipment	56,260	-	56,260	5,625	3,854	2,873	3,980	3,932	3,304	23,567	79,827
Transitways - Non New Starts	379,968	74,997	454,965	59,275	24,577	39,953	113,556	29,263	8,468	275,092	730,057
Federal New Starts Rail Projects	1,205,807	-	1,205,807	2,540,711	274	283	292	301	311	2,542,172	3,747,979
TOTAL TRANSPORTATION	2,444,999	77,997	2,522,996	2,751,066	170,945	181,600	263,145	216,772	195,159	3,778,689	6,301,685

Community Development Committee

Meeting date: January 21, 2020

For the Metropolitan Council meeting of January 22, 2020

Subject: 2020 Budget Amendment

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. § 473.13, subd. 1

Staff Prepared/Presented: Heather Agesen-Huebner, CD/MTS Finance Director

Division/Department: Community Development

Proposed Action

That the Metropolitan Council authorizes the 2020 Unified Budget as indicated and in accordance with the attached tables.

Background

The Community Development Division passes through state and regional funds to 10 Regional Parks Implementing Agencies. Funds are managed through grant agreements once the Council brings funds into the Authorized Capital Program.

Regional Parks Implementing Agency spending patterns in the third and fourth quarters of 2019 increased at a rate out of pace with historical averages and have exhausted the Regional Park Bond account. The rate of spending increase is positive, and encouraged, as it indicates regional parks projects are being completed in a timely manner.

The Council issues Regional Parks Bonds to cash flow the regional match to the State bonds. The regional bond account is the account that is currently exhausted. Arbitrage reserve dollars originated from Parks bond issuances and are available to cash flow projects.

No payments have been delayed or withheld to Implementing Agencies and no change to Authorized Capital Program is required.

Rationale

The proposed use of arbitrage reserve funds allows the Council to carry out its work plan and its long-term capital program until a new bond can be issued.

Thrive Lens Analysis

This action supports the Thrive outcome of Stewardship through responsible planning and management of resources for the Community Development Division and Regional Parks.

Funding

Change in Expenditures: \$0; Revenues: \$3,948,000; Reserves: (\$3,948,000)

This amendment will transfer funds out of the Arbitrage Reserve Fund (\$3,948,000) and into the Parks Capital Debt Service Account \$3,948,000.

Known Support / Opposition

No known opposition.

Transportation Committee

Meeting date: January 13, 2020

For the Metropolitan Council meeting of January 22, 2020

Subject: 2020 Capital Amendment

District(s), Member(s): All

Policy/Legal Reference: 2020 Unified Budget; Mn Statutes Section 473.13, Subd. 1 – Council Budget Requirements

Staff Prepared/Presented: Wes Kooistra, General Manager, Metro Transit 612-349-7510; Edwin D. Petrie, Director of Finance, Metro Transit 612-349-7624

Division/Department: Transportation / Metropolitan Transportation Services

Proposed Action

That the Metropolitan Council authorizes the 2020 Unified Budget as indicated and in accordance with the attached tables.

Background

That the Metropolitan Council amend the 2020 Unified Budget – Capital Program (annual appropriation) and Authorized Capital Program (multi-year authorization) as indicated and in accordance with the Capital Program – Attachment #1 (Program Level).

Capital Program – Attachment #3 (Project Level) is included for reference and informational purposes only.

Capital Program:

Metro Transit

Administrative Adjustments / Reallocating Existing Funding:

None

Closing Projects:

None

Authorize New Projects, Increase Authorization and Reduce Authorization:

61402 – Gold Line BRT

This amendment recognizes \$74,997,468 in Ramsey County and Washington County Funding towards construction of the Gold Line BRT presented to the Metropolitan Council in Business Item Number 2019-288. The Gold Line is a planned 10-mile transitway that will run along the north side of interstate 94 in primarily an exclusive lane for buses within Ramsey and Washington Counties. This project is identified in the CIP.

Heywood Expansion/Electric Bus Infrastructure – Project #62312

This amendment provides: \$3,000,000 in RTC funds to be used for construction of the New Minneapolis Bus Garage for design, construction, interior finishes, buildout of revenue processing space, new electrical service and system components for the new electric bus fleet. This project is identified in the CIP. This project is identified in the CIP.

Changes to Current Year Expenditures:

Based on projected expenditures for the proposed amendments, the 2020 capital budget is proposed to increase by \$45,000,000 for Metro Transit.

Operating Budget:

Metro Transit –

Change in Revenues: (\$0); Expenditures: (\$0); Reserves: (\$0)

Rationale

The proposed amendment programs 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

Prosperity

- Investment in high-quality transportation options will advance the Thrive outcome of prosperity by making the region more economically competitive through increased workers' success to employment and support to employers by increasing available workforce with affordable and convenient transportation.

Funding

Capital Program:

This amendment increases the Transportation Division Federal revenues by \$0, increases State revenues by \$0, increases Other revenues by \$74,997,468, and increases RTC revenues by \$3,000,000.

Known Support / Opposition

No known opposition.

Attachments:

1. Capital Program – Attachment #1 (Program Level) (Table 9)
2. Capital Program – Attachment #3 (Project Level)