

Committee Report

Business Item No. 2022-36

Management Committee

For the Metropolitan Council meeting of

Subject: Financial Planning and Budget Policy
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Proposed Action

That the Metropolitan Council adopt FM1-1 Version 3 Financial Planning and Budget Policy.

Summary of Committee Discussion/Questions

There were no questions

2022-36: motion by Gonzalez, seconded by Lilligren

Management Committee

Meeting date: February 9, 2022

For the Metropolitan Council meeting of February 23, 2022

Subject: FM Policy 1-1: Financial Planning and Budget Policy

District(s), Member(s): All Districts; All Members

Policy/Legal Reference: Minnesota Statutes 473.13 and 473.249

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

Division/Department: All

Proposed Action

That the Metropolitan Council adopt FM1-1 Version 3 Financial Planning and Budget Policy.

Background

This policy requires the Council to develop and adopt a process for establishing budgets and a unified operating budget, annual capital budget, and a unified six-year Capital Improvement Program.

The Council-wide Policy and Procedure Review Team reviews all policies and procedures for consistency, clarity, and compliance. Representatives from each division and Regional Administration serve on this team. This team reviewed Policy FM 1-1 and endorsed it to move forward to Management Committee for approval.

Rationale

Minnesota Statutes 473.13 has the Metropolitan Council to adopt a final budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. The budget shall also state in detail the capital expenditures of the council for the budget year, based on a five-year capital program adopted by the council and transmitted to the legislature.

Minnesota Statutes 473.249 permits the Metropolitan Council to levy a tax on all taxable property in the metropolitan area and provide funds for the purpose of carrying out responsibilities of the Council as provided by law.

This policy was last reviewed and updated in 1998. This policy aligns and updates Council procedures, best practices, and previously taken actions with Minnesota Statutes for the Council to publish and follow thereafter.

Thrive Lens Analysis

This action supports the Council's Thrive Stewardship Outcome by providing for the efficient and effective use of public financial resources.

Funding

No funding is tied to the proposed action.

Fiscal Impact

No Fiscal Impact is tied to the proposed action.

Known Support / Opposition

There is no known opposition to the proposed action.

Attachments

FM Policy 1-1: Financial Planning and Budget Policy



POLICY

Financial Planning and Budget Policy

FM 1-1

Category: Financial Management

Business Unit Responsible: RA: Finance

Policy Owner: Director of Budget and Operations

Policy Contact: Stewart McMullan, Director of Budget Operations

Synopsis: The policy requires the Metropolitan Council to develop and adopt a process for establishing budgets and a unified operating budget, annual capital budget, and unified six-year Capital Improvement Program.

POLICY

The Metropolitan Council shall adopt a unified budget that includes an annual operating budget, an annual capital budget, and a six-year Capital Improvement Program that balances the needs of the region with available resources and reflects the priorities of the Metropolitan Council established in accordance with the mission and strategies of the Metropolitan Council.

The development process shall provide opportunities for public participation and comment. The budget development schedule shall provide for a public hearing and sufficient notice of the hearing.

The annual operating budget of the Metropolitan Council shall be regarded as controlling expenditures in total by division within fund. The annual operating budget is adopted for each division at the aggregate level and the Regional Administrator is authorized to transfer costs between projects and expense categories within the overall authorization.

The costs of the services provided by Regional Administration to the operating divisions will be allocated among all of the units and Regional Administration. The principles to be followed in cost allocation are:

- Equity
- Consistency
- Minimization of administrative effort

PURPOSE & SCOPE OF POLICY

This policy establishes the responsibilities and expectations for the development, adoption, and administration of the annual operating budget, an annual capital budget, and a six-year Capital Improvement Program of the Metropolitan Council.

The unified budget is developed pursuant to Minnesota Statutes and Metropolitan Council bylaws. Minnesota Statutes sections [473.13](#) and [473.249](#) authorize the Metropolitan Council to levy property taxes following a public hearing and adoption of the Metropolitan Council's unified budget. Adoption of the unified budget, levy resolutions, and certification of the levies and budget must occur on or before specific dates each year.

IMPLEMENTATION & ACCOUNTABILITY

The Regional Administrator shall prepare, monitor and manage the annual operating budget, annual capital budget, and the six-year Capital Improvement Program.

Division executive directors and general managers are responsible to plan for and to monitor and manage their respective budgets.

As part of ongoing operating budget monitoring, the financial accounting team will submit quarterly “budget versus actual” status reports to the Metropolitan Council’s Management Committee.

PROCEDURES

- [*FM 1-1a Financial Planning and Budget Procedure*](#)

RESOURCES

Related Procedures

- [*FM 5-1b Cost Allocation Procedure*](#)
- *Resolutions on Unified Budget and Levies*
- *Unified Budget Amendment*

Minnesota Statutes

- [*Minnesota Statutes § 473.13*](#)
- [*Minnesota Statutes § 473.249*](#)

HISTORY

Version 3 – Approval Date

Not Set – Updated language to reflect current statutes.

Version 2 – Template Update

10/12/2020 - Updated content into new template.

Version 1 – Approval Date

09/11/1998

Last Reviewed Date

Not Set

Next Content Review Date

07/15/2022

Former Reference

3-1

Version

3