

Preliminary 2026

Operating Budget & Levies

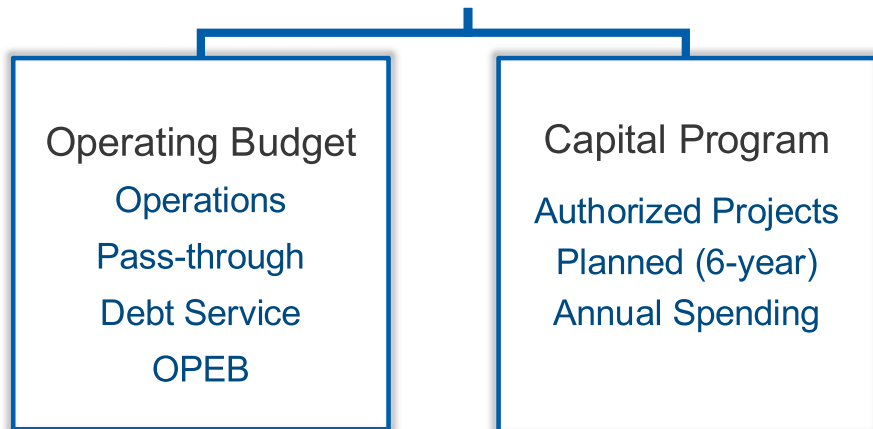
August 13, 2025

metro council.org



Council Budget Development

Unified Budget



May-July	Staff - Budget Development Activities
Aug 13	Council – Operating Budget Presentation
Aug 27 (before Sept 1)	Council - Adopt Preliminary Budget/Levies
Oct 8	Council - Capital Program Presentation
Oct 22	Council - Adopt Public Comment Draft Budget
Dec 3 (before Dec 20)	Council - Adopt Final Budget/Levies

Budget Authority



Minnesota Statute 473.125 Regional Administrator

“The regional administrator shall recommend to the council for adoption measures deemed necessary for efficient administration of the council, keep the council fully apprised of the financial condition of the council, and prepare and submit an annual budget to the council for approval.”

Proposed 2026 Property Tax Levies



Council Levy Authority

- Non-Debt Service Levy
 - Limited by implicit price deflator
 - General Purposes
 - Livable Communities – Development and Redevelopment grants to communities
 - Loans for acquisition of highway right-of-way
- Debt Service Levy
 - Levy is not capped, but bonding authority is limited
 - Parks and Transit debt service
- Seven County Metro Region and Transit Capital Levy Communities

Our Levy Strategy

- Levy Givens:
 - Transit and Parks Debt Service Needs
 - Statutory Fiscal Disparities Levy \$5M to Tax Base Revitalization Account
- Strategy Decisions:
 - Maximize General Purpose Levy
 - Maximize the Livable Communities Demonstration Account Levy
 - History – 2% increase
 - History – no levy for Highway Right of Way Program (sufficient reserves)

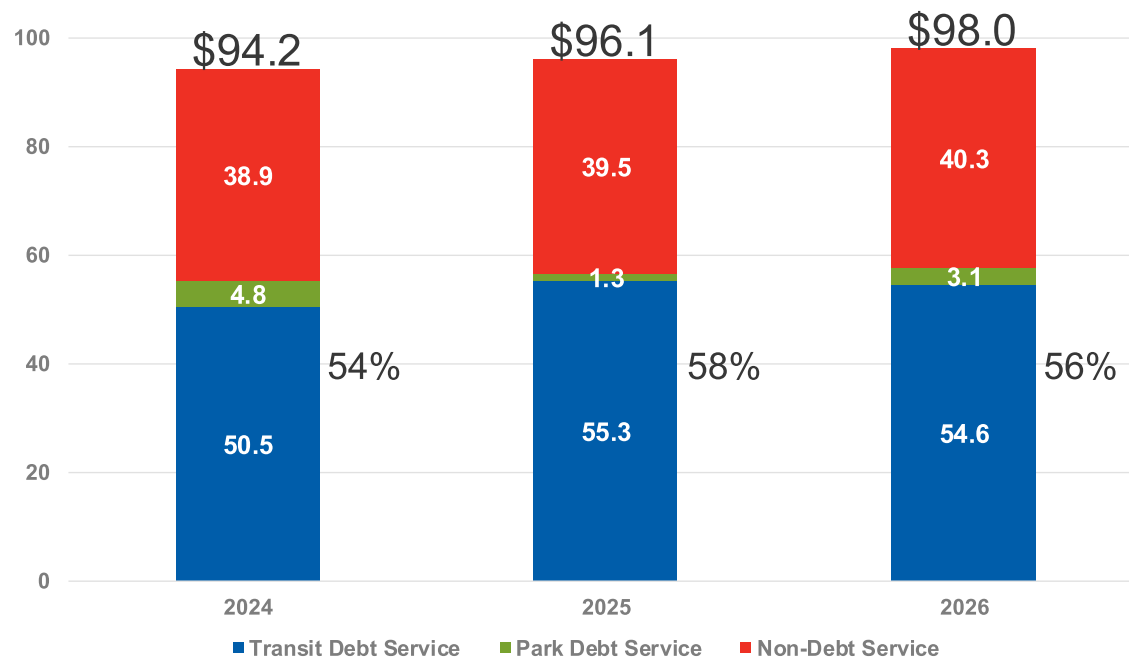
Debt Service Levies

- Transit

- Legislature grants bond authority
- Success with inflation factor grows ~3.0%
- Outstanding Debt YE 2024 - \$173.5M

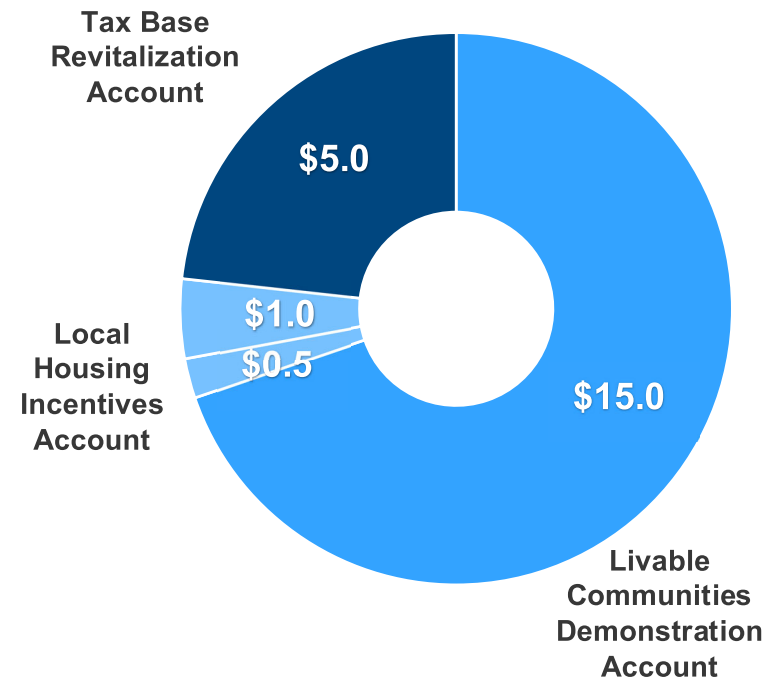
- Parks

- \$40M in Revolving Outstanding
- Outstanding Debt YE 2024 - \$5.0M



Livable Communities Levies (Grant Programs)

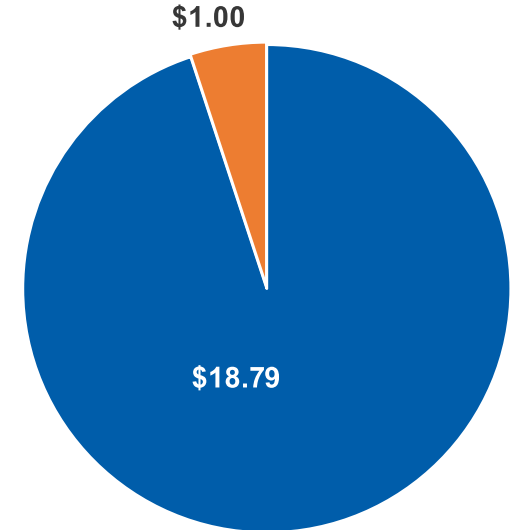
- Tax Base Revitalization Account Levy
 - \$5.0M annually from regional fiscal disparities pool
 - Clean up polluted land in the metropolitan area
 - Applies to commercial and industrial properties (not residential)
- Livable Communities Demonstration Account Levy
 - \$15.5M proposed levy for 2026
 - \$0.5 M transferred to LHIA
 - Strategy: Maximize to levy limit
 - Limitation: Capped by implicit price deflator
- Local Housing Incentives Account
 - Statutory transfers from LCDA (\$0.5M) and General Purposes Levy (\$1.0M)



General Purpose Levy \$19.79M

- Most Flexible Use Levy Funding
 - Carry out Council responsibilities as provided in law
- Primary Uses
 - Community Development Administration (\$18.79M)
 - Statutory Transfer to Local Housing Incentive Account (\$1.00M)

Total General Purposes

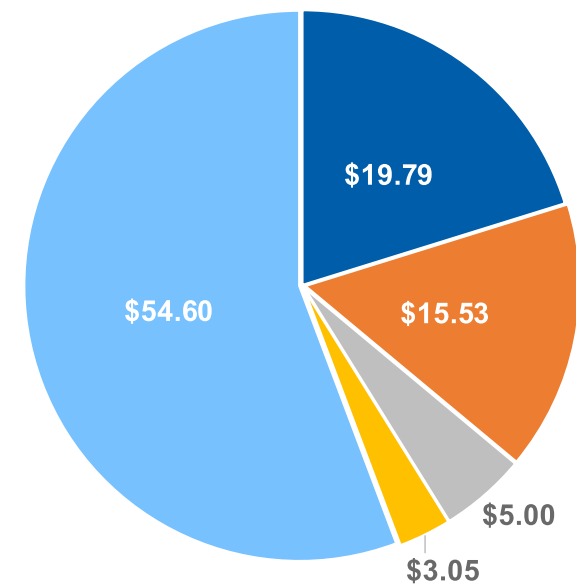


- Community Development, HRA Administration
- Local Housing Incentives Account

Proposed Levies – 2% Increase

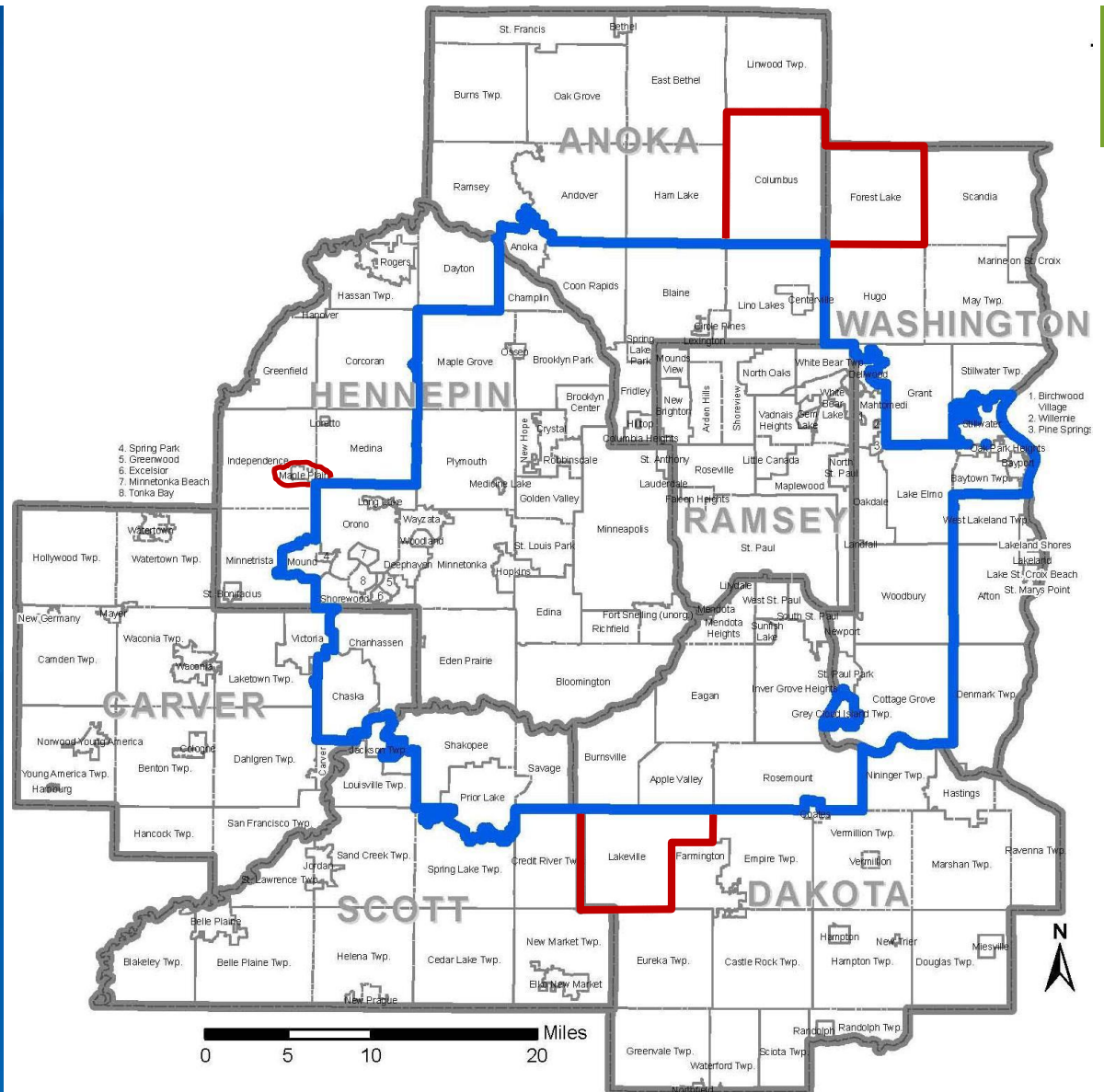
	Certified Proposed			
	2025	2026	Pct Chg	Limit
<u>Non-Debt Service Levies</u>				
General Purposes	\$ 19.318	\$ 19.791	2.4%	\$ 19.791
Highway Right of Way	\$ -	\$ -	0.0%	\$ 5.320
Livable Communities:				
- Demonstration Acct	\$ 15.163	\$ 15.534	2.4%	\$ 15.534
- Tax Base Revitalization	\$ 5.000	\$ 5.000	0.0%	\$ 5.000
Total Non-Debt Levies	<u>\$ 39.481</u>	<u>\$ 40.325</u>	<u>2.1%</u>	<u>\$ 45.645</u>
Levy as Pct of Limit	88.3%			

<u>Debt Service Levies</u>				
Park	\$ 1.274	\$ 3.051	139.5%	
Transit	\$ 55.300	\$ 54.600	-1.3%	
Total Debt Levies	<u>\$ 56.574</u>	<u>\$ 57.651</u>	<u>1.9%</u>	
Total All Levies	<u>\$ 96.055</u>	<u>\$ 97.976</u>	<u>2.0%</u>	



- General Purposes
- Livable Communities
- Tax Base Revitalization
- Park Debt Service
- Transit Debt Service

Metro Area and Transit Debt Service Levy



Impact on the Taxpayer



\$300,000
Market Value

Transit Tax Communities

Inside

\$48.01

Outside

\$18.20

Impact on the Taxpayer

Counties 27.1%

Cities & Towns 33.9%

Schools 33.3%



Other Special Districts 4.5%

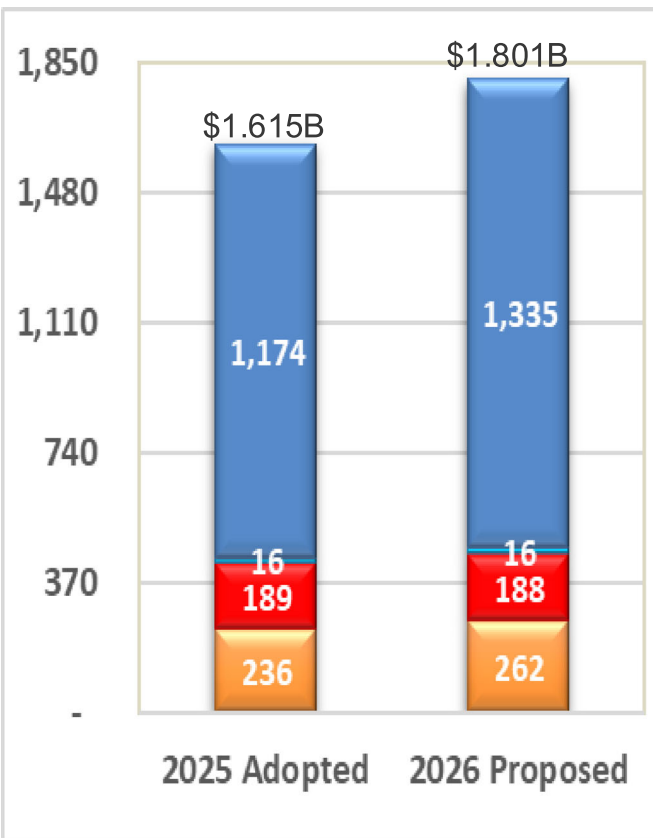
Metropolitan Council 1.2%



Proposed 2026 Operating Budget



Proposed Operating Budget - \$1.8 Billion

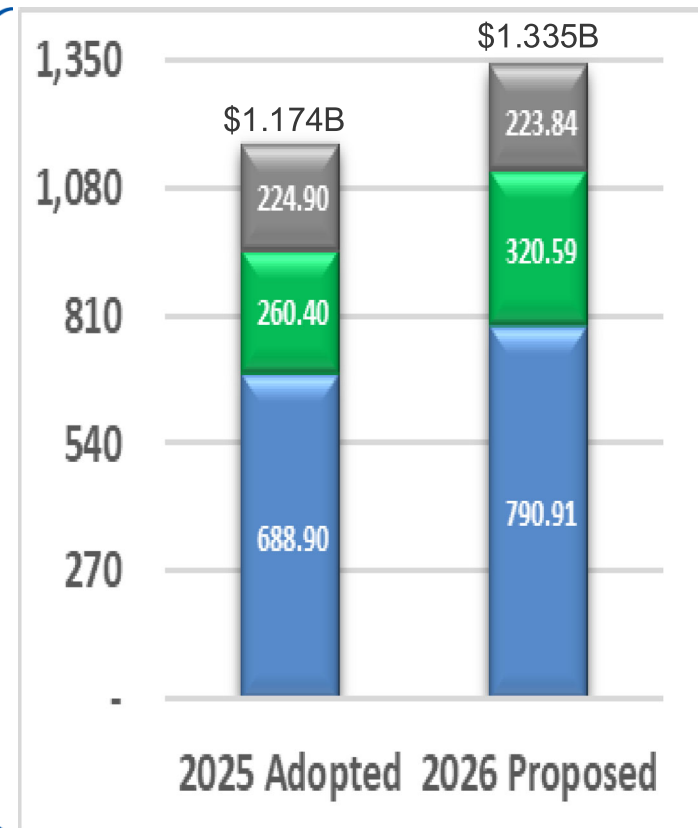


Operations

OPEB

Debt Service

Pass Through



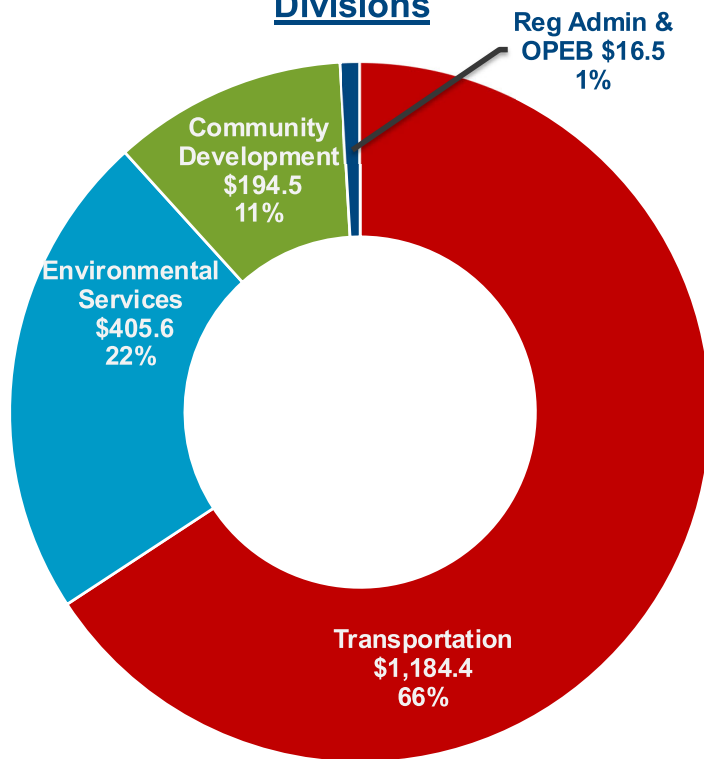
Other

Contracted Services

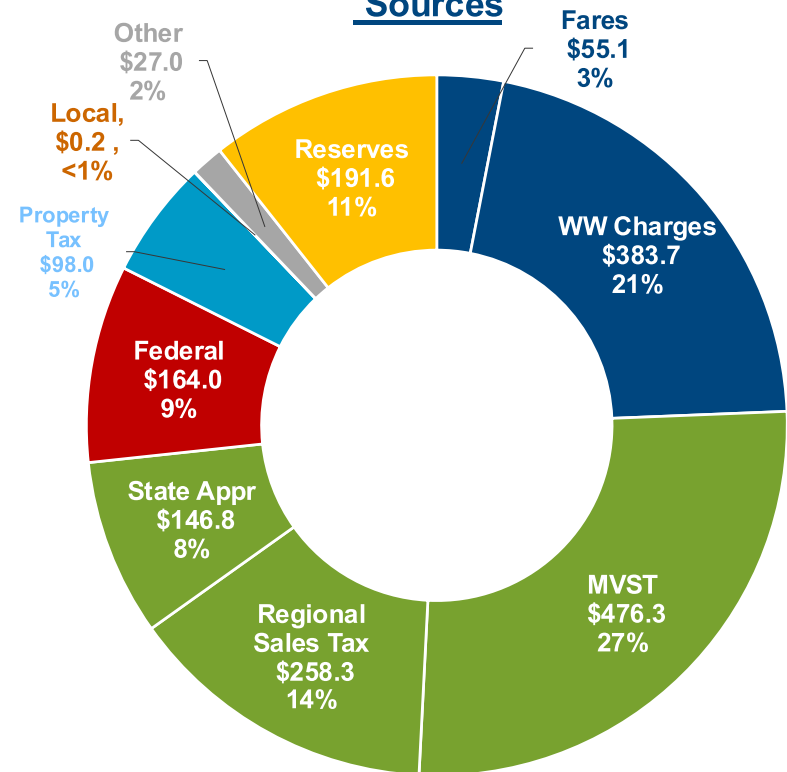
Salaries & Benefits

Proposed Budget - \$1.8 Billion

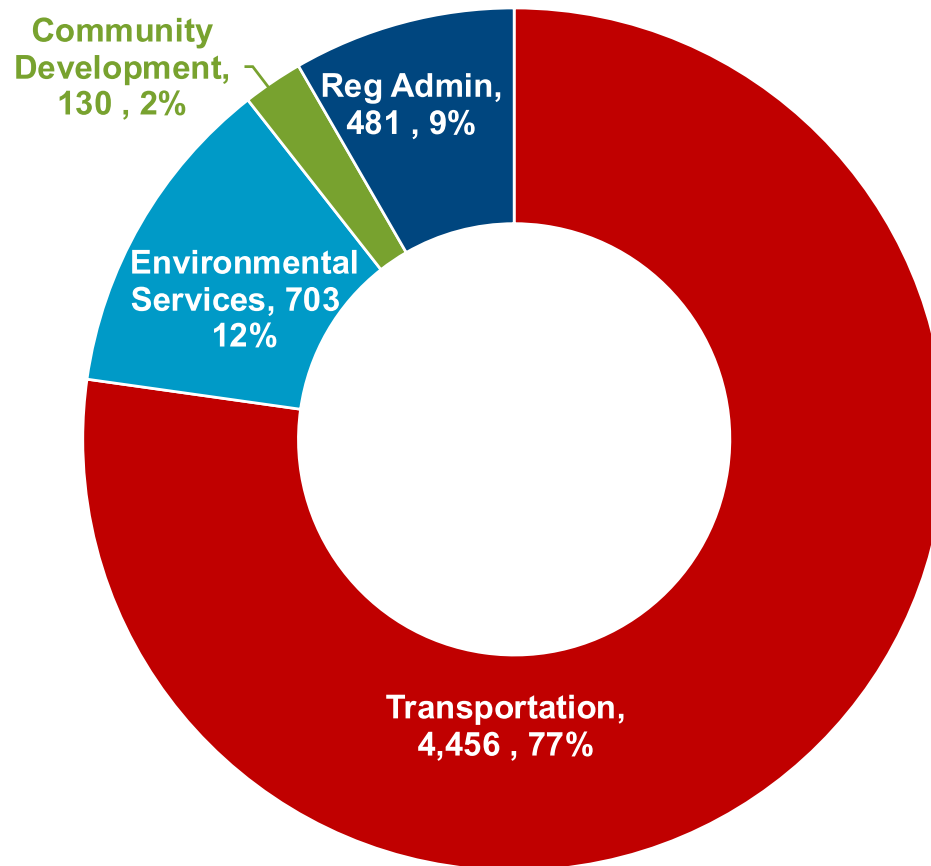
Divisions



Sources



Proposed FTEs (5,770) by Division



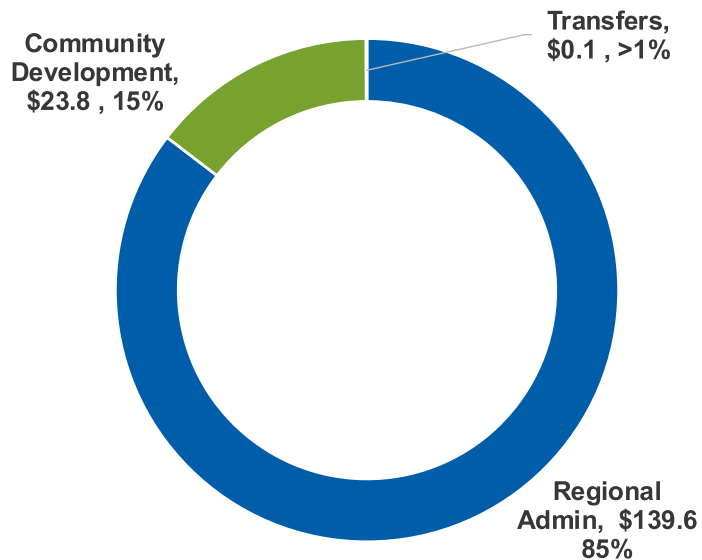


General Fund Operations



General Fund (CD & RA) - \$163.526

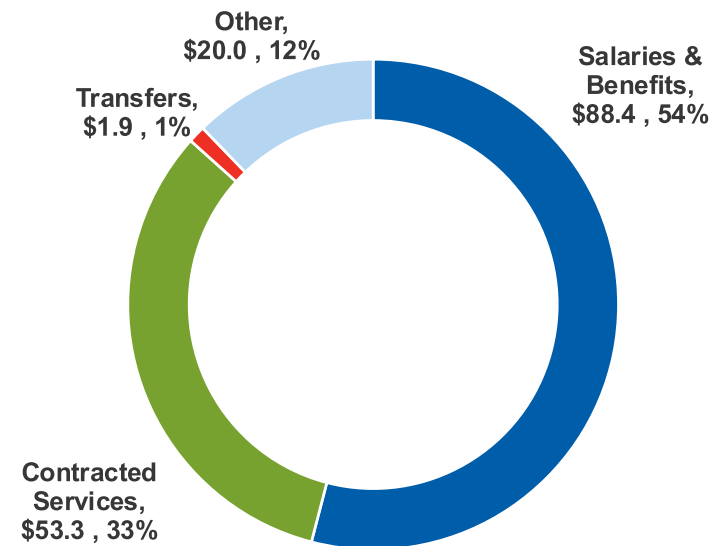
Uses by Department



Sources* (\$ in millions)

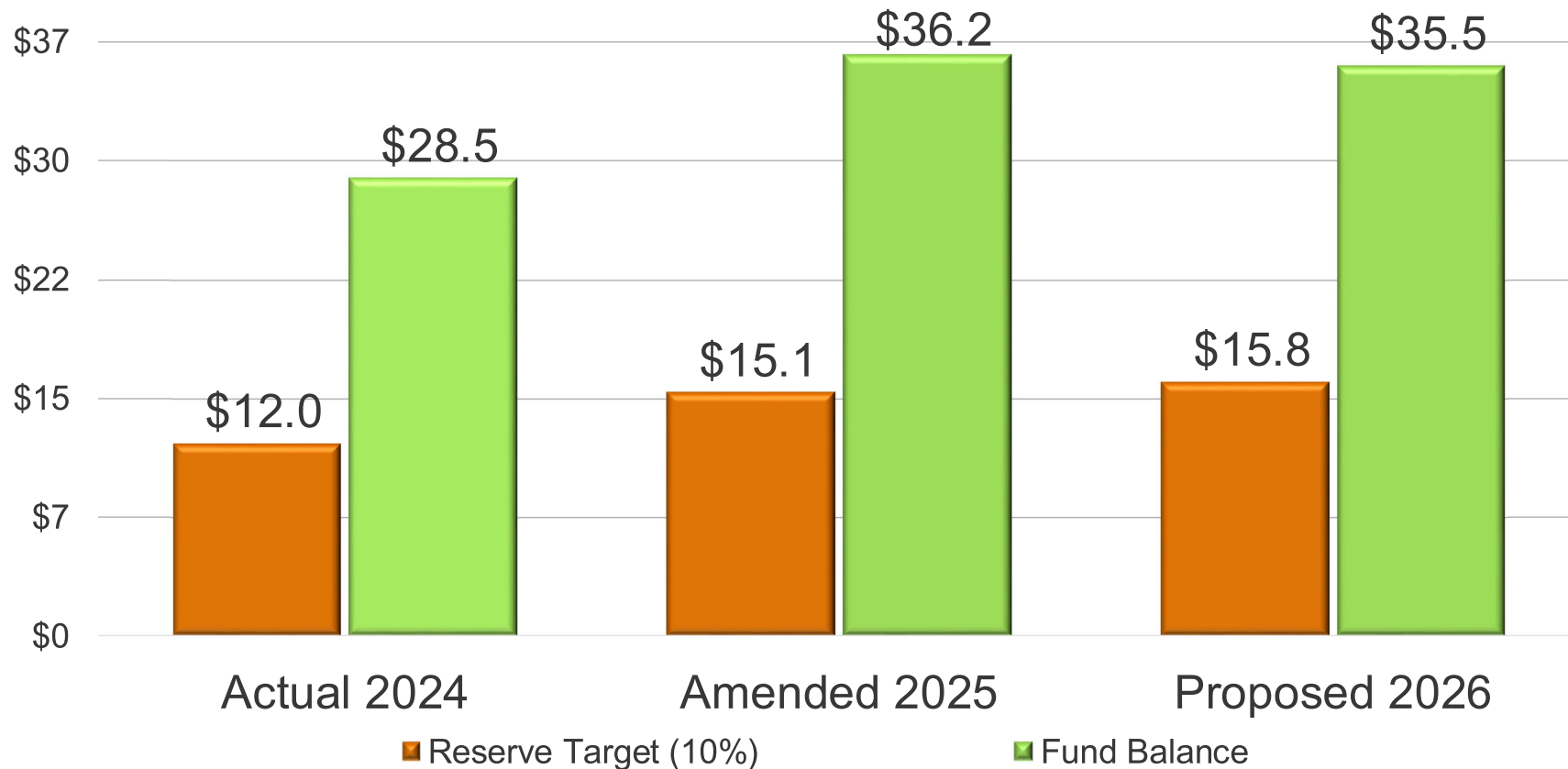
RA Allocations	\$ 138.648
General Purpose Levy	\$ 19.791
Investment Income	\$ 5.087
Total	\$ 163.526

Uses by Category



- Uses includes expenses & transfers out
- Sources includes revenues & transfers in

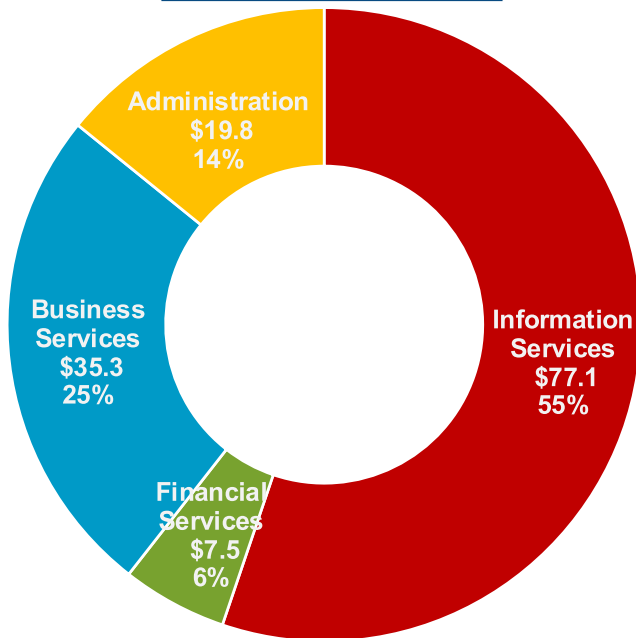
General Fund – Unassigned Operating Reserve



Dollars in Millions

Regional Administration - \$139.7M

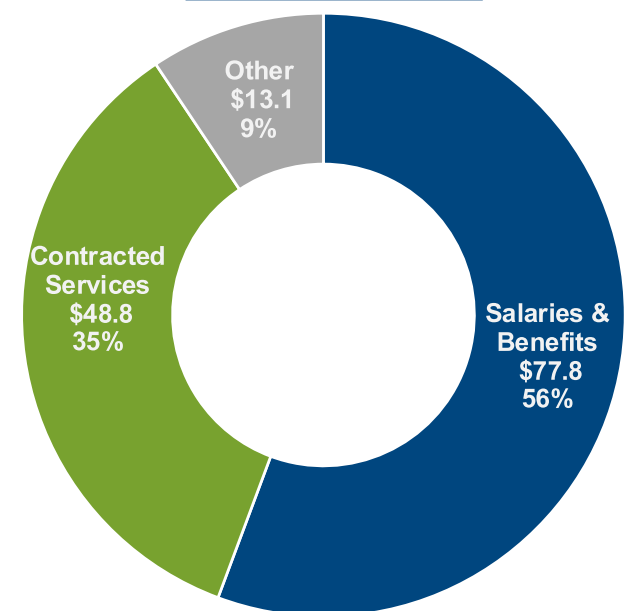
Uses by Department



Sources

RA Allocations	\$ 138.64
Investment Income	\$ 1.08
Reserves/Council Investment	\$ (.020)
Total	\$ 139.7

Uses by Category

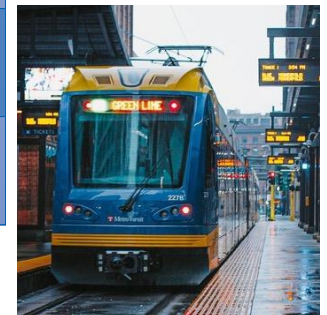


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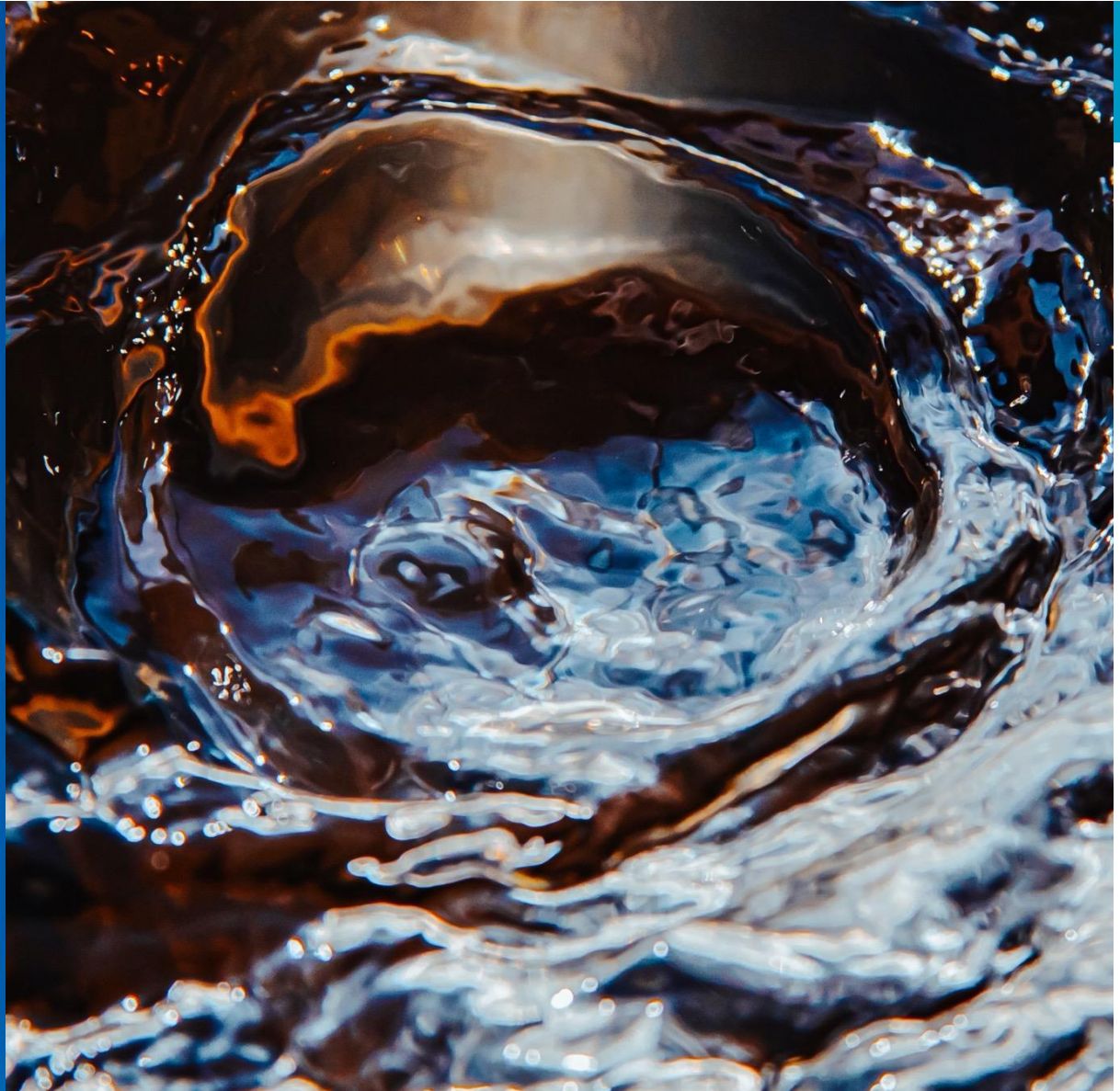
Regional Admin Sources/Interdivisional Allocation (\$ in millions)

	2025 Adopted Budget	2026 Preliminary Budget	Share	Change	
Community Development/HRA	\$ 4.5	\$5.5	3.9%	\$1.0	22.2%
Environmental Services	\$27.4	\$32.3	23.2%	\$4.9	17.9%
Metropolitan Transportation Services	\$7.5	\$9.2	6.6%	\$1.7	22.7%
Metro Transit	\$78.5	\$91.6	65.6%	\$13.1	16.7%
Other	\$0.9	\$1.0	.7%	\$.1	11.1%
Total	\$118.8*	\$139.6*	100%	\$20.8	17.5%

*Includes expenses not transfers out



Environmental Services



Clean Water for Future Generations



Partner

Convene, engage, collaborate, and build solutions with our customers, stakeholders, and partners.

- **Waste heat recovery:** Explore energy efficiency with City of St Paul and District Energy.
- **White Bear Lake Area Comprehensive Plan:** Convene an advisory workgroup and implement a comprehensive plan of long-term solutions for sustainable water in the north and east Metro Area.
- **Tribal Nations:** Strengthen relationships and lead work from an Indigenous perspective.
- **Community liaison pilot program:** Underrepresented communities increase knowledge and capacity to engage and inform our decisions.

Clean Water for Future Generations



Plan

Assess conditions and identify long-term approaches and infrastructure investments.

- **Preserve:** Nine water resource recovery facilities, 60 lift stations, 600+ miles of interceptor pipe, 231 meters
- **Expand:** Future Crow River facility to meet northwest area needs.
- **Improve:** Meet more-stringent regulations to reduce sulfides passing through facilities.
- **Climate resiliency:** System planning for floods and droughts.
- **Sustainable landscapes:** Five sites to need less water, reduce runoff, and provide habitat for birds, bees.

Clean Water for Future Generations



Provide

Deliver critical services, tools, and resources.

- **Clean 250 million gallons of wastewater every day:** From more than 2 million residents in 111 communities.
- **Climate resiliency:** Private property inflow and infiltration grants to prevent clear water entering wastewater system.
- **Minnesota State Fair exhibit:** Engage community members to build support for clean water and interest in water careers.
- **PFAS reduction:** Provide industrial users technical assistance to reduce PFAS entering wastewater.
- **Sustainable water workforce:** Diversity and inclusion approaches for an innovative, resilient workforce.

Operating Budget Highlights

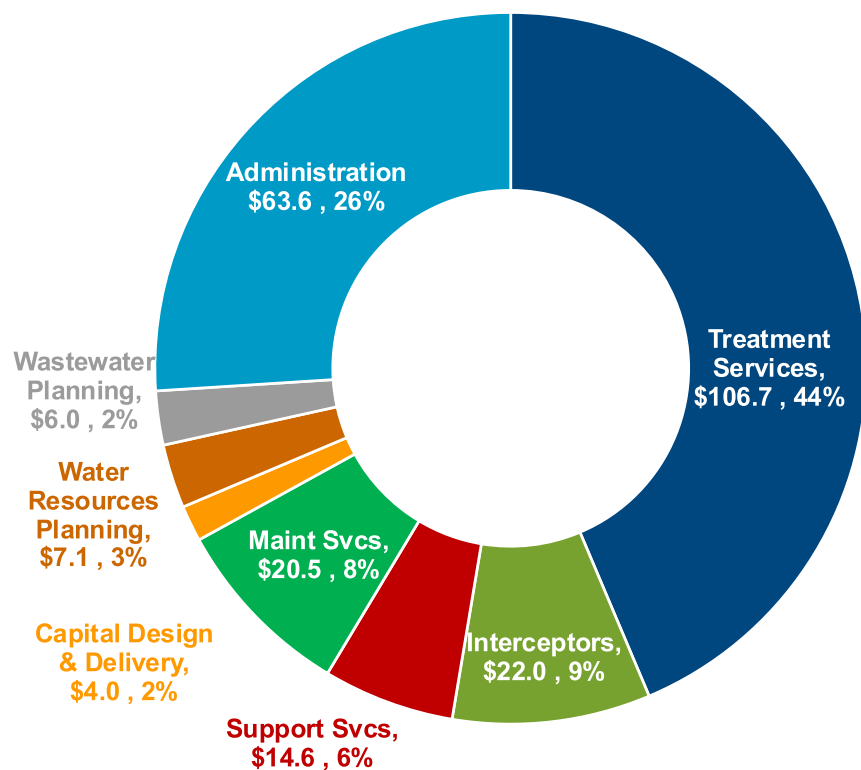


- **Municipal Wastewater Charge: +5.8%**
 - 2026 = \$314.6M (\$17.3M higher than 2025)
 - \$9.25 annual increase per REC (residential equivalent connection)
- **Sewer Availability Charge: No Change**
 - \$2,485 per SAC (flat since 2014)
 - Total FY26 transfer = \$47.4M (includes \$3M for PAYGO*)
- **Industrial Waste Strength Charge: +8.1%**
- **Industrial Waste Permit Fees: +5.8%**

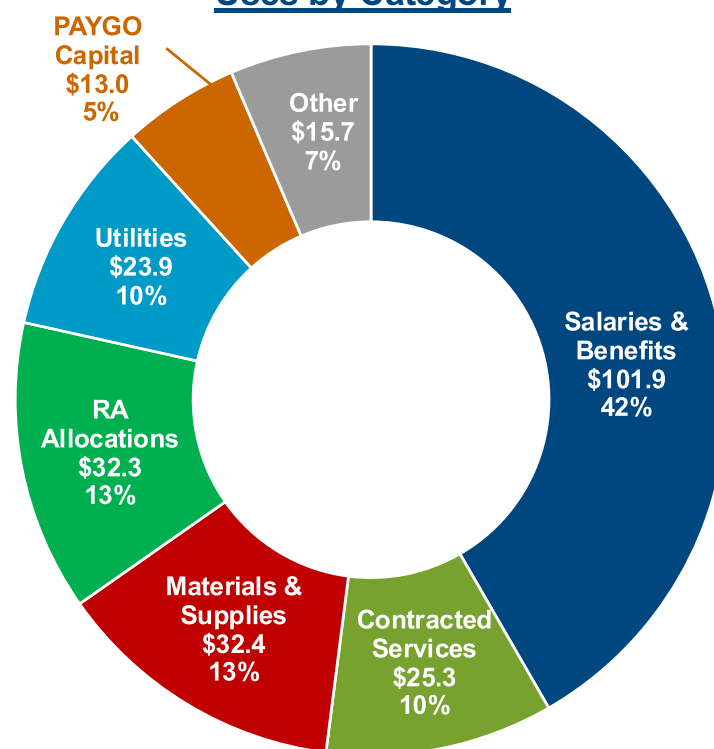
*PAYGO is paying cash for capital projects.

Environmental Services Operations: \$244.5M

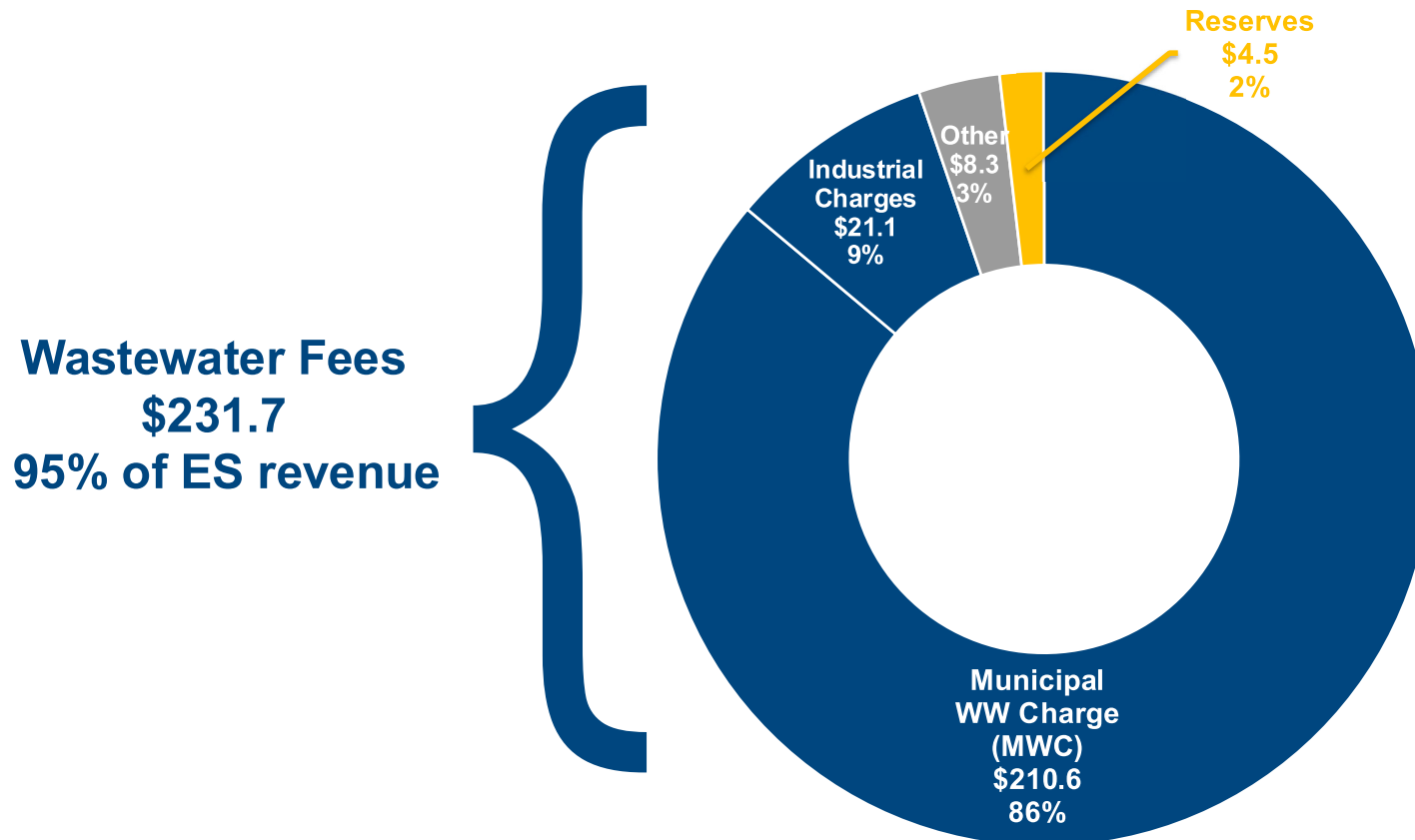
Uses by Department



Uses by Category



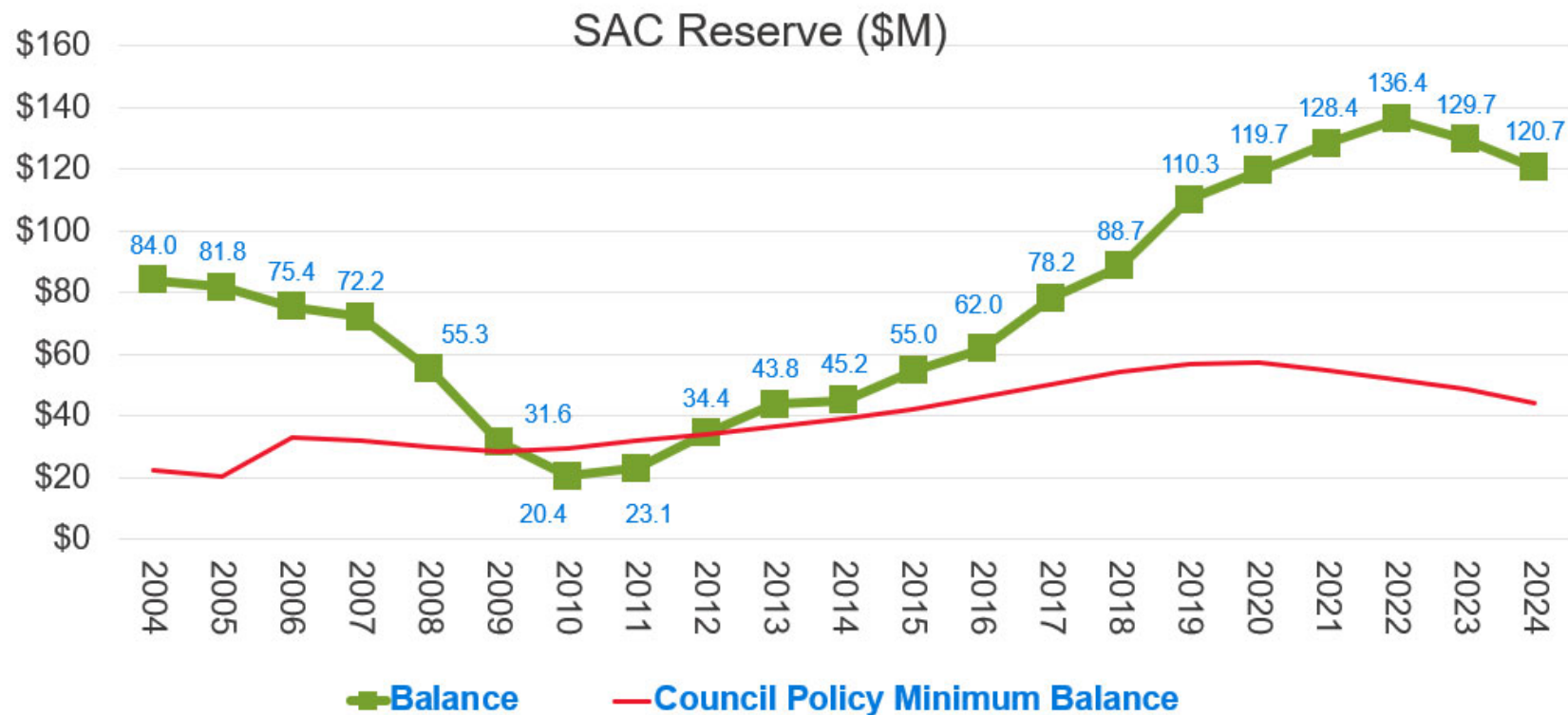
Environmental Services Sources: \$244.5M



Sewer Access Charges (SAC): Units



SAC Reserve Helps Manage Future Rates



Community Development



Community Development Division



Provide coordinated planning and policy to guide the growth and development of the region.



Partner with regional park implementing agencies to plan for and fund the Regional Parks System.



Provide technical assistance to local governments to implement region policy in their local plans.



Facilitate community collaboration.



Deliver state and federally funded rent assistance to create and provide affordable housing for low-income households.

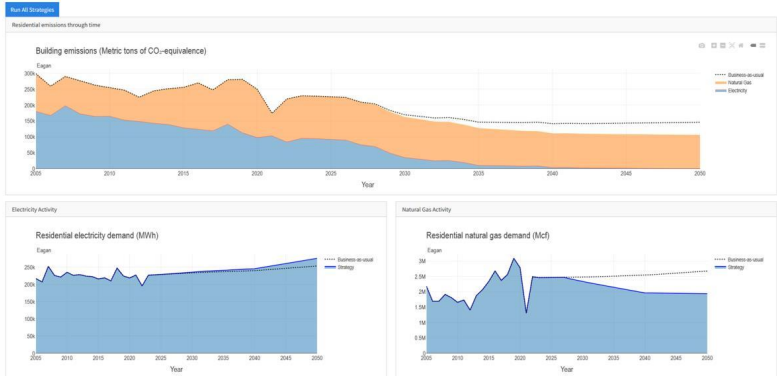


Provide Livable Communities Act grants to help clean up polluted sites, expand housing choices, and build developments that connect housing, jobs, and services.



Identify, analyze, and report on issues of regional importance.

Engagement and Accomplishments



Regional Planning

Imagine 2050



Major Initiatives and Studies

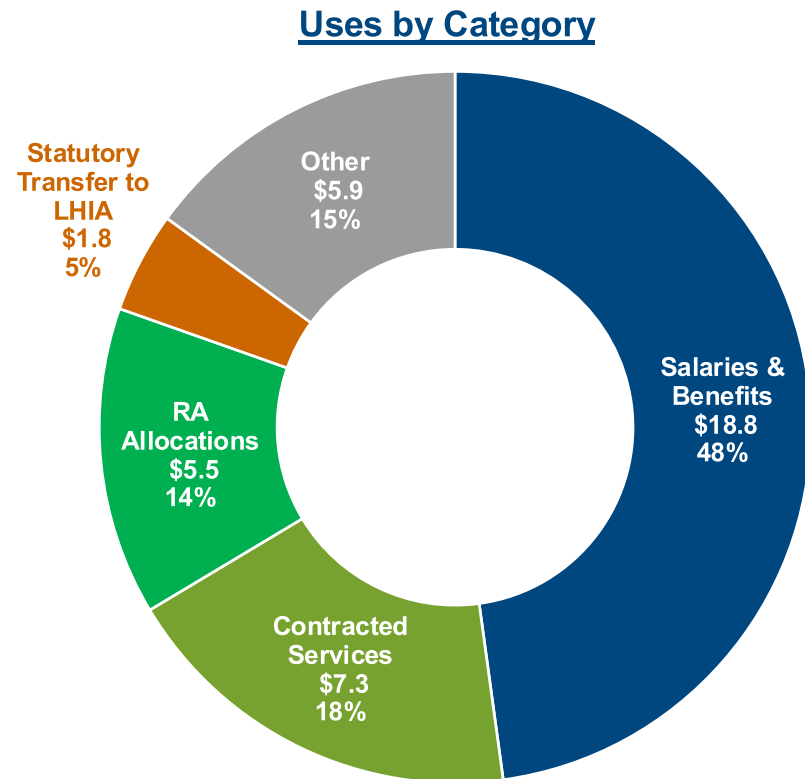
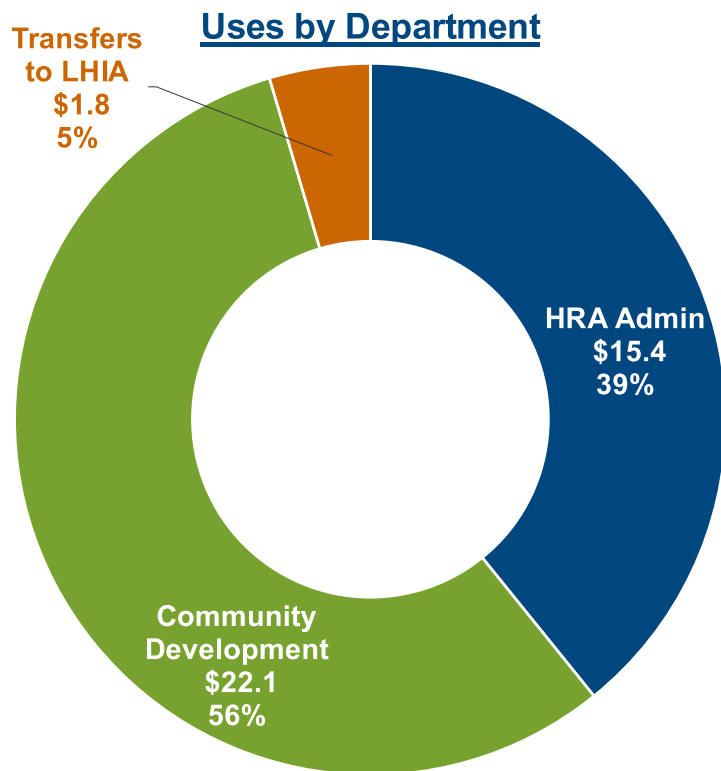
- Supporting local comprehensive planning:
 - LPA Planning Assistance Grants
 - System statement issuance
 - Update Local Planning Handbook
- Continue work on HUD PRO Housing Grant
- LCA Alignment with Imagine 2050
- Implement Parks and Trails Visitor Study
- Update the Regional Economic Framework
- Climate Action Work Plan implementation
- Population and employment estimates
- People-centered data

Metro HRA Initiatives

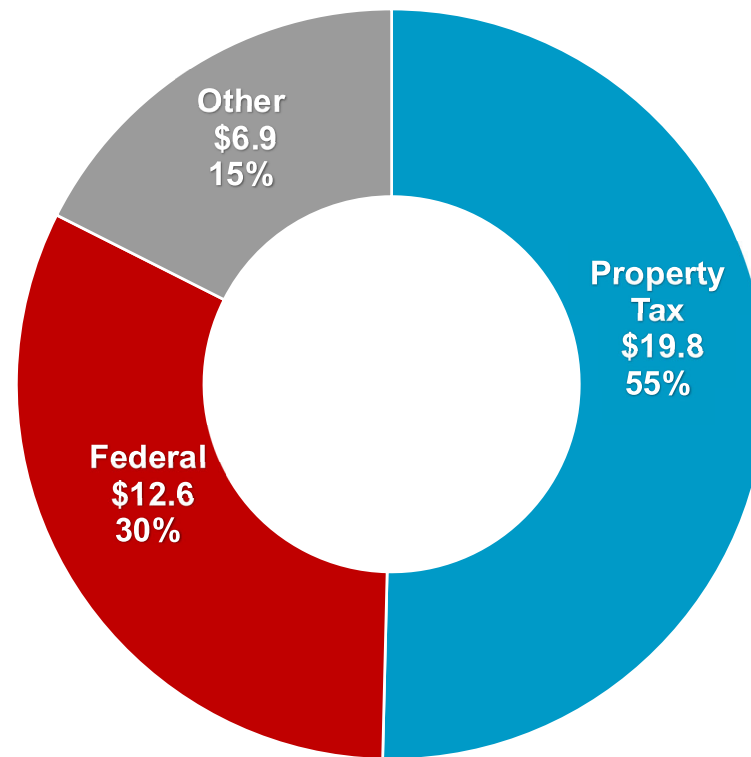
- Bring It Home: Minnesota State Rental Assistance Program
- Implement the National Standards for Physical Inspection of Real Estate (NSPIRE)
- Monitoring budget changes at the federal level to determine what impacts they may have in current year and beyond



Community Development Operations - \$39.3M

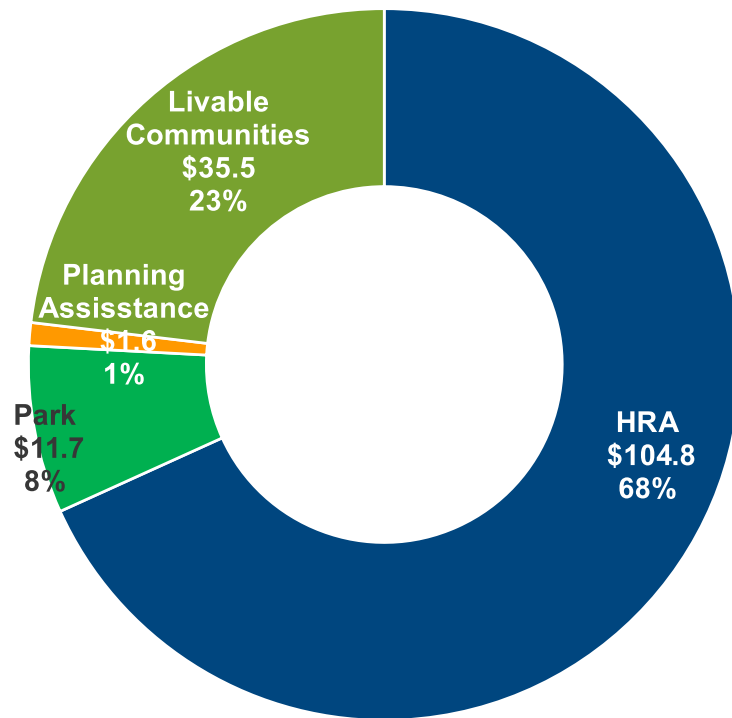


Community Development Sources - \$39.3M

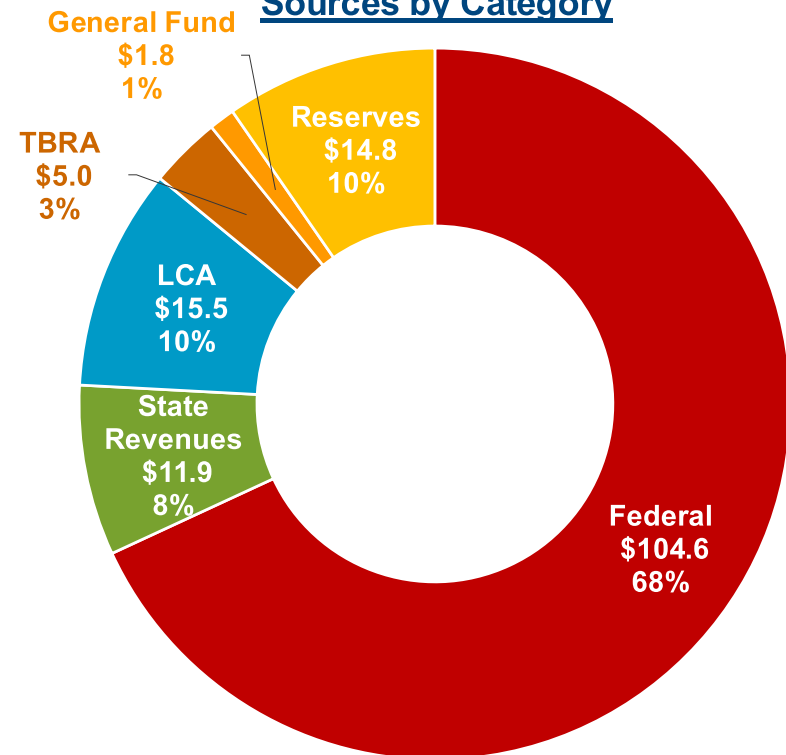


Community Development Passthrough - \$153.6M

Uses by Department



Sources by Category



Transportation



Transportation Division Highlights

METRO TRANSIT

- Public safety
- Network Now (service expansion)
- Cleaning & maintenance
- Green Line Extension

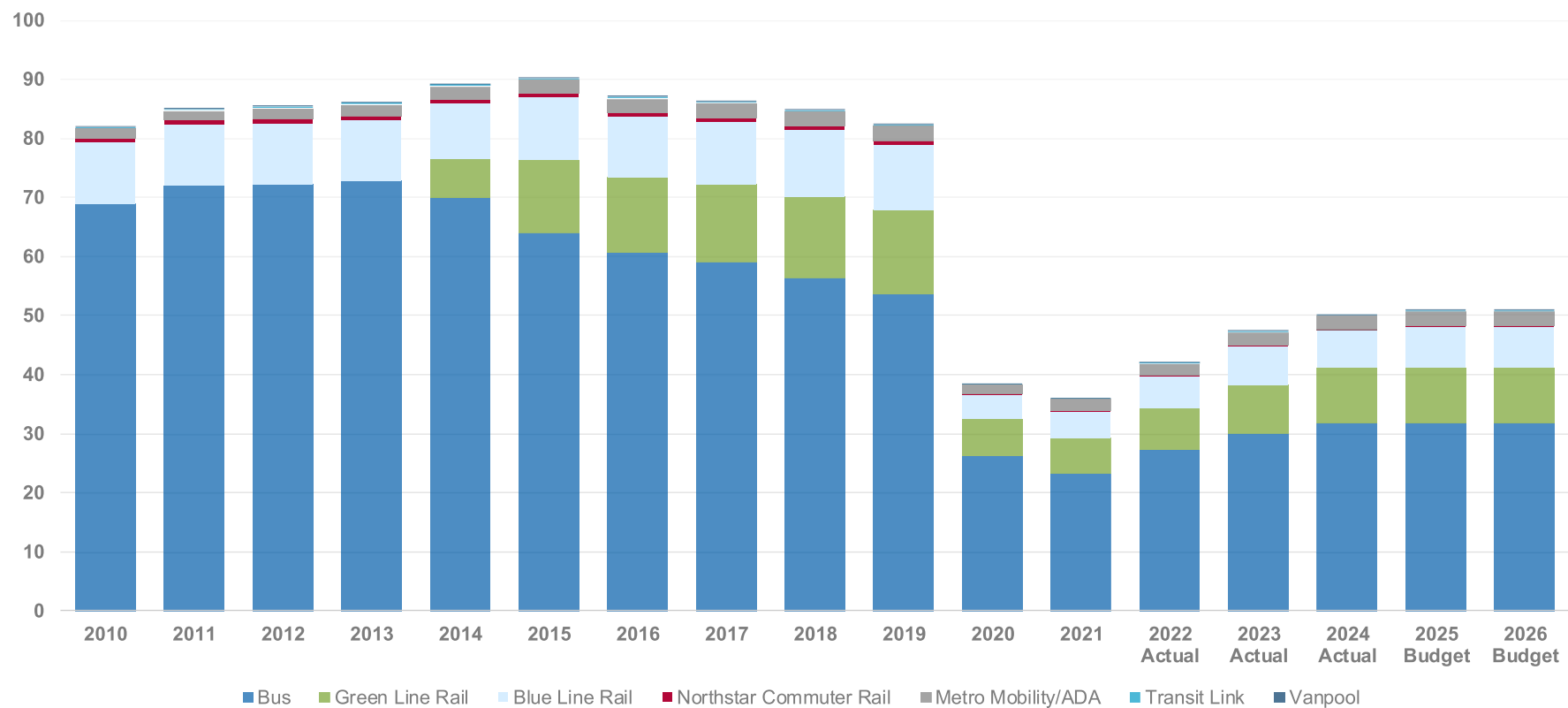


MTS

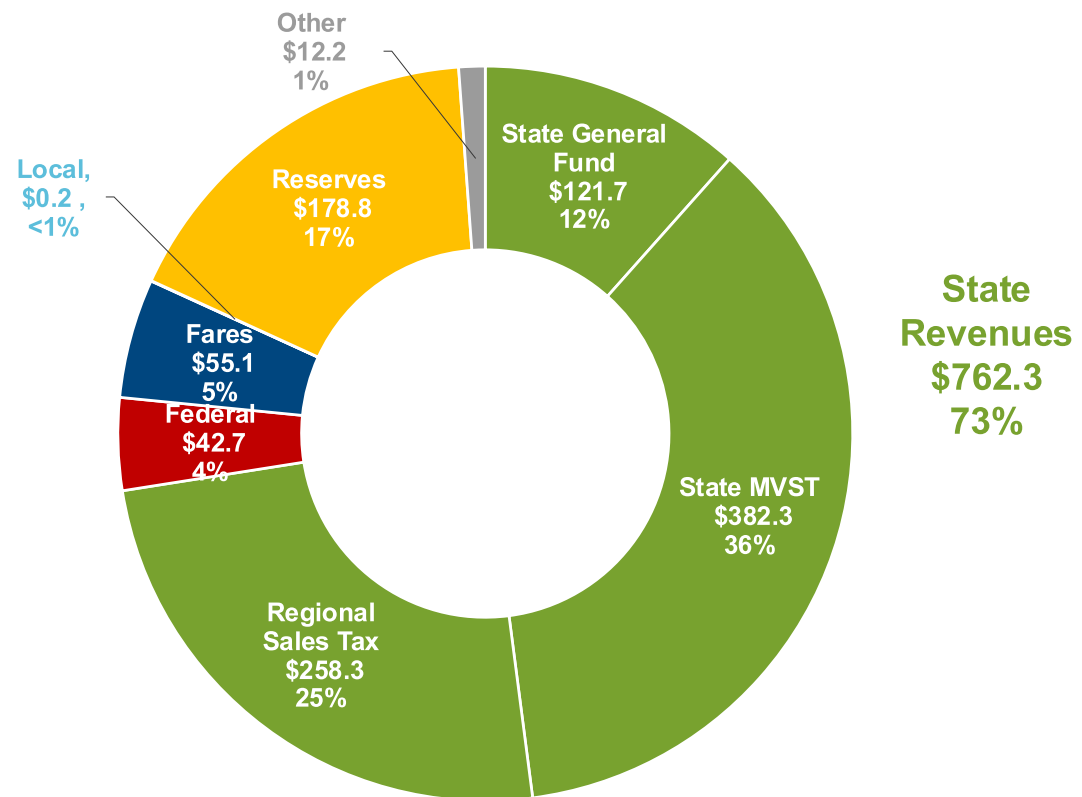
- STS state forecast program
- Network Now/micro transit
- Ongoing regional transportation planning program projects



Council Ridership (in millions)

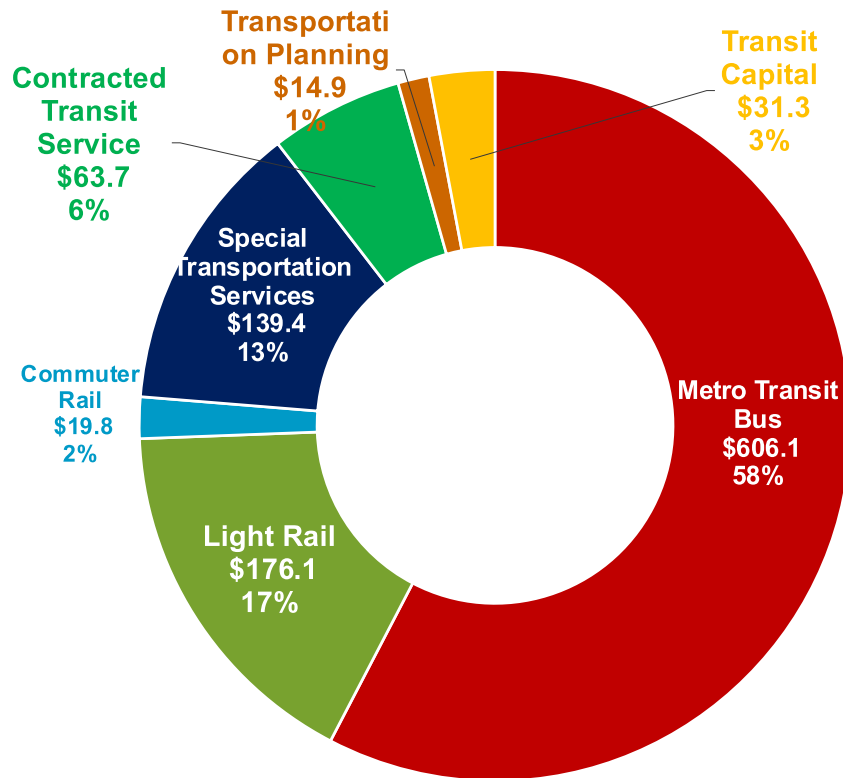


Transportation Operations Sources - \$1,051.3M

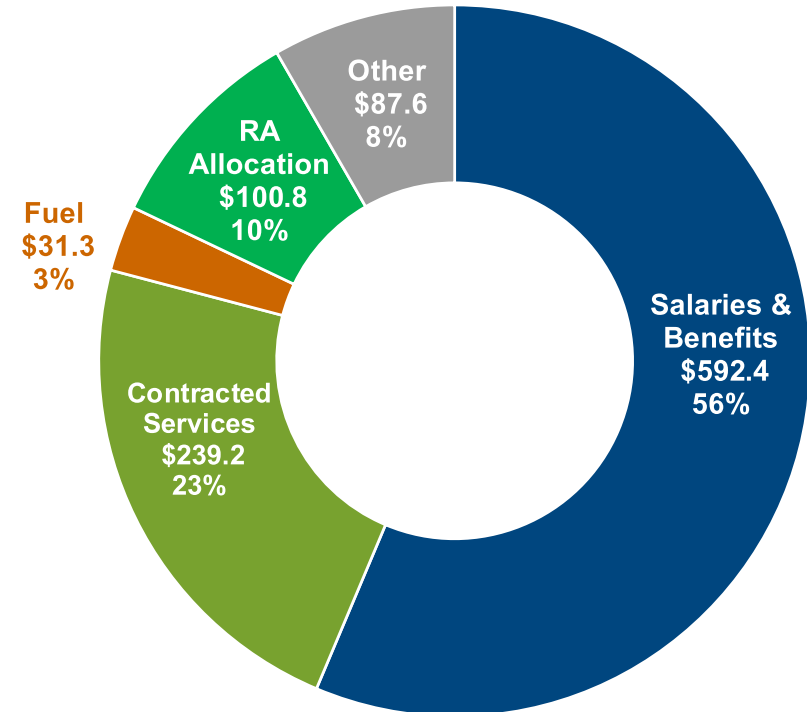


Transportation Operations - \$1,051.3M

Uses by Mode



Uses by Category



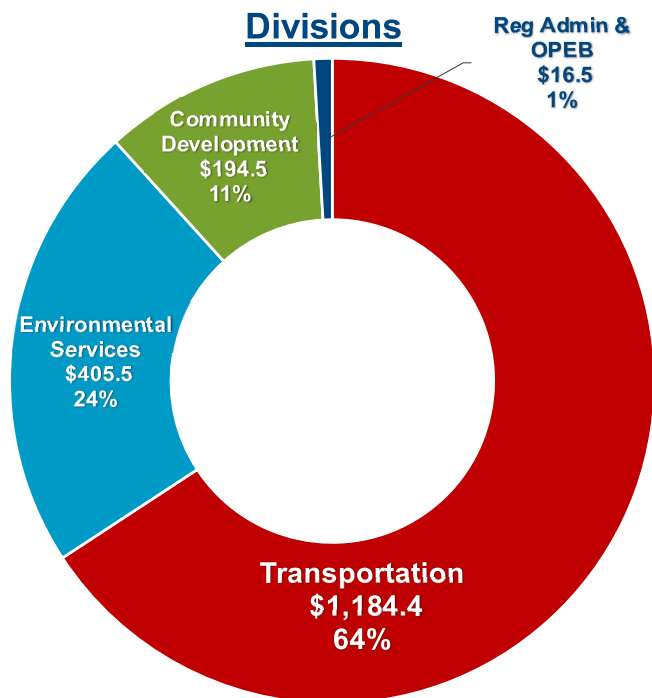
Special Transportation Services

- Metro Mobility and Metro Move
- Programming federal capital funds
- Ridership projected to be at 91% of pre-Covid levels in 2026
- Gasoline at \$3.55/gallon
- Transitioned to state forecasted program July 1, 2025; reporting begins Fall 2025

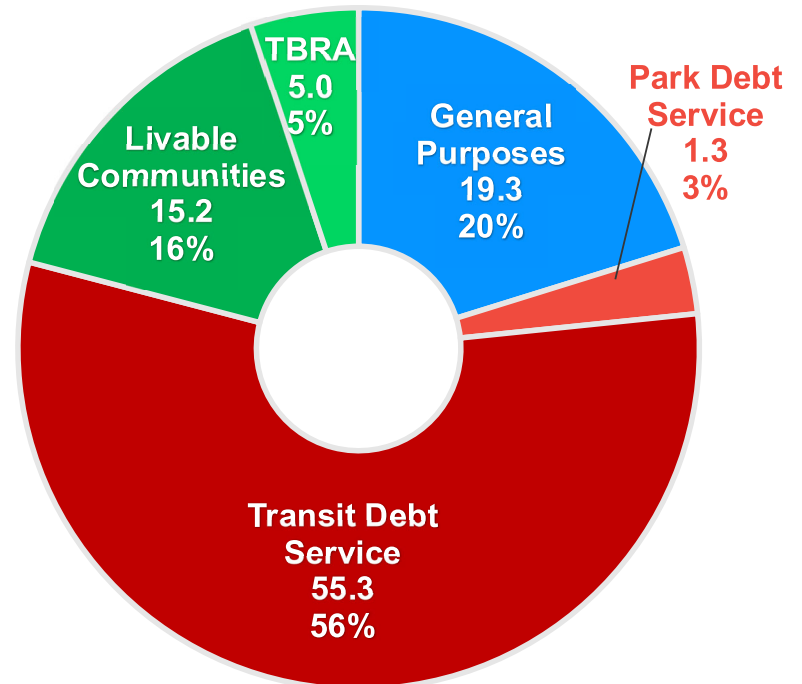


2026 Unified Operating Budget and Levies

Budget - \$1.8 Billion



Levy - \$98.0 Million



Contacts

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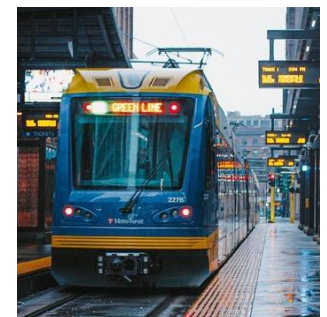
Heather Giesel, MTS Finance Director 651-602-1715

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Lesley Kandaras, Metro Transit General Manager 612-349-7513

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Thank You!

Find out more at metro council.org.

