

Business Item

Environment Committee



Committee Meeting Date: August 22, 2023

For the Metropolitan Council: September 13, 2023

Business Item: 2023-174 JT

2023 Budget Amendment

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 MN Statutes Section 473.13, Subd. 1
Staff Prepared/Presented:	Ned Smith (651-602-1162) and Matt Gsellmeier (651-602-1802)
Division/Department:	MCES c/o Leisa Thompson, 651-602-8101

Proposed Action

That the Metropolitan Council authorizes the amendment of the 2023 Unified Budget to add \$656K to the 2023 Authorized Capital Program (ACP) as indicated in Attachment #3 and modify the 2023 Operating Budget as indicated in Attachment A, Table B-1 to increase wastewater expenses by \$7.31M and increase wastewater revenues by \$7.5M

Background

The adjustments to Environmental Services capital budget are highlighted in Attachment #3.

Changes to Authorized Capital Program:

- **Add \$656K for the Business Process and Systems Integration** capital expenses that will occur in 2023.

The adjustments to Environmental Services operating budget are highlighted in Table B-1.

Changes to Revenues:

- **Add \$4.75M to State Appropriations** for capital improvements in Newport (\$2.75M), and to develop a surface and ground water comprehensive plan in White Bear Lake (\$2M)
- **Add \$2M to Industrial Waste revenue** for a large customer who corrected monitoring issues that resulted in significantly higher strength charges.
- **Add \$750k for Investment earnings**, due to rising interest rates.

Changes to Expenses:

- **Add \$7M for Chemicals and Utilities**, largely due to high inflation.
 - \$4M for chemicals, primarily nitrate salts (\$3M), but also polymers (\$1M).
 - \$1.5M for natural gas
 - \$1.5M for electric
- **Add \$1M for Materials and Supplies**, largely due to high inflation.
- **Add \$150k for White Bear Lake comprehensive plan spending.**
- **Reduce \$837k for Interdivisional charges**, largely due to BPSI moving to capital.

Rationale

This amendment adjusts the Authorized Capital Program to account for BPSI expenses that will be incurred in 2023. In addition, it authorizes the planned receipt and use of state appropriation revenue as specified in Minnesota Session Laws Chapter 60. Finally, the amendment authorizes higher chemical, utility, and material expenses that are mainly due to unusually high inflationary increases.

Thrive Lens Analysis

This amendment advances financial stewardship by ensuring that proper investments are made for the ongoing operation and preservation of the Metropolitan Disposal System.

Funding

The ACP adjustment will be funded by General Obligation Council Bonds. Funds to pay for capital improvements at Newport and comprehensive plan work at White Bear Lake will come from increased State appropriations. Higher utility and chemical costs will be paid from operating funds, but this will not cause the operating reserve to fall below the Council Target Reserve Balance level.

Attachments

A – Attachment #3

B - Table B-1 – Environmental Services Division Operating Budget as amended through August 23, 2023

