

Metropolitan Council 2004 Unified Budget Adopted 2004 Unified Capital Program

The adopted Unified 2004 Capital Program includes capital program authorizations and capital budgets for Environmental Services, Transit, Parks and Open Space and Family Affordable Housing. Capital program authorization is maintained for each active capital project until the project is completed, although capital expenditures on the project may occur over several years. Requested changes in capital authorizations include the addition of new capital projects to the capital program and amendments to previously approved projects. The following definitions are used for the 2004 Capital Program and Budget and 2004-2009 Capital Improvement Program:

Capital Improvement Program (CIP): The 2004-2009 Capital Improvement Program is a six-year capital investment program that describes capital investment strategies, specific capital investments and capital financing plans. The Capital Improvement Program provides a basis for new capital program authorizations and the 2004 Capital Budget. The CIP includes both the 2004-2009 portion of authorized capital projects and capital investments that are planned within the six-year period, but are currently not authorized.

Authorized Capital Program: The Capital Program provides multi-year authorization to spend on specific capital projects. The proposed 2004 Capital Program includes previously approved capital projects, amendments to previously approved capital projects, and proposed new authorizations. Because capital projects remain in the authorized capital program until completed, the program does not cover a particular period of time and a significant portion of the 2004 program has been spent in prior years.

Capital Budget: The Capital Budget appropriates funds for capital expenditures for a specific budget year. The proposed 2004 Capital Budget includes appropriations for previously authorized projects and for new capital projects authorized in the 2004 Authorized Capital Program.

Inclusion of a capital project in the six-year Capital Improvement Program (CIP) does not constitute Council approval to proceed with that project. Of the \$1.873 billion in capital investments in the six-year Capital Improvement Program, approximately \$696 million, or 37 percent, is authorized to be spent between 2004 and 2009.

PROPOSED 2004-2009 CAPITAL IMPROVEMENT PROGRAM (CIP)

The Council Adopted 2004-2009 Capital Improvement Program is summarized below. The Capital Improvement Program proposes capital spending of \$1.873 billion over the six years of the program. The largest component of the unified program is transit capital investment, with \$966 million or 52 percent of the total. Wastewater services proposes capital spending of \$789 million (42 percent of total) and regional parks \$113 million (6 percent of total).

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**FINAL 2004-2009 CAPITAL IMPROVEMENT PROGRAM (CIP)
(\$ millions)**

	2004	2005	2006	2007	2008	2009	6-Years
Transit Services	\$ 209.6	\$ 129.9	\$ 155.8	\$ 132.9	\$ 177.1	\$ 160.8	\$ 966.1
Wastewater Services	179.9	137.8	136.3	129.3	109.6	96.0	788.9
Regional Parks	31.1	25.9	14.9	15.2	15.2	15.2	117.5
Housing	0.5	0.0	0.0	0.0	0.0	0.0	0.5
Total	\$ 421.1	\$ 293.6	\$ 307.0	\$ 277.4	\$ 301.9	\$ 272.0	\$ 1,873.0

TRANSIT SERVICES

The transit Capital Improvement Program proposes investing \$966 million over the next six years in transit equipment and facilities. This investment will enable the Council's Metro Transit Division and other transit providers to provide safe and reliable transit service, including \$613 million to preserve and expand the bus system and \$343 million to complete the Hiawatha light rail line and build a system of dedicated transitways. Completion of the dedicated transitways and expansion of the bus system are dependent on securing capital funding from the state and/or federal government.

Implementation of the proposed transit Capital Improvement Program will require the financial support of federal and state governments. The program assumes that a significant portion of the Capital Improvement Program will be financed with federal capital funds. The program also requires the financial support of the state, both in providing authorizations for regional bonding and providing state funds to support portions of the program.

The Council and Transportation Division face a number of funding issues in implementing its six-year plan.

- The Council proposes issuing \$196.6 million in regional bonds over the next six years. The Council currently has legislative authorization for \$96.375 million and will need additional authority of \$100.225 million to complete the program as proposed.
- The Council needs to secure additional financial support from the state. This financial support may involve state bonding to finance dedicated transitways, bus garages and public facilities like transit hubs and park and ride lots.
- The Council will need to aggressively pursue available federal capital funding. The new federal Transportation authorization has not passed Congress, so federal funding assumptions in the proposed Capital Improvement Program are preliminary. The Council needs to maximize any formula funding available from the new federal authorization package and aggressively compete for discretionary funding.

WASTEWATER SERVICES

The Environmental Services Division proposes investing \$788.9 million over the next six years (and another \$362 million in the subsequent four years) to provide improvements to the regional wastewater

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system to maintain existing facilities, meet new environmental requirements and provide new sewer service capacity.

Approximately \$343 million of the six-year program (44 percent) will be invested in rehabilitation and replacement of existing facilities. The remaining \$446 million will provide for system expansion and quality improvements in the treatment plants and interceptors. In the six-year period, major capital investments will be made in:

- Primary and secondary treatment improvements and rehabilitation at the Metro Plant, particularly to solids processing facilities,
- Improvements at other treatment plants, particularly expanded Empire service area facilities,
- New Elm Creek and South Washington interceptors and major interceptor rehabilitation, and
- Potential expansion of wastewater facilities in rural centers.

Wastewater services faces a number of issues in implementing its Capital Improvement Program. The main one involves meeting regional wastewater system needs for rehabilitation and expansion within the financial constraints of the Environmental Services Division's operating budget and capital finance plans. Debt service is a major component of the annual budget, so the division is aggressively seeking ways to reduce regional borrowing and future debt service.

REGIONAL PARKS

The Parks and Open Space Capital Improvement Program proposes investing \$117.5 million over the next six years on the regional recreation open space system to rehabilitate existing facilities, purchase land and develop regional parks, park reserves and trails. The program is based on the *Regional Recreation Open Space Capital Improvement Program* developed by the Metropolitan Parks and Open Space Commission and on funding decisions by the Legislature. The proposed 2004-2009 Capital Improvement Program for parks provides \$15 million a year in new funding (\$9 million state or local, \$6 million regional) to acquire and preserve regionally significant natural resources. The main issue facing the Council with respect to the regional recreation open space system is maintaining legislative support of state funding and regional bonding for the system. The Legislature has supported a state/regional partnership over the last several years that has financed the regional parks Capital Improvement Program with 60 percent state funding and 40 percent regional funding.

FAMILY AFFORDABLE HOUSING (FAHP)

In January, 2000, the Metropolitan Council established a Family Affordable Housing Program. Under this program, the Council will develop and operate 150 federally assisted public housing family units in Anoka County, Hennepin County (excluding the cities on Minneapolis, Bloomington and St. Louis Park) and Ramsey County (excluding the city of St. Paul). The program anticipates completing purchase of the 150 units in early 2004.

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ADOPTED 2004 AUTHORIZED CAPITAL PROGRAM AND 2004 CAPITAL BUDGET

The adopted 2004 Authorized Capital Program and 2004 Capital Budget are summarized below. The approved 2004 Authorized Capital Program adds \$62,119,466 in new authorizations to continuing authorizations of \$1,934,371,729. The total 2004 authorized capital program is \$1,996,491,195. Based on cash flow projections, an estimated \$1.3 billion (65 percent) of the proposed 2004 capital program authorization will have been expended by the end of 2003, including the bulk of the Hiawatha light rail line. Continuing and new capital project authorizations will result in \$696 million in future capital expenditures from 2004 through 2009. The proposed 2004 capital budget appropriation is \$399,163,223.

ADOPTED 2004 AUTHORIZED CAPITAL PROGRAM

	Continuing Authorization	Approved Changes	Approved 2004 Authorization
Transit Services			
Bus System	\$350,912,528	\$319,466	\$351,231,994
Hiawatha Rail	715,296,564	0	715,296,564
Dedicated Transitways	42,310,000	(1,500,000)	40,810,000
Transit Services Subtotal	\$1,108,519,092	(1,180,534)	\$1,107,338,558
Wastewater Services	747,850,000	63,300,000	811,150,000
Regional Parks	51,412,777	0	51,412,777
Family Affordable Housing	26,589,860	0	26,589,860
Total	\$1,934,371,729	\$62,119,466	\$1,996,491,195

Projected Cash Flows

	Expenditures Prior to 2004	Adopted 2004 Capital Budget	Expenditures 2005 and After	Total Authorized Expenditures
Transit Services:				
Bus System	\$203,872,516	\$77,292,378	\$70,067,100	\$351,231,994
Hiawatha Rail	604,823,429	107,916,414	2,556,721	715,296,564
Ded. Transitways	12,026,987	7,400,000	21,383,013	40,810,000
Total Transit Services	\$820,722,932	\$192,608,792	\$94,006,834	\$1,107,338,558
Wastewater Services	432,707,000	179,900,000	198,543,000	811,150,000
Regional Parks	21,388,354	26,154,431	3,869,992	51,412,777
Housing	26,089,860	500,000	0	26,589,860
Total	\$1,300,908,146	\$399,163,223	\$296,419,826	\$1,996,491,195