

BUDGET MESSAGE

The Metropolitan Council's budget addresses the charge given to the agency by the Pawlenty Administration's statement of Values, Goals, and Principles.

The budget supports the Council's Mission Statement, which is:

To develop, in cooperation with local communities, a comprehensive regional planning framework, focusing on transportation, wastewater, parks and aviation systems, that guides the efficient growth of the metropolitan area.

The Council operates transit and wastewater services and administers housing and other grant programs.

GUIDING PRINCIPLES

To address this mission, the 2004 Budget is focused on completing and implementing the Council's Regional Development Framework within the parameters of the following guiding principles:

- Focus on our mission
- Balance regional needs with local concerns
- Maximize Council accountability
- Involve citizens in the fulfillment of the Council's mission
- Efficiently utilize current and future regional infrastructure, services and resources
- Operate quality services in an inclusive, customer-focused and efficient manner
- Encourage innovation to improve services and programs

REGIONAL DEVELOPMENT FRAMEWORK

By the year 2030, the Twin Cities metropolitan area is expected to grow by nearly 1 million people and 460,000 households. The Council's Regional Development Framework is intended to help ensure that growth occurs in a coordinated, orderly, and economical manner – consistent with our legislative mandate.

The Framework will emphasize this Council's commitment to (1) work collaboratively with local governments, (2) make the most cost-effective use of new and existing infrastructure, and (3) be accountable to the public – by establishing benchmarks for measuring progress toward our goals.

In addition, the Framework will contain a new transportation policy that addresses the region's growing concerns about mobility and congestion. Finally, it will contain strategies to protect and manage the region's water resources – consistent with Governor Pawlenty's statewide water resources initiative.

Metropolitan Council 2004 Unified Budget Budget Message

2004 OPERATING BUDGET OVERVIEW

The financial objectives underlying the 2004 budget include:

- Focus on balanced budgets that support Council strategies;
- No unplanned use of reserves; and,
- Maintenance of AAA bond rating.

The 2004 budget must address several financial challenges. The challenges facing the Council include: dramatically rising medical costs, necessary investment in technology to maintain and improve council operational efficiencies; a decrease in the operating levy and a Council commitment to minimize the tax impact on residential taxpayers; and Council reductions in staffing and expenses in response to the state's budgetary issues.

The Operating Budget is comprised of three major categories: Operating expenditures, Pass-Through grants and loans, and Debt Service, which are the funds required to pay both the long-term principal and interest on bonds, notes, certificates, and loans.

- Operating expenditures are \$423.9 million, up 2.9 percent from the 2003 Adopted budget and 6.9 percent over the 2003 Amended budget. The increases are driven primarily by labor agreements currently in place and new programs such as Light Rail coming on line in 2004.
- Pass-Through grant and loan expenditures are \$71.8 million, up from \$56.9 million in 2003.
- Debt service expenditures are \$108 million, which is up 5.7% from \$102.2 million in 2003.

The total unified budget for operations, grants and loans, and debt service is \$603.7 million, an increase of 5.7 percent from \$571.2 million in 2003.

PROPERTY TAX LEVIES

Minnesota Statutes authorize the Council to levy a tax on all taxable property in the Metropolitan Area to provide funds for the general purpose of carrying out the Council's responsibilities as provided by law. The Council's taxing area for all purposes except transit consists of the seven-county Twin Cities Metropolitan Area. The boundaries of the Transit Taxing District include those communities receiving regular route transit service.

The total combined 2004 property tax levy for all Council purposes is \$70.1 million, which is a 1.0 percent increase from the 2003 levy of \$69.4 million. The nominal overall increase represents a 5.5 percent decrease in the general, non-debt, and Parks debt service levies, offset by an 8.2 percent increase in transit debt service. The general operating levy is \$222,329 below the levy limit. The Highway Right-of-Way program and the Livable Communities levy recommendations are a combined \$100,000 below the levy limit.

Approximately 50.8 percent of the Council's total property tax levy supports transit debt service; 18.8 percent of the levy is for purposes specified in the Livable Communities Act; 11.7 percent supports parks, solid waste, and radio program debt service; 4.0 percent supports the Highway Right-of-Way Acquisition Loan program; and, the remaining 14.7 percent supports the general operations of the Council.