

Metropolitan Council 2005 Adopted Unified Budget Budget Message

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, and the Council's own mission statement:

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 2005 Budget is focused on 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 nearly half a million households. The Council's *Regional Development Framework* is intended to help ensure that growth occurs in a coordinated, orderly, and economical manner – consistent with the Council's legislative mandate.

The *Development Framework* emphasizes 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.

The *Framework* contains policies and strategies on accommodating growth, transportation, housing and natural resources. Four policy plans will be instrumental in implementing the Framework and guiding the expansion of four regional systems: transportation, aviation, water resources (including wastewater collection and treatment), and regional parks and open space.

2005 OPERATING BUDGET OVERVIEW

The financial objectives underlying the 2005 budget include:

- Focus on balanced budgets that support Council strategies;
- Maintenance of AAA bond rating.

The 2005 budget must address multiple financial challenges. The challenges facing the Council include: continually rising employee health insurance costs, necessary investment in technology to maintain and

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improve Council operational efficiencies, no change in the operating levy, and a Council commitment to minimize the tax impact on residential taxpayers.

The Operating Budget is composed 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 the interest on bonds, notes, certificates, and loans.

- 2005 operating expenditures are projected to be \$429.9 million, up 1.4 percent from the 2004 adopted budget. The increases are driven primarily by Light Rail coming on line in 2004, increased diesel fuel and utility costs, and health insurance cost increases.
- Pass-through grant and loan expenditures are \$76.6 million, up 6.7 percent from \$71.8 million in 2004.
- Debt service expenditures are \$123.2 million, up 12.8 percent from \$108 million in 2004.

The total unified budget for operations, grants and loans, and debt service is \$628.4 million, an increase of 4.0 percent from \$603.7 million in 2004.

PROPERTY TAX LEVIES

Minnesota Statutes authorize the Council to levy a tax on all taxable property within the Council's geographic jurisdiction 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, minus those cities within the seven counties but outside the Council's jurisdiction. The boundaries of the Transit Taxing District include those communities receiving regular route-transit service.

The total combined 2005 property tax levy for all Council purposes is \$70.6 million, a 1 percent increase from the 2004 levy of \$69.9 million. The 1 percent overall increase represents no increase in the general and non-debt levies, while the debt service levy, primarily transit and parks, is projected to grow 1.6 percent. 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 51 percent of the Council's total property tax levy supports transit debt service; 19 percent of the levy is for purposes specified in the Livable Communities Act; 11 percent supports parks and emergency-radio program debt service; 4 percent supports the Highway Right-of-Way Acquisition Loan program; and the remaining 15 percent supports the general operations of the Council.