

Metropolitan Council 2005 Adopted Unified Budget Budget Development and Adoption Process

Introduction

The Metropolitan Council budget is a unified operations budget that reflects all units and revenue sources. It is composed of four organizational units: Environmental Services Division, Transportation Division, Community Development Division, and Regional Administration. A separate capital improvement program and budget for 2005-2010 will also be prepared including major facilities primarily financed by means of long term debt.

The fiscal policies guiding development of the budget provide that the agency will be managed by retaining the individually organized and financed operating units, while providing centralized leadership and policy guidance. Fiscal management is centered in the Regional Administrator's Office and the Council's Management Committee.

The Council's budget addresses the overall vision and mission of the agency, which will guide the development of the 2005 work program. Each of the individual operating divisions develops its own mission based upon the Council's Implementing Strategies and the needs of the customer, client or stakeholder served.

Each of the Council's operating divisions has unique revenue sources that are based upon specific client relationships. For example, in the Environmental Services Division municipal customers pay for the level of service based on actual wastewater flow. The unit cost of the service is the same for all users. Cities, in turn, collect fees for the volume of wastewater collected and treated from residential, commercial and industrial customers. In the Metropolitan Housing and Redevelopment Authority (HRA), cities and the federal Department of Housing and Urban Development (HUD) depend upon specific results from the HRA, while clients are the recipients of the services being provided. The Council's operating divisions develop their budget proposals in consideration of their clients service needs, respective funding sources, and Council policy.

Budget Schedule

During the early part of the year, the Council's operating divisions develop presentations and hold meetings with their constituent groups and stakeholders to receive comments on their portion of the Council's budget. In April, May and June the operating divisions review and discuss goals and strategies with their respective Council committee.

Proposed division budgets are reviewed with the Regional Administrator's Office during the second quarter. Division budgets are then presented to the Council committees. In June and July, the Environmental Services Division proposed budget is presented to the Council's Environment Committee, while the Transportation and Community Development budgets are presented respectively to the Council's Transportation and Community Development committees. The Council's Management Committee reviews the Regional Administration portion of the budget. In August, the Council is presented a preliminary unified budget for consideration and discussion and eventual adoption.

The Environmental Services Division budget determines municipal wastewater charges for cities in the region for the upcoming year. Public meetings on the proposed Environmental Division budget are held

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prior to adoption of the proposed budget so that communities and other clients have the opportunity to comment on the budget and proposed municipal wastewater charges.

On August 25, 2004, the Council approved the 2005 preliminary unified budget and proposed property tax levies including the Environmental Services Division budget and wastewater service fees. In September, the Council transmits to the State Department of Revenue and the county auditors the preliminary budget and proposed property tax levies in compliance with State Truth-in-Taxation and other statutory requirements. The State Department of Revenue determines whether or not the levies are within statutory levy limits. The county auditors then include the proposed levies in the Truth-in-Taxation certificates sent to metropolitan area households in November.

In October, the Council adopts a Public Hearing draft of the proposed budget. The Council will hold a Truth-in-Taxation public hearing on the proposed property tax levies December 1, 2004. Council adoption of the final 2005 Unified Budget occurred at the regular Council meeting of December 15, 2004.

Capital Budgeting

Under State statute, the Council is required to adopt a Capital Improvement Program (CIP) and Annual Capital Budget for major equipment, facilities, and land; and grants programs administered by the Council for similar purposes. In response to state statute (473.13), the Council's annual CIP and Capital Budget is adopted and published separately from the Council's operating budget.

The CIP generally covers a five-year period; however, in the past, six-year CIP's have been prepared for the following periods: 2003-2008, 2004-2009 and the proposed CIP covering calendar years 2005-2010. The CIP and Annual Capital Budget includes major asset purchases for the Metropolitan Council Environmental Services Division, transit operations including Metro Transit and other transit providers, and the Metropolitan Parks and Open Space Commission.

The CIP and annual Capital Budget document presents:

- A unified 2005-2010 Capital Improvement Program (CIP) which details capital investments and financing;
- A fiscal impact assessment which considers 2005-2010 capital investments and financing within the context of the region's ability to pay; and
- A unified 2005 Capital Program and Budget with new multi-year capital program authorizations and 2005 capital expenditures.