

Metropolitan Council 2006 Proposed Unified Budget Budget Message

BUDGET MESSAGE

The Metropolitan Council 2006 budget addresses the charge given to the agency by the Pawlenty Administration 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 2006 proposed 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

The Twin Cities metropolitan area is expected to grow by one million people, a half-million households and nearly 600,000 jobs between the year 2000 and 2030. 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 *Regional 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. Three policy plans are instrumental in implementing the Framework and guiding the expansion of essential regional systems: transportation, aviation, water resources (including wastewater collection and treatment), and regional parks and open space.

2006 PROPOSED OPERATING BUDGET OVERVIEW

The financial objectives underlying the 2006 proposed budget include:

- Effective management of fund balances and reserves;
- Maintenance of the Council's AAA bond rating;
- Keep impact of tax levy flat to taxpayers.

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The 2006 proposed budget must address multiple financial challenges. The challenges facing the Council include a Council commitment to maintaining a flat property tax impact to taxpayers, increasing transit ridership, and managing increased diesel fuel and utility costs.

The 2006 proposed unified operating budget is \$647.1 million, an increase of 2.9 percent from the 2005 adopted budget. The Council's unified operating budget is composed of three major categories:

- **Operating expenditures:** these are expenditures incurred to support the Council's primary service activities. Proposed 2006 operating expenditures are expected to be \$441.5 million, up 2.7 percent from the 2005 adopted budget. The increased expenditures are driven primarily by increased diesel fuel and utility costs.
- **Pass-through grants and loans:** these are funds received by the Council, which are then granted, loaned or passed on to another agency, organization or individual for a specified use. Proposed 2006 pass-through grant and loan expenditures are \$79.1 million, up 3.2 percent from \$76.6 million in 2005 driven primarily by increased federal HUD funding.
- **Debt service:** these are expenditures required to pay both the long-term principal and the interest on bonds, notes, certificates, and loans. Proposed 2006 debt service expenditures are \$126.5 million, up 3.5 percent from \$122.2 million in 2005 driven primarily by capital projects in MCES.

PROPERTY TAX LEVIES

Minnesota statutes authorize the Council to levy taxes 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 debt, 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 2006 proposed property tax levy for all Council purposes is \$71.4 million, a 1- percent increase from the 2005 levy of \$70.6 million.

The Council levied a one-year, \$8.4 million tax levy payable in 2006 to repay short-term tax anticipation certificates issued to supplement reduced Motor Vehicle Sales Tax (MVST) revenues.

