

Metropolitan Council 2006 Proposed Unified Budget Budget Development and Adoption Process

Introduction

The Metropolitan Council budget is a unified operations budget that encompasses all operating units and revenue sources. It is composed of four operating divisions: Environmental Services Division, Transportation Division, Community Development Division, and Regional Administration. A separate capital improvement program and budget for 2006-2011 is also prepared including major facilities primarily financed by means of long term debt.

The Council's budget addresses the overall vision and mission of the agency, which will guide the development of the 2006 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 based upon specific client relationships. The Council's operating divisions develop their budget proposals in consideration of their clients' service needs, respective funding sources, and Council policy. 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.

Budget Process

Development of the annual operating budget is an intensive, nearly eleven month process involving the entire organization. The final product is a policy and financial plan covering all of the Metropolitan Council's programs and services. The proposed 2006 operating budget is \$646 million, and includes the Council's anticipated operating expenditures, pass through grants and loans, and debt service.

The budget process typically begins in February of the preceding fiscal year. Initial steps include communication of key assumptions for use in preparing budget requests. The shared services departments that comprise Regional Administration along with the Community Development division begin the budget process with their budget proposals that are due in early April. These preliminary budgets are reviewed with the Regional Administrator and presented for review by the Council's Management Committee.

During April, May and June the operating divisions review and discuss goals and strategies with their respective Council committee. Preliminary divisional budgets based on these discussions are reviewed with the Regional Administrator's Office and then presented to the various Council committees.

During June and July, the Environmental Services Division proposed budget is presented to the Council's Environment Committee. 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 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. The

Metropolitan Council 2006 Proposed Unified Budget Budget Development and Adoption Process

Environmental Services division budget, once completed, is reviewed with the Regional Administrator's Office and presented to the Environment committee.

The Transportation division budget is partially dependent on the outcome of legislative session funding actions. Therefore, completion of the proposed transportation budget is often contingent on completion of the current legislative session. The transportation budget, once completed, is reviewed with the Regional Administrator's Office and presented to the Transportation committee.

In August, the Council is presented a preliminary unified budget and proposed property tax levies for consideration, discussion, and eventual adoption. Immediately after adoption of the preliminary operating budget and levies, the Council transmits to the State Department of Revenue and the respective county auditors the preliminary budget and proposed property tax levies in compliance with Truth-in-Taxation and other statutory requirements. The State Department of Revenue determines whether the proposed levies are within statutory levy limits. The county auditors then incorporate the Council's proposed levies in the Truth-in-Taxation certificates sent to metropolitan area households in November.

During October, the Council adopts a Public Hearing draft of the proposed operating and capital budgets. The Council holds a public hearing and a Truth-in-Taxation hearing on the proposed property tax levies the first Wednesday of December. The Council must adopt a final Unified Budget and property tax levies no later than December 20.

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