

Metropolitan Council 2006 Proposed Unified Budget Budget Summary and Financial Resources

UNIFIED OPERATING, PASSTHROUGH AND DEBT SERVICE BUDGET

Highlights of the 2006 Unified Budget are as follows, and include the budget for operations, pass-through grant and loan programs, and debt service.

- The 2006 Unified Operating Budget, including operating, pass-through and debt service, reflects a net \$430 thousand use of reserves. This is comprised of an operating budget surplus of approximately \$1.1 million, a \$694 thousand use of reserves for pass-through expenditures, and an \$841 thousand use of reserves for debt service.
- Revenues and other sources of funds for operations, pass-through and debt service are projected at \$646,683,442, an increase of 3.8 percent from the 2005 Adopted budget.
- Expenditures for operations, pass-through and debt service are projected at \$647,113,166 increasing 3 percent from \$628,656,234 in the 2005 Adopted budget.
- Environmental Services budget reflects a \$2 million surplus of operating revenues over expenditures, part of a continuing plan to restore MCES reserves.
- The Transportation Division budget is balanced at \$314,092,290. The Metro Transit 2006 budget proposes a \$219,741,328 budget for bus operations and \$19,854,486 for rail operations. Metropolitan Transportation Services proposed 2006 budget is \$74,496,476.
- The Regional Administration and Community Development budget (including HRA) reflects a combined use of reserves of \$1,130,638. This includes a \$1.0 million use of dedicated reserves for reimbursement of expenses for the Water Supply initiative in ES, and a \$98 thousand use of reserves in HRA.

The Unified Budget is summarized in the following table for operating, pass-through and debt service.

UNIFIED OPERATING BUDGET OPERATING, PASSTHROUGH AND DEBT SERVICE

	2005	2006	
Revenues	Adopted	Proposed	Change
Property Taxes	\$ 9,497,000	\$ 9,857,000	3.79%
Federal	34,959,041	35,323,072	1.04%
State	191,803,064	196,707,131	2.56%
Wastewater	106,517,500	110,616,600	3.85%
Passenger Fares	75,402,902	81,359,073	7.90%
Other	9,780,379	9,769,617	-0.11%
Total Operating	\$ 427,959,886	\$ 443,632,493	3.66%
Pass-Through	77,634,819	77,390,949	-0.31%
Debt Service	117,589,800	125,660,000	6.86%
Total Revenues	\$ 623,184,505	\$ 646,683,442	3.77%
Expenditures			
Operating	\$ 429,882,003	\$ 441,527,573	2.71%
Pass-Through	76,610,519	79,084,749	3.23%
Debt Service	122,163,712	126,500,844	3.55%
Total Expenditures	\$ 628,656,234	\$ 647,113,166	2.94%
Other Sources & Uses	(280,000)	-	
Balance / (Deficit)	\$ (5,191,729)	\$ (429,724)	

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UNIFIED OPERATING BUDGET SUMMARY

The 2006 operating expenditure budget for all units is \$441,527,573 up 2.7 percent from the 2005 adopted budget of \$429,882,003, an increase of \$11.6 million. The increase in operating expenditures is driven primarily by increased diesel fuel costs and contractual services.

Operating expenditures by division (not including debt service and pass-through) are shown in the following table. The adopted 2005 budget and the proposed 2006 budget are shown before cost allocation for comparison purposes, and after cost allocation for 2006 to reflect the level of expenditure by division after allocation of administrative costs to the operating divisions.

Operating Expenditures, 2005 Adopted and 2006 Proposed Budgets

<u>Division</u>	<u>2005 Before RA Allocation</u>	<u>2006 Before RA Allocation</u>	<u>2006 After RA Allocation</u>
Regional Administration	\$30,030,359	\$30,046,249	\$6,544,484
Operating Capital Expense	1,780,793	453,941	266,941
Community Development	9,882,925	9,859,876	10,039,758
Environmental Services	96,002,557	101,545,806	110,584,100
Transportation	292,185,369	299,621,701	314,092,290
Total Operating	\$429,882,003	\$441,527,573	\$441,527,573

UNIFIED OPERATING BUDGET EXPENDITURES

Major changes in operating expenditures are as follows:

- Overall, **Salary and Benefit** expenditures are projected to increase \$558 thousand (.21 percent) to \$265,175,598 in 2006 compared to the 2005 adopted budget. Overall, Council staffing levels decline by 81 FTE in the proposed 2006 budget, with most of the decrease occurring in Metro Transit and related to service reductions.
- **Consultant and Contractual Services** increase \$3.9 million (15 percent) to \$30,096,155 in 2006. Additional detail on 2006 Professional & Technical services contracts are contained in Appendix F (pp. 14-15 to 14-21).
- **Materials and Supplies** expenditures are projected to increase \$402 thousand (2.7 percent) to \$15,394,633 in 2006 from the 2005 Adopted budget.
- **Transit Assistance** expenditures decrease \$883 thousand to \$65,761,708 in 2006 from \$66,644,725 in the 2005 Adopted budget. The decline reflects reductions in Metro Mobility contracts of approximately \$913 thousand, and a decrease in MVST funding pass-through to Opt-Outs accounts of \$2.1 million.
- **Operating Capital** expenses include purchases of computer equipment, Council-wide technology infrastructure projects, and central office related expenses. The projected 2006 total of \$453 thousand reflects a combination of \$939 thousand of technology equipment and project expenses, and a net \$485 thousand surplus of resulting from the offset of building rents by estimated building expenses

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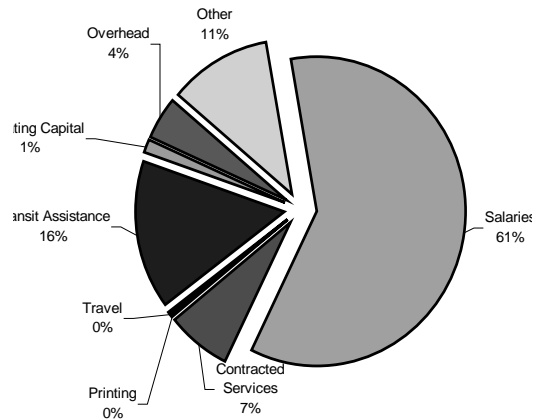
and debt service for Mears Park/390 N. Robert. The fund balance reflects an addition to reserves of \$235 thousand (see Table 3, Appendix B).

Projected 2006 operating expenses are summarized in the following chart and table.

Approximately 60 percent of operating expenses are comprised of staffing costs; approximately 7 percent of the budget is made up of consulting and contracted services expenses; while, printing and travel, both relatively small expense categories together comprise less than a half percent of the budget.

Transit assistance payments, consisting of contract related payments to regional transit providers make up approximately 16 percent of the budget. Operating capital consisting of technology infrastructure and building expenses makes up approximately 1 percent of the budget. Overhead expenses consisting of rent and utilities comprise approximately 4 percent of the budget. All other expenses, including, for example, materials and supplies, office equipment, software, postage, etc. comprise approximately 11 percent of the budget.

Operating Expenditures - 2006

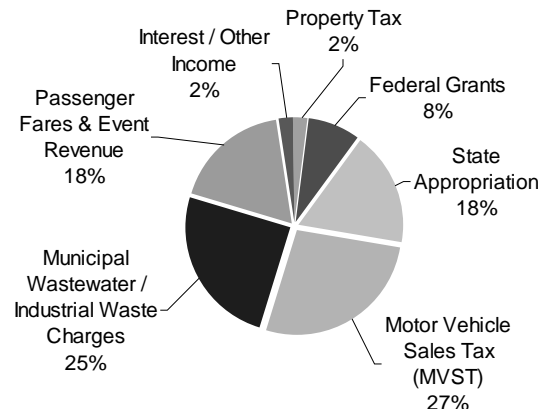


EXPENDITURES	General Fund Regional Administration	General Fund Community Development	General Fund Total	HRA & FAHP	Environmental Services Division	Transportation Division	Capital	Total Council Operations
Salaries	\$ 18,005,444	\$ 4,315,962	\$ 22,321,406	\$ 2,341,488	\$ 57,584,983	\$ 182,927,721		\$ 265,175,598
Contracted Services	8,260,926	219,800	8,480,726	831,720	12,593,132	8,932,436		30,838,014
Printing	271,400	65,000	336,400	80,000	17,775	309,239		743,414
Travel	326,360	51,300	377,660	43,300	255,450	305,178		981,588
Transit Assistance	-	-	-	-	-	69,043,992	-	69,043,992
Operating Capital	-	-	-	-	3,146,785	-	2,488,686	5,635,471
Overhead	1,825,493	210,821	2,036,314	249,579	14,400,486	5,052,556	(2,034,745)	19,704,190
Other	1,356,626	188,844	1,545,470	1,262,062	13,547,195	33,050,579	-	49,405,306
TOTAL EXPENSES	\$ 30,046,249	\$ 5,051,727	\$ 35,097,976	\$ 4,808,149	\$ 101,545,806	\$ 299,621,701	\$ 453,941	\$ 441,527,573

UNIFIED OPERATING BUDGET REVENUES

Total Council-wide 2006 operating revenues increase \$11.7 million (3.7 percent) to \$443,632,493 from the adopted 2005 budget. Major items in the 2006 operating revenue budget include:

- **State Appropriation** includes an approximate \$20 million increase to \$77.9 million in the State general fund appropriation for transit.
- **State Motor Vehicle Sales Tax (MVST)** funds are provided to the Council through the State Metropolitan Transit Fund. The 2006 budget includes \$118.3 million MVST funding, which is down 11 percent (\$15.3 million) from 2005. The 2006 budget plans for \$21.5 million to be passed through to Opt-Out communities.
- **Passenger fares and special event revenue** increase \$5.9 million (8 percent) to \$81.4 million, driven heavily by fare increases. Metro Transit fares and special event revenues



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increase \$5.7 million (8 percent), while Metro Mobility, Community Based and Regular Route fares grow \$295 thousand (6 percent).

- **Municipal wastewater revenues** increase approximately 3.5 percent to \$100.4 million in 2006. Industry specific charges increase approximately 7.3 percent in 2006 to \$10.2 million.
- **Federal revenues** are projected to increase \$364 thousand (1 percent) to \$35.3 million in 2006. The increase is driven by federal CMAQ funding for Light Rail increasing \$811 thousand, offset by decreases in other transit programs.

PROPERTY TAX LEVY

Property taxes support council operations and debt service, and provide funds for grant and loan programs. Property taxes are levied under a number of State authorizing statutes, and include support for:

- General Fund, which supports Community Development planning and Council administration,
- Debt service for parks and transit, and,
- Grant and loan programs include the Livable Communities Act program.

Total 2006 proposed property tax levies are \$71,354,372, reflecting a 1-percent increase over the 2005 levy of \$70,647,892. Changes in the property tax levies for 2006 are as follows:

- The general-purpose levy remains unchanged from 2005 at \$10,300,000, which is \$756,611 below the 2006 levy limit. State statute requires the Council to annually provide \$1 million from the general-purpose levy for support of Livable Communities grants.
- Transit levies for debt service are \$31,232,220 in 2006, down 13 percent from 2005. This decrease is the result of the use of reserves and restructuring of transit debt.
- The Highway Right-of-Way Loan program (HROW) levy was temporarily suspended for 2006.
- A one-time levy to repay \$8.4 million of tax anticipation certificates issued as a result of reduced MVST revenues.
- Levies for the Livable Communities program remain unchanged from 2005 at \$13,184,070. The 2006 levies are \$494,363 below the levy limits.

Table 9 and Appendix C provide detailed information on Council property tax levies. Note that the budget tables 1 to 8 list property tax revenues net of an amount estimated to be uncollectable and unavailable for use in 2006. These tables differ from Table 9 and Appendix C where property taxes are reflected as levy amounts rather than budgeted revenue.

The Council's taxing area for all purposes, except for transit debt, consists of the seven-county Twin Cities metropolitan area. The boundaries of the Transit Taxing District include those communities receiving regular route transit service.

PASSTHROUGH GRANTS AND LOAN EXPENDITURES

The Council operates a number of grant programs that provide:

- Housing assistance payments through the Metro HRA.
- Parks operation and maintenance grants through the Metropolitan Parks and Open Space Commission (MPOSC).
- Grants to local units of government for pollution clean up, affordable housing development and demonstration projects from the Livable Communities accounts.
- Opportunity grants for land use planning and loans to local communities in support of comprehensive planning.

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- Loans to local communities to purchase highway right of way under the Highway Right of Way Acquisition Loan Program.

These programs receive revenue from federal and State governments and local property taxes for grant expenditures and loans. Grants and loans are made to public metropolitan area organizations. Housing assistance payments are made to individuals.

The total 2006 expenditures for pass-through grants and loans are estimated at \$84,080,749 down 3 percent from the 2005 revised budget (see Appendix A). The reduction is mostly driven by anticipated reduced Highway Right of Way loan activity. Demand for loans varies based on demand from cities and where existing projects are in the construction cycle.

Passthrough Grant Expenditures and Loan Programs

	2005 Amended	2006 Proposed	% Change
Grant Programs:			
- Housing Assistance Payments-HRA	\$ 52,659,705	\$ 54,804,749	4.1%
- Parks Oper. & Maintenance Grants	8,630,000	8,630,000	
- Livable Communities Grants and Loans	15,400,000	15,500,000	0.6%
- Planning Assistance Grants	150,000	150,000	
- Northstar Planning Grant	2,500,000		
Total Grant Expenditures	\$ 79,339,705	\$ 79,084,749	-0.3%
Loan Programs:			
- Highway Right-of-Way (new loans)	7,464,460	4,996,000	-33.1%
Total Loans	\$ 7,464,460	\$ 4,996,000	-33.1%
Total Grants and Loans	\$ 86,804,165	\$ 84,080,749	-3.1%

DEBT SERVICE EXPENDITURES

The Council is authorized under Minnesota State statutes to issue debt to support capital programs in transit, wastewater, parks and open space, and regional radio communications.

Debt service data for 2005 and 2006 is summarized below. In 2006, total budgeted Council debt service expenditures are \$126,500,844, up 3.6 percent from \$122,163,712 in 2005. Major areas of change are: wastewater debt service (+\$4.6 million) driven by capital project spending; parks/solid waste/radio debt service (+\$1 million); and transit, including short-term certificates issued during 2005 (-\$889 thousand).

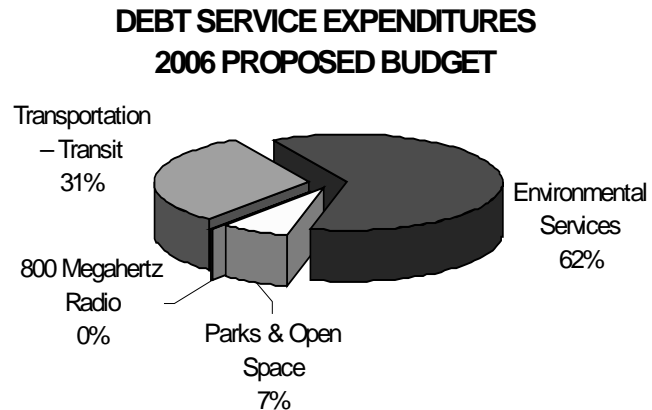
Division	2005 Adopted	2006 Proposed	% Change
Transportation – Transit	\$40,325,000	\$39,436,320	-2.2%
Environmental Services	73,445,000	78,041,000	6.3%
Other			
- Parks & Open Space	7,615,214	8,645,484	13.5%
- Solid Waste	398,288		
- 800 Megahertz Radio	380,210	378,040	-0.6%
Total Debt Service	\$122,163,712	\$126,500,844	3.6%

Debt service is financed from the following sources, with 2006 projected expenditures outlined in the chart:

- Property taxes (34%), which support transit, parks and transit related radio debt.

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- Municipal wastewater charges and service availability charges (60%), which support Environmental Services.
- Remainder from interest income on debt service fund balances and available debt service reserves.



SUMMARY OF REVENUES & EXPENDITURES BY DIVISION

TRANSPORTATION DIVISION

The Transportation division is comprised of two major units: Metro Transit (MT) and Metropolitan Transportation Services (MTS).

METRO TRANSIT

The Metro Transit 2006 budget supports transit system goals that include enhancement of its reputation with customers, improving ridership, continuing to deliver cost effective and efficient service, and positioning itself for future growth. The 2006 transit budget provides funding for the base transit system at its current level of service. The budget assumes no fare increases in 2006. The most recent fare increases have occurred in July 2005 and August 2003.

Bus Operations

In 2006, the Metro Transit budget for bus operations is \$219,741,328, an increase of \$7.3 million (+3.4 percent) over the 2005 adopted budget. Metro Commuter Services, previously included in the MTS budget has been reorganized and is included in the Metro Transit Bus Operations budget.

The 2006 budget projects revenue and expenses of \$219.7 million and ridership of 63.5 million. The Metro Transit 2006 bus operating budget provides funding to maintain current service levels with a major focus on quality service in a customer-focused and efficient manner.

Light Rail Operations

The Council began revenue passenger service for Hiawatha Light Rail Transit (LRT) in June 2004 between downtown Minneapolis and Fort Snelling. In December 2004, the 12-mile line was completed, with passenger service extended to the MSP Airport and Mall of America.

The 2006 Hiawatha light rail operations budget projects revenue and expenses of \$19,854,486, an increase of \$1.8 million (+10 percent) over the 2005 adopted budget. The State of Minnesota is a major source of funding, and appropriated \$9.35 million for the 2006-2007 Biennium. This appropriation is to cover 50 percent of the operating costs after operating revenue and federal funds are used for light rail transit operations. The Hennepin County Regional Rail Authority (HCRRRA) funds the remaining 50 percent.

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The 2006 combined Metro Transit budget projects revenue and expenses of \$239,595,814, an increase of \$7.1 million (3 percent). Projected increases in diesel fuel costs (\$4.3 million) and the transfer of Metro Commuter Services (\$2 million) to the Metro Transit budget beginning in 2006 cause the increase in expenditures.

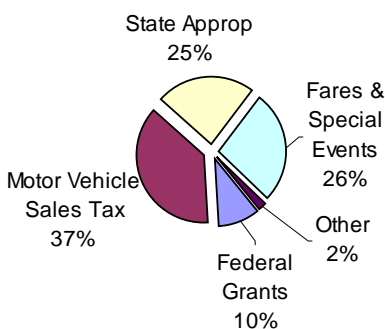
METROPOLITAN TRANSPORTATION SERVICES

The 2006 Metropolitan Transportation Services budget projects revenue and expenses of \$74,496,476, reflecting a 3 percent decrease compared to the adopted 2005 budget. The decrease is caused primarily by the transfer of Metro Commuter Services to Metro Transit. The 2006 MTS budget includes \$23,349,837 of State funding passed through to the Opt-Out communities.

Transportation Revenue Summary

State Revenues

State transportation revenues consist of funding from the Motor Vehicle Sales Tax (MVST) and State general appropriations. State funding primarily supports transit operations, projected to be \$196.2 million, a 3 percent increase over 2005.



Revenues	2005 Adopted	2006 Proposed
Federal Grants	\$ 30,518,104	\$ 30,963,712
Motor Vehicle Sales Tax	133,618,000	118,314,999
State Approp	57,362,184	77,918,152
Fares & Special Events	75,402,902	81,359,073
Other	6,344,068	5,536,354
Total Revenues	\$ 303,245,258	\$ 314,092,290

Major changes in State funding for 2006 include:

- **Motor Vehicle Sales Tax (MVST)**

MVST funding in 2006 is projected at \$118,314,999. Compared to 2005, MVST funding is down approximately \$15 million (11.5 percent). MVST receipts have historically exhibited substantial volatility, generally taking several years to recover from a significant drop. The Council has established a transit operating reserve to help address these revenue declines. The Council has the authority under State statute to issue short-term debt when MVST receipts decline from one year to the next. As a result of the falloff in MVST receipts and depletion of the reserve fund, the Council elected to issue \$8.4 million of short-term certificates of indebtedness in 2005.

A portion of the total MVST receipts is required by statute to be distributed to the Opt-Out communities. For 2006, the Council will distribute \$21,499,837 (18 percent of the total) to these communities. The remainder is budgeted to Council transit programs.

- **State Appropriations**

The 2006 Transportation budget includes \$77,918,152 appropriated from the State general fund. This funding consists of a base level of transit appropriation of \$63 million (+10 percent), supplemented by an additional appropriation of \$14.9 million as an offset to the reduced MVST funding. In total, State general fund appropriations are up 35 percent over 2005. To help address funding challenges in the Opt-Out communities, a portion (\$1.85 million) of the State general fund appropriation is directed to the Opt-Out communities.

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Federal Revenues

Federal support for transit operations is projected to increase \$445 thousand (1.5 percent) to \$30.9 million in 2006 compared to 2005. Metro Transit Bus operations receive approximately 54 percent of the federal funds, MTS-Regular Route, 33 percent, and Light Rail, 13 percent.

Passenger Fares & Contract/Special Event Revenue

- Total revenues from Passenger Fares and Contracts/Special Events are projected to increase approximately 8 percent to \$81,359,073 in 2006 compared to the 2005 adopted budget. The increase in passenger fares is driven by a July 2005 fare increase and better than expected rail ridership.
- Nearly 88 percent of total passenger fare and special event revenues is base fare-box revenue while 12 percent is related to contracts or special events, such as the State Fair.

Passenger Fares/Special Events	2005 Adopted	2006 Proposed	Change
Metro Transit - Bus	\$ 64,557	\$ 68,389	5.9%
Metro Transit - LRT	5,993	7,822	30.5%
Total Metro Transit	\$ 70,550	\$ 76,211	8.0%
Metropolitan Transportation Services	4,853	5,148	6.1%
Total Transportation	\$ 75,403	\$ 81,359	7.9%

Transportation Expenditures Summary

Total divisional operating expenditures in 2006 are projected to be \$314.1 million, reflecting a \$6.9 million increase (2.2 percent) over the 2005 adopted budgeted. Transportation is projecting a balanced budget for 2006.

The major expense increase is attributable primarily to a 30% increase in the cost of diesel fuel, included in 'Other' expense in the summary table below. Additionally, advertising and contracted services expenses are projected higher in 2006 due to planned efforts to build transit ridership.

	2005 Adopted	2006 Proposed	% Chg.
Total Revenues	\$ 303,245,258	\$ 314,092,290	3.6%
Salaries & Benefits	\$ 181,864,379	\$ 182,927,721	0.6%
Contracted Services	4,946,805	5,385,741	8.9%
Materials, Supplies, Utilities	18,046,947	18,579,557	3.0%
Transit Program Expense	69,281,303	69,043,992	-0.3%
Other	18,045,935	23,614,190	30.9%
Council Allocated	15,006,626	14,541,089	-3.1%
Total Operating	\$ 307,191,995	\$ 314,092,290	2.2%
Balance / (Deficit)	\$ (3,946,737)	\$ -	

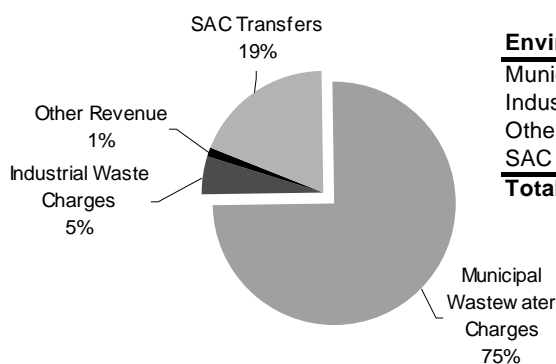
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ENVIRONMENTAL SERVICES DIVISION

MCES is a user-fee-based organization. Revenues include the municipal wastewater charge based on volume, industry specific charges, service availability charges (SAC), and other miscellaneous revenues.

Revenues Summary



Environmental Services	2005 Adopted	2006 Proposed
Municipal Wastewater Charges	\$ 138,500,000	\$ 141,770,000
Industrial Waste Charges	9,519,500	10,214,600
Other Revenue	1,332,487	1,967,500
SAC Transfers	31,943,000	36,673,000
Total Revenues	\$ 181,294,987	\$ 190,625,100

Revenues from MCES fees and charges cover not only the operating expense budget, but also the debt service for wastewater projects. In 2006, MCES total revenues increase \$9.3 million (5 percent) compared to the 2005 adopted budget. This increase is driven by increases in wastewater charges and SAC Transfers.

- Communities using the regional wastewater system pay Environmental Services for the flow entering the system. Municipal wastewater charges and industrial waste charges supporting wastewater treatment and water resources management increase 3.8 percent, or \$4.1 million, to \$110.6 million in 2006. The Debt Service component of municipal wastewater charges is projected to be approximately \$41.4 million.
- SAC Transfer increases 15 percent over 2005 to \$36.7 million, caused by variations in flow rates and new/expanded wastewater treatment facilities.

Expenditures Summary

Total MCES operating expenditures projected for 2006 are \$188,625,100 of which \$110,584,100 (59 percent) is for operations and \$78,041,000 (41 percent) is budgeted for debt service. Total 2006 expenses increase \$8.3 million or 4.6 percent over 2005 expenditures. The MCES 2006 budget anticipates a \$2 million surplus, part of a five-year plan to restore MCES reserves after a use of reserves in 2004 due to drought conditions and low flows.

Environmental Services	2005 Adopted	2006 Proposed	% Chg.
Total Revenues	\$ 181,294,987	\$ 190,625,100	5.1%
Salaries & Benefits	\$ 58,489,584	\$ 57,584,983	-1.5%
Contracted Services	9,209,691	11,281,825	22.5%
Materials, Supplies, Utilities	24,327,512	25,599,316	5.2%
Other	4,725,770	5,768,375	22.1%
Council Allocated	10,097,430	10,349,601	2.5%
Debt Service	73,445,000	78,041,000	6.3%
Total Expenditures	\$ 180,294,987	\$ 188,625,100	4.6%
Balance / (Deficit)	\$ 1,000,000	\$ 2,000,000	

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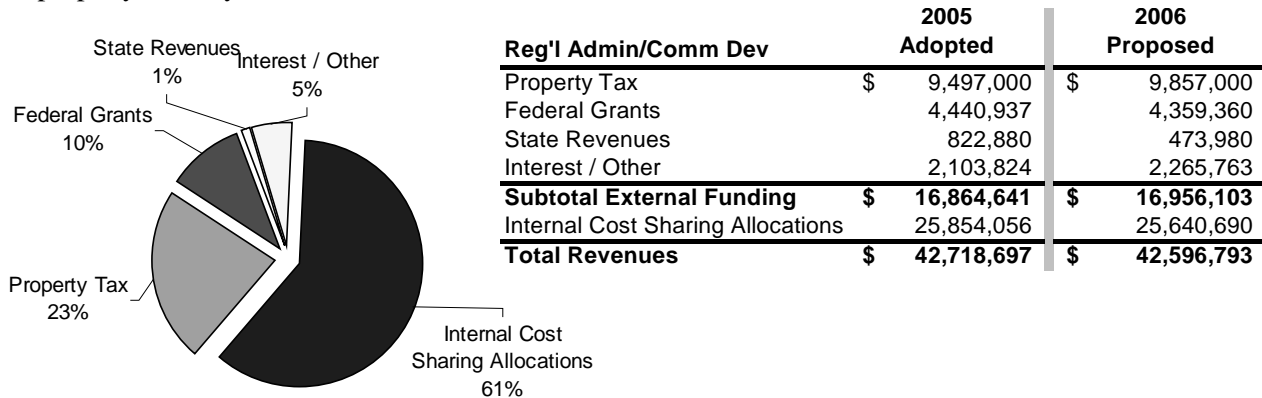
REGIONAL ADMINISTRATION AND COMMUNITY DEVELOPMENT

Regional Administration provides core service functions such as Human Resources, Risk Management, Finance & Budgeting, Office of Diversity, General Counsel, and Information Services to the operating divisions. The majority of the Regional Administration budget is allocated to the operating and line divisions of the Council.

Community Development, as a planning organization, has responsibility for managing \$79.1 million in pass-through grants and loans for Section 8 Housing Assistance, Livable Communities, regional parks operations and maintenance, and local planning assistance.

Revenue Summary

Regional Administration and Community Development (including HRA) are primarily funded through cost sharing allocations to the operating divisions, federal funds, and the Council's general purposes property tax levy.



Reg'l Admin/Comm Dev	2005 Adopted	2006 Proposed
Property Tax	\$ 9,497,000	\$ 9,857,000
Federal Grants	4,440,937	4,359,360
State Revenues	822,880	473,980
Interest / Other	2,103,824	2,265,763
Subtotal External Funding	\$ 16,864,641	\$ 16,956,103
Internal Cost Sharing Allocations	25,854,056	25,640,690
Total Revenues	\$ 42,718,697	\$ 42,596,793

Property Tax Revenues

The 2006 general purposes property tax levy of \$10,300,000, unchanged from 2005, reflects a levy amount \$756,611 below the levy limit. For Council revenue purposes, the gross levy is adjusted downward for estimated uncollectable taxes and the market value credit paid by the State as property tax revenue, resulting in budgeted property tax revenue of \$9,857,000.

Federal Revenues

The 2006 budget anticipates \$4.3 million in Housing and Urban Development (HUD) and federal grant funding for HRA housing assistance and administrative fees.

State Revenues

The 2006 budget anticipates \$340 thousand of market value credit aid paid by the State in lieu of property taxes, and \$134 thousand of Minnesota Housing Finance Agency (MHFA) administrative fees to support various HRA programs.

Cost Sharing Revenues

Regional Administration provides Council-wide shared services such as Human Resources, Risk Management, Finance & Budgeting, Office of Diversity, General Counsel, and Information Services; and, Community Development provides regional planning support for the operating divisions. A portion of the cost for these services is allocated to the operating divisions.

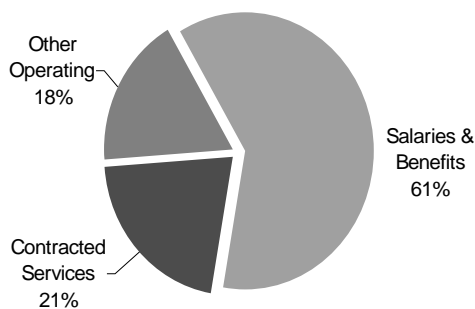
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Allocations and their methodologies are reviewed with the operating divisions and are based on Council and federal Office of Management and Budget (OMB) A-87 cost allocation guidelines. The table below summarizes allocations to each of the operating divisions.

Council Allocated	2005 Adopted	2006 Proposed	% Chg.
Metro Transit - Bus	\$ 12,878,170	\$ 12,473,731	-3.1%
Metro Transit - Rail	930,302	923,325	-0.7%
Total Metro Transit	\$ 13,808,472	\$ 13,397,056	-3.0%
Environmental Services	10,097,430	10,349,601	2.5%
Metropolitan Transp Services	1,198,154	1,144,033	-4.5%
HRA	750,000	750,000	0.0%
Total Allocations	\$ 25,854,056	\$ 25,640,690	-0.8%

Expenditures Summary

Compared to 2005, Regional Administration / Community Development (including HRA) total expenses are down slightly, reductions in operating capital expenditures. Staff compensation, which is approximately 61 percent of operating expenses, is projected to increase less than 2 percent in 2006 to \$24.7 million, largely driven by changes in employee benefit costs. Contracted services expenses are increasing slightly due to anticipated work on technology projects during 2006 and a major fixed asset inventory in Environmental Services.



Reg'l Admin/Comm Dev	2005 Adopted	2006 Proposed	% Chg.
Total Revenues	\$ 41,968,697	\$ 41,846,793	-0.3%
Salaries & Benefits	24,263,885	24,662,894	1.6%
Contracted Services	8,414,790	8,489,087	0.9%
Other Operating	9,015,402	7,208,085	-20.0%
Total Expenses	\$ 41,694,077	\$ 40,360,066	-3.2%
Transfers & Other Uses	250,000	2,381,807	
Total Operating	\$ 41,944,077	\$ 42,741,873	1.9%
Balance / (Deficit)	\$ 24,620	\$ (895,080)	

Transfers and Other Uses of funds include a \$1.1 million use dedicated of reserves projected to be transferred to ES for reimbursement of 2006 Water Supply study expenses, \$1 million transfer to the Livable Communities fund, and pending sufficient building capital fund balance, an estimated \$250 thousand transfer to MCES and MTS related to investment in the new building project.

Metropolitan Council 2006 Proposed Unified Budget Budget Summary and Financial Resources

ORGANIZATIONAL UNITS WITHIN THE BUDGET

The major units of the Council, which are detailed in the following budget tables, are as follows:

- **Metropolitan Council** (Tables 1-3)
 - All divisions and units

- **Environmental Services Division** (Table 4)
 - Environmental Services Operations
 - Wastewater debt service

- **Transportation Division** (Table 5)
 - Transportation Planning and Travel Demand Management Activity
 - Metro Mobility
 - Opt-Out
 - Community Based Transit
 - Non-Metro Transit Regular Route
 - Metro Transit
 - Hiawatha Light Rail
 - Transit debt service
 - Transit Passthrough grants and loans

- **Community Development Division** (Table 6)
 - Division management
 - Planning and Growth Management (includes Planning and Technical Assistance, GIS, Research, and Parks)
 - Housing and Redevelopment (includes Metro HRA, Livable Communities, Family Affordable Housing)
 - Passthrough grants for Livable Communities accounts, housing assistance payments, and Parks and Open Space operations and maintenance grants.
 - Debt Service for Parks and Radio Communications.

- **Regional Administration Division** (Table 7)
 - Legal - General Counsel
 - Program Evaluation & Audit
 - Government Affairs
 - Public Affairs
 - Diversity
 - Human Resources
 - Fiscal Services/Central Services
 - Information Services
 - Risk Management
 - Contracts and Procurement
 - Budget and Evaluation
 - Office of the Regional Administrator
 - Council & Office of the Chair