

Metropolitan Council 2006 Unified Budget Adopted 2006 Unified Capital Program

The adopted Unified 2006 Capital Program includes capital program authorizations and capital budgets for Environmental Services, Transit, Parks and Open Space and the Council's central office relocation project. Capital program authorization is maintained for each active capital project until the project is completed, although capital expenditures on the project may occur over several years. Requested changes in capital authorizations include the addition of new capital projects to the capital program and amendments to previously approved projects. The following definitions are used for the 2006 Capital Program and Budget and 2006-2011 Capital Improvement Program:

Capital Improvement Program (CIP): *The 2006-2011 Capital Improvement Program is a six-year capital investment program that describes capital investment strategies, specific capital investments, and capital financing plans. The Capital Improvement Program provides a basis for new capital program authorizations and the 2006 Capital Budget. The CIP includes both the 2006-2011 portion of authorized capital projects and capital investments that are planned within the six-year period, but are currently not authorized.*

Authorized Capital Program: *The Capital Program provides multi-year authorization to spend on specific capital projects. The adopted 2006 Capital Program includes previously approved capital projects; amendments to previously approved capital projects, and proposed new authorizations. Because capital projects remain in the authorized capital program until completed, the program does not cover a particular period of time and a significant portion of the current authorized capital program has been spent in 2005 and prior years.*

Capital Budget: *The Capital Budget appropriates funds for capital expenditures for a specific budget year. The adopted 2006 Capital Budget includes appropriations for previously authorized projects and for new capital projects authorized in the 2006 Authorized Capital Program.*

Inclusion of a capital project in the six-year Capital Improvement Program (CIP) does not constitute Council approval to proceed with that project. Of the \$ 1.932 billion in capital investments in the six-year Capital Improvement Program, approximately \$ 512 million, or 27 percent, is currently authorized to be spent between 2005 and 2010 and an additional \$204 million, or 11 percent is being requested for approval. The remaining \$1.2 billion will be authorized in the future as funding is secured.

ADOPTED 2006-2011 CAPITAL IMPROVEMENT PROGRAM (CIP)

The Council's adopted 2006-2011 Capital Improvement Program is summarized below. The Capital Improvement Program proposes capital spending of \$1.932 billion over the six years of the program. The largest component of the unified program is capital investment in wastewater services, with \$ 919 million or 48 percent of the total. Transit proposes capital spending of \$ 877 million (45 percent of total) and regional parks \$131 million (7 percent of total). The central office relocation project reflects less than 1 percent of the total.

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**ADOPTED 2006-2011 CAPITAL IMPROVEMENT PROGRAM (CIP)
(\$ millions)**

	2006	2007	2008	2009	2010	2011	6-Years
Transit Services	\$ 139.0	\$ 167.8	\$ 136.1	\$ 154.9	\$ 156.8	\$ 122.6	\$ 877.2
Wastewater Services	106.8	144.3	149.1	178.2	171.8	169.2	919.4
Regional Parks	28.2	22.2	22.2	19.7	19.7	19.3	131.3
Central Office Building	4.1	0.0	0.0	0.0	0.0	0.0	4.1
Total	\$ 278.1	\$ 334.3	\$ 307.4	\$ 352.9	\$ 348.3	\$ 311.0	\$ 1,932.0

(Note: Columns may not add due to rounding)

TRANSIT SERVICES

The transit Capital Improvement Program proposes investing \$ 877 million over the next six years in transit equipment and facilities. This investment will enable the Council's Metro Transit Division and other transit providers to provide safe and reliable transit service, including \$ 423 million to preserve the bus and rail system, \$ 211 million to expand the transit system and advance the Council's Transportation Policy Plan and \$ 243 million to build a system of dedicated transitways. Completion of the dedicated transitways is dependent on securing capital funding from the state and/or federal government.

Implementation of the proposed transit Capital Improvement Program will require the financial support of federal and state governments. The program assumes that a significant portion of the Capital Improvement Program will be financed with federal capital funds. The program also requires the financial support of the state, both in providing authorizations for regional bonding and providing state funds to support portions of the program.

The Council and Transportation Division face a number of funding issues in implementing its six-year plan.

- The Council proposes issuing \$ 208 million in regional bonds over the next six years. The Council currently has legislative authorization for \$ 87 million and will need additional authority of \$121 million to complete the program as proposed.
- The Council needs to secure additional financial support from the state. This financial support may involve state bonding to finance dedicated transitways, bus garages and public facilities like transit hubs and park and ride lots.
- The Council will need to aggressively pursue available federal capital funding. The new federal surface transportation authorization, known as SAFETEA-LU, was signed into law in August, 2005 and provides highway and transit funding authority through 2009. The Council needs to maximize any formula funding available from the new federal authorization package and aggressively compete for discretionary funding.

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WASTEWATER SERVICES

The Environmental Services Division proposes investing \$ 919 million over the next six years to provide improvements to the regional wastewater system to maintain existing facilities, meet new environmental requirements and provide new sewer service capacity.

Approximately \$ 378 million of the six-year program (41 percent) will be invested in rehabilitation and replacement of existing facilities. The remaining \$ 541 million will provide for system expansion and quality improvements in the treatment plants and interceptors. In the six-year period, major capital investments will be made in:

- Primary and secondary treatment improvements and rehabilitation at the Metro Plant;
- Improvements at other treatment plants, including Seneca, Empire, Hastings and Blue Lake;
- New Elm Creek and South Washington interceptors;
- Improvements and/or expansion of interceptors in the northeast, northwest, Hopkins, South St. Paul, Blue Lake and Minneapolis/St. Paul areas and major interceptor rehabilitation;
- Relocation and improvements at the Hastings treatment plant;
- Extension of regional interceptors to Elko-New Market and potential expansion of wastewater facilities for other rural centers.

Wastewater services faces a number of issues in implementing its Capital Improvement Program. The main issue involves meeting regional wastewater system needs for rehabilitation and expansion within the financial constraints of the Environmental Services Division's operating budget and capital finance plans. Debt service is a major component of the annual budget, so the division is aggressively seeking ways to reduce regional borrowing and future debt service.

REGIONAL PARKS

The Parks and Open Space Capital Improvement Program proposes investing \$ 131 million over the next six years on the regional recreation open space system to rehabilitate existing facilities, purchase land and develop regional parks, park reserves and trails. The program is based on the *Regional Recreation Open Space Capital Improvement Program* developed by the Metropolitan Parks and Open Space Commission and on funding decisions by the Legislature. The adopted 2006-2011 Capital Improvement Program for parks requests \$17.5 million a year in new funding (\$10.5 million state and \$7 million regional) to acquire and preserve regionally significant natural resources. The main issue facing the Council with respect to the regional recreation open space system is maintaining legislative support of state funding and regional bonding for the system. The Legislature has supported a state/regional partnership over the last several years that has financed the regional parks Capital Improvement Program with approximately 60 percent state funding and 40 percent regional funding.

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ADOPTED 2006 AUTHORIZED CAPITAL PROGRAM AND 2006 CAPITAL BUDGET

The adopted 2006 Authorized Capital Program and 2006 Capital Budget are summarized below. The adopted 2006 Authorized Capital Program requests the addition of \$ 204,204,222 in new authorizations to previously approved and continuing authorizations of \$ 1,981,703,718. The total adopted 2006 authorized capital program with these additions is \$ 2,185,907,940. Projects are added to the Authorized Capital Program as spending authority is needed and remain in the program until the project is completed. Based on cash flow projections, an estimated \$1.470 billion (67 percent) of the adopted 2006 capital program authorization will have been expended by the end of 2005, including the bulk of the expenditures on the Hiawatha LRT project. Continuing and new capital project authorizations will result in \$ 716 million in future capital expenditures from 2006 through 2011. The adopted 2006 capital budget appropriation is \$ 243,820,352.

ADOPTED 2006 AUTHORIZED CAPITAL PROGRAM

	Continuing Authorization	Requested Changes	Adopted 2006 Authorization
Transit Services			
Transit System	\$ 380,237,966	\$ 88,004,222	\$ 468,242,188
Hiawatha Project	715,296,564	0	715,296,564
Transit Services Subtotal	\$ 1,095,534,530	\$ 88,004,222	\$ 1,183,538,752
Wastewater Services	838,150,000	116,200,000	954,350,000
Regional Parks	31,619,188	0	31,619,188
Central Office Building	16,400,000	0	16,400,000
Total	\$ 1,981,703,718	\$ 204,204,222	\$ 2,185,907,940

Projected Cash Flows

	Expenditures Prior to 2006	Adopted 2006 Capital Budget	Expenditures 2007 and After	Total Authorized Expenditures
Transit Services:				
Transit System	\$ 241,237,788	\$ 106,105,352	\$ 120,899,048	\$ 468,242,188
Hiawatha Project	712,146,564	3,150,000	0	715,296,564
Total Transit Services	\$ 953,384,352	\$ 109,255,352	\$ 120,899,048	\$ 1,183,538,752
Wastewater Services	496,384,000	106,824,000	351,142,000	954,350,000
Regional Parks	7,963,188	23,656,000	0	31,619,188
Central Office Bldg.	12,315,000	4,085,000	0	16,400,000
Total	\$ 1,470,046,540	\$ 243,820,352	\$ 472,041,048	\$ 2,185,907,940