



Metropolitan Council

1996-2000 Capital Improvement Program and 1996 Capital Budget



Adopted December 21, 1995

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Pursuant to 1994 Minn. Laws Chap. 628
Art. 3 Sec. 40; Minn. Stat. 473.13
Subd. 1

Metropolitan Council 1996-2000 Proposed Capital Improvement Program
and 1996 Capital Budget

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METROPOLITAN COUNCIL

**Mears Park Centre, 230 East Fifth Street, St. Paul, Minnesota 55101-1634
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RESOLUTION NO. 95-85

**APPROVING THE METROPOLITAN COUNCIL
1996-2000 CAPITAL IMPROVEMENT PROGRAM
AND 1996 CAPITAL BUDGET**

WHEREAS, Minn. Stat. section 473.13, subd. 1, requires that the Council, after its Truth in Taxation public hearing, shall adopt a final budget covering its anticipated receipts and disbursements for the ensuing year; and

WHEREAS, Minn. Stat. section 473.13, subd. 1, requires that the budget shall state in detail the capital expenditures of the Council for the budget year, based on a five-year capital program adopted by the Council; and

WHEREAS, the Council adopted a proposed unified 1996-2000 capital improvement program and 1996 capital budget for public hearing on November 9, 1995; and

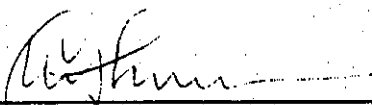
WHEREAS, the Council held its Truth in Taxation hearing on December 4, 1995.

THEREFORE, BE IT RESOLVED, THAT

The Metropolitan Council:

1. Adopt the 1996-2000 Capital Improvement Program as the five-year capital plan for capital investment and financing.
2. Approve \$ 51,660,319 in new multi-year capital program authorizations as the 1996 Capital Program, including:
 - \$ 48,542,093 for Environmental Services and
 - \$ 3,118,226 for Transit.
3. Approve a 1996 Capital Expenditure Budget of \$110,555,899 for previously approved capital projects and new capital projects authorized in the 1996 Capital Program, including:
 - \$ 55,954,954 for Environmental Services,
 - \$ 40,936,745 for Transit and
 - \$ 13,664,200 for Parks and Open Space.
4. Approve new capital program authorization for design of the Empire Wastewater Treatment Plant expansion, contingent on Council approval of the project facility plan.

Adopted this 21st day of December, 1995


Curt Johnson, Chair


Sandi Lindstrom, Recording Secretary

METROPOLITAN COUNCIL

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DATE: November 2, 1995

TO: Curt Johnson, Chair and Metropolitan Council Members

FROM: Jim Solem, Regional Administrator

SUBJECT: Proposed Capital Improvement Program for 1996 - 2000, and 1996 Annual Capital Budget

This is the first year the Council is preparing a unified capital budget, which brings together in one document the capital programs for wastewater, transit, and parks. The unified capital budget reflects the newly organized Council as specified in the 1994 State legislation. Under the new structure wastewater capital planning originates within the Metropolitan Council Environmental Services Division, and transit within the Council's Transportation Division. The Parks and Open Space Commission develops the recommended Parks and Open Space Capital Improvement Program.

The unified budget presents the following information:

- 1) 1996 annual capital budgets; and
- 2) a fiscal impact assessment which considers the combined capital costs of the proposed CIP in the context of the Region's ability to pay, and in the context of the other metro systems.
- 3) a detailed list of all major projects proposed in the wastewater and parks capital CIPs, including cost estimates.

The Transit CIP is under development and will not be completed until the first quarter 1996. We have completed an assessment of financial resources available to support transit capital spending, and are recommending a financing program for the 1996-2000 period. However, requests for transit capital projects exceed available resources for the period by greater than \$100 million. Beginning in the fourth quarter 1995, a transit capital planning team began evaluating and prioritizing transit capital requests. This process, along with the results of transit redesign will bring capital expenditures within available resources. A summary of the capital projects requested by transit providers is included in the transit section along with an analysis of financial resources.

Objectives of unified capital budget and CIP

The major objectives of the unified capital planning process are:

- To ensure that regional priorities are reflected in the capital plans of functional areas.
- To provide a consolidated summary of recommended capital expenditures and capital financing plans; and to include information on capital spending by categories, and by program area.
- To provide information on the fiscal impacts of capital plans, including assessment of the impact on debt issuance, annual debt service payments, annual property taxes, and user fees.
- To document and systematize capital budget policies and procedures for all Council operating units.
- To document and systematize a consistent capital budget approval process for all Council operating units.

Fiscal Impact Assessment

The unified budget contains a fiscal impact analysis. We have completed a fiscal assessment for each component, and for the combined affect of all components. Fiscal impact is assessed with respect to: 1) the combined total of proposed capital expenditures, 2) property taxes required to provide for debt service, and 3) projected increases in sewer service fees. We also present a projection of the total property taxes and user fees needed to support both the capital and operating budgets of the Council.

The fiscal impact section compares the projected property taxes and user fees required to support the capital program with the projected growth in total regional income. The proposed unified CIP, in combination with projected Council operating costs, results in moderate cost increases to the average homeowner in 1996 and 1997, and relatively stable costs for 1998-2000, on a constant dollar basis.

Financial Resources Supporting Capital Projects

Each of the three components of the capital budget (transit, wastewater and parks) is supported by unique revenue sources that are based upon specific relationships and State legislative authority. For example, in the Environmental Services Division, customers in the form of cities pay sewer service fees and Service Availability Charges (SAC) which is used for debt service on sewer bonds and loans. Sewer bonds and long term loans are used to provide funds for capital expenditures related to wastewater collection and treatment. Cities, in turn, collect fees for wastewater processing from households and businesses.

Transit capital expenditures are financed partly through federal grant revenues from the U.S. Department of Transportation, and from property taxes levied within the Transit Taxing District. Federal grants are diminishing, and consequently local property taxes will pay for a greater proportion of transit capital spending in the future than in previous years. The Council has limited statutory authority for issuing transit debt. On a biennial basis the Council requests statutory authority to issue transit debt to support its transit capital plan.

Parks capital expenditures are financed through the issuance of Regional parks bonds, and State appropriations. Debt service on Regional parks bonds is provided by a Metropolitan wide property tax levied by the Council. The Council has limited authority to issue regional parks debt. On a biennial basis the Council requests state funding in support of its parks capital plan.

Financial Summary

The 1996 Annual Capital Budget and the 1996-2000 CIP are a unified, coordinated plan which provides for the capital needs of the Region's transit, parks and wastewater systems. Considerable resources are needed to ensure the Council continues to provide the level and quality of service that have earned national praise. The wastewater management system has an operating record that is among the very best in the country, and the regional parks and open space system is unique among major metropolitan areas. With the transit redesign project, a major 1996 work program effort, we intend to better target transit services and transit capital investments to maximize efficiencies and improve service.

Declining federal funds means that a greater portion of capital expenditures must be paid from regional sources. This particularly affects the transit capital program. The proposed transit CIP includes funding from regional bonds at a level of \$25 million per year for the period 1996-2000. This is above the level of bonding for transit that has occurred in recent years. Total funding sources proposed for the transit CIP are \$257 million for the 1996-2000 period. Of the \$257 million, approximately 59 percent (\$152 million) is from regional bonds, 28 percent (\$72 million) is anticipated federal grants, 12 percent (\$30 million) is state funding, and 1 percent (\$3 million) is from other sources.

Parks capital financing comes primarily from State funds and regional parks bonds. External funding from the Federal government accounts for about 5.5 percent of total parks capital funding sources. State funding provides approximately 60 percent of the local resources, and regional bonds provide 40 percent. The recommended parks CIP supports the financing levels, regional-state cost sharing, and debt issuance levels developed between the Council, the Parks and Open Space Commission and State of Minnesota in 1994. The total recommended parks capital expenditures for the 1996-2000 period is \$84 million.

Wastewater capital expenditures in the CIP total \$385 million for the 1996-2000 period. There are no external revenues to support wastewater capital projects, so that regional sewer bonds and long term loans are used to finance the program. Debt service is repaid from sewer service fees, which accounts for about 76 percent of all sewer debt payments, and revenues from Sewer Availability Charges (SAC) which covers about 24 percent.

Regional Policy Establishes Guidance for Capital Expenditures

CIP requests are initially developed by the individual operating units of the Council. The Council's Transportation Division develops the Transit budget proposal with the assistance and input from transit providers. The Parks and Open Space Commission develops the Parks and Open Space CIP with the assistance of the parks implementing agencies. The Metropolitan Council's Environmental Services Division develops the wastewater capital proposal through the work of an internal capital planning team.

Council guidance for capital development is provided by the Council's Regional Blueprint, which was adopted in 1994. The Blueprint serves as a framework of ideas, and program of action for metropolitan area development. It provides regional directions and strategies; roles, actions, policies and steps needed for the short-term and long-term health of the region.

The Council provides additional system management direction through its policy plans for transportation, water management, aviation and parks. These policy plans guide the Council's decisions involving the four systems and provide guidance for the system's operating management. As they are updated, all of the Council policy plans will reflect the policies of the Blueprint. The policy plans provide the Council's most specific policy direction for capital planning for metropolitan systems.

Capital Budgeting Process

The Metropolitan Council's organization, resulting from 1994 legislation, is composed of four organizational units: Community Development Division, Environmental Services Division, Transportation Division, and Regional Administration and Policy. Capital expenditures planning for transit occurs within the Transportation Division, wastewater management within the Environmental Services Division, and parks capital planning by the Parks and Open Space Commission within the Community Development Division of the Council.

Capital budget requests originate in the agencies that provide parks, transit services and wastewater services. Transit providers include: Metro Mobility, Metropolitan Council Transit Services (MCTO), Opt Out communities, and rural and small urban transit programs. The Council's Transportation Division is newly established and is organizing a broad based team to begin assessment and prioritization of transit capital requests.

Parks providers are the parks implementing agencies. The Parks and Open Space Commission develops its CIP proposal in cooperation with park implementing agencies, and uses assessment and prioritization procedures from the Council's Recreation Open Space Policy Plan.

Environmental capital projects are proposed by plant and interceptor O&M department, regulatory compliance, interceptor inspection and planning units of the Council's Environmental Services Division and by cities and others. The Environmental Services Division has developed its capital planning procedures based on extensive prioritization and assessment reviews done by MCES teams.

Draft CIP's and annual capital budgets were presented to the Regional Administrator's Office for review and assessment in September. In October Council committees received presentations on the proposed CIP's and the capital budgeting process. Also during October, the Regional Administrator's Office and the Budget and Evaluation unit of the Council developed the draft unified CIP and 1996 Capital Budget for Public Hearing. This draft was presented to the Council early in November. The public hearing on the Draft CIP and Annual Capital Budget will be on December 7, 1995. Final adoption of the CIP and Annual Capital Budget is scheduled for December 21, 1995.

Annual Capital Improvement Program, and Capital Spending Authorization

The annual capital budget lists projects, estimated costs, and estimates of available funding for the upcoming year. Projects in the capital budget are authorized to proceed if funds become available as planned in the budget, and within the approval process specified by the Council's administrative procedures including the Procurement Policies.

Parks grants and transit capital contracts are provided through agreements with parks implementing agencies and transit providers respectively. Agreements are not completed and approved until funding is available, most notably, after state legislation authorizing state funding or regional bonding is enacted and signed into law.

Conclusion

Additional local funds are needed to support the unified CIP due to increases in the level of capital expenditures requested, and to reduced federal funding. Financial resources match the proposed capital expenditures for wastewater and parks CIP's. This is not the case for transit. The cost of capital projects requested by transit providers exceed the identified funding available based on a number of measures of the Region's ability to pay.

Fiscal impact analysis indicates that issuing \$25 million in transit bonds per year for the period 1996-2000 results in cost increases to the average homeowner that are within acceptable limits, when viewed in the context of all the Council's capital and operating costs. On a constant dollar basis, the proposed local costs to support the unified CIP, in combination with projected Council operating costs, increase moderately in 1996 and 1997, and are relatively unchanged from 1998 through 2000. The significant cost increases associated with increased transit debt service are partially offset by projected cost decreases for Council operations--on a constant dollar basis.

Additional information on the capital improvement programs and annual capital budgets for parks, and environmental services is available in the following documents:

- Regional Recreation Open Space Capital Improvement Program, 1996-2005, June 1995.
- Metropolitan Council Environmental Services Proposed Capital Improvement Program, October 1995.
- Metropolitan Council Environmental Services Proposed 1996 Capital Budget, October 1995.

Information on the Recreation Open Space CIP is available from Arne Stefferud, Parks Planner, at (telephone) 291-6360. Information on the Environmental Services documents are available from Bryce Pickart, Operational Planning and Engineering Manager, at (telephone) 229-2091. Any other questions about capital budgeting should be addressed to Alan Morris, Senior Planner, at 291-6446.

**MISSION AND
ORGANIZATION**

MISSION AND ORGANIZATION

The proposed Metropolitan Council 1996 Work Program and Budget addresses Council priorities outlined in the *Regional Blueprint*, the policy document adopted in September 1994 that directs the Council's work.

This proposed budget is the first developed under the new structure for the Council, which resulted from the Metropolitan Reorganization Act of 1994. This legislation dramatically changed regional government by merging four separate regional agencies -- the Metropolitan Council, the Regional Transit Board, the Metropolitan Transit Commission and the Metropolitan Waste Control Commission -- into one new Metropolitan Council. The goal of this legislation was to combine and strengthen regional planning and delivery of services. The new Metropolitan Council now has broader responsibilities than in the past, but must accomplish its goals in an atmosphere of diminishing resources.

The primary objective of the new, merged Metropolitan Council is to maintain and enhance the service of the regional agencies to their respective customers, clients and stakeholders while improving accountability to the legislature and governor and improving the cost effective delivery of service.

Role

The Minnesota Legislature created the Metropolitan Council in 1967, defining the agency's role in MS 473. The Council's role was broadened as a result of 1994 legislation, under which the Council now conducts long-range planning and operates direct services in transit and wastewater collection and treatment. The agency's area of jurisdiction, under MS 473, is the Twin Cities area, consisting of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.

The Council now performs the roles previously carried out by four regional agencies: The Council, the Regional Transit Board, the Metropolitan Transit Commission and the Metropolitan Waste Control Commission. The Council's responsibilities include:

- Conducting long-range, comprehensive planning (for airports, economic development, housing, land use, regional finance, parks, water quality and supply, and transportation).
- Working with other local unity of government and approving their comprehensive plans to ensure that their planning is consistent with the Council's plans and the plans of their neighbors.
- Operating the regional sewage collection and treatment system.
- Operating the regional transit system.
- Administering the Metro Housing and Redevelopment Authority (HRA) and forming joint powers agreements with other housing redevelopment agencies

Regional Blueprint

In September 1994, the Council adopted the *Regional Blueprint*, a planning policy document that serves as both a roadmap for the future and a call for action designed to achieve the following goals:

- Economic growth and job creation through a regional economic strategy.
- Reinvestment in distressed areas of the region.
- Expanded life-cycle housing opportunities and housing choices for lower-income people throughout the region.
- A strengthened sense of community.
- Preservation of the natural environment.
- Sound regional public infrastructure investments supporting business growth and overall regional development.

By seeking out partnerships and looking for opportunities to collaborate with other governmental units and the private sector, the Council implements its *Blueprint*. The Council sets policy on the provision of transit and sewer service, and on land use through long-range plans. Other regional agencies must, by law, follow the Council's policies and local governments must prepare comprehensive plans consistent with the Council's plans.

Membership

The Council has 16 members, appointed by the governor from equal-population districts throughout the seven-county metropolitan area. Members serve at the governor's pleasure and must live in the district they represent. The governor also appoints the Council Chair, the 17th member, which is an at-large position that also serves at the governor's pleasure. Current Metropolitan Council members are listed on page 2-4.

Policy-making Structure

Page 2-5 shows a chart of the Council's policy-making structure. The Council accomplishes its goals by working through its standing committees: Transportation, Community Development, Environment and Finance. The Council receives input on policy issues through its advisory committees. In addition, the Council works closely with the Metropolitan Radio Board and other regional commissions, Metropolitan Sports Facilities Commission, Metropolitan Airports Commission and Parks and Open Space Commission.

Metropolitan Council Organization

The Council is organized into four major divisions: Transportation, Community Development, Environmental Services, and Administration with the Chair and Regional Administrator providing

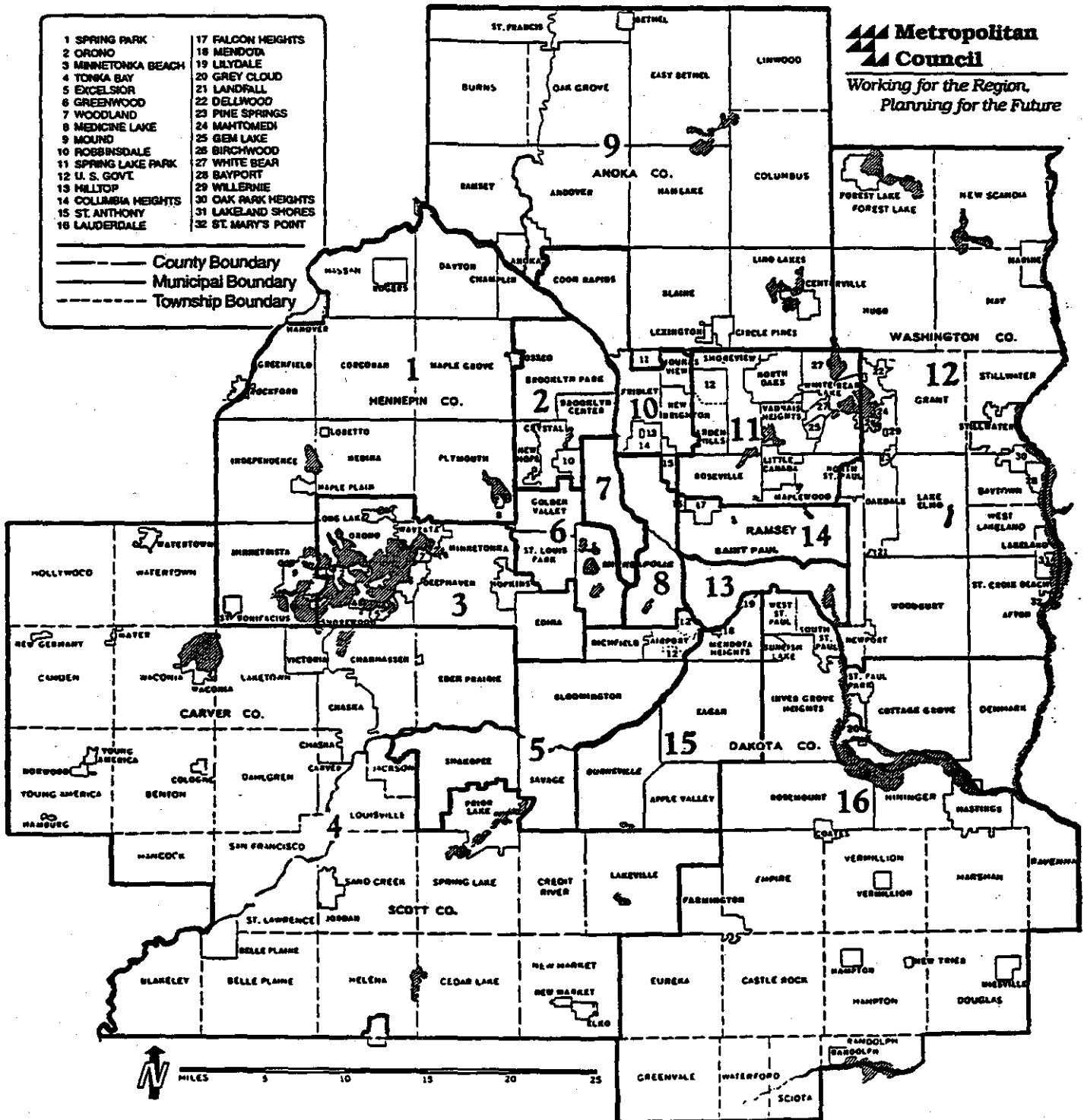
the direction and leadership to the organization. The policy unit develops the procedure and monitors the implementation of the Regional Blueprint. The Transportation and Environmental Services divisions contain the Council's operating units: transit operations and wastewater services.

The Community Development Division includes the Metro Housing and Redevelopment Authority (HRA), Parks and Open Spaces, Local Assistance, Housing Planning, and the Public Safety Radio project. The Council's organization is shown in the chart that follows. Page 2-6 is a chart of the Council organization.

Metropolitan Council Districts

Metropolitan Council
Working for the Region.
Planning for the Future

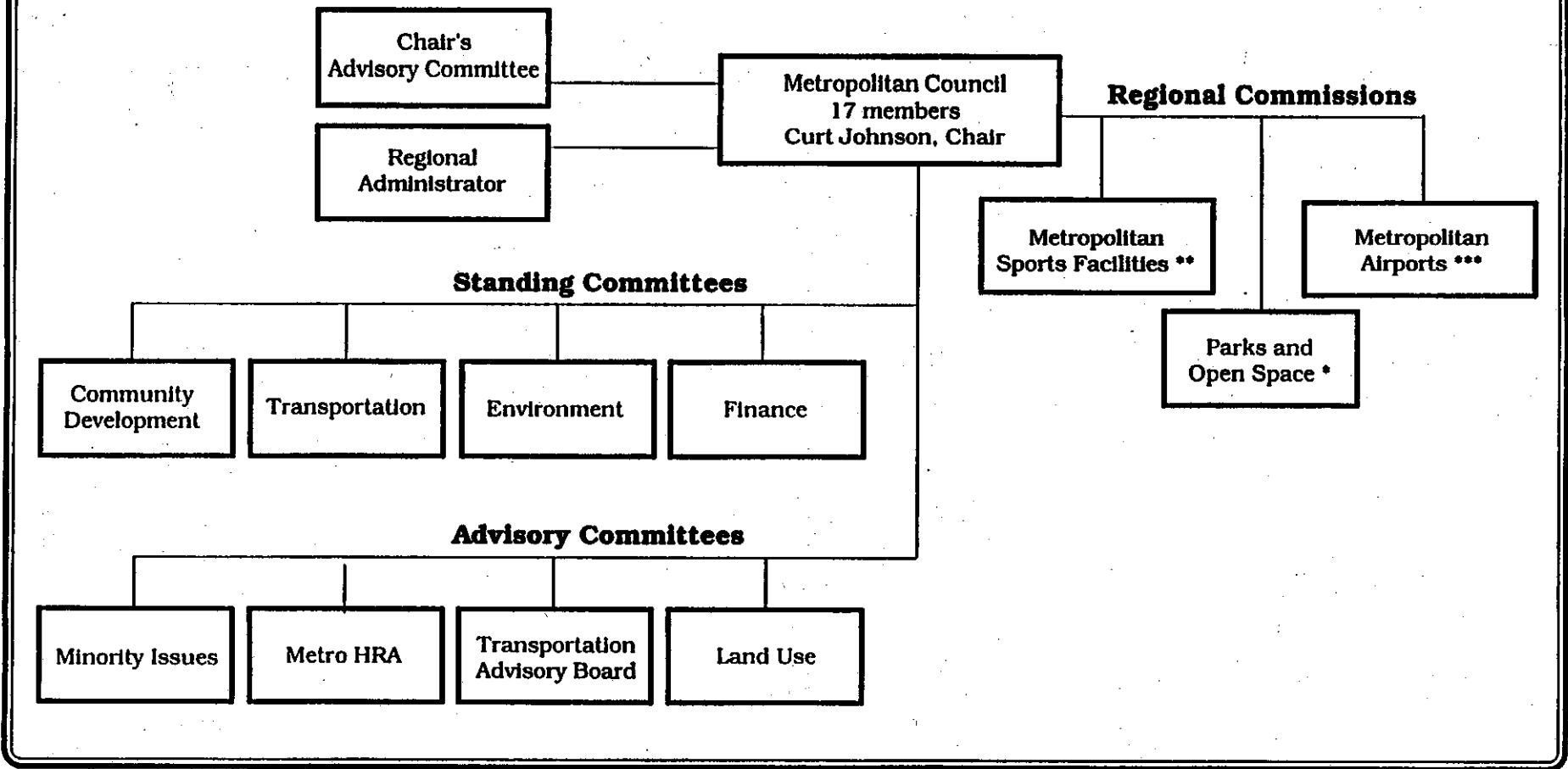
- | | |
|---------------------|---------------------|
| 1 SPRING PARK | 17 FALCON HEIGHTS |
| 2 ORONO | 18 MENDOTA |
| 3 MINNETONKA BEACH | 19 LULYDALE |
| 4 TONKA BAY | 20 GREY CLOUD |
| 5 EXCELSIOR | 21 LANDFALL |
| 6 GREENWOOD | 22 DELLYWOOD |
| 7 WOODLAND | 23 PINE SPRINGS |
| 8 MEDICINE LAKE | 24 MAHOMETI |
| 9 MOUND | 25 GEM LAKE |
| 10 ROBBINSDALE | 26 BIRCHWOOD |
| 11 SPRING LAKE PARK | 27 WHITE BEAR |
| 12 U. S. GOVT. | 28 BAYPORT |
| 13 HILLTOP | 29 WILLERNIE |
| 14 COLUMBIA HEIGHTS | 30 OAK PARK HEIGHTS |
| 15 ST. ANTHONY | 31 LAKELAND SHORES |
| 16 LAUDERDALE | 32 ST. MARY'S POINT |
- - - - - County Boundary
 ——— Municipal Boundary
 - - - - - Township Boundary



The Council members and their districts are as follows: Chair — Curtis Johnson

- | | | | |
|--------------------------------------|--|---|--|
| 1 — Roger Scherer,
Plymouth | 5 — Neil Peterson,
Bloomington | 9 — David Hartley,
Ramsey | 13 — Diane Z. (DeDe) Wolfson,
St. Paul |
| 2 — Bill Schreiber,
Brooklyn Park | 6 — Martha M. Head,
Minneapolis | 10 — Rick Packer,
Coon Rapids | 14 — Stephen B. Wellington, Jr.,
St. Paul |
| 3 — Mary H. Smith,
Wayzata | 7 — Barbara Butts Williams,
Minneapolis | 11 — Esther Newcome,
White Bear Lake | 15 — Kevin Howe,
Mendota Heights |
| 4 — Julius C. Smith,
Chaska | 8 — Carol A. Kummer,
Minneapolis | 12 — Charles Arnason,
Marine | 16 — Terrence F. Flower,
Hastings |

Metropolitan Council Policymaking Structure



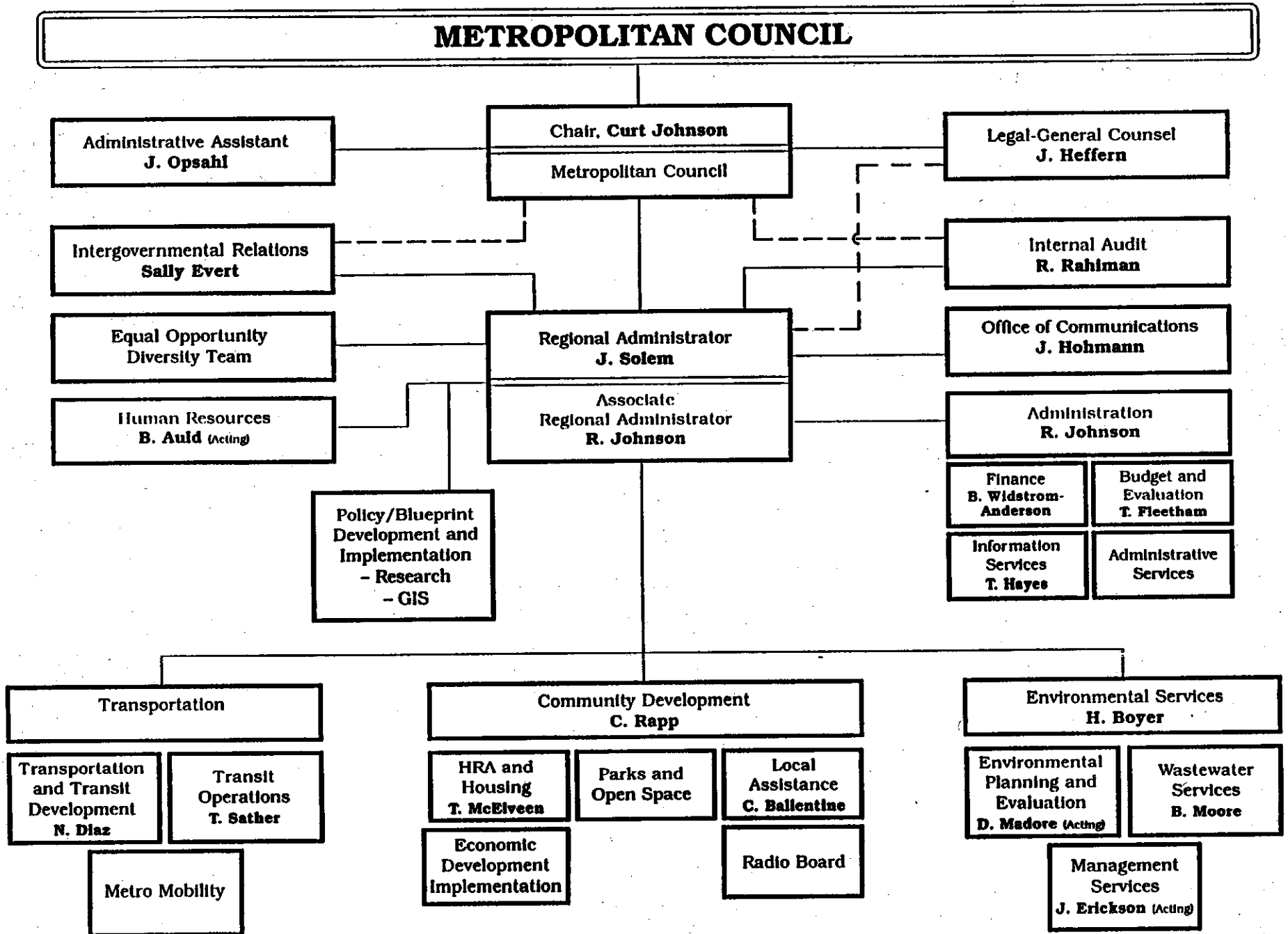
- Staff support provided to Commission by Metropolitan Council.
- ** The Metropolitan Council has budget approval and issues bonds for the commission.
- *** The Metropolitan Council reviews the capital budget and approves certain projects.

2-5

Metropolitan Council

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Metropolitan Council Organization



**FINANCIAL SUMMARY/
FISCAL ANALYSIS**

METROPOLITAN COUNCIL PROPOSED 1996-2000 CAPITAL IMPROVEMENT PROGRAM

FINANCIAL SUMMARY/FISCAL ANALYSIS

INTRODUCTION

Two objectives of the unified capital planning process that are addressed in this section are:

- To provide a consolidated five-year summary of recommended capital expenditures and capital financing plans; and
- To provide information on the fiscal impacts of the recommended capital plans.

A consolidated summary of recommended 1996-2000 capital expenditures and capital financing is presented first, followed by an analysis of the fiscal impacts of the recommended capital plans.

Capital improvement programs have been prepared for parks and open space, transit and environmental services by the appropriate operating division of the Council. Information from these individual capital improvement programs has been summarized in this section.

Capital improvement programs are in various stages of development. The Environmental Services Division has a well established capital planning process that develops a long-range 20-year capital improvement plan, a five-year capital improvement program and an annual capital budget. Likewise, the Council and the Metropolitan Parks and Open Space Commission have a well established process for identifying and prioritizing capital projects for the regional recreation open system and biennially prepare a ten-year capital improvement program that provides the basis for state funding requests. The capital planning process for transit facilities is undergoing change. The Transportation Division is currently developing a process for soliciting and prioritizing transit capital projects. A list of transit capital funding requests has been assembled from transit providers, but the total requests exceed anticipated capital funding by a substantial margin.

Capital spending and capital financing through regional debt have a direct, although delayed impact on the Council's operating budget and operating revenues, particularly property taxes and sewer service charges. The fiscal impact analysis looks at the impact of the recommended capital expenditures and capital financing on annual debt service requirements and on the property taxes and sewer service charges that need to be raised by the Council. The fiscal analysis also looks at the ability of the region's households to pay for these capital investments using two ability to pay measures.

SUMMARY OF CAPITAL EXPENDITURES AND CAPITAL FINANCING

This section provides a consolidated picture of proposed 1996-2000 capital expenditures and capital financing. The graphics also provide information on capital expenditures and capital financing back to 1988 so that long-term trends are illustrated.

Proposed Capital Expenditures

The combined 1996-2000 capital improvement programs for parks and open space, transit and environmental services propose investing \$726 million in regional facilities over the next five years.

Figure 1 shows the proposed capital expenditures for each functional area. Environmental services capital projects account for 53 percent of the total, transit projects account for 35 percent of the total and parks and open space capital projects account for the remaining 12 percent.

Figure 2 shows the trend in capital expenditures between 1988 and 2000, based on the proposed capital improvement programs. Capital spending tends to fluctuate from year to year, depending on the need for particular capital projects and on construction or procurement schedules. Proposed annual capital expenditures between 1996 and 2000 range between \$120 million and \$179 million, and average \$145 million per year.

The Environmental Services Division is proposing to invest \$385 million in capital facilities in the 1996-2000 period, an average of \$77 million per year. Annual capital expenditures range between \$56 million and \$99 million. Capital investments are made to develop and maintain a system of regional interceptors and treatment works and related facilities. During the 1996-2000 period, approximately 69 percent of the proposed capital spending will be on treatment works projects and 31 percent on interceptor projects. An estimated 28 percent of the capital investment during the five year period will be on rehabilitation projects to maintain existing facilities.

The Transportation Division is proposing to invest \$257 million in transit capital equipment and facilities in the 1996-2000 period, an average of \$51 million per year. Annual capital expenditures range between \$67 million and \$33 million. The proposed capital expenditures for transit are resource constrained and are based on regional borrowing of \$25 million per year between 1996 and 2000. The Transportation Division has received requests from transit providers for 1996-2000 capital investments totaling approximately \$366 million, or \$109 million more than would be available if the Council issued \$25 million per year in regional transit bonds. Capital investments are made to replace transit vehicles and to develop and maintain public facilities and support facilities/equipment. Public facilities include transit hubs, park and ride lots, shelters, lighting and other facilities aimed toward providing safe and convenient access to transit services and enhancing transfer opportunities. Support facilities and

Metropolitan Council 1996-2000 Proposed Capital Investments

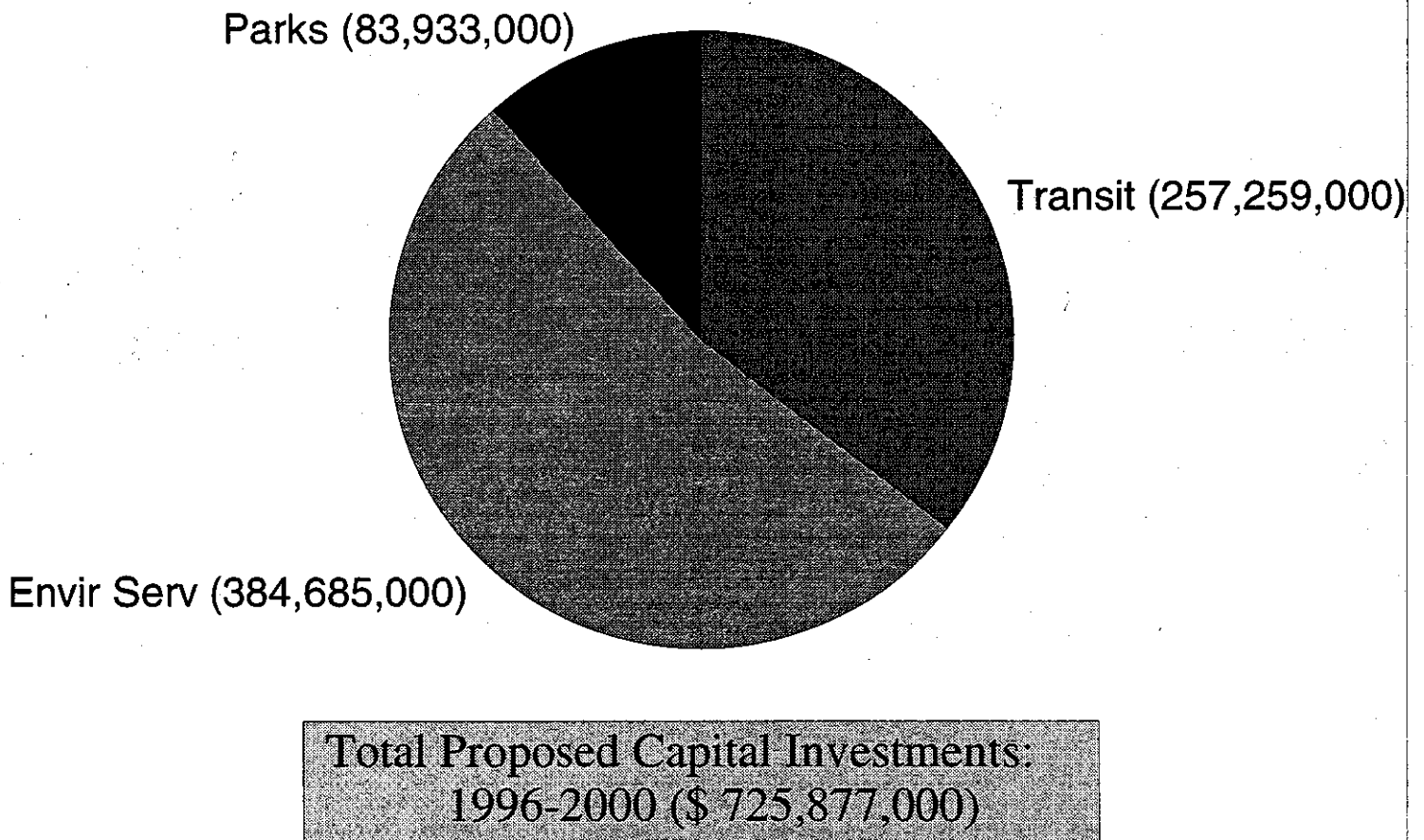


Figure 1

Metropolitan Council 1988-2000 Capital Spending by Purpose

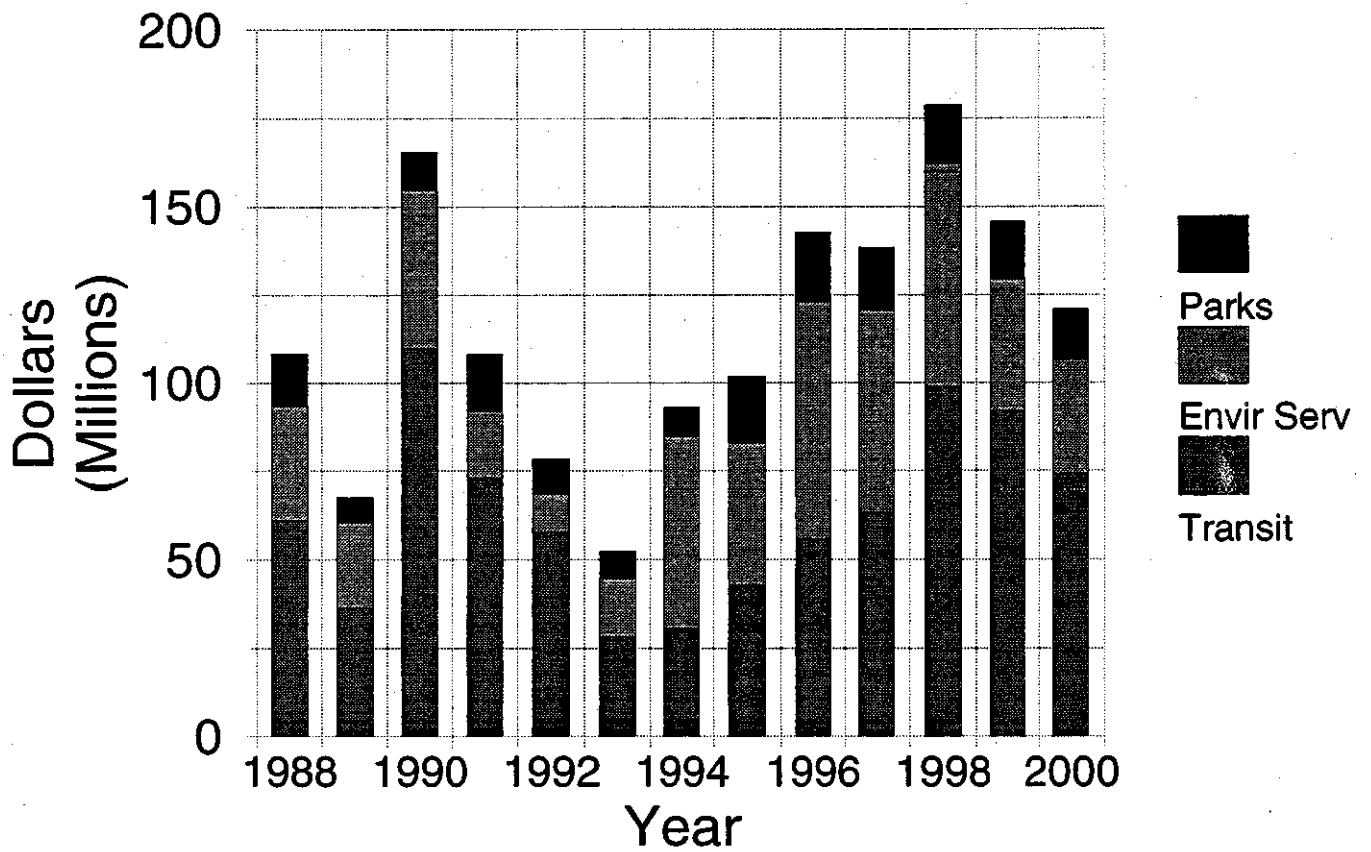


Figure 2

equipment include garage and office facilities, computer and communication equipment and other capital equipment.

The Community Development Division prepared a 1996-2005 Regional Recreation Open Space Capital Improvement Program that was adopted by the Council in mid-1995. The ten-year CIP covers the next 5 legislative bienniums and is resource constrained to reflect anticipated federal and state funding and regional bonding. Based on the first half of the ten-year capital improvement program, the Community Development Division is proposing to invest \$84 million in regional recreation open space capital facilities, an average of \$17 million per year. Capital projects include land acquisition, development of new park facilities and redevelopment of existing regional park facilities. An estimated 22 percent of the capital investment during the five year period will be on redevelopment projects to maintain existing facilities.

Proposed Capital Financing

Capital financing for the Council's capital improvement program comes from federal and state capital grants, regional borrowing and other sources. Regional borrowing includes the issuance of long-term general obligation and revenue debt and loans from the state Public Facilities Authority for wastewater services facilities.

Figure 3 shows the relative importance of each funding source in financing the proposed 1996-2000 capital investments. Federal and state capital funds each provide approximately 11 percent of the necessary capital financing, while other miscellaneous sources provide less than 1 percent. A substantial portion of the capital financing (78 percent) will need to be raised through regional borrowing.

The Council anticipates receiving approximately \$76.4 million in federal capital grants to fund transit capital projects and, to a lesser extent, parks and open space projects. The Transportation Division estimates that \$72 million in federal funding will be available to fund transit facilities in the 1996-2000 period. Federal funding for regional transit facilities is expected to decline over the five year period, reducing the level of capital investment that the Council will be able to make annually. The recreation open space capital improvement program assumes that the Council will receive approximately \$4.4 million in federal transportation funding during the five year period to finance regional park trails.

The combined capital improvement programs include approximately \$77 million in state capital funds to finance transit and parks and open space projects. The transit capital improvement program includes a replacement garage for the Snelling Garage, contingent on receiving \$30 million in state funding. The recreation open space capital improvement program was developed based on funding partnership between the State and the Metropolitan Council. The combined capital improvement program includes \$47 million in state funding from state bonds and from the Environmental Trust Fund.

Metropolitan Council 1996-2000 Capital Financing

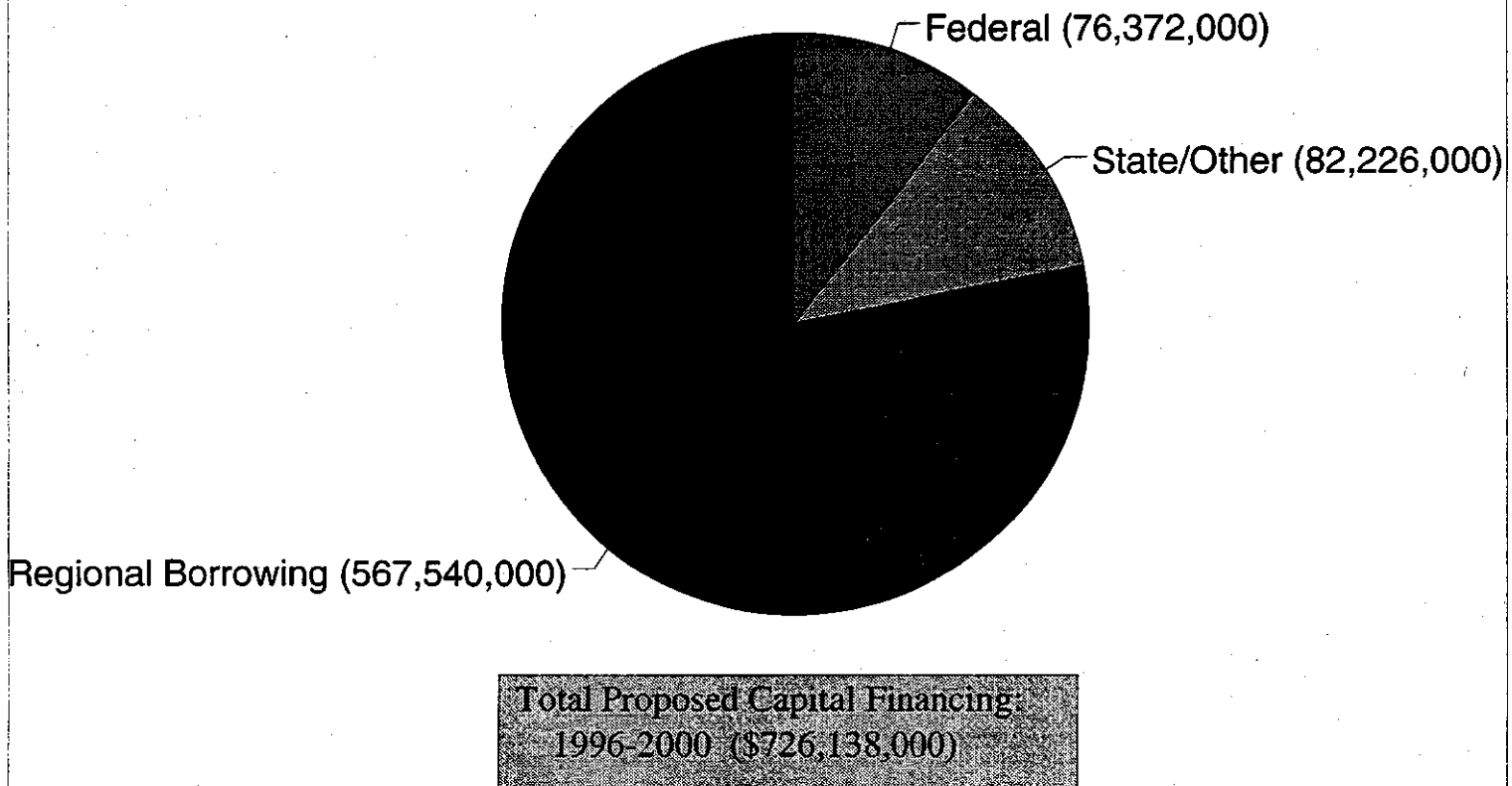


Figure 3

Metropolitan Council 1988-2000 Capital Financing by Source

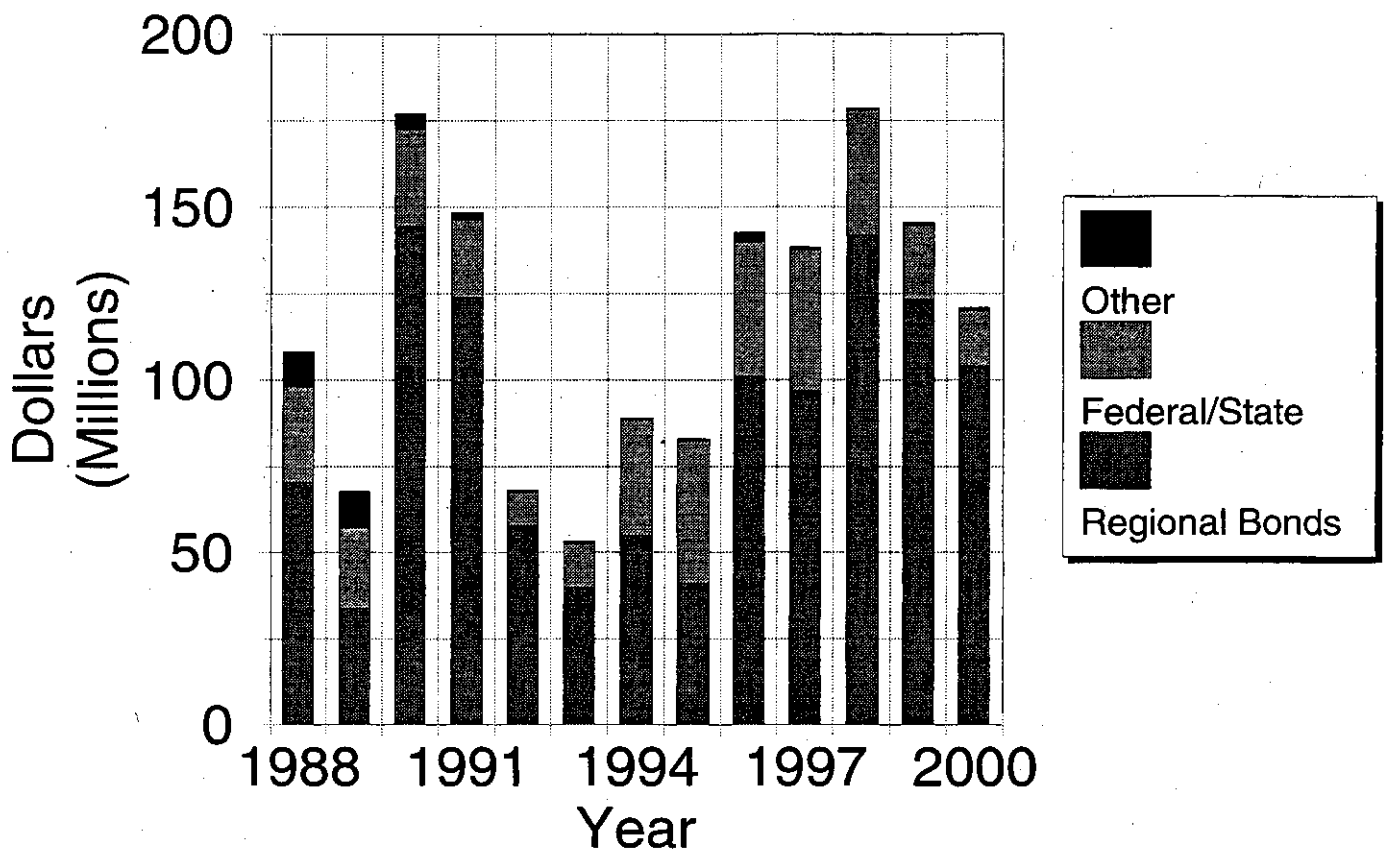


Figure 4

The Environmental Services Division capital improvement program assumes no federal or state funding and is financed entirely through regional borrowing and, to a lesser extent, transfers of positive annual (operating) budget variances.

The Transportation Division capital improvement program assumes approximately \$72 million in federal funding (28 percent), \$30 million in state funding for the Snelling Garage replacement (12 percent) and \$3.2 million from other miscellaneous sources (1 percent). The remaining \$152 million (59 percent) of capital financing would be provided through regional borrowing.

The Recreation Open Space capital improvement program for the 1996-2000 period assumes approximately \$4.4 million (5 percent) federal funding and \$47 million (56 percent) state funding, with the remaining \$33 million (39 percent) in capital financing provided by regional borrowing.

Figure 4 shows the trends in capital financing between 1988 and 2000. Federal, state and other funding sources tend to fluctuate somewhat from year to year, but regional borrowing fluctuates the most in response to annual changes in capital spending and investment.

Proposed Regional Borrowing

To the extent that the Council must borrow to finance its capital improvement programs, capital investments in regional facilities affect annual debt service payments as the Council makes principal and interest payments on the bonds and loans. In turn, annual debt service payments affect the Council's operating budget and the amount of property taxes and sewer service fees that need to be collected from the region's households.

A substantial portion (78 percent) of the proposed 1996-2000 capital investments by the Council will need to be financed with regional borrowing. Figure 5 shows the relative share of regional borrowing by each of the areas with capital investments. The combined capital improvement programs proposed regional borrowing between 1996 and 2000 of \$574 million, an average of \$115 million per year. Environmental Services borrowing accounts for 67 percent of the total borrowing, transit borrowing accounts for 26 percent and parks and open space borrowing accounts for the remaining 6 percent. Because the Environmental Services Division capital investments are financing almost entirely through regional borrowing, the Division's share of total regional borrowing is higher than its share of capital expenditures.

Figure 4 shows the trend in regional borrowing between 1988 and 2000. Regional borrowing for environmental services capital projects tends to fluctuate from year to year. While transit and parks borrowing is more consistent during the 1996-2000 period, average annual borrowing for transit and parks is proposed at levels higher than have occurred in the recent past.

Metropolitan Council 1996-2000 Proposed Regional Borrowing

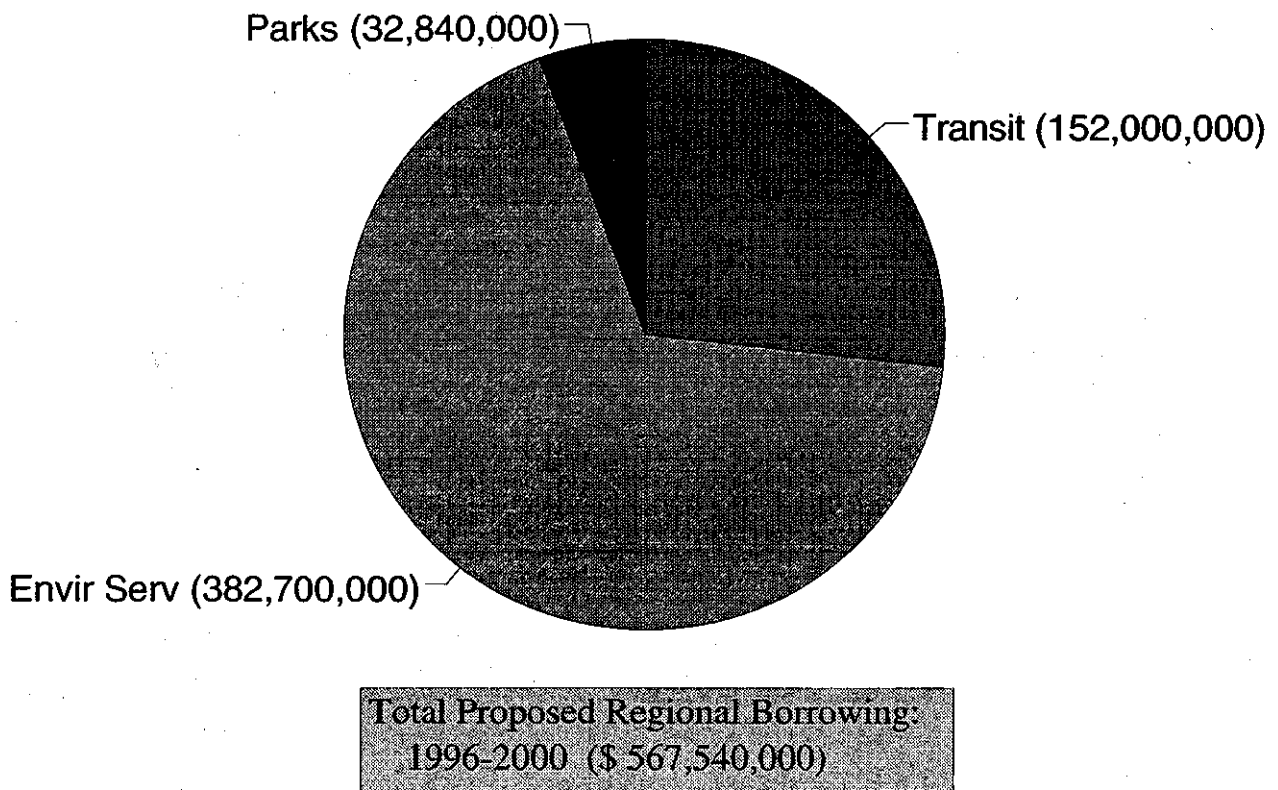


Figure 5

Metropolitan Council 1988-2000 Regional Borrowing

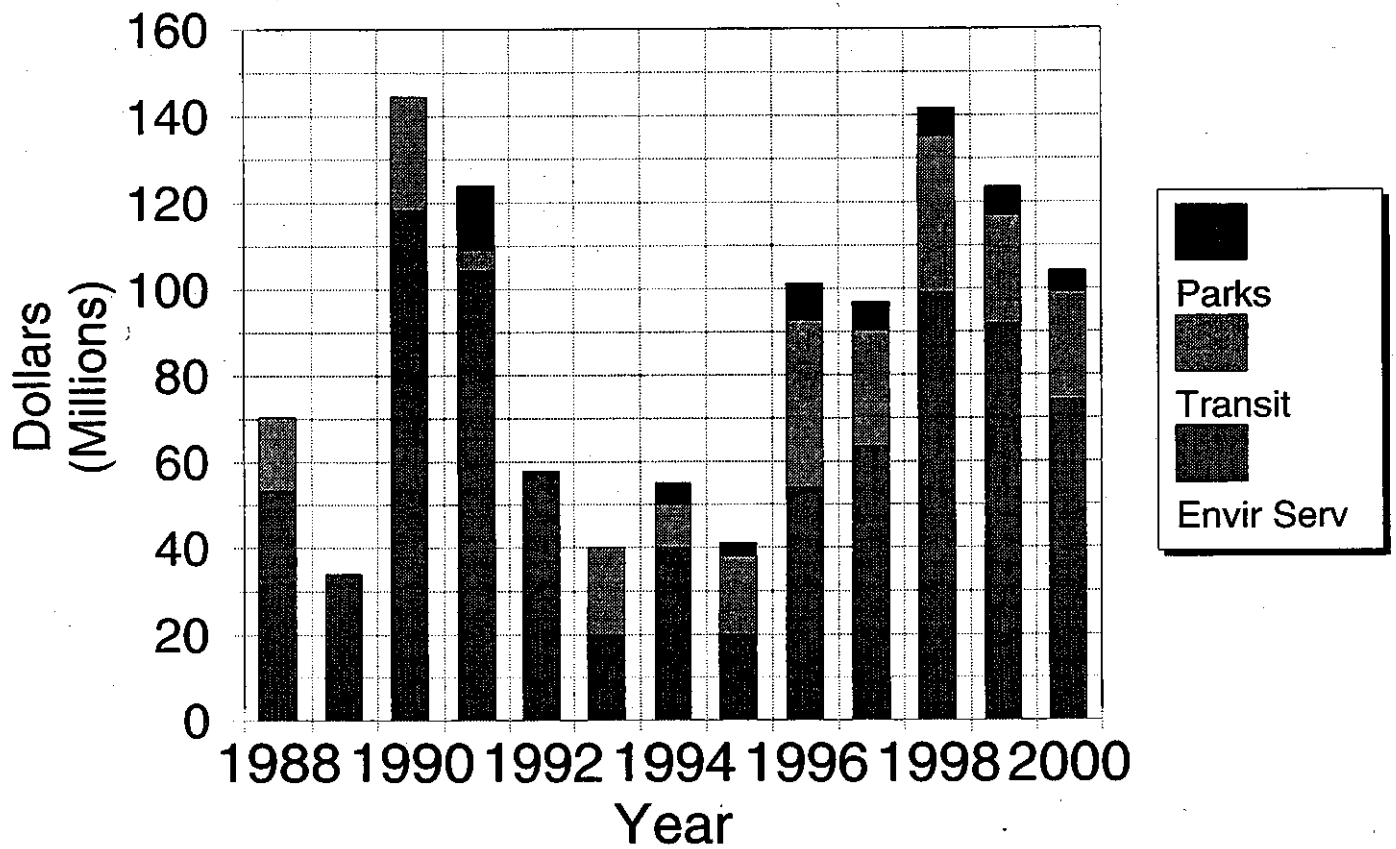


Figure 6

The Environmental Services Division capital improvement program requires regional borrowing of approximately \$383 million during the 1996-2000 period, an average of \$77 million per year. The Division utilizes loans from the state Public Facilities Authority (PFA) to the maximum extent possible to take advantage of lower interest rates. During the five year period, an estimated \$258 million in PFA loans will be utilized, providing financing for 66 percent of the capital program. The remaining \$125 million in capital financing will be provided through the issuance of general obligation bonds supported by sewer service revenues.

The Transportation Division capital improvement program includes \$152 million in regional bonding. The total includes \$125 million (\$25 million per year) in new regional transit bonding that would need to be authorized by the State Legislature and \$14 million in existing regional transit bonding authority. The total also includes \$13 million in regional bonding authorized to finance the Metropolitan Council Transit Operations' share of the backbone elements of the 800 megahertz radio system.

The Recreation Open Space capital improvement program includes \$33 million in regional borrowing, an average of \$6.6 million per year. The regional borrowing provides a 40 percent match for state funding for regional parks.

FISCAL IMPACTS OF REGIONAL BORROWING

This section provides a consolidated picture of the fiscal impacts of the proposed 1996-2000 capital improvement program on the Council's operating budget and on taxes and fees paid by the region. When the Council undertakes long-term borrowing, it repays principal and interest over a period of from 3 to 20 years. As a result, the borrowing affects the debt service component of the annual operating budget and the level of property taxes and user fees raised by the Council. Because there tends to be a one-year lag in the impact of a particular issue on debt service payments, this section looks at the impact of the 1996-2000 capital improvement program over the 1997 to 2001 period.

Changes in the Council's annual debt service, property taxes and user fees need to be considered in the context of inflation and regional growth in households, income and market values.

The forecasts for these measures for the five-year period from 1997-2001 are:

	1997-2001 Forecast (Annual Average Change)
Households	1.41%
Consumer Price Index	3.52%
Personal Income per Household	3.52%
Total Personal Income	4.98%
Market Values per Household	3.52%
Total Market Value	4.98%

Annual Debt Service Payments

Figure 7 and Figure 8 show the impact of the proposed 1996-2000 capital improvement program on annual debt service payments. Figure 7 shows the impact of existing and new (post-1995) regional borrowing on debt service. Figure 8 shows the impact of each component of the capital improvement program on annual debt service payments.

The Council's annual debt service payments are expected to increase faster than inflation between 1997-2001 as a result of proposed regional borrowing from 1996-2000. Overall, annual debt service payments are expected to increase from \$82.8 million in 1996 to \$120 million in 2001, reflecting an annual percentage increase of 7.6 percent. This annual percentage increase is significantly above the projected annual inflation rate over the period of 3.5 percent.

Each of the components of the capital improvement program contribute to this increase in the Council's annual debt service payments, although in differing degrees. Both the transit and parks and open space capital programs proposed regional borrowing at levels higher than in the past, resulting in increased debt service levels.

The parks and open space capital improvement program anticipates that the Council will issue approximately \$6.5 million each year in five-year bonds, creating a revolving borrowing program that provides a 40 percent match to state parks funding and utilizes the Council's existing regional parks bonding authority. Annual debt service resulting from this capital financing program will increase from \$3.5 million in 1996 to \$9.3 million in 2001, an annual percentage increase of 22 percent.

The transit capital improvement program assumes that the Council will receive legislative authority to issue \$125 million in transit bonds over the five-year period and will use that

Metropolitan Council 1988-2001 Annual Debt Service

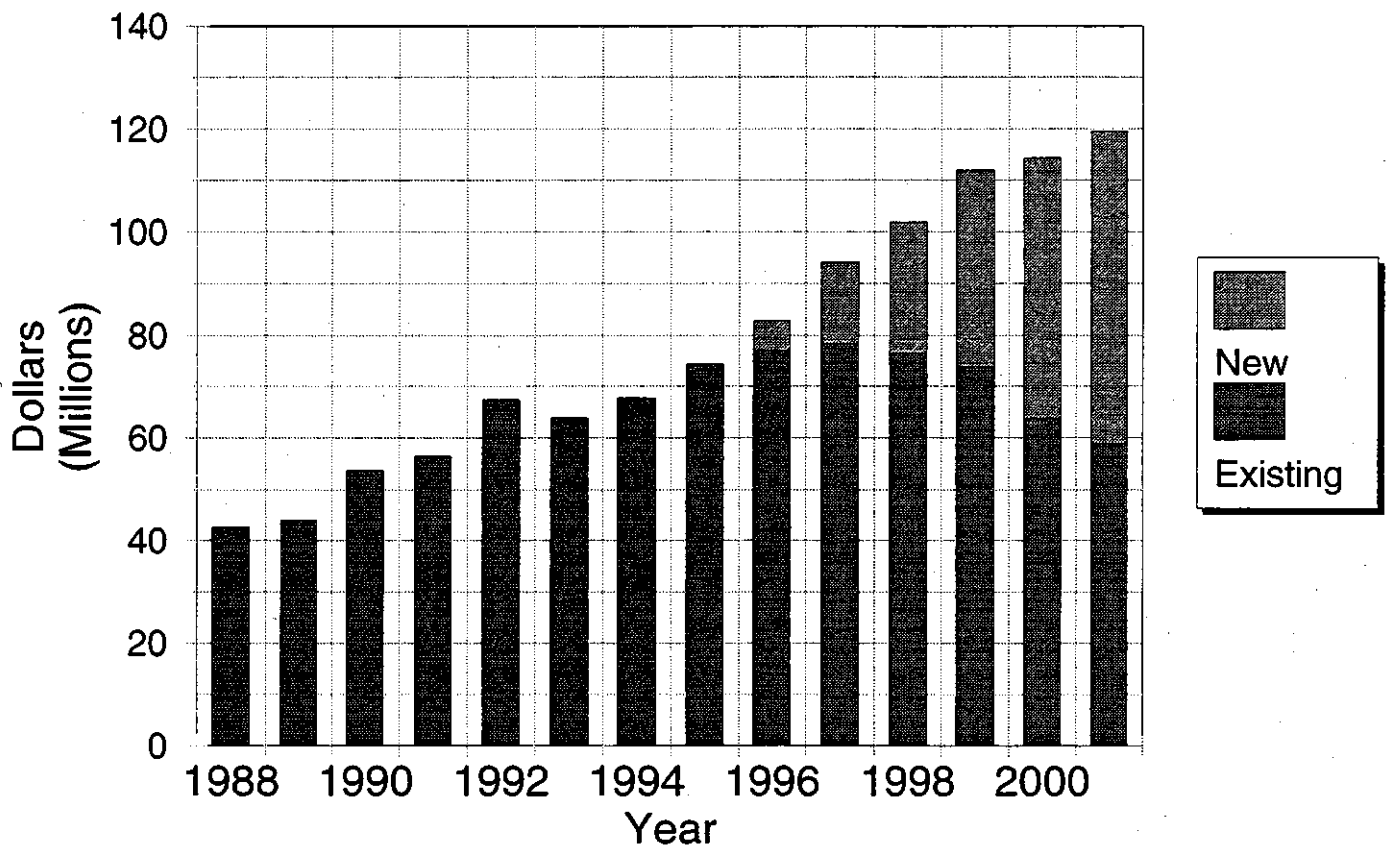


Figure 7

Metropolitan Council 1988-2001 Annual Debt Service

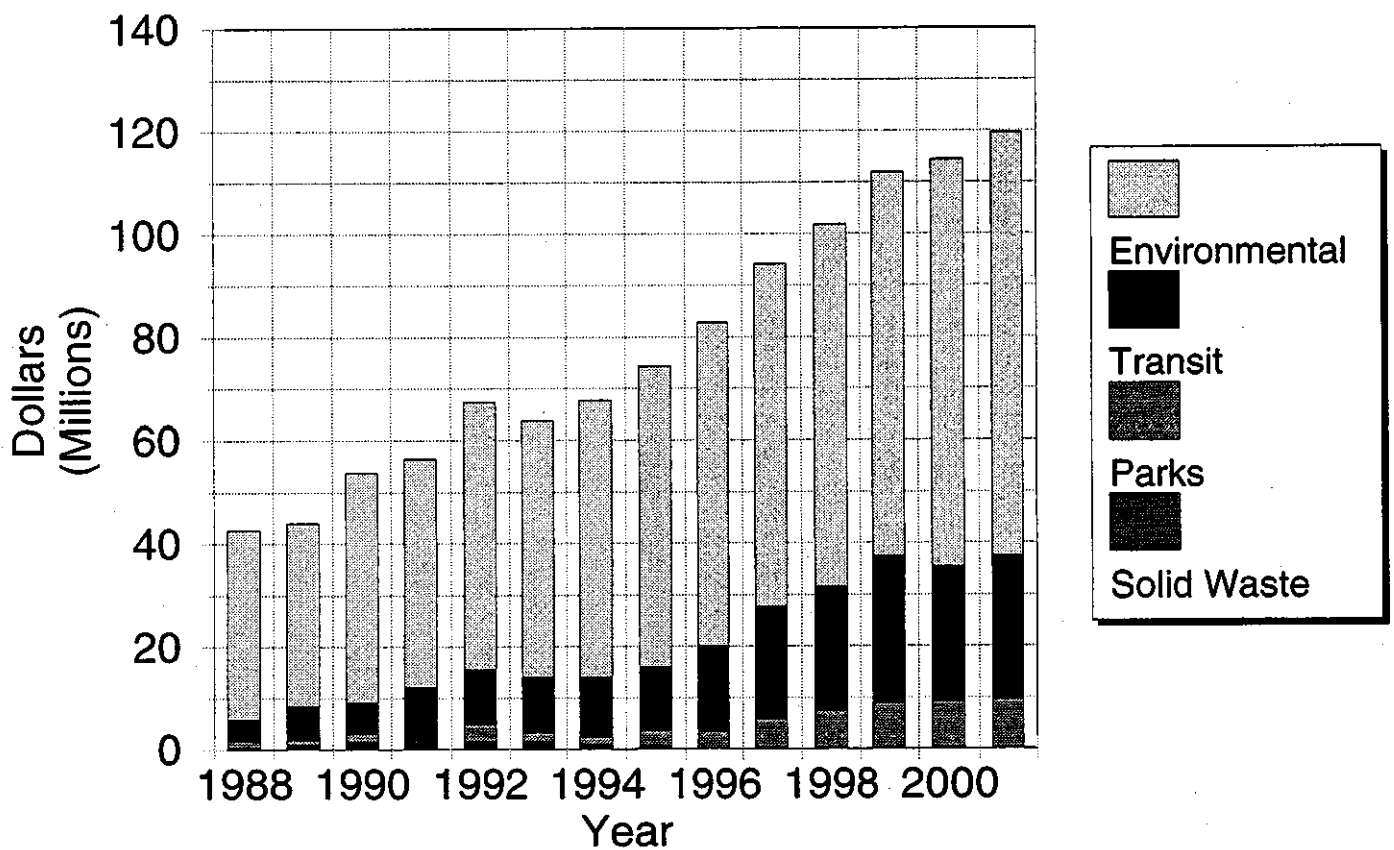


Figure 8

authorization to finance transit capital projects. Annual debt service resulting from this capital financing program will increase from \$16.8 million in 1996 to \$27.7 million in 2001, an annual percentage increase of 10.5 percent.

The environmental services capital improvement program will increase annual debt service payments from \$62.6 million in 1996 to \$82.1 million in 2001, an annual percentage increase of 5.6 percent.

Annual Property Taxes and User Fees for Operations and Debt Service

Figure 9 and Figure 10 show the impact of the proposed 1996-2000 capital improvement program on Council property taxes and sewer service charges. These are the Council taxes and fees that impact the typical household in the region. To get a complete picture of trends in property taxes and sewer service charges, these figures look at the combined effect of operations and debt service on taxes and fees. The Environmental Services Division forecasts operating expenses and current sewer service charges as part of its fiscal analysis of the capital improvement program. Property taxes for transit operations and general operations were forecast for the 1997-2001 period to estimate the final component of the tax and user fee picture.

Figure 9 shows the impact of operations and debt service on property taxes and sewer service charges.

The combined total of Council property taxes and sewer service fees is forecast to increase faster than inflation but slower than total regional income between 1997-2001 as a result of proposed regional borrowing from 1996-2000. Overall, property taxes and sewer service charges are expected to increase from \$251 million in 1996 to \$313 million in 2001, reflecting an annual percentage increase of 4.5 percent. This annual percentage increase is above the projected annual inflation rate over the period of 3.5 percent but less than the projected annual growth in regional personal income of 5 percent.

Projected changes in annual debt service payments have a greater impact on property taxes and sewer service charges than projected changes in operations. Property taxes and sewer service charges supporting Council operations are expected to increase at a moderate 2.9 percent annual rate, from \$185 million in 1996 to \$213 million in 2001. Property taxes and sewer service charges supporting Council debt service are expected to increase at a 8.4 percent annual rate, from \$67 million in 1996 to \$100 million in 2001.

Figure 10 shows the impact of each component of the Council where capital improvement program activities affect taxes or user fees.

Property taxes for the general operations of the Council are expected to increase from \$20 million in 1996 to \$23 million in 2001, a moderate 2.6 percent annual rate. General operations

Metropolitan Council 1988-2001 Taxes and User Fees

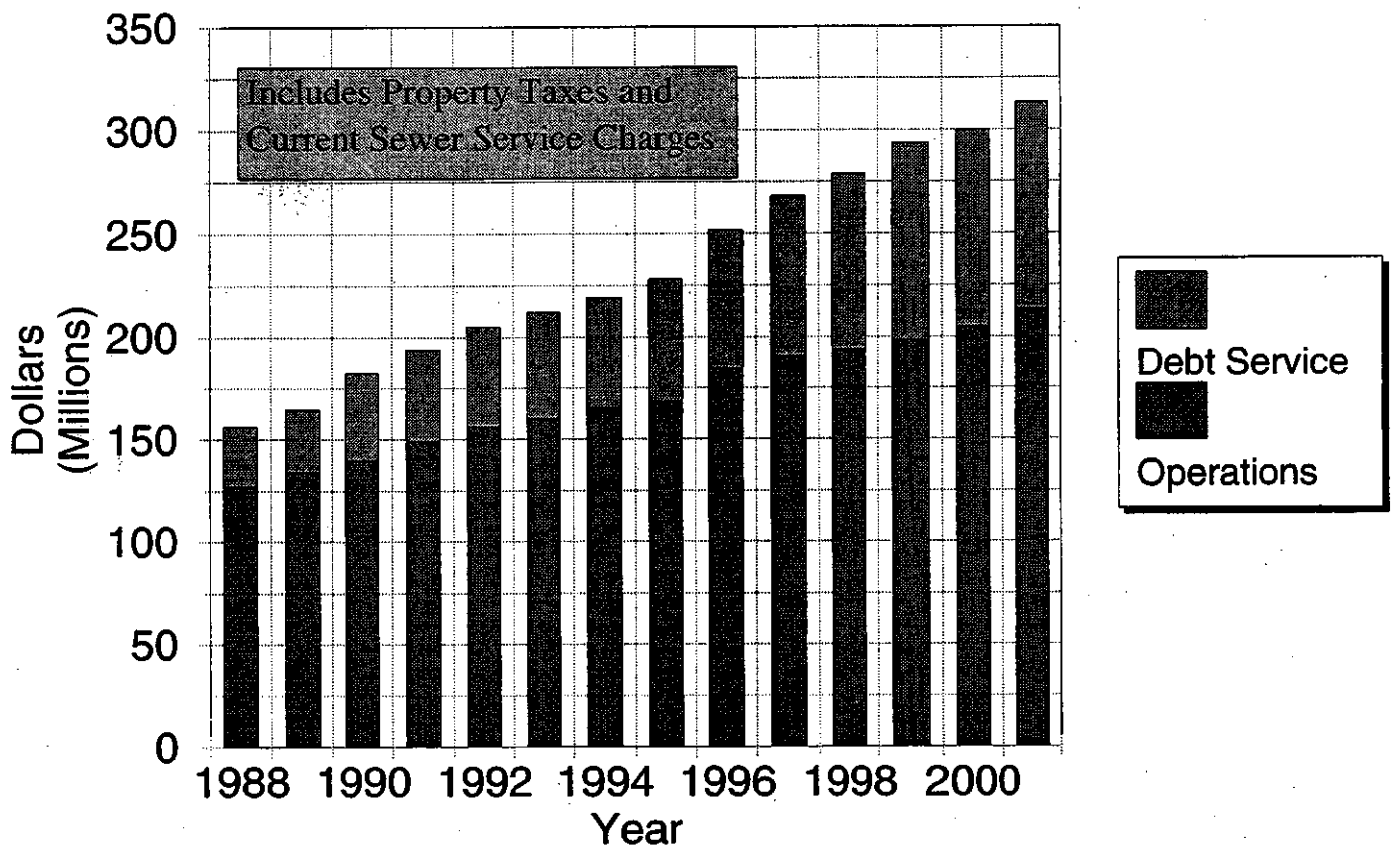


Figure 9

Metropolitan Council 1988-2001 Taxes and User Fees

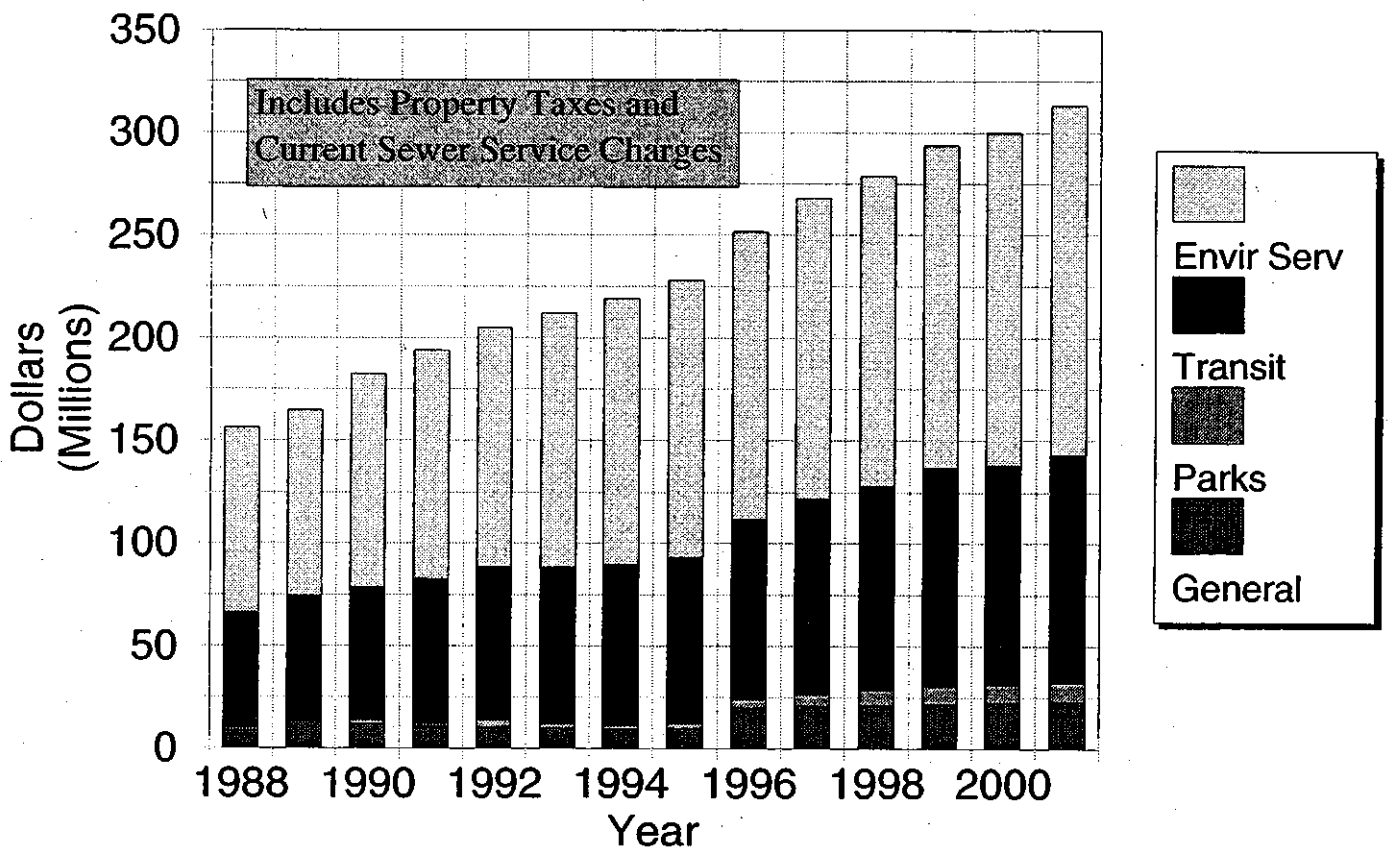


Figure 10

property tax levies include the Council's levy for general operations, levies for the Livable Communities program and levies for debt service on outstanding solid waste bonds. Property taxes for parks debt service are projected to increase from \$3.5 million in 1996 to \$9.3 million in 2001, an average annual rate of 22 percent. Combining parks debt service levies with other Council general levies, the average annual increase between 1997-2001 is projected to be 6.4 percent.

Transit property taxes include separate levies for transit operations and debt service. Overall, transit property tax levies are projected to increase from \$88 million in 1996 to \$111 million in 2001, a 4.8 percent increase. Debt service property taxes are projected to increase 10.5 percent annually, from \$17 million in 1996 to \$28 million in 2001, while the transit operating levy is projected to increase 3.2 percent annually, from \$71 million in 1996 to \$83 million in 2001.

Current sewer service charges raised by the Environmental Services Division are projected to increase from \$140 million in 1996 to \$170 million in 2001, an average annual increase of 4 percent. The increases in sewer service charges comply with the sewer rate policy. Current sewer service charges supporting annual debt service are projected to increase 6.1 percent annually, while sewer service charges supporting operations are projected to increase at a 2.8 percent annual rate.

Impact on the Region's Ability to Pay

Two indicators were used to measure the region's ability to pay property taxes and sewer service charges resulting from the proposed 1996-2000 capital improvement program. The first forecasts growth in regional personal income and looks at taxes and user fees as a percent of regional income. Personal income is a broad measure of income and represents the regional income base available to pay taxes and user fees. Total regional personal income is projected to grow at an average annual rate of 5 percent between 1997 and 2001 as a result of both regional economic growth and inflation. The forecast is conservative in that it assumes no real growth in personal income per household. The second estimates the impact of the Council's property taxes and sewer service charges on a typical household in constant 1995 dollars.

Table 11 and Table 12 measure Council property taxes and sewer service charges as a percent of regional personal income. The percent has fluctuated around 0.35 percent (one-third of one percent) since 1988 and is projected to stay at that level through 2001. The percent related to annual debt service has grown slightly over the period, but the overall change has been moderated by a reduction in the percent attributable to operations.

Table 13 and Table 14 measure the impact of Council property taxes and sewer service charges on a \$100,000 residential homestead in constant 1995 dollars. This measure shows increases in the annual tax and user fee payments by this typical household in constant 1995 dollars, although the impact is small. Council property taxes and sewer service charges totaled approximately

\$172 in 1995 and are projected to increase to approximately \$194 dollars (constant 1995 dollars) in 1999. The increase reflects increases in annual debt service payments, as well as increases resulting from implementation of the Livable Communities Act. The components affecting the 1995 to 1999 change (in constant 1995 dollars) are shown in the table on the next page. Property taxes and sewer service charges supporting debt service account for over 90 percent of the \$21.23 increase between 1995 and 1999. The major components causing an increase are transit debt service (\$12.82), Livable Communities (\$7.23), environmental services debt service (\$3.88) and parks and open space debt service (\$3.24).

Components of 1995-1999 Change in
Council's Tax and User Fee Impact on
\$100,000 Residential Homestead

1995-1999 Change
(Constant 1995 Dollars)

General:

Livable Communities	\$ 7.23
Parks Debt Service	3.24
Solid Waste Debt Service	(0.33)
General Operating	<u>(0.28)</u>
Subtotal	9.86

Transit:

Operations	0.81
Debt Service	<u>12.82</u>
Subtotal	13.63

Environmental Services:

Operations	(6.14)
Debt Service	<u>3.88</u>
Subtotal	(2.26)

Combined:

Operations	1.62
Debt Service	<u>19.61</u>
Total	<u>21.23</u>

Metropolitan Council Taxes/User Fees as Pct of Reg Income

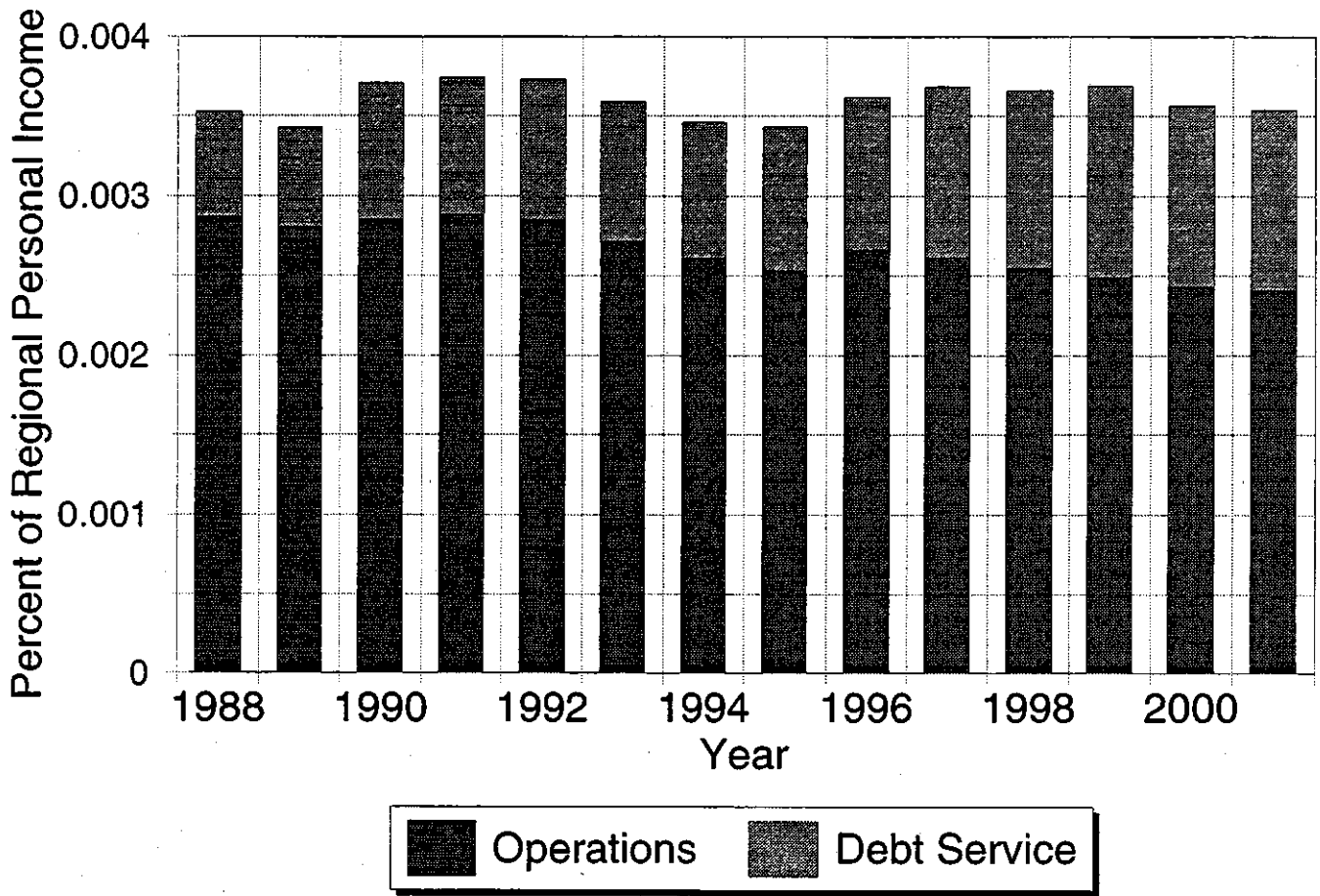


Figure 11

Metropolitan Council Taxes/User Fees as Pct of Reg Income

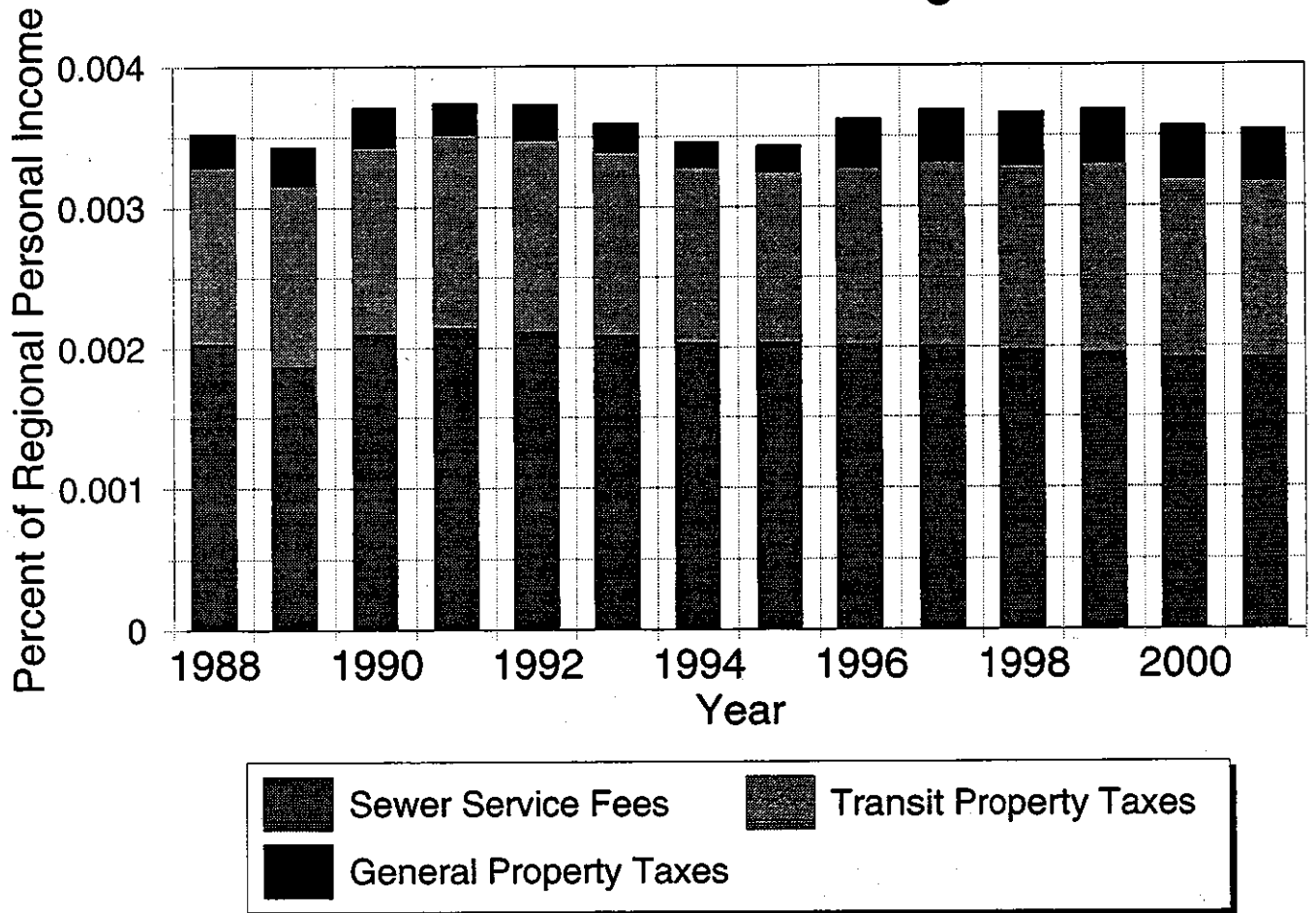


Figure 12

Metropolitan Council Taxes/Fees on \$100,000 Resid Homestead

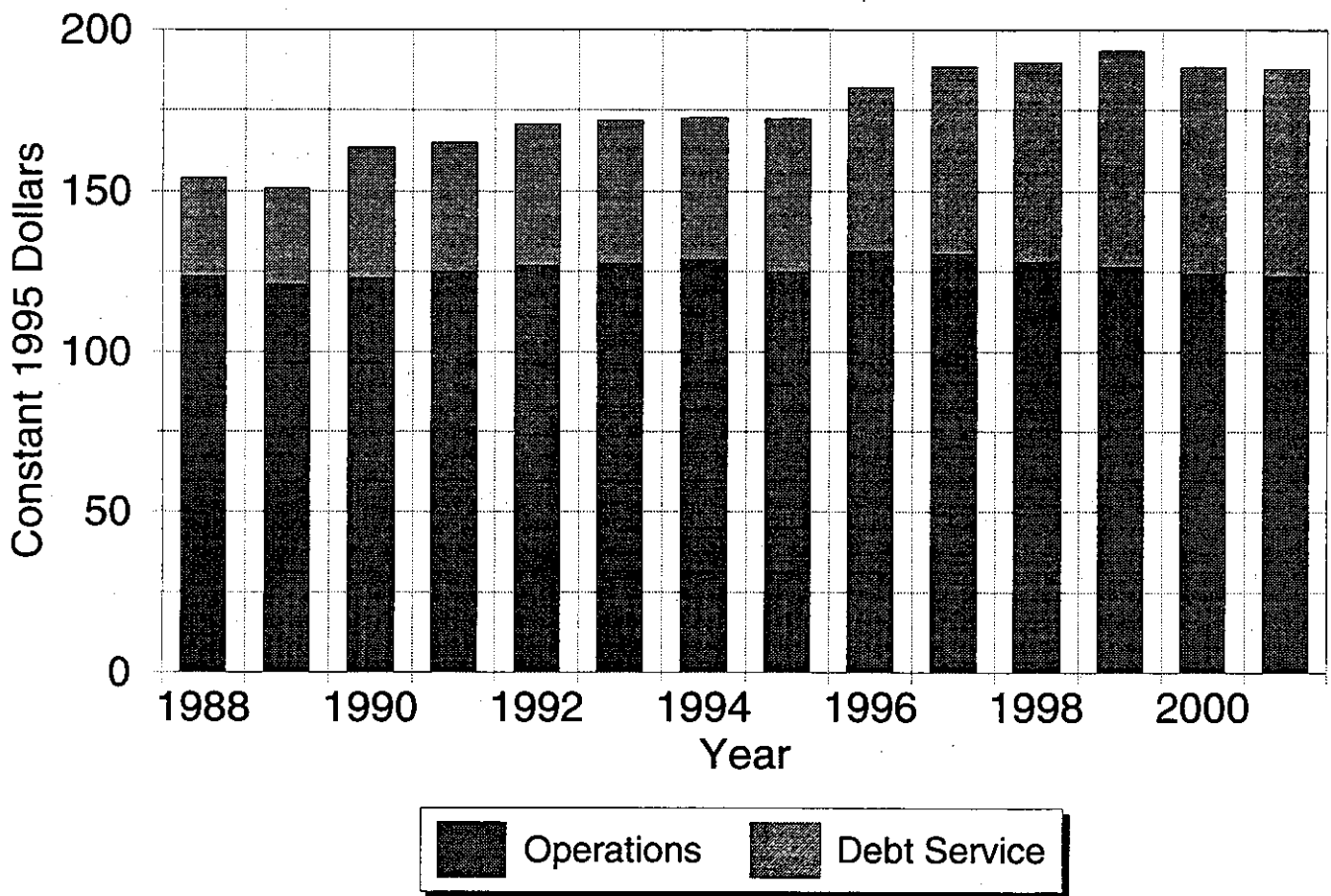


Figure 13

Metropolitan Council Taxes/Fees on \$100,000 Resid Homestead

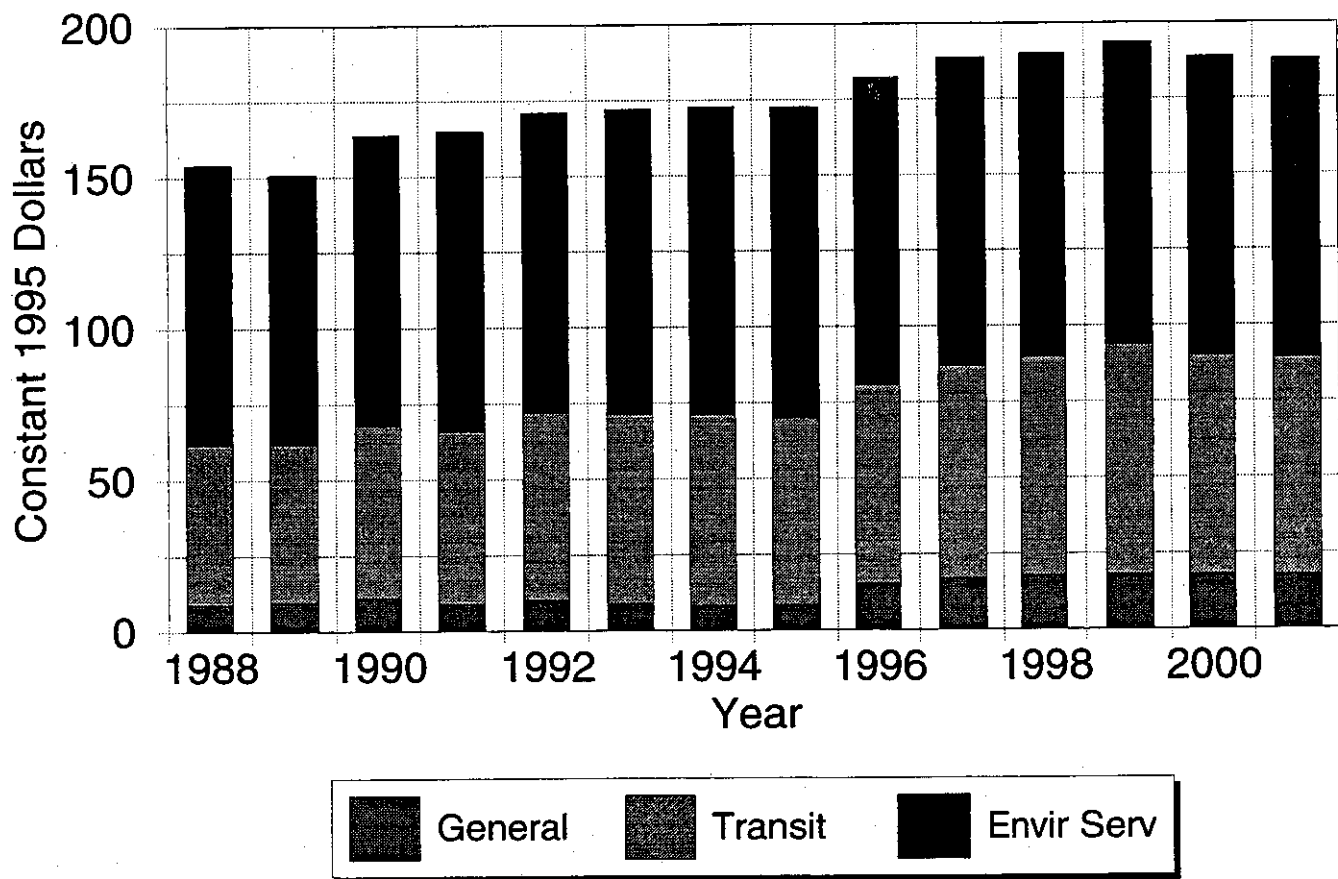


Figure 14

Table 1
METROPOLITAN COUNCIL
1996-2000 CAPITAL IMPROVEMENT PROGRAM
SOURCES AND USES OF FUNDS

	1996	1997	1998	1999	2000	Five-Year Total
Federal						
Transit	27,512,000	19,500,000	11,500,000	6,500,000	7,000,000	72,012,000
Parks and Open Space	965,000	965,000	430,000	430,000	1,570,000	4,360,000
Subtotal-Federal	28,477,000	20,465,000	11,930,000	6,930,000	8,570,000	76,372,000
State						
Transit (Snelling Repl.)	0	10,000,000	15,000,000	5,000,000	0	30,000,000
Parks and Open Space	10,262,000	10,262,000	9,450,000	9,450,000	7,555,000	46,979,000
Subtotal-State	10,262,000	20,262,000	24,450,000	14,450,000	7,555,000	76,979,000
Regional Borrowing						
Transit						
Existing Authority	14,000,000	0	0	0	0	14,000,000
New Authority	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	125,000,000
800 Megahertz Radio	0	2,000,000	11,000,000	0	0	13,000,000
Environmental Services						
General Obligation Bonds	15,900,000	13,400,000	39,100,000	32,000,000	24,300,000	124,700,000
PFA Loans	38,000,000	50,000,000	60,000,000	60,000,000	50,000,000	258,000,000
Parks and Open Space	8,365,000	6,550,000	6,550,000	6,550,000	4,825,000	32,840,000
Subtotal-Reg. Borrowing	101,265,000	96,950,000	141,650,000	123,550,000	104,125,000	567,540,000
Other Sources						
Transit	602,000	699,000	648,000	649,000	649,000	3,247,000
Environmental Services	2,000,000	0	0	0	0	2,000,000
Subtotal-Other Sources	2,602,000	699,000	648,000	649,000	649,000	5,247,000

Table 1
METROPOLITAN COUNCIL
1996-2000 CAPITAL IMPROVEMENT PROGRAM
SOURCES AND USES OF FUNDS

	1996	1997	1998	1999	2000	Five-Year Total
Total Capital Financing						
Transit	67,114,000	57,199,000	63,148,000	37,149,000	32,649,000	257,259,000
Environmental Services	55,900,000	63,400,000	99,100,000	92,000,000	74,300,000	384,700,000
Parks and Open Space	19,592,000	17,777,000	16,430,000	16,430,000	13,950,000	84,179,000
Total Sources	142,606,000	138,376,000	178,678,000	145,579,000	120,899,000	726,138,000
Total Capital Expenditures						
Transit	67,114,000	57,199,000	63,148,000	37,149,000	32,649,000	257,259,000
Environmental Services	55,900,000	63,400,000	99,100,000	92,000,000	74,300,000	384,700,000
Parks and Open Space	19,542,000	17,727,000	16,378,000	16,378,000	13,908,000	83,933,000
Total Expenditures	142,556,000	138,326,000	178,626,000	145,527,000	120,857,000	725,892,000

Table 2
METROPOLITAN COUNCIL
ANNUAL DEBT SERVICE PROJECTIONS

	1995	1996	1997	1998	1999	2000	2001	1996-2001 Annual Rate
Transit								
Existing	12,393,718	11,856,097	10,148,406	9,541,189	9,325,378	3,732,268	3,734,177	
New	0	4,946,517	11,743,200	14,536,240	19,210,735	22,317,698	23,942,284	
Subtotal-Transit	12,393,718	16,802,614	21,891,606	24,077,429	28,536,113	26,049,966	27,676,461	10.50%
Environmental Services								
Existing	58,310,464	62,550,644	64,926,167	63,722,250	61,388,229	58,109,791	53,319,648	
New	0	0	1,386,234	6,568,372	13,119,307	20,867,674	28,816,567	
Subtotal-Envir Serv	58,310,464	62,550,644	66,312,401	70,290,622	74,507,536	78,977,465	82,136,215	5.60%
Parks and Open Space								
Existing	2,710,787	2,727,696	2,712,996	2,719,099	2,596,448	1,399,973	1,382,333	
New	0	722,876	2,720,039	4,303,960	5,901,154	7,502,260	7,932,189	
Subtotal	2,710,787	3,450,572	5,433,035	7,023,059	8,497,602	8,902,233	9,314,522	21.97%
Solid Waste								
Existing	917,189	0	460,622	464,901	462,564	464,160	459,120	
Combined								
Existing	74,332,158	77,134,437	78,248,191	76,447,439	73,772,619	63,706,192	58,895,278	
New	0	5,669,393	15,849,473	25,408,572	38,231,196	50,687,632	60,691,040	
Total	74,332,158	82,803,830	94,097,664	101,856,011	112,003,815	114,393,824	119,586,318	7.63%

Table 3
METROPOLITAN COUNCIL
PROPERTY TAX AND USER FEE PROJECTIONS

	1995	1996	1997	1998	1999	2000	2001	1996-2001 Annual Rate
General								
General Operations	8,924,609	9,024,609	9,205,101	9,389,203	9,576,987	9,768,527	9,963,898	2.00%
Livable Communities	0	11,289,890	11,500,353	11,811,809	12,132,101	12,460,093	12,698,816	2.38%
Solid Waste Debt Service	917,189	0	460,622	464,901	462,564	464,160	459,120	
Subtotal-General	9,841,798	20,314,499	21,166,076	21,665,913	22,171,652	22,692,780	23,121,834	2.62%
Transit								
Operations	68,344,726	71,077,583	73,447,031	75,812,188	78,275,061	80,745,869	83,337,666	3.23%
Debt Service	12,393,718	16,802,614	21,891,606	24,077,429	28,536,113	26,049,966	27,676,461	10.50%
Subtotal-Transit	80,738,444	87,880,197	95,338,637	99,889,617	106,811,174	106,795,835	111,014,127	4.78%
Environmental Services								
Operations	91,041,230	93,373,124	96,246,451	96,820,471	98,298,305	101,594,857	107,302,747	2.82%
Debt Service	43,703,854	46,426,670	49,844,233	53,524,203	57,878,259	59,861,554	62,531,158	6.14%
Subtotal-Envir Serv	134,745,084	139,799,794	146,090,684	150,344,674	156,176,564	161,456,411	169,833,905	3.97%
Parks and Open Space								
Debt Service	2,710,787	3,450,572	5,433,035	7,023,059	8,497,602	8,902,233	9,314,522	21.97%
Combined								
Operations	168,310,565	184,765,206	190,398,936	193,833,672	198,282,453	204,569,347	213,303,127	2.91%
Debt Service	59,725,548	66,679,856	77,629,496	85,089,592	95,374,538	95,277,913	99,981,261	8.44%
Total	228,036,113	251,445,062	268,028,432	278,923,264	293,656,991	299,847,260	313,284,388	4.50%

Table 4
METROPOLITAN COUNCIL
PROPERTY TAXES/USER FEES AS A
PERCENT OF REGIONAL PERSONAL INCOME

	1995	1996	1997	1998	1999	2000	2001	1996-2001 Annual Rate
Regional Income (\$Billions)	66.395	69.466	72.741	76.154	79.632	84.065	88.553	4.98%
Reg Income per Household	70,558	72,815	75,145	77,550	80,032	83,233	86,562	3.52%
General								
Operations	0.013%	0.029%	0.028%	0.028%	0.027%	0.026%	0.026%	
Debt Service	0.001%	0.000%	0.001%	0.001%	0.001%	0.001%	0.001%	
Subtotal-General	0.015%	0.029%	0.029%	0.028%	0.028%	0.027%	0.026%	
Transit								
Operations	0.103%	0.102%	0.101%	0.100%	0.098%	0.096%	0.094%	
Debt Service	0.019%	0.024%	0.030%	0.032%	0.036%	0.031%	0.031%	
Subtotal-Transit	0.122%	0.127%	0.131%	0.131%	0.134%	0.127%	0.125%	
Environmental Services								
Operations	0.137%	0.134%	0.132%	0.127%	0.123%	0.121%	0.121%	
Debt Service	0.066%	0.067%	0.069%	0.070%	0.073%	0.071%	0.071%	
Subtotal-Envir Serv	0.203%	0.201%	0.201%	0.197%	0.196%	0.192%	0.192%	
Parks and Open Space								
Debt Service	0.004%	0.005%	0.007%	0.009%	0.011%	0.011%	0.011%	
Combined								
Operations	0.254%	0.266%	0.262%	0.255%	0.249%	0.243%	0.241%	
Debt Service	0.090%	0.096%	0.107%	0.112%	0.120%	0.113%	0.113%	
Total	0.343%	0.362%	0.368%	0.366%	0.369%	0.357%	0.354%	

Table 5
METROPOLITAN COUNCIL
PROPERTY TAX/USER FEE ANNUAL IMPACT ON
A \$100,000 RESIDENTIAL HOMESTEAD

	1995	1996	1997	1998	1999	2000	2001	1996-2001 Annual Rate
Market Value	100,000	103,200	106,502	109,910	113,428	117,057	120,803	3.20%
Taxable Value	1,280	1,344	1,410	1,478	1,549	1,621	1,696	4.76%
General								
Operations	5.98	5.88	5.82	5.76	5.71	5.55	5.41	-1.67%
Livable Communities	0.00	7.36	7.27	7.25	7.23	7.08	6.89	-1.30%
Solid Waste Debt	0.61	0.00	0.29	0.29	0.28	0.26	0.25	
Subtotal-General	6.59	13.24	13.39	13.30	13.21	12.89	12.55	-1.07%
Transit								
Operations	50.03	50.57	50.67	50.74	50.83	50.02	49.29	-0.51%
Debt Service	11.86	14.58	19.42	21.40	24.68	22.23	22.45	9.02%
Subtotal-Transit	61.88	65.15	70.08	72.14	75.51	72.25	71.74	1.95%
Environmental Services								
Operations	68.95	67.76	66.94	64.54	62.81	61.89	62.24	-1.69%
Debt Service	33.10	33.69	34.67	35.68	36.98	36.46	36.27	1.49%
Subtotal-Envir Serv	102.05	101.46	101.60	100.22	99.79	98.35	98.51	-0.59%
Parks and Open Space								
Debt Service	1.82	2.25	3.44	4.31	5.06	5.06	5.05	17.59%
Combined								
Operations	124.96	131.57	130.70	128.29	126.57	124.53	123.83	-1.21%
Debt Service	47.39	50.52	57.81	61.68	67.00	64.01	64.02	4.85%
Total	172.35	182.09	188.51	189.97	193.58	188.55	187.85	0.62%

Metropolitan Council Unified 1996 Capital Program

The 1996 Metropolitan Council Capital Program includes capital budget authorizations for Transit, Environmental Services and Parks and Open Space . Capital 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 new capital projects and adjustments to previously approved projects.

The 1996 capital program is summarized as follows:

	Transit	Environmental Services	Parks and Open Space	Combined
1995 Capital Program	195,899,121	145,495,200	29,067,500	370,461,821
Requested Changes:				
New Projects	8,027,133	1,600,000	0	9,627,133
Adjustments to Previously Authorized Projects	(4,908,907)	46,942,093	0	42,033,186
1996 Proposed Capital Program	199,017,347	194,037,293	29,067,500	422,122,140
Projects on Hold	(41,196,518)	0	0	(41,196,518)
1996 Active Capital Projects	157,820,829	194,037,293	29,067,500	380,925,622
Expenditure Schedule:				
Estimated Expenditures through 1995	95,667,189	59,015,083	12,012,500	166,694,772
Proposed 1996 Capital Budget	40,936,745	55,954,954	13,664,200	110,555,899
Projected 1997+ Expenditures	21,216,895	79,067,256	3,390,800	103,674,951
Total Expenditures, Active Projects	157,820,829	194,037,293	29,067,500	380,925,622

Requested changes in capital program authorizations for 1996 total \$ 51,660,319, including \$ 9,627,133 in new capital projects and \$ 42,033,186 in adjustments to previously authorized capital projects.

Based on cash flow projections, an estimated \$166,694,772, or 44 percent of the 1996 active capital program authority will have been expended by the end of 1995. New requests and existing authorizations will lead to an estimated \$214,230,850 in future capital expenditures, including **projected 1996 capital budget expenditures of \$110,555,899.**

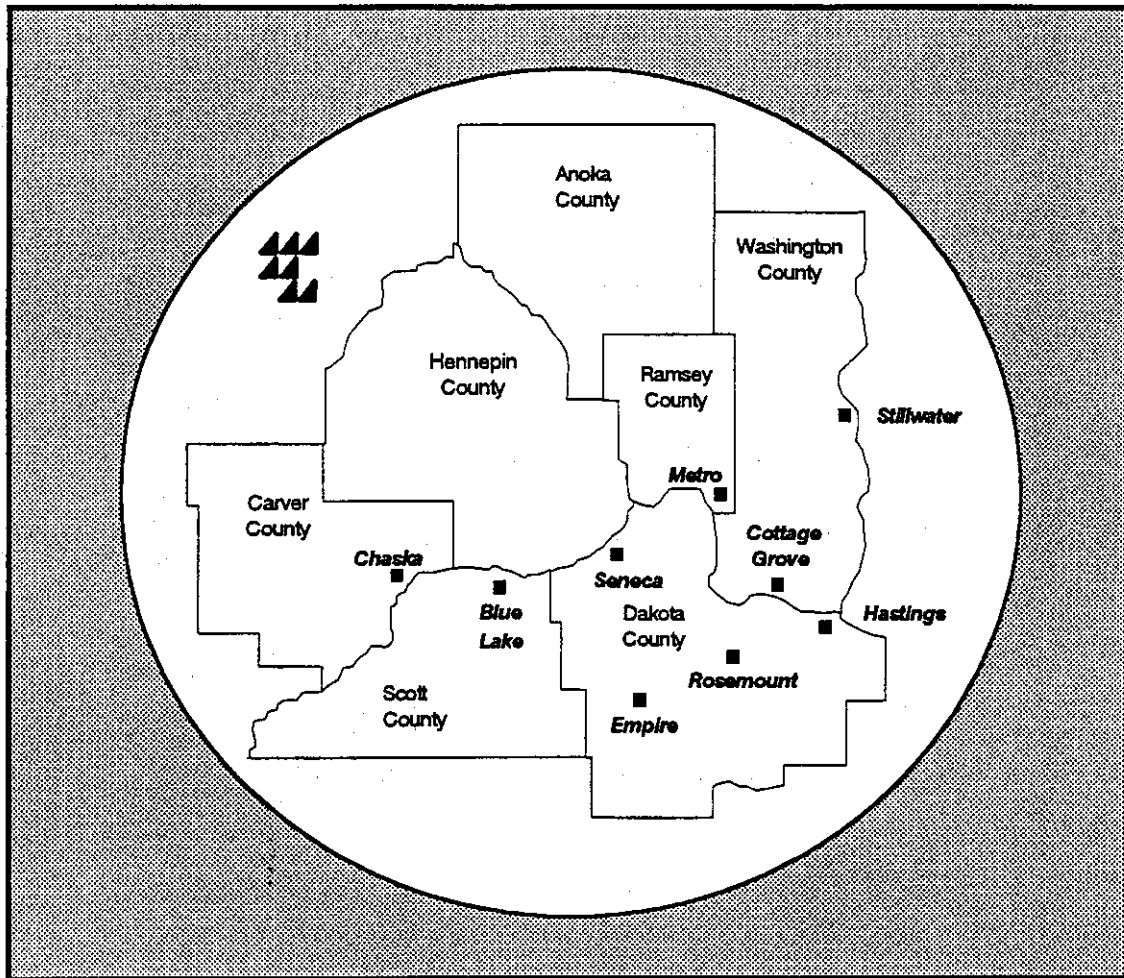
Metropolitan Council Capital Program Summary

	Current 1995 Capital Program Authorization	Requested Changes	Proposed 1996 Capital Program Authorization	Authorization On-Hold	Active 1996 Capital Authorization	Expenditures through 1995	Projected 1996 Budget Expenditures	Projected 1997+ Expenditures
Transit:								
MCTO								
Fleet Modernization	84,265,948	3,654,800	87,920,748	0	87,920,748	56,510,748	18,810,000	12,600,000
Support Facilities	35,339,495	598,740	35,938,235	(30,713,489)	5,224,746	4,322,168	902,578	0
Public Facilities	33,573,167	(2,917,122)	30,656,045	(10,227,815)	20,428,230	12,912,100	6,646,130	870,000
Computerization	16,589,639	(2,472,712)	14,116,927	(255,214)	13,861,713	5,990,803	2,442,910	5,428,000
Other Capital Equip.	14,109,365	(1,709,613)	12,399,752	0	12,399,752	7,455,009	4,944,743	0
Subtotal-MCTO	183,877,614	(2,845,907)	181,031,707	(41,196,518)	139,835,189	87,190,828	33,746,361	18,898,000
Metro Mobility								
Fleet Modernization	0	5,964,133	5,964,133	0	5,964,133	459,729	4,524,288	980,116
Other Providers								
Fleet Modernization	3,073,502	0	3,073,502	0	3,073,502	2,675,544	38,560	359,398
Public Facilities	8,948,005	0	8,948,005	0	8,948,005	5,341,088	2,627,536	979,381
Subtotal-Other Providers	12,021,507	0	12,021,507	0	12,021,507	8,016,632	2,666,096	1,338,779
Total-Transit	195,899,121	3,118,226	199,017,347	(41,196,518)	157,820,829	95,667,189	40,936,745	21,216,895

Metropolitan Council Capital Program Summary

	Current 1995 Capital Program Authorization	Requested Changes	Proposed 1996 Capital Program Authorization	Authorization On-Hold	Active 1996 Capital Authorization	Expenditures through 1995	Projected 1996 Budget Expenditures	Projected 1997+ Expenditures
Environmental Services:								
Previously Auth. Projects	89,065,700	0	89,065,700	0	89,065,700	37,584,691	27,944,361	23,536,648
Projects with Changes:								
Step II Design	8,900,000	(4,900,000)	4,000,000	0	4,000,000	1,898,989	1,400,000	701,011
Moving to Step II Design	200,000	1,400,000	1,600,000	0	1,600,000	136,731	650,000	813,269
Step III Construction	2,250,000	(300,000)	1,950,000	0	1,950,000	1,825,000	75,000	50,000
Moving to Step III Const	21,200,000	55,700,000	76,900,000	0	76,900,000	13,013,136	15,544,500	48,342,364
New Projects:	0	1,600,000	1,600,000	0	1,600,000	0	1,265,000	335,000
Ongoing/Special Projects	23,879,500	(4,957,907)	18,921,593	0	18,921,593	4,556,536	9,076,093	5,288,964
Subtotal-Proj. w/ Changes	56,429,500	48,542,093	104,971,593	0	104,971,593	21,430,392	28,010,593	55,530,608
Total-Envir. Serv.	145,495,200	48,542,093	194,037,293	0	194,037,293	59,015,083	55,954,954	79,067,256
Parks and Open Space								
94-95 State Bond Projects	22,866,700	0	22,866,700	0	22,866,700	12,012,500	10,854,200	0
96-97 Environmental Trust Fund Projects	6,200,800	0	6,200,800	0	6,200,800	0	2,810,000	3,390,800
Total-Parks/ Open Space	29,067,500	0	29,067,500	0	29,067,500	12,012,500	13,664,200	3,390,800
Grand Total	370,461,821	51,660,319	422,122,140	(41,196,518)	380,925,622	166,694,772	110,555,899	103,674,951

Metropolitan Council Environmental Services



Proposed 1996 - 2000 Capital Improvement Program and 1996 Capital Budget

November, 1995

Metropolitan Council
Mears Park Centre, 230 East Fifth Street
St. Paul, Minnesota 55101

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

I. Introduction

The MCES, or Metropolitan Council Environmental Services is a regional agency responsible for the collection, treatment and disposal of municipal wastewater and residuals in the seven-county Twin Cities Metropolitan Area. In 1994 the Metropolitan Council adopted the *Regional Blueprint*, its action plan for the region. It includes short and long-term strategies to meet the challenges of enhancing economic growth and development, bolstering reinvestment, strengthening environmental protection, and building stronger local and regional communities. The *Regional Blueprint* presents goals for the region and outlines policies and action steps to guide the Council's decision-making. It provides leadership to sustain and improve the livability of the region in the following key areas:

Blueprint Goals and Objectives

- o Encourage economic growth, increased productivity and job creation through a regional economic strategy.
- o Foster reinvestment in distressed parts of the region, with a focus on supporting and improving local business.
- o Expand life-cycle housing opportunities and housing choices for lower-income people throughout the region.
- o Strengthen communities through land use planning and neighborhood connections.
- o Preserve the natural environment and incorporate environmental features into the development and redevelopment of the region.
- o Provide financially sound public facilities that support business growth and overall regional development.

Source: Metropolitan Council Regional Blueprint

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

As shown in Figure 1, the Water Resources Management Plan provides the policies and action steps needed to achieve the *Regional Blueprint* goals. The Water Resources Management Plan provides a framework to manage capital investments and services of the regional sewer system. It establishes the responsibility to safeguard our current human and physical resources, as well as to meet growing environmental demands and changing population needs. This year will be a transition year, since the Water Resources Management Plan is still in its early stage of development. Policy issue discussions on the Water Resources Management Plan and the Capital Improvement Program are being coordinated.

The Capital Improvement Program (CIP) is comprised of projects, facility plans, studies, program costs and support activities that are planned over the next five year period. The driving forces for the Capital Improvement Program and Capital Budget are shown in Figure 2. The major categories of need addressed by the CIP are as follows:

Major Categories of Need

- o Upgrades to meet new regulatory requirements
- o Rehabilitation and replacement of facilities to insure continued compliance with current regulatory requirements
- o Expansion of facility capacity to serve planned growth
- o Five-year Rate Policy
- o Proposed Five-year Plan for Allocating Resources

Source: MCES 1996-2000 Capital Improvement Program

It should be noted that planning is an important component in the development of the Capital Improvement Program. As shown in Figure 2, both master planning and facility planning provide input into the CIP. The annual Capital Budget carries out the capital investment component of the CIP. It provides the funding authorization for project planning, design and construction.

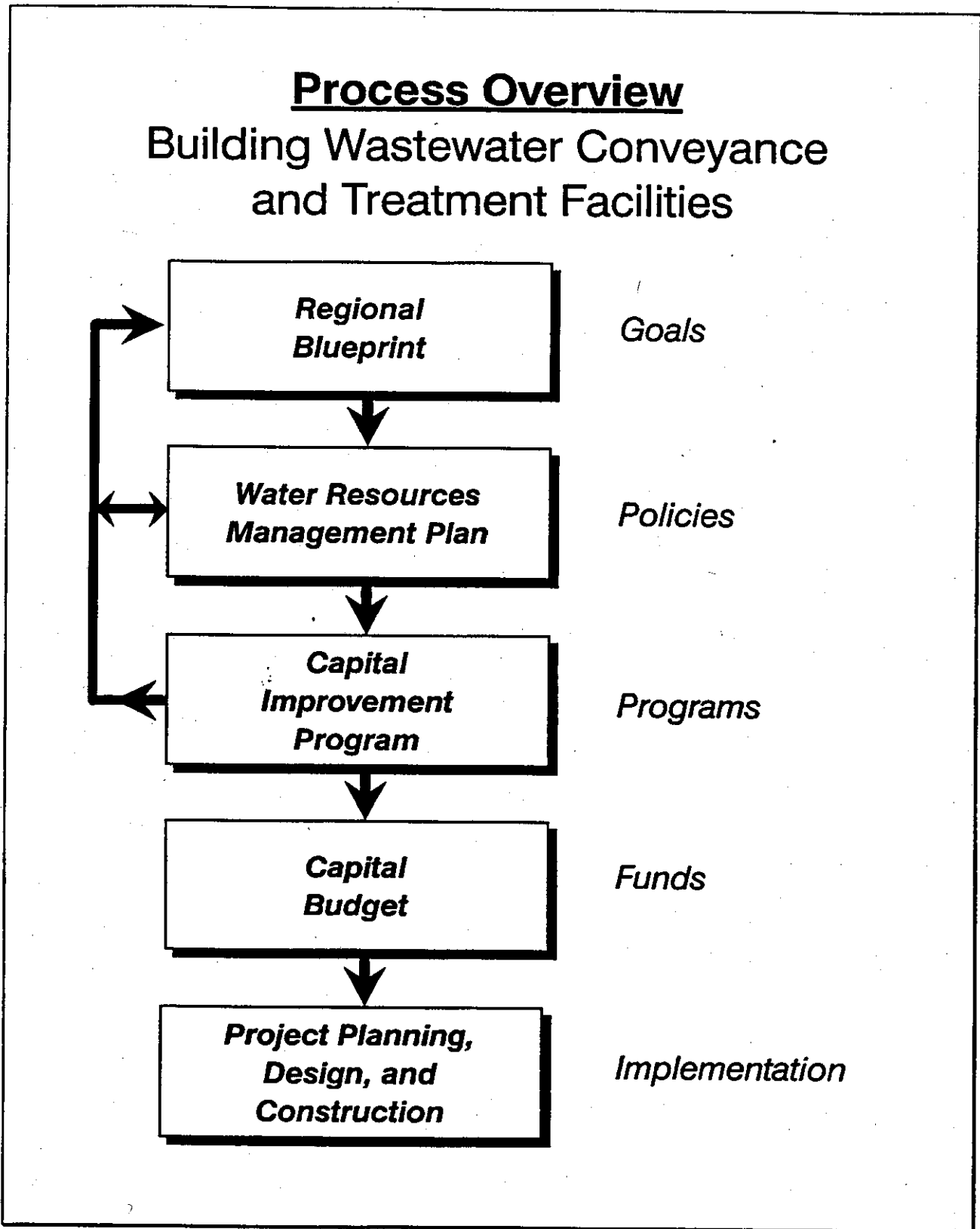


Figure 1

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

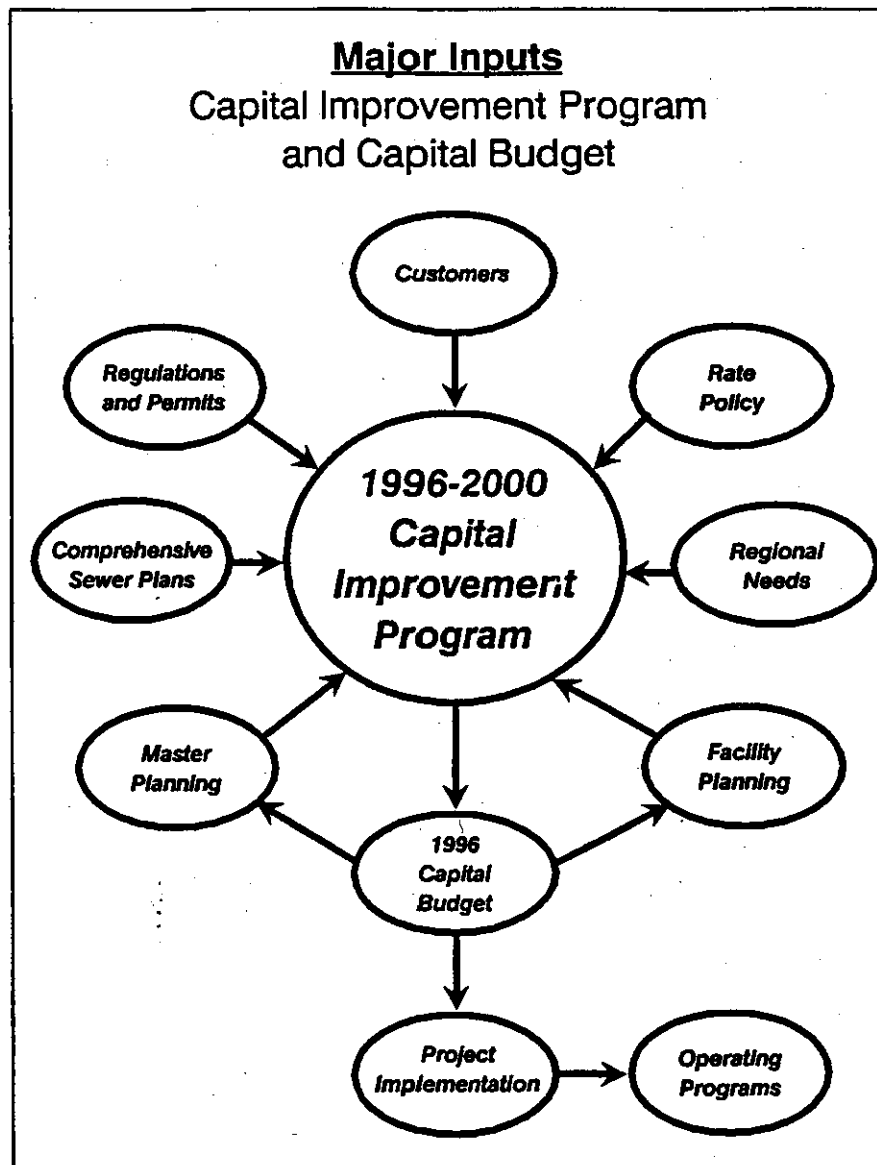


Figure 2

II. Capital Budget Approval Process

The Capital Program is comprised of various studies, projects, and capital support activities. Individual projects are described in terms of timing and costs as they relate to the Capital Improvement Program (CIP). Proposed capital improvement projects go through a highly structured review process before inclusion in the CIP and the subsequent authorization in the capital budget. In developing program budgets, each project goes through a series of internal cost reviews and analysis. The proposed 1996-2000 CIP and 1996 Capital Budget approval process and schedule is shown in Figure 3.

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

The budget process started in June, 1995 with the initial budget preparation. The public participation program will include public input sessions in September and October, 1995. The Metropolitan Council Environment Committee is slated to discuss the proposed CIP and capital budget and associated policy issues at its meetings in September and October, 1995. The Metropolitan Council Board will discuss the Unified CIP and Capital Budget at its October and November, 1995 meetings. A public hearing is scheduled to be held on December 7, 1995. The Metropolitan Council Board will act on the Unified CIP and Capital Budget at its December 21, 1995 meeting.

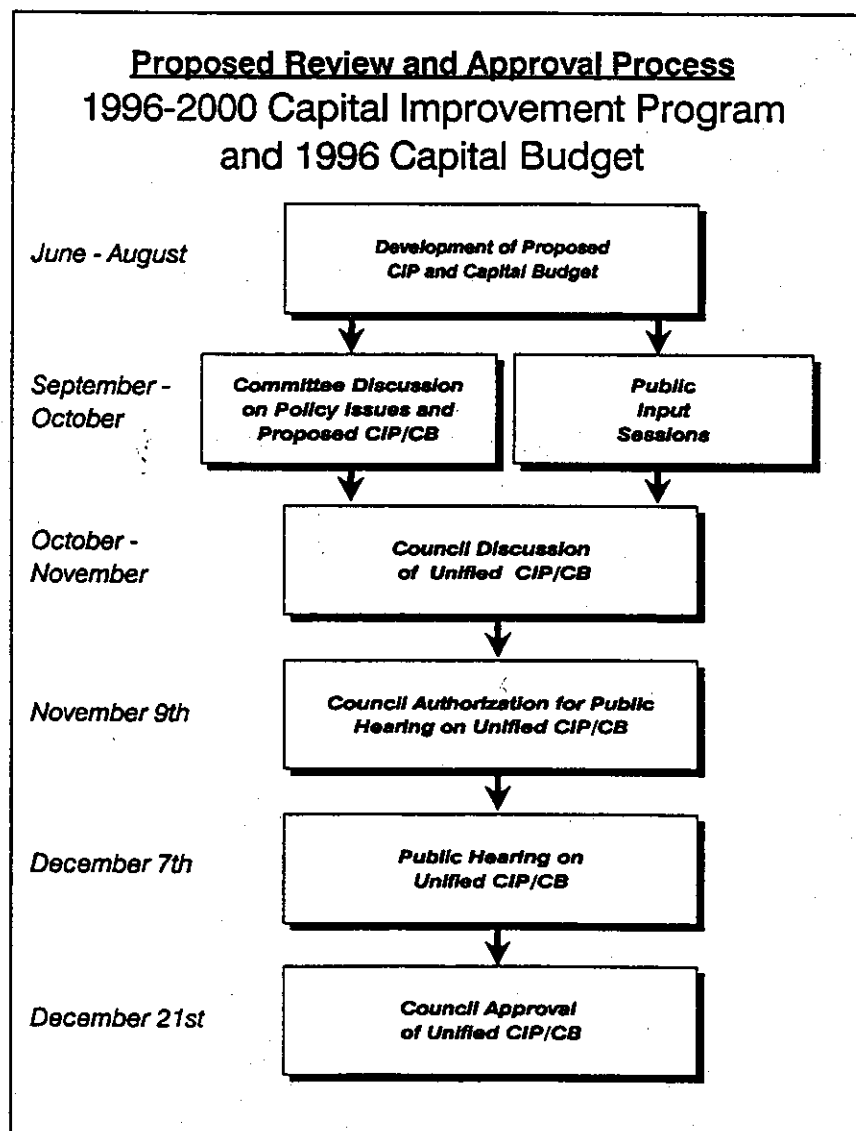


Figure 3

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

III. 1996 Changes in Authorization

A. Overview

The proposed 1996 Capital Program covers only new authorizations. The new authorizations are either for new projects or are adjustments to previously approved capital projects. Wastewater treatment facilities typically require seven to ten years to plan, design, and construct. The proposed 1996 Capital Program consists of changes to the authorization of 14 major projects. All but two of the projects in the 1996 Capital Program were authorized prior to 1996. The proposed authorization changes to the Capital Program can be summarized as follows:

Proposed 1996 Capital Program

1. Approves Facility Planning and Authorizes Two (2) New Projects:	
o Apple Valley Interceptor	\$700,000
o Battle Creek Siphon Improvements	900,000
2. Authorizes Design of:	
o Empire WWTP Expansion (contingent upon Facility Plan approval)	\$1,400,000
3. Authorizes Construction of:	
o Elm Creek Interceptor (Phase 1)	\$6,000,000
o MWWTP Process Control System (Phase 1)	7,100,000
o MWWTP Secondary Treatment Improvements	42,600,000
4. Budget Adjustments to Eight (8) other Existing/Ongoing Projects	(\$10,157,907)
Total New Authorizations:	<u>\$48,542,093</u>

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

B. Project Steps or Phases

Wastewater treatment facility projects typically move through three steps or phases: planning (Step I), design (Step II), and construction (Step III). At the MCES, the planning phase actually consists of preliminary planning called Systemwide Improvement Study (SIS) followed by facility planning. The characteristics of the different steps are summarized in Figure 4.

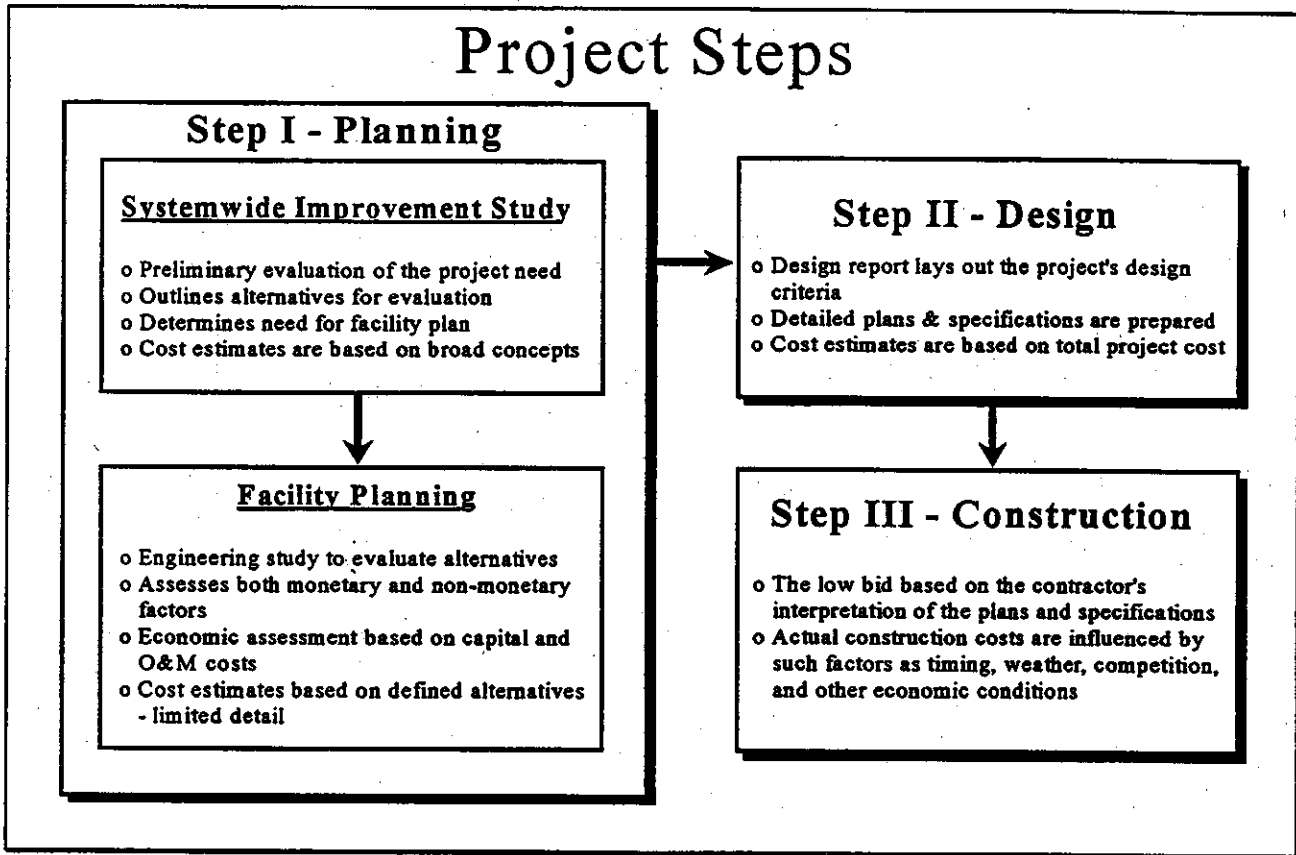


Figure 4

As noted in Figure 4, there are different levels of cost estimates associated with the different project steps. As the project moves from planning to design to construction, the cost estimates become more precise. In general, cost estimates can range anywhere from +/- 3-50% depending upon the level of detail.

<i>Levels of Cost Estimates</i>	
SIS	+/- 50%
Planning	20-30%
Design	10-20%
Construction	3-5%

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

C. Project Breakdown

Only two projects in the Capital Program are new; the other twelve projects were authorized prior to 1996 but are still "open" pending completion. Because projects are authorized on a step-by-step basis, the current capital budget authorization may represent only a portion of the final cost. Table 1 identifies each project in the Capital Program that has a proposed change to its authorization, and sorts them into the following categories:

- I. Continuing Projects in Design
- II. Continuing Projects in Construction
- III. Continuing Projects moving from Planning to Design
- IV. Continuing Projects moving from Design to Construction
- V. New Projects
- VI. Ongoing and Special Projects

Table 1 also provides a capsule summary of each project's financial status: its current authorization; proposed authorization adjustment; and estimated 1996 Capital Budget; and its future authorized expenditures.

The 1996 Capital Program adjustments are due to a variety of reasons including ongoing programs that require an annual authorization; updated cost estimates; refinement of the program scope; request for authorization to proceed to the program's design and/or construction phase; and adjustments for as-bid costs. As shown in Table 1, the increase is primarily attributable to the transition projects (i.e. projects moving from one phase to the next) and to the new projects. The 1996 Capital Program provides for a total of \$48.5 million in new authorizations.

Further detailed information, on each of the 14 projects that comprise the 1996 Capital Program, is included in Appendix A - 1996 Capital Program located at the end of this report. An individual data sheet has been prepared for each project. Each data sheet includes the project's title, project number, capital budget authorization (current, 1996 Capital Program authorization request, and future), objectives, priority analysis, and its expenditure schedule. The expenditure schedule includes both the current authorization and future expenditures (if authorized). A location map is also provided for each project.

Table 1

1996 Capital Program Summary

I. Continuing Projects in Step II Design

Project #	Project Name	Current Authorization	1996 Changes in Authorization	Total Authorization to Date	Estimated 1996 Capital Budget Expenditures	Authorized Expenditures 1997+
9102	Blue Lake/Seneca Solids Processing	\$6,900,000	(\$3,900,000)	\$3,000,000	\$1,000,000	\$500,000
9208	Rosemount WWTP Phaseout	\$2,000,000	(\$1,000,000)	\$1,000,000	\$400,000	\$201,011
Subtotal:		\$8,900,000	(\$4,900,000)	\$4,000,000	\$1,400,000	\$701,011

II. Continuing Projects in Step III Construction

9504	South St. Paul Forcemain	\$1,200,000	\$100,000	\$1,300,000	\$25,000	\$0
9502	St Bonifacius Interceptor Rehabilitation	\$1,050,000	(\$400,000)	\$650,000	\$50,000	\$50,000
Subtotal:		\$2,250,000	(\$300,000)	\$1,950,000	\$75,000	\$50,000

III. Continuing Projects moving from Step I Planning to Step II Design

9401	Empire WWTP Expansion	\$200,000	\$1,400,000	\$1,600,000	\$650,000	\$813,269
Subtotal:		\$200,000	\$1,400,000	\$1,600,000	\$650,000	\$813,269

IV. Continuing Projects moving from Step II Design to Step III Construction

9004	Elm Creek Interceptor	\$2,400,000	\$6,000,000	\$8,400,000	\$2,300,000	\$5,352,864
9108	MWWTP Process Control System	\$10,400,000	\$7,100,000	\$17,500,000	\$2,864,700	\$8,990,679
9506	MWWTP Secondary Treatment Improve.	\$8,400,000	\$42,600,000	\$51,000,000	\$10,379,800	\$33,998,821
Subtotal:		\$21,200,000	\$55,700,000	\$76,900,000	\$15,544,500	\$48,342,364

V. New Projects

Project #	Project Name	Current Authorization	1996 Changes in Authorization	Total Authorization to Date	Estimated 1996 Capital Budget Expenditures	Authorized Expenditures 1997+
9601	Apple Valley Interceptor	\$0	\$700,000	\$700,000	\$700,000	\$0
9602	Battle Creek Siphon Improvements	\$0	\$900,000	\$900,000	\$565,000	\$335,000
Subtotal:		\$0	\$1,600,000	\$1,600,000	\$1,265,000	\$335,000

VI. Ongoing and Special Projects

9404	Capital Planning	\$1,508,000	\$492,000	\$2,000,000	\$600,000	\$242,794
799800	Engr/Const. Admin. - 1996	\$0	\$1,921,593	\$1,921,593	\$1,921,593	\$0
9001	Interceptor Inspection & Rehabilitation	\$5,371,500	\$628,500	\$6,000,000	\$3,554,500	\$188,907
----	Small Systemwide Improvement Projects	\$17,000,000	(\$8,000,000)	\$9,000,000	\$3,000,000	\$4,857,263
Subtotal:		\$23,879,500	(\$4,957,907)	\$18,921,593	\$9,076,093	\$5,288,964

Summary

Project Type	Current Authorization	1996 Changes in Authorization	Total Authorization to Date	Estimated 1996 Capital Budget Expenditures	Authorized Expenditures 1997+
I. Continuing Projects in Step II Design	\$8,900,000	(\$4,900,000)	\$4,000,000	\$1,400,000	\$701,011
II. Continuing Projects in Step III Construction	\$2,250,000	(\$300,000)	\$1,950,000	\$75,000	\$50,000
III. Continuing Projects moving from Step I to Step II	\$200,000	\$1,400,000	\$1,600,000	\$650,000	\$813,269
IV. Continuing Projects moving from Step II to Step III	\$21,200,000	\$55,700,000	\$76,900,000	\$15,544,500	\$48,342,364
V. New Projects	\$0	\$1,600,000	\$1,600,000	\$1,265,000	\$335,000
VI. Ongoing and Special Projects	\$23,879,500	(\$4,957,907)	\$18,921,593	\$9,076,093	\$5,288,964
1996 Capital Program Subtotals:	\$56,429,500	\$48,542,093	\$104,971,593	\$28,010,593	\$55,530,608
Projects from Previously Authorized Capital Programs:	\$89,065,700	\$0	\$89,065,700	\$27,944,361	\$23,536,648
Grand Totals:	\$145,495,200	\$48,542,093	\$194,037,293	\$55,954,954	\$79,067,256

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

D. Projects from Previously Authorized Capital Programs

In addition to the fourteen (14) projects that require adjustments to their funding authorization, there are also nineteen (19) projects from previously authorized capital programs. Although they do not require any change in authorization as part of the 1996 Capital Program, these projects require funding in 1996. Detailed information, on each of these projects, is included in Appendix B - Projects from Previously Authorized Capital Programs located at the end of this report.

IV. Project Priority

A. Project Benefit Considerations

As part of the 1996 Capital Budget process, a new project priority system was developed and implemented. The proposed system incorporates evaluation criteria, to rate projects by category or project benefit, and an analysis of the project's support for *Regional Blueprint* action steps. The first step in the process was to identify project benefit categories. The following three categories were identified:

Benefit Categories

o Category 1 - Compliance Achievement (Weight = 2)

These projects must be done in order to achieve compliance with enforceable laws, regulations, permits, and agreements. If the project is delayed, the Council could be liable for damages, fines, or other legal enforcement actions.

o Category 2 - Rehabilitation/Replacement (Weight = 1.5)

These are rehabilitation/replacement projects to maintain compliance with enforceable laws, regulations, permits, and agreement. If the project is delayed, the Council increases its risk of non-compliance with enforceable laws, regulations, permits and agreements. These are rehabilitation and/or replacement type projects that service the existing sewer users.

o Category 3 - System Expansion (Weight = 1)

These expansion/growth projects support new development in accordance with Council approved comprehensive sewer plans or agreements. If the project is delayed the Council may not meet the projected community service needs.

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

B. Evaluation Criteria

The next step in the process was to evaluate each project utilizing criteria tailored to the applicable category in which the proposed project provides benefit. The evaluation criteria used is as follows:

Evaluation Criteria

- o Risk of Delay - Measure of the need to maintain the proposed schedule. Risk of regulatory enforcement action for non-compliance, including penalties and increased project costs. Risk of adverse impact on customer relations, if customer capacity and/or service needs are not met.
- o Operating Efficiency - Measure of the projected cost savings from the project, either through reduction of current operating costs or avoidance of future operating costs.
- o Operating Effectiveness - Measure of the value added from the project, including: (a) increased flexibility to meet changing requirements; (b) increased reliability to reduce the likelihood of sewage backups, bypasses, and process upsets; (c) improved working conditions; (d) improved safety; (e) improved flow metering; (f) reduction of odors, noise, and other adverse impacts on our customers.
- o Inter-Governmental Coordination - Coordination of trunk sewer and interceptor construction and cost sharing to optimize local and regional costs. Coordination of interceptor construction with highway construction and similar measures which minimize costs and disruption.

The evaluation criteria was further defined to guide the priority analysis. These definitions are provided in Table 2.

It should be noted that if the evaluation criteria under a benefit category is not applicable, the evaluation rating is zero points. The results of the evaluation is summarized in Table 3.

Table 2
Evaluation Criteria Definitions

Criteria	Compliance	Rehab/Replacement	Expansion
<u>Risk of Delay</u> High (4-5 points) Medium (2-3 points) Low (0-1 points)	Stringent regulatory compliance schedule with little room for delay. Conditions explicitly agreed to by Council, so that missing compliance date has high probability of enforcement action.	Equipment is obsolete and/or unreliable. Replacement parts are difficult or impossible to obtain. Structural condition of facility is poor and has near-term potential for failure, e.g. Impending sewer collapse due to corrosion deterioration. Failure would disrupt sewer service and/or would risk permit non-compliance, with potential for enforcement action.	Project is needed as soon as possible to provide interceptor and/or wastewater treatment plant capacity to meet approved community growth needs. Collaboration with communities to reduce/re-direct growth is unlikely to accomplish deferral of project. Delay could disrupt sewer service and/or risk permit non-compliance, with potential for enforcement action.
	Regulatory compliance schedule has some room for unforeseen delay. Regulatory circumstances have some uncertainty and/or opportunity for negotiation, so that enforcement action is less probable or severe.	Equipment is near end of its useful life. Maintenance is becoming difficult and/or costly. Structure requires rehabilitation to insure its integrity. Failure could disrupt sewer service or cause permit non-compliance, but the risk of failure is less severe than above.	Normal project schedule is appropriate to provide interceptor and/or wastewater treatment plant capacity to meet approved community growth needs. Collaboration with communities provides opportunity to optimize project cost, sizing, location, and timing to best meet local and regional needs. Delay would cause moderate risk of above impacts.
	Regulatory compliance schedule is not stringent. Enforcement action is unlikely in near-term.	Equipment and/or structure are experiencing increased maintenance and/or increased deterioration. Rehabilitation on proposed schedule will extend useful life and avoid severe problems that would eventually occur.	Schedule is conservative. Opportunity exists to handle unforeseen construction conditions or other delays and to collaborate with governmental units on project scope, sizing, location, cost, and timing.
<u>Operating Efficiency</u> High (3 points) Medium (2 points) Low (1 points)	Cost savings is high. Rapid payback is expected, or significant long-term savings is expected.		
	Potential operating cost savings is significant. Longer payback is expected.		
	Potential operating cost savings is significant, but is secondary benefit of project, i.e. payback is not the major driving force for the project.		
<u>Operating Effectiveness</u> High (3 points) Medium (2 points) Low (1 points)	Project is critical for improving customer relations by improving flow metering, reducing odors, or meeting other critical community needs.		
	Project provides at least two of the following benefits, i.e. reliability, flexibility, working conditions, noise/odors, safety, and flow metering.		
	Project provides at least one of the following benefits, i.e. reliability, flexibility, working conditions, noise/odors, safety, and flow metering.		
<u>Inter-Governmental Coordination</u> (0-3 points)	Rating depends on the relative magnitude of potential cost savings and criticality of coordination to successful implementation. For example, if an interceptor project would be very difficult to construct (e.g. easement acquisition problems) unless it is coordinated with imminent highway construction, the project would receive 3 points under this criteria.		

Table 3

Draft Project Priority Analysis

Program #	Program Name	Compliance (Wt. = 2)				Rehab/Replace (Wt. = 1.5)				Expansion (Wt. = 1)				Points
		Risk of Delay (0-5 Points)	Operating Efficiency (0-3 Points)	Operating Effectiveness (0-3 Points)	Inter-Governmental Coordination (0-3 Points)	Risk of Delay (0-5 Points)	Operating Efficiency (0-3 Points)	Operating Effectiveness (0-3 Points)	Inter-Governmental Coordination (0-3 Points)	Risk of Delay (0-5 Points)	Operating Efficiency (0-3 Points)	Operating Effectiveness (0-3 Points)	Inter-Governmental Coordination (0-3 Points)	
9506	MWWTP Secondary Treatment Improve ^a	5	0	2	0	3	3	0	0					18
9302	MWWTP Centrifuge Dewatering					4	3	3	0					15
9407	MWWTP Master Plan	4	1	2	0									14
9509	MWWTP RBS Sustainability					5	2	2	0					13
9001	Interceptor Facilities Inspection/Rehab					3	2	2	1					12
9104	Regulator Modifications	3	0	2	1									12
9304	MWWTP Levee Expansion	3	1	2	0									12
9505	Laboratory Services Facilities					3	2	2	1					12
9108	MWWTP Process Control System					4	1	2	0					10
799870	Program Management Support					2	2	2	0					9
9206	Chaska WWTP Phaseout (Stage III)									5	2	1	1	9
9207	MWWTP/Mpls. Meter Improvements					5	0	1	0					9
—	Small Systemwide Improve Projects					4	1	1	0					9
9501	Southeast Regional WWTP									5	0	1	2	8
9004	Elm Creek Interceptor									4	0	0	3	7
9102	Blue Lake/Seneca Solids Processing									4	1	2	0	7
9208	Rosemount WWTP Phaseout									5	0	2	0	7
9204	Waconia Improvements									3	1	1	1	6
9401	Empire WWTP Expansion									5	0	1	0	6
9503	Brooklyn Park L. S. Improve					3	0	1	0					6
9508	MWWTP Effluent Pump Station					3	0	1	0					6
9601	Apple Valley Interceptor									3	0	0	3	6
9602	Battle Creek Siphon Improve					3	0	1	0					6
9106	Lino Lakes Improvements									3	1	0	1	5

^a Used highest rating for each criteria

Points = Total Points for Four Criteria X Weight for Category

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

C. Priority Ranking

Except for the projects already under construction, and the Engr/Const. overhead program, all of the capital projects were rated using the new priority system. Based on the results of the project priority analysis, the projects were ranked from highest to lowest priority. The priority ranking is as follows:

<u>Rank</u>	<u>Points</u>	<u>Project</u>
1	18	MWWTP Secondary Treatment Improvements
2	15	MWWTP Centrifuge Dewatering
3	14	MWWTP Master Plan
4	13	MWWTP RBS Sustainability
5-8	12	Interceptor Inspection/Rehabilitation Program, Laboratory Services Facility, MWWTP Levee Expansion, and Regulator Modifications
9	10	MWWTP Process Control System
10-13	9	Chaska WWTP Phaseout (Stage III), MWWTP/Mpls. Meter Improvements, Program Management Support, and the Small Systemwide Improvement Projects
14	8	Southeast Regional WWTP
15-17	7	Blue Lake/Seneca Solids Processing, Elm Creek Interceptor, and Rosemount WWTP Phaseout
18-23	6	Apple Valley Interceptor, Battle Creek Siphon Improvements, Brooklyn Park Lift Station Improvements, Empire WWTP Expansion, MWWTP Effluent Pump Station, and Waconia Improvements,
24	5	Lino Lakes Improvements

D. Blueprint Considerations

In the future, a link to the *Regional Blueprint* will be incorporated into the project priority system. Initially, eighteen (18) *Regional Blueprint Action Steps* were identified as pertaining to the MCES' Capital Budget. The applicable *Regional Blueprint Action Steps* are provided in Table 4. Upon further guidance and refinement of the *Regional Blueprint Action Steps*, each project will be evaluated to assess whether it supports, does not support, or has no significant impact on each *Action Step*. The Blueprint considerations portion of the project priority system is intended to provide further information on each project. It is not anticipated that the Blueprint considerations will alter the ranking of the projects.

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

Blueprint Priority Considerations

Action Step	Action Step
<p>1B <u>Regional Infrastructure for Economic Development</u> <i>The Council will ensure that the region's infrastructure, both existing and new, is of high quality and well maintained to respond to the economic and technological changes of the future.</i></p>	<p>5A <u>Regional Services Within the Urban Service Area</u> <i>The Council will provide regional services for urban-scale development only within the urban service area, including the freestanding growth centers, consistent with local comprehensive plans and metropolitan system plans.</i></p>
<p>1C <u>Local Economic Development Efforts</u> <i>The Council will support local economic development initiatives that retain and foster the growth of local businesses, bring new businesses to the region, add to the tax base and generate new jobs for the region as a whole.</i></p>	<p>5B <u>Urban Service Areas Boundaries</u> <i>The Council will retain the current urban service area boundary for the year 2000, making appropriate changes after verifying land demand and supply with local governments along the boundary line.</i></p>
<p>2D <u>Targeted Areas</u> <i>The Council will identify targeted areas that have the greatest need and/or potential for economic development in order to focus attention and resources.</i></p>	<p>5C <u>Year 2005 and Year 2010 Urban Service Areas</u> <i>The Council will work with local communities through the comprehensive planning process to designate areas for longer term future urbanization by establishing 2005 and 2010 urban service area boundaries.</i></p>
<p>2E <u>Cooperation and Information Sharing</u> <i>The Council will work with communities in developing and carrying out redevelopment plans by making sure that regional service and facilities support local actions, by being a catalyst for focusing action on critical needs, and by providing local planning and technical assistance.</i></p>	<p>5D <u>Rural Service Area</u> <i>The Council will support three land use types outside the metropolitan urban service area: commercial agriculture, rural centers, and general rural use.</i></p>
<p>3C <u>Protecting Communities</u> <i>The Council will consider the effects on existing communities in making regional policy decisions and in siting regional facilities.</i></p>	<p>5E <u>Land Use and Transportation</u> <i>The Council will plan for higher-density development along selected transportation corridors where major transit capital investments are made, or at major transit transfer points (transit hubs and park-and-ride lots) and guide a portion of the region's future growth to such corridors and locations.</i></p>
<p>4A <u>Protecting Natural Watercourses & Wetlands</u> <i>The Council will work to protect natural watercourses, such as lakes, wetlands, rivers, streams, natural drainage courses and the critical adjoining land areas that affect them, to maintain and improve water quality and quantity, and to preserve their ecological functions.</i></p>	<p>5F <u>Expanding Housing Opportunities in the Region</u> <i>The Council will work with local communities in a partnership to meet the range of housing needs of people at various life-cycle stages; broaden locational choice and access throughout the region for people of all income levels; and support use of public funds to help achieve these goals.</i></p>
<p>4B <u>Water Quality for the Future</u> <i>The Council will pursue steps toward a goal of no adverse impact on water quality so that, by the year 2015, the quality of the water leaving the region is as good as when it enters. The Council will assess this goal if it poses an unreasonable cost burden for the region.</i></p>	<p>5G <u>Cluster Planning</u> <i>The Council will promote a flexible, "cluster" planning process whereby local communities and other governmental entities can work together to resolve issues of regional concern in ways that are tailored to the needs and concerns of those involved.</i></p>
<p>4D <u>Woodlands and the Urban Forest</u> <i>The Council will encourage the protection of the region's significant woodlands and the long-term management of the urban forest.</i></p>	<p>5H <u>Priorities for Regional Investment</u> <i>The Council will give priority for funds for regional systems to maintaining, upgrading and replacing system facilities serving existing urban development to make the best use of investments the region has already made.</i></p>
<p>4E <u>Air Quality</u> <i>The Council will promote development and land use and transportation policies and planning that protect and improve the quality of air.</i></p>	<p>5J <u>Fiscal Management of Regional Systems</u> <i>The Council will ensure that regional investments are made in a fiscally sound manner and achieve their objective of providing needed services and facilities at minimum cost to taxpayers.</i></p>

Table 4

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

V. Small Systemwide Improvement Projects (SSIP)

A. Overview

Small Systemwide Improvement Projects (SSIP's) are projects which are relatively small scale in terms of schedule and costs. The SSIP's are typically in the category of rehabilitation/replacement projects or projects that improve the efficiency and/or the effectiveness of the interceptor and treatment facilities. Expenditures for SSIP's during the last three years have averaged \$3.5 million annually (1996 prices), or approximately 9% of the total annual capital expenditures. The proposed 1996 Capital Budget includes \$9.0 million for Small Systemwide Improvement Projects (SSIP). This compares to the \$17.0 million that was previously authorized for SSIP projects.

B. 1996 SSIP Proposal

The following changes are being proposed for the SSIP program as part of the 1996 Capital Budget process:

o Consolidation of SSIP's - The \$9.0 million SSIP budget represents active SSIP projects from previous capital budgets and new SSIP projects. Both the existing and the proposed new SSIP projects were consolidated into a single ongoing SSIP program. Starting with the 1996 Capital Budget, completed SSIP projects will be deleted from the program and new projects and funding will be recommended. A description of each of the SSIP's included in the 1996 Capital Budget is provided in Appendix A.12 located at the end of this report.

o SSIP Planning - Currently, the SSIP planning work is done under the SSIP program. Starting in 1996, it is proposed that the Systemwide Improvement Study (SIS) and planning activities associated with the SSIP's be carried out under Program #9404, Capital Planning. Depending upon the outcome of the planning activities, the project will either be done under the Annual Budget, added to the SSIP program, or be added to the Capital Budget as a major program.

o SSIP Priority - Beginning with this capital budget, all SSIP's will be prioritized using the proposed priority system described above. Only the highest priority SSIP's will be funded within the limits of the authorized SSIP program budget. Due to the rehabilitation/replacement nature of the SSIP projects, blueprint considerations will not be used in the SSIP priority analysis.

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

C. SSIP Summary

The proposed SSIP program can be summarized as follows:

SSIP Program Summary

- o Consolidate all SSIP's into one ongoing SSIP program
- o Authorize a \$9.0 million budget for SSIP's
- o Perform all SSIP planning activities under #9404, Capital Planning
- o Utilize the new project priority system to prioritize the SSIP's

VI. Interceptor Facilities Inspection Program

The ongoing *Interceptor Facilities Inspection* program provides a systematic approach for the inspection and evaluation of the Metropolitan gravity interceptors, lift stations, forcemains, siphons, and meter stations. Depending upon the type and schedule requirements, the identified problem areas are either rehabilitated directly under this program; done under the SSIP program; or added to the capital budget as a major project. It is proposed, that starting with the 1996 Capital Budget, more of the interceptor rehabilitation work be performed directly under this program. Proposed changes to the program include the following:

o New Name - The name of the program is being changed to the *Interceptor Inspection and Rehabilitation* program. This reflects the more aggressive approach of performing high priority rehabilitation work directly under this program.

o Rehabilitation Contracts - It is proposed that the MCES enter into unit price contracts with several firms that specialize in interceptor rehabilitation. Then when problem areas are encountered, the contractors are under contract and can readily be mobilized to correct the problem. Contractors would bid on types of rehabilitation, such as slip lining pipe, in-place lining, etc. It is envisioned that these contracts may last for several years and could cover numerous projects.

Proposed 1996 - 2000 CIP and 1996 Capital Budget

Metropolitan Council Environmental Services

o Funding Level - The proposed 1996 Capital Budget includes \$2.0 million for rehabilitation work that will be done directly under this program. It is proposed that each year completed rehabilitation projects be deleted from the program and funds be replenished for further rehabilitation work.

The major benefit of this more aggressive approach to interceptor rehabilitation, is the efficiency that will be gained in the process by having contractors under contract and ready to proceed, as well as streamlining the administration process. It is anticipated that the identified problem areas will be able to be corrected in a more timely manner and at a lower cost.

VII. Projected 1996 Capital Budget

Expenditure levels rise and fall in response to the capital improvement needs of the Metropolitan Council Environmental Services. The 1996 Capital Budget, which consists of the projected expenditures for all of the active projects in both the 1996 Capital Program and previously authorized capital programs, is as follows:

<u>Projected 1996 Expenditures</u>	
\$ 28.0 million	1996 Capital Program
<u>\$ 28.0 million</u>	<u>Previously Authorized Programs</u>
\$ 56.0 million	Total 1996 Capital Budget

The entire expenditure forecast, for both the 1996 Capital Program and the previously authorized capital programs, is summarized in *Appendix C*.

Fluctuations in expenditure levels are a normal operating occurrence. The actual expenditures for a given year are difficult to predict. As shown in Figure 5, factors that can affect capital budget expenditures include:

Assumptions - Certain assumptions are made in projecting annual expenditure levels. These judgments can be influenced by many factors such as weather or the timing of construction, which are difficult to predict or control. Under state law, most construction projects are contracted through the competitive bidding process. Consequently, the business climate at the time bids are opened can also impact construction costs and schedules.

Proposed 1996 - 2000 and 1996 Capital Budget

Metropolitan Council Environmental Services

Another factor having a bearing on expenditures is the capital budget process itself which may dictate that a construction budget be developed well in advance of construction. It is not unusual for a preliminary construction budget, developed during the facilities planning stage, to be utilized until the project is designed (refer to Figure 4 for the different levels of cost estimates).

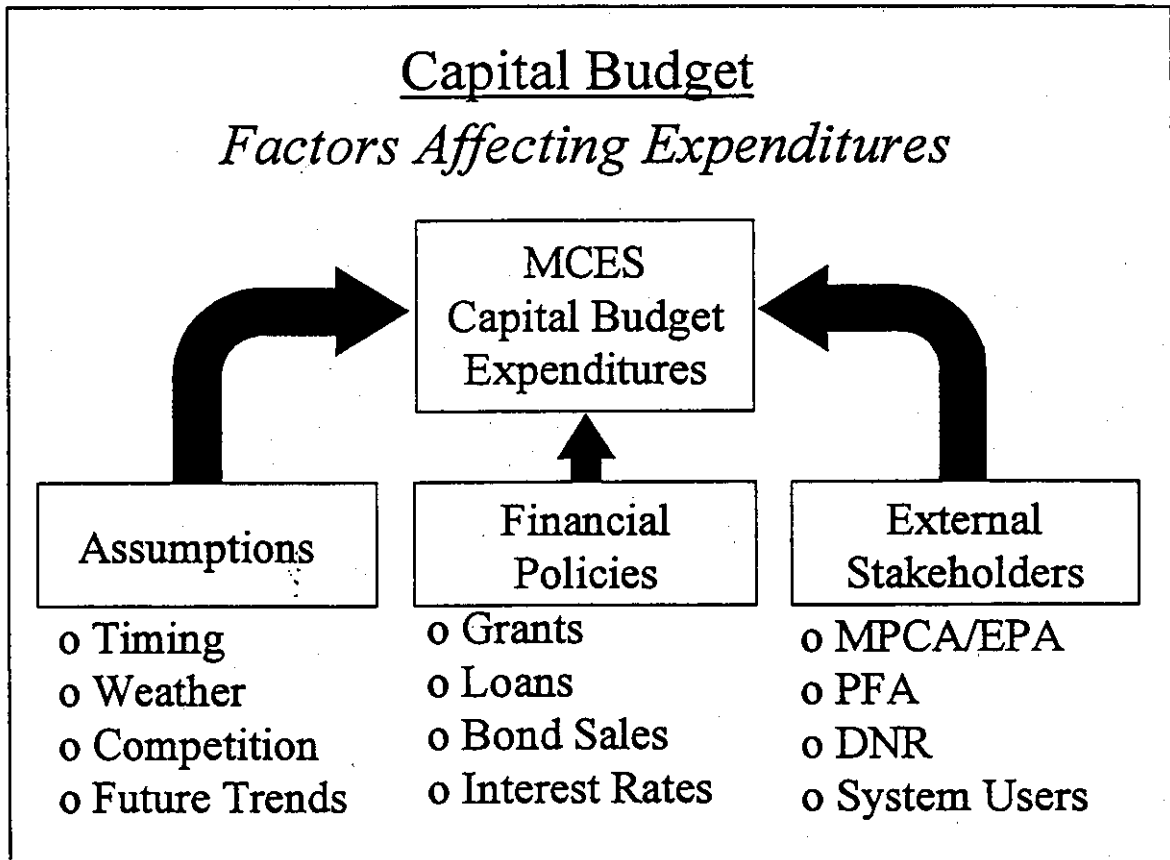


Figure 5

Other assumptions deal with future trends and conditions in interest rates, cash flow, alternative funding sources, population growth, and flow projections.

Financial Policies - Expenditure levels are influenced by financial policies that may reflect the cost of borrowing money, the availability of grants and loans, timing of bond sales, etc. These policies may delay a project or split its construction into phases to meet cash flow limitations. Conversely, favorable interest rates or the availability of grant or loan funds may allow the MCES to undertake more projects in a given year.

Proposed 1996 - 2000 and 1996 Capital Budget

Metropolitan Council Environmental Services

External Stakeholders - The MCES' external stakeholders include the regulatory agencies, the Public Facilities Authority (PFA), and the users of the system. Action by the stakeholders can affect the pattern of capital improvement expenditure levels. These actions may result in extensive public hearings or complex permit approvals, both of which may require additional time to be properly addressed. Conversely, court orders in the form of a consent decree may accelerate a project. New standards and regulations can increase project costs and affect schedules.

VIII. Link With Plan to Control Debt Service Growth

One of the more persistent problems in recent years for the MCES Annual Budget is the growth in debt service as a portion of the annual budget. Debt service is currently almost 40% of the annual budget and is expected to grow at 6% per year for the next several years. Efforts have been focused on reducing debt service through financial management techniques and through capital budget reduction.

Based on the expenditure forecasts under the current five-year Plan for Allocating Resources (PAR), there appears to be the opportunity to change the funding source for some capital items that have traditionally been funded by debt to the general fund. This can be accomplished while still adhering to the five-year rate policy adopted by the Metropolitan Council, provided that it is done under stringent guidelines.

This effort was initiated as part of the 1995 Annual Budget process. Fleet vehicles and computer equipment purchases that had been included in the capital budget were moved to the annual budget. Payment for these items via a 20-year debt did not seem fiscally prudent. As part of the 1996 Annual Budget process, further items were transferred from the capital budget to the annual budget. These transfers to the annual budget include the following:

- o salaries of staff traditionally allocated partially to capital budget programs
- o three Wastewater Services Division programs traditionally allocated in whole or part to the capital budget
- o chargebacks for services from regional planning
- o funding for several capital-type expenditures as included within the PAR 1996-1999 initiatives

Proposed 1996 - 2000 and 1996 Capital Budget

Metropolitan Council Environmental Services

Under the five-year PAR, the above items would continue to be either allocated to the annual budget, or remain in the capital budget but be funded by a transfer from the General Fund. The criteria for projects which would remain in the Capital Budget but eligible for funding from the General Fund are as follows:

Types of Projects for Alternative Funding (in priority order)

- o Studies which do not lead directly to construction. Current examples include:
 - *MWWTP Master Plan*
 - *Program Management*
 - *Capital Planning*
- o Projects that are closely integrated with operations and maintenance, i.e. the project may lead to maintenance work and/or rehabilitation. A prime example is the *Interceptor Inspection and Rehabilitation* program.
- o Small Systemwide Improvement Projects (SSIP) which fall into the rehabilitation, replacement, cost-saving categories of capital improvements.
- o Small Systemwide Improvement Projects (SSIP) which fall into the growth capacity and regulatory upgrade categories of capital improvements.
- o Pilot plant and plant-scale studies needed to make planning and design decisions for capital improvement projects.

Revised guidelines for budgeting a project in the capital budget or annual budget have been formulated. These guidelines, which should be adhered to regardless of the funding source, include the following:

Defining Repairs and Maintenance

o Ordinary repairs and maintenance are relatively small recurring outlays that are essential to keep a fixed asset in normal operating condition. These repairs do not add to the value of the asset but instead tend to restore and repair the asset to assure its expected useful life and operating efficiencies. These types of repairs belong in the annual budget.

Proposed 1996 - 2000 and 1996 Capital Budget

Metropolitan Council Environmental Services

o Extraordinary repairs are classified in the capital budget. They occur infrequently, involve relatively large amounts of money and tend to increase the economic usefulness of the asset in the future due to increased efficiency, longer life, or both. These repairs are represented by major overhauls, complete reconditioning, and major replacements and betterments.

Capital Budget Projects

o Provides a physical asset whose useful life is 10 years or more, or extends the useful life of a physical asset for 10 years or more through replacement and/or rehabilitation.

o A major capital budget project that generally exceeds \$1,000,000 for planning, design, and construction or acquisition.

o A SSIP project which is generally budgeted between \$100,000 and \$500,000 and up to \$1,000,000 with specific Council authorization, for all steps including planning, design, and construction or acquisition.

o Pilot plant studies, plant-scale studies, and inspection programs that are needed to make planning and design decisions for capital projects. Examples include the *Interceptor Inspection and Rehabilitation* program, *Capital Planning* program and the *MWWTP Master Plan*.

Annual Budget Projects

o Rehabilitation or replacement of equipment and/or facilities which provides a useful life of 10 years or less.

o Improvements which cost less than \$100,000.

o Improvements which have a payback of five years or less.

o Studies which do not lead directly to construction

Any fund transfers must be viewed as part of a multi-year plan which meets the current and any succeeding rate policies. Fund transfers should be seen as multi-year commitment covering the life of the project.

Proposed 1996 - 2000 and 1996 Capital Budget

Metropolitan Council Environmental Services

IX. Summary

The proposed 1996 authorization changes to the MCES Capital Program result in a net increase of \$48.5 million in new authorizations. The focus of the capital program continues to be towards the achievement of the goals and objectives of the Metropolitan Council. Because there are ever increasing expectations for the MCES to protect the environment, the MCES must insure that its facilities are consistently maintained and upgraded to meet changing conditions. The proposed 1996 Capital Budget is \$56.0 million in projected expenditures. The 1996 Capital Budget conforms to the objectives of providing clean water, improved air quality, treated solids, system reliability and integrity, and future readiness in responding to the needs of the Metropolitan Area.

X. Appendices

The remainder of this section on the is comprised of the following appendixes:

Appendix "A" - 1996 Capital Program - Appendix "A" provides detailed information on each of the 14 projects that comprise the 1996 Capital Program. An individual data sheet has been prepared for each project. Each data sheet includes the project's title, project number, capital budget authorization (prior, 1996 Capital Program authorization request, and future), project type, objectives, priority analysis, and its expenditure schedule. The expenditure schedule includes both the current authorization and future expenditures (if authorized). A location map is also provided for each project.

Appendix "B" - Projects from Previously Authorized Capital Programs - This appendix provides detailed information on each of the 19 previously authorized capital projects. An individual data sheet has been prepared for each project. Each data sheet includes the project's title, project number, capital budget authorization (current and future), project type, objectives, priority analysis, and its expenditure schedule. The expenditure schedule includes both the current authorization and future expenditures (if authorized). A location map is also provided for each project.

Proposed 1996 - 2000 and 1996 Capital Budget

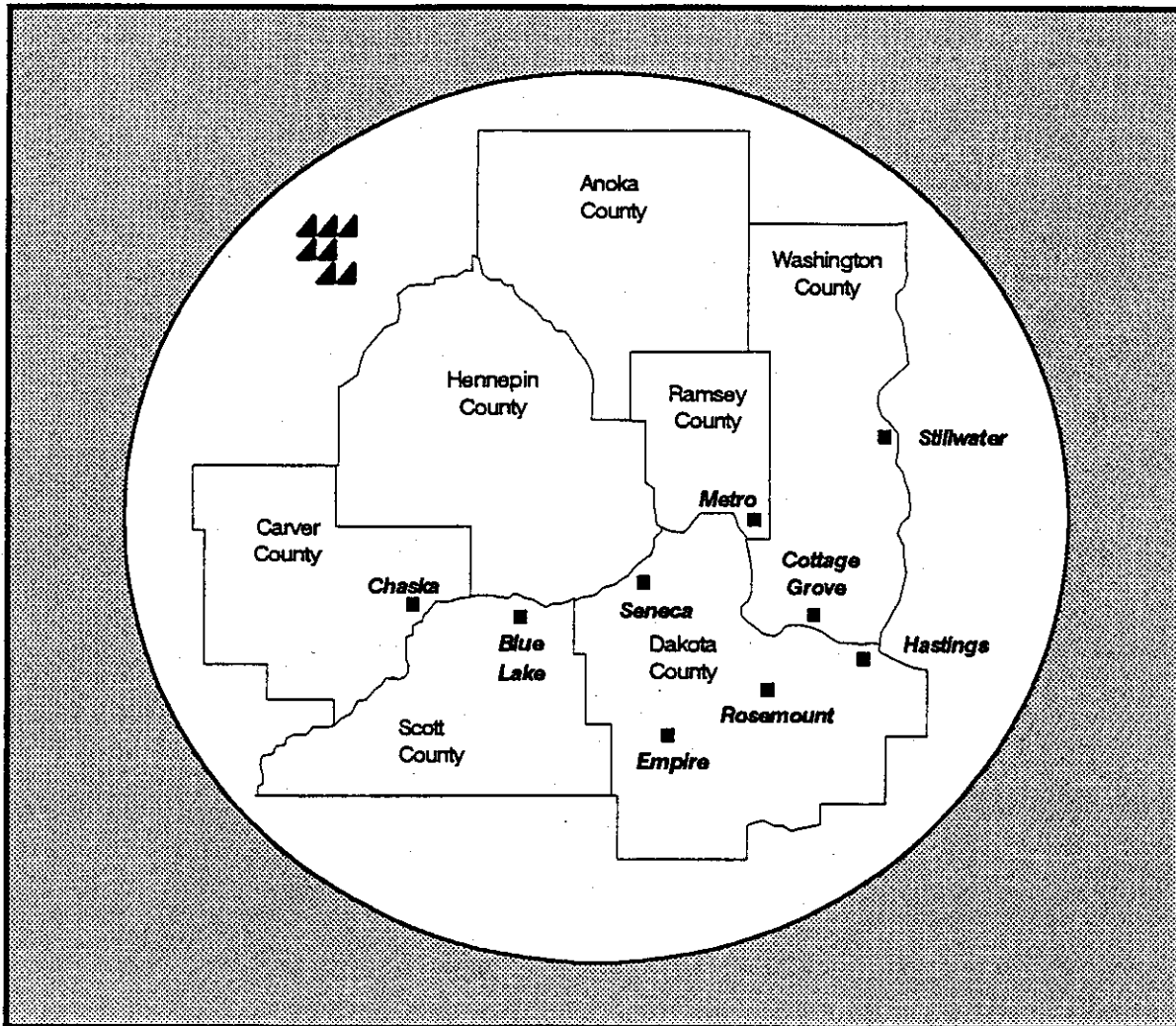
Metropolitan Council Environmental Services

Appendix "C" - Summary of Capital Program Authorizations and Expenditures - This appendix provides a capsule summary of each project's financial status; its prior authorization; current 1996 Capital Program authorization request (if any); estimated 1996 Capital Budget; future authorized expenditures; future authorization request and expenditures; and total project cost. Provided for reference purpose only, this summary includes all active capital budget programs.

Appendix "D" - List of Abbreviations - This appendix provides the definitions of the abbreviations that are utilized throughout the capital budget.

Appendix "E" - 1996-2000 Capital Improvement Program - This appendix provides the MCES' 5-year financial plan for capital expenditures. It includes, both projects in the current capital program, and future MCES projects.

Metropolitan Council Environmental Services



Appendix A 1996 Capital Program

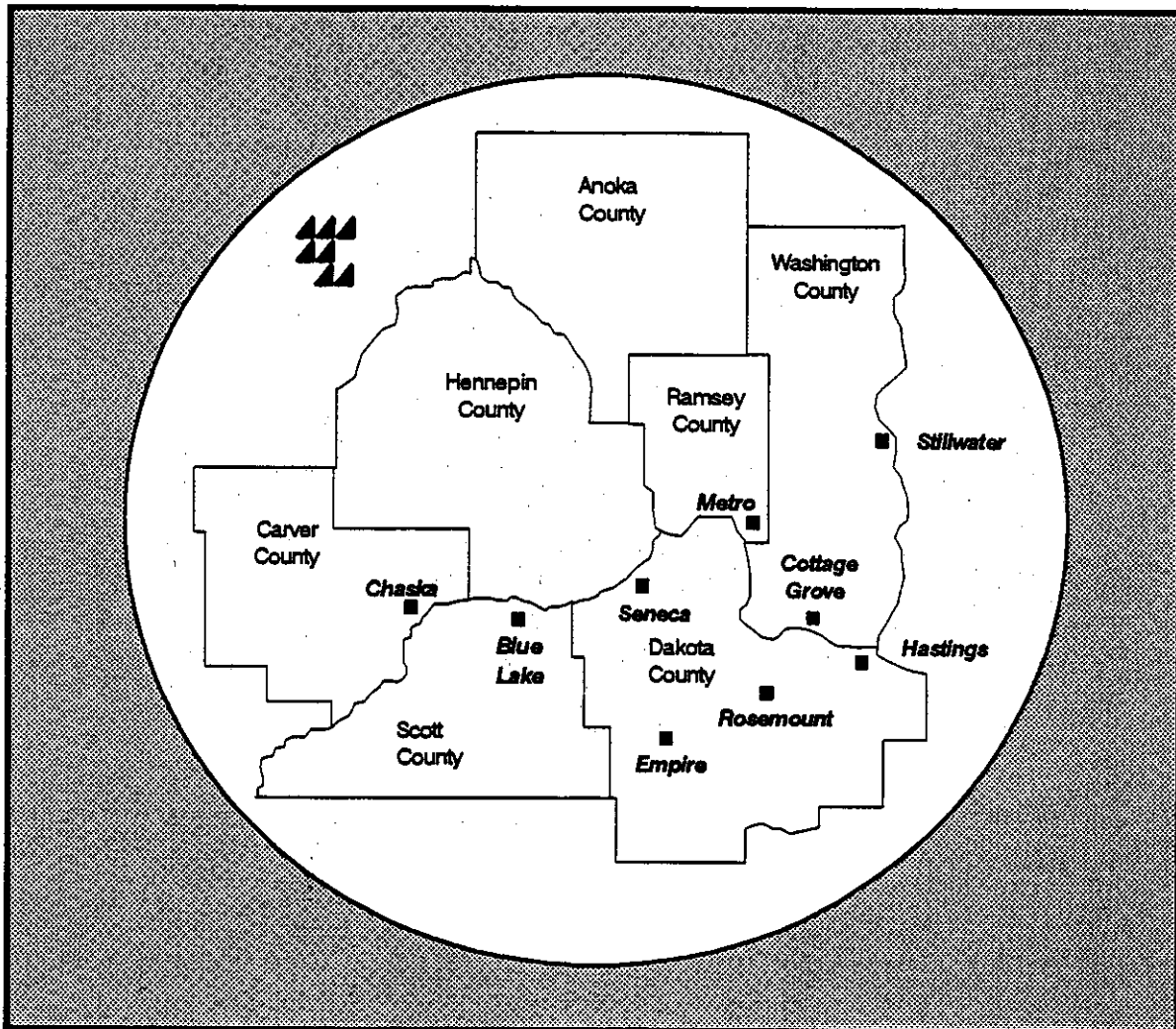
Metropolitan Council
Mears Park Centre, 230 East Fifth Street
St. Paul, Minnesota 55101

1996 Capital Program

Index of Projects

Appendix	Project #	Name	Current Authorization	1996 Changes in Authorization	Total Authorization
A.1	9601	Apple Valley Interceptor	\$0	\$700,000	\$700,000
A.2	9602	Battle Creek Siphon Improvements	\$0	\$900,000	\$900,000
A.3	9102	Blue Lake/Seneca Solids Processing	\$6,900,000	(\$3,900,000)	\$3,000,000
A.4	9404	Capital Planning	\$1,508,000	\$492,000	\$2,000,000
A.5	9004	Elm Creek Interceptor	\$2,400,000	\$6,000,000	\$8,400,000
A.6	9401	Empire WWTP Expansion	\$200,000	\$1,400,000	\$1,600,000
A.7	799800	Engr/Const. Administration - 1996	\$0	\$1,921,593	\$1,921,593
A.8	9001	Interceptor Inspection & Rehabilitation	\$5,371,500	\$628,500	\$6,000,000
A.9	9108	MWWTP Process Control System	\$10,400,000	\$7,100,000	\$17,500,000
A.10	9506	MWWTP Secondary Treatment Improvements	\$8,400,000	\$42,600,000	\$51,000,000
A.11	9208	Rosemount WWTP Phaseout	\$2,000,000	(\$1,000,000)	\$1,000,000
A.12	----	Small Systemwide Improvement Projects	\$17,000,000	(\$8,000,000)	\$9,000,000
A.13	9504	South St. Paul Forcemain	\$1,200,000	\$100,000	\$1,300,000
A.14	9502	St. Bonifacius Interceptor Rehabilitation	\$1,050,000	(\$400,000)	\$650,000
Proposed 1996 Capital Budget:				\$48,542,093	

Metropolitan Council Environmental Services



Appendix B Previously Authorized Capital Programs

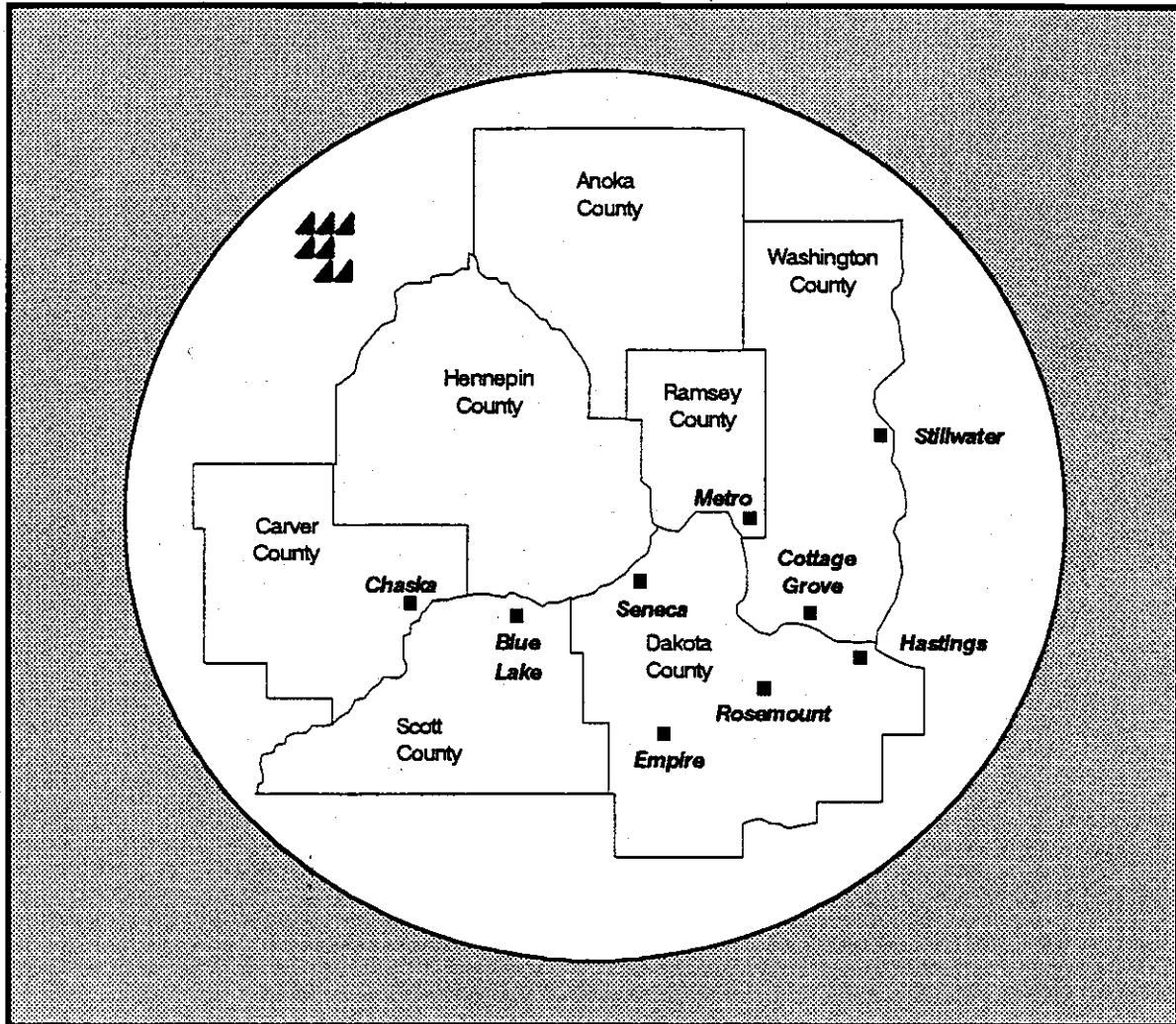
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St. Paul, Minnesota 55101

Previously Authorized Capital Programs

Index of Projects

Appendix	Project #	Name	Current Authorization
B.1	9003	Bloomington Siphon	\$9,850,000
B.2	9503	Brooklyn Park Lift Station Improvements	\$1,000,000
B.3	9206	Chaska WWTP Phaseout	\$20,800,000
B.4	9103	Cottage Grove Expansion	\$4,500,000
B.5	9505	Laboratory Services Facilities	\$500,000
B.6	9106	Lino Lakes Improvements	\$4,100,000
B.7	9410	Mound Interceptor Rehabilitation	\$600,000
B.8	9302	MWWTP Centrifuge Dewatering	\$16,100,000
B.9	9508	MWWTP Effluent Pump Station	\$200,000
B.10	9304	MWWTP Levee Expansion	\$2,000,000
B.11	9407	MWWTP Master Plan	\$2,700,700
B.12	9509	MWWTP RBS Sustainability	\$2,664,000
B.13	9207	MWWTP/Mpls. Meter Improvements	\$7,100,000
B.14	799870	Program Management Support	\$6,100,000
B.15	9104	Regulator Modifications	\$751,000
B.16	9205	Shakopee Improvements Phase	\$2,400,000
B.17	9501	Southeast Regional WWTP	\$500,000
B.18	9204	Waconia Improvements	\$6,200,000
B.19	9209	White Bear Lake Lift Station Improvements	\$1,000,000

Metropolitan Council Environmental Services



Appendix C Authorization and Expenditure Summary All Capital Program Projects

Metropolitan Council
Mears Park Centre, 230 East Fifth Street
St. Paul, Minnesota 55101

Authorization and Expenditure Summary

All Capital Program Projects

I. Continuing Projects in Step I Planning

Project #	Project Name	Current Authorization	1996 Change in Authorization	Total Authorization to Date	Pre-1996 Expenditures	Estimated 1996 Capital Budget Expenditures	Authorized Expenditures 1997+	Future Authorization & Expenditures	Total Project Cost
9505	Laboratory Services Facility	\$500,000	\$0	\$500,000	\$100,000	\$200,000	\$200,000	\$9,880,505	\$10,380,505
9508	MWWTP Effluent Pump Station	\$200,000	\$0	\$200,000	\$152,000	\$48,000	\$0	\$3,800,000	\$4,000,000
9304	MWWTP Levee Expansion	\$2,000,000	\$0	\$2,000,000	\$1,594,881	\$405,119	\$0	\$0	\$2,000,000
9501	Southeast Regional WWTP	\$500,000	\$0	\$500,000	\$200,000	\$300,000	\$0	\$59,500,000	\$60,000,000
Subtotal:		\$3,200,000	\$0	\$3,200,000	\$2,046,881	\$953,119	\$200,000	\$73,180,505	\$76,380,505

II. Continuing Projects in Step II Design

9102	Blue Lake/Seneca Solids Processing	\$6,900,000	(\$3,900,000)	\$3,000,000	\$1,500,000	\$1,000,000	\$500,000	\$45,469,457	\$48,469,457
9208	Rosemount WWTP Phaseout	\$2,000,000	(\$1,000,000)	\$1,000,000	\$398,989	\$400,000	\$201,011	\$10,116,622	\$11,116,622
Subtotal:		\$8,900,000	(\$4,900,000)	\$4,000,000	\$1,898,989	\$1,400,000	\$701,011	\$55,586,079	\$59,586,079

III. Continuing Projects in Step III Construction

9003	Bloomington Siphon	\$9,850,000	\$0	\$9,850,000	\$7,646,955	\$500,000	\$1,703,045	\$0	\$9,850,000
9503	Brooklyn Park L.S. Flow Detention Facilities	\$1,000,000	\$0	\$1,000,000	\$150,000	\$700,000	\$150,000	\$0	\$1,000,000
9206	Chaska WWTP Phaseout	\$20,800,000	\$0	\$20,800,000	\$6,654,882	\$3,700,000	\$10,445,118	\$0	\$20,800,000
9103	Cottage Grove Expansion	\$4,500,000	\$0	\$4,500,000	\$3,892,888	\$607,112	\$0	\$0	\$4,500,000
9106	Lino Lakes Improvements	\$4,100,000	\$0	\$4,100,000	\$874,551	\$2,700,000	\$525,449	\$0	\$4,100,000
9410	Mound Interceptor Rehabilitation	\$600,000	\$0	\$600,000	\$472,072	\$127,928	\$0	\$0	\$600,000
9302	MWWTP Centrifuge Dewatering*	\$16,100,000	\$0	\$16,100,000	\$4,683,056	\$9,705,100	\$1,711,844	\$19,038,156	\$35,138,156

* Construction is for the demonstration portion only.

III. Continuing Projects in Step III Construction

Project #	Project Name	Current Authorization	1996 Change in Authorization	Total Authorization to Date	Pre-1996 Expenditures	Estimated 1996 Capital Budget Expenditures	Authorized Expenditures 1997+	Future Authorization & Expenditures	Total Project Cost
9509	MWWTP RBS Sustainability*	\$2,664,000	\$0	\$2,664,000	\$664,000	\$2,000,000	\$0	\$0	\$2,664,000
9207	MWWTP/Mpls. Meter Improvements	\$7,100,000	\$0	\$7,100,000	\$1,100,000	\$1,700,000	\$4,300,000	\$0	\$7,100,000
9104	Regulator Modifications	\$751,000	\$0	\$751,000	\$160,792	\$490,208	\$100,000	\$0	\$751,000
9205	Shakopee Improvements	\$2,400,000	\$0	\$2,400,000	\$1,100,000	\$300,000	\$1,000,000	\$0	\$2,400,000
9504	South St. Paul Forcemain	\$1,200,000	\$100,000	\$1,300,000	\$1,275,000	\$25,000	\$0	\$0	\$1,300,000
9502	St Bonifacius Interceptor Rehabilitation	\$1,050,000	(\$400,000)	\$650,000	\$550,000	\$50,000	\$50,000	\$0	\$650,000
9204	Waconia Improvements	\$6,200,000	\$0	\$6,200,000	\$786,808	\$2,162,000	\$3,251,192	\$0	\$6,200,000
9209	White Bear Lake Lift Station Improvements	\$1,000,000	\$0	\$1,000,000	\$793,252	\$56,748	\$150,000	\$0	\$1,000,000
Subtotal:		\$79,315,000	(\$300,000)	\$79,015,000	\$30,804,256	\$24,824,096	\$23,386,648	\$19,038,156	\$98,053,156

* Funded by the 1994 Annual Budget Favorable Variance

IV. Continuing Projects moving from Step I Planning to Step II Design

9401	Empire WWTP Expansion	\$200,000	\$1,400,000	\$1,600,000	\$136,731	\$650,000	\$813,269	\$13,709,269	\$15,309,269
Subtotal:		\$200,000	\$1,400,000	\$1,600,000	\$136,731	\$650,000	\$813,269	\$13,709,269	\$15,309,269

V. Continuing Projects moving from Step II Design to Step III Construction

9004	Elm Creek Interceptor	\$2,400,000	\$6,000,000	\$8,400,000	\$747,136	\$2,300,000	\$5,352,864	\$30,974,881	\$39,374,881
9108	MWWTP Process Control System	\$10,400,000	\$7,100,000	\$17,500,000	\$5,644,621	\$2,864,700	\$8,990,679	\$23,469,052	\$40,969,052
9506	MWWTP Secondary Treatment Improve.	\$8,400,000	\$42,600,000	\$51,000,000	\$6,621,379	\$10,379,400	\$33,998,821	\$0	\$51,000,000
Subtotal:		\$21,200,000	\$55,700,000	\$76,900,000	\$13,013,136	\$15,544,500	\$48,342,364	\$54,443,933	\$131,343,933

VI. New Projects

9601	Apple Valley Interceptor	\$0	\$700,000	\$700,000	\$0	\$700,000	\$0	\$0	\$700,000
9602	Battle Creek Siphon Improvements	\$0	\$900,000	\$900,000	\$0	\$563,000	\$335,000	\$0	\$900,000
Subtotal:		\$0	\$1,600,000	\$1,600,000	\$0	\$1,263,000	\$335,000	\$0	\$1,600,000

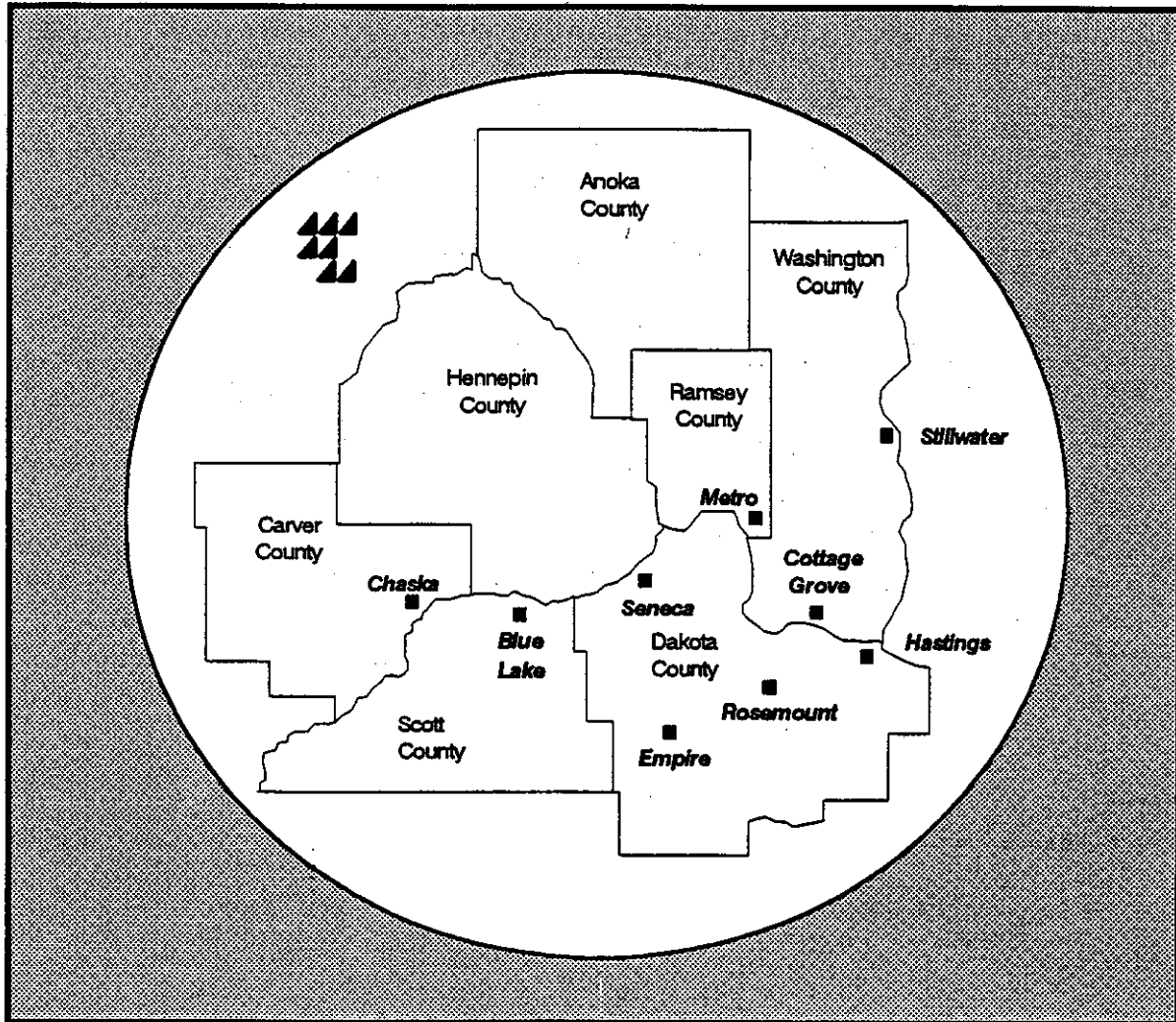
VII. Ongoing and Special Projects

Project #	Project Name	Current Authorization	1996 Change in Authorization	Total Authorization to Date	Pre-1996 Expenditures	Estimated 1996 Capital Budget Expenditures	Authorized Expenditures 1997+	Future Authorization & Expenditures	Total Project Cost
9404	Capital Planning	\$1,508,000	\$492,000	\$2,000,000	\$1,157,206	\$600,000	\$242,794	\$2,762,361	\$4,762,361
799800	Engr/Const. Admin. - 1996	\$0	\$1,921,593	\$1,921,593	\$0	\$1,921,593	\$0	\$8,135,491	\$10,057,084
9001	Interceptor Inspection & Rehabilitation	\$5,371,500	\$628,500	\$6,000,000	\$2,256,593	\$3,554,500	\$188,907	\$12,311,360	\$18,311,360
9407	MWWTP Master Plan	\$2,700,700	\$0	\$2,700,700	\$1,726,308	\$974,392	\$0	\$0	\$2,700,700
799870	Program Management Support	\$6,100,000	\$0	\$6,100,000	\$4,832,246	\$1,267,754	\$0	\$0	\$6,100,000
—	Small Systemwide Improvement Projects	\$17,000,000	(\$8,000,000)	\$9,000,000	\$1,142,737	\$3,000,000	\$4,857,263	\$6,898,108	\$15,898,108
Subtotal:		\$32,680,200	(\$4,957,907)	\$27,722,293	\$11,115,090	\$11,318,239	\$5,288,964	\$30,107,320	\$57,829,613

Summary

Project Type	Current Authorization	1996 Change in Authorization	Total Authorization to Date	Pre-1996 Expenditures	Estimated 1996 Capital Budget Expenditures	Authorized Expenditures 1997+	Future Authorization & Expenditures	Total Project Cost
I. Continuing Projects in Step I Planning	\$3,200,000	\$0	\$3,200,000	\$2,046,881	\$953,119	\$200,000	\$73,180,505	\$76,380,505
II. Continuing Projects in Step II Design	\$8,900,000	(\$4,900,000)	\$4,000,000	\$1,898,989	\$1,400,000	\$701,011	\$55,586,079	\$59,586,079
III. Continuing Projects in Step III Construction	\$79,315,000	(\$300,000)	\$79,015,000	\$30,804,256	\$24,824,096	\$23,386,648	\$19,038,156	\$98,053,156
IV. Continuing Projects moving from Step I to Step II	\$200,000	\$1,400,000	\$1,600,000	\$136,731	\$650,000	\$813,269	\$13,709,269	\$15,309,269
V. Continuing Projects moving from Step II to Step III	\$21,200,000	\$55,700,000	\$76,900,000	\$13,013,136	\$15,544,500	\$48,342,364	\$54,443,933	\$131,343,933
VI. New Projects	\$0	\$1,600,000	\$1,600,000	\$0	\$1,265,000	\$335,000	\$0	\$1,600,000
VII. Ongoing and Special Projects	\$32,680,200	(\$4,957,907)	\$27,722,293	\$11,115,090	\$11,318,239	\$5,288,964	\$30,107,320	\$57,829,613
Grand Totals:	\$145,495,200	\$48,542,093	\$194,037,293	\$59,015,083	\$55,934,954	\$79,067,256	\$246,065,262	\$440,102,555

Metropolitan Council Environmental Services



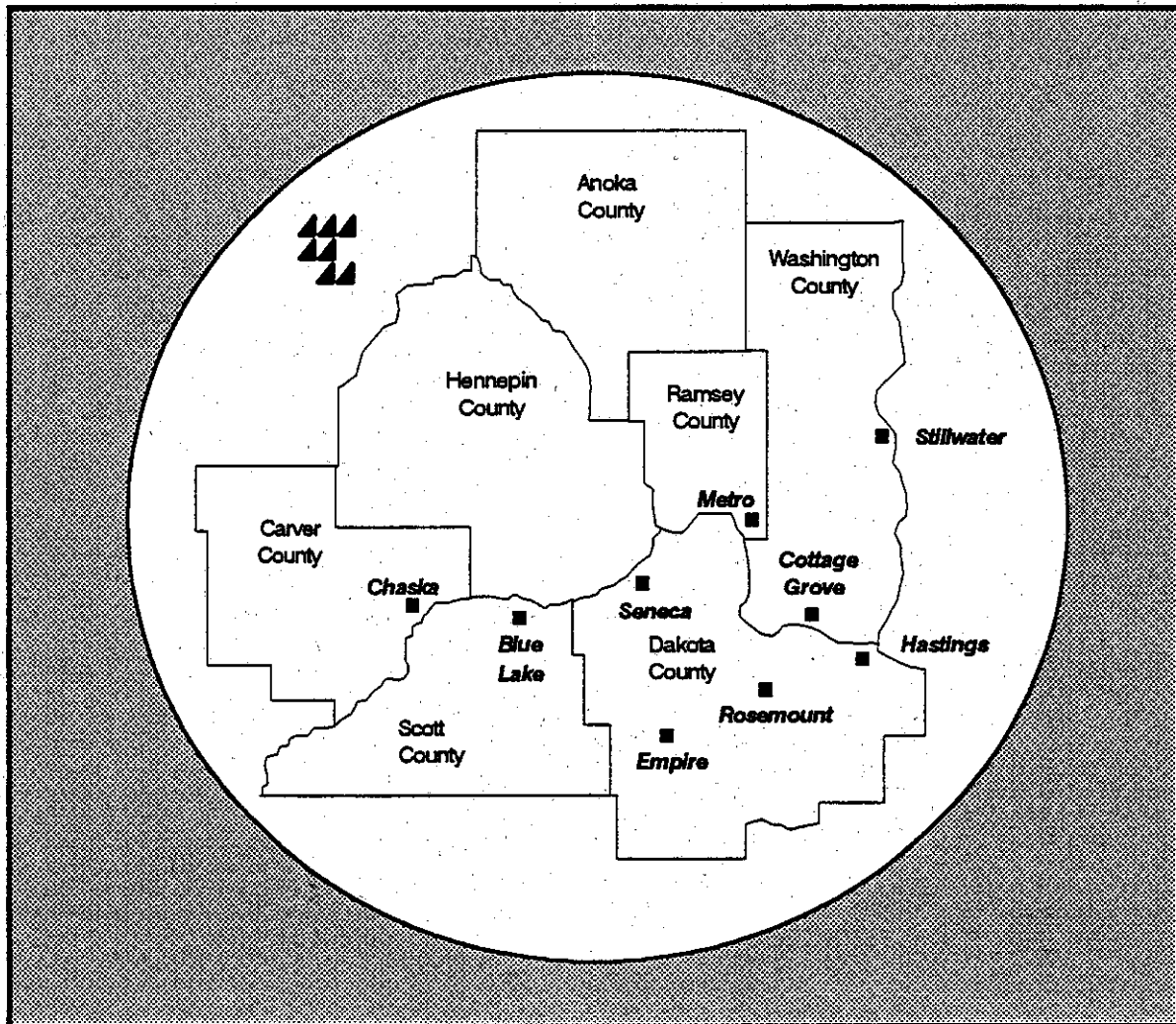
Appendix D List of Abbreviations

Metropolitan Council
Mears Park Centre, 230 East Fifth Street
St. Paul, Minnesota 55101

List of Abbreviations

Admin	Administration
CAB	Champlin, Anoka, and Brooklyn Park Interceptor
CIP	Capital Improvement Program
CSO	Combined Sewer Overflow
DNR	Department of Natural Resources
EPA	Environmental Protection Agency
F&I	Filtration and Incineration
I&C	Instrumentation and Control
LF	Linear Feet
LS	Lift Station
MCC's	Motor Control Centers
MCES	Metropolitan Council Environmental Services
MGD	Million Gallons per Day
MPCA	Minnesota Pollution Control Agency
MWWTP	Metropolitan Wastewater Treatment Plant
N/A	Not Applicable
NPDES	National Pollutant Discharge Elimination System Permit
O&M	Operation and Maintenance
PAR	Plan for Allocating Resources
PFA	Public Facilities Authority
QC	Quality Control
RAS	Return Activated Sludge
RBS	Rotating Biological Surface
RCP	Reinforced Concrete Pipe
RMF	Regional Maintenance Facility
SIS	Systemwide Improvement Study
SSIP	Small Systemwide Improvement Projects
VCP	Vitrified Clay Pipe
VFD	Variable Frequency Drive
WWTP	Wastewater Treatment Plant

Metropolitan Council Wastewater Services



Appendix "E" Capital Improvement Program

Metropolitan Council
Mears Park Centre, 230 East Fifth Street
St. Paul, Minnesota 55101

FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM, 1996-2000

The first five years of planning, 1996-2000, represents the Five-Year Capital Improvement Program, the first year of which provides the basis for the 1996 Capital Budget. Work that is ongoing or proposed for start-up include 35 projects, three Small System-Wide Improvement Projects (SSIP), one study and four capital project support activities. The location of each project that has a specific location is shown by a number (referring to numbers assigned each major project in Table 4-2) on the map of the region in Figure 4-5.

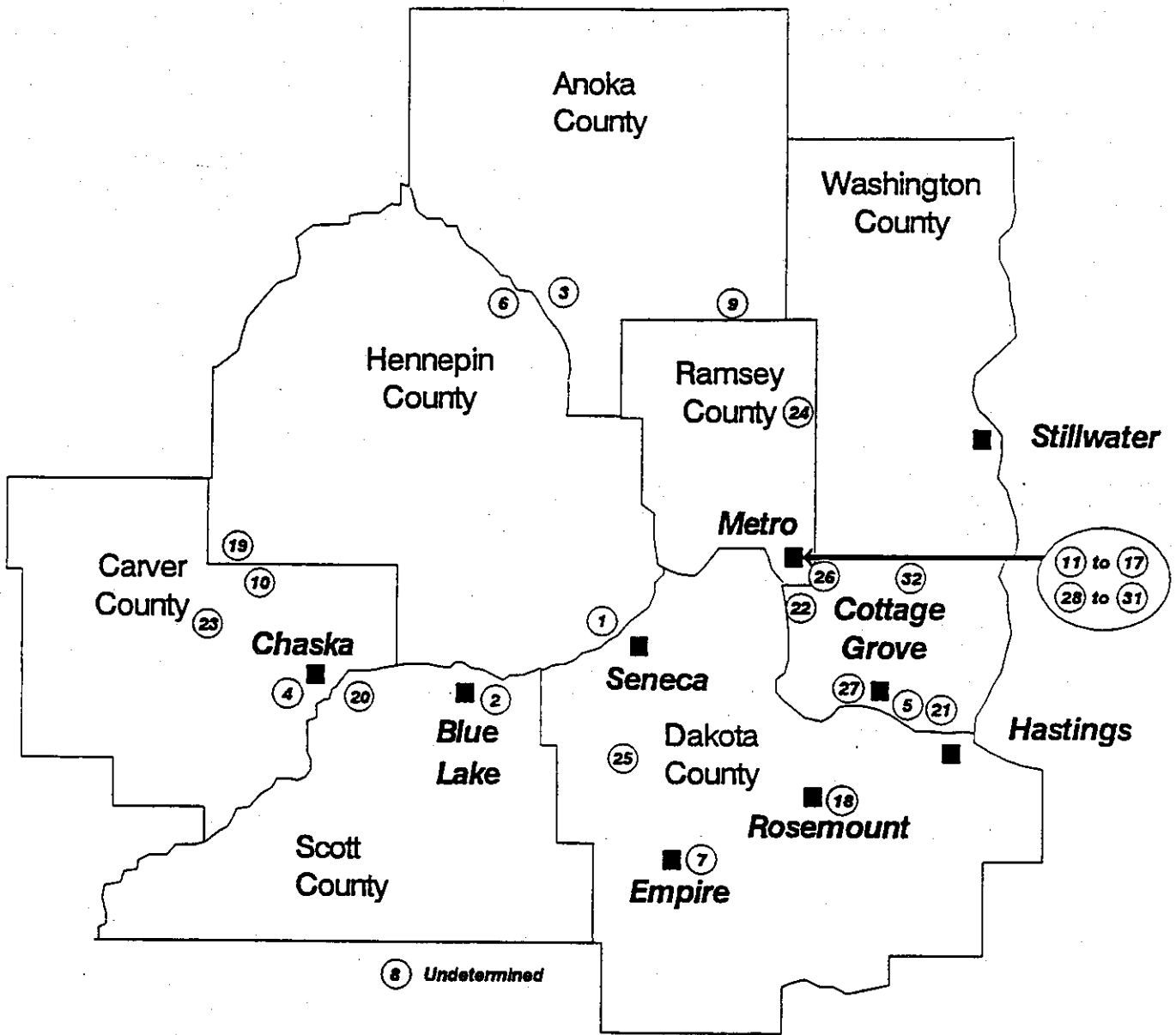
The nature and timing of projects and Small System-Wide Improvement Projects are described in Table 4-2. In the table, 24 major projects and two SSIP are ongoing in 1996. During the same period, 11 major projects and one SSIP programs are planned to begin. The studies and capital support activities ongoing in the period are described in Table 4-3. The ongoing MWWTP Master Plan, required in the new NPDES permit for the Metro Plant in order to establish a long range development plan for the Metro Plant, must be completed for submittal to the MPCA by July 1, 1997. The four capital project support activities described in Table 4-3, all ongoing, are the generally basic continuing ones which support development and implementation of the Capital Improvement Program. The Program Management Support function is an intensive effort scheduled to be completed in 1996.

In Tables 4-4 and 4-5, are provided the projected costs for major capital projects, studies, and capital project support activities, respectively, relative to the total costs projected through 2000, and annual costs beginning in 1994. Total capital costs for 1996-2000 are projected to be \$385 million — about 80 percent of total projected costs of \$453 million through 2000 on all projects ongoing or initiated after 1995. The projects to be ongoing in the last year of 2000 continue on in some instances for an additional two years. As shown in Figure 4-6, the total cost of the program is \$471 million when continued costs of ongoing projects is included.

After 1995, large expenditures are projected for computer process control system replacement at the Metro Plant, sludge processing facilities at the Blue Lake and Metropolitan plants, the elimination of the Rosemount, Cottage Grove, and Chaska plants, the expansion of the Empire Plant and new Southeast Regional Plant, major interceptor rehabilitation, and sidestream phosphorus removal related facilities and rehabilitation at the Metropolitan Plant.

The phosphorus removal facilities for the Metropolitan Plant are based on the operating permit, issued by the MPCA on November 23, 1993. The NPDES permit requires sidestream treatment facilities by mid-1997 to enable an effluent standard of 4 mg/l total phosphorus to be achieved and maintained. As a result of the permit, more than \$150 million in expenditures have been delayed about 5 years relative to the requirements of the old permit to meet 1 mg/l total phosphorus in the effluent. Whereas design of facilities was to begin January, 1994, the date for beginning design in the new permit is delayed to mid-1998. No definite construction schedule is contained in the new permit. The short term requirements to provide sidestream treatment for phosphorus removal to 4 mg/l as part of MWWTP Secondary Treatment Improvements and an environmental review for associated flood levee development are projected as about \$17 million. Under MWWTP Phosphorus Removal Facilities, monies are allotted for evaluating a revised approach and/or basis for addressing phosphorus removal beyond the initial 4 mg/l requirement. No costs are included for design or construction of facilities during the period as shown for the levee and phosphorus removal project.

Figure 4-5



**Location of
Capital Improvement Projects
Years 1996 - 2000**

- Treatment Plants
- Project Locations

**Table 4-2.
CAPITAL IMPROVEMENT PROGRAM
1996-2000**

PROJECT GROUPING	NUMBER	PROJECT NAME	PROG NUMBER (00s)	PROJECT DESCRIPTION AND PURPOSES	DURATION	POLICY PLAN PRIORITY ***	FACILITY PLAN APPROVED
GROUP I- PROJECTS UNDERWAY BEFORE 1995	1	BLOOMINGTON SIPHON IMPROVEMENTS	9003	Consists of a new 11600 ft river interceptor siphon to replace the existing Bloomington River Siphon in order to resolve odor and redundancy issues in providing long term service.	-1997	R-UC	YES
	2	BLUE LAKE SOLIDS PROCESSING FACILITIES	9102	Consists of new sludge processing facilities for thickening, dewatering, stabilizing, and final disposition of plant sludge in order to meet projected long term sludge processing needs.	-2000	E-7	YES
	3	BROOKLYN PARK LIFT STATION IMPROVEMENTS	9503	Consists of improvements to the Brooklyn Park Lift Station to prevent potential back up of wastewater into homes during power or equipment failures at the station.	-1997	R-6	YES
	4	CHASKA PLANT PHASE OUT INTERCEPTOR	9206	Consists of a lift station, river crossing, forcemain, and gravity interceptor to phase out the Chaska Plant by conveying flow through Shakopee to the Blue Lake Plant.	-1999	E-9	YES
	5	COTTAGE GROVE PLANT INTERIM EXPANSION	9103	An interim expansion of the existing plant to 2.5 mgd to enable time to plan and complete a Southeast Regional Plant to meet the long term sewer service needs of the area.	-1996	E-UC	YES
	6	ELM CREEK INTERCEPTOR	9004	Consists of a gravity interceptor system, based on a facility planning study of the Elm Creek watershed, to provide long term interceptor service to the watershed consistent with projected growth and sewer service needs.	-2002	E-7	YES
	7	EMPIRE PLANT EXPANSION	9401	Consists of a plant expansion from a capacity of 9 mgd to 12 mgd in order to meet the growth projected in the service area to the year 2009.	-2000	E-6	NO
	8	LABORATORY SERVICES FACILITY	9505	Consists of new laboratory facilities to replace existing inadequate laboratory space and facilities and to consolidate other environmental functions presently in temporary or leased facilities.	-1999	CRE-12	NO
	9	LINO LAKES INTERCEPTOR IMPROVEMENTS	9106	Consists of new lift station and forcemain system serving Lino Lakes to provide long term service by conveying wastewater to the main MDS interceptor in Blaine.	-1996	RE-5	YES

**Table 4-2.
CAPITAL IMPROVEMENT PROGRAM
1996-2000**

PROJECT GROUPING	NUM-BER	PROJECT NAME	PROG NUMBER (00s)	PROJECT DESCRIPTION AND PURPOSES	DURATION	POLICY PLAN PRIORITY ***	FACILITY PLAN APPROVED
	10	MOUND INTERCEPTOR REHABILITATION	9410	Consists of rehabilitation of the gravity part of the Mound Interceptor(2500 feet) to correct structural damage due to hydrogen sulfide corrosion problems and to prevent recurrence.	-1996	R-UC	YES
	11	MWWTP CENTRIFUGE DEWATERING FACILITIES	9302	Consists of the replacement of sludge dewatering and related processes with eight centrifuges and of addition of cogeneration facility to use excess steam.	-2000	R-15	YES
	12	MWWTP EFFLUENT PUMPING STATION IMPROVEMENTS	9508	Consists of the addition of one or two pumps in the Effluent Pumping Station at the Metropolitan Plant to increase the pumping capacity to reduce the risk of bypassing during high river flood conditions.	-1998	R-6	NO
	13	MWWTP LEVEE EXPANSION	9304	Consists of implementation of expanded flood protection facilities to meet long term projected plant expansion needs consistent with the Master Plan and NPDES Permit provisions.	-2002	CE-12	YES
	14	MWWTP PROCESS CONTROL SYSTEM	9108	Consists of modifications and improvements to the process computer control system at the MWWTP to deal with problems of obsolescence.	-2002	R-10	YES
	15	MWWTP RBS SUSTAINABILITY	9509	Consists of rehabilitation/replacement of equipment and structures in the RBS System at the Metro plant to extend the useful life of the facility to the year 2002.	-1997	R-13	YES
	16	MWWTP SECONDARY TREATMENT IMPROVEMENTS	9506	Consists of improvements and rehabilitation/ replacement to the MWWTP secondary treatment facilities to provide permit-mandated phosphorus removal, to replace aeration diffusers with a more efficient fine bubble system, and to rehabilitate/replace associated aged aeration tank piping and system.	-1999	CRE-10	YES
	17	MWWTP/MINNEAPOLIS METER IMPROVEMENTS	9207	Consists of rehabilitation/replacement of meter facilities at the Metro Plant, Minneapolis meters, and Lake St. to provide operational reliability and any needed odor control.	-1998	R-9	YES

**Table 4-2.
CAPITAL IMPROVEMENT PROGRAM
1996-2000**

PROJECT GROUPING	NUMBER	PROJECT NAME	PROG NUMBER (00s)	PROJECT DESCRIPTION AND PURPOSES	DURATION	POLICY PLAN PRIORITY ***	FACILITY PLAN APPROVED
	18	ROSEMOUNT PLANT PHASE OUT INTERCEPTOR	9208	Phase out of the Rosemount Treatment Plant by a lift station and forcemain system to convey wastewater to the Metro Plant via a connection to the MDS at Inver Grove Heights. The planned facilities are consistent with the Centralization/Decentralization Study Management Plan.	-2000	E-7	YES
	19	ST. BONIFACIUS INTERCEPTOR REHABILITATION	9502	Consists of rehabilitation of the St. Bonifacius Interceptor by slip-lining 3400 feet of 42-inch RCP sewer with a plastic liner to correct problems related to hydrogen sulfide corrosion of the existing pipe.	-1996	R-UC	YES
	20	SHAKOPEE LIFT STATION AND FORCEMAIN IMPROVEMENTS	9205	Improvements to the Shakopee Lift Station and Forcemain to replace the forcemain(Phase 1) and to rehabilitate the lift station(Phase 2) to meet long term sewer service needs.	-1998	R-UC	YES
	21	SOUTHEAST REGIONAL WASTEWATER TREATMENT PLANT	9501	Consists of the continuation of facility planning for the Cottage Grove Plant to establish a new regional plant for the area consistent with the Wastewater Management Plan developed in the Centralization/Decentralization Study.	-2002	E-8	NO
	22	SOUTH ST. PAUL FORCEMAIN REPLACEMENT	9411	Consists of replacement of about 1000 feet of 48-inch line under railroad tracks and cleaning and inspection of the total 4.5 mile line to enable assessment of rehabilitation needs and timing.	-1996	R-UC	YES
	23	WACONIA INTERCEPTOR IMPROVEMENTS	9204	Consists of improvements to the Waconia Lift Station and Forcemain system to rehabilitate facilities to correct existing problem areas and to provide appropriate additional improvements to meet long term service needs.	-1997	RE-6	YES
	24	WHITE BEAR LIFT STATION IMPROVEMENTS	9209	Consists of the rehabilitation of existing facilities by constructing a new lift station and replacing lengths of associated forcemain and gravity interceptor.	-1996	R-UC	YES
SSIP UNDERWAY IN 1995 OR BEFORE	A	REGULATOR SYSTEM MODIFICATIONS	9104	Major or minor modifications to CSO regulators in St. Paul and Minneapolis. Help to meet NPDES permits to eliminate combined sewer overflow (CSO).	-1997	CR-12	YES
	B	SMALL SYSTEMWIDE IMPROVEMENT PROJECTS	9605	Small systemwide improvement projects for interceptor or treatment plant facilities with each project less than \$1,000,000.	-1998	CRE-9	N/A

Table 4-2.
CAPITAL IMPROVEMENT PROGRAM
1996-2000

PROJECT GROUPING	NUMBER	PROJECT NAME	PROG NUMBER (00s)	PROJECT DESCRIPTION AND PURPOSES	DURATION	POLICY PLAN PRIORITY ***	FACILITY PLAN APPROVED
GROUP II- PROJECTS TO BEGIN IN 1996 OR AFTER	25	APPLE VALLEY INTERCEPTOR	9601	A 5100-foot section of 27-33 inch interceptor, complete with a meter station, to serve south-central Apple Valley. The facility is to be carried out by the city in conjunction with a storm sewer project for the area.	1996	E-6	NO
	26	BATTLE CREEK SIPHON IMPROVEMENTS	9602	Consists of improvements to the Battle Creek Siphon by replacing two barrels of the siphon and updating the headhouse structure for today's standards and odor control.	1996-1997	R-6	NO
	27	COTTAGE GROVE PLANT PHASE OUT INTERCEPTOR	9702	Consists of the interceptor facilities to phase out the Cottage Grove Treatment Plant and convey wastewater to a new Southeast Regional Plant.	1997-2002	E-8	NO
	28	MWWTP ADMINISTRATION BUILDING IMPROVEMENTS	9601	Consists of remodeling of the existing building to update services and to enable areas vacated by lab functions to be used by plant and agency administrative personnel.	1998-2001	R-6	NO
	29	MWWTP PHOSPHORUS REMOVAL FACILITIES	9802	Consists of biological phosphorus removal facilities to provide additional phosphorus removal at the Metropolitan Plant consistent with the 1993 NPDES Permit, as revised or unrevised in requirements and timing.	1997-2005	C-10	YES
	30	MWWTP SECONDARY TREATMENT ADDITION	9801	Consists of the addition of two aeration tanks and four final tanks to insure treatment capacity to the year 2020 for standards without phosphorus removal beyond existing requirements at the Metro Plant.	1998-2002	CE-10	YES
	31	MWWTP SOLIDS PROCESSING IMPROVEMENTS	9804	Consists of solids processing improvements at the Metro Plant consistent with the Master Plan, new permits, and ongoing projects to provide sludge handling capacity for peak sludge loading conditions in excess of existing incineration capacity.	1997-2000	E-5	NO
	32	WOODBURY INTERCEPTOR	9701	Consists of an interceptor to convey wastewater from eastern Woodbury to the new Southeast Regional Plant in southern Washington County	1997-2002	E-8	NO
	33	INTERCEPTOR REHABILITATION - MAJOR	9705	Consists of major interceptor facility rehabilitation/replacement based on identification of needs in Project 900100 or other programs. Costs based on study of projected rehabilitation needs to 2015 and associated costs.	1997-2000	N/A	N/A

Table 4-2.
CAPITAL IMPROVEMENT PROGRAM
1996-2000

PROJECT GROUPING	NUM-BER	PROJECT NAME	PROG NUMBER (00s)	PROJECT DESCRIPTION AND PURPOSES	DURATION	POLICY PLAN PRIORITY ***	FACILITY PLAN APPROVED
	34	TREATMENT PLANT REHABILITATION-METROPOLITAN TREATMENT PLANT	9703	Consists of major projects to rehabilitate, update, and/or replace equipment and facilities at the Metropolitan Plant as required to maintain efficient and economical operation. Costs based on study of projected rehabilitation needs to 2015 and associated costs.	1997-2000	N/A	N/A
	35	TREATMENT PLANT REHABILITATION- REGIONAL TREATMENT PLANTS	9704	Consists of major projects to rehabilitate, update, and/or replace equipment and facilities at other treatment plants as required to maintain an efficient and economical operation. Costs are based on study of projected rehabilitation needs to 2015 and associated costs.	1997-2000	N/A	N/A
SSIP AFTER 1995	C	INTERCEPTOR REHABILITATION - SMALL SYSTEM WIDE IMPROVEMENT PROJECTS	9706	Consists of rehabilitation/replacement of interceptor system facilities in which individual project costs are projected to be less than \$1,000,000 each.	1997-2000	N/A	N/A

*** The letters and numbers under Policy Plan Priority characterize the nature of the project or program. The first letter(s) refers to the category or reason for the project: C- compliance; R- rehabilitation/replacement; and E- expansion. If the project has more than one element or purpose, more than one letter may be used. The total designation N/A indicates a generic project included for projecting costs of yet undefined projects or for overhead or continuous planning functions. The number following the dash provides the relative priority rating of the project, higher numbers meaning higher priority. If the letters UC appear, then the project is under construction.

Table 4-3.
CAPITAL IMPROVEMENT PROGRAM
STUDIES AND CAPITAL SUPPORT ACTIVITIES
YEARS 1996-2000

PROJECT GROUPING	NUM-BER	PROJECT DESCRIPTION	PROGRAM NUMBER (00s)	PROJECT DESCRIPTION AND PURPOSES	DURATION	POLICY PLAN PRIORITY ***	ACTIVITY APPROVED
STUDIES	1	MWWTP MASTER PLAN	9407	Development of a comprehensive Master Plan for the Metro Plant in accordance with its NPDES Permit which establishes long range options, plans and costs for the facility.	-1997	CRE-14	YES
CAPITAL PROJECT SUPPORT	1	ENGINEERING/CONSTRUCTION ADMINISTRATION	7998	General administrative costs of Engineering/Construction function for capital budget related matters not related to specific projects directly.	-2000	N/A	YES
ACTIVITIES	2	INTERCEPTOR INSPECTION AND REHABILITATION PROGRAM	9001	Conduct continuous facility inspection programs which provide information to establish rehabilitation needs of various classes of facilities. Rehabilitate inspected facilities which require immediate attention to address problems from deterioration.	-2000	R-12	YES
	3	PLANNING - CAPITAL	9404	Preparation of system improvement studies, facility plans, capital budget work, tactical plans, capital improvement information, and other capital planning work and coordination.	-2000	N/A	YES
	4	PROGRAM MANAGEMENT SUPPORT	799870	Development of state-of-the-art tools, systems, and processes to enhance staff's capabilities in project planning and management.	-1996	CRE-9	YES

*** The letters and numbers under Policy Plan Priority characterize the nature of the project or program. The first letter(s) refers to the category or reason for the project: C- compliance; R- rehabilitation/replacement; and E- expansion. If the project has more than one element or purpose, more than one letter may be used. The total designation N/A indicates a generic project included for projecting costs of yet undefined projects or for overhead or continuous planning functions. The number following the dash provides the relative priority rating of the project, higher numbers meaning higher priority. If the letters UC appear, then the project is under construction.

Table 4-4.
CAPITAL IMPROVEMENT PROGRAM
CAPITAL PROJECT EXPENDITURES
YEARS 1996-2000

NUM- BER	PROJECT NAME	PROG NUMBER	TOTAL COSTS	COSTS BY YEAR in \$Million								
				(00s)	\$Million	1994	1995	1996	1997	1998	1999	2000
1	BLOOMINGTON RIVER SIPHON	9003	8.347			3.082	3.571	.500	.200	.000	.000	.000
2	BLUE LAKE SOLIDS PROCESSING FACILITIES	9102	48.469			.161	.251	1.000	.500	14.229	27.562	3.679
3	BROOKLYN PARK LIFT STATION IMPROVEMENTS	9503	1.000			.000	.150	.700	.150	.000	.000	.000
4	CHASKA PLANT PHASE OUT	9206	19.355			.786	5.400	3.700	4.000	5.000	.000	.000
5	COTTAGE GROVE PLANT EXPANSION	9103	4.500			2.159	1.200	.607	.000	.000	.000	.000
6	ELM CREEK INTERCEPTOR	9004	29.281			.008	.200	2.300	5.654	9.242	6.745	4.593
7	EMPIRE PLANT EXPANSION	9401	15.309			.006	.131	.650	1.000	6.550	6.360	.613
8	LABORATORY SERVICES FACILITY	9505	10.381			.000	.100	.200	2.652	5.360	2.069	.000
9	LINO LAKES INTERCEPTOR IMPROVEMENTS	9106	4.100			.260	.300	2.700	.525	.000	.000	.000
10	MOUND INTERCEPTOR REHABILITATION	9410	.600			.297	.175	.128	.000	.000	.000	.000
11	MWWTP CENTRIFUGE DEWATERING	9302	30.188			1.390	3.245	9.705	1.490	2.222	5.388	6.700
12	MWWTP EFFLUENT PUMP STATION IMPROVEMENTS	9508	4.000			.000	.152	.048	1.500	2.300	.000	.000
13	MWWTP LEVEE EXPANSION	9304	2.000			.550	.950	.405	.000	.000	.000	.000
14	MWWTP PROCESS CONTROL SYSTEM	9108	31.063			1.266	2.591	2.865	6.609	5.641	5.737	4.567
15	MWWTP RBS SUSTAINABILITY	9509	2.664			.000	.664	2.000	.000	.000	.000	.000
16	MWWTP SECONDARY TREATMENT IMPROVEMENTS	9506	51.000			1.981	4.396	10.380	15.039	18.960	.000	.000
17	MWWTP/MINNEAPOLIS METER IMPROVEMENTS	9207	7.100			.249	.660	1.700	3.000	1.300	.000	.000
18	ROSEMOUNT PLANT PHASE OUT	9208	11.117			.037	.200	.400	.600	5.000	4.000	.718
19	ST. BONIFACIUS INTERCEPTOR REHABILITATION	9502	.600			.000	.550	.050	.000	.000	.000	.000
20	SHAKOPEE LS & FM IMPROVEMENTS	9205	2.226			.492	.535	.300	.800	.026	.000	.000
21	SOUTHEAST REGIONAL PLANT	9501	41.794			.000	.200	.300	5.757	7.073	14.232	14.232
22	SOUTH ST. PAUL FORCEMAIN REPLACEMENT	9504	1.200			.000	1.175	.025	.000	.000	.000	.000
23	WACONIA INTERCEPTOR IMPROVEMENTS	9204	6.200			.384	.365	2.162	3.251	.000	.000	.000
24	WHITE BEAR LAKE LIFT STATION IMPROVEMENTS	9209	.850			.124	.650	.057	.000	.000	.000	.000
A	REGULATOR SYSTEM MODIFICATIONS	9104	.751			.021	.100	.490	.100	.000	.000	.000
B	SMALL SYSTEMWIDE IMP	9605	15.898			.343	.800	3.000	3.000	2.820	2.910	3.026
25	APPLE VALLEY INTERCEPTOR	9601	.600			.000	.000	.600	.000	.000	.000	.000
26	BATTLE CREEK SIPHON IMPROVEMENTS	9602	.900			.000	.000	.565	.335	.000	.000	.000
27	COTTAGE GROVE PLANT PHASE OUT	9702	2.718			.000	.000	.000	.338	.528	.926	.926
28	MWWTP ADMINISTRATION BUILDING	9801	3.451			.000	.000	.000	.000	.500	.563	2.388
29	MWWTP PHOSPHORUS REMOVAL FACILITIES	9803	.500			.000	.000	.000	.500	.000	.000	.000
30	MWWTP SECONDARY ADDITION	9802	17.895			.000	.000	.000	.000	2.460	2.767	12.668
31	MWWTP SOLIDS PROCESSING IMPROVEMENTS	9804	.000			.000	.000	.000	.000	.000	.000	.000
32	WOODBURY INTERCEPTOR	9701	6.710			.000	.000	.000	.740	.338	1.536	4.096
33	INTERCEPTOR REHABILITATION-MAJOR	9705	14.186			.000	.000	.000	.000	3.265	3.796	7.125
34	TREATMENT WORKS REHABILITATION-MWWTP	9703	.750			.000	.000	.000	.000	.000	.000	.750
35	TREATMENT WORKS REHABILITATION-REGIONAL	9704	3.865			.000	.000	.000	.000	.472	1.441	1.952
C	INTERCEPTOR REHABILITATION-SSIP COMPLETED PROJECTS IN 1995	9706	.000			.000	.000	.000	.000	.000	.000	.000
TOTAL AMOUNT				417.626	23.538	34.825	47.537	57.741	93.283	86.032	68.032	

**Table 4-5
CAPITAL IMPROVEMENT PROGRAM EXPENDITURES
STUDY AND CAPITAL SUPPORT ACTIVITY COSTS
YEARS 1996-2000**

NUM- BER	DESCRIPTION	PROGRAM NUMBER (00'S)	TOTAL COSTS \$Million	COSTS BY YEAR in \$Million						
				1994	1995	1996	1997	1998	1999	2000
1	MWWTP MASTER PLAN	9407	2.701	0.299	1.427	0.974	0.000	0.000	0.000	0.000
1	ENGINEERING/CONSTRUCTION ADMNISTRATION	7998	13.263	1.387	1.819	1.922	1.930	1.988	2.067	2.150
2	INTERCEPTOR INSPECTION AND REHABILITATION PROGRAM	9001	19.700	0.124	1.142	3.555	2.979	3.074	3.173	3.274
3	PLANNING - CAPITAL	8753	4.883	0.606	0.672	0.600	0.713	0.734	0.764	0.794
4	PROGRAM MANAGEMENT SUPPORT	799870	6.100	1.865	2.968	1.268	0.000	0.000	0.000	0.000
TOTAL COSTS			46.647	4.280	8.027	8.318	5.622	5.797	6.004	6.219

**1996-2000 CAPITAL IMPROVEMENT PROGRAM
Projected Annual Expenditures**

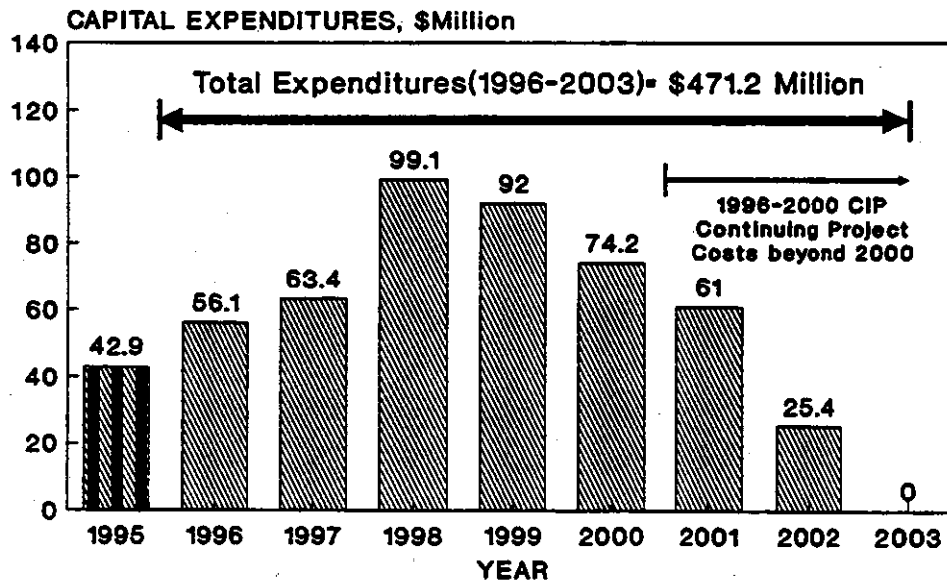


Figure 4-6.

PROJECT AND FUNDING ACTIONS: SYSTEM IMPROVEMENT STUDIES, FACILITY PLANS AND OTHER CHANGES

Under the procedures for the former *Implementation Plan*, in order to become officially approved for design and construction, proposed projects were first approved in system improvement studies to allow subsequent facility planning. The resultant facility plans were then approved as part of the *Implementation Plan*. Following approval of the facility plans, projects were cleared for implementation without further approvals unless the project scope, costs or timing deviated significantly from the originally approved facility plans. The projects in 1996-2000 Capital Improvement Program fall into various stages of approval or status under this approach, as shown by the information in Tables 4-2 through 4-5.

The information in Tables 4-2 through 4-5 is intended to represent the latest status and assessment of the five-year capital program nature, timing and costs. Consequently, it represents the program proposed for future implementation. The specific approvals sought for changes to projects not previously approved for official inclusion in the former *Implementation Plan*, or subsequently approved in 1995 by the Council as part of the Capital Improvement Program, are the following:

Facility plans for two projects:

- Apple Valley Interceptor, Project No. 960100**
- Battle Creek Siphon Improvements, Project No. 960200**

The Apple Valley Interceptor is a new metropolitan interceptor that will serve central Apple Valley and is being constructed with and as a stormwater drainage project for the area. The estimated total cost of the project is \$700,000. The Battle Creek Siphon Improvements is a rehabilitation project to correct problems with leaks in the siphon by minimizing settlement and to renovate the headhouse structure for the siphon by providing odor control and accommodating future addition of pumping facilities, if needed. The estimated costs of the work is \$900,000. A summary of each of the proposed two facility plans are provided in Appendix C to provide the nature and costs of the projects.

The projected cost of the 1996-2000 CIP to complete all projects is estimated to be \$471 million, as shown graphically in Figure 4-6. The estimated cost to complete the ongoing and proposed new work in the 1996 Capital Budget is \$194 million. The new funding required to support the program in 1996 is \$48.5 million. The actual amount of capiture expenditures in 1996 is projected as \$56 million. The basis for existing and new funding authorizations for 1996 are summarized in Appendix A. The capital expenditures proposed to implement the 1996 Capital Budget leave about \$277 million in future funding authorizations to implement the total 1996-2000 CIP, as presently planned.

Table 5-6.
SELECTED ANNUAL SUMMARY FINANCIAL INFORMATION
YEARS 1996 THROUGH 2000 AND 1996-2000

DESCRIPTION	TOTAL AMOUNT IN MILLION DOLLARS (Unless otherwise noted)						1996-2000 COSTS	
	1995	1996	1997	1998	1999	2000	TOTAL	AVERAGE
<u>REVENUES</u>								
INDUSTRIAL STRENGTH CHARGE	8.04	9.05	9.34	9.64	9.95	10.34	48.32	9.66
TOTAL SAC REQUIRED	14.61	16.11	16.47	16.77	16.63	19.12	156.02	31.20
INVESTMENT EARNINGS	0.60	0.60	0.62	0.64	0.66	0.69	3.20	0.64
OTHER INCOME	0.77	1.21	1.25	1.29	1.33	1.38	6.47	1.29
SEWER SERVICE CHARGES	134.75	139.80	146.10	150.35	156.18	161.46	753.89	150.78
ANNUAL CHANGE,%	4.45%	3.75%	4.50%	2.91%	3.88%	3.38%		3.69%
<u>TOTAL REVENUES</u>	158.76	166.79	173.78	178.69	184.75	193.00	897.00	179.40
<u>EXPENSES</u>								
<u>OPERATING EXPENDITURES</u>								
TREATMENT WORKS EXPENSES	65.79	66.47	68.28	70.22	71.91	74.36	351.23	70.25
INTERCEPTOR EXPENSES	6.83	6.84	7.08	7.34	7.73	8.07	37.07	7.41
OTHER OPERATING EXPENSES	27.83	30.93	32.09	30.83	30.60	31.58	156.02	31.20
TOTAL OPERATING EXPENSES	100.45	104.23	107.46	108.39	110.24	114.01	544.32	108.86
ANNUAL CHANGE,%	-4.15%	3.77%	3.09%	0.87%	1.70%	3.42%	0.00%	2.57%
<u>DEBT SERVICE</u>								
LOCAL DEBT COSTS	0.32	0.24	0.18	0.06	0.03	0.00	0.51	0.10
COUNCIL DEBT SERVICE	54.20	58.52	62.35	66.46	71.30	75.96	334.59	66.92
ACQUISITION COSTS	3.79	3.79	3.79	3.79	3.18	3.02	17.57	3.51
TOTAL DEBT SERVICE	58.31	62.55	66.32	70.30	74.52	78.99	352.67	70.53
ANNUAL CHANGE,%	9.03%	7.27%	6.03%	6.00%	6.00%	6.00%		6.26%
<u>TOTAL EXPENSES</u>	158.76	166.79	173.78	178.69	184.75	193.00	897.00	179.40
ANNUAL CHANGE,%	0.31%	5.05%	4.19%	2.83%	3.39%	4.46%		3.99%
<u>AVERAGE SEWER RATES</u>								
TOTAL R.E.C.'S, millions	1.320	1.335	1.350	1.365	1.380	1.392		1.364
AVERAGE HOME RATE, \$/R.E.C.	102.05	104.70	108.22	110.15	113.20	116.02		110.46
ANNUAL CHANGE,%	3.28%	2.60%	3.36%	1.79%	2.76%	2.50%		2.60%
AVERAGE VOLUME RATE, \$/100,000 GAL	127.72	131.89	136.19	138.50	142.16	145.23		138.79
ANNUAL CHANGE,%	1.85%	3.26%	3.27%	1.69%	2.65%	2.15%		2.60%

Metropolitan Council Envir Serv Current Fees per Residence

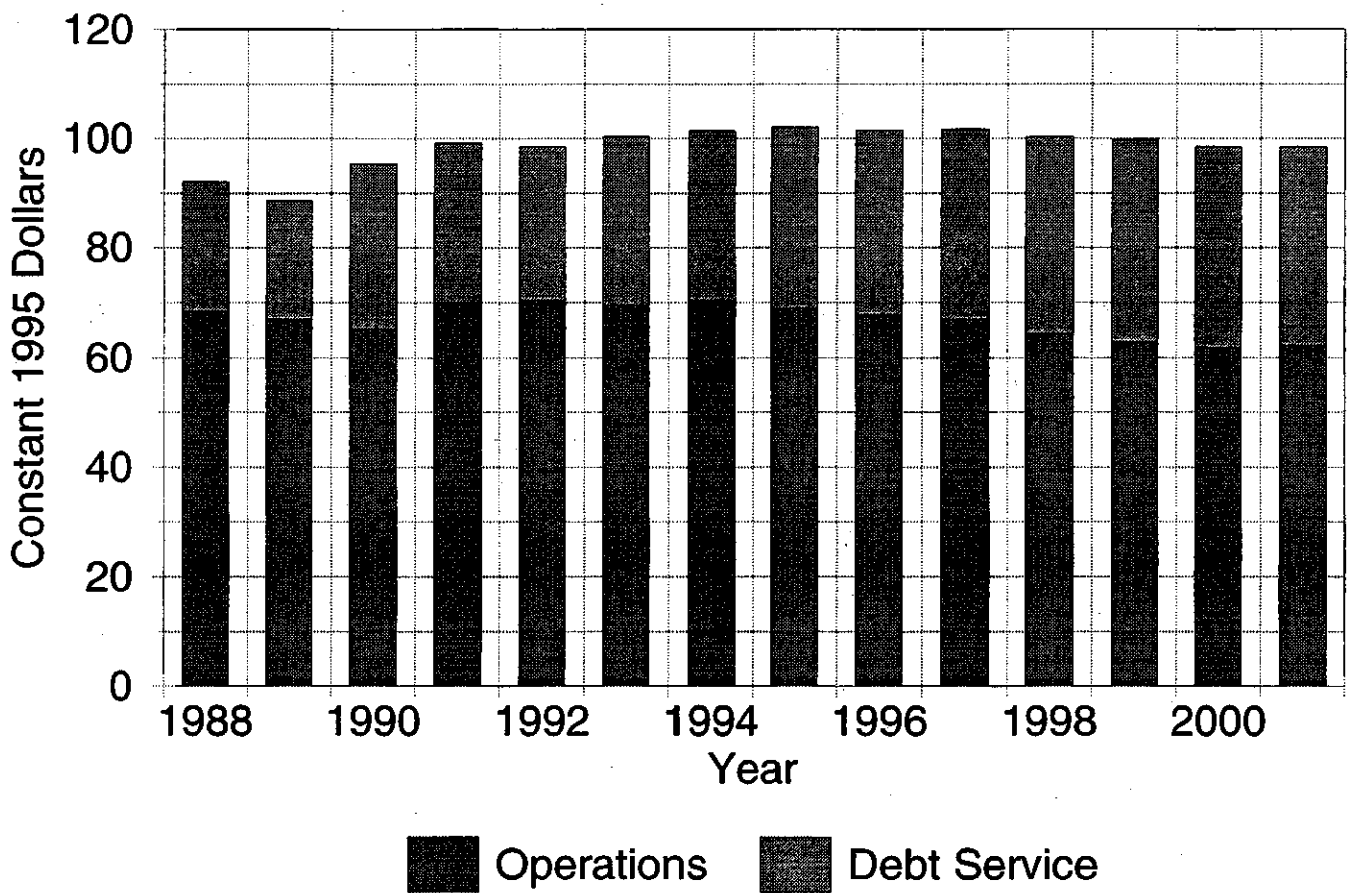


Figure 15

Proposed 1996-2000 Transit Capital Improvement Program and 1996 Capital Budget

Introduction

This section summarizes the proposed 1996-2000 Transit Capital Improvement Program and 1996 Capital Budget. The proposed 1996-2000 Transit Capital Improvement Program represents a capital financing plan for transit capital investments and not a project specific capital improvement program. The annual capital spending levels in the program is based on the issuance of \$25 million annually in regional transit bonds. This level of regional bonding is significantly less than needed to fully fund the transit capital improvement requests for 1996-2000. The 1996-2000 Transit Capital Improvement Program seeks Council endorsement of a regional bonding commitment and a process for prioritizing capital project funding requests received from transit providers.

Agency Organization

The Transportation Division is organized into two units - Transportation and Transit Development, and Transit Operations. Transportation and Transit Development is responsible for regional transportation planning, including planning for aviation, highway and transit systems, and transit development. Transit development includes administration of transit programs providing state and regional financial assistance to transit providers in the region, including opt-out providers, community based transit providers and regular route service providers, including the Council's Transit Operations unit. Transit Operations is responsible for the provision of transit services and is the principal transit provider in the region. Metro Mobility, the principal provider of specialized transit services for persons with disabilities, is located administratively within Transit Operations.

Regional Transit System

A major function of the Metropolitan Council's Transportation Division involves planning and developing the transit system for the region and providing state and regional financial assistance to transit providers. The major components of the regional transit system include:

- Regular Route service is the backbone of the regional transit system, operating on fixed routes and schedules for local and express service. The regular route system is structured primarily in a radial orientation focusing on the two central business districts. In 1995 there were seven regular route service contracts with transit providers. The Council's

Transit Operations provides the majority of the region's regular route transit service.

- Metro Mobility is the principal paratransit service in the Twin Cities metropolitan area. Door-to-door service is provided to persons with disabilities on an advance reservation basis.
- Opt-Out programs were created by 1980 legislation which allowed communities located at the outer limits of the regular route service area to "opt-out" or replace existing service with substitute service the local community determined to be more responsive to local needs. The opt-out provision was sunset in 1988 after the following communities had elected to provide replacement service: Apple Valley, Burnsville, Chanhassen, Chaska, Eagan, Eden Prairie, Maple Grove, Plymouth, Prior Lake, Rosemount, Savage and Shakopee. In 1995 there were five service contracts with communities or transit authorities providing service to several communities.
- Community-Based programs, or rural and small urban programs, are transit programs designed to meet transit needs in lower density suburban and rural areas where regular route service cannot be provided cost-effectively. Community-based programs typically use smaller vehicles and provide curb-to-curb service. In 1995 there were twelve rural and six small urban service contracts with transit providers.

Transit Capital Investment Strategy

The Council's transit capital investment strategy was developed over the last several years through the combined efforts of the Metropolitan Council, the Regional Transit Board, the Metropolitan Transit Commission and the Minnesota Department of Transportation, as well as other transportation agencies and transit providers in the region.

The Regional Transit Board's "Vision for Transit", developed in the early 1990's, was first described as a transit service concept in the *Regional Service and Capital Plan: 1993-1997*. The "Vision for Transit" is a flexible concept that takes a variety of transit services and facilities and matches them to the diverse transportation needs of the region. Regular route buses, community circulators, dial-a-rides, light rail transit, specialized services for persons with disabilities, travel demand management strategies, transit hubs, park-and-ride lots, bike-and-ride lots, high occupancy vehicle lanes and car and van pools are all components of the overall "Vision for Transit". The concept was developed to enhance service quality for current transit riders and make transit an attractive option for potential riders. The "Vision for Transit" involves reorganizing transit service, replacing the existing radial system with a hub and spoke system. An integral component of this service reorganization is the transit hub. The transit hub concept provides facilities where transit services can be linked to provide enhanced transfer opportunities for riders.

The Metropolitan Council's *Regional Transit Facilities Plan*, adopted in February, 1992, was developed as a guide for making the best decisions on future transit investments in the region. The plan advocates a multi-strategy approach to moving people in the Twin Cities Area and presented four critical elements for a solution to the transportation problems of the region: (1) strong transportation system management and demand management, (2) incentives for high-occupancy vehicle use, (3) strengthened transit services and (4) more efficient and "transit-friendly" land uses. The plan lays out four basic actions needed to implement a reinvigorated, restructured and higher-performance regional transit system. The four basic actions presented in the plan are:

- **A Reorganized System:** A reorganization of transit services, as proposed in the RTB's "Vision for Transit", into a constellation of transit hubs with connecting transit service. Transit hubs would be transfer points for passengers, linking local and express regular routes, suburban circulators, car pools and paratransit service.
- **Service Improvements:** These would include service additions; namely, increased service frequency, selective additions of routes, more express/limited stop services and local circulators, increased service hours and user-friendly transit information services.
- **Low-Capital Improvements:** These involve relatively low-cost capital improvements such as transit hubs, park and ride lots, bus turnarounds, signage, shelters, layover facilities, bus bypasses at bottlenecks and downtown exclusive bus lanes.
- **Major Capital Improvements:** These include light rail transit and two kinds of high-occupancy vehicle (HOV) lanes on freeways and expressways: HOV lanes added to existing highways and converting existing mixed-use lanes to HOV lanes.

The plan identifies low-capital improvements to be implemented over a 3-5 year period. These capital improvements are intended to focus transit services in a hub-and spoke system and provide faster, more reliable travel times for high-occupancy vehicles. Included are transit hubs, large regional park and ride lots, bus layover facilities, "Team Transit" projects and other projects intended to facilitate bus operations, and provide a more attractive, safe and user-friendly environment for the bus rider.

Previous Transit Capital Improvement Program

The Council adopted a three-year capital improvement program, the *Transit Capital Improvement Program: 1995-1997*, in February, 1995. The program included capital investment projects included in the adopted 1994 capital budgets of the Metropolitan Transit Commission and Regional Transit Board that carry over into 1995 and subsequent years, as well as new capital improvement projects proposed by Transit Operations and other transit providers for 1995, 1996 and 1997. The adopted program totaled \$181 million in capital expenditures over a

three-year period, financed with \$61 million in federal funding, \$35 million in state bonding, \$3 million in other sources and \$82 million in regional bonding. The Council requested \$50 million in new regional bonding authority (\$25 million for 1996, \$25 million for 1997) to help finance the capital improvement program from the 1995 State Legislature, but the request was not approved.

Current Transit Capital Improvement Requests

The Transportation Division solicited transit capital project requests from transit providers, including Transit Operations, for the five-year period from 1996-2000. Requests totaled \$366 million and are summarized in the Sources and Uses of Funds table on the next page. The initial capital improvement plan would require \$239 million in new regional bonding over the five year period, or \$48 million per year.

The Regional Administrator's Office and the Transportation Division concluded that (1) the total capital funding requests for transit exceeded what would be considered a reasonable level of regional bonding and (2) that a process is not currently in place to prioritize capital projects and develop a project-specific capital improvement program that could be financed.

The 1996-2000 Transit Capital Improvement Program seeks Council endorsement of a regional bonding commitment and a process for prioritizing capital project funding requests received from transit providers

Proposed Transit Capital Financing Program

The 1996-2000 Transit Capital Improvement Program proposed capital spending on transit at a level that could be financed with \$25 million per year in regional bonding over the five-year period of the program. Together with federal, state and other sources of capital funding and existing regional bonding authority, this level of regional bonding would allow for \$257 million in transit capital improvements over the five-year period, or \$51 million per year. Under this capital financing plan, \$109 million of the capital spending requests would not be funded in the 1996-2000 period.

Regional Transit Capital Spending Requests: 1996-2000

Fleet Improvements	\$117 Million
Public Facilities	116 Million
Support Facilities	50 Million
Snelling Garage Replacement	30 Million
Computerization/Communication	38 Million
Other Capital Improvements/Expenses	<u>15 Million</u>
Total Requests	\$366 Million

Capital Funding Sources: 1996-2000

Federal Grants	\$72 Million
State Bonds (Snelling Garage Replacement)	30 Million
Existing Regional Bonding Authority	14 Million
New Regional Bonding Authority @ \$25 Million/Year	125 Million
Other Sources	<u>16 Million</u>
Total Sources	\$257 Million
Capital Funding Gap	\$109 Million

Regional bonding of \$25 million per year for regional transit would increase the property taxes levied by the Council for transit debt service. The figures on the next pages illustrate the impact of the proposed regional bonding program on Council debt service levies, overall transit levies for operations and debt service and the impact on a \$100,000 residential homestead in constant 1995 dollars. Regional bonding will increase transit debt service property taxes from \$12 million in 1995 to \$28 million in 2001, an average annual increase of 10.5 percent. Overall, transit property taxes are projected to increase from \$81 million in 1995 to \$111 million in 2001, an average annual increase of 4.8 percent. In terms of impact on a \$100,000 residential homestead, property taxes for transit operations are projected to remain level at approximately \$50 per year, while property taxes for transit debt service would increase from approximately \$12 per year in 1995 to \$22 dollars in 2001.

Metropolitan Council Proposed Transit Debt Service Levies

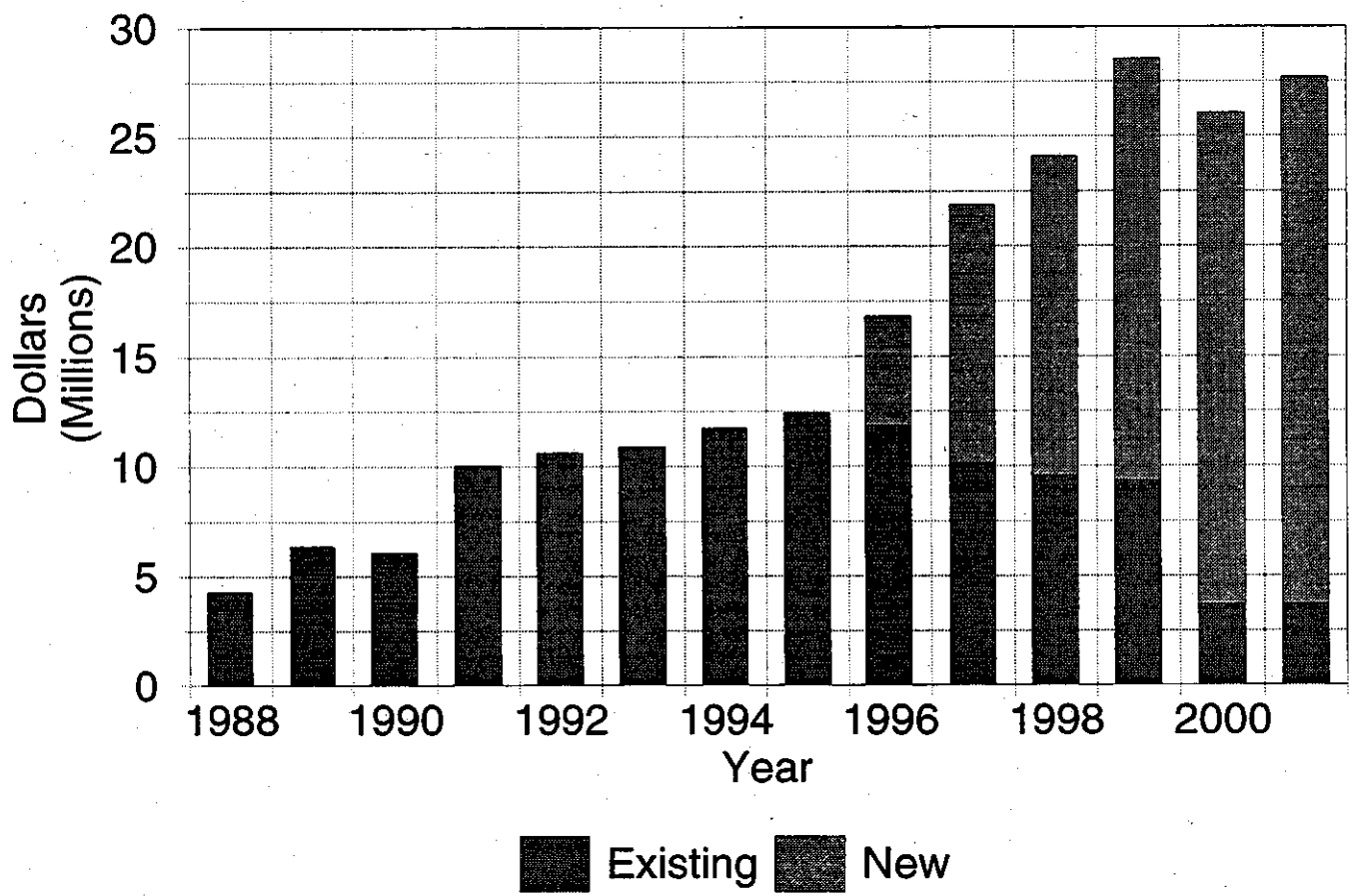


Figure 16

Metropolitan Council Proposed Transit Property Taxes

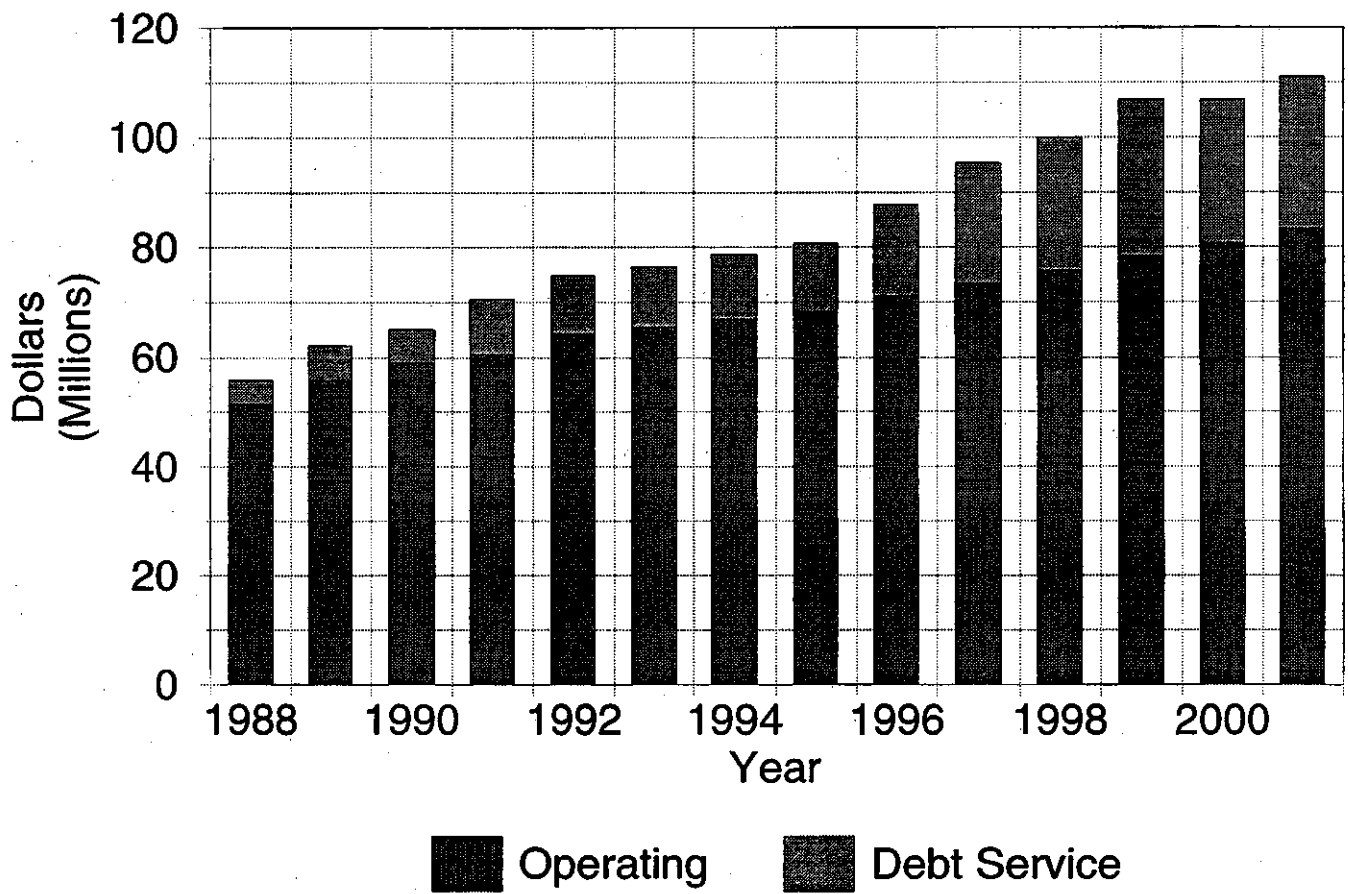


Figure 17

Metropolitan Council Transit Taxes on \$100,000 Resid Hstd

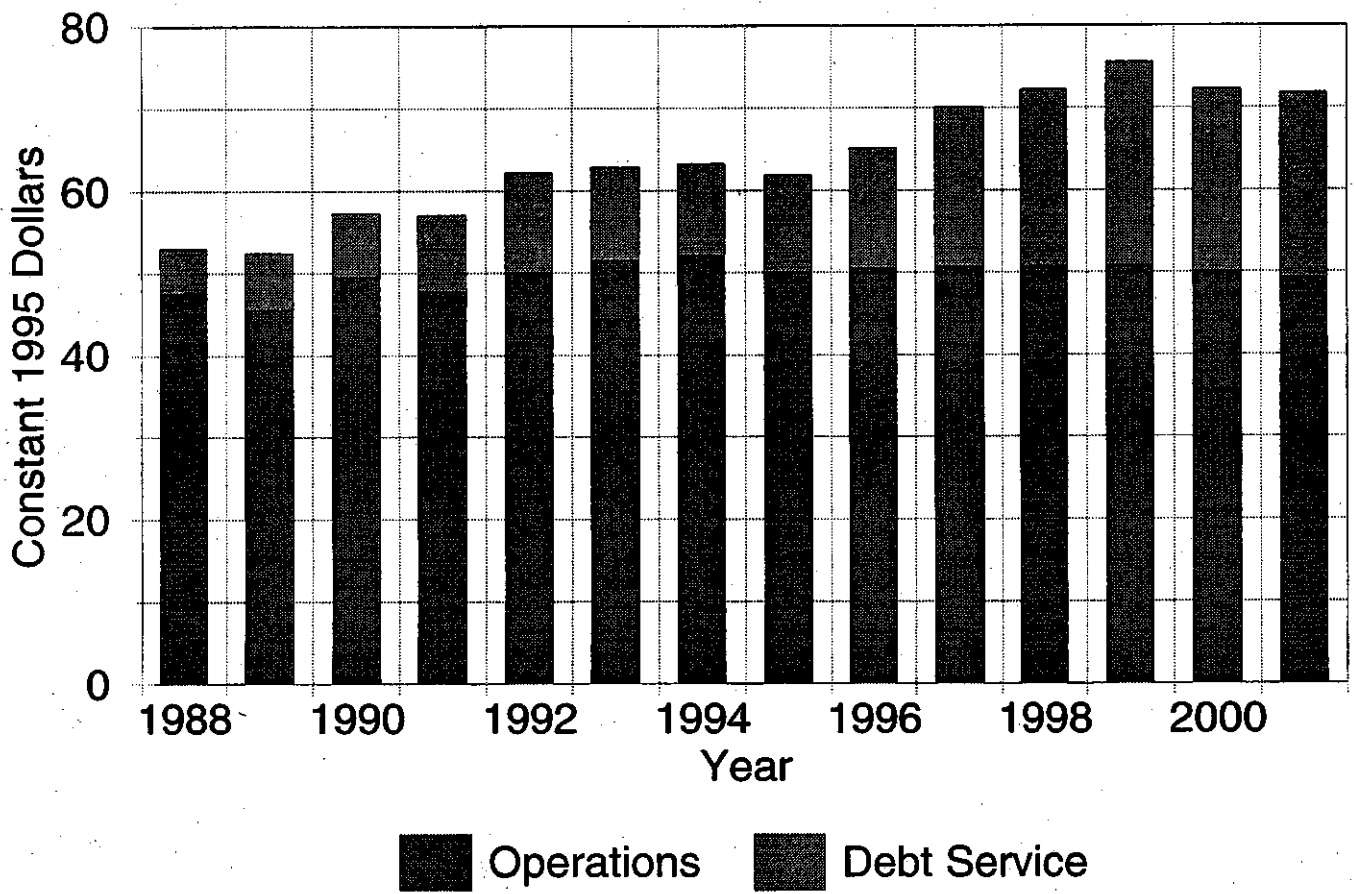


Figure 18

Proposed Transit Capital Process

The Transportation Division is developing a process for soliciting and prioritizing transit capital project requests from transit providers. A Transit Capital Improvement Program Advisory Committee will assist Transportation Division staff in developing a process and evaluating capital funding requests. The selection criteria and capital funding request forms will be developed by the end of 1995 and the application and review process will take place in the first half of 1996. The proposed process is outlined below:

A. Capital Project Selection

1. Transit Capital Evaluation Committee (TCEC) will:
 - a. Develop selection criteria
 - b. Approve request forms and instructions
2. Providers submit capital funding applications
3. TCEC reviews applications and recommends regional bonding level for each of five years
4. Council annually acts to approve legislative request for regional bonding authority
5. TCEC conducts evaluation and ranking of capital projects
6. Council approves capital projects to be funded with regional bonding

B. Capital Program Administration

1. Council approves new projects
 - a. Executes contracts with outside providers
 - b. Authorization forms for MCTO, Metro Mobility and Minnesota Rideshare
2. Submit monthly reimbursement requests
3. Council must approve contract amendments for cost overruns
4. Contract close-out and audit

5. Unexpended funds reprogrammed into capital budget

Transit Capital Evaluation Committee membership would include:

Transit Provider Advisory Committee Chair

Representatives from:

Opt-Out Providers

Metropolitan Council Transit Operations

Small Urban/Rural Providers

Private Providers

County Systems

Central City

Suburban City

MnDOT

Staff from:

Metropolitan Council Transportation and Transit Development

Metropolitan Council Budget and Evaluation

1996 TRANSIT CAPITAL BUDGET

The 1996 Transit Capital Budget includes capital budget authorizations for Transit Operations, Metro Mobility and other transit providers. Capital budget 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 budget authorizations include new capital projects and adjustments to previously approved projects.

1996 Capital Program Authorizations - Requested Changes

The proposed changes in the Transit Capital Program are summarized as follows:

Transit Operations:

New Projects:

Ongoing Support Facility Improvements	433,000
Team Transit - 30 Minute Express Park/Ride Lot	1,180,000
Identify Park/Ride Sites and Upgrade	200,000
1996 Computer Equipment	<u>250,000</u>
Subtotal - New Projects	2,063,000

Previously Authorized Projects:

Substitute 50 Articulated Buses for 100 Forty-Foot Buses	2,765,420
Team Transit Improvements	(4,237,995)
Increases in 12 Existing Projects	2,979,611
Decreases in 21 Existing Projects	<u>(6,415,943)</u>
Subtotal - Previously Authorized Projects	<u>(4,908,907)</u>
Total - MCTO Projects	(2,845,907)

Metro Mobility:

New Projects:

Existing Vehicle Lease	3,364,133
Purchase 75 Small Vehicles	<u>2,600,000</u>
Total - Metro Mobility Projects	<u>5,964,133</u>
Grand Total	<u>3,118,226</u>

Capital Projects on Hold

A number of currently approved MCTO capital projects are on hold pending funding. The Snelling Garage replacement garage approved in the 1995 capital budget is the major capital project on hold, with the project contingent on the Council receiving state funding. Other capital projects will be financed with new regional bonding and were put on hold until the Council receives additional bonding authority from the State Legislature. When additional bonding authority is obtained, these projects will need to compete with other transit capital projects for available funding.

Capital projects on hold are summarized as follows:

Snelling Garage Replacement	29,961,308
Other Support Facilities	752,181
Public Facilities:	
Transit Hubs	3,408,773
Park and Ride Lots	5,203,948
Other Public Facilities	1,615,094
Computerization	<u>255,214</u>
Total Projects on Hold	<u>41,196,518</u>

1996 Capital Expenditures

The 1996 Transit Capital Budget projects expenditures in 1996 of approximately \$41 million. If the 1996 State Legislature approves additional state or regional bonding, the capital projects on hold could be reactivate, resulting in additional capital expenditures in 1996.

Summary

The 1996 Transit Capital Program and capital expenditure schedule is summarized as follows:

1995 Capital Program	195,899,121
Requested Changes:	
New Projects-MCTO	2,063,000
New Projects-Metro Mobility	5,964,133
Adjustments to Previously Approved Projects-MCTO	(4,908,907)
Subtotal-Requested Changes	3,118,226
1996 Proposed Capital Program	199,017,347
Projects on Hold	(41,196,518)
1996 Active Capital Projects	157,820,829
Expenditure Schedule:	
Estimated Expenditures through 1995	95,667,189
Proposed 1996 Capital Budget Expenditures	40,936,745
Projected 1997+ Expenditures	21,216,895
Total Expenditures, Active Projects	157,820,829

Transit Capital Budget Summary

	Current 1995 Capital Program Authorization	Requested Changes	Proposed 1996 Capital Program Authorization	Authorization On-Hold	Active 1996 Capital Authorization	Expenditures through 1995	Proposed 1996 Budget Expenditures	Projected 1997+ Expenditures
MCTO:								
Fleet Modernization	84,265,948	3,654,800	87,920,748	0	87,920,748	56,510,748	18,810,000	12,600,000
Support Facilities:					0			
Snelling Replacement	29,961,308	0	29,961,308	(29,961,308)	0	0	0	0
Other Support Facilities	5,378,187	598,740	5,976,927	(752,181)	5,224,746	4,322,168	902,578	0
Subtotal-Support Facil.	35,339,495	598,740	35,938,235	(30,713,489)	5,224,746	4,322,168	902,578	0
Public Facilities:					0			0
Transit Hubs	7,038,535	(119,561)	6,918,974	(3,408,773)	3,510,201	2,710,201	800,000	0
Park and Ride Lots	9,943,814	1,380,000	11,323,814	(5,203,948)	6,119,866	4,199,733	1,920,133	0
Team Transit Projects	8,071,995	(4,237,995)	3,834,000	0	3,834,000	1,954,000	1,880,000	0
Other Public Facilities	8,518,823	60,434	8,579,257	(1,615,094)	6,964,163	4,048,166	2,045,997	870,000
Subtotal-Public Facil.	33,573,167	(2,917,122)	30,656,045	(10,227,815)	20,428,230	12,912,100	6,646,130	870,000
Computerization	16,589,639	(2,472,712)	14,116,927	(255,214)	13,861,713	5,990,803	2,442,910	5,428,000
Other Capital Equipment	14,109,365	(1,709,613)	12,399,752	0	12,399,752	7,455,009	4,944,743	0
Total MCTO	183,877,614	(2,845,907)	181,031,707	(41,196,518)	139,835,189	87,190,828	33,746,361	18,898,000

Transit Capital Budget Summary

	Current 1995 Capital Program Authorization	Requested Changes	Proposed 1996 Capital Program Authorization	Authorization On-Hold	Active 1996 Capital Authorization	Expenditures through 1995	Proposed 1996 Budget Expenditures	Projected 1997+ Expenditures
Metro Mobility:								
Fleet Modernization	0	2,600,000	2,600,000	0	2,600,000	0	2,600,000	0
Existing Vehicle Lease	0	3,364,133	3,364,133	0	3,364,133	459,729	1,924,288	980,116
Total Metro Mobility	0	5,964,133	5,964,133	0	5,964,133	459,729	4,524,288	980,116
			0		0			0
Other Transit Providers			0		0			0
Fleet Modernization	3,073,502	0	3,073,502	0	3,073,502	2,675,544	38,560	359,398
Public Facilities:								
Transit Hubs	7,075,939	0	7,075,939	0	7,075,939	3,891,228	2,602,536	582,175
Park and Ride Lots	1,872,066	0	1,872,066	0	1,872,066	1,449,860	25,000	397,206
Subtotal-Public Facilities	8,948,005	0	8,948,005	0	8,948,005	5,341,088	2,627,536	979,381
Total Other Transit Prov.	12,021,507	0	12,021,507	0	12,021,507	8,016,632	2,666,096	1,338,779
Grand Total	195,899,121	3,118,226	199,017,347	(41,196,518)	157,820,829	95,667,189	40,936,745	21,216,895

MCTO 1996 Capital Budget Program Summary -- Authority and Project Spending By Year

Projects Open (Active and On-Hold) in 1996; Sorted by Project Category

Sep 29, 1995

Project #	Project Title	Status	AUTHORIZATIONS						EXPENDITURES					
			1995 Authorized Budget	Requested Changes from Met Council			Active Projects	On-Hold	Total Project	Project Spending Through 1994	Projected 1995	Projected 1996	Projected 1997/Future	Total Project Expenditures
				Increases	Decreases	New								
Fleet Modernization														
3010	Buy 37 Forty-Foot Buses	Ending	\$7,906,128	\$0	(\$126,128)	\$0	\$7,780,000		\$7,780,000	\$7,630,000	\$150,000	\$0	\$0	\$7,780,000
3215	1995 Tire Leasing	Ended	1,121,394	\$0	\$0	\$0	\$1,121,394		\$1,121,394	\$0	\$1,121,394	\$0	\$0	\$1,121,394
3311	Purchase 25 Artic. Buses	Ending	8,496,709	0	(56,751)	0	8,439,958		8,439,958	8,429,958	10,000	0	0	8,439,958
3312	Purchase 97 40-ft. Buses	Ending	21,012,746	194,779	0	0	21,207,525		21,207,525	15,457,525	5,750,000	0	0	21,207,525
3413	Replace 200 Gillig Radiators	Ending	647,817	0	(185,014)	0	462,803		462,803	247,803	215,000	0	0	462,803
3414	MAN Engine Rebuilding	Ending	2,119,111	454,957	0	0	2,574,068		2,574,068	1,574,068	1,000,000	0	0	2,574,068
3510	Purchase 91 Forty-Foot Buses	Prop Amend	20,877,463	607,537	0	0	21,485,000		21,485,000	0	14,925,000	6,560,000	0	21,485,000
3511	Purchase 60 Articulated Buses	Prop Amend	0	24,850,000	0	0	24,850,000		24,850,000	0	0	12,250,000	12,600,000	24,850,000
3512	Purchase 100 Forty-Foot Buses	Prop Amend	22,084,580	0	(22,084,580)	0	0		0	0	0	0	0	0
Subtotal:			\$84,265,948	\$26,107,273	(\$22,452,473)	\$0	\$87,920,748	\$0	\$87,920,748	\$33,339,354	\$23,171,394	\$18,810,000	\$12,600,000	\$87,920,748
MCTO Facilities														
3960	St. Paul West End CBD Layover	Ending	\$287,301	\$0	(\$197,056)	\$0	\$90,245		\$90,245	\$89,923	\$322	\$0	\$0	\$90,245
3230	1992 Bus Turnarounds	Prop Amend	516,570	0	(114,887)	0	401,683		401,683	125,346	6,759	269,578	0	401,683
3344	F.T. Heywood Office Remodel.	Prop Amend	1,324,469		(274,651)	0	1,049,818		1,049,818	349,818	700,000	0	0	1,049,818
3444	ADA Access. Facility Changes	Prop Amend	1,097,811	0	(227,811)	0	870,000		870,000	65,544	804,456	0	0	870,000
3445	Fuel Systems at Garages	On-Hold	352,500	0	0	0	352,500	(352,500)	0	0	0	0	0	0
3530	Snelling Repl. Facility - Roseville	On-Hold	29,961,308	0	0	0	29,961,308	(29,961,308)	0	0	0	0	0	0
3543	1995 Major Improvements to Facil.	Prop Amend	1,119,855	980,145	0	0	2,100,000		2,100,000	0	2,100,000	0	0	2,100,000
3559	Turnarounds - 1995	On-Hold	679,681	0	0	0	679,681	(399,681)	280,000	0	80,000	200,000	0	280,000
36xx	Ongoing Facility Improvements	New	0	0	0	433,000	433,000		433,000	0	0	433,000	0	433,000
Subtotal:			\$35,339,495	\$980,145	(\$814,405)	\$433,000	\$35,938,235	(\$30,713,489)	\$5,224,746	\$630,631	\$3,691,537	\$902,578	\$0	\$5,224,746

MCTO 1996 Capital Budget Program Summary -- Authority and Project Spending By Year

Projects Open (Active and On-Hold) in 1996; Sorted by Project Category

Sep 29, 1995

Project #	Project Title	Status	AUTHORIZATIONS						EXPENDITURES					
			1995 Authorized Budget	Requested Changes from Met Council			Active Projects	On-Hold	Total Project	Project Spending Through 1994	Projected 1995	Projected 1996	Projected 1997/Future	Total Project Expenditures
				Increases	Decreases	New								
Public Facilities														
3690	Passenger Shelters	Ending	\$1,841,045	\$49,699	\$0	\$0	\$1,890,744		\$1,890,744	\$1,861,865	28,879	0	0	\$1,890,744
3850	1988 Park/Ride Lot (Hwy. 610)	Ending	1,876,563	0	0	0	1,876,563		1,876,563	1,770,379	106,184	0	0	1,876,563
3270	Downtown St. Paul Transit Hub	Ending	1,903,509	0	(153,909)	0	1,749,600		1,749,600	1,244,503	505,097	0	0	1,749,600
3290	Bus Stop Lighting	On-Hold	1,127,084	0	0	0	1,127,084	(748,122)	378,962	217,662	161,300	0	0	378,962
3291	Bus Stop Signs	No Change	2,034,146	0	0	0	2,034,146		2,034,146	519,864	643,285	600,997	270,000	2,034,146
3358	1993 Park/Ride Lots	On-Hold	5,712,667	0	0	0	5,712,667	(2,885,000)	2,827,667	471,291	1,661,243	695,133	0	2,827,667
3370	Transit Hubs	Prop Amend	696,901	38,065	0	0	734,966		734,966	55,751	679,215	0	0	734,966
3390	Team Transit Improvements	Prop Amend	8,071,995	0	(4,237,995)	0	3,834,000		3,834,000	1,450,000	504,000	1,880,000	0	3,834,000
3392	Bike Lockers	On-Hold	306,933	0	0	0	306,933	(88,763)	218,170	163,915	29,255	25,000	0	218,170
3450	1994 Park/Ride Lots	On-Hold	113,705	0	0	0	113,705	(113,069)	636	0	636	0	0	636
3451	Existing Facilities Rehabilitation	On-Hold	290,879	0	0	0	290,879	(255,879)	35,000	0	10,000	25,000	0	35,000
3470	1994 Hubs	On-Hold	1,371,710	0	0	0	1,371,710	(856,773)	514,937	88,368	76,569	350,000	0	514,937
3490	1994 Shelter/Stop Improvements	Prop Amend	1,720,074	10,735	0	0	1,730,809		1,730,809	809	100,000	1,030,000	600,000	1,730,809
3491	1994 Signage Improvements	On-Hold	989,541	0	0	0	989,541	(778,209)	211,332	21,630	139,702	50,000	0	211,332
3550	Transit Hubs - 1995	No-Change	506,971	0	0	0	506,971		506,971	0	56,971	450,000	0	506,971
3551	Transit Hub - Northtown	Ending	7,444	0	(3,717)	0	3,727		3,727	0	3,727	0	0	3,727
3555	Transit Hubs - I35W Corridor	On-Hold	2,552,000	0	0	0	2,552,000	(2,552,000)	0	0	0	0	0	0
3556	Speedlite	No Change	500,000	0	0	0	500,000		500,000	0	160,000	340,000	0	500,000
3557	I-394 & Plymouth Road Expansion	On-Hold	1,950,000	0	0	0	1,950,000	(1,950,000)	0	0	0	0	0	0
36xx	Team Tr 30-Min Express P&R Lots	No Change	0	0	0	1,180,000	1,180,000		1,180,000	0	180,000	1,000,000	0	1,180,000
36xx	Identify Sites and Upgrade	No Change	0	0	0	200,000	200,000		200,000	0	0	200,000	0	200,000
Subtotal:			\$33,573,167	\$98,499	(\$4,395,621)	\$1,380,000	\$30,656,045	(\$10,227,815)	\$20,428,230	\$7,866,037	\$5,046,063	\$6,646,130	\$870,000	\$20,428,230

MCTO 1996 Capital Budget Program Summary -- Authority and Project Spending By Year

Projects Open (Active and On-Hold) in 1996; Sorted by Project Category

Sep 29, 1995

Project #	Project Title	Status	AUTHORIZATIONS						EXPENDITURES					
			1995 Authorized Budget	Requested Changes from Met Council			Active Projects	On-Hold	Total Project	Project Spending Through 1994	Projected 1995	Projected 1996	Projected 1997/Future	Total Project Expenditures
				Increases	Decreases	New								
Computerization														
3881	RUCUS Replacement	Ending	\$758,293	\$0	(\$38,293)	\$0	\$720,000		\$720,000	\$573,883	146,117	0	0	\$720,000
3283	HRIS Upgrade	Prop Amend	989,527	0	(599,527)	0	390,000		390,000	41,050	38,950	60,000	250,000	390,000
3285	Financial Subsystem Upgrade	Ending	33,083	0	(12,801)	0	20,282		20,282	20,282	0	0	0	20,282
3384	TRAVLINK Demonstration	Prop Amend	290,815	0	(110,815)	0	180,000		180,000	79,402	50,598	50,000	0	180,000
3385	SWAMI	No-Change	2,879,914	0	0	0	2,879,914	(161,914)	2,718,000	2,007,249	226,751	484,000	0	2,718,000
3480	1994 Capital Equipment	Prop Amend	1,285,576	173,255	0	0	1,458,831		1,458,831	1,328,831	130,000	0	0	1,458,831
3481	Perpetual Inventory System	Prop Amend	3,121,098	0	(1,121,098)	0	2,000,000		2,000,000	90	1,000,000	999,910	0	2,000,000
3580	1995 Computer Acquisitions	Prop Amend	833,662	0	(728,662)	0	105,000		105,000	0	105,000	0	0	105,000
3581	Radio System Replacement	Prop Amend	4,784,389	52,611	0	0	4,837,000		4,837,000	0	69,000	20,000	4,748,000	4,837,000
3582	MN Rideshare Enhancements	No-Change	97,600	0	0	0	97,600		97,600	0	23,600	74,000	0	97,600
3583	BusLine Enhancements	No-Change	85,000	0	0	0	85,000		85,000	0	0	5,000	80,000	85,000
3584	Dispatch Study	No-Change	50,000	0	0	0	50,000		50,000	0	50,000	0	0	50,000
3585	Geographic Info. System (GIS)	No-Change	200,000	0	0	0	200,000		200,000	0	100,000	100,000	0	200,000
3586	General Ledger (G/L) Replacemnt	Prop Amend	634,700	0	(284,700)	0	350,000		350,000	0	0	250,000	100,000	350,000
3587	Automatic Psngr Counters (APC)	Prop Amend	452,682	0	(52,682)	0	400,000		400,000	0	0	200,000	200,000	400,000
3588	Route Renumbering	On-Hold	93,300	0	0	0	93,300	(93,300)	0	0	0	0	0	0
36xx	1996 Computer Equipment	New	0	0	0	250,000	250,000		250,000	0	0	200,000	50,000	250,000
Subtotal:			\$16,589,639	\$225,866	(\$2,948,578)	\$250,000	\$14,116,927	(\$255,214)	\$13,861,713	\$4,050,787	\$1,940,016	\$2,442,910	\$5,428,000	\$13,861,713
Other Capital														
3224	Electronic Fare Collection	Prop Amend	\$8,517,982	\$252,018	\$0	\$0	\$8,770,000		\$8,770,000	\$2,880,257	\$2,000,000	\$3,889,743	\$0	\$8,770,000
3323	1993-94 Capital Equipment	Ending	1,072,065	0	(250,648)	0	821,417		821,417	756,510	64,907	0	0	821,417
3329	1995 Capital Project Planning	Ending	293,335	0	(40,000)	0	253,335		253,335	0	253,335	0	0	253,335
3423	1994-95 Capital Equipment	Ending	2,166,040	0	(966,040)	0	1,200,000		1,200,000	852,004	347,996	0	0	1,200,000
3426	Driver Uniforms	Ending	870,753	0	(870,753)	0	0		0	0	0	0	0	0
3523	1995-96 Capital Equipment	Prop Amend	1,189,190	165,810	0	0	1,355,000		1,355,000	0	300,000	1,055,000	0	1,355,000
Subtotal:			\$14,109,365	\$417,828	(\$2,127,441)	\$0	\$12,399,752	\$0	\$12,399,752	\$4,488,771	\$2,966,238	\$4,944,743	\$0	\$12,399,752
Total Open Capital Projects:			\$183,877,614	\$27,829,611	(\$32,738,518)	\$2,063,000	\$181,031,707	(\$41,196,518)	\$139,835,189	\$50,375,580	\$36,815,248	\$33,746,361	\$18,898,000	\$139,835,189

TRANSIT CAPITAL PROJECTS 1996-1997
Estimated Quarterly Capital Outlays by Project
(Revised: OCTOBER 24, 1995)

Project	Contract #	Approved Amount	Capital Amount Paid	Balance of Approved Amt.	1995 4th Quarter 10/1-12/31	1996 1st Quarter 1/1-3/31	1996 2nd Quarter 4/1-6/30	1996 3rd Quarter 7/1-9/30	1996 4th Quarter 10/1-12/31	1997 1st & 2nd Qtr. 1/1-6-30	Remaining Balance of Contracts
SW Metro - Bus Purchase *	94/17/07-13	\$3,000,000	\$2,640,602	\$359,398	\$0	\$0	\$0	\$0	\$0	\$0	\$359,398
SW Metro - Park & Ride Lots **	93/15/11-28	\$930,863	\$483,657	\$447,206	\$25,000	\$25,000	\$0	\$0	\$0	\$0	\$397,206
SW Metro - Eden Prairie Hub	TBA	\$1,955,048	\$0	\$1,955,048	\$300,000	\$200,000	\$400,000	\$450,000	\$200,000	\$405,048	\$0
MVTA - Christus Victor P&R	94/07/02-2	\$918,417	\$876,513	\$41,904	\$41,904	\$0	\$0	\$0	\$0	\$0	\$0
MVTA - Burnsville Hub	93/08/02-3	\$4,531,500	\$3,079,373	\$1,452,127	\$225,000	\$250,000	\$400,000	\$300,000	\$100,000	\$177,127	\$0
Maple Grove - Park and Ride	SG-95-30	\$22,786	\$0	\$22,786	\$22,786	\$0	\$0	\$0	\$0	\$0	\$0
Northtown Transit Hub		\$589,391	\$136,855	\$452,536	\$150,000	\$100,000	\$202,536	\$0	\$0	\$0	\$0
Scott County - Bus Purchase	94/30/09-23	\$73,502	\$34,942	\$38,560	\$0	\$38,560	\$0	\$0	\$0	\$0	\$0
TOTAL		\$12,021,507	\$7,251,942	\$4,769,565	\$764,690	\$613,560	\$1,002,536	\$750,000	\$300,000	\$582,175	\$756,604

TABLE NOTES

1. TBA (To Be Assigned)
2. * It is anticipated that not all of the funds committed for this project will be spent.
3. ** It is anticipated that not all of the funds committed for this project will be spent.
4. **Bolded SW Metro & MVTA Projects include \$2,747,548 in proceeds from the \$32 million 1995/1996 issue. These projects have received Council approval.**
5. Amounts paid as of October 3, 1995.

**PARKS AND
OPEN SPACE**

REGIONAL RECREATION OPEN SPACE CAPITAL IMPROVEMENT PROGRAM PROCESS

INTRODUCTION

The Metropolitan Parks Act, Minnesota Statute 473.147 requires the Metropolitan Council to prepare a regional recreation open space policy plan. That plan must identify lands to be acquired and developed which in concert with state and federal lands will reasonably meet the outdoor recreation needs of the Metropolitan Region's residents and visitors. The plan must also establish priorities for land acquisition and park/trail development. Since 1974, the Metropolitan Council, in partnership with 10 regional park implementing agencies that own and operate the regional park system, have acquired land and developed parks and trails consistent with the Metropolitan Council's parks policy plans. Acquisition and development has been accomplished with the financial assistance of Federal, State and Metropolitan Council revenues.

The regional park implementing agencies finance about 95% of operations and maintenance costs with user fees and their own local property taxes. The remainder is financed with State appropriations allocated by statutory formula.

Regional park implementing agencies implement the Council's policy plan by preparing park/trail master plans. Those plans must provide details on park/trail demand, sizing the park/trail to meet the projected demand and details on the cost of acquisition and development projects for the park or trail. The master plans are then reviewed by the public and submitted to the Metropolitan Parks and Open Space Commission. Upon their recommendation, the master plans are approved by the Metropolitan Council. Master plans must be approved by the Metropolitan Council before any projects proposed in them are eligible for funding.

The park master plan projects are considered for funding by the Metropolitan Council through its capital improvement program for regional recreation open space (CIP). Minn. Statute 473.147 requires the CIP to cover a five year period and be revised periodically in consultation with the Metropolitan Parks and Open Space Commission and the regional park implementing agencies. The CIP must also establish criteria and priorities for allocating capital improvement funds. The Metropolitan Council has developed 10-year CIPs for parks to identify long-range as well as short range capital improvement needs.

CIP PROCESS

The 1996-2005 regional recreation open space CIP was prepared using the following process:

Step 1: In December 1994, regional park implementing agencies submitted project proposals to the Metropolitan Council. The projects had to be consistent with Metropolitan Council approved park/trail master plans. Park agencies also submitted their projects in priority order.

Step 2: Projects were reviewed and prioritized by Metropolitan Council staff using Council adopted funding priority policies for land acquisition, park/trail redevelopment and park/trail development purposes. Those policies are shown on pages 13 to 16 of this report. Council funding priorities, plus the expected benefit of each project based on park usage data was used to prepare draft CIPs. Each project was prioritized within land acquisition, park/trail redevelopment, park/trail development and system-wide

acquisition/development categories. In this way, similar projects competed against each other for priority.

Step 3: From January to February, 1995 four versions of the CIP were presented to the Metropolitan Parks and Open Space Commission for its review and comment along with comments by the regional park implementing agencies. Revisions were made to address issues about equity and benefit to the regional park agencies that reflected the fact that 40% of project costs would be financed with Metropolitan Council bonds--paid for with a metropolitan wide property tax levy. The CIP fairly allocates benefits of park/trail projects to those who use and pay for them.

Step 4: In March 1995, the Metropolitan Council approved a final draft CIP for public hearing. The hearing was held in late April with the record remaining open until early May. The Metropolitan Parks and Open Space Commission reviewed the final version of the CIP and accompanying hearing report in late May. It was adopted by the Metropolitan Council on June 22, 1995.

Step 5: In October-November, the 1996-1997 portion of the CIP is being revised to solely finance reimbursement projects with Council bonds since State appropriations are not available. Reimbursement projects are projects which the Council authorized park implementing agencies to implement using park implementing agency funds since there were no State/Council funds available at that time. The Council made a commitment to reimburse the park implementing agency when funds became available in the future. The 1996-1997 portion of the CIP is also being revised to add a project to the CIP (completing the Great River Road parkway and trail in Minneapolis Central Riverfront Regional Park). The Council will fund 89 percent of the estimated project cost by reducing other projects in the CIP by 7 percent. The revised CIP will be the subject of a public hearing on November 27, 1995. The unified CIP includes the revised regional parks CIP information.

PROPOSED FUNDING SOURCES FOR FINANCING
REGIONAL RECREATION OPEN SPACE CAPITAL IMPROVEMENT PROGRAM

Under state law, the Metropolitan Council can issue up to a maximum of \$40 million in general obligation bonds for regional park system capital improvements. (Minn. Statutes Chapter 473.325). Currently, the Council has issued \$15 million and could issue another \$25 million after March 1, 1994. On January 6, 1994, the Council adopted a position paper that proposed the Council maximize its regional bonding authority for park capital improvements to create a revolving capital fund. It reaffirmed that position on July 13, 1995. Based on the limitations of \$25 million that could be issued, and the cap on the levy limit on debt service for these bonds, the Council could issue \$6.5 million of 5-year bonds each year and not exceed the bonding authority or debt service levy limit. Thus, the Council could generate about \$13 million (after issuance costs) in bonds for a two-year biennium as a match to any other revenue source for regional park capital improvements.

The regional bonds are proposed to fund 40% of each project in the CIP as a match to state bonds or Legislative Commission on Minnesota Resources (LCMR) recommended appropriations. This ratio is proposed as a fair allocation of the debt service on these bonds between the Metropolitan Area and Greater Minnesota. Under the 40/60 split, approximately 76% of the debt service on regional and state bonds for a project would be financed from taxes collected in the Metropolitan Area, while 24% would come from Greater Minnesota. That's comparable to the amount of benefit Metropolitan Area and Greater Minnesota residents receive from the regional park system based on visitor origin data for the system.

In one instance, regional bonds are proposed to match state bonds for a dam repair project in a regional park on a 50/50 basis since the state bonds will only finance this type of project at that level.

If a project is a good candidate for federal Intermodal Surface Transportation Efficiency Act (ISTEA) funds, the CIP proposed up to 80% funding of the project's cost or \$500,000, with 20% matching funds provided from LCMR recommended appropriations or State Bonds.

Fiscal Impact

Two figures on the following pages illustrate the impact of the regional recreation open space capital improvement program on regional property taxes. The capital financing plan approved by the Council for parks and open space assumes that the Council will issue approximately \$6.5 million per year in five-year bonds to establish a revolving bonding program that fully utilizes the Council's existing regional parks bonding authority and provides a stable regional financing source to match federal and state funding.

The first figure shows the impact of the program on total property taxes. Parks debt service property taxes are projected to increase from approximately \$2.7 million in 1995 to \$9.3 million in 2001. The second figure shows the impact of the program on a \$100,000 residential homestead. Taxes paid by such a household would increase from approximately \$1.82 in 1995 to \$5 in 2001.

Metropolitan Council Proposed Parks Debt Service Levies

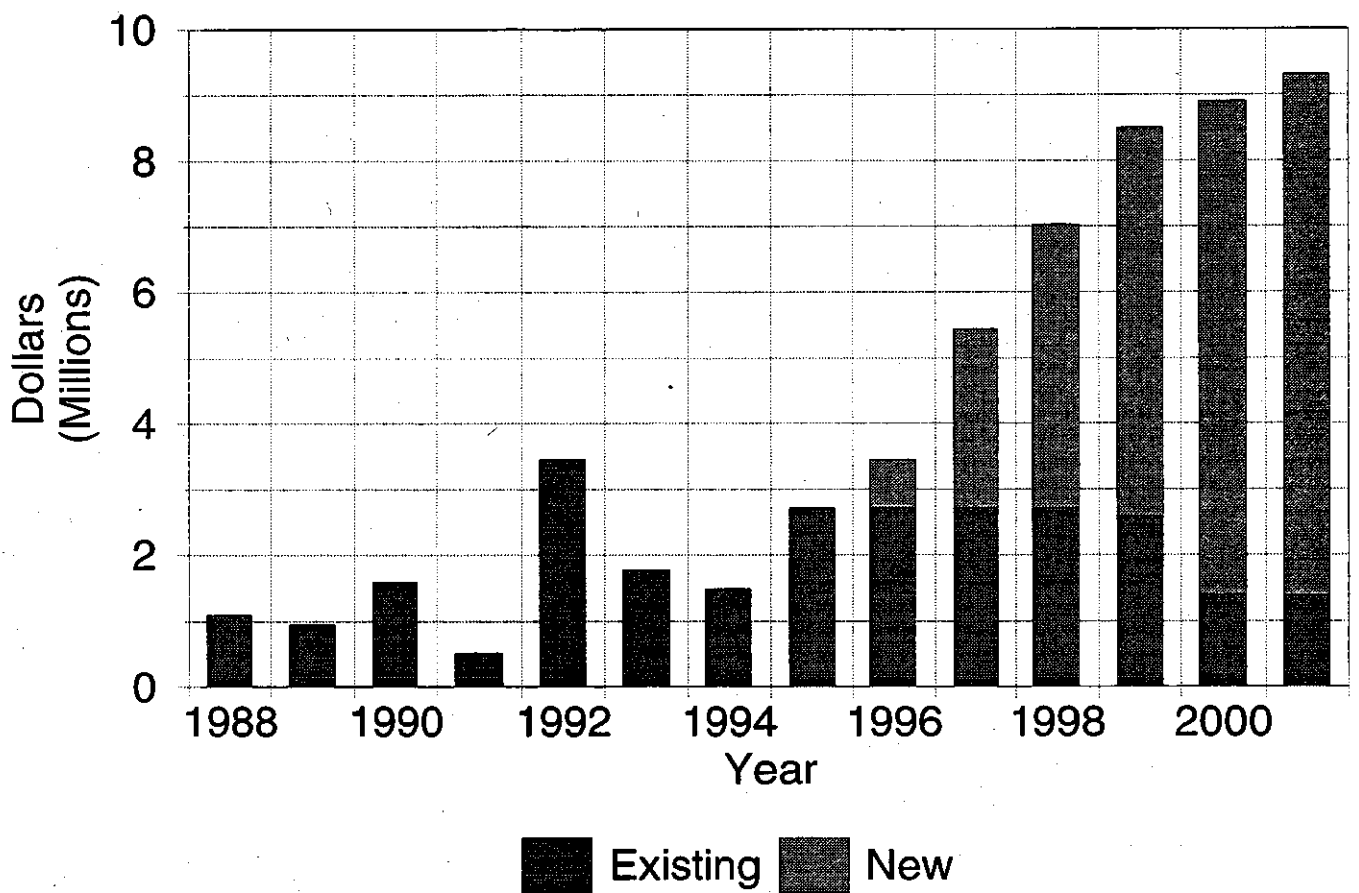


Figure 19

Metropolitan Council Parks Taxes on \$100,000 Resid Hstd

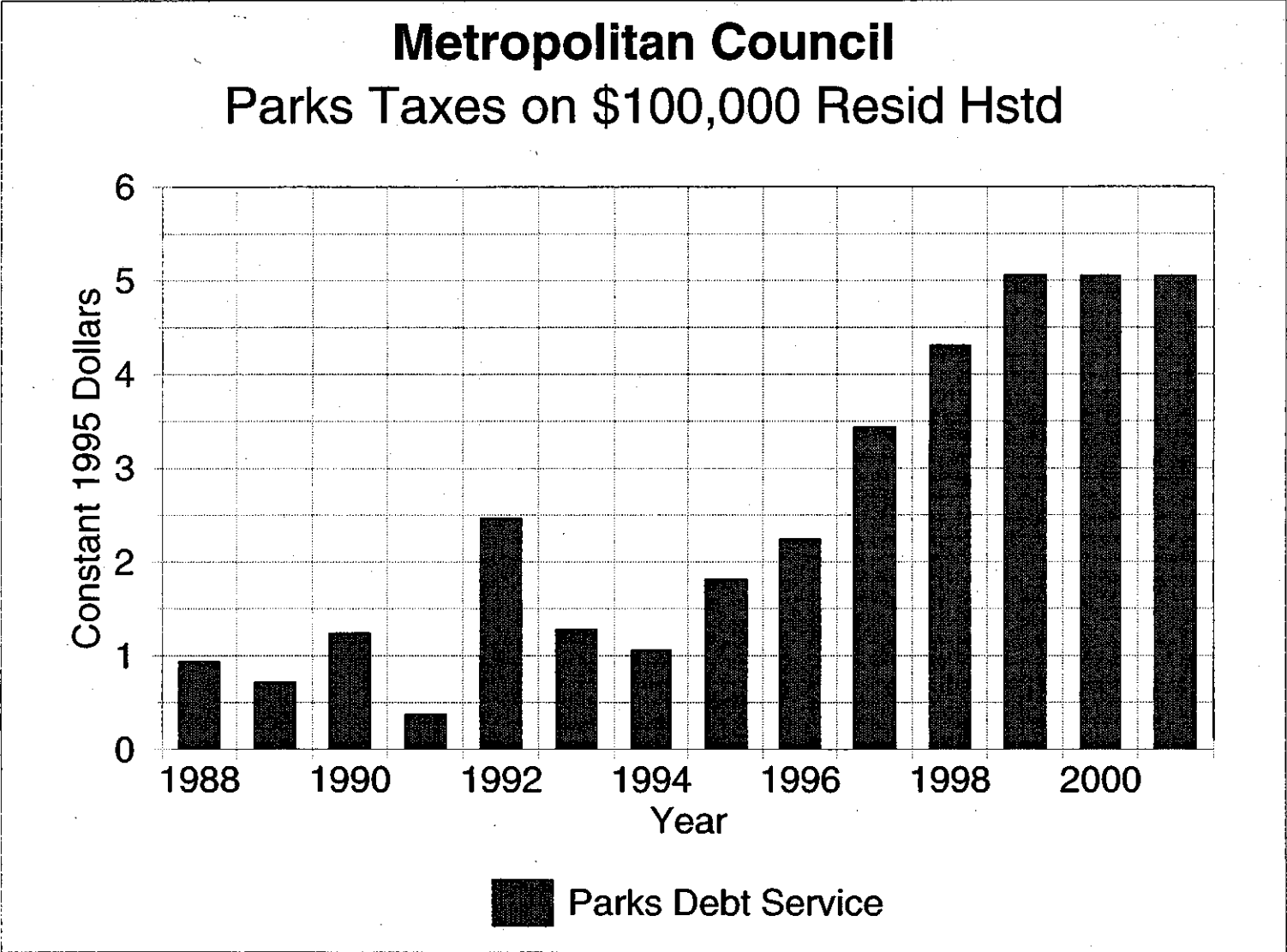


Figure 20

1996-2005 REGIONAL RECREATION OPEN SPACE PROJECTS

In the spring of 1995, the Legislature appropriated \$5.07 million for regional park system acquisition and development projects. The State's appropriation included \$3.95 million of Fiscal Year's 1996-97 Environmental Trust Fund money to finance the balance of the Council's 1994-95 regional recreation open space capital improvement program (CIP) which had not been funded with 1994 State bonds. This appropriation is matched with \$2.25 million of Council bonds to finance 40% of development projects excluding \$500,000 for retrofitting regional park system facilities to meet Americans with Disabilities Act (ADA) requirements. The ADA projects were fully funded with Trust Fund money. The Council's bonds will be issued in calendar years 1996-97.

The 1995 Legislature also appropriated \$1.12 million of Fiscal Year 1995 Environmental Trust Fund money for acquiring land for the regional park system by December 31, 1995. No Council bonds will match this appropriation.

For the 1996-97 biennium, the Metropolitan Council is requesting \$15.543 million of State bonds. The Council would issue up to \$10.378 million as a 40% match to the appropriated State bonds in the 1996-97 period. The Council also supports the Minnesota Department of Natural Resources request to repair the Lake Byllesby Dam in Lake Byllesby Regional Park. If that request is funded, the Council would issue up to \$372,000 as a 50 percent match. Between the regular CIP and the Lake Byllesby Dam requests, the total potential regional park bond issuance is \$10.750 million.

The table on the next page summarizes what has been recently financed with Fiscal Years 1995 and 1996-97 Environmental Trust Fund appropriations, the Council's bond match to those appropriations, and the 1996 State bond request and projected Council bond match to the 1996 State bonds.


**SUMMARY OF FISCAL YEARS 1995 and 1996-97 REGIONAL PARKS/TRAILS
CAPITAL IMPROVEMENT FINANCING**

Category	1995 State Appropriation (\$000's) & State Funding Source	Metropolitan Council Bond Match (\$000's)
Land acquisition by Dec. 31, 1995	\$1,120 / FY '95 Env. Trust Fund	\$ 0
Land acquisition after Dec. 31, 1995, and development in 1994-95 CIP not financed with 1994 State bonds	\$3,450 / FY '96-97 Env. Trust Fund	\$2,250
ADA retrofits	\$ 500 / FY '96-97 Env. Trust Fund	\$ 0
Category	Fiscal Years 1996-97 State Bond Request (\$000's)	Proposed 1996-97 Metro. Council Bond Match (\$000's)
Land Acquisition	2,444	1,632
Non-building Redevelopment	4,446	2,963
Non-building Development	7,870	5,531
Building Rehabilitation and Development	783	252
Dam safety repair (Requested via Dept. of Natural Resources dam safety repair program)	372	372
1996 STATE BOND REQUEST TOTAL (\$000'S)	15,915	10,750
COMBINED 1995 ENV. TRUST FUND APPROPRIATION AND 1996 STATE BOND REQUEST (\$000'S)	20,523	13,000

**SUMMARY OF FISCAL YEARS 1996-2001 REGIONAL PARKS/TRAILS
ACQUISITION, REDEVELOPMENT, DEVELOPMENT AND SYSTEM-WIDE PROJECTS**

Fiscal Years	Land Acquisition (\$000's)	Park/Trail Redevelopment (\$000's)	Park/Trail Development (\$000's)	System-wide Acquisition/Development (\$000's)	Totals by Fiscal Years (\$000's)
FY' 95 and '96-97 Env. Trust Fund	1,120 FY' 95 Env. Trust Fund		2,924.2 FY' 96-97 Env. Trust Fund 1,633.6 Council bond match 1,931.2 ISTEA grants	1,025.8 FY' 96-97 Env. Trust Fund including 500 for ADA retrofits 611 Council bond match	1,120 FY '95 Env. Trust Fund 3,950 FY '96-97 Env. Trust Fund 1,931.2 ISTEA grants 2,250 Council bond match
1996-97 State bond request	2,444 State Bonds 1,632 Metro. Council bond match	4,446 State Bonds 2,963 Metro. Council bond match	7,870 State Bonds 5,531 Metro. Council bond match	372 Dam safety repair State Bonds 372 Dam safety repair Council bonds	15,915 State Bonds 10,750 Metro. Council bond match
Combined 1995 ETF approp. and 1996 State Bond Request	3,564 ETF and State Bonds 1,632 Metro. Council bond match	4,446 State Bonds 2,963 Metro. Council bond match	10,794.2 ETF and State Bonds 7,164.6 Metro. Council bond match 1,931.2 ISTEA grants	1,397.8 ETF and State Bonds 615.2 Metro. Council bond match	20,985 ETF and State Bonds 13,000 Metro. Council bonds 1,931.2 ISTEA grants
1998-99	2,457 State Bonds 1,638 Metro. Council bond match	5,556 State Bonds 3,704 Metro. Council bond match	10,098.1 State Bonds 6,522.1 Metro. Council bond match and 860 ISTEA grants	792 State Bonds 1,128 Metro. Council bond match	18,903.1 State Bonds 12,922.1 Metro. Council bond match and 860 ISTEA grant
2000-01	2,475 State Bonds 1,650 Metro. Council bond match	2,370 State Bonds 1,580 Metro. Council bond match	9,353 State Bonds 5,128.7 Metro. Council bond match and 3,140 ISTEA grants	912 State Bonds 1,208 Metro. Council bond match	15,110 State Bonds 9,566.7 Metro. Council bond match and 3,140 ISTEA grants

HT 394 .T9 M47m 1996/2000
Metropolitan Council of the
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Capital improvement program

DATE	ISSUED TO
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