



June 1997

Regional *Report*

1996 Performance Evaluation Report

A Report to the
Minnesota Legislature

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The mission of the Metropolitan Council is to provide leadership in the effective planning of regional growth and redevelopment, and in the delivery of quality regional services.

The Metropolitan Council coordinates regional planning and guides development in the seven-county area through joint action with the public and private sectors. The Council also operates regional services, including wastewater collection and treatment, transit and the Metro HRA – an affordable-housing service that provides assistance to low-income families in the region. Created by the legislature in 1967, the Council establishes policies for airports, regional parks, highways and transit, sewers, air and water quality, land use and affordable housing, and provides planning and technical assistance to communities in the Twin Cities region.

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Introduction and Summary

Metropolitan Council

The seven-county metropolitan area is a growing and economically stable region with a population approaching 2.5 million, of which 10 percent are racial minority groups. This region's comparably strong economy has an unemployment rate well below the national average and a projected population growth of 650,000 persons by the year 2020. The future growth and redevelopment of this region are guided by the Metropolitan Council.

This agency is overseen by a chairperson and one council member from each of sixteen districts, all of whom are appointed by the state governor. The agency's duties include guiding development in the seven-county area through regional planning and providing essential regional services – wastewater collection and treatment, transit and the Metro HRA, an affordable-housing service that provides assistance to low-income families in the region. To carry out these duties, the agency has established divisions for transportation, environment, and community development along with Division Directors and standing committees to deal with each of these areas.

Purpose of This Report

As a large organization with a substantial budget, the Council recognizes that performance evaluation is crucial to ensure its functions are meeting their objectives in a timely, cost effective manner. The Council has begun a multiyear effort to strengthen its performance evaluation process.

The purpose of this report is to provide a record of the services provided and service levels achieved by the Council in the context of historical trends, performance measures and budget compliance. This annual report includes multi-year performance measures for all major operations and summarizes significant accomplishments by division. In future reports, additional performance measures will be added as the Council expands performance measurement management practices.

1996 Priority Areas

During 1996, the Metropolitan Council targeted five priority areas: implementation of its *Regional Blueprint*, affordable housing and Livable Communities Act implementation, transit redesign, "dual-track" airport planning recommendations, and competitive wastewater service rates. Achievements in these five areas are summarized below, and detail is provided in the individual sections of this report:

Blueprint Implementation

At the top of the Twin Cities region's 1996 accomplishments' list is *Metro 2040*, the new regional growth strategy that gives communities flexibility to plan local growth and redevelopment, within important new assumptions about how the region will accommodate growth over the next 40 years. Also, communities will be able to foster development that meets needs of local residents while planning for delivery of more efficient public services.

Metro 2040 creates an urban reserve with a 40-year boundary line, with a pledge to increase housing densities throughout the region and use land and sewer service wisely. In addition, the growth plan promotes job concentrations in activity centers along transportation corridors; defines an "urban core," making its vitality a reinvestment priority; identifies good agricultural lands and parks and open spaces for long-term environmental preservation.

The Council will carry out the strategy through its regional transportation and water resources management plans, both adopted in 1996, to guide future investments in highways, transit and wastewater treatment facilities. In addition, the Council works in partnership with metro area communities to help implement *Metro 2040* through local comprehensive planning for future growth and redevelopment.

Affordable Housing and Livable Communities

In partnership with the Metropolitan Council, communities are working to meet the need for family housing at the local level. The issue of housing affordability is a continuing concern.

In late 1995, the Council initiated its efforts to carry out the Livable Communities Act. Working in partnership with local units of government, funding agencies and others, the Community Development Division organized staff teams to meet with communities throughout the metropolitan area to encourage them to participate in the Livable Communities Act program. The program helps communities develop and rehabilitate affordable and life-cycle housing, and clean up polluted land.

During the first year of the Council's Livable Communities program, participating communities agreed on specific goals for adding affordable rental and ownership housing units. Under the Home Buyers Tax Break Program, families now have an incentive – an income tax break to buy a home in four older neighborhoods or communities affected by aircraft noise near Minneapolis-St. Paul International Airport.

Beginning in 1996 tax breaks will be available to businesses that locate or expand near transit routes with frequent service, helping to create transit-accessible jobs.

In addition, the Council approved funding for communities to clean up polluted land; build projects that demonstrate how to develop compact, higher-density neighborhoods; and build affordable housing developments.

Transit Redesign

Redesigning transit services to best serve the region remains a huge challenge. The Council must work within the parameters of limited public dollars and the need to diversify the type of transit service that is offered to meet customer needs. The Council is working to make necessary changes in transit services.

A competitive bidding process led the Council to award operation of six high-subsidy suburban transit routes to a private transit provider--a decision expected to save the region more than \$1 million over two years. A *Guaranteed Ride Home Program* went region-wide in 1996. Regular bus and carpool/vanpool commuters are eligible for limited number of free return trips home in the event of unexpected emergencies. The program, expected to bolster transit ridership because it addresses a barrier identified by many prospective customers to busing and pooling has attracted more than 5,800 commuters through December 1996.

Dual-Track Airport Planning

"Dual-track" airport planning activities involve the statutorily required planning for improvements to the existing Minneapolis-St. Paul International Airport in concert with planning for a replacement site for that airport. In 1996 the Council concluded, with the Metropolitan Airports Commission, the dual-track airport planning process. The Council and the Metropolitan Airports Commission prepared recommendations and jointly presented results of the planning process to the Minnesota Legislature for its consideration. The Council's *Aviation Policy Plan* was amended to reflect the dual-track planning recommendations and the Council's new *Regional Blueprint* policies and growth strategies.

Competitive Wastewater Service Rates

For the past few years, wastewater service rates were well below the national average for similarly sized sanitary districts across the country. Demands within the region for more service at the same or less cost require the Council and the Environmental Services Division to do even better. During 1996, a Council-adopted rate policy was implemented that limited budgetary increases to the amount of inflation. Staff have an objective of a zero-increase in the rate per 100,000 gallons through the year 2000.

This would result in rates that are 27 percent lower than the prior trend emerging through the year 1996, and should stabilize rates. To assist in achieving these goals, staff developed a 1996 strategic plan that requires them to redesign their key business processes, to lead the Council's efforts regarding managed competition, to right-size the

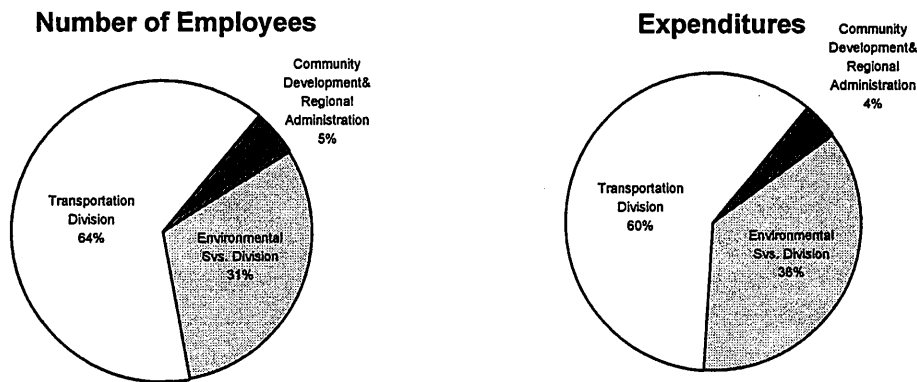
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Introduction

workforce, and to partner with other groups to avoid duplication and to enhance the impact of available resources. Significant progress has already occurred in all four areas. In addition, services delivered by Environmental Services are being designed to support the Council's growth management strategy and to add additional value of the services for the region.

Division Purposes

The Council's planning and service functions are carried out through annual expenditures of approximately \$300 million and about 3600 employees.



The Community Development Division contains significant subunits, such as Radio Communications, Parks and Open Space, Metropolitan Housing and Redevelopment Authority and Local Assistance. The division is responsible for:

- Providing high quality coordinated planning of regional growth and redevelopment.
- Identifying and analyzing strategic issues.
- Providing leadership in facilitating community collaboration.
- Delivering assisted housing services.

The Environmental Services Division consists of three major departments referred to as Environmental Planning and Evaluation, Wastewater Services and Management Services and is responsible for:

- Water supply planning, water quality planning, nonpoint source pollution abatement, industrial wastewater management, and environmental quality monitoring and reporting.
- Designing, operating, and maintaining and administering the metropolitan disposal system consisting of major interceptor sewers and wastewater treatment works.
- Environmental education, customer relations, and cost-effective management of financial and physical assets.

The Transportation Division contains major subunits such as Transit Services, Airport Planning and Transportation. The division is responsible for:

- Ensuring a basic level of mobility and a comprehensive set of transit and paratransit services for all people in the metropolitan area to the extent feasible.
- Cooperating with private and public transit providers to ensure the most efficient and coordinated use of existing and future transit services.
- Maintaining public mobility in the event of emergencies or energy shortages.

Organization of This Report

The Council's 1996 priorities and accomplishments are discussed in more detail in this report in the sections that follow. The report is organized into four major sections. The first three sections discuss division and subunit results. The fourth and remaining section includes budgetary comparisons, appendices and maps showing transit and HRA service areas.

Council efforts with respect to the Regional Growth Strategy, affordable housing and Livable Communities and the Metropolitan Radio Board are discussed in the Community Development Division section. Transit Redesign is discussed under the Transportation Division, Transit Services section. Dual -track airport planning is discussed in "Aviation Planning Activities" within the Transportation Division section. The "Environmental Services" section discusses environmental quality, point source and nonpoint source pollution abatement efforts, and redesign of programs, processes, and services to position the Council and region strategically for the future and to be more cost-competitive.

Community Development Division

Overview

The mission of the Community Development Division is to provide high-quality coordinated planning of regional growth and redevelopment; identify and analyze strategic regional issues; provide leadership in facilitating community collaboration; and deliver assisted housing services

Core Community Development activities include:

- Economic and demographic research
- Data collection, analysis, forecasting and information services
- Assistance to local government
- Assisted housing services for lower-income people
- Regional parks coordination
- Geographic Information System (GIS) organizational support and MetroGIS activities (MetroGIS is an interagency coordination team for GIS Projects.)
- Regional policy development and planning
- Regional growth strategy development and implementation
- Community collaboration and facilitation
- Council library

In 1996, the Community Development Division:

- Developed the regional growth strategy that was used to amend the *Regional Blueprint*. Completed the process of analyzing alternative growth options, involving considerable public discussion using innovative participation techniques, phone surveys, open houses and presentations.
- Implemented the second year of the Livable Communities Act.
- Through the Metro HRA, continued to help low-income households find decent affordable housing throughout the metropolitan area, especially outside areas of concentrated poverty. The Metro HRA was also involved in efforts to stabilize families and help them work toward economic self-sufficiency, as well as activities to upgrade and revitalize the region's housing stock.
- Increased the role of GIS activities in providing analysis for policy activities. Development of the map showing the policy areas of the regional growth strategy is a good example of using GIS for analyzing and communicating the Council's policies.
- Under the guidance of a strategic plan, created the MetroGIS coordinating committee, which made progress on standards, access, data content and policy for sharing data

among participants. The Council entered into agreements with four counties for data- and cost-sharing.

- Made major strides toward conducting business in new and improved ways that help to clarify and strengthen relationships with local governments, including designating staff to work with local officials within region, streamlining the referrals process, and developing the planning grant and loan program.
- Moved closer to implementing the project to develop a region-wide, shared emergency radio system, including securing funding from the legislature, expanding the first phase, developing contracts on roles and responsibilities, and preparing a request-for-proposal for radio equipment for the initial set-up.
- Added two regional parks and one special recreation feature to the regional park system, as well as adopting an updated system plan for regional trails.

Regional Growth Strategy

The region's year-to-year population growth will produce a much larger developed area within the metropolitan area by the year 2020. In the last 25 years, the region grew at a healthy rate, due to the baby boomers who formed households and had children in the 1970s and 80s. But, in the next 25 years, the Metropolitan Council forecasts even faster growth:

- 650,000 more people,
- 330,000 additional households, more than Minneapolis and St. Paul have today,
- 410,000 more jobs.

As the region's long-range planning agency and provider of transit and wastewater services, the Metropolitan Council is looking ahead and asking where all these people and jobs will locate in the region. After considerable analysis and public discussion, the Council developed and adopted a regional growth strategy to guide the region toward accommodating expected growth.

Early in 1996, the Council brought three possible growth options to communities and the public for discussion. Later in the year, the Council used this input to develop a preferred growth and development pattern for the seven-county Twin Cities region and identified wide-ranging policies and actions needed to carry it out – the regional growth strategy.

The Council then incorporated the adopted regional growth strategy into a revision of the *Regional Blueprint*. This amendment identifies general land uses for the region by the year 2040. The desired characteristics of the rural, "urban reserve" and urban parts of the region are identified, together with the policies and action steps necessary to achieve the desired land use. Population, household and employment forecasts based on the policies

and other factors also are included. The long-range view for how to accommodate regional growth now needs to play out in the comprehensive plans of local government.

Livable Communities Programs

Nearly 100 metropolitan area communities continue to participate in the Livable Communities program to help expand affordable housing opportunities, recycle polluted sites and restore neighborhoods. These cities have negotiated housing goals that, if achieved, would add nearly 13,000 affordable rental units and nearly 69,000 affordable ownership units throughout the region through 2010.

More than 90 percent of the targeted developing communities have agreed to participate in Livable Communities. Developing communities are where job growth is highest and the need for affordable and life-cycle housing, now and in the future, is most apparent. Although there are 187 jurisdictions in the Twin Cities metropolitan area, about one-third are outside the urban service area – where urban development is not encouraged.

Incentives in the 1995 Metropolitan Livable Communities Act (LCA) legislation encourages communities throughout the region to address several key issues – a shortage of affordable housing in the seven-county metro area, the need to redevelop declining neighborhoods, and an abundance of polluted land that thwarts economic opportunity.

Because they voluntarily agreed to participate in the program and develop housing goals in cooperation with the Council, the communities are eligible to compete for funding from all or any of the three accounts that make up the Livable Communities Fund and pollution cleanup funds available from the Department of Trade and Economic Development (DTED).. Participating communities are eligible to compete for funding incentives such as loans and grants from the:

1. **Tax Base Revitalization Account.** Helps cities pay for cleanup of polluted land and make it available for commercial and industrial development. In 1996, 17 grants were awarded, totaling \$6.5 million, to help clean up nearly 100 acres of polluted land in eight communities. These projects will generate over \$2.7 million in increased annual net tax capacity, and 1,630 new jobs paying an average hourly wage of \$12.36.
2. **Livable Communities Demonstration Account.** Funds projects that demonstrate how development can be designed to use land and services more efficiently and promote community. Projects seek to do so through more compact, higher-density, transit-oriented development with a mix of residential and commercial buildings, a range of housing types and costs, and walkable streets. Eight grants, totaling \$4,574,500 were awarded in 1996 for demonstration projects in seven communities.
3. **Local Housing Incentives Account (LHIA).** Expands housing opportunities through grants to eligible communities to meet negotiated affordable and life-cycle housing

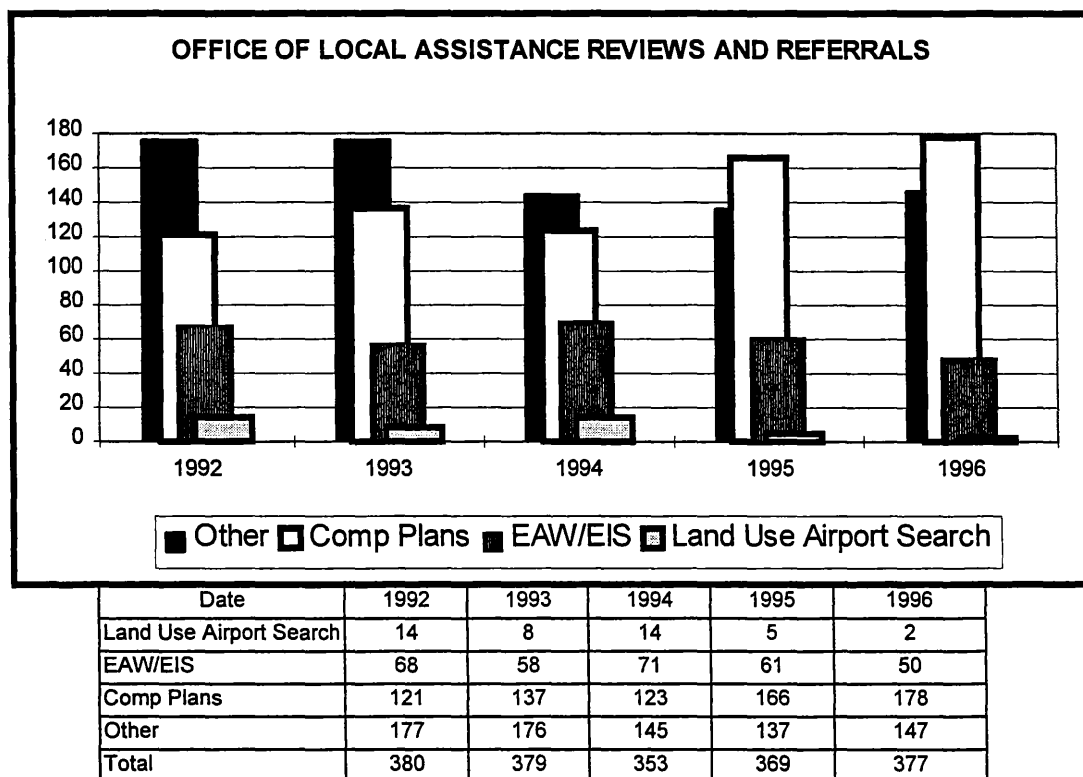
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goals. In 1996, the Metropolitan Council approved \$875,000 in grants through the LHIA to accomplish the following:

- Awarding of seven grants to six communities
- \$18 million in total development investments
- Development of 242 rental units – 158 affordable to low- and moderate-income households
- Development of up to 10 new affordable single-family homes
- Rehabilitation of up to 16 affordable single-family homes
- Availability of 50 to 70 deferred loans for rehabilitation of blighted single-family homes

Reviews and Referrals

The Community Development Division conducts reviews of comprehensive plan amendments and updates, environmental submissions, and leads discussions and reviews of metropolitan urban service area changes. The chart and table below show the number and type of Local Assistance reviews and referrals administered by the Council from 1992 through 1996.



Note: The "other" category includes many different kinds of referrals including those related to the National Pollution Discharge Elimination System, Corps of Army Engineers, watershed district plans, water supply plans, controlled access highway plans, critical area reviews, Minnesota Municipal Board annexations, etc. EAW= Environmental Assessment Worksheet EIS= Environmental Impact Statement

Metropolitan Radio System

The Metropolitan Council has provided staff and financial support for the development of a highly efficient, cost-effective region-wide two-way public safety radio system. The system will share both the 800 megahertz channels recently allocated to the metropolitan area by the Federal Communications Commission and the basic network infrastructure of towers, transmission facilities, computer controllers and software.

If radio channels are used in independent systems, the number available to the metropolitan area are not sufficient to meet the communications needs of all public sector agencies. The only way that all eligible public safety radio users in the metropolitan area can upgrade their outdated systems 800 megahertz channels is to pool the channels and share their use through trunking technology. By sharing network infrastructure as well as channels, the public sector also achieves significant cost savings.

In 1991, the Council established a task force to determine the feasibility of developing a shared system. The task force report resulted in legislation in 1993 creating a Metropolitan Radio Systems Planning Committee that reported to the Council on a system design and governance and financing options for the system.

In 1995, the legislature authorized creation of a political subdivision – the Metropolitan Radio Board – and charged it with developing a plan for a phased radio system, and with overseeing implementation of the plan. The legislation envisioned a first phase that includes a basic backbone network for state and regional agency operations and for emergency medical communications. Later phases would include subsystems added to the backbone network by counties and by the cities of St. Paul and Minneapolis.

Funding for the local share of the first phase was authorized by the 1995 legislature with the authorization for the state share coming in the 1996 legislative session. Staff and administrative support for the board are provided by the Council.

In addition to successfully obtaining state funding in 1996 for state participation in the system, other accomplishments include agreements with Hennepin County and the city of Minneapolis to participate in the first-phase RFP process. As a result, the first phase has expanded to become an initial network serving approximately 11,000 radio users.

Other accomplishments in 1996 include:

- Conclusion of a cooperative agreement between the Metropolitan Radio Board and the Minnesota Department of Transportation(Mn/DOT) regarding roles and responsibilities in the system procurement and financing process;
- Approval of subsystem plans prepared by Hennepin County and the city of Minneapolis;

- Cooperative board agreements with Hennepin County and the city of Minneapolis defining the participation of the two jurisdictions in the RFP process for the first-phase bid and defining ownership, control and cost allocation terms for their subsystems as part of a broader initial network approach;
- Preparation of detailed RFP specifications for transmittal to the Minnesota Department of Administration for issuance early in 1997;
- Letter of intent from the University of Minnesota to participate in the first phase RFP process;
- Licenses issued by the FCC for all National Public Safety Planning Advisory Committee channels reserved for the system; and
- Continuing work on subsystem plans for the city of St. Paul and the remaining six counties of Anoka, Carver, Dakota, Ramsey, Scott and Washington.

Metropolitan Parks and Open Space Commission

The Metropolitan Parks and Open Space Commission (MPOSC) was established by the Minnesota Legislature in 1974. As an agency of the Metropolitan Council, the commission's job is to advise and assist the Council in acquiring and developing a system of regional parks and recreation open space facilities in the Twin Cities metropolitan area.

The MPOSC plays a key role in shaping the regional park system, but it has no operating duties or ownership in any park or trail land. The parks and trails are owned and operated by 10 implementing agencies: Anoka, Carver, Dakota, Ramsey, Scott and Washington Counties, the Suburban Hennepin Regional Park District; the Minneapolis Park and Recreation Board, and the Cities of St. Paul and Bloomington.

Regional Park System

The 1996 existing metropolitan regional park system that is open for public use encompasses approximately 48,000 acres of park land. This land includes 33 regional parks, 4 special recreation features, 13 park reserves, and 80 miles of regional trails.

These park/trail units are owned and operated by 10 implementing agencies that include counties, special park districts and cities. One agency--Scott County, has a joint powers agreement with another agency--Hennepin Parks, which operates the parks within Scott County; therefore, this report refers to nine implementing agencies.

The park system is based on a policy plan prepared by the Metropolitan Council and Metropolitan Parks and Open Space Commission, which is titled *Regional Recreation*

Open Space Policy Plan. The system is acquired and developed through a partnership between the implementing agencies and the Metropolitan Council, with the advice of the MPOSC, to plan a regional system to meet the recreation open space needs of the Twin Cities metropolitan area.

Users – Who Benefits

Total park visits in 1995 were estimated at 14,734,800 or about six visits for each person in the metropolitan area (1995 estimated population is 2,448,967). The 1996 park use estimates will be published in May 1997. The figure for average visits per year for regional park users is actually higher because not all persons use the regional parks, and not all users are from the metropolitan area.

User data show the regional parks are visited twice as much as the state parks. Approximately 75 percent of the usage are residents of the Twin Cities region, with 25 percent from Greater Minnesota and out-of-state visitors.

Each year, the annual number of visits to regional parks increases. Between 1974 and 1995 total visits to regional parks have increased from 5 million to approximately 14.7 million. Between 1978 and 1988, there were sizable increases in park visitation of over six percent per year. Use continues to increase, but at a slower percentage rate after 1988. Several factors contribute to this visitation pattern.

- Since 1974, the system has grown by adding new park/trail units and new or expanded recreation facilities in units that were available for public use in 1974. This added capacity has allowed a substantial increase in visitation.
- Between 1974 and 1985, the 20-39 age group grew from 600,000 to 800,000 persons in the region. This age group of young adults is very active in regional park activities and has been responsible for a large percentage of the increase in visitation. However, as that baby-boom generation has aged, a smaller population group of the same age has replaced them, resulting in an expected slower rate of growth in visitation.
- Also increased leisure activity options and declines in available leisure time have slowed the rate of growth. Fully developed parks located in densely populated areas receive the highest levels of use. Urban parks in Minneapolis and St. Paul are very accessible to large numbers of people and receive the highest use levels in the system.

Capital Fund Sources

A total of \$273.3 million has been authorized for regional park system capital improvements since 1974 through Metropolitan Council grants financed from the following sources:

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- Regional bonds: \$73 million issued and authorized to be issued by the Council by the end of 1995.
- State bonds/Environmental Trust Fund appropriations: \$160.7 million appropriated by the state legislature (through 1995).
- Interest: \$39.6 million earned on invested regional park capital funds by the Council and park implementing agencies.

The 1996 legislature appropriated \$1 million of Environmental Trust Funds for land acquisition by December 31, 1997, and \$19.65 million for park acquisition, development and redevelopment projects to be completed by June 30, 2001.

The Metropolitan Council will issue \$7,181,000 in regional bonds in 1997-98 as a 40 percent match on projects. Funds will be spent on priority projects identified in the Council's 1996-97 regional parks capital improvement program.

Operations and Maintenance Fund Sources

In 1995, the Legislature appropriated \$2,238,000 for each of the fiscal years 1996 and 1997, for regional park operations and maintenance grants. These appropriations were distributed through the Metropolitan Council to the regional park implementing agencies.

The appropriations covered only about 5.5 percent of the costs to operate and maintain the system. The rest is financed with user fees and property taxes of the park implementing agencies.

Parks Research

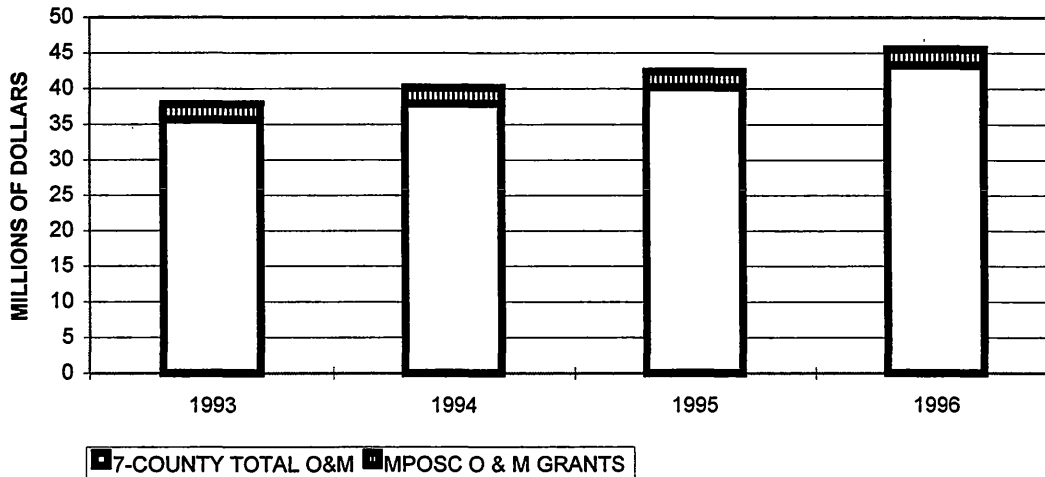
Overall parks research information used by the MPOSC requires updating. In 1995, the Council contracted with the University of Minnesota Center for Survey Research to conduct a household survey regarding leisure interests of Twin Cities residents. That study determines the "market" for outdoor recreation compared with other leisure/interest activities. The results of the study were published in April 1996.

The Council also coordinated visitor counts of the regional park system by having the regional park agencies count visitors in two-hour time periods at park-trail entrances selected randomly during the summer of 1996. The samples are used to create an annual estimate for the entire system. The visitor counts will be done again in 1997 and 1998.

The research efforts are being funded through the defeasance of the Council's 1976 park bond issue. The Council realized approximately \$1.1 million in interest gains.

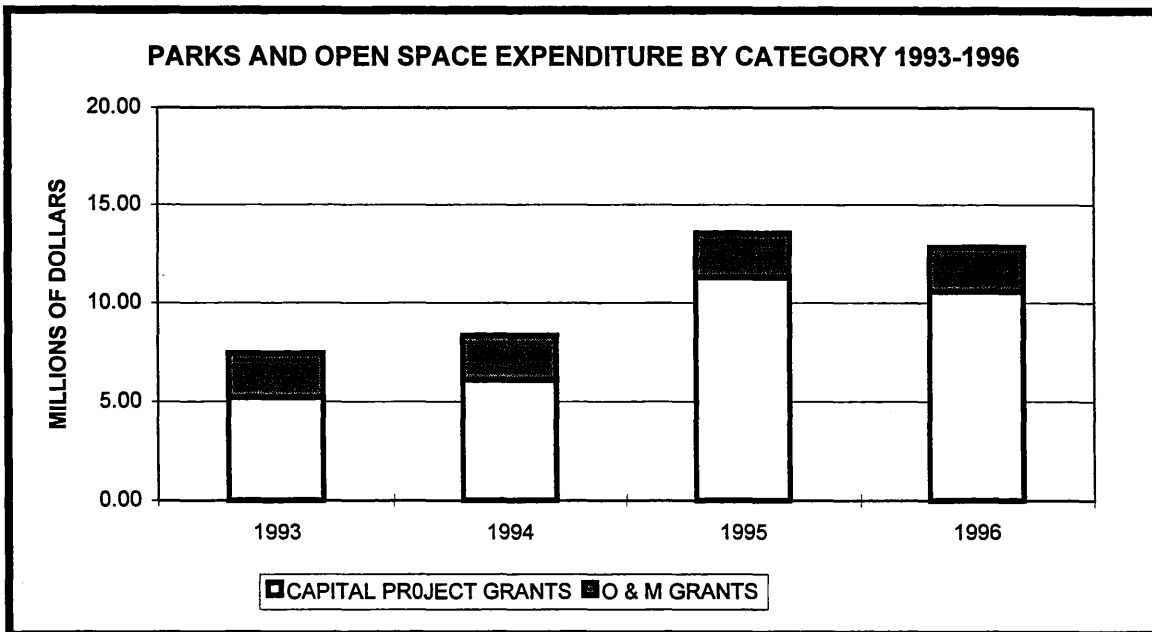
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**PARKS AND OPEN SPACE COMMISSION OPERATION &
MAINTENANCE COSTS 1993-1996**

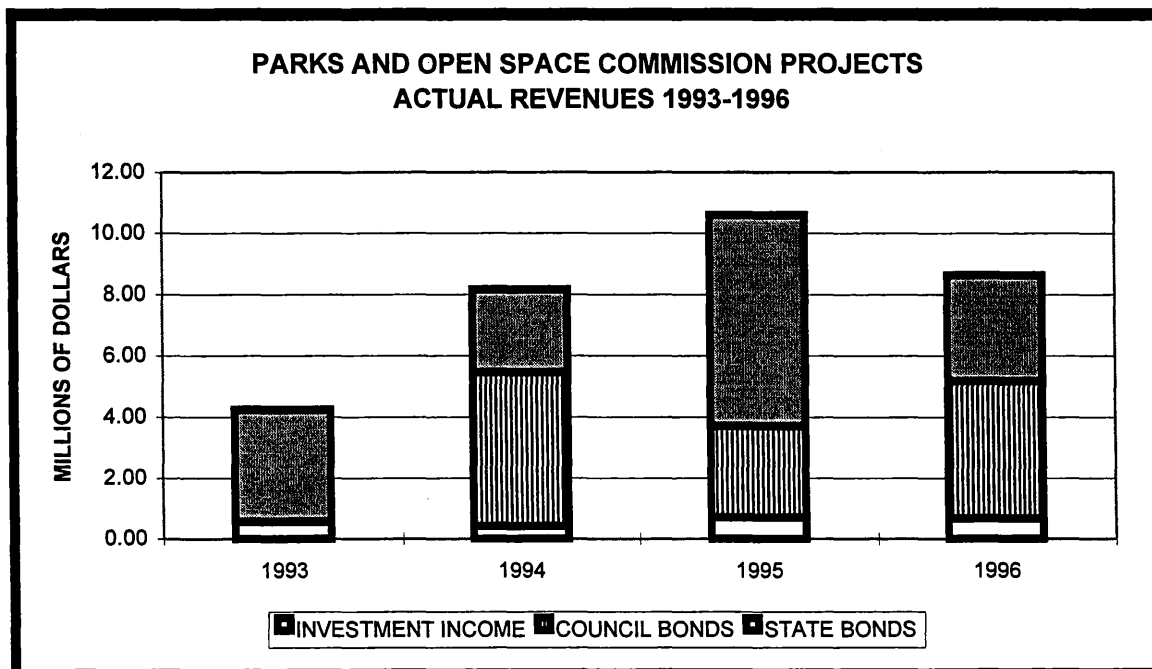


	MPOSC O & M GRANTS	7-COUNTY TOTAL O&M
1993	2.2	35.6
1994	2.2	37.9
1995	2.2	40.2
1996	2.2	43.3

STATE APPROPRIATIONS FOR REGIONAL PARK OPERATIONS AND MAINTENANCE GRANTS CALENDAR YEARS 1985 TO 1996				
CALENDAR YEAR	STATE FISCAL YEAR	O & M GRANT APPROPRIATION FROM STATE OF MN	REGIONAL PARK AGENCIES' O & M COSTS BY CALENDAR YEAR	PERCENTAGE OF O & M COSTS COVERED BY STATE GRANT
1985	1986	\$2,000,000	\$19,091,548	10.48%
1986	1987	\$2,000,000	\$22,656,187	8.83%
1987	1988	\$2,000,000	\$24,595,929	8.13%
1988	1989	\$2,000,000	\$26,461,148	7.56%
1989	1990	\$2,000,000	\$29,294,759	6.83%
1990	1991	\$2,817,000	\$31,107,785	9.06%
1991	1992	\$2,759,000	\$32,453,120	8.50%
1992	1993	\$2,356,000	\$33,453,546	7.04%
1993	1994	\$2,238,000	\$35,646,465	6.28%
1994	1995	\$2,238,000	\$37,928,496	5.90%
1995	1996	\$2,238,000	\$40,158,254	5.57%
1996	1997	\$2,238,000	\$43,303,680	5.17%



	1993	1994	1995	1996
O & M GRANTS	2.24	2.24	2.24	2.24
CAPITAL PROJECT GRANTS	5.20	6.08	11.29	10.57



	1993	1994	1995	1996
INVESTMENT INCOME	0.56	0.41	0.70	0.67
COUNCIL BONDS	0.00	5.05	3.00	4.5
STATE BONDS	3.68	2.70	6.89	3.47
TOTAL	4.24	8.16	10.59	8.64

Metropolitan Housing and Redevelopment Authority (HRA)

The Metropolitan Housing and Redevelopment Authority (HRA) is a work unit of the Community Development Division and administers housing assistance programs for low-income individuals and families in over 100 metropolitan communities in suburban Hennepin, Ramsey, Anoka and Carver Counties.

In addition to the staff based at Metropolitan Council offices, there are contract staff in nine local agencies that serve as community representatives in administering the Section 8 programs in 49 communities. The majority of assistance provided by the HRA is federally funded tenant-based Section 8 subsidies that allow the user to locate suitable private market housing in all communities throughout the metropolitan area and receive a partial subsidy as rent assistance paid directly to the landlord.

Major 1996 activities of the HRA are presented below:

- Administered Section 8 Rent Assistance, including the Family Self-Sufficiency Program and Family Unification Program. These programs operate within the Section 8 framework to enable families to reunite in cases where the lack of adequate housing may be preventing the family as a whole from thriving, and to assist the family in working toward economic self-sufficiency, using community-based social services resources.
- The 1996 goal was to continue to utilize 100 percent of available federal housing funds to assist low-income households. The Section 8 certificate and voucher programs achieved 94.3 percent utilization; a total of 4,456 households were assisted. A number of factors, including an overall metropolitan area vacancy rate of less than three percent, along with a shortage of eligible rental units in an affordable range created an incompatible market for low-income renters. A comparison of the Department of Housing and Urban Development's current Fair Market Rents with units rents indicates that less than 20 percent of multiunit rentals are affordable to Section 8 participants.
- Administered a number of housing assistance programs through federal, state and local funding that provide housing subsidies and support services for homeless persons, mentally ill, families with disabilities, and persons with HIV/AIDS. These programs include the Bridges Program, three Shelter + Care programs, two Rental Assistance for Family Stabilization (RAFS) allocations and the Housing Opportunities for Persons With Aids program. These programs served 631 households in 1996.
- Administered the Minnesota Housing Finance Agency (MHFA) Deferred Loan and Access Loan Programs. These programs make available home rehabilitation funds for low-income homeowners in suburban Ramsey County.

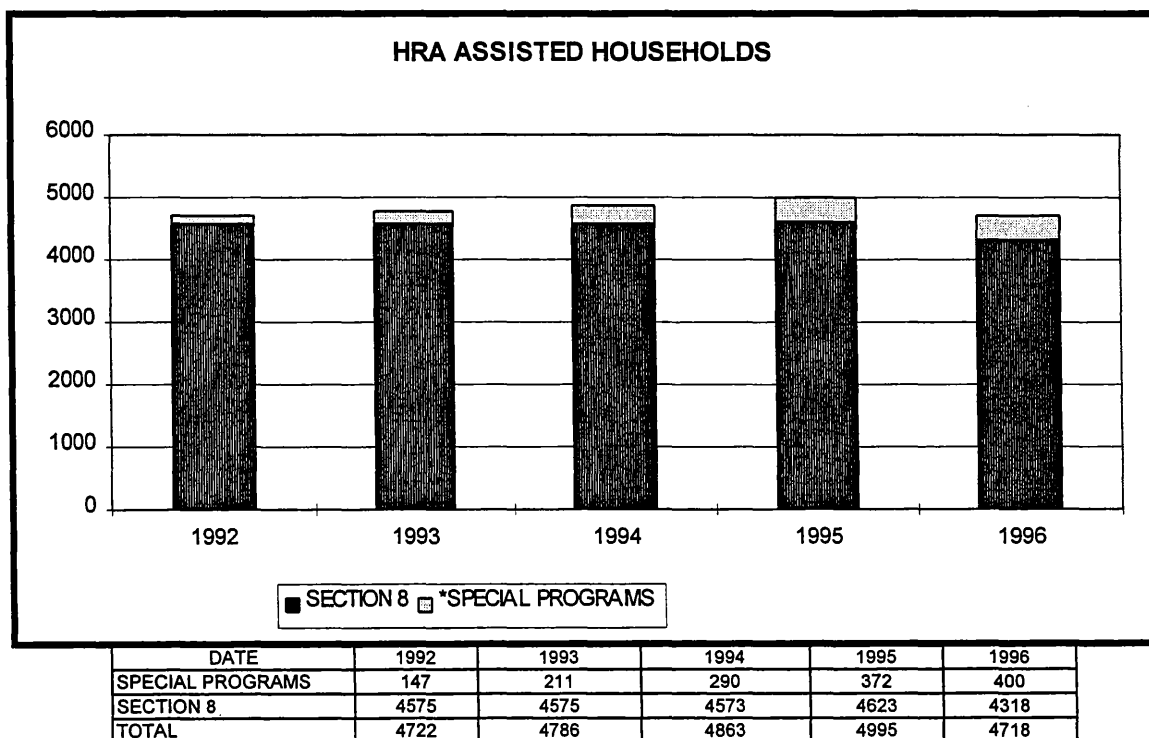
In 1996, over \$100,000 was disbursed for basic home improvements such as plumbing, roofing and energy improvements, as well as home modifications

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necessary to make a home more accessible for a person with a disability. An average of 13 loans per year are funded.

- Continued to provide administrative support in implementing the HomeChoice program, a demonstration project for mobility counseling for Section 8 participants in the metropolitan area. The 18-month HomeChoice program concluded in October 1996 and provided mobility counseling services to a total of 30 families choosing to relocate in the metropolitan area. Six of these families moved to an area defined as nonconcentrated poverty.
- Developed and implemented the Regional Opportunity Counseling Program through a nonprofit organization in the seven-county metropolitan area. Administered with Section 8 and housing counseling funds, this program will continue the efforts set forth in the HomeChoice program and provide counseling, support and housing search information to Section 8 participants.
- Provided technical and administrative support in developing the Housing Clearinghouse Network via the *Hollman Settlement/Consent Decree*. In 1996, the work group for the Clearinghouse developed a management plan to define a purpose and strategy for achieving a "one-stop shop" approach for affordable housing information, incorporated into a nonprofit entity – Housing Link. The work group is assessing data base options for management of affordable housing information, assisted housing waiting lists, as well as linkage to social service organizations and housing agencies.

The table below shows the number of households assisted by the Metro HRA between 1992 and 1996 through the Section 8 program, as well as other special programs.



*SPECIAL PROGRAMS = NON-SECTION 8 FEDERALLY AND STATE FUNDED RENTAL ASSISTANCE PROGRAMS

Transportation Division

The Transportation Division is divided into two units – (1) Transportation and Transit Development, and (2) Transit Operations. Transportation and Transit Development is responsible for regional transportation planning that includes planning for aviation, highway, and transit systems as well as transit development. This section first summarizes accomplishments of the Transportation and Transit Development unit by major work projects, then describes activities of Transit Operations.

Transportation Planning Activities

The Council adopted a revised regional *Transportation Policy Plan*, which sets the direction for investments in transit, highways and other facilities for the next 25 years. The plan outlines a program of future highway projects based on expected highway dollars but recommends a stable state source of funds for all the region's transportation needs. It urges that studies be started to establish transitways – exclusive lanes to be used initially by express buses to connect major activity centers but which could later use other technologies as time goes on. The plan encourages pedestrian-friendly mixed-use development with good transit accessibility and supports development of facilities for intermodal (truck/rail/truck) transfers.

Transit Planning

The Council performs long-range transit planning activities to implement the Council's *Regional Blueprint* and the *Transportation Policy Plan*.

- In 1996 Council began working with welfare officials and job banks to help people currently on welfare to find and retain jobs. Transportation to jobs is an important component of the welfare-to-work reform. The Council and job service agencies, legislators, counties, and state agencies exchanged technical assistance and information to develop transportation services that can be implemented in 1997.
- The Council planned new and restructured transit services as part of its Transit Redesign effort. The new services are expected to save dollars while continuing to meet the needs of local transit users. Improvements are planned for many portions of the region (including Woodbury, St. Paul East Side, western Hennepin County, Anoka County and University of Minnesota areas).
- The Council supported the Transit-Related Development Tax Incentive program in beginning a review of transit route changes that may affect areas eligible under the program. The program is intended to economically strengthen areas served by high-frequency transit service by offering businesses tax breaks to locate or expand in the area.

- The Council updated the annual Americans with Disabilities Paratransit Plan to provide transportation services to people with special mobility needs within tight budgetary and regulatory constraints.. The Council made progress in the Transportation Options Program, whereby targeted Metro Mobility riders who can do so will be asked to shift some of their rides to regular-route buses and/or carpools/vanpools.

Highway Planning

The Council works with the Minnesota Department of Transportation (Mn/DOT) to ensure that the policy directions in the Council's *Regional Blueprint* and *Transportation Policy Plan* are carried out in state highway plans affecting the Twin Cities area.

- In 1996 the Council made interest-free loans under the Right-of-Way Acquisition Loan Fund (RALF) to two communities to buy land for right-of-way for future highway construction. The City of Maple Grove received a loans for land purchases for TH 610; the City of Chaska, for TH 212. The RALF program makes loans available to purchase right-of-way for principal arterials and other trunk highways before Mn/DOT is in a position to make the purchase. The RALF guidelines were changed to reflect legislative changes made in 1996.
- The Council worked to develop solutions to travel demands by participating in several interagency studies of heavily traveled highway corridors, including TH 610, I-35E, Wakota Bridge/TH 61, and TH 5/CR 30 relocation.
- Numerous comprehensive plans and environmental documents (EISs and EAWs) were reviewed to determine consistency with regional transit plans.
- Council staff assisted the Mn/Dot Metro Division in completing its first Transportation System Plan.
- Consultants were retained to prepare a business plan to develop and operate a multi-user intermodal terminal, and to evaluate the rail operations/terminal access needs identified by the railroads.
- The Council and Mn/DOT completed a draft report on congestion pricing and management. Mn/DOT and the Council will develop a legislative strategy that will focus on selection and implementation of a variable rate toll project.

Other Transportation Planning Activities

- The Council, using its updated travel forecasts, analyzed year-2020 travel demands to evaluate the impacts of proposed projects included in the Council's *Transportation*

Policy Plan on the region's accessibility. The model showed that, given the highway projects the region can afford based on expected transportation dollars, traffic congestion is expected to increase substantially on metro area highways – from 100 miles of highway in 1995 to 220 by the year 2020.

The model was also used:

- As required by federal rules, to analyze whether the *Transportation Policy Plan and 1997-2000 Transportation Improvement Program* would conform to air quality requirements; and
 - In the Council's growth options study, to determine land use impacts on the transportation system.
- The Council worked with its Transportation Advisory Board (TAB) and Technical Advisory Committee to select projects for federal funding and prepared a three-year 1997-2000 transportation improvement program (TIP). The TIP includes all federally funded transportation projects, as required by the 1991 federal Intermodal Surface Transportation Efficiency Act (ISTEA). The process includes broad citizen and interested group input, including input from communities of color.
 - As the Metropolitan Planning Organization (MPO) under federal law, the Council must provide planning and administrative support to coordinate the continuing, coordinated, comprehensive transportation planning process pursuant to state and federal statutes and regulations. This process includes state, regional and local units of government and allows the region to be certified for continued receipt of federal transportation funding.
 - The Council prepared and adopted a 1997 Unified Planning Work Program (UPWP) which ensures that all agencies involved in transportation planning in the metropolitan area (including the Council, Mn/DOT, MAC and MPCA) coordinate their efforts.

Aviation Planning Activities

Dual-Track Process

The major 1996 aviation planning activity was completion of the dual-track planning process to determine whether the region's future major airport would continue to be located at Minneapolis/St. Paul International Airport (MSP) or at a replacement site in Dakota County.

The Metropolitan Council and the Metropolitan Airports Commission recommended to the Minnesota Legislature that the airport remain at its current site because the

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advantages of a new location did not warrant the substantially higher cost of developing a new airport.

A number of follow-up implementation activities are required by the legislation and directed at both the MAC and Council. The more significant noise mitigation items are listed first, and then other items having both direct and indirect affects on Council review/planning responsibilities are listed.

Noise Mitigation – Aircraft noise mitigation has been an ongoing effort at MSP. Noise abatement efforts focus on controlling noise at the source, through operational procedures, and land use compatibility. Current efforts at MSP primarily involve the land use measures, noted on the next page, that are contained in state statutes:

<u>Status</u>	<u>Results</u>
<ul style="list-style-type: none">• Require MAC to spend \$185 million between 1996 and 2002, from any source of funds, for soundproofing buildings and land acquisition within the noise impacted area.	An agency and community noise mitigation committee was established and a MSP Noise Mitigation Program adopted by the MAC. The Council has concurred with the program recommendations, and a working group is expected to be established in early 1997 to refine the mitigation program.
<ul style="list-style-type: none">• MAC is required to determine probable noise levels resulting from operating a new north/south runway, and develop a noise mitigation program to address the new noise area.	The final EIS is being prepared; it includes an evaluation of aircraft ground noise impacts. Land acquisition is occurring in the new runway protection zone. Mitigation out to the 60 DNL noise level will be assessed by the working group.
<ul style="list-style-type: none">• Authorize City of Bloomington to transfer pre-1988 TIF district from Kelly Farm site, which is within the protection zone of the new north/south runway, to the old Met Center site.	Formal discussions are continuing between the Council, Met Sports Facilities Commission, MAC, City of Bloomington and affected property owners.
<ul style="list-style-type: none">• Provide for noise impact relief around MSP airport by implementing:<ul style="list-style-type: none">A. A permanent urban stabilization and revitalization zone.B. A housing replacement (TIF) district.	The Council coordinated with the Minnesota Department of Revenue and affected communities. It assisted in implementation efforts by providing program map information, and the project is completed.
<p>Other Review/Planning – Council prohibited from requiring communities to plan for or preserve lands for a new major airport.</p>	The Council amended its <i>Aviation Policy Plan</i> , and the system statements do not include any requirements for a new major airport.

Regional Aviation Policy Plan

The action of the Minnesota Legislature in 1996, concerning the dual-track planning process, included repeal of Council authority for land use controls in the new airport search area and review of a new major airport. In addition, the MSP expansion alternative was selected for future major airport development.

The Council responded by amending its *Aviation Policy Plan* to reflect the dual-track recommendations and actions of the legislature. New aviation system statements were transmitted to local governmental units for them to review for implications to their comprehensive plans under the Metropolitan Land Planning Act.

System Plan Coordination

The Council has a continuing responsibility to coordinate regional aviation planning and development activities. This coordination occurs with affected local, state and federal governmental units, airport users, and citizens. Specific coordination efforts are outlined below:

State Airport System Plan

In 1996 the Mn/DOT Office of Aeronautics began to update the state airport system plan. to include a new data base, user surveys, forecasts, system needs and special studies. The Council will participate on policy and technical committees for the state plan over the next 18 to 24 months, which will provide information the Council will use in updating the regional system plan.

MSP Development – Runway 4/22

There is a need for a long runway during reconstruction of the south MSP parallel runway to maintain hubbing capability. Also, a long runway is needed to handle long-haul international flight operations of heavily loaded aircraft. It was also proposed that the runway could be used for noise redistribution purposes.

The extension of runway 4/22 at MSP was in litigation when it was submitted as a capital improvement program item for Council review. The Council approved the physical extension portion of the runway 4/22 project at MSP. However, the noise redistribution portion of the project was sent to a state mediation process as part of an agreement to stay the lawsuit. A joint agency/community noise survey was undertaken to assess what the noise-impacted neighborhoods' opinions were on various mitigation items. The results of the survey were provided as input to the overall MSP Noise Mitigation Program.

Reliever Airport Planning

The reliever airports are a key element of the regional aviation system. Regional policy calls for long-term comprehensive plans (LTCPs) to be prepared for all of the reliever airports. They must be updated on a periodic basis. The airport owners are responsible to prepare a LTCP for each airport and the plan is reviewed by the Council.

In 1996 an LTCP was completed by the MAC for Crystal airport. The Council's review of the Crystal airport LTCP is on hold until the MAC completes action on airspace hazards and height zoning ordinance issues. A plan was also prepared by the MAC for the Anoka-County Blaine airport. MAC is refining some elements of the Anoka airport plan prior to setting a public hearing, likely in early 1997.

The Council approved the MAC's LTCP for the Flying Cloud airport. The Council continues to participate in coordination/review efforts and is participating in preparation of an EIS for the proposed Flying Cloud airport development projects.

Transit Services

The Metropolitan Council plans, coordinates and administers a cost-effective system of transit services that is responsive to the needs of residents of the Twin Cities metropolitan area.

The Metropolitan Council's transit-related purposes include to:

- Ensure, to the greatest feasible extent, a basic level of mobility for all people in the metropolitan area and a comprehensive set of transit and paratransit services;
- Cooperate with private and public transit providers to ensure the most efficient and coordinated use of existing and future transit resources; and
- Maintain public mobility in the event of emergencies or energy shortages.

To accomplish these overall goals, the Metropolitan Council carries out the following administrative functions for transit:

- Develop transit policy;
- Prepare transit implementation plans;
- Prepare and present required transit budgets, financial plans, and staffing plans;
- Supervise operation of the largest provider of transit service in the region, through Metropolitan Council Transit Operations (MCTO);
- Execute and administer more than 20 transit capital contracts and 36 transit operating contracts;
- Develop and update the five-year transit plan for the metropolitan area;
- Administer replacement service (opt-out) programs;
- Conduct research and render advice on transit issues;

- Conduct transit needs assessments;
- Oversee Metro Mobility, the region's American Disabilities Act (ADA) complementary paratransit service;
- Develop new services; and
- Encourage the use of public transit.

The Metropolitan Council plans and administers transit policy for the metropolitan area. It develops new services, ensures that existing services are running as effectively and efficiently as possible, conducts various studies, and administers the Jobseekers and Metro Commuter Service programs.

Metropolitan Council Transit Projects

During 1996 the Council completed a comprehensive self-assessment of the regional transit system in a project named Transit Redesign. The goals of Transit Redesign include:

- Develop a transit system that can better contribute in the long-term to the livability and economic vitality of the Twin Cities region as postulated in the *Regional Blueprint*;
- Develop a more efficient transit system to make it more competitive with the single-occupant vehicle.
- Develop a more efficient transit system in response to limited available resources;
- Enhance local participation in the decision-making process, particularly in providing local transit services, and
- Develop an adequate and equitable transit financing structure.

Adoption of Transit Redesign included six key strategies:

- Strategy A: Diversify the transit system with a broad range of service options and a combination of public and private operators;
- Strategy B: Make the speed of transit trips more competitive with the single-occupant vehicle and develop a coordinated capital investment strategy to advance the Transit Redesign process;
- Strategy C: Increase competition in the delivery of transit services;
- Strategy D: Decentralize decision-making process;
- Strategy E: Rethink and redesign the transit financing/pricing structure with an intermodal context; and
- Strategy F: Encourage cities to create more pedestrian- and transit-oriented communities that can be effectively and efficiently served by transit.

During the third quarter of 1996, the Metropolitan Council began implementing these strategies. They included adopting service design and performance standards, adopting a

regional fleet plan, revisiting the fare policy, adopting a transit capital plan, and adopting a legislative package for regional transit.

Also, in 1996 the Metropolitan Council developed transit priorities, planned and implemented some new services, eliminated some nonproductive services, and managed three dozen provider contracts, ranging from regular-route to paratransit service to transportation demand management programs. A summary of the key 1996 activities are highlighted in the following paragraphs.

Regional Fixed-Route Services carry more than 97 percent of all passenger trips made on the regional transit system, representing over 65 million passenger trips. Ninety-five percent of these passengers are transported by MCTO on 120 routes. Other fixed-route providers in the region include Medicine Lake Lines operating Route 55 and University of Minnesota Route 52, North Suburban Lines and Valley Transit operating in the Stillwater area.

Community-Based Services include demand-responsive operations primarily in a given community or adjacent communities, county-based services that operate from medium-sized buses to volunteer driver services, and three county systems that provide (ADA) service. State and regional funding for these services have been relatively constant for four years. As a result, minimal new service has been implemented, while the systems look to their local communities for additional funding and to increasing fares for the riding public.

Transit Fares were increased by the Metropolitan Council on the regular-route system on July 1, 1996. This was done in conjunction with installing new farecard reader equipment, making modern fare media available to the riding public.

The fare increase retained the \$1.00 base fare and a \$.50 express charge. The change that affected the most passengers was increasing the \$.25 peak charge to \$.50. This resulted in a three-fare system for full paying passengers who would pay either \$1.00, \$1.50 or \$2.00. Youth fare policy also was adjusted by changing the youth age definition to include persons age 6-12 years old.

The new farecard equipment was installed on all regular-route vehicles that allowed magnetic stripe cards to be introduced as a fare medium. The two types in broad use are the stored-value card that has a pre-encoded ride value that is deducted for the appropriate value of each ride. The second type is the 31-day card entitling the holder to 31 days of consecutive regular-route usage upon first use activation.

The Americans with Disabilities Act (ADA) requires all transit operations to be in complete compliance with the ADA transportation components by January 27, 1997. The Metropolitan Council has made great strides in meeting the 21 areas of compliance.

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In December 1996, the Metropolitan Council submitted a request to the Federal Transportation Administration to enter into a voluntary compliance agreement with the agency regarding the one area where Metro Mobility does not meet the letter of the act — operating hours of service. Metro Mobility hours of service do not mirror the hours of service of the region's fixed-route system. MCTO has eight corridors where service begins as early as 4 a.m. and runs as late as 2 a.m., while in these same corridors Metro Mobility service operates from 5 a.m. to 1 a.m.

The Metropolitan Council has already set a Service Hours Plan in motion to achieve full compliance by July 1, 1997. This expansion of service hours will coincide with other Metro Mobility service changes. The changes include compliance to ADA by county transit programs that provide service to ADA eligible riders.

Metro Mobility experienced a reduction in service hours in October 1995 by approximately eight percent to get Metro Mobility budget back on track. The number of Metro Mobility trip denials sky-rocketed the first six months of 1996, averaging 82 trip denials per 1,000 trips provided.

The high number of customer cancellations further fueled Metro Mobility service problems. Nearly 30 percent of scheduled rides were later canceled by the customers during the first six months of 1996.

Several service changes were implemented in 1996 to counter the effects of Metro Mobility's operating budget deficit. In May 1996, the U.S. Department of Transportation amended the ADA to allow a local option in determining the reservation window. Previously, ADA required transit systems to accept trip requests up to 14 days in advance. The Metropolitan Council began a three-month demonstration project on July 1, allowing riders to place requests no more than four days in advance.

At the same time, the program implemented an enhanced trip-denial reduction program, using an automated and manual means of locating appropriate places in routes where previously denied trips could be placed. During the demonstration period, trip denials and cancellations fell dramatically. Public hearings on the reduced reservation window demonstration project provided favorable feedback, and the four-day reservation window was approved by the Metropolitan Council in October. The cancellation rate remained low through the end of 1996, while trip denials increased in November and December.

The Metropolitan Council began the process of purchasing new Metro Mobility vehicles. The aging 150-vehicle fleet will be replaced in July 1997 with a newer, more appropriate fleet of 135 lift-equipped vehicles and 16 sedans to be used in the program. A survey, distributed to all riders in March 1996, was valuable in developing some of the specifications for the vehicles. The Metropolitan Council began developing plans for the July 1997 Metro Mobility provider contracts. Minor changes will be made in an effort to reduce denials and improve productivity.

Efforts to encourage Metro Mobility riders to use other forms of transit, such as fixed-route and car pools when possible, have been somewhat successful. Metro Mobility's \$.50 fare tickets and transfers are now accepted by MCTO.

Travel Demand Management (TDM) strategies are promoted by the Metropolitan Council to reduce single-occupant vehicle trips, particularly during peak periods. TDM activities combat traffic congestion by offering alternatives to driving alone or by shifting trips out of peak periods.

TDM strategies include preferential freeway access for transit, car and vanpools, preferential parking for car- and vanpools, and providing bicycle incentives and facilities.

Education and Outreach are the focus of the Metropolitan Transit Education Committee, composed of representatives of 10 metro agencies involved in transit and transportation. With the Metropolitan Council acting as the lead agency, the committee was formed to develop a plan to meet the need for transit information and education in the metropolitan area. The committee developed a strategic communication plan that focuses on the transit issues of the 1990s, including increasing awareness of the need for transit improvements and explaining the benefits of transit.

Transit Ridership (000s)
Twin Cities Metropolitan Area

	1996	1995	1994
Metropolitan Council Transit Operations	61,852	61,059	65,467
Private Operations	1,337	1,322	1,091
Metro Mobility	1,006	1,150	1,080
Opt-Out	2,100	2,109	1,971
Small Urban	107	124	110
Rural	441	420	408
Total	66,843	66,184	70,127

Team Transit is an intergovernmental partnership working to move people on existing road systems. The key is to increase the number of people per vehicle. To accomplish this, transit and ridesharing use a series of special lanes, ramp meter bypasses and other improvements to speed them through congested areas.

The partners include the Metropolitan Council, Mn/DOT, and various cities and counties. In order to be labeled a Team Transit project, it must speed buses through traffic

congestion and require two or more units of government to make it happen. The following projects have been successful:

- Ramp meter bypasses get buses on a freeway without being delayed at ramp meters. Mn/DOT and the Metropolitan Council Transit Operations (MCTO) have shared construction costs.
- Exclusive bus lanes and bus use of shoulder lanes have been implemented to move buses through highway traffic delays. Fifty-one miles of exclusive bus lanes have opened on Mn/DOT highways since 1992. Hennepin, Anoka, and Dakota Counties have joined the effort with 10 miles of shoulder lanes on county roads.
- With respect to bus movement on local streets, resetting traffic signal timing and bus priority offer the potential of real travel time reductions. During 1994 MCTO worked with the City of Minneapolis to reset the timing of 200 traffic signals to favor buses.

This is the first time green time has been allocated according to the number of people passing through an intersection, rather than number of vehicles. The City of Minneapolis installed its first bus priority signals in 1996.

- Team Transit is working on a service plan for realigning virtually all the bus routes and dramatically increasing the level of service in the I-35W corridor. This is part of the plan for rebuilding I-35W from Minneapolis to Burnsville.

Metropolitan Council Transit Operations (MCTO)

Ridership on MCTO buses in 1996 was up about 2.5 percent. Customers rode with MCTO 61.9 million times in 1996 compared with 60.3 million boardings in 1995.

The ridership increase was achieved despite a mid-year hike in rush-hour fares and declining service levels, in part, because of improved customer service and actions to make bus service faster and more reliable. In addition, year-earlier results were influenced by a 20-day transit strike.

Concurrent with the July 1 fare increase, MCTO pioneered new fare-collection technology, shifting from punch tickets and flash passes to supersavers with magnetic stripes. The new farecards give customers greater purchase value and greater on-board payment flexibility. Throughout the year, MCTO upgraded on-board card readers and supersaver card quality to address customer concerns and to overcome early technological challenges.

Harsh December weather and a mid-year driver shortage negatively impacted MCTO's ability to provide its highest-quality customer service in 1996. Nevertheless, the agency was able to make progress during the year on 10 of the 28 measurements that comprise

MCTO's customer service index, which gauges service quality, customer communication, service design and delivery.

During 1996, the number of customer and driver complaints about heat and air conditioning systems declined over 1995. MCTO improved its staffing rate at Listening Post, an outreach effort that involves stationing management personnel at Minneapolis and St. Paul transit stores to solicit comments and suggestions from customers. The agency also improved the availability of *TakeOut*, its monthly on-board customer newsletter, and increased the availability of customer comment cards on its vehicles.

The transit agency met its 1996 goals for timely delivery of hand schedules and for updating schedule information at bus shelters and other locations. The pace of bus shelter cleaning in 1996 improved over 1995 and more citizen groups adopted bus shelters during the year. Finally, the agency's Team Transit unit met its target of eliminating bus delays through the construction of bus-only shoulder lanes, ramp meter bypasses, signal-light timing and other efforts.

During 1996, MCTO developed its first comprehensive three-year business plan in an effort to integrate its service, construction, vehicle acquisition and quality goals and directions. The business plan envisions a balanced budget, no service garage closures, no forced service reductions, improved service reliability, no fare increase and expanded employee training. MCTO also completed a thorough analysis of timed-transfer issues, resulting in new standards to ensure reliable customer connections and adequate route running times.

As a result of the October 1995 strike, an outside consultant was employed to design more cost-effective work schedules for bus drivers. The resulting work rules created nine-hour and ten-hour shifts in addition to standard eight-hour schedules. MCTO and its drivers' union worked throughout the year to adjust to and modify the new schedules, to strike a balance between the cost advantages of longer shifts and their impact on the quality of drivers' work and home lives. Another product of the strike settlement was the creation of a labor-management committee, which has begun work to resolve nonbargaining issues in a spirit of cooperation and understanding.

A key MCTO accomplishment in 1996 was the opening of seven miles of bus-only shoulder lanes on I-35W south of Minneapolis – the most heavily used transit corridor in the region. Thirty routes and 290 peak-period buses use the corridor daily. The ability of buses to bypass traffic congestion on this freeway gives transit a significant commuting advantage. The region now has 39 bus-only shoulder segments, totaling nearly 82 miles, thanks to the work of Team Transit, an interagency partnership involving MCTO, Mn/DOT and others.

The Twin Cities operates one of the safest transit systems in the nation, and in 1996 it got even safer. Transit police incidents were down 24 percent, and transit police arrests were

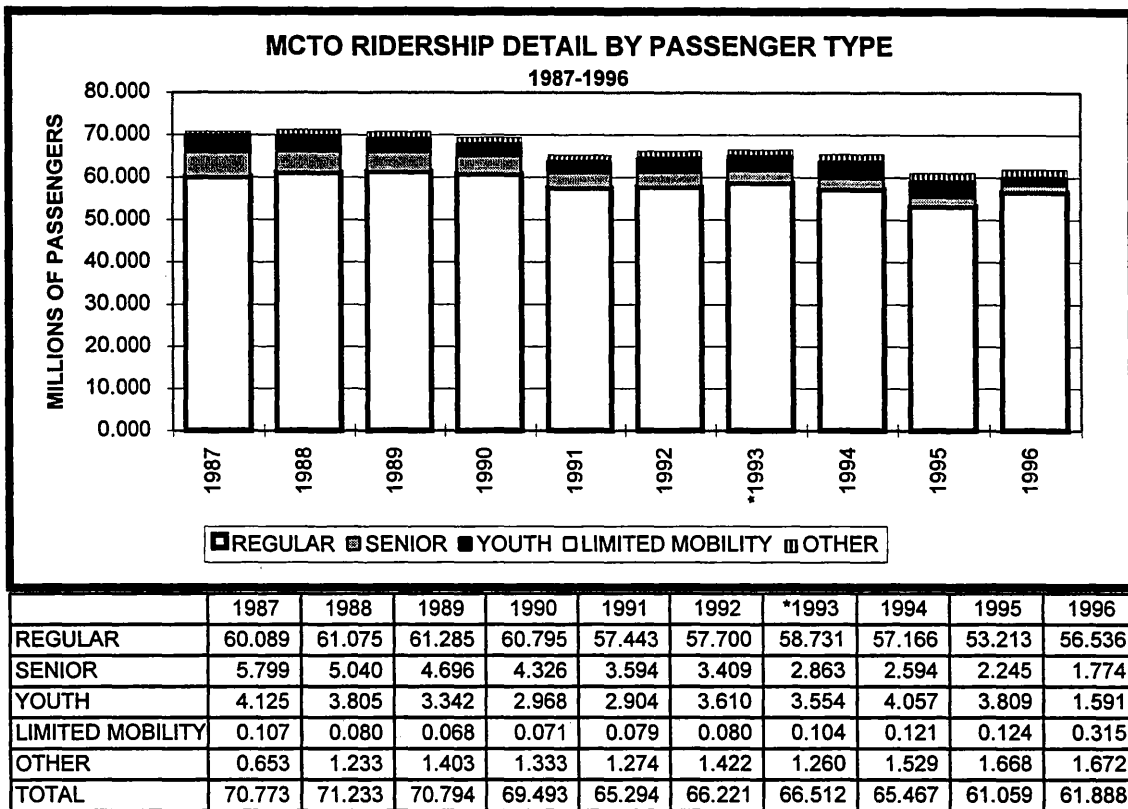
up 65 percent. This was the result of a new policy of zero-tolerance of on-board behavior problems and additional funding of police service by a State of Minnesota community policing grant.

Finally, MCTO set a record for nontransit community service. The agency provided relief buses to police agencies and fire departments three dozen times in 1996, including a major commitment to a chemical spill, fire and resulting community evacuation late in the year. In each instance, buses are used to provide shelter and warmth for victims and rescuers or to serve as a command post to focus relief efforts.

Transit Services Performance Charts and Tables

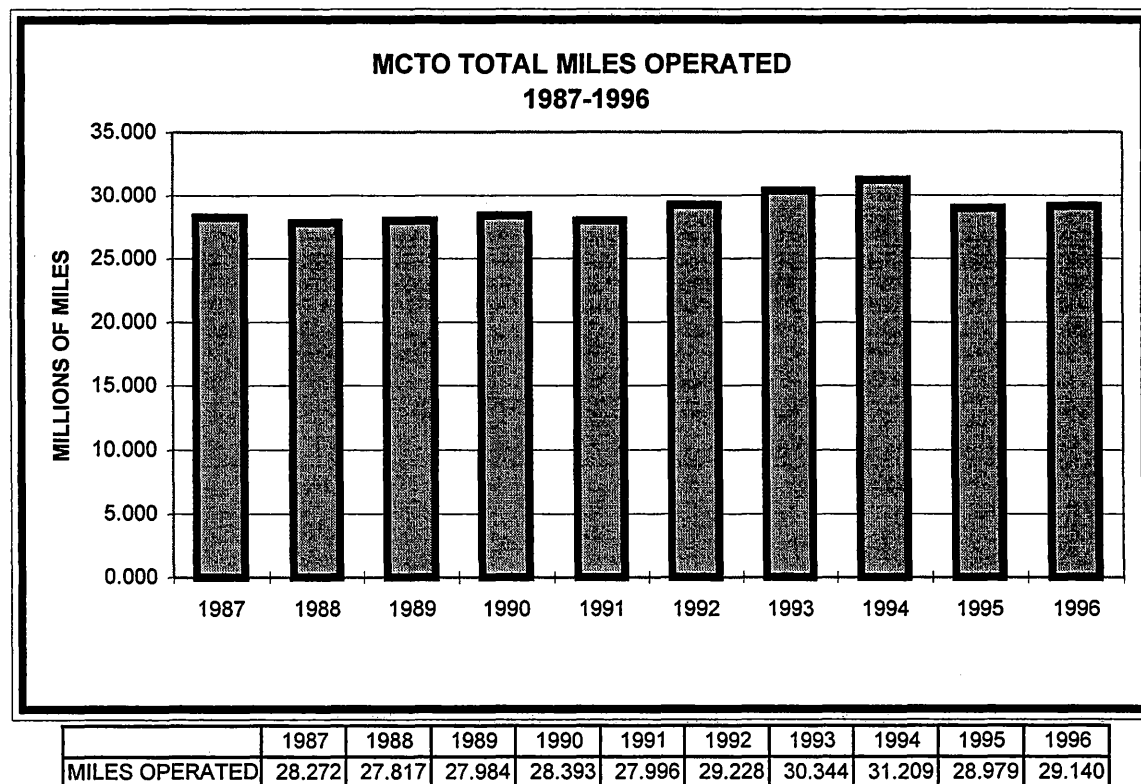
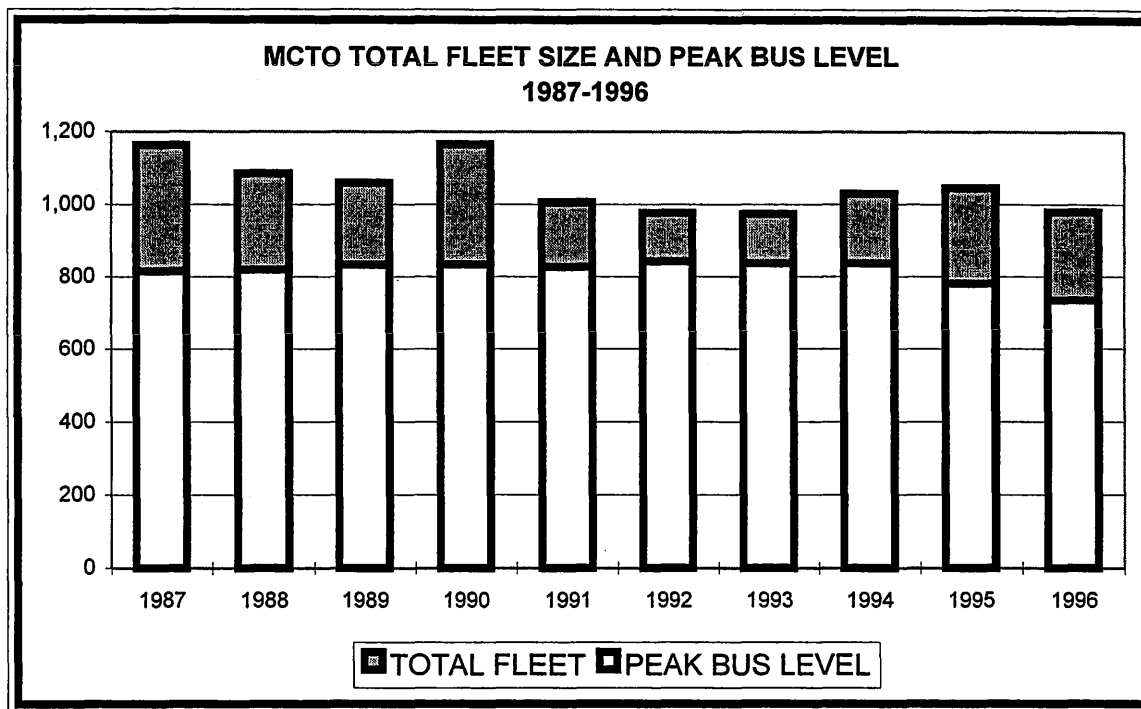
On the next seven pages are 12 charts with accompanying tables that provide information on transit performance over a number of years. Information is first presented for MCTO in the first 10 charts and then for Metro Mobility.

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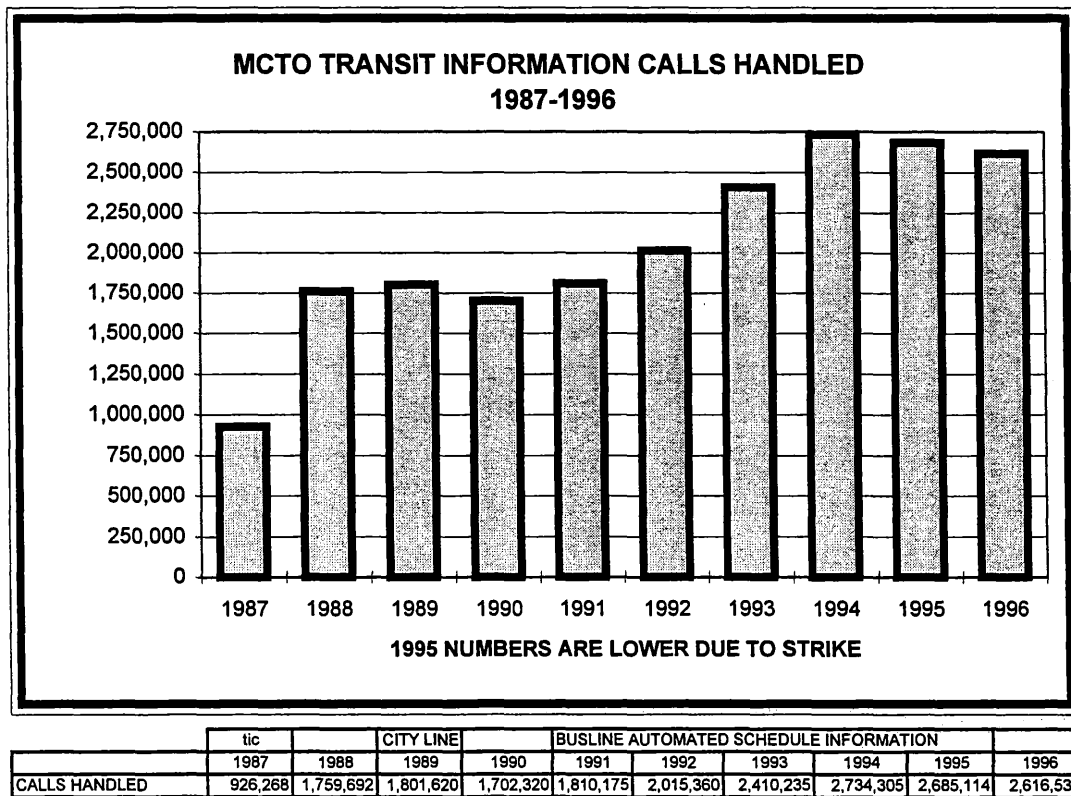
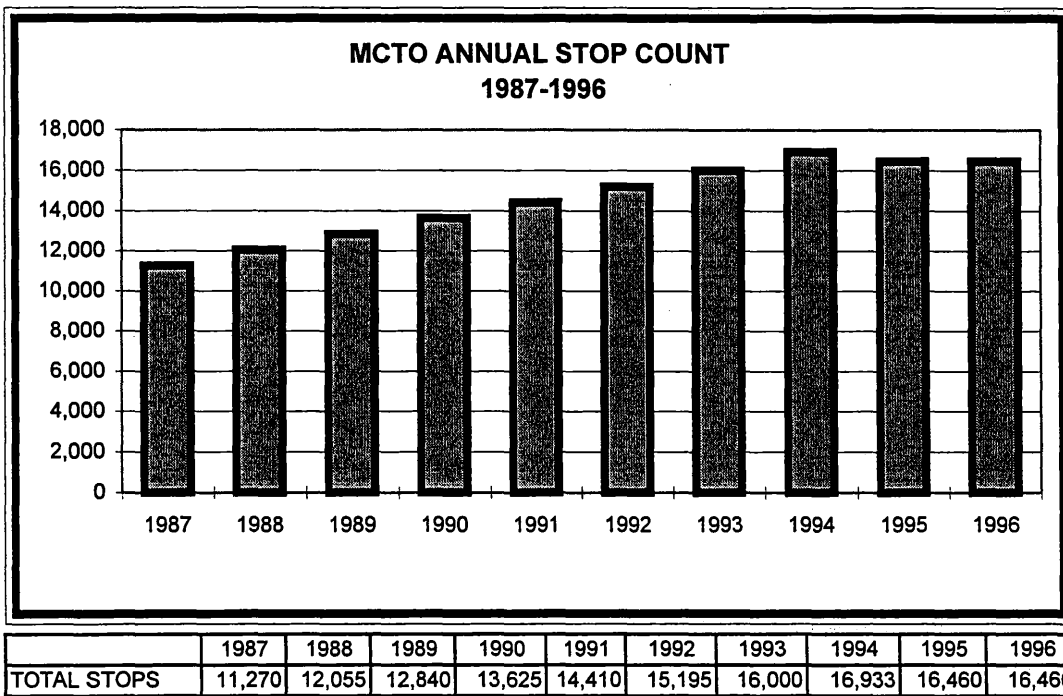


* includes regular route opt-out ridership

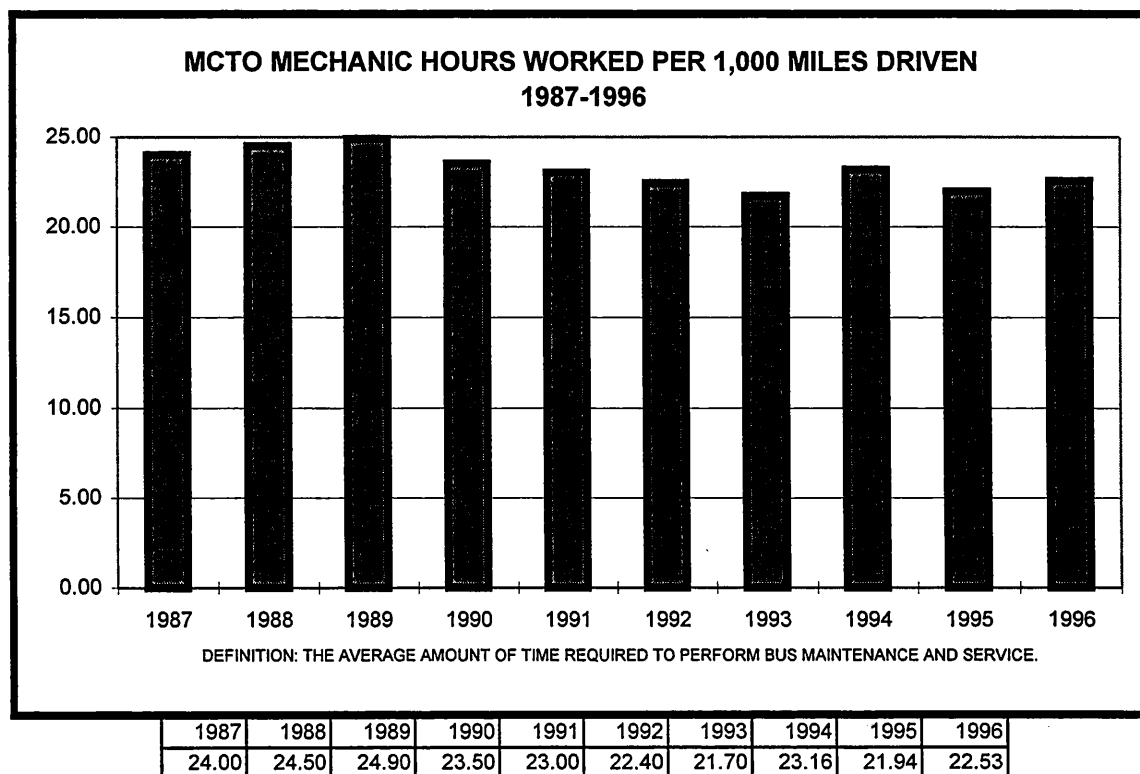
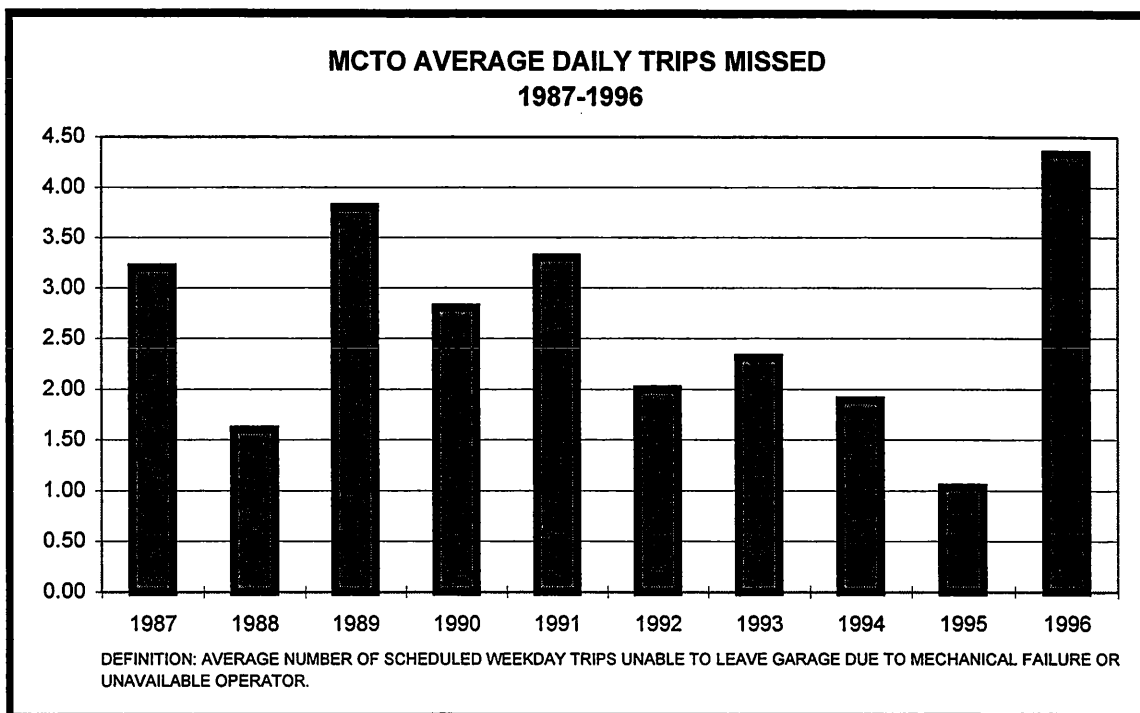
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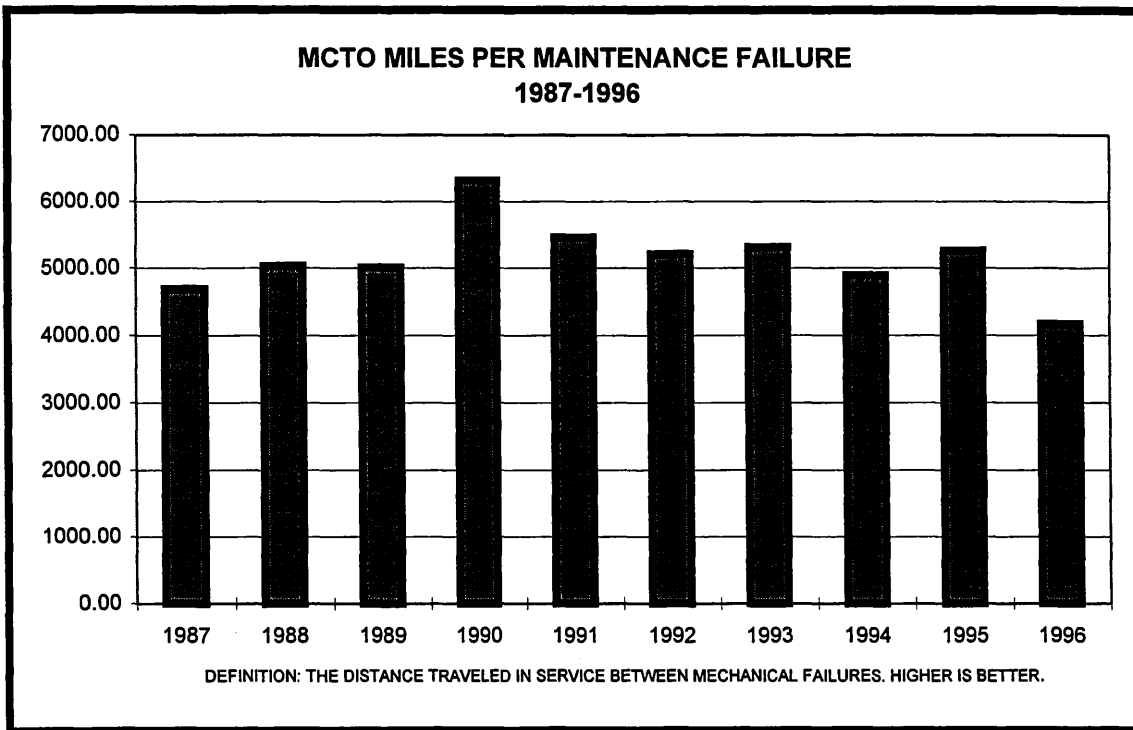


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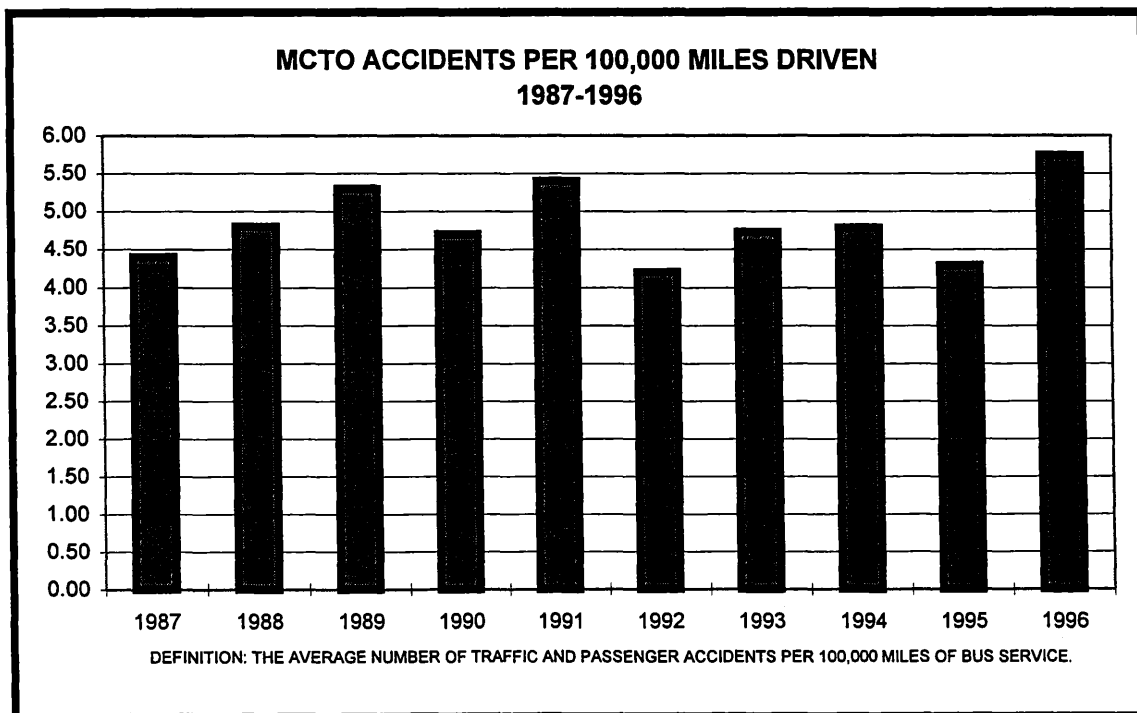


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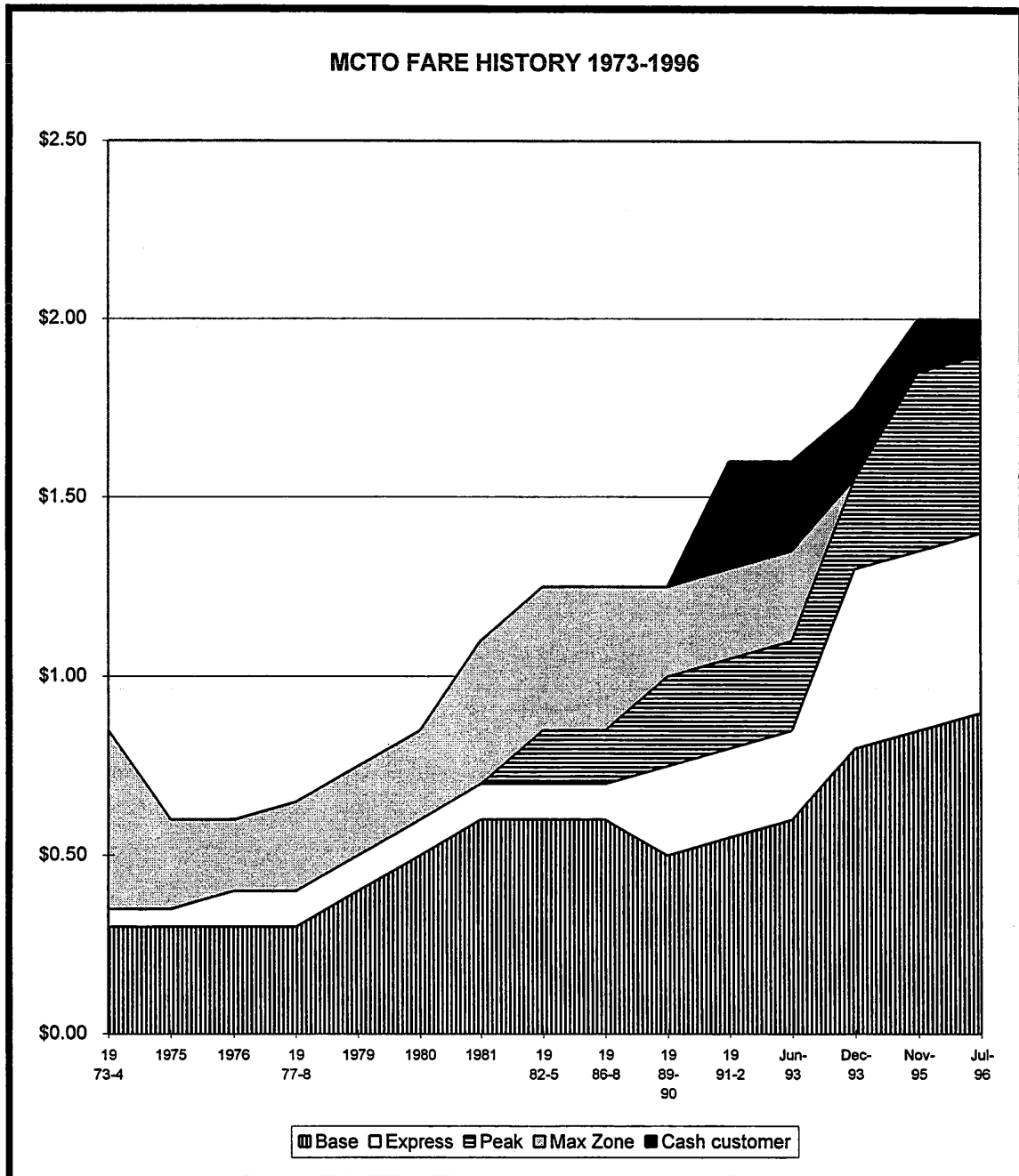


1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
4689.00	5031.00	5006.00	6311.00	5460.00	5208.00	5308.00	4889.00	5256.00	4169.00

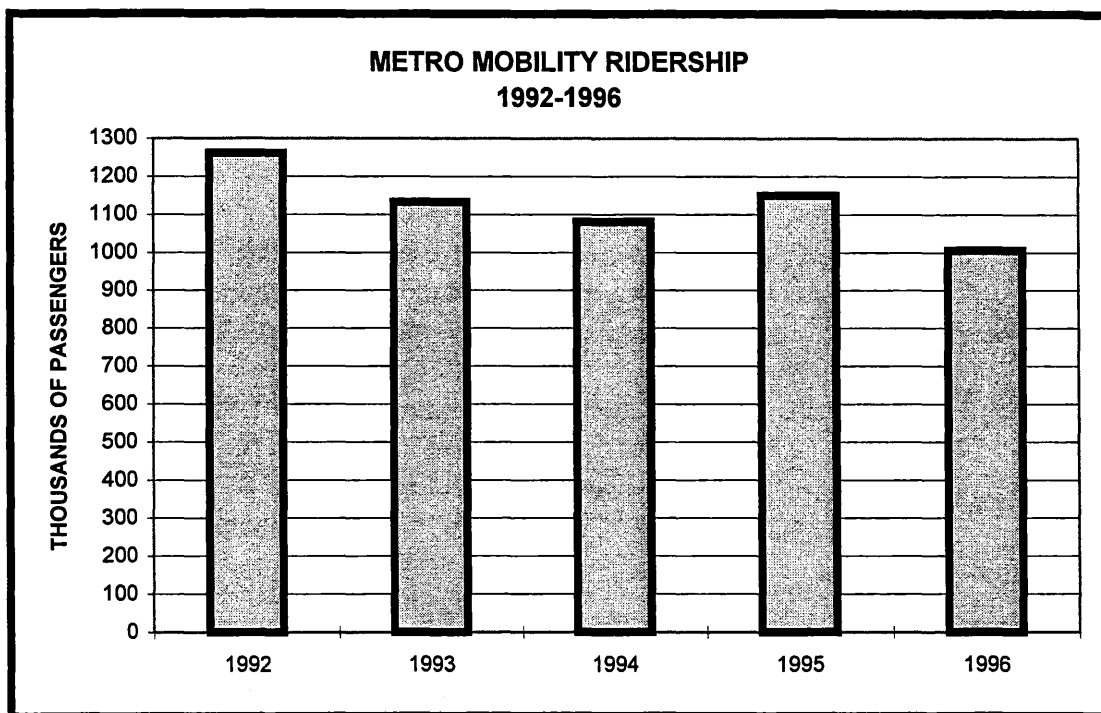


1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
4.40	4.80	5.30	4.70	5.40	4.20	4.73	4.79	4.29	5.74

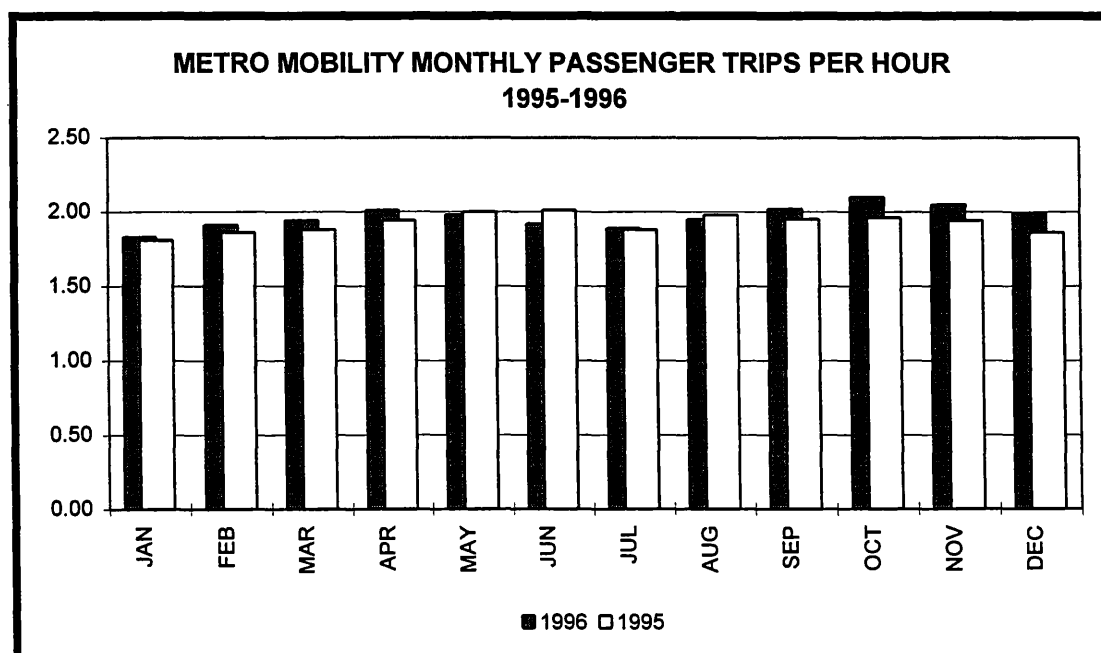
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CHARGES	YEAR OF CHANGE														
Regular fare	1973-4	1975	1976	1977-8	1979	1980	1981	1982-5	1986-8	1989-90	1991-2	Jun-93	Dec-93	Nov-95	Jul-96
Base	\$0.30	\$0.30	\$0.30	\$0.30	\$0.40	\$0.50	\$0.60	\$0.60	\$0.60	\$0.50	\$0.55	\$0.60	\$0.80	\$0.85	\$0.90
Express	\$0.05	\$0.05	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.25	\$0.25	\$0.25	\$0.50	\$0.50	\$0.50
Peak	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.15	\$0.15	\$0.25	\$0.25	\$0.25	\$0.25	\$0.50	\$0.50
Max Zone	\$0.50	\$0.25	\$0.20	\$0.25	\$0.25	\$0.25	\$0.40	\$0.40	\$0.40	\$0.25	\$0.25	\$0.25	\$0.00	\$0.00	\$0.00
Cash customer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.30	\$0.25	\$0.20	\$0.15	\$0.10



	1992	1993	1994	1995	1996
TOTAL	1261	1132	1081	1150	1006



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1995	1.81	1.86	1.88	1.94	2.00	2.01	1.88	1.98	1.95	1.96	1.94	1.86
1996	1.83	1.91	1.94	2.01	1.98	1.92	1.89	1.95	2.02	2.10	2.05	1.99

Environmental Services Division

Overview

Two Years Post-Merger

In 1995, the year after the merger of the former Metropolitan Council with three other regional agencies, the new Council identified its broad structural components, examined the array of services and programs it was to administer, and assessed the region's needs and priorities.

In 1996, the second year of transition, administrators and managers of Metropolitan Council Environmental Services (MCES) worked hard to integrate and coordinate the components of the agency within a new strategic framework, and to sort out and refine the agency's near-term focus. The major theme of the year was shaping MCES's future and enhancing its ability to be cost-competitive.

Preserving for Tomorrow

As part of 1996's theme of shaping MCES's future, the Metropolitan Council's Environment Committee and MCES staff articulated the "Mission, Vision and Expected Results" for the Division. Throughout the year, staff worked together in teams and task groups to better link planning and operations, MCES with the larger entity, and the present to the future.

A significant outcome of this process was the production of a family of documents that outline expectations and boundaries for MCES. Key plans include a *Water Resources Management Policy Plan* (linked to the Council's *Regional Blueprint* and *Regional Growth Strategy*); a *Strategic Plan* and an associated *Business Plan*; and *Resource Allocation Plans*. In addition, an *Interim Staff Policies and Procedures Manual* identifies acceptable limits within which to produce the goals identified in the plans.

Managing for Today

The mission of MCES is achieved through two mandated core businesses: (1) water resources planning; and (2) wastewater collection and treatment. These core functions are managed by the Division's Environmental Planning and Evaluation Department and Wastewater Services Department. They work in partnership with the Management Services Department, which provides essential business and support services for the Division. Collectively, MCES's efforts and results in 1996 demonstrate a high level of accountability and improved service to the metropolitan region.

In addition to producing the new *Water Resources Management Policy Plan* and strategic and business plans, key accomplishments in 1996 include:

- Coordinated ventures with external partners—for example, siting the proposed Southeast Regional Wastewater Treatment Plant—to advance agency-wide and regional interests.
- Greater than 99 percent compliance with wastewater treatment permits.
- Operations maintained within the Council-adopted wastewater rate policy and below budget.
- Progress toward becoming more cost-competitive by right-sizing staff complement and by redesigning business systems.

1996 Highlights

The year's highlights are presented below under three categories that broadly correspond with MCES's "Expected Results." The categories are: Customer Relations; Environment and Technology; and Finance and Value-Added Systems.

Customer Relations

Some elements of MCES's Strategic Planning Framework—Mission, Vision and Expected Results—are provided on the next page. Strategic planning helps ensure that customer needs and expectations are met. These needs and expectations are partially expressed through statutes, regulations and Council policies. In addition, MCES continues to work to better meet the needs of its external customers and partners by engaging in more effective relationships. Examples of such efforts include the following.

Partnerships with Communities and Industries

- The siting of a Southeast Regional Treatment Plant involved collaboration among a community advisory committee, Council work group and staff project team.
- Staff responded effectively to a wastewater spill at the Brooklyn Park lift station, a gasoline spill in Mound, and a chronic odor problem in a neighborhood in the city of Minneapolis.
- A cooperative project in Shakopee constructed in partnership with Mn/DOT, Shakopee and MCES saved the public about \$5 million.
- Staff followed through on ideas from the customer-based Sewer Rate/Cost Allocation Task Force and created the Industrial Rate System Task Force.
- Extensive environmental education and public outreach projects drew local, state and national attention, and local and national media coverage of MCES projects and issues was consistently positive.
- MCES staff continued to work with industries and industrial associations to identify and quantify mercury loadings and sources, especially dental mercury inputs to the sewer system.

• **MCES's Mission, Vision and Expected Results**

Mission

A mission statement describes an organization's fundamental purpose. It answers the question, "Why do we exist?" Through the mission statement, employees and customers alike can come to understand the Division's primary reason to exist.

MCES's Mission Statement

MCES exists to support Council-guided regional development and to protect the public health and environment by ensuring the integration of water resources plans and providing the most effective means for wastewater collection and treatment.

Vision

MCES's senior management talks about a "vision" of the agency in the future. But what does that mean? A vision describes the "ideal" state of the Division that all staff and programs are striving for, and establishes a direction to move ahead.

MCES's Vision Statement

Sustaining environmental quality for future generations.

Expected Results

The "Expected Results" amplify and add some detail to the Mission Statement, and describe the outcomes that are expected from all the division's programs and staff endeavors. At MCES, the Expected Results fall into categories that also broadly describe the division's chief areas of concern.

MCES's Expected Results

- **Strategic Planning:** Environmental planning, system development and operations complement regional housing, transportation, land use, economic development and other Council objectives, and ensure that environmental quality is sustained for future generations.
- **Customer Focus:** Customer service and MCES accountability are demonstrated.
- **Water Resources Management and Cost Competitiveness:** Services and products fully comply with regulatory and quality requirements, and are cost-competitive.
- **Value-Added Systems:** MCES systems and workforce are managed effectively.

Partnerships with State Agencies












- MCES and five state agencies developed a funding proposal for statewide water monitoring.
- Council staff and state and federal agencies worked with the Minnesota River Basin Joint Powers Board on a funding proposal for nonpoint source pollution abatement projects.
- MCES assisted in planning, presentations and staffing of national and international conferences with sustainable development and water themes.

Environment and Technology

MCES helps to keep rivers and lakes clean and families healthy by managing water resources in the metropolitan region and ensuring water quality and adequate supply. Water resources management includes working with others to reduce and prevent pollution of our waterways and treating 300 million gallons of wastewater every day.

Environmental Sustainability

During 1996, staff conducted environmental reviews related to an array of plans, including comprehensive local plans and watershed plans. System statements were prepared to assist the 187 cities and townships in the region in preparing local plans required by the Metropolitan Land Planning Act. MCES staff also began to synthesize information needed to complete an assessment of the region's ability to sustain environmental quality (see chart below).

REGIONAL SUSTAINABILITY		
	Indicator	Data Point
	Population growth rates	1.0% to 2010; 0.94% to 2020
	Eligible voters who voted	49% nationally; 64% Minnesota
	Students receiving environmental education	50% (estimate)
	Landfilled solid waste	400 pounds per capita per year
	Electricity using nonrenewable fuel sources	84% statewide
	Air quality: PSI greater than 100	3 days (1995)
	Acres in agriculture	1,047,793 out of 1,904,795 acres
	Water quality compliance Miss./Minn./St. Croix and Vermillion Rivers	Dissolved Oxygen: 100% (all 4) Un-ionized Ammonia: 100% (all 4) Turbidity: 78/63/100/44% Fecal Coliform: 85/41/100 / 99%
	Acres of wetlands	234,291 out of 1,900,511 acres
	Acres of forestland	371,839 out of 1,900,511 acres
	Biodiversity: species in annual bird count	138 out 10,166 species (Anoka & Washington Counties)

Water Quality Status

Real improvements in the region's water quality can only be measured on a long-term basis. In 1996, the Metropolitan Council continued to monitor the condition of rivers, streams and lakes in the Metro Area, and targeted its efforts to improve the quality of the region's water resources.

Resource/Use	Description	Status/Quality
Rivers		
<ul style="list-style-type: none"> • recreation • habitat • drinking water • commercial and industrial • assimilation of treated wastewater 	<ul style="list-style-type: none"> • 180 miles of major river channel • 1,200 miles of tributaries (e.g. streams) • provides drinking water for 35% of metro population 	<ul style="list-style-type: none"> • Mississippi: medium to good water quality. Storm water runoff and other urban point and nonpoint sources of pollution threaten water quality in heavily urbanized stretches. • Minnesota: medium water quality. Agricultural practices and urban runoff degrade water quality by adding sediment, phosphorus and other nutrients and pollutants. • St. Croix: very good water quality. Protected as a designated national wild and scenic river. • Throughout the region: resurgence of bald eagle, cormorant, mayfly and game fish populations indicates improved water quality.
Lakes		
<ul style="list-style-type: none"> • recreation • habitat • drinking water 	<ul style="list-style-type: none"> • 942 lakes > 10 acres • 10% are priority lakes (multi-rec. use or drinking water supply) • 7% of region's surface area 	<ul style="list-style-type: none"> • Quality of priority lakes is estimated to be: 10%: good to very good quality (oligo- to mesotrophic); 60%: average quality (eutrophic); 30%: below average to poor quality (hypertrophic). • Overall, the quality of the region's lakes is typical of other urban areas. • Impacted by non-point sources of pollution, such as yard wastes and chemicals, animal wastes, and runoff from impervious surfaces.
Wetlands		
<ul style="list-style-type: none"> • habitat • flood control • water quality 	<ul style="list-style-type: none"> • 13% of region's surface area 	<ul style="list-style-type: none"> • Threatened by direct effects of development and adjacent land uses. • Recent efforts are stemming the historical trend of wetland loss by preserving or replacing wetlands impacted by development. • Local trend is to designate priority wetlands for protection.
Groundwater		
<ul style="list-style-type: none"> • drinking water • irrigation • commercial and industrial 	<ul style="list-style-type: none"> • provides drinking water for 65% of metro population • 500+ municipal and 100,000+ private wells 	<ul style="list-style-type: none"> • Development in the region is extending beyond the limits of the area's most widely used aquifer, Prairie du Chien-Jordan, and may result in local water shortages and the need for redistribution of water supplies. • Report to the legislature summarizes planning for water supply at the local level and issues relating to water supply.

Abatement of Nonpoint Sources of Pollution

Twin Cities' Water Quality Initiative (TCQI)—The Council's TCQI program issued \$1.6 million for 19 grants designed to reduce nonpoint sources of pollution to area rivers, streams, and lakes.

Watershed Outlet Monitoring Program (WOMP)—The Council funded 10 watershed management organizations to collect water quality data on 14 streams to aid in selection and implementation of best management practices to reduce non-point sources of pollution.

Lakes Survey—The water quality of 66 lakes was surveyed for a regional database to assist in watershed management efforts.

Abatement of Point Sources of Pollution

Pollution Prevention

- More than 260 industries benefited from pollution prevention assistance during MCES's industrial waste management inspections.
- A steady downward trend exists in the number of spills and toxic releases into the regional sewer system, as evidenced by a 60 percent reduction in response actions needed since 1990.

Sewer Separation

- 1996 represents the first year since completion of the separation of sanitary and storm water systems for Minneapolis, St. Paul and South St. Paul.
- A significant positive impact on the quality of metro area and downstream waters has occurred. For example, a 70 percent reduction in fecal coliform bacteria exists when comparing the last decade to the previous decade.

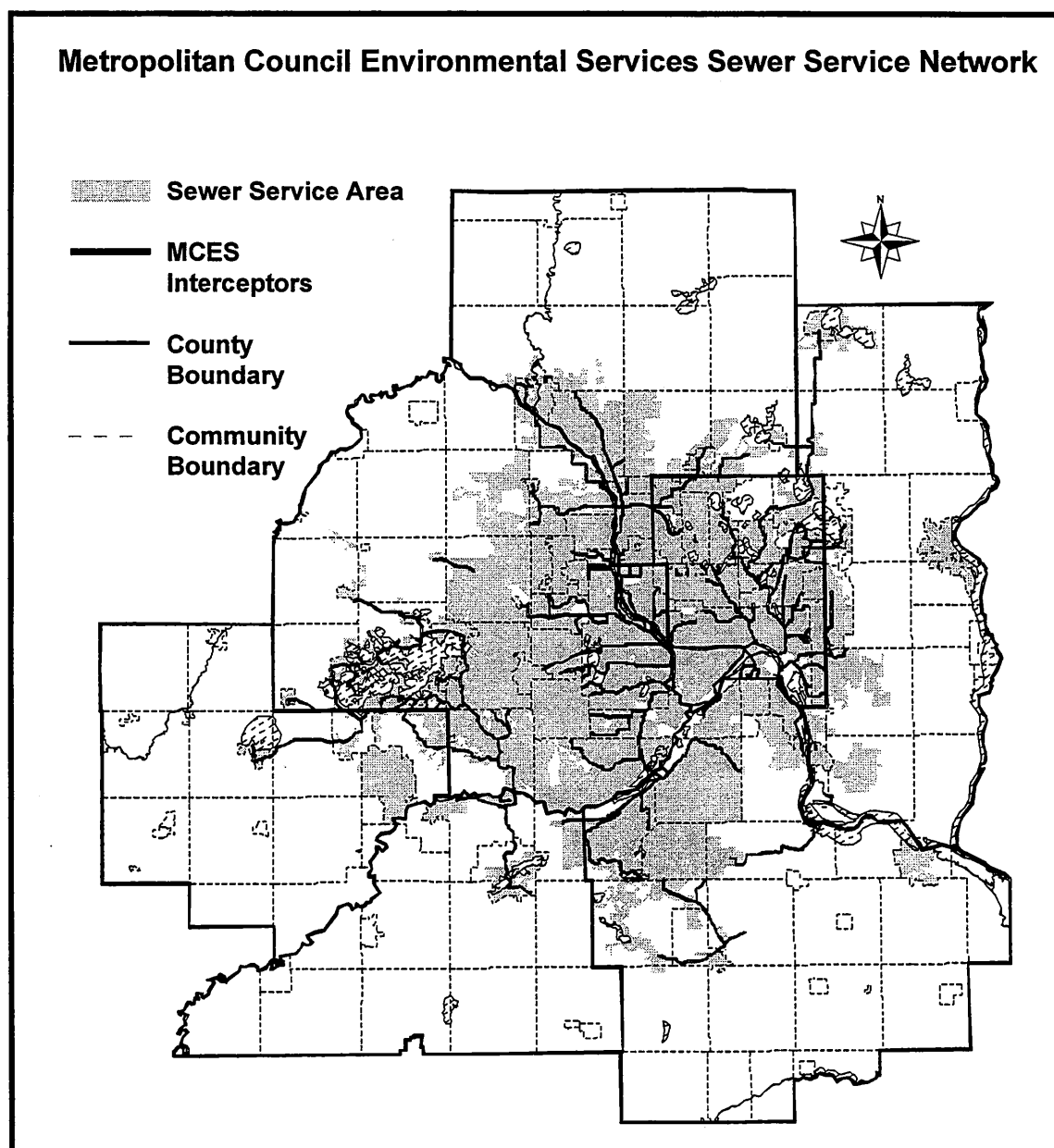
Phosphorus Reduction

- MCES's environmental studies of phosphorus continued to better identify point and nonpoint sources of phosphorus in the Upper Mississippi River, to measure water quality conditions, and to project water quality improvements from various phosphorus reduction efforts.
- The Council's Metropolitan Wastewater Treatment Plant continued a process improvement assessment for removing phosphorus from wastewater.
- The Council's Blue Lake and Seneca Wastewater Treatment Plants pursued biological phosphorus reduction through experimental process changes.

Wastewater Conveyance

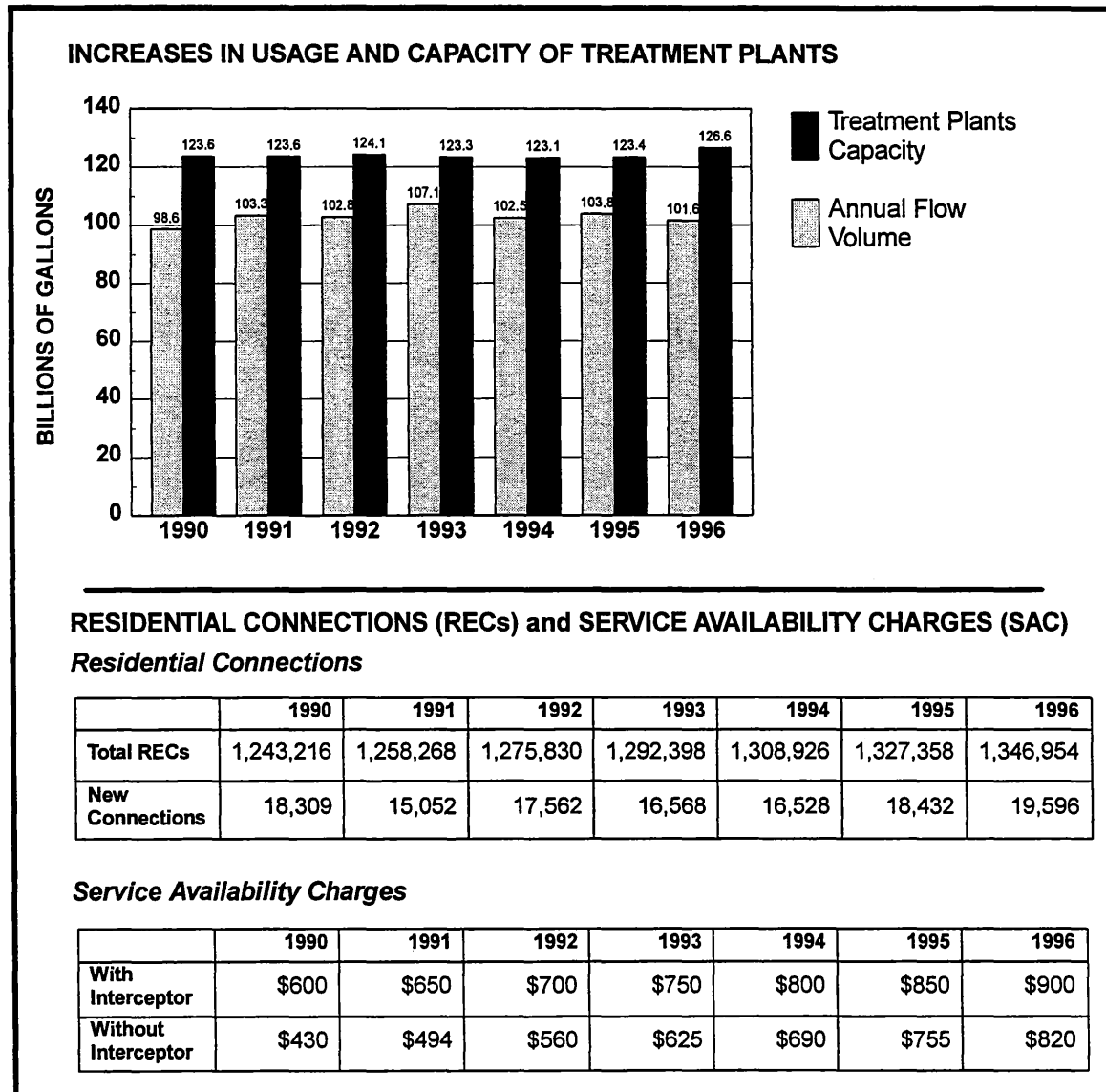
The interceptor system (see sewer system map) conveyed to the Council's treatment plants a total of 101.6 billion gallons during the year, which represents 99.999 percent of all flow generated within the metropolitan system. MCES also:

- Administered the infiltration/inflow grant and loan program, awarding 13 grants totaling \$115,400 and eight loans totaling \$283,600. Four communities have outlined projects focusing on the disconnection of illegally connected sump pumps and foundation drain discharges to the sewer system.
- Improved flow meter maintenance to improve reliability of the system. Meter availability rate was 90.9 percent during the year.
- Performed televised inspections of 65 miles of interceptors, more than 10 percent of the total system.



Wastewater Treatment

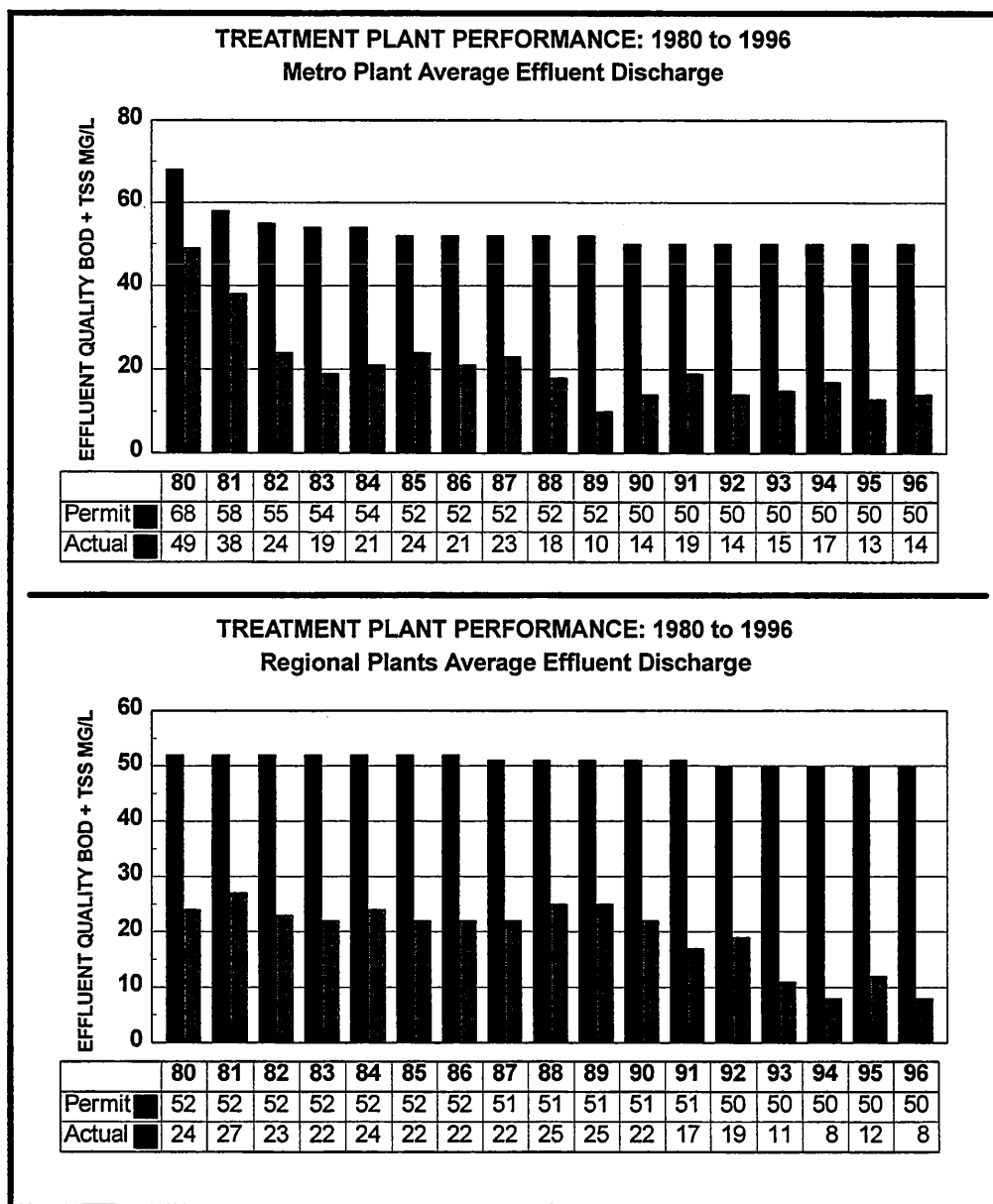
Regional wastewater flow processed by the Council's treatment plants and the number of residential connections to the sewer system are presented on the following graphs.



Regulatory Compliance and Performance—The Council's nine wastewater treatment plants achieved a 99.8 percent compliance record with the terms of their discharge permits. Six facilities had perfect compliance, and three had one exceedance each. This continues a near-perfect performance streak this decade:

1990	1991	1992	1993	1994	1995	1996
99.5%	99.5%	99.9%	99.9%	99.5%	99.9%	99.8%

Treated wastewater quality in relation to performance standards for the Metro Plant and Regional Plants is summarized in the following graphs.



Beneficial Reuse of Biosolids—A total of 94,252 dry tons of biosolids was generated in 1996 as a by-product of the wastewater treatment process. Three beneficial reuse programs were administered. N-Viro Soil was applied at 42 sites, encompassing 1,051 acres; NutraLime was applied at five sites, encompassing 143 acres; and ash was utilized in construction products (15,993 dry tons in Holnam Cement and 155 dry tons in Cemstone flowable fill). Staff continue to contribute to the national effort to promote reuse of biosolids.

Finance and Value-Added Systems

A key expectation by the region is cost-effective water quality protection. The following items highlight key aspects of MCES's financial, physical asset, and personnel management programs designed to achieve that goal.

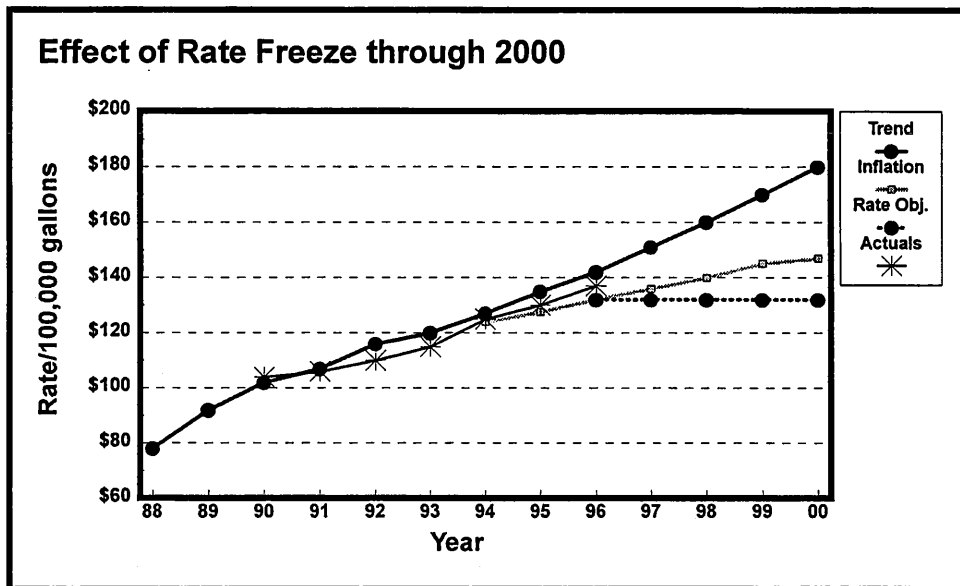
Financial Management

Competitive Wastewater Rates

For the past few years, MCES rates were well below the national average for similarly sized sanitary districts across the country.

NATIONAL COMPARISONS: RETAIL WASTEWATER CHARGES TO RESIDENTIAL AND/OR SMALL VOLUME USERS IN COMPARABLE AGENCIES — Annual Charges					
CITY	1988	1990	1992	1994	1996
Atlanta	\$144	\$144	\$144	\$174	\$234
Austin	303	303	282	282	315
Baltimore	119	119	119	141	141
Baton Rouge	141	141	141	141	141
Boston			269	411	411
Chattanooga	152	166	196	235	249
Cincinnati	152	166	196	235	249
Columbus	121	134	158	207	247
Dallas	207	207	231	245	279
Des Moines	120	120	174	208	248
Knoxville	173	278	278	336	356
Memphis	53	53	49	49	53
Miami	99	110	130	203	237
Milwaukee	96	82	88	127	132
Norfolk			115	237	154
Oakland			98	107	113
Orlando	221	241	284	325	338
Phoenix	58	65	86	107	120
San Antonio	156	159	159	159	178
Seattle	232	251	304	404	448
Shreveport	117	138	130	207	207
Tacoma	166	224	247	232	277
Tampa	149	192	226	226	274
Average of Comparable Agencies	153	169	181	220	236
National Average for all Agencies Surveyed	130	151	165	195	212
Twin Cities Average per MCES Survey	118	127	140	153	167
Sources: 1988 National Water and Wastewater Rate Survey; Arthur Young & Co. 1990, 1992 and 1994 National Water and Wastewater Rate Survey; Ernst & Young. 1996 Water and Wastewater Rate Survey; Raffelis Environmental Consulting Group, Inc.					

Demands within the region for more service at the same or less cost require MCES to do even better. During 1996, a Council-adopted rate policy was implemented that limited budgetary increases to the amount of inflation. Staff have an objective of a zero increase in the rate per 100,000 gallons through the year 2000. This would result in rates that are 27 percent lower than the prior trend emerging through the year 1996, and should stabilize rates.



Budget Savings

Year-end results for 1996 reflect an \$8 million positive variance (that is, a variance because of revenues over budget and, in some cases, expenditures under budget) in a \$168.8 million annual budget. The positive variance, about five percent of the total budget, was consciously planned and occurred for these reasons: savings in salaries and benefits due to planned limits on hiring and deleting more positions than originally budgeted; savings in contracted services; savings in insurance and fewer accidents; and savings in utilities. The three applications of the positive variance are: replenishment of the reserve/contingency fund for emergencies; putting appropriate capital expenditures on a pay-as-you-go basis and; funding projects that reduce or contain sewer rates.

Resource Allocation

The positive variance will help the agency prepare for continued implementation of the Council-adopted rate policy at least through 2000 and for compliance with the 1997 adopted budget that contains a zero rate increase. In keeping with community feedback to ensure rate stability, MCES will be applying the positive variance from 1996 to meet its commitment to the region to provide a zero increase in rates in 1997 and stay within the rate policy in subsequent years.

Financial Stability

Two other measures of financial integrity include a favorable audit by the State Auditor and a continued AAA bond rating for the Council.

Asset Management

Capital Improvements

MCES activities are capital intensive, with current replacement costs for its capital assets at about \$2.5 billion. Its current capital improvement program and plan is directed primarily toward maintenance and rehabilitation of the region's investment, and secondarily toward meeting requirements related to additional system capacity. The 1996 year-end capital program expenditures were projected to be about \$39 million, which is 50 percent less than projected by the budget.

This was the fifth consecutive year that capital expenditures were significantly under budget. A total of 41 engineering contracts worth \$3 million were awarded in 1996, compared to 19 contracts worth \$8 million in 1995. A total of 26 construction contracts worth \$35 million were awarded in 1996, compared to 27 worth \$13 million in 1995. The approved 1997 capital budget includes \$60 million for authorized projects and projected expenditures.

Materials Management and Procurement

MCES staff made improvements in these areas in 1996 relating to materials management and procurement: inventory management and control, bulk purchasing opportunities, use of life-cycle cost savings approaches, and managed competition. Efforts also continue to do more bulk purchasing through system contracts. These efforts resulted in savings of approximately \$500,000 in price and \$500,000 in administrative costs in 1996.

Managed Competition

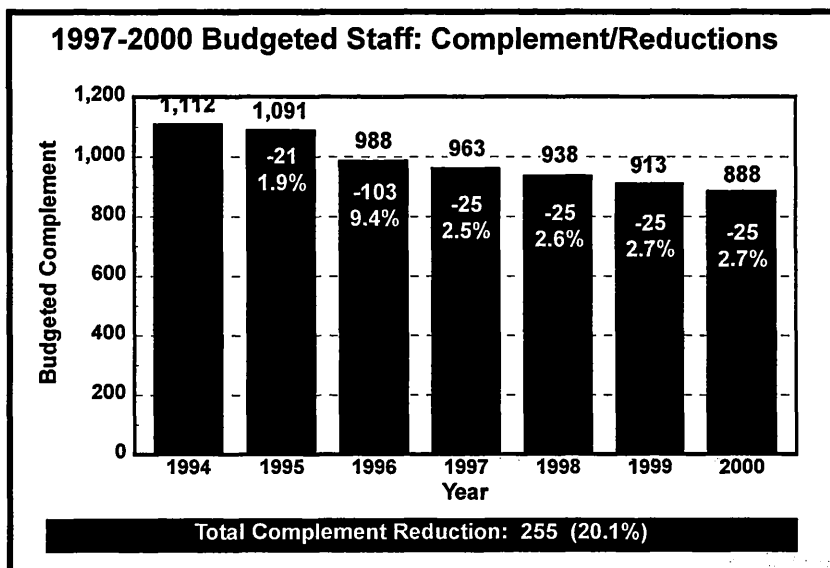
In 1996 MCES contributed to both agency-wide and division-specific advances in managed competition. Staff continue to work on such items as determining an "overhead" allocation/rate and supporting the Council's legislative package related to managed competition. The rate policy, five-year Plan for Allocating Resources (PAR) and staff complement levels reflect the influence of the privatization concept. Staff continue to work with the Council and the private sector on the very challenging procurement process associated with the Blue Lake/Seneca solids capital project, which is serving as a testing ground for several Council ideas and interests.

Personnel and Work Environment

A key lesson from the natural environment is that ecosystems require balance, diversity, and change to remain healthy and evolve to their full potential. This same principle applies to high-performance organizations, where the workforce simultaneously adds value to and derives value from the organization.

Staff Complement

MCES staffing levels have decreased significantly by design and through attrition, not layoffs, since the merger in July 1994 (see chart below). A staff commitment to becoming more competitive and to reengineering and continuous improvement efforts has ensured quality service delivery in the midst of downsizing. In addition, workforce demographics indicate diversity was maintained despite an "internal applicants only" posting policy for job vacancies for two years following the merger, which inhibited external recruitment and affirmative-action hiring.



Program Management

Working collaboratively with its workforce and unions, MCES successfully finished the three-year program management project at the Metro Plant. Overall, the objectives were to provide a 50-year master plan, standardized specifications, a reengineered capital project delivery system, and a participative approach between operating and technical staff.

Accountability

MCES staff are expected to take reasonable risks and be innovative while also working within acceptable ethical, legal, and policy limits. To ensure that managers understand their responsibilities as well as their areas of discretion, an *Interim Administrative Policies and Procedures Manual* was produced by MCES during 1996.

External Recognition

Minnesota Pollution Control Agency—Seven of nine MCES treatment plants earned Certificates of Commendation for outstanding performance during the 12-month period ending in September 1996. The seven plants are: Blue Lake, Chaska, Empire, Hastings, Rosemount, Seneca and Stillwater.

Association of Metropolitan Sewerage Agencies (AMSA)—The seven eligible MCES wastewater treatment plants earned awards from AMSA, a professional organization composed of the nation's larger municipal treatment works. Gold Award winners for perfect compliance were Blue Lake, Empire, Hastings, Seneca and Stillwater. Silver Award winners for near-perfect compliance were Metropolitan and Cottage Grove.

Renew America/National Awards for Environmental Sustainability—Three MCES projects earned Certificates of Environmental Achievement from Renew America, a national coalition dedicated to environmental protection. The projects were: *Riverways Conservation Corps*; the *Nonpoint Source Pollution Abatement Program for the Lower Minnesota River*; and *MCES Biosolids Recycling Program*.

Partnership Minnesota/Cooperative Public Service Award—MCES was involved in the 10-year, \$332 million project to separate combined sewers in St. Paul, Minneapolis and South St. Paul. Partners included MCES, the three cities, MPCA and the Minnesota/Wisconsin Boundary Area Commission.

Partnership Minnesota/Governor's Commendation—MCES's Beltline Interceptor Reconveyance Task Force partnership received this commendation in recognition of the collaborative efforts involved in reconveyance of a major sewer line.

Water Environment Federation (WEF)—*Plant Dance: a Tribute to Clean Water* won this national award for public education. Plant Dance was a project that MCES staged at the Seneca Wastewater Treatment Plant in September 1995.

National Association of Partners in Education (NAPE)—Our partnership with Dayton's Bluff Elementary School in St. Paul was named the outstanding school and community partnership in the state.

International Association of Business Communicators (IABC)—Award of Merit in the newsletter category for *Metro Pages*, a collaborative effort among MCES, MCTO and Regional Administration.

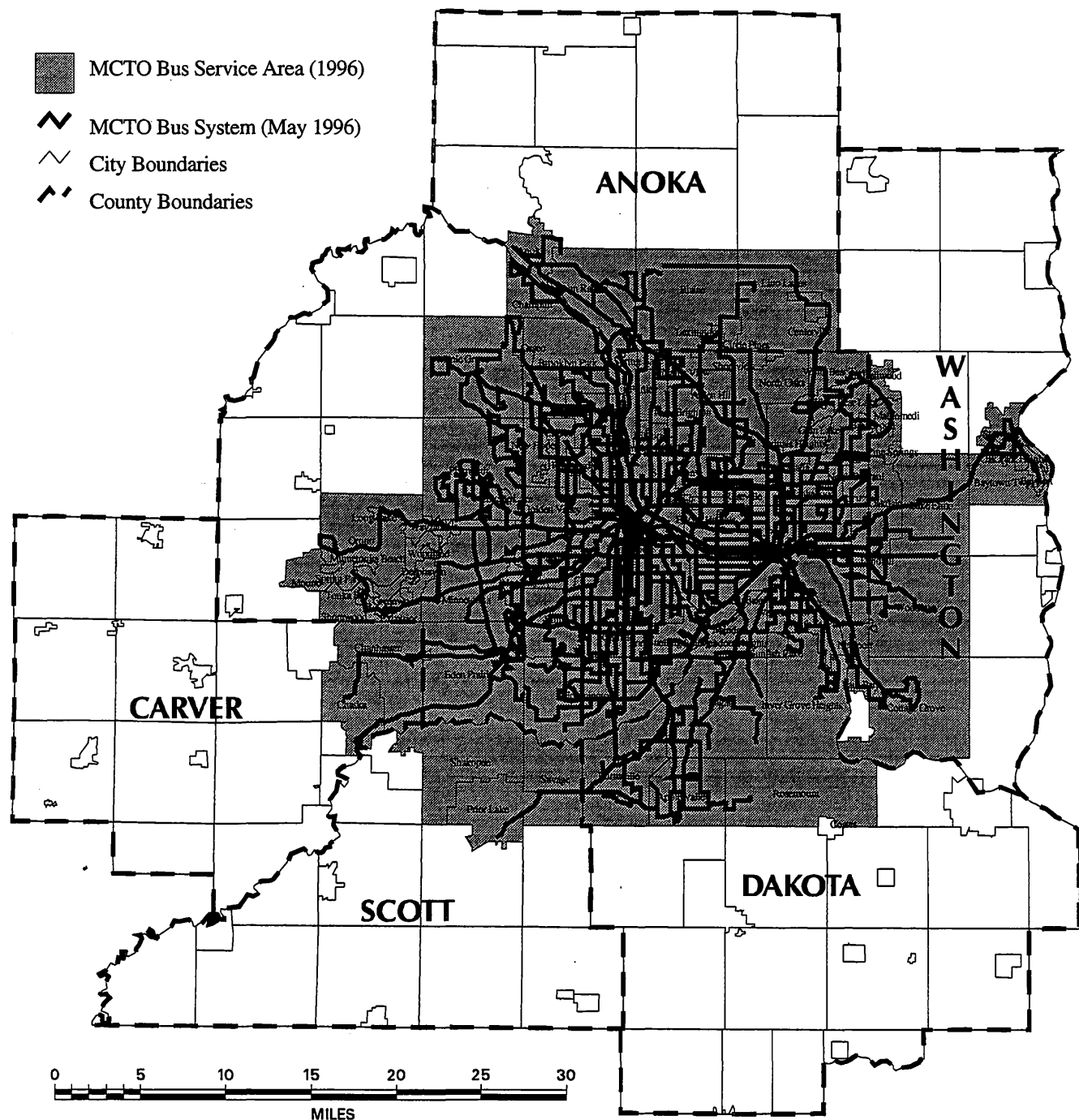
Dakota County Certificate of Appreciation—MCES was honored for its participation in a county-sponsored education program titled "Sensible Lawn Care."

Next Steps

The major theme for 1997 will be implementing the new *Water Resources Management Policy Plan*, which identifies what MCES needs to do for the region, and the *Business Plan* which covers how it will be done. MCES will need to work together in partnership with others to maximize productivity. MCES's emphasis division-wide will be on these expected results: customer focus, water resources management, cost competitiveness, and value-added systems. By accomplishing these results, MCES will contribute to the delivery of three very important things to the region: fishable/swimmable waters, high quality treatment of wastewater, and cost-competitive service rates.

Metropolitan Council Transit Operations

Communities within Bus Service Area



Metropolitan Council

Working for the Region, Planning for the Future

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Metropolitan Council GIS

December 1996



FINANCIAL SUMMARY

Budget to Actual Comparison

Comparison of 1996 actual operating revenues and expenditures with the adopted budget is presented in the table that follows. The table includes the three organizational units of the Council: the Environmental Services division, Transportation division, and Regional Administration/Community Development.

Net expenditures were less than budget by approximately \$2.3-million for the Council as a whole. Operating revenues exceeded budget by approximately \$2.3 million. This represents an improvement of approximately \$4.6 million over budget (adjusted to include Transit Operations depreciation expense), and is due to the Transportation and Transit Development unit which ended the year with a positive balance of approximately \$5.5 million.

Environmental Services Division

The division ended the year with a positive balance between operating revenues and expenditures. Consistent with past practice and pursuant to approval by the Environment Committee and the Council, the division accrued expenditures and reserves in the amount of the positive balance. After these adjustments, total operating revenues and expenditures for 1996 were in balance at \$105.2 million each. Budgeted revenues were \$104.2, resulting in a positive budget variance due primarily to investment earnings exceeding budget by approximately \$1.0 million. Budgeted expenditures were \$104.2 million, resulting in a positive expenditure budget variance. This variance is due to: savings in salaries & benefits resulting from planned limits on hiring; lower than budgeted contracted services resulting from reduced operating expenses; lower than budgeted insurance expenditures resulting from favorable insurance rates and fewer accidents; and lower than budget utilities expenditures.

Transportation Division

The Transportation division includes transportation planning, Metropolitan Council Transit Operations (MCTO), Metro Mobility, transit funding for the Opt-Out communities, and a number of other transit programs. Information on transit funding and changes in transit services is presented in the Transportation Division section of this report.

The adopted budget for MCTO does not include depreciation. However, the actual results for the year as reported in Comprehensive Annual Financial Report do include depreciation; Therefore, for consistency, the budget table in this report has been restated to include depreciation. The actual results for the year show a loss of \$4.4 million. Revenues, including property taxes and state appropriation (reported as an operating transfer), passenger fares, advertising, interest earnings were \$131.6 million, compared to budgeted revenues of \$131.1 million, for a budget variance \$.5 million. Expenditures were \$136.0 million compared to budget of \$134.5 million, for a budget variance of \$1.5 million.

The Transportation and Transit Development (T&TD) unit, including Metro Mobility, transit funding for the Opt-Out communities, and a number of other transit programs, ended the year with a positive balance of approximately \$5.5 million, which was substantially better than the budget which projected a \$554,500 balance. The contributing factors includes a higher property tax collection rate (nearly 100% compared to a budgeted rate of 98%); higher than anticipated investment earnings, savings in salaries & benefits and cost savings on the transit assistance payments line item.

Regional Administration and Community Development

Regional Administration(RA) and Community Development(CDD) operating funds include the general fund operating revenues & expenditures and the HRA operating fund. These funds ended the year with a use of fund balance of approximately \$1.1 million compared to a planned use of fund balance of approximately \$1.3 million. Revenues of \$12.6 million exceeded budgeted revenues of \$12.5 million, and expenditures of \$22.0 million were more than the adopted budget of \$21.2 million. Interdivisional cost allocation reimbursements from Transit Operations, Environmental Services and Transportation Planning were higher than budget by approximately \$1.3 million due to increased centralization of administrative functions. This does not mean that council-wide administrative costs were higher than budget. It does mean that more of the actual administrative & management costs, when compared to budget, were incurred in the RA division than in the ES and Transportation divisions, due to centralization that occurred after the 1997 budget was complete.

METROPOLITAN COUNCIL
1996 BUDGET VS ACTUAL FOR BUDGETED COUNCIL OPERATING FUNDS(1)

	Regional Administration/Community Development			Environmental Services Division-Excluding Debt Service			Transportation Division		
	ACTUAL	AMENDED BUDGET*	VARIANCE	ESTIMATED ACTUAL **	AMENDED BUDGET*	VARIANCE	ACTUAL	AMENDED BUDGET*	VARIANCE
			Favorable/ (Unfavorable)			Favorable/ (Unfavorable)			Favorable/ (Unfavorable)
REVENUES									
Property Taxes	6,790,785	6,639,000	151,785	-	-	-	54,985,432	53,677,514	1,307,918
Intergovernmental Revenue									
Federal	3,075,973	3,170,500	(94,527)	-	-	-	2,290,470	2,350,000	(59,530)
State	2,425,005	2,366,600	58,405	-	-	-	60,058,705	59,863,351	195,354
Other/Local	-	65,500	(65,500)	-	-	-	210,464	250,000	(39,536)
Passenger Fares	-	-	-	-	-	-	45,223,000	46,774,340	(1,551,340)
Sewer Service Charges	-	-	-	93,371,000	93,373,124	(2,124)	-	-	-
Industrial Strength Charges	-	-	-	8,964,000	9,050,000	(86,000)	-	-	-
Interest	343,687	230,000	113,687	1,560,000	600,000	960,000	1,112,313	827,000	285,313
Other Revenues	673,293	620,500	52,793	1,060,000	911,800	148,200	8,545,993	7,538,519	1,007,474
TOTAL REVENUES	13,308,743	13,092,100	216,643	104,955,000	103,934,924	1,020,076	172,426,377	171,280,724	1,145,653
EXPENDITURES									
Wages & Benefits	11,389,586	12,053,260	663,674	53,363,000	56,500,349	3,137,349	107,294,147	108,507,319	1,213,172
Contracted Services	4,239,554	3,886,212	(353,342)	6,957,000	9,081,922	2,124,922	3,151,575	647,328	(2,504,247)
Transit Assistance	-	-	-	-	-	-	31,685,468	34,156,690	2,471,222
Materials & Supplies	-	-	-	4,634,000	9,467,423	4,833,423	13,570,000	-	(13,570,000)
Rent & Utilities	1,612,740	924,000	(688,740)	14,119,000	14,949,153	830,153	2,625,559	171,229	(2,454,330)
Insurance	-	-	-	1,184,000	2,340,000	1,156,000	2,106,000	-	(2,106,000)
Other	4,598,118	4,299,033	(299,085)	15,960,000 **	6,456,601	(9,503,399)	1,746,976	21,123,000	19,376,024
New initiatives	-	-	-	-	-	-	-	683,933	683,933
Depreciation	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	232,535	-	(232,535)
Capital Outlay	1,497,043	1,639,050	142,007	2,102,000	1,401,255	(700,745)	-	-	-
TOTAL EXPENDITURES	23,337,041	22,801,555	(535,486)	98,319,000	100,196,703	1,877,703	162,412,260	165,289,499	2,877,239
EXCESS/(DEFICIT) OF REV OVE	(10,028,297)	(9,709,455)	(318,842)	6,636,000	3,738,221	2,897,779	10,014,117	5,991,225	4,022,892
Operating Trf from Other Funds	17,061,752	9,349,287	7,712,465	299,000	299,432	(432)	81,470,651	78,765,000	2,705,651
Operating Trf to Other Funds	(5,228,366)	(1,033,432)	(4,194,934)	(6,935,000)	(4,037,653)	(2,897,347)	(86,024,923)	(83,528,723)	(2,496,200)
Use of Reserve Funds	-	1,393,600	(1,393,600)	-	-	-	-	-	-
Operating Trf from Component Unit	-	-	-	-	-	-	-	-	-
Other Financing Sources/(Uses)	11,833,386	9,709,455	2,123,931	(6,636,000)	(3,738,221)	(2,897,779)	(4,554,272)	(4,763,723)	209,451
BALANCE/(DEFICIT)	1,805,089	-	1,805,089	-	-	-	5,459,845	1,227,502	4,232,343

* As per final budget amendment approved by the Metropolitan Council in March 1997

** MCES Estimated actual accounts for the approved use of the projected favorable budget variance for 1996.

APPENDIX

Listing of Reports with Additional Information

Additional information regarding the Council's 1996 work program and performance are available in the documents listed below. These documents are available from the Council Data Center, telephone 602-1140.

Title	Date or Publication Number	Prepared by:
Environmental Services 1996 Performance Report	February 1997	M. C. -- Environmental Services Division
Navigating the Waters of Regional Change: A Revised Business Plan for Metropolitan Environmental Services	March 1997	M. C. -- Environmental Services Division
Water Resources Management Policy Plan, Adopted by the Council Adopted by the Council, December 1996	32-96-050	M. C. -- Environmental Services Division
WATER: Managing for today, preserving for tomorrow	Biennial Report	M. C.--Environmental Services Division
Metropolitan Council 1996 Annual Report	14-97-001	Metropolitan Council
1996 Annual Report Appendix	14-97-002	Metropolitan Council
Metropolitan Council Comprehensive Annual Financial Report for Year ended December 31, 1996	(To be Published later)	Metropolitan Council
Metropolitan Council 1996 Summary Budget		Metropolitan Council
Transit Redesign 1996	35-96-009	M.C. -- Transportation Division
Metropolitan Council Transit Operations Business Plan--Setting Transit Redesign in Motion	35-96-048	M.C. -- Transportation Division
1997 Transportation Unified Planning Work Program for the TCMA	35-96-056	M.C. -- Transportation Division
Metropolitan Parks and Open Space Commission 1996 Summary Budget	21-96-013	Metropolitan Parks and Open Space Commission
Metro Livable Communities Act...Negotiated Affordable Life-Cycle Housing Goals-1996	78-96-005	M.C.--Community Development Division
The Metropolitan Council's Plan for Monitoring Affordable and Life-Cycle Housing Part I	78-96-058	M.C.--Community Development Division