



APRIL 1998

Regional

Regional

Report

1997 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 Metropolitan Council guides the future growth and redevelopment of this region.

A chairperson and one council member from each of sixteen districts, all of whom are appointed by the state governor, oversee this agency. 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 standing committees to deal with each of these areas.

Purpose of Report

The Metropolitan Council is a large organization with a substantial budget that recognizes performance evaluation as a crucial tool in ensuring that its functions are meeting their objectives in a timely and cost-effective manner. The Council has begun a multi-year 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 its performance measurement practices.

1997 Priority Areas

Blueprint Implementation

In 1997 The Metropolitan Council and the region's 186 communities began translating the Metro 2040 growth strategy into local land use decisions--what kind of development will accommodate future growth and where it should happen.

The focus of the Council's attention has been the regions' communities that are expected to experience the greatest household growth in the next 25 years. Council staff discussed

its forecasts with communities, making adjustments to reflect local input consistent with regional policy. The Council adopted these forecasts as an initial guide to local planning efforts. All communities will need to update their comprehensive land use plans by December 31, 1998, to align with Metro 2040.

The strategy calls for developing the seven-county area in a more compact and efficient pattern. This goal is not only intended to limit regional infrastructure cost but to support other regional goals, including preserving prime agricultural land, protecting environmental resources, setting aside an “urban reserve” for future development beyond 2020, supporting mixed use and employment nodes, and revitalization of the region’s urban core.

To support efforts to revitalize the urban core, the Council, in partnership with cities, development agencies and businesses, held a series of economic summits on that part of the region (the two downtowns, their immediate neighborhoods and the University Avenue corridor). An economic action agenda for revitalizing the core was initiated in 1997 and will be developed further in 1998 and 1999.

The Council also convened an agricultural preservation task force to establish criteria and a process for identifying land for possible designation and long-term preservation as agriculture by local communities. In 1998 tools and practices to actually protect the land as agriculture will be evaluated and recommended.

Livable Communities Implementation

Now two years old, the Metropolitan Livable Communities Act has led to significant community development that supports economic vitality, job growth, and efficient use of regional services. The Livable Communities accounts administered by the Council offer financial incentives as leverage for other public and private investment. These funds provide more affordable and life-cycle housing, clean-up of polluted sites, promote creative development and redevelopment, and the usage of land, services and infrastructure more efficiently.

Each year, the Council issues its annual city-by-city “report card” on affordable and life cycle housing in the Twin Cities area. Communities were surveyed during the year to determine the number of affordable owner and rental units that have been produced since the Legislature adopted the Livable Communities Act in 1995. Communities are making efforts to promote public and private partnerships to produce more affordable housing. They have also taken actions to reduce the cost of housing by changing zoning or other standards in their comprehensive plans.

In 1997, 97 communities voluntarily set goals to provide 12,600 affordable rental units and nearly 69,000 units for family ownership through the year 2010 consistent with projected growth.

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The Livable Communities Demonstration Account provides loans and grants to help communities develop compact, higher-density neighborhoods with certain "livability" features. These features include a range of housing types and costs to ensure that residents can live near their work places with proximity to transit and other alternatives to driving alone. The communities will also have walkable streets, parks and open space, along with a mix of housing and commercial development. The goal is to implement higher-density development practices that reduce urban sprawl and foster a stronger sense of community.

In 1997, the Council awarded nearly \$4 million in grants to 10 projects through the Demonstration Account. Council grants leveraged more than \$128 million in other public and private funds for the projects.

Under the Tax Base Revitalization Account of the Livable Communities Act, more than 118 acres of polluted sites were targeted for business development clean-up. This resulted in an increase in the region's net tax capacity of \$4 million. The redevelopment on cleaned-up sites will create 2,700 new jobs.

A two-year pilot program to help strengthen older neighborhoods in the region are providing tax breaks to residents who purchased homes in the neighborhoods between September 1995 and July 1997. The Homebuyers Tax Break Program is part of the Livable Communities Act, and targets four communities or neighborhoods. Nearly 1,000 homes in these core-city neighborhoods were eligible for the program.

Overall Council grants of \$14.25 million in 1997 under the Livable Communities Act leveraged more than \$304 million in other public and private investment. Since its inception two years ago, grants from the Livable Communities Fund have leveraged more than \$776 million in other public and private investments.

Transit Redesign

In 1997, the Council continued to implement the 1996 Transit Redesign plan to improve transit services with available funding resources. Transit Redesign will generate approximately 375,000 additional rides annually.

Transitways, a system of corridors dedicated to transit, emerged from growth planning as the only practical means of providing citizens with mobility choices to combat worsening congestion on the region's principal roads. They also serve as corridor magnets for development and redevelopment, facilitating more intensive uses of land. These transitways will offer riders a real choice, and increasingly a competitive edge, over drivers who stay on the regular roads. Plans are in the works for the first three major transitways.

Planning for a new transitway linking downtown Minneapolis, the University of Minnesota and Minneapolis-Saint Paul International Airport got on the fast track in 1997.

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Introduction

Construction on the Hiawatha Transitway could begin as soon as 1999, with operations starting in 2001. Two other corridors are being studied for potential transitways.

Regional transit service in 1997 took the first steps toward increasing ridership on the system. Improved reliability, tailored routes and increasing diversity of vehicle types and sizes to meet local service needs are already showing up in ridership increases. Plans are brewing for imaginative approaches to building more ridership, including mass discounts at major employment sites. As rapidly as possible, the opportunities to redesign local service to better meet local needs are being extended to clusters of communities. The effort includes restructuring poorly performing routes, adding more trips to heavily used routes, modernizing the bus fleet and a media campaign to attract new riders.

Competitive Practices

To increase its competitiveness the Council launched a process to determine which of its activities could open to managed competition between Council employees and outside vendors. In the first year of an ongoing evaluation process, two projects were identified for managed competition: (1) office copying services and (2) groundskeeping and snow removal for sewer interceptor and lift metering stations. The goal is to ensure the public receives the highest quality services for the lowest price.

The Council also initiated an innovative procurement process to open the possibility of a public and private partnership for ownership and operation of wastewater solids handling facilities for the Blue Lake Wastewater Treatment Plant.

Restoring the Region's Waterways

Weathering one of the worst flood seasons in the region's history, Metropolitan Council Environmental Services Division (MCES) continued its excellent performance record. It achieved 99.9 percent overall permit compliance for approximately 107 billion gallons of wastewater treated at its nine plants. In addition, due to an aggressive pollution prevention program and a strong partnership with local industry, total metals in the metropolitan sewer service network in 1997 were reduced an average of more than 82 percent compared to 1981.

As a result of these and associated efforts, lunker walleye have returned to the Mississippi River; eagles and herons are nesting again; and the metro area is experiencing a renewed interest in recreation and riverfront development.

Although substantial investments have helped to preserve the environment, challenges remain. MCES's capital improvements program is designed to meet increasingly more stringent environmental requirements, to maintain the region's investment in its aging sewer system infrastructure and to accommodate planned growth. The siting of a new treatment plant facility in south Washington County in 1997 is an example of a capital project that successfully integrates the Metro 2040 growth strategy, protects the

environment, and helps build regional and local cooperation to solve problems. The Council and Cottage Grove reached agreement to build a 15 million-gallon-per-day wastewater treatment plant on the 10-acre site of the current facility in Cottage Grove. The plant will serve projected growth in south Washington County to 2050.

Reducing nonpoint source pollution from farmland and urban storm water runoff is essential to improve river and lake water quality in the metropolitan region. To help meet this challenge that is expected to extend into the 21st century, MCES works in partnership with and through others. In 1997, the Council awarded nearly \$4 million in grants to local governments and nonprofit entities for projects to help restore the region's waterways impacted by nonpoint source pollution. In 1997, MCES also developed and began to implement a comprehensive phosphorus reduction strategy that includes an innovative regulatory approach and a cost-effective mix of nonpoint and point source remedies.

Although the average cost per household for wastewater treatment in the Twin Cities area in 1997 was 29 percent less than in similarly sized sewer service areas nationwide, MCES is committed to provide more service for the same or fewer dollars. MCES's strategic business plan, *Navigating the Waters of Regional Change* and the associated five-year *Plan for Allocating Resources* were updated in 1997. They provide the basis for a watershed management approach and cost-competitive strategies that position the Council to deliver on its commitment to provide high-quality water in a value-added manner for the region.

Regional Partnership

Through the Council's efforts a number of innovative government and private sector partnerships are being developed. Three significant examples are highlighted below.

- A one-stop shop for communities and developers that need financing to build and provide affordable housing. This was the basis for an innovative partnership that resulted in streamlining and simplifying a complicated system for accessing housing development dollars. Still a unique concept regionally and nationally, the Council, Minnesota Housing Finance Agency and Family Housing Fund were recognized in 1997 for this creative, common-sense initiative.
- A partnership of local, regional and state government is investing in a region-wide public safety radio system. The new system will improve two-way radio communications among law enforcement, emergency and public works, provide more capacity for future growth, and save tax dollars by reducing duplication. Partnership Minnesota, with a Governor's Commendation for improved government communication, recognized this effort.
- The Council is also leading an effort for sharing geographic information in the region that will vastly expand access to geographic data region-wide.

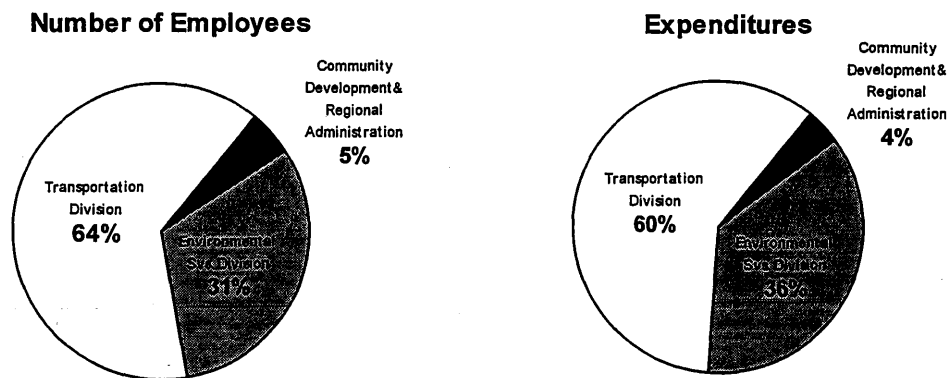
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- Council staff has formulated an approach to water resources management on a watershed basis. This approach will establish links with the Minnesota Pollution Control Agency's (MPCA) statewide basin planning effort, as well as with local watershed planning efforts. In 1997, three MCEs watershed coordinators were designated for the Mississippi, Minnesota, and St. Croix river basins. They will work with state agencies, watershed management organizations and local units of government to improve water resources management in the region.

Division Purposes

The Council's planning and service functions are carried out through annual expenditures of approximately \$300 million and about 3,600 employees.



The Community Development Division includes functions such as Policy Development, Research, Geographic Information Systems, 800 MHz Radio Project, Parks and Open Space, the Metropolitan Housing and Redevelopment Authority, and Local Assistance. The division is responsible for:

- Providing coordinated planning of regional growth and redevelopment.
- Identifying and analyzing strategic issues.
- Providing leadership in facilitating community collaboration.
- Delivering assisted housing services.
- Staffing the Metropolitan Radio Board.

The Environmental Services Division consists of two major departments—(1) Environmental Planning and (2) Evaluation and Wastewater Services--and is responsible for:

- Coordinated planning related to regional water supply and quality and to capital investments in the metropolitan sewer service network.
- Water resources management, including achieving the best mix of point source (treatment plant) and nonpoint source (urban/rural runoff) solutions.

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Introduction

- Cost-competitive and quality collection and treatment of wastewater from 104 customer communities and approximately 839 industrial clients.

The Transportation Division contains such units as Metro Transit, and Transportation and Transit Development. 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.
- Coordinating intermodal transportation and land use planning.
- Coordinating region aviation planning.

Organization of Report

The Council's 1997 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. 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 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:

- Regional growth management policy analysis and implementation including the coordination of local comprehensive plans with regional systems.
- Collection, analysis, forecasting and information services for data about the region, and for the analysis of regional trends.
- Regional parks coordination.
- Geographical information systems (GIS) organizational support and MetroGIS activities.
- Analysis and promotion of cooperative governance and service delivery approaches throughout the region.
- Delivery of assisted housing services for lower-income people and assistance with the creation of life-cycle housing in the region.
- Council library which serves as an information resource to Council supervisors and staff, and a reference library to the published.

In 1997, the Community Development Division:

- Began to implement the regional growth strategy that was used to amend the *Regional Blueprint*.
- Implemented the third year of the Livable Communities Act.
- Continued, through the Metro HRA, 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 products and analysis for policy and operational activities.
- Continued to make progress through the MetroGIS coordinating committee 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. This included designating staff to work with local officials within the region, updating the *Local*

Planning Handbook, providing planning grants and loans, and becoming an active participant in annexation and consolidation issues.

- Moved closer to implementing 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.
- Developed new forecasting procedures to more directly reflect Council regional growth strategies. This entailed not only reflecting growth trends and regional system plans, but seeking ways to use the region's limited land resources more efficiently. Council research and policy staff and the sector representatives worked with communities to address regional needs.
- Developed a comprehensive set of regional indicators to measure the status of the region's economy, environment, infrastructure and social well-being. This multi-disciplinary effort was reported at the Council's Annual State of the Region event in March 1998.
- Continued to prepare annual estimates of population and households, but in a new context. These estimates are now used for the distribution of state road funds to cities with over 5,000 population. Despite the increased significance of these estimates, community acceptance of these numbers remained high.
- Prepared a second annual report to the Minnesota Legislature on affordable and life-cycle housing. The report summarized the survey results of all of the region's cities and townships on their efforts to support affordable and life-cycle housing through housing programs and planning activities. The number of affordable owner and renter units constructed in the previous year were also reported.

Regional Growth Strategy

After considerable analysis and public discussion, the Council developed and adopted a regional growth strategy at the end of 1996 to guide the region toward accommodating expected growth. In 1997, implementation of this Metro 2040 Regional Growth Strategy has begun and is proceeding along six main lines:

- Aligning regional service and facility spending priorities to support the strategy,
- Structuring criteria and priorities of funding mechanisms to create incentives for compliance.
- Providing information and models to ensure good local planning practices are consistent with the strategy.
- Establishing linkages and working relationships with high growth areas adjacent to the metro area.
- Refining policy approaches and implementation mechanisms.
- Monitoring and reporting on land use changes to gauge progress.
- Expanding the Metro 2040 multimedia presentation and publishing a users' guide for cluster development designs to provide visual materials and models of good planning practice for local government and developers.

- Becoming involved in the Community-Based Planning Advisory Council and Minnesota Regional Development Organization to coordinate efforts with counties adjacent to the seven-county metropolitan area.
- Sponsoring a Permanent Agricultural Lands Preservation Task Force that developed a simple to use method for identifying prime agricultural lands needing protection.
- Monitoring an LCMR study of how to improve agricultural preservation techniques.
- Investigating alternative dispute resolution-land use board of appeals approaches through the work of the Community Based Planning Advisory Council.
- Undertaking a cost of growth study and coordinating with several similar LCMR efforts by convening project leaders periodically.
- Sponsoring an Urban Economic Summit to establish a consensus action agenda.

Local Assistance

By December 1998, all communities are required to update their comprehensive plans. In preparation for these updates, and, as part of continuing, ongoing efforts to strengthen relationships with local governments, the Metropolitan Council was involved in these activities in 1997:

- A new revised local planning handbook was completed and distributed to local governments. This handbook should be useful to them as local governments update their comprehensive plans.
- The Council established a grant program to assist local communities in their comprehensive planning process. The grant program is budgeted at \$1 million. At year-end, 135 communities had applied and been approved to receive grants, for a total of \$867,000.
- The sector outreach program was expanded in 1997.
- Meetings were held with the 50 communities expected to produce the most future development regarding forecasts, density and land supply.
- Over 340 plan reviews and referrals were conducted.
- Mississippi National River and Recreational Area (MNRRA) grants were also distributed to eligible communities. Reviews of critical area plans were conducted and contacts established with local governments.
- The Council became a significant participant in annexation, consolidation and incorporation proceedings deemed to have regional interest. The decision to be involved came about as a result of requests from the Minnesota Municipal Board and Council interest in implementing the regional growth strategy.

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 with the Council that, if achieved, would add nearly 13,000 affordable rental units and nearly 69,000 affordable ownership units throughout the region by the year 2010.

More than 90 percent of the targeted developing communities have agreed to participate in Livable Communities. The 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.

Incentives in the 1995 Metropolitan Livable Communities Act (LCA) legislation encourage communities throughout the region to address several key issues:

- Shortage of affordable housing in the seven-county metro area.
- The need to redevelop declining neighborhoods.
- An abundance of polluted land that thwarts economic opportunity.

Communities voluntarily participating in the program and developing housing goals in cooperation with the Council are eligible to compete for funding from all or any of three accounts in the Livable Communities Fund as well as pollution cleanup funds available from the Minnesota Department of Trade and Economic Development (DTED). This funding includes loans and grants that come from the following sources:

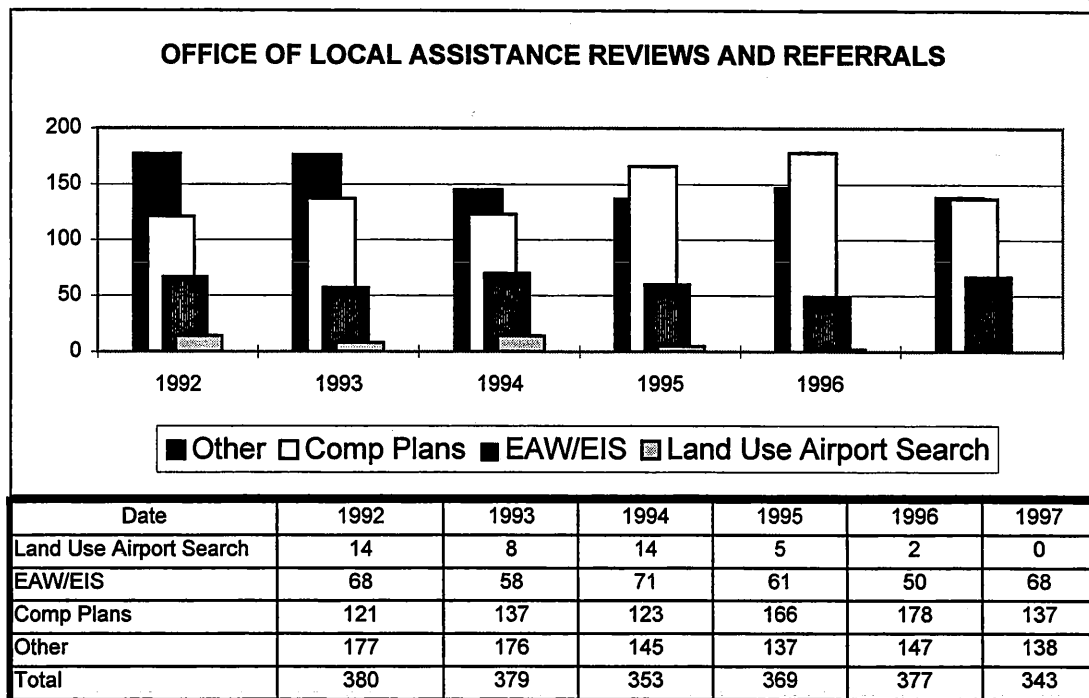
1. **Tax Base Revitalization Account** helps cities pay for cleanup of polluted land and make it available for commercial and industrial development. In 1997 11 grants were awarded, totaling \$8,005,091 to help clean up more than 100 acres of polluted land in four communities. These projects will generate over \$4 million in increased annual net tax capacity, and 2,700 new jobs paying an average hourly wage of \$10.50.
2. **Livable Communities Demonstration Account** funds projects that demonstrate how development can be designed to use land and services more efficiently while promoting a sense of community. The projects seek to do more compact, higher-density, transit oriented developments with a mix of residential and commercial buildings, along with a range of housing types and costs, and walkable streets. Ten grants, totaling \$3,980,350, were awarded in 1997 for demonstration projects in nine communities.
3. **Local Housing Incentives Account (LHIA)** expands housing opportunities through grants to eligible communities to meet negotiated affordable and life-cycle housing goals. In 1997, the Metropolitan Council approved three grants totaling \$625,000 in grants to three communities through the LHIA to develop 126 rental units, with 86 affordable to low- and moderate-income households. This will result in \$13 million in total development investments

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

Metropolitan Council 1997 Performance Evaluation Report
Community Development Division

and type of Local Assistance reviews and referrals administered by the Council from 1992 through 1997.



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

Metropolitan Radio System

Since 1996, 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. This system will serve the communications needs of all governmental jurisdictions in the metropolitan area as well as the counties of Isanti and Chisago. The system shares the 800-megahertz channels allocated to metropolitan area governmental jurisdictions by the Federal Communications Commission (FCC) as well as the network infrastructure of towers, transmission facilities, computer controllers and software.

In 1995, the legislature authorized the creation of a new political subdivision -- the Metropolitan Radio Board. This board was charged with development and implementation oversight of a system plan for a region-wide public safety radio system. The Metropolitan Council provides administrative support for the board and serves as the board's fiscal agent.

In 1997, with Council staff support, the Metropolitan Radio Board:

- Approved the issuance of a request for proposal for an initial network system. The system will provide day-to-day radio communications for all state and regional agencies operating in the metropolitan area as well as for Hennepin county and the city of Minneapolis.
- Determined, after extensive evaluation, that the Motorola response met the RFP requirements. The proposal was submitted by Motorola as the primary vendor, with E.F. Johnson and Harris corporations as secondary vendors in the proposal.
- Recommended to the Minnesota Department of Administration that negotiations should commence for a contract award to Motorola.
- Approved radio communications plans from Dakota, Anoka and Carver Counties and provided staff assistance to Ramsey, Washington, Scott Counties and the City of St. Paul in the preparation of their plans.
- Received approval from the FCC to license all available 800-megahertz channels for the region-wide system under a slow-growth plan allowing five years to complete the system and put the channels into play.
- Succeeded in obtaining legislative approval for a sales tax exemption on infrastructure and equipment purchases for the region-wide system. The exemption begins in August 1997 and continues through July 2003.

Metropolitan Parks System

The 1997 metropolitan regional park system that is open for public use encompasses approximately 46,000 acres of parkland. This land includes 32 regional parks, 4 special recreation features, 11 park reserves, and 80 miles of regional trails.

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.

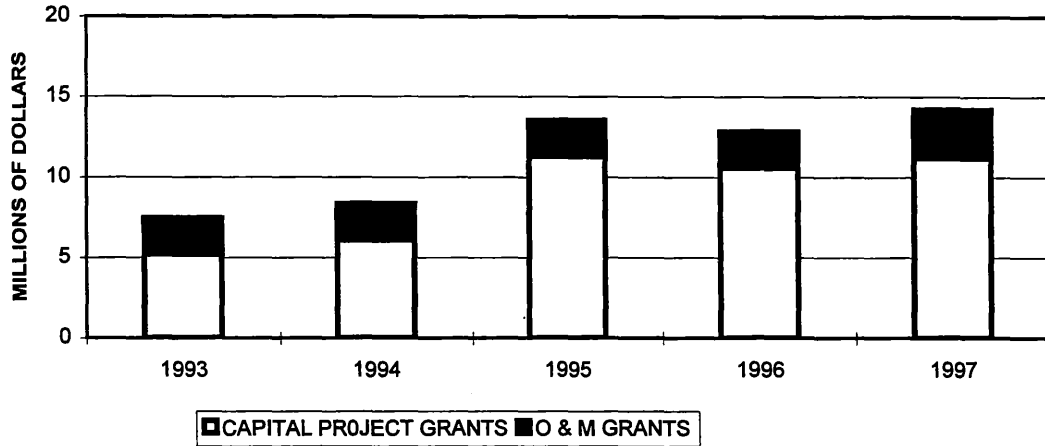
Total park visits in 1996 were estimated at 15, 889,300 or about 6.4 visits for each person in the metropolitan area (1996 estimated population we 2,482,858). The 1997 park use estimates will be published in March 1998. The figure for average visits per year for regional park users is actually higher because not all persons use the regional parks, and not all users are from the metropolitan area.

Each year, the annual number of visits to regional parks increases. Between 1974 and 1996, total visits to regional parks have increased from 5 million to approximately 15.8 million. Approximately 75 percent of the usage are residents of the Twin Cities region, with 25 percent from Greater Minnesota and out-of-state visitors. User data show the regional parks are visited twice as much as the statewide state parks.

The Council coordinated visitor counts of the regional park system by conducting a count of visitors in two-hour time periods at park-trail entrances selected randomly during the summers of 1995, 1996 and 1997. The samples are used to create an annual estimate for the entire system. The visitor counts will be done again in 1998.

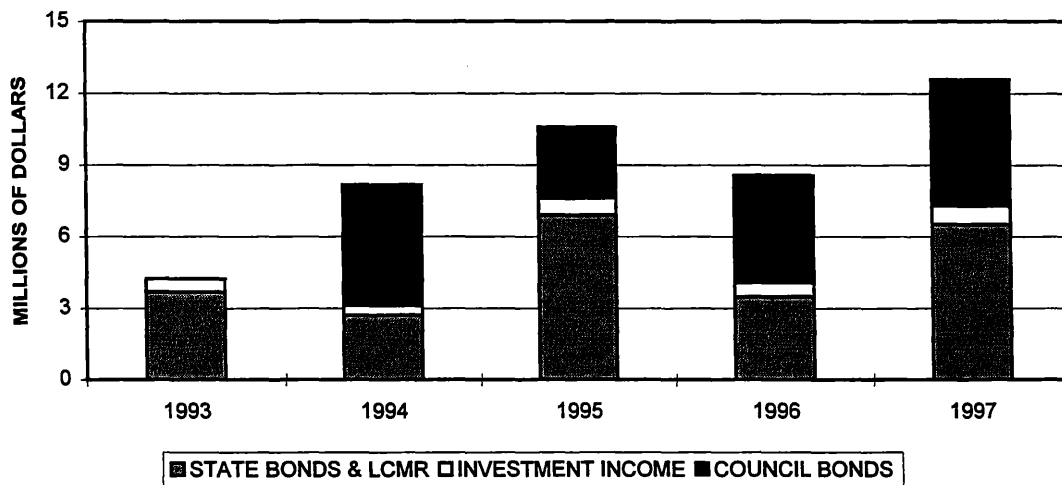
An interview study of major park users will be conducted in 1998-1999 to establish significant recreational demand usage trends and to update the parks policy plan.

**PARKS AND OPEN SPACE EXPENDITURE
BY CATEGORY 1993-1997**



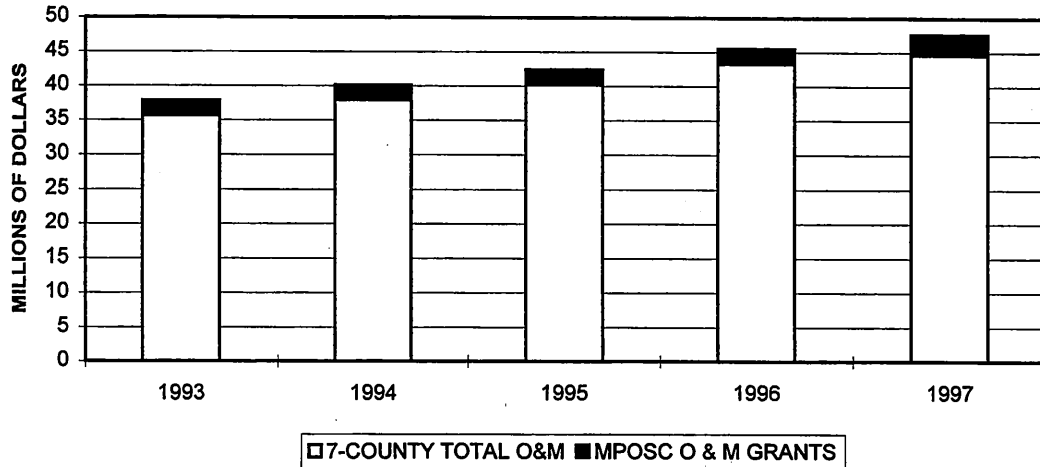
	1993	1994	1995	1996	1997
O & M GRANTS	2.24	2.24	2.24	2.24	3
CAPITAL PROJECT GRANTS	5.2	6.08	11.29	10.57	11.21

**PARKS AND OPEN SPACE COMMISSION PROJECTS
ACTUAL REVENUES 1993-1997**



	1993	1994	1995	1996	1997
INVESTMENT INCOME	0.56	0.41	0.70	0.60	0.79
COUNCIL BONDS		5.05	3.00	4.50	5.30
STATE BONDS & LCMR	3.68	2.70	6.89	3.47	6.50
TOTAL	4.24	8.16	10.59	8.57	12.59

PARKS AND OPEN SPACE COMMISSION OPERATION & MAINTENANCE COSTS 1993-1997



	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
1997	3	44.6

STATE APPROPRIATIONS FOR REGIONAL PARK OPERATIONS AND MAINTENANCE GRANTS

CALENDAR YEARS 1988 TO 1997

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
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%
1997	1998	\$3,000,000	\$44,573,970	6.73%

Metropolitan Council Housing and Redevelopment Authority

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

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

Major 1997 activities of the HRA were:

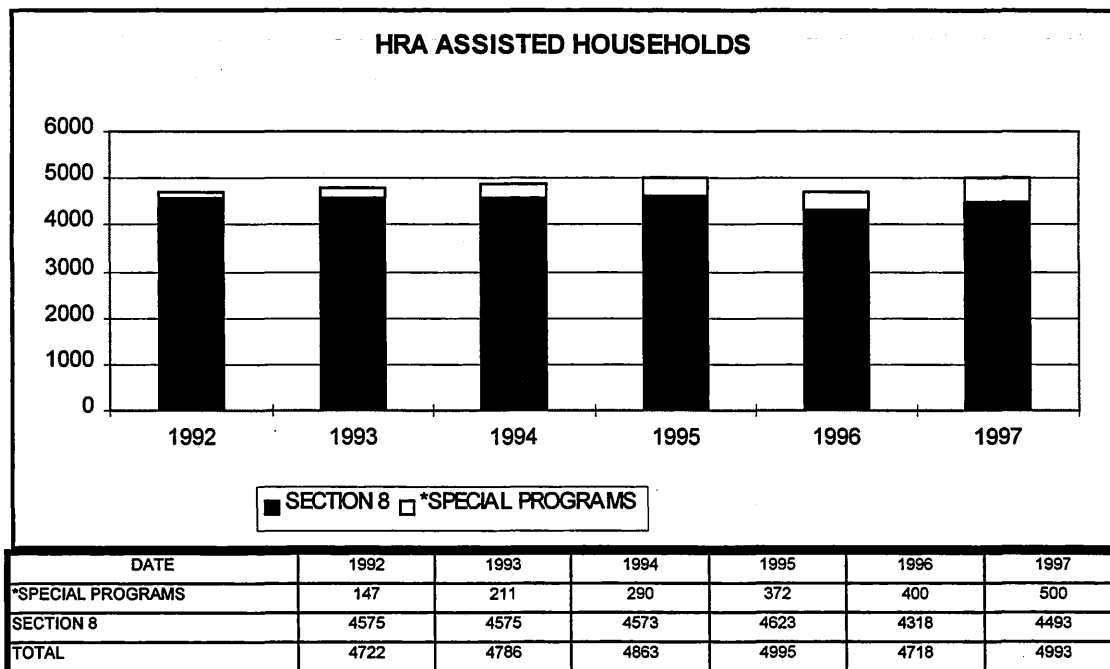
- Administering Section 8 Rent Assistance, including the Family Unification Program and the Family Self-Sufficiency Program. These programs operate within the Section 8 framework to enable families to reunite in cases where the lack of adequate housing may be preventing the family as a whole from thriving, and to assist the family in working toward economic self-sufficiency, using community-based social services resources.
- Maximizing the availability of federal housing funds to eligible low-income households in the metropolitan area. During 1997, the Metro HRA achieved full utilization of Section 8 vouchers and doubled the number of clients that were issued certificates in order to locate suitable rental housing.
- Administering a number of specialized housing assistance programs through federal, state and local funding that provide housing subsidies and support services for people who are homeless or mentally ill, families who have members with disabilities, and people 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 500 households in 1997.
- Administering 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 1997, over \$100,000 was disbursed for basic home improvements such as plumbing, roofing and energy improvements, as well as home modifications necessary to make a home more accessible for a person with a disability. An average of 13 loans per year are funded with the average loan at about \$8,000.
- Developing an implementation plan for the Regional Opportunity Counseling (ROC) Program, a five-year, federally funded initiative. Through a consortium of nonprofit organizations, housing counseling services will be provided in the seven-county

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metropolitan area. This program will continue the efforts set forth in the HomeChoice program and provide counseling, support and housing search information to Section 8 participants. The ROC program will broaden the location choice of Section 8 recipients seeking housing in the metropolitan area. It will also attempt to incorporate current welfare reform strategies that are more wholistic and address housing issues in combination with employment, transportation and childcare needs.

- Providing ongoing technical and administrative support in developing the Housing Clearinghouse Network via the Hollman settlement/consent decree. In 1997 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, and incorporated into a nonprofit entity -- Housing Link. The work group is currently 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 1997 through the Section 8 programs, as well as other special housing programs.



Transportation Division

The Transportation Division is composed of two units -- (1) Transportation and Transit Development, and (2) Metro Transit--and is responsible for regional transportation planning including aviation, highway, and transit systems as well as transit operations. This section first summarizes accomplishments of the Transportation and Transit Development unit by major work projects, then describes activities of Metro Transit.

Transportation Planning Activities

The Council is designated as the Metropolitan Planning Organization (MPO) under federal law. The Council must provide planning and administrative support for 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 also worked with its Transportation Advisory Board (TAB) and Technical Advisory Committee to select projects for federal funding and prepare a three-year transportation improvement program (TIP). The TIP includes all federally funded transportation projects, as required by the 1991 U.S. Intermodal Surface Transportation Efficiency Act (ISTEA). The process includes broad citizen and interested group input including input from communities of color.

Major planning activities in 1997 were:

- The Council prepared and adopted a 1998 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.
- The Council prepared and administered federal planning grants including quarterly progress reports.
- The Council provided staff support to the numerous TAC/TAB committees composed of representatives from many agencies and local units of government, and in the case of the TAB, private citizens as well.
- The 1998-2000 TIP was prepared and adopted for inclusion in the State Transportation Improvement Program (STIP).
- The solicitation for Surface Transportation Program (STP), Congestion Mitigation/Air Quality Improvement Program (CMAQ) and Enhancement projects was completed and projects for funding in 2001 and 2002 were approved.

Transit Planning

The Council performs long-range transit planning activities to ensure implementation of the policy direction established in its *Regional Blueprint* and the *Transportation Policy Plan*.

- Transportation options for welfare reform were discussed by working groups involving job service agencies, transit providers, and business and chamber executives. Council staff led these groups. Recommendations on new flexible transportation delivery methods were presented. The new options will start to be implemented in 1998 when the Legislature begins welfare reform. Two million dollars in funds were appropriated to the Council to be forwarded to the metro counties as grants to assist welfare recipients with transportation to work.
- Planning for new and restructured transit services continued during 1997 to implement the Council's Transit Redesign effort. Corridor-level transit redesign activities included St. Paul and Northeast suburbs, West St. Paul, Dakota County, Anoka County, western Hennepin, University of Minnesota, South Washington County, and Woodbury. Service changes were implemented in Woodbury, Anoka County, South Washington County, Phillips neighborhood and at the University.
- A review of route changes that may impact areas eligible for the Transit-Related Development Tax Incentive program was completed in 1997 for map and brochure revision in early 1998.
- The Transportation Options Program continued in 1997 whereby targeted Metro Mobility riders are being asked to participate in shifting some of their rides to regular-route buses and/or carpools/vanpools.
- Work continued on Travel Demand Management (TDM) activities and initiatives to increase the effectiveness of TDM efforts. TDM options were also explored in efforts to design a transportation program for welfare clients in the Welfare to Work Program. Technical assistance was given to various groups in the areas of travel demand management and transit, telecommuting and transit projects.
- A legislatively mandated plan was developed in the School Transportation Study. The plan identified how ninth through twelfth graders in Minneapolis and St. Paul could be transported to and from school on Metro Transit buses. The plan detailed operational impacts and projected costs and savings.
- Transportation staff worked with Mn/DOT to complete Phase I of a Commuter Rail Study for the Metro Area.

Highway Planning

The Council participates with Mn/DOT in highway planning activities to ensure implementation of the policy direction established by the Council in the *Regional Blueprint* and the *Transportation Policy Plan*.

- The Council administers the Right-of-Way Acquisition Loan Fund (RALF), which gives communities no-interest loans to purchase right-of-way for principal arterioles and other trunk highways in advance of the time that Mn/DOT would be in a position to make the purchase. During 1997 the Council made loans for purchase of land to Maple Grove (TH 610) and Chanhassen (TH 212). A portion of the Trunked Radio Study loan was repaid.
- The Council participated in several interagency corridor studies including TH 610, I-35E, Wakota Bridge/TH 61, CR 42 Access Management Study, TH 65, TH 316, Ayd Mill Road and Phalen Corridor, and the Hiawatha Corridor Transitway.
- Numerous comprehensive plans and environmental documents (EISs and EAWs) were reviewed to determine consistency with regional transportation plans.
- The Council participated in various Minnesota Guidestar Committee meetings. Projects were submitted by Metro Transit for potential Guidestar funding.
- The Council participated on the Minnesota Intermodal Railroad Terminal Study (MIRTS) Steering Committee with Mn/DOT, Burlington Northern Santa Fe, Canadian Pacific and the Union Pacific Railroads. This group completed a site selection process and financial feasibility analysis for a new regional multi-user intermodal terminal facility. Development options and funding for initial off-site investments were evaluated, including phasing of the project. The Council participated in the preparation of a cost-benefit analysis by Mn/DOT.
- A survey and technical report were finalized on congestion pricing management and a draft report on tolling policy was completed. The Council participated with Mn/DOT to develop a pricing demonstration project on I-394. However, due to citizen opposition, Mn/DOT did not implement the project.

Air Quality Planning

The Council does long-term planning required by the Intermodal Surface Transportation Efficiency Act (ISTEA) to integrate study of congestion management, transportation, land use, and air quality planning with the requirements of the 1990 Clean Air Act Amendment (CAAA).

During 1997 research was undertaken to better identify the air quality benefits for CMAQ projects. The Council also pursued the acceptance of a screening method for hot spot analysis with the Federal Environmental Protection Agency. The screening method would develop thresholds that identify those projects that should not pose an air quality problem, and therefore do not require a hot spot analysis.

Travel Forecasting

As the regional planning agency, the Council is charged with maintaining and applying travel forecast models to support planning for the orderly development and operation of transportation facilities. Council staff maintains socioeconomic data and obtains travel and traffic count data from Mn/DOT to monitor, revise and update travel forecasts to the year 2020. Federal regulations require the Council to provide projections of traffic demand and related air quality emissions. These projections are used to evaluate regional transportation investments proposed in the short range TIP and the long-range Transportation Policy Plan.

- The regional travel demand model was used to prepare the modeling for the 1997-2000 TIP analysis on air quality conformity.
- Communities were asked to break down *Regional Blueprint* municipal forecasts into Transportation Analysis Zones. This material was due back to the Council in early 1998.
- Work continued on responding to requests for forecast travel demand data and providing assistance and model review to consultants and agencies.
- Council staff has assisted consultants on several regional scale transportation and transit projects that required forecasts, including such projects, as Mn/DOT's Commuter Rail Project and the Hiawatha and Riverview Transit-way Studies.
- Plans began to be formulated for a potential 2000 Travel Behavior Inventory.

Performance Audit

The Metropolitan Transportation Investment Act passed by the 1996 Legislature requires the Council to hire an independent entity to complete a performance audit on the metro commuting area's transportation system once every four years starting in 1997. Also, in 1997 and every two years afterward, the Council must evaluate the performance of the Region's transit system in relationship to transit performance standards developed by the Council.

- The Council prepared and released an RFP for the First Annual Twin Cities Commuting Area Transportation System Performance Audit. In December the report

was presented to the Council's Committee of the Whole. The full Council accepted it in January 1998 for transmittal to the Legislature. The audit concluded that the transit system was doing an above average job even though it was underfunded and the road systems were in good condition.

Aviation Planning Activities

The major focus of the 1997 aviation planning work program was a continuation of coordination efforts concerning expansion of Minneapolis/St. Paul International airport (MSP). Other activities involved reviews of system implementation projects and programs.

Regional Aviation Policy Plan

The Council responded to the 1996 dual-track recommendations and actions of the legislature by amending its *Aviation Policy Plan* in 1996. Early in 1997 new aviation system statements were forwarded to local governmental units for their use in updating comprehensive plans as required under the Metropolitan Land Planning Act. The Council reviewed a few local comprehensive plan updates in 1997 using the new *Aviation Policy Plan*. In 1998 the Council expects to receive a significant number of local plans for review.

In 1997 the Council, using planning grant funds from the Federal Aviation Administration (FAA), initiated a general aviation economic impact study. This study will examine the economic impact of the reliever airports -- St. Paul Downtown, South St. Paul, Airlake, Flying Cloud, Crystal, Anoka Co.-Blaine, and Lake Elmo. An advisory committee will be established in 1998 and a final report will be prepared. Information produced in this study will be used to further develop aviation economic policy and airport system development priorities.

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 (SASP) to include a new data base, user surveys, forecasts, system needs and special studies. The Council is participating on SASP policy and technical committees. The SASP will provide information the Council can use in updating the Twin Cities regional

airport system plan. The SASP plan was completed in 1997 and special studies are to be prepared in 1998.

MSP Development -- Runway 4/22

In 1996 it was identified that an 11,000-foot runway was needed during the reconstruction process of the MSP south parallel runway to maintain hubbing capability, handle long-haul international flight operations of heavily loaded aircraft and assist with noise redistribution. Extension of runway 4/22 was the preferred development alternative.

The extension of runway 4/22 was in litigation when it was submitted to the Council for review as a MAC capital improvement project. The Council approved only the physical extension portion of the runway 4/22 project and it became operational in 1997. 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 and community noise survey was also undertaken to assess the noise-impacted neighborhoods' opinions on various mitigation items. The survey indicated that hearing fewer aircraft each day was the preferred noise mitigation, with time periods free of aircraft noise being the next choice. Acoustic insulation of homes or free airline tickets were acceptable, and paid neighborhood improvements were the least favored. The results of the survey were provided as input to the overall MSP Noise Mitigation Program.

Northwest Airlines requested in 1997 that a MSP runway be extended to 12,000 feet to serve Hong Kong flights in an economically viable manner. The proposed project adds 1,000 feet to the northeast end of runway 4/22. The Council reviewed the runway extension environmental analysis and supports development of this extension.

Flying Cloud Airport

In 1997 the Metropolitan Airports Commission (MAC) initiated the environmental impact statement (EIS) process for the Flying Cloud Airport expansion plan. The Council is participating on the EIS Advisory Committee, along with the FAA, MAC, airport users, City of Eden Prairie and its citizens. A final EIS is scheduled for completion in early 1999.

MSP Airport and Recreation Group

One of the impacts of an expanded MSP International Airport is the loss of a golf course and community ball field currently located along Cedar Avenue on airport property. An interagency and community coordinating group was established and facilitated by the Council to address this and other airport and recreational needs. In April 1997 the Council approved the following recommendations:

- Support the conversion of surplus (General Services Administration) parcels in the Fort Snelling State Park vicinity to parkland owned by the state Department of Natural Resources. The objective was to keep public properties under public control to meet regional airport and recreational needs. Discussions occurred in 1997 to initiate acquisition of some parcels by the MAC to achieve immediate ownership and control where appropriate.
- Support the formation of a joint agency to study and make recommendations on the usage of recreational lands in an area generally bounded by 46th street in Minneapolis, the Mississippi and Minnesota Rivers, I-494, and TH 77.

In 1998 a DNR study will be completed on future development and usage of the Upper Bluff portion of Fort Snelling State Park. The study will be used as input to an overall development plan for land use by the coordinating group. The plan would be used to guide planning and development activities of the various federal, state, regional and local units of government.

Reliever Airport Planning

The reliever airports are a key element of the regional aviation system. Regional policy calls for the preparation and periodic updates of Long-Term Comprehensive Plans (LTCPs) for all reliever airports. Each airport owner is responsible for the LTCP preparation and review by the Council.

Crystal Airport - In 1996 MAC completed a LTCP for the Crystal airport. The airport retains its minor system role and no major changes in facility development are recommended in the LTCP. Several area communities want the airport closed in the long term. The Council's review of the Crystal airport LTCP cannot occur until submittal by the MAC. The MAC is completing some interim actions on airspace hazards and height zoning ordinance issues. Council review of the LTCP is anticipated in 1998.

Anoka Co. - Blaine Airport - MAC also prepared a LTCP for the Anoka County-Blaine airport. The MAC refined some elements of the Anoka airport plan, and held a public hearing in 1997. The airport retains a minor system role classification and the LTCP recommends extension of the east/west runway to a total of 5,000 feet and development of a new northwest hangar building area. The Council is expected to review the LTCP in early 1998.

Flying Cloud Airport - The Council conditionally approved the MAC's LTCP for the Flying Cloud airport in 1996. The airport retains a minor airport system role. The LTCP recommends runway extensions and new hangar building area expansion. Land acquisition began in 1997. The Council continues to participate in coordination and review efforts, and is participating in preparation of an EIS for the proposed Flying Cloud airport development projects.

Airlake Airport - The Council approved the original LTCP in 1990. It was updated in 1995-96 and the airport retains its minor airport system role. The updated LTCP recommends extension of the existing runway, expansion of the hangar building area and land acquisition for a new cross wind runway. The LTCP was submitted for Council review in late 1997.

Lake Elmo Airport - The Council approved the Lake Elmo airport LTCP in 1994. The airport will retain its minor airport role and the LTCP recommends a longer, relocated main runway and the development of new hangar building areas. An EIS will be prepared for the major development projects when demand warrants construction.

South St. Paul Municipal Airport - The Council approved the airport plan in 1973. The facility retains its minor system role classification. The Council has recommended that a LTCP be prepared with federal and state funding assistance. It is anticipated that the City will include updated information on the airport along with its updated local comprehensive plan for Council review in December 1998.

St. Paul Downtown Airport - The Council approved an updated LTCP for this airport in 1995. The airport retains its intermediate system role as the primary reliever to MSP. The LTCP recommended completion of the elevated hangar building area. In 1997 the airport acquired land for installation of a precision landing system and began the construction of a new air-traffic control tower.

Noise Mitigation

A number of follow-up implementation activities were required by the 1996 major airport dual-track legislation. A number of these items, having both direct and indirect affects on Council review/planning responsibilities, were addressed during 1997.

Aircraft noise mitigation has been an ongoing effort at all regional system airports; however, the most severe problems are at MSP International airport. Noise abatement efforts are categorized in three general groups as follows:

- Controlling noise at the source primarily through airline purchases of new "quieter" Stage-III aircraft, and the installation of "hush-kits" on engines of older Stage-II aircraft. Corporate business aircraft is also doing similar activities with their jet engine aircraft.
- Controlling noise through operational procedures primarily with air-traffic control of a runway use system (RUS) at MSP, and by implementing noise abatement operations plans at the system's reliever airports.
- Controlling noise through land use compatibility by development of airport long-term comprehensive plans, preparation of local community comprehensive plans, and application of the FAA Part-150 residential and school insulation program.

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There are specific mitigation efforts at MSP that are required by state statutes. Their status is indicated in the following chart.

STATUS OF LEGISLATED ITEMS	RESULTS
<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. 	Council participated in an agency, airline and community noise mitigation-working group in 1997 to refine the noise mitigation program, especially as it pertained to community stabilization measures. A report is expected for MAC consideration in early 1998.
<ul style="list-style-type: none"> Require MAC 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. 	Council participated during 1997 in refining the final EIS for MSP development. It includes an evaluation of aircraft (low-frequency) ground noise impacts. A final EIS is expected in early 1998 and a Record of decision by the FAA by mid 1998. Land acquisition by the MAC is occurring in the new runway protection zone within the City of Bloomington.
<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. 	Council participated in formal discussions that have resulted in purchase of the old Met Sports Center site by the MAC. Discussions continue with Mall of America and City of Bloomington concerning future development options.
<ul style="list-style-type: none"> Provide for noise impact relief around MSP airport by implementing permanent urban stabilization and revitalization zone and housing replacement (TIF) district. 	The Council worked with the Minnesota Department of Revenue and affected communities to implement these programs in 1996. However, 1997 session laws limited the urban stabilization program to one year. The housing replacement program is optional for the affected communities.
<ul style="list-style-type: none"> Other Review and Planning --The Council is prohibited from requiring communities to plan for or preserve lands for a new major airport. 	The Council amended its Aviation Policy Plan, and the system statements do not include requirements for a new major airport. Communities are preparing updated comprehensive plans to meet the 1998 Land Planning Act legislative defined deadline.

Transit Services

The Metropolitan Council sets policy, plans, coordinates, administers and operates 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 policies, as adopted in the Council's *Transportation Policy Plan*, are as follows:

- Focus investments to help implement the *Regional Blueprint* and the Regional Growth Strategy to support the region's economic vitality and quality of life.
- Pursue an adequate level of transportation funding.
- Make investments on the basis of need.
- Promote public participation when formulating and implementing transportation policy.
- Promote implementation of a regional network of dedicated transitways.
- Make the transit system more compatible with different land use patterns and socioeconomic conditions.
- Promote innovation, efficiency and greater diversity of options through increased competition in delivering transit services.
- Improve transit service coordination and passenger safety to make transit more attractive.
- Provide transit services for persons with disabilities in full compliance with the 1990 Americans with Disabilities Act.

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- Support aggressive use of travel demand management techniques to reduce peak-period vehicle trips.

To accomplish these overall goals, the Metropolitan Council carries out the following activities in relation to transit:

- Develop transit policy.
- Prepare transit implementation plans.
- Prepare and present required transit budgets, financial plans, and staffing plans.
- Oversee Metro Transit, the region's largest provider of regular-route transit service.
- Oversee Metro Mobility, the region's largest Americans with Disabilities Act (ADA) complementary paratransit service.
- Execute and administer more than 25 transit capital grants and 36 transit operating contracts.
- Administer the Jobseekers Program.
- Manage the Metro Commuter Service programs.
- Develop and update the five-year transit plan for the metropolitan area.
- Administer replacement service (opt-out) programs where the Council levies the property tax.
- Conduct research and render advice on transit issues.
- Conduct transit needs assessments.
- Develop new services.
- Promote the use of public transit.

Metropolitan Council Transit Activities

During 1997, Metro Transit and the Office of Transportation and Transit Development redesigned a number of services, restored service levels cut back in previous years and expanded service in a few areas.

With adoption of the Transit Redesign Plan in 1996, implementation of specific redesign projects reached a total of eight by the close of 1997. They include:

- White Bear Lake (Lake Area Bus) 9/96
- Brooklyn Park and Brooklyn Center (Brooklyn Circuit) 3/97
- Woodbury 3/97
- Anoka County (Traveler) 6/97
- University of Minnesota 6/97
- Westonka 6/97
- South Washington County 9/97

- Minneapolis' Phillips Neighborhood service 10/97

Metro Transit and Metro Mobility, with additional funding resources from the legislature for the biennium beginning July 1997 were able to restore some service levels reduced during the prior two bienniums.

Furthermore, Metro Transit expanded some service in heavy load corridors that increased its peak pullout requirement from 755 to 773. Anoka, Dakota and Washington counties also expanded their span of service day to comply with the American with Disabilities Act complementary paratransit service requirements. A summary of the key 1997 activities are highlighted in the following paragraphs.

Transit Ridership has been and will continue to be the number one focus of the Metropolitan Council Transportation Division in 1997 and beyond. The legislature challenged Metro Council as part of its state Fiscal Year 1998-1999 biennial appropriation to serve 131 million passenger trips between July 1997 and June 1999. The Metropolitan Council, the staff at Metro Transit and private providers under contract to the Council are all focused on achieving their share of the ridership goal. At the conclusion of the first six months of the biennium, actual ridership was running ahead of the goal by 4.2 percent. The specific ridership breakdowns by service type for the first six months of the biennium are detailed as follows.

Transit Ridership Twin Cities Metropolitan Area			
	1997 Six-Month Actual	1997 Six-Month Goal	Variance
Metro Transit	31,198,000	29,904,000	1,294,000
Regular Route Private	755,000	721,000	34,000
Metro Mobility	500,000	506,000	(6,000)
Rural	211,000	222,000	(11,000)
Small Urban	44,000	45,000	(1,000)
Total	32,707,000	31,398,000	1,310,000

Regional Fixed-Route Services carry more than 95 percent of all passenger trips made on the regional transit system, representing nearly 64 million annual passenger trips. The great majority of these passengers are transported by Metro Transit on 120 routes. Other fixed-route providers in the region include:

- Medicine Lake Lines operating Route 55
- North Suburban Lines
- Valley Transit operating in the Stillwater area
- Laidlaw Transit Services under contract to operate the BE-line (Bloomington-Edina), Roseville Area Circulator and other fixed-route services

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 increased in July 1997 after four years of stagnant resources and some additional service has been implemented.

The American with Disabilities Act (ADA) required all complementary paratransit systems to complete compliance with the ADA transportation components during 1997. The Metropolitan Council accomplished this goal with service adjustments implemented in June 1997.

Metro Mobility had several service changes in 1997. The largest change was the competitive procurement of the demand service contracts. Under the new contracts the number of demand service providers dropped from three to two; same-day rides were implemented increasing productivity; and 16 sedans were incorporated into the 151-vehicle demand service fleet.

Assisting the demand contract changes in improving customer service is an eight-percent restoration in revenue hours that began during the last quarter of 1997. Due to a budget shortfall, the Metro Mobility Service Center (MMSC) managed the budget back to health by implementing an eight-percent reduction in revenue hours from October 1995 through September 1997. Revenue hours were restored to pre-October 1995 levels, reducing the trip denials to 30 per 1,000 trips. This is much lower than the 1996 first six-month average of 82 per 1,000 trips. Rider cancellations remain high at approximately 22 percent for the last quarter of 1997. However, they have dropped from nearly 30 percent in the first six months of 1996.

Metro Mobility purchased 135 new lift-equipped vans in 1997 replacing the previous fleet that accumulated over 220,000 miles per vehicle over the four-year contract period. The new fleet not only helps to increase service reliability but also improves the riding comfort of Metro Mobility customers. Metro Mobility also purchased new computers and switched to a Windows NT operating system. This change improved the response time of the customer reservations, scheduling and dispatching functions, and facilitated the implementation of same-day rides.

Finally, as the general population becomes older and frailer, Metro Mobility demand continues to grow. To deal with the demand trends and still provide the option of public transportation, the Metropolitan Council and the MMSC encourage the usage of other forms of transit such as fixed-route and car pools by those who are able. The efforts are documented by Metro Transit's limited mobility fare usage that increased from slightly over 300,000 rides in 1996 to over 1,000,000 rides in 1997.

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, a 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.

Team Transit is an intergovernmental partnership working to create transit advantages for people traveling in high occupancy vehicles and buses. 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 identified as 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 that get buses on the freeway without being delayed at ramp meters. Mn/DOT and Metro Transit have shared construction costs to complete 13 bypasses for transit advantages.
- Exclusive bus lanes and bus use of shoulder lanes have been implemented to move busses through highway traffic delays. Eighty-seven miles of exclusive bus lanes have opened on Mn/DOT highways since 1992. Hennepin, Anoka, and Dakota Counties have joined the effort with an additional nine miles of shoulder lanes on county roads.

Metro Transit

Ridership on Metro Transit buses increased 0.6% in 1997 with customer boardings topping 62 million. Metro Transit closed the year with strong rider gains, including a 5.1 percent increase in December. Contributing to the annual increase was a mid-year expansion of service to the University of Minnesota, record-setting transit use to the Minnesota State Fair and aggressive marketing. The Metro Transit focus is ridership due to a legislative mandate to deliver 131 million rides during the biennium. This increased ridership was a stipulation for a \$9 million increase in transit funding. Because it is the

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region's largest system, Metro Transit's share of the goal is 125 million rides. During the first six months of the 24-month ridership campaign, Metro Transit is 4.3 percent ahead of the pace needed to reach the goal.

In October, Metro Transit and Amalgamated Transit Union Local 1005 successfully completed negotiations on a labor agreement that extends through July 2000. ATU Local 1005 represents 1,970 bus drivers, mechanics and clerical employees. The new contract marks the first successful negotiated agreement since the 1980s. Other contracts resulted in a strike or arbitration.

On July 1, the transit system changed its name to Metro Transit from Metropolitan Council Transit Operations. The longer name confused its customers, the public and policymakers. The new name also has symmetry with other Metropolitan Council transportation services, including Metro Mobility and Metro Commuter Services. Metro Transit also made its Web site debut late in the year at www.metrotransit.org. The site contains a system map, route maps, bus schedules and information about how to ride Twin Cities buses.

Metro Transit announced an aggressive fleet modernization initiative in late 1997 that will put 163 new buses in service in 1998. Orders include 98 Gillig 40-foot coaches and 65 New Flyer articulated models. Ten of each type will be low-floor buses, introducing that bus design into the region for the first time. With the arrival of the new buses, Metro Transit's average fleet age will reduce from eight years to seven years and its percentage of buses equipped with wheelchair lifts will increase to 57 percent.

After several years of service cuts, Metro Transit expanded its service modestly in 1997. Highlights included opening service on four branches of the University of Minnesota route network. Metro Transit also increased the off-peak frequency of its popular Grand Avenue service in St. Paul. The agency partnered with Mn/DOT, the City of Minneapolis and others to create a new route to address the concerns of the Phillips neighborhood of south Minneapolis. The community felt that lengthy reconstruction of Hiawatha Avenue would sever the neighborhood from its principal shopping center. A public-private collaboration was developed to create the Phillips Neighborhood Shuttle. It is a two-day-a-week service using small buses, operated by Metro Transit, to link neighbors with their retail center. Metro Transit carried more than 200,000 people to the 1997 Minnesota State Fair, an increase of 50 percent over 1996. Twelve percent of all fairgoers arrived on Metro Transit buses. In recognition of that accomplishment, the Fair's Board of Directors presented Metro Transit with its Outstanding Business Award.

Transit in downtown Minneapolis will become safer in 1998 thanks to a Metro Transit-backed proposal adopted by the Minneapolis City Council to eliminate bicycle traffic from Nicollet Mall during weekday business hours. Metro Transit felt that the roadway was too narrow to be safely shared with bikes. Metro Transit, an ally with the biking

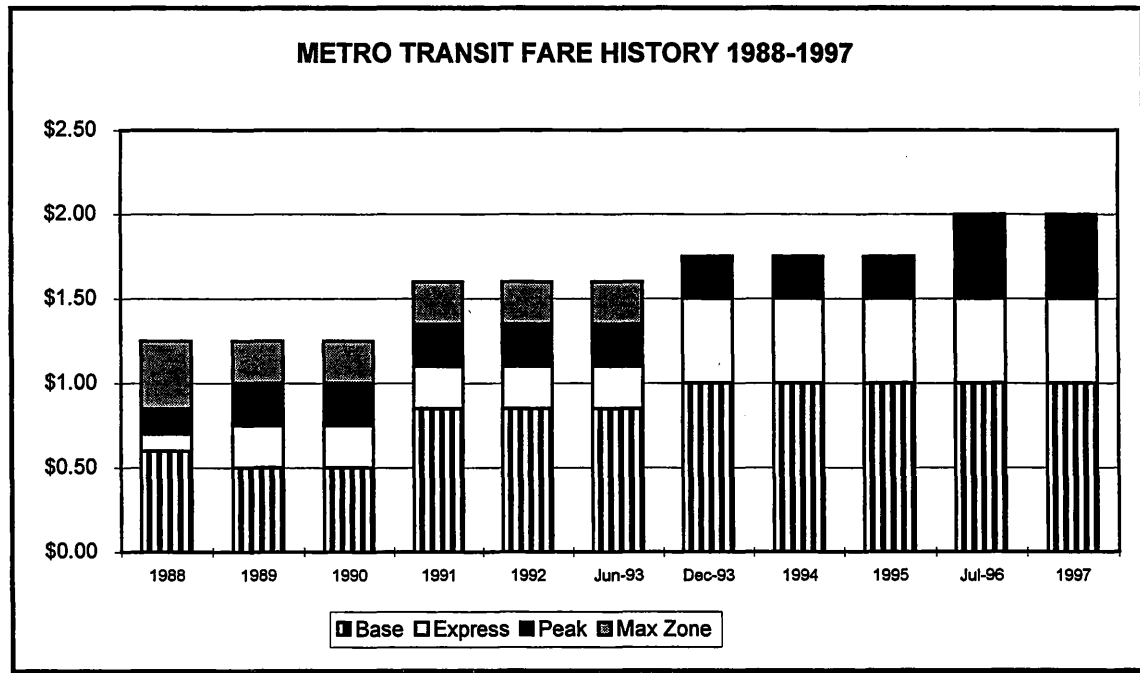
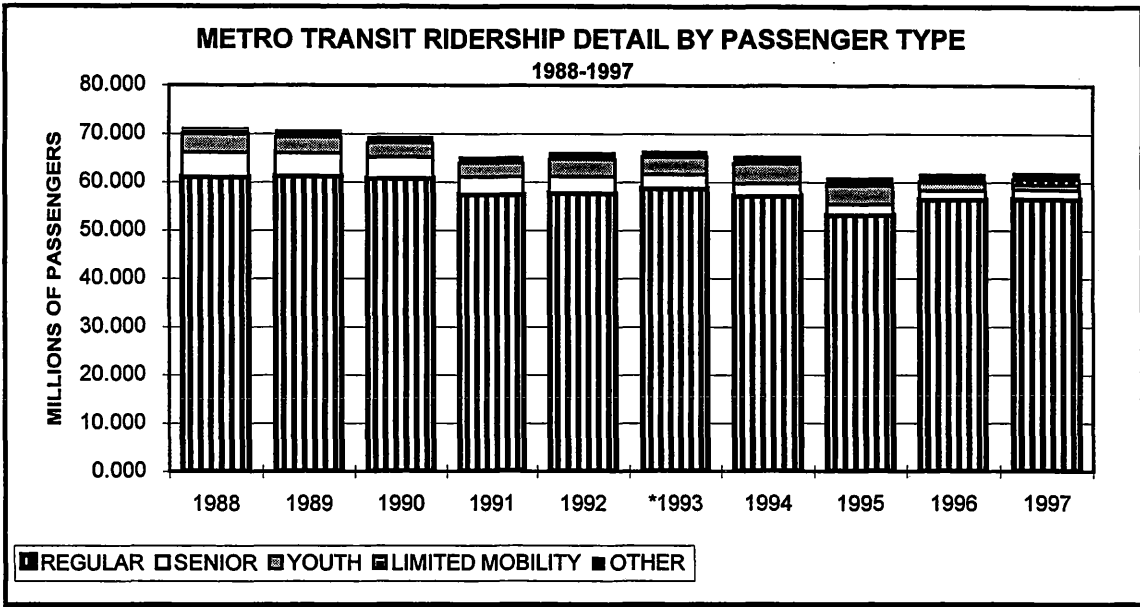
community on other issues, will invest more than \$80,000 to build alternative bike lanes on Marquette Avenue and Second Avenue South.

Metro Transit closed 1997 with a strong effort to recruit more part-time drivers. A cross-functional team called the Driving Force was assembled for a 90-day assignment that raised the percentage of part-time drivers to 20 percent. Tactics included working with other part-time employers to develop compatible work schedules, working with day-care providers on more flexible hours, attending job fairs and developing an array of recruiting materials, including a television commercial.

Transit Services Performance Charts and Tables

On the next four pages are 12 charts with accompanying tables that provide information on transit performance over a number of years. The first 10 charts are information for Metro Transit and the next 2 charts are for Metro Mobility.

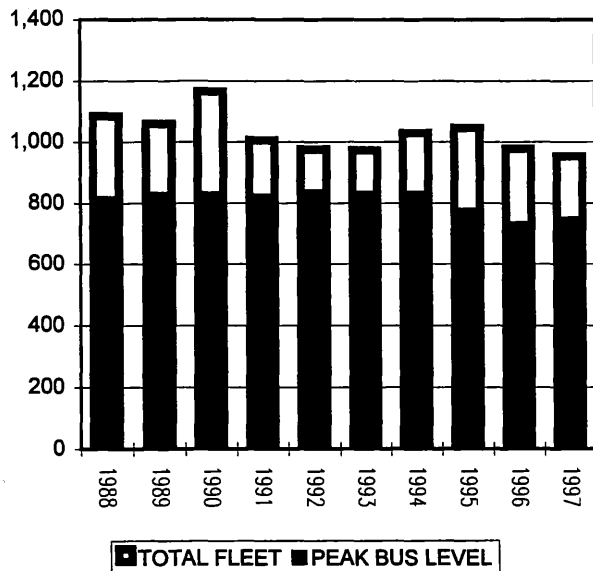
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Transportation Division



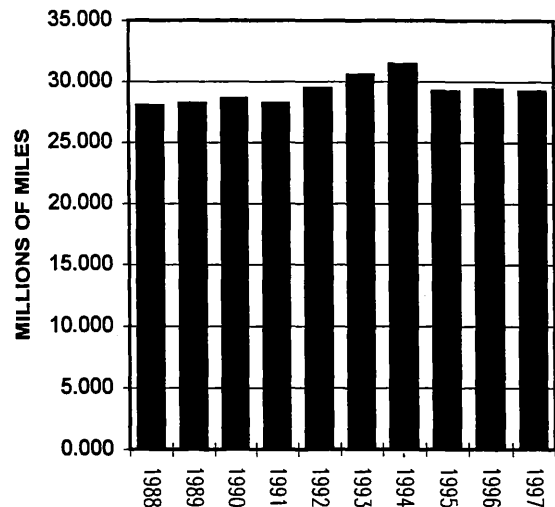
CHARGES	YEAR OF CHANGE										
Regular fare	1988	1989	1990	1991	1992	Jun-93	Dec-93	1994	1995	Jul-96	1997
Base	\$0.60	\$0.50	\$0.50	\$0.85	\$0.85	\$0.85	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Express	\$0.10	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
Peak	\$0.15	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.50	\$0.50
Max Zone	\$0.40	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25					

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**METRO TRANSIT FLEET SIZE AND
PEAK BUS LEVEL
1988-1997**



**METRO TRANSIT TOTAL MILES
OPERATED
1988-1997**



TOTAL FLEET

PEAK BUS LEVEL

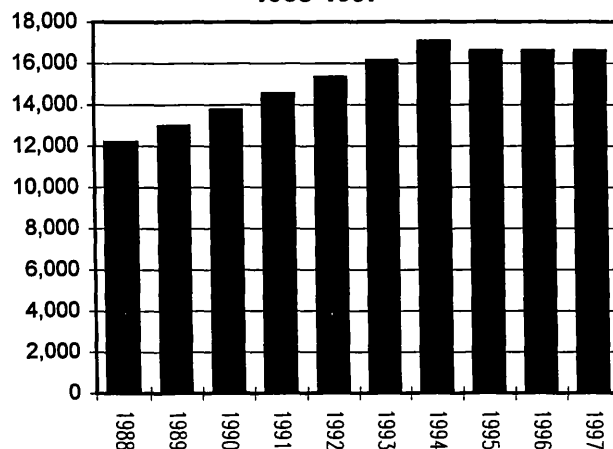
MILES OPERATED

STOP COUNT

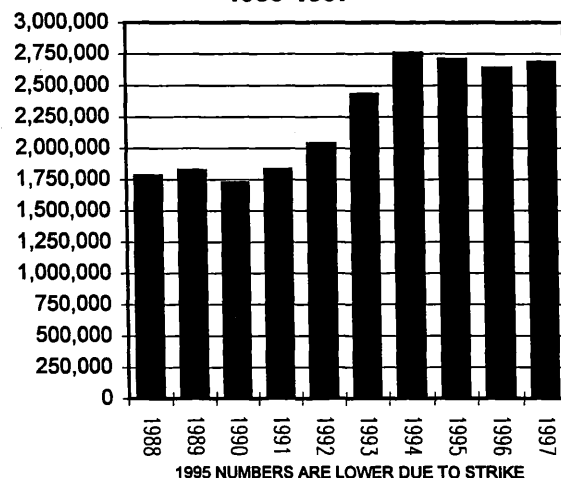
INFORMATION CALLS HANDLED

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
1,085	1,059	1,165	1,005	976	973	1,029	1,045	978	953
820	833	834	827	842	837	837	781	735	751
27.817	27.984	28.393	27.996	29.228	30.344	31.209	28.979	29.140	29.000
12,055	12,840	13,625	14,410	15,195	16,000	16,933	16,460	16,460	16,460
1,759,692	1,801,620	1,702,320	1,810,175	2,015,360	2,410,235	2,734,305	2,685,114	2,616,539	2,663,621

**METRO TRANSIT ANNUAL STOP
COUNT
1988-1997**

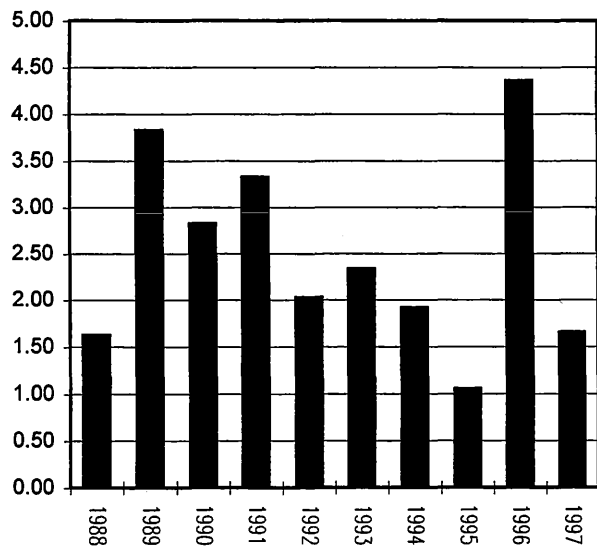


**METRO TRANSIT INFORMATION
CALLS HANDLED
1988-1997**



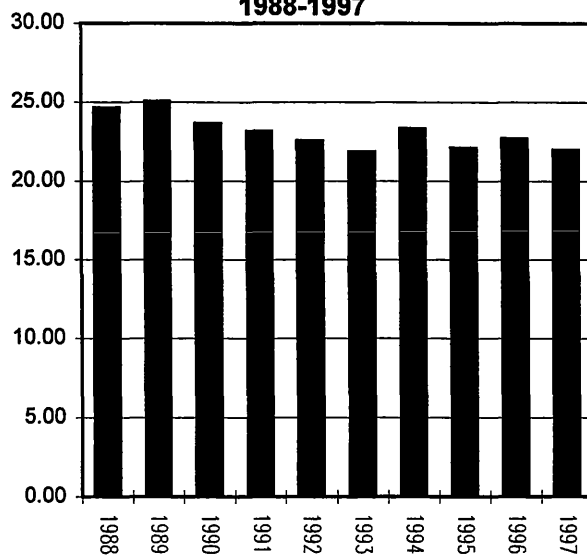
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**METRO TRANSIT AVERAGE DAILY
TRIPS MISSED
1988-1997**



DEFINITION: AVERAGE NUMBER OF SCHEDULED WEEKDAY TRIPS UNABLE TO LEAVE GARAGE DUE TO MECHANICAL FAILURE OR UNAVAILABLE OPERATOR.

**METRO TRANSIT MECHANIC HOURS
WORKED PER 1,000 MILES DRIVEN
1988-1997**



DEFINITION: THE AVERAGE AMOUNT OF TIME REQUIRED TO PERFORM BUS MAINTENANCE AND SERVICE.

MISSED TRIPS

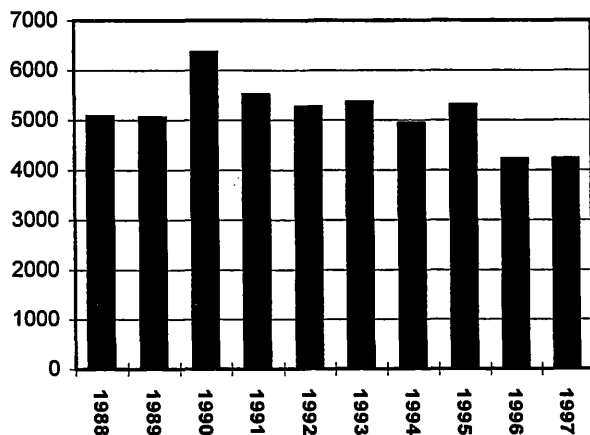
HOURS WORKED-MECHANICAL

MECHANICAL FAILURES

ACCIDENTS

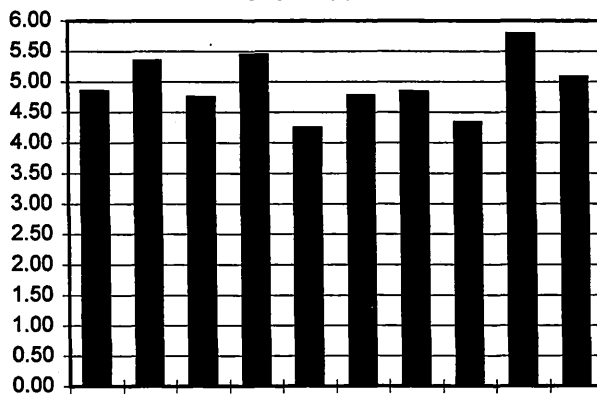
1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
1.60	3.80	2.80	3.30	2.00	2.31	1.89	1.03	4.33	1.63
24.50	24.90	23.50	23.00	22.40	21.70	23.16	21.94	22.53	21.83
5031	5006	6311	5460	5208	5308	4889	5256	4169	4176
4.80	5.30	4.70	5.40	4.20	4.73	4.79	4.29	5.74	5.03

**METRO TRANSIT MILES PER
MAINTENANCE FAILURE
1988-1997**



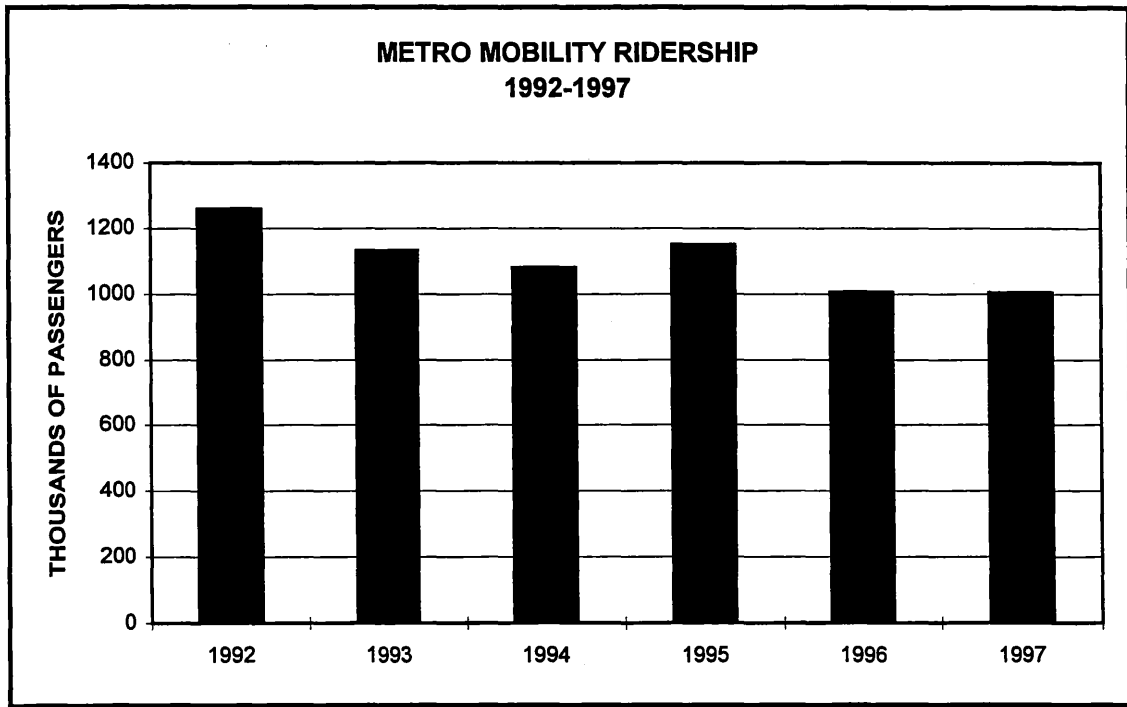
DEFINITION: THE DISTANCE TRAVELED IN SERVICE BETWEEN MECHANICAL FAILURES. HIGHER IS BETTER.

**METRO TRANSIT ACCIDENTS PER
100,000 MILES DRIVEN
1988-1997**

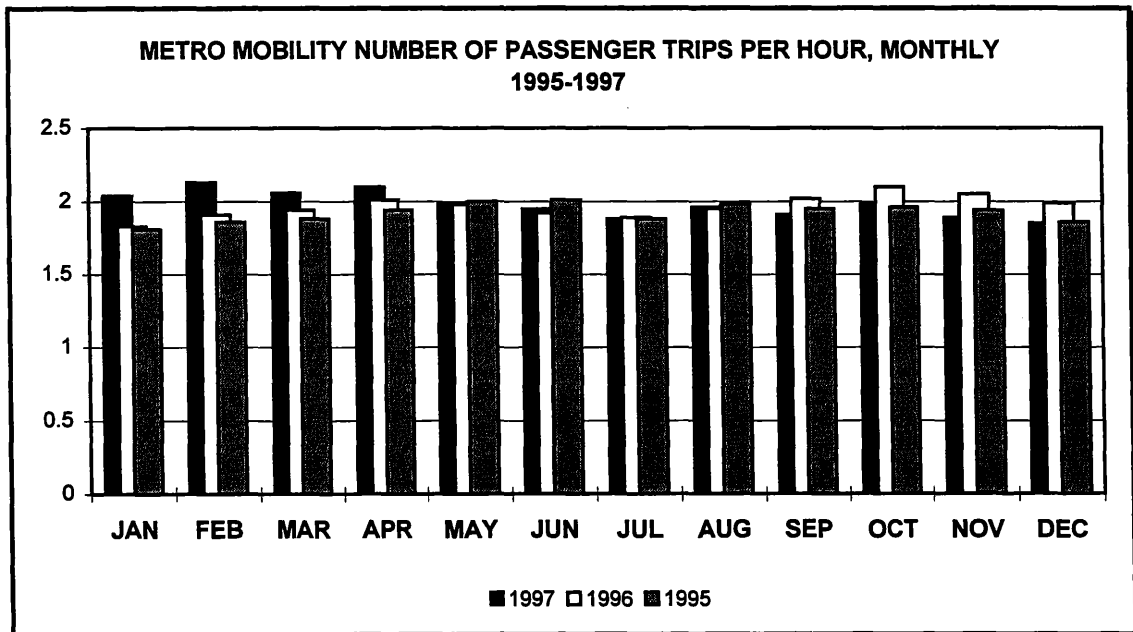


DEFINITION: THE AVERAGE NUMBER OF TRAFFIC AND PASSENGER ACCIDENTS PER 100,000 MILES OF BUS SERVICE.

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	1992	1993	1994	1995	1996	1997
TOTAL(000'S)	1261	1132	1081	1150	1006	1005



	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
1997	2.04	2.13	2.06	2.10	1.98	1.95	1.88	1.96	1.91	1.99	1.89	1.85

Environmental Services Division

Overview

The major theme of 1997 was a call to action to implement the *Water Resource Management Policy Plan* and MCES's strategic business plan of the Metropolitan Council Environmental Services Division (MCES) developed in 1996. The plans were developed in response to new legislative mandates, competitive pressures, and higher public expectations. MCES's performance in 1997 demonstrates the achievement of a reasonable balance between planning and operations designed to preserve the region's water resources for tomorrow while managing the issues of today.

Strategic Development

MCES's mission to support Council-guided regional development and to protect the public health and environment through its two mandated core businesses remains unchanged, as does the vision of environmental sustainability. MCES's two businesses are water resources planning and management; and collection and treatment of wastewater.

The *Water Resource Management Policy Plan* continues to set the stage for the scope and approach of MCES's *Strategic Plan* and associated business plan (*Navigating the Waters of Regional Change*). Water quality and water supply, together with their relationship to land use and regional development, are the core focus of MCES's environmental agenda.

Progress continued as scheduled in 1997 for the following *Water Policy Plan* goals:

- Point source pollution abatement
- Nonpoint source pollution abatement
- Water supply planning and capacity
- Coordinated, comprehensive monitoring and assessment
- Land use management
- Enhanced institutional arrangements and partnerships
- Targeted financial strategies

Business Strategy and Plan Implementation

During 1997, MCES's underlying business strategy was explicitly articulated. This strategy links the Council's *Regional Blueprint* and *Water Resource Management Policy Plan* to targeted activities identified in MCES's business and resource allocation plans.

The three-part business strategy is as follows:

1. Apply a comprehensive watershed management approach and balance point source and nonpoint source pollution prevention and abatement solutions,
2. Leverage results through effective partnership, and
3. Be cost and quality competitive.

MCES's business strategy is being translated into tangible results. The 1997 partnerships with local governments, state and federal agencies, industry, nonprofit groups and others helped to achieve a more sustainable environment, a high level of water quality in the region, compliance with wastewater treatment permits, and cost-competitive service rates. Further, a series of emerging cross-division teams, complementing the efforts of more narrowly defined line functions, began to provide more integrated delivery and improvement of MCES's key business processes.

Key Accomplishments

Effective water resources management was achieved in part through these results:

- Targeted nonpoint source pollution abatement grants and environmental education programs that are helping to restore water quality in the region.
- Development and initial implementation of a comprehensive phosphorus strategy that includes an innovative regulatory approach and a cost-effective mix of nonpoint and point source remedies.
- Greater than 99 percent compliance with wastewater treatment plant permits, despite spring flood waters.
- Successful siting of a new wastewater treatment plant in south Washington County that reflects extensive community input and meets the varied responsibilities of the Council.
- A report to the legislature regarding the region's ability to meet water supply needs in the future and in emergencies.
- Completion of the first phase of a coordinated environmental data and information management system for the region.

Cost-competitive and equitable service rates are being realized in part through these efforts:

- Operating within the Council-adopted wastewater rate policy and maintaining rates that are approximately 29 percent below the national average.
- Cost savings in 1997 resulting in the return of a projected \$2 million to the communities served.
- Leading a Council-wide managed competition effort, including use of innovative approaches in MCES capital project vendor selections and drafting needed legislative changes.
- Incorporating customer community and industrial client input into a redesigned billing system to be effective January 1998.

1997 Highlights

The year's highlights are presented below under three categories that correspond to critical success factors for MCES. The categories are: Customer Focus, Water Resources Management and Cost-Competitiveness.

Customer Focus

As competition for existing resources becomes more intense and environmental protection issues become more complex, accurate information about customer needs is necessary to allocate

MCES's resources wisely. In addition, effective partnering is key to generating better solutions and to sharing resources. Examples of such partnering include the following.

Partnerships with Communities

- *Siting of New Treatment Plant.* During 1997 the site selection process was completed for the new South Washington County wastewater treatment plant. This completed an 18-month process that consisted of working with a community advisory committee, the city council of Cottage Grove and several community groups, industries and regulatory agencies. The process resulted in a solution that was acceptable to all parties.
- *Responding to Emergency Flood Waters.* In addition to effectively dealing with spring flood waters that impacted MCES facilities, MCES staff reached out to assist others. For example, the staff provided assistance to St. Paul in response to flooding in the Hoyt street area by participating in the city's flood task force. Staff also worked with several other communities, including providing support to East Grand Forks.
- *Coordinating Watershed Management.* MCES staff have formulated an approach to water resources management on a watershed basis. This approach will establish links with the Minnesota Pollution Control Agency's (MPCA) state-wide basin planning effort, as well as with local watershed planning efforts. In 1997, three MCES watershed coordinators were designated for the Mississippi, Minnesota, and St. Croix river basins. They will work with state agencies, watershed management organizations and local units of government to improve water resources management in the region.
- *Providing Leadership for American Heritage River Initiative.* MCES staff, in cooperation with the McKnight Foundation, coordinated the nomination of the metro stretch of the Mississippi River and the Upper Mississippi River Basin as an American Heritage River under a new federal initiative. The goal of the initiative is to support efforts of river communities toward economic prosperity, a healthy environment, and historical and cultural preservation. Results of the nomination process will be available in early 1998.
- *Promoting Involvement through Education.* An interactive exhibit that teaches people about watersheds and the impact people have on them reached a hundred thousand Minnesotans in 1997 at community festivals and events. The exhibit is a project of a regional coalition of over 30 organizations called WaterShed Partners. MCES strengthened the partnership and funded the exhibit through a Twin Cities Water Quality Initiative grant.

Kudos received for MCES's environmental education programs included the 1997 Public Information and Education Award from the Association of Metropolitan Sewerage Agencies.

Partnerships with State Agencies

- *Providing Stewardship for Watershed Planning.* MCES staff participate on several teams targeted at achieving a multi-agency focus on complex water quality issues and problems. These teams include the Lower St. Croix River Task Force, the St. Croix River Basin Water Resource Management Plan Team, and the USGS National Water Quality Assessment Liaison Committee. At the request of one of these teams, MCES staff prepared the document *Guidance for Watershed Stewardship, Lower St. Croix River*.
- *Coordinating Water Supply Permits with DNR.* The Minnesota Department of Natural Resources (DNR) and MCES staff are cooperatively reviewing applications submitted to the

DNR for water appropriation permits. This practice should ensure a greater linkage between planning for water supply and water appropriation and to assure consistency with local, state and regional plans.

- *Preparing for Emergencies along the Mississippi River.* The Mississippi River Defense Network (RDN) is a partnership that includes state agencies; the cities of Minneapolis, St. Cloud, Elk River and St. Paul; the Mississippi River Headwaters Board; the U.S. Army Corps of Engineers; and the Metropolitan Council. Materials very useful to the 5 river communities and developed by this partnership include the *Mississippi River Defense Network Spill Response Manual* and *Riverine Emergency Management Model*.
- *Coordinating Water Monitoring Efforts.* A new statewide water monitoring funding initiative was approved by the Legislature in 1997, with \$550,000 for MCES for the biennium. Work will focus on the metro area watershed outlet monitoring; and the mercury and PCB input to the Minnesota River. Both projects will be conducted in cooperation with local, state and federal partners with mutual interests in the monitoring information.

Water Resources Management

Abundant water is one of the region's greatest resources for public health, economic vitality, recreational enjoyment and natural beauty. Protecting this resource for today's needs and for future generations is the major focus of MCES's work. Water resources management includes working with others to ensure adequate supply and to reduce and prevent pollution of our waterways and collecting and treating 300 million gallons of wastewater daily.

Environmental Sustainability

High-quality water cannot be provided for future generations in the absence of environmental sustainability.

In 1997, a working definition of sustainability was employed by MCES staff as a starting point for capturing and better coordinating the range of agency practices related to environmental sustainability. Activities range from recycling materials for reuse, to industrial pollution prevention, to environmental education programs, and to more integrated community and regional planning.

Water Supply

Water Supply Planning and Legislative Report. In 1997, MCES staff concluded a seven-county study for the legislature on the state of the region's water supply. While sufficient water supplies are available to sustain projected growth, some changes in water use and management will be needed to avoid costs from capital expenditures and to protect the environment. The Council adopted 13 recommendations to improve water supply in the 21st century.

The Council concluded that making water supply a fifth "metropolitan system" for planning purposes is not currently necessary. New cooperative effort among suppliers and government regulatory and planning agencies will be needed to ensure that water is distributed where it is needed.

Southwest Metro Groundwater Work Group. Accommodating projected growth and ensuring groundwater availability while protecting sensitive environmental features is the focus of a partnership of communities the Council brought together in 1997. Five cities in the Minnesota River Valley—Burnsville, Lakeville, Prior Lake, Savage and Shakopee—are working together with the Mdewakanton Sioux community and government agencies to overcome long-term water supply issues that transcend their boundaries.

Water Quality

MCES staff continued to monitor metropolitan area rivers (Mississippi, Minnesota, St. Croix, and Vermilion), tributaries, lakes and MCES wastewater treatment plant effluents on a scheduled basis in 1997. The monitoring is performed to fulfill discharge permit requirements, to assess the performance and effectiveness of MCES wastewater treatment plants, to measure compliance with water quality standards and criteria, and to obtain information on sources and water quality impacts of nonpoint source pollutants.

Overall, river water quality was good in 1997. The current quality reflects the positive effects of excellent wastewater treatment in 1997 and in the 25 years since passage of the federal Clean Water Act of 1972. As a result of these and associated efforts, lunker walleye have returned to the Mississippi River, eagles and herons are nesting again, and the metro area is experiencing a renewed interest in recreation and riverfront development. However, issues associated with diffuse (nonpoint) sources of pollution remain for area rivers and lakes.

Abatement of Nonpoint Sources of Pollution

Lakes: A Case Study. In 1997, staff completed a two-and-a-half year research project funded by the U.S. Environmental Protection Agency on the effectiveness of the Lake McCarrons pond and wetland system in treating urban runoff. The project report includes recommendations for restoring the system's effectiveness.

Twin Cities Water Quality Initiative (TCQI). In 1997, the Metropolitan Council awarded grants totaling nearly \$4 million to local governments and nonprofit groups to help restore water quality in lakes, streams and rivers throughout the region.

The Minnesota Association of County Agricultural Agents presented MCES with its "Friend of Agriculture" award in 1997. MCES was singled out for its commitment to helping farmers and land managers achieve water quality goals within the Minnesota River watershed.

Watershed Outlet Monitoring Program (WOMP). Throughout the year, MCES staff met with local monitoring partners to provide advice and technical expertise for establishment of automated water quality monitoring sites in metro area watersheds as a part of WOMP.

Targeted Pollutants

Two parameters of special note that impact area rivers and originate from both nonpoint and point sources of pollution are phosphorus and mercury. Comprehensive strategies are being developed to deal cost-effectively with these targeted pollutants.

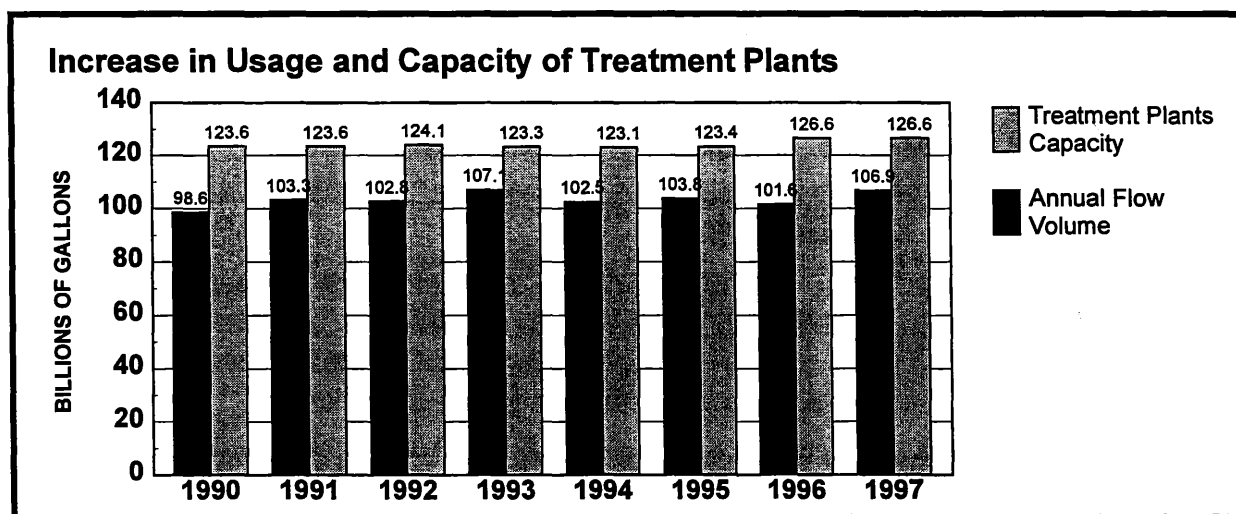
Abatement of Point Sources of Pollution

Industrial Waste Pretreatment. As the designated permitting authority, MCES staff administered approximately 850 Industrial Discharge Permits in 1997 and processed almost 2,000 self-monitoring reports. They also conducted 435 industrial user monitoring projects and almost 500 inspections (which included all significant industrial users – almost 300), and carried out necessary enforcement and response actions. Due to an aggressive pollution prevention program and a strong partnership with local industry, total metals in the metropolitan sewer service network in 1997 were reduced an average of more than 82 percent compared to 1981.

Wastewater Conveyance. The interceptor system conveyed to the Council's treatment plants approximately 106.9 billion gallons during the year or 99.9 percent of all flow generated within the metropolitan system (see MCES Sewer Service Network map in appendices). All permit requirements for conveyance to each treatment facility were satisfied. Capital improvement projects related to the collection system are on schedule.

The sewer separation project received awards from the Minnesota Society of Professional Engineers and the Minnesota Public Works Association; the Bloomington Siphon and Shakopee Bypass/Chaska Interceptor projects received awards from Partnership Minnesota.

Wastewater Treatment. Regional wastewater flow processed by the Council's treatment plants is presented in the following graph. Since 1990, treatment plant capacity has increased about two percent and the annual flow volume has increased nearly eight percent.



The following table presents the number of Residential Equivalent Connections (RECs) and Service Availability Charges (SACs). A REC is the volume of sewage equivalent to that generated by an average single-family residence and currently equals about 82,000 gallons/year. The SAC charge is a one-time fee charged to each property owner at the time a building is connected to the Metropolitan Disposal System.

Residential Connections (RECs) and Service Availability Charges (SAC)

Residential Connections

	1990	1991	1992	1993	1994	1995	1996	1997
Total RECs	1,243,216	1,258,268	1,275,830	1,292,398	1,308,926	1,327,358	1,346,954	1,368,848
New Connections	18,309	15,052	17,562	16,568	16,528	18,432	19,596	19,166

Service Availability Charges

	1990	1991	1992	1993	1994	1995	1996	1997
With Interceptor	\$600	\$650	\$700	\$750	\$800	\$850	\$900	\$950
Without Interceptor	\$430	\$494	\$560	\$625	\$690	\$755	\$820	\$885

- **Regulatory Compliance—Discharge Operating Permits.** Weathering one of the worst flood seasons in history, MCES attained 99.9 percent overall compliance with permits for 106.9 billion gallons of wastewater collected from 104 communities in 1997. Excellent preparation and hard work by MCES employees during the spring floods kept the Council facilities operating at peak performance.

The 1997 performance continued MCES's excellent record. Eight facilities had perfect compliance (Blue Lake, Chaska, Empire, Hastings, Metropolitan, Rosemount, Seneca and Stillwater); Cottage Grove had one exceedance. This continues a near-perfect performance streak this decade at all facilities.

1997: 99.9% 1995: 99.9% 1993: 99.9% 1991: 99.5%

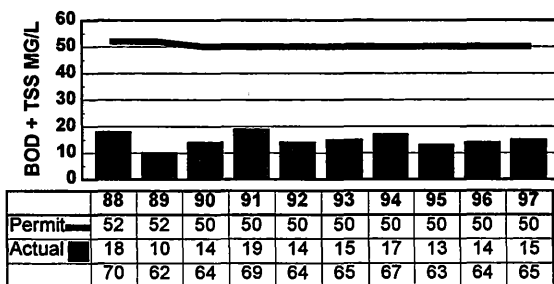
1996: 99.8% 1994: 99.5% 1992: 99.9% 1990: 99.5%

All facilities received 1996 performance awards from the MPCA and/or the Association of Metropolitan Sewerage Agencies (AMSA).

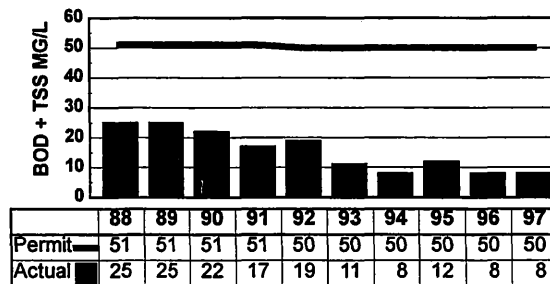
Treated wastewater quality in relation to performance standards for the Metro Plant and Regional Plants is summarized in the following graphs. The effluent, treated wastewater that is discharged to area receiving waters, is tested for Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) and is consistently better than permit levels.

Treatment Plant Performance: 1988 to 1997

Metro Plant Average Effluent Discharge



Regional Plants Average Effluent Discharge



- *Beneficial Reuse of Biosolids.* Three beneficial-reuse programs were continued in 1997. N-Viro Soil was applied at 22 sites, encompassing 520 acres; Nutralime was applied at eight sites, encompassing 239 acres; and ash was utilized in construction products (example, 14,992 dry tons in Holnam Cement, 241 dry tons in asphalt, and 602 dry tons in Cemstone flowable fill).
- *Capital Projects.* Improvements in 1997 related to wastewater treatment include:
 - Siting of the existing Cottage Grove Plant,
 - Completing Phase 1 (tank construction) of the Empire Plant expansion,
 - Receiving proposals for two different alternatives, design-build-operate and design-build-own- operate, for the Blue Lake/Seneca Solids Final Stabilization Project, and
 - Planning for a new solid processing facility at the Metropolitan Wastewater Treatment Plant as well as identifying the need to replace its aging incinerators.

Cost Competitiveness

MCES's bottom-line commitment to the region is **high-quality water provided in a value-added manner**. The following items highlight key aspects of MCES's financial planning and management and support-process improvements designed to add increasingly more value for the region's ratepayers.

Customer-Driven Billing System

More User-Friendly System. Beginning in January 1998, community wastewater collection and treatment billings will be based on actual, rather than estimated, wastewater flows. The new system resulted from recommendations by the 1995 customer-based Sewer Rate/Cost Allocation Task Force. The 1997 Minnesota Legislature approved changes to make the new system possible.

Continued Review of System Equity. During 1997, an Industrial Rate System (IRS) study was continued by a 14-member task force formed in September 1996 and composed of industry and community representatives. The goal of the study is to ensure equity between industrial and municipal users of wastewater treatment services in the Twin Cities.

The task force has developed billing system recommendations for industrial users of metropolitan area wastewater treatment and a draft report has been prepared. During early 1998, recommendations and findings of the task force will be presented to the Council for consideration and action.

Operating Budgets

For the past few years MCES rates have been well below the national average for similarly sized sanitary districts across the country. Despite this record, demands within the region for more service for the same or fewer dollars require MCES to do even better. Expenditures less than budgeted amounts in 1997 coupled with a five-year Plan for Allocating Resources position MCES to meet these regional demands.

How Do Our Retail Rates Compare?

29% Below National Average

Twin Cities Area

\$167

Boston*

\$411

Phoenix*

\$120

Dallas*

\$279



*Boston, Phoenix and Dallas represent cities with similarly sized sanitary districts and illustrate the variation that exists in wastewater rates.

Sources: 1996 *Water and Wastewater Rate Survey*; Raftelis Environmental Consulting Group, Inc. 1996. et al.

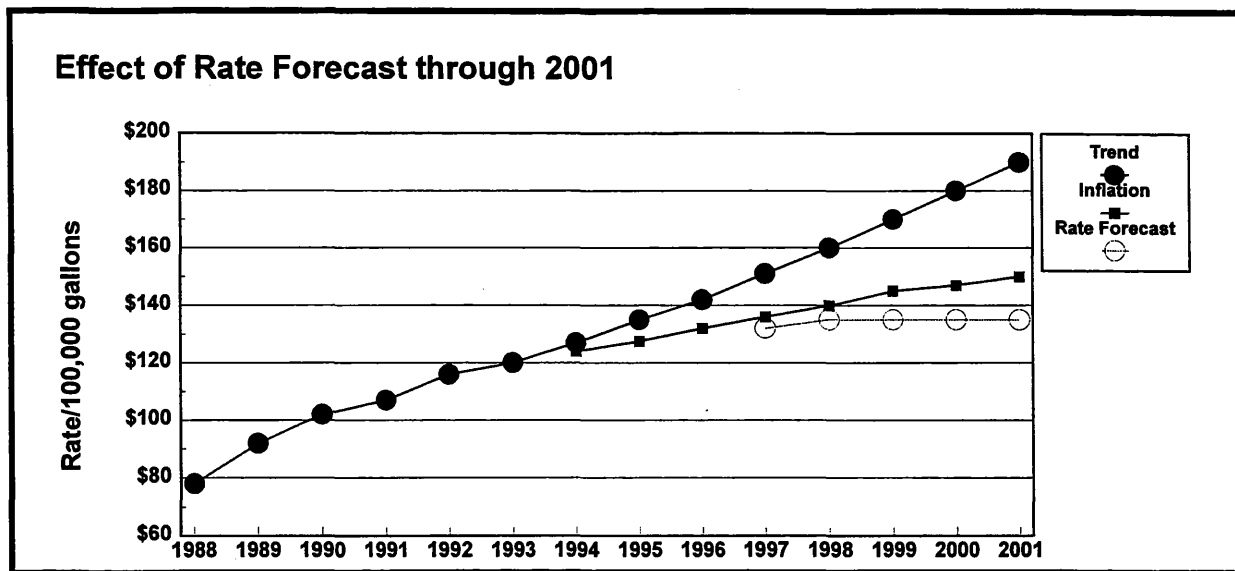
1997 Underspending. Year-end projections for 1997 reflected an underspending of approximately \$10.5 million within a \$169 million dollar budget. Underruns include \$2 million for labor, accomplished through attrition and other cost-saving measures.

Staff have proposed to the Council a two-part strategy for disposition of the favorable variance. The first part of the strategy is to amend the 1997 budget to cover the unbudgeted portion of the 1998 Regional Administration overhead and to address a newly identified Minneapolis Employee Retirement Fund (MERF) liability. The second part of the strategy is to leave the remaining favorable variance for disposition in the 1998 first quarter with priority uses being a community refund of approximately 1.5 percent or \$2 million and funding of capital project studies.

Competitive Rates. The 1997–2001 *Plan for Allocating Resources* (PAR) and the 1998 annual budget were both completed and approved by the Council in 1997. The PAR continues to be in compliance with the Council-adopted wastewater rate policy.

Underspending in 1997 ensured the wastewater rate objective was achieved and caused staff to re-examine the 1998 rates. Staff recommended and the Council approved a wholesale wastewater rate reduction from \$137.67 to \$135.00 per 100,000 gallons. The 1999 rate will be re-examined in the next PAR cycle.

MCES's efforts, if implemented as planned through the year 2001, will result in 27% lower rates (per 100,000 gallons) than the prior trend emerging through the year 1994 (see following chart). This plan should provide, if not guarantee, competitive rates for the Council.



Competitive Strategies

Despite increasing wastewater flows, the Council is holding the line with a no rate increase goal beyond inflation through the year 2000. To meet this goal, staff have various competitive strategies that include the following:

- Contribute to AAA Bond Rating of the Council.
- Anticipate Public Finance Authority (PFA) Program Changes.
- Anticipate Electric Industry Deregulation Impacts.
- Recover Full Costs for Contract Services.
- Obtain Full Reimbursement from Available External Funds.
- Enhance Use of SAC and Other Audits.
- Be Innovative in Capital Project Procurement and Delivery.
- Lead Managed Competition Effort Within the Council.

Capital Budgets

MCES's Capital Program Strategy Team, a 12-person team representing diverse functional groups from Environmental Services and Regional Administration, oversaw the development and adoption of the 1998-2002 Capital Improvement Program and the 1998 Capital Budget. They also oversee the implementation of program management (reengineering) methods for delivery of capital improvement projects.

The 1997 year-end capital program expenditures are projected to be approximately \$31 million, compared to \$60 million projected by the budget. A total of 27 engineering contracts were awarded in 1997. These contracts had an estimated value of \$8.82 million, as compared to the 41 1996 contracts for \$3.09 million. A total of 17 construction contracts were awarded in 1997. These contracts have an estimated value of \$22.67 million, compared to the 26 contracts in 1996 for \$35.02 million. The approved 1998 budget of \$66.4 million includes projected expenditures

for the active projects in both the 1998 capital programs and previously authorized capital programs.

Process Improvements

As with partnering, continuous improvement and change are becoming integral to the way business is conducted by MCES. Examples of targeted areas follow.

Key Business Processes. In 1997, MCES's key business processes were identified as follows.

- Plan strategically and contribute to regional development
- Manage customer relations
- Manage water resources
- Collect and treat wastewater
- Manage capital
- Manage finances
- Manage change via process management
- Maintain property and Manage materials
- Manage information
- Manage human resources

These processes have been mapped at a macro-level and provide a framework within which cross-functional teams can focus their efforts, manage change constructively, and collectively achieve the tactical goals (high-leverage actions) outlined for 1997-1999.

Materials Management. Bulk purchasing opportunities through system contracts continue to be emphasized and have generated a product cost saving of \$250,000 in 1997 and a four-year total of over \$2 million. Additionally, the administrative costs saved are approximately \$1.7 million as a result of these efforts.

Inventory management practices and procedures have been defined to improve service, maintain good inventory control standards and enhance the partnership between the users and materials staff. Development of inventory practices was tested in two pilot projects related to the warehouse service area and to fleet services.

Information Systems Management. Effective information systems management is critical to the future success of MCES and the Council. The following is a list of information systems targeted in 1997 for improvement by MCES and the Council:

- Financial System
- Year 2000 Compatibility
- Environmental Information Management System (EIMS)
- Laboratory Information Management System (LIMS)
- Interceptor Metering and Alarm System
- Metro Plant and Regional Plants Process Control
- Computerized Maintenance and Materials Management System (CMMIS)

Human Resources Management. MCES's overarching business goal related to human resources management is for the workforce to be accountable, productive and empowered. Specific goals include a workforce that is: right-sized and diverse; flexible and properly located; and skilled and capable. Progress is occurring in all of these areas. For example, overall staffing levels have decreased by 20 percent since 1993.

MCES Workforce Population by Union: 1993–1997

Union	1993	1994	1995	1996	1997	11/4 1997	Net Decrease	Net % Change
CMA	17	19	18	15	10	9	8	47.10%
MANA	83	84	79	74	65	62	21	25.40%
Non Rep.	13	11	5	4	5	5	8	61.60%
CASA	13	13	13	11	12	11	2	15.40%
AFSCME	396	395	388	356	337	307	89	22.50%
Local 35	394	388	376	363	346	336	58	14.80%
Machinists	84	81	79	77	76	74	10	12.00%
Electricians	66	61	56	52	50	50	16	24.30%
Pipefitters	65	60	58	57	56	55	10	15.40%
Painters	12	11	10	10	8	7	5	41.70%
Bricklayers	7	7	7	6	6	6	1	14.30%
Interns/Summer Temps	7	6	5	0	1	1	6	85.80%
Total	1,157	1,136	1,094	1,025	972	923	234	20.30%

Assumptions:

- Population levels include anyone on the payroll system as of January 1 of each year.
- The Non Rep category includes employees on the Regional Administration payroll system who report to Environmental Services.
- The AFSCME/CASA/MANA categories include 52 transfers to Regional Administration or Metro Transit.
- The AFSCME/CASA/MANA categories include 14 transfers into MCES.

Next Steps

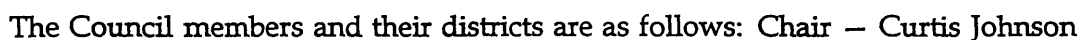
MCES's workforce is rediscovering and defining the concepts of customer service, high performance and competitive government by doing business in new ways and exploring beyond perceived boundaries. The workforce is responding to challenges related to privatization, environmental sustainability and the value of regional government, and to the focus provided by strategic business planning.

The major theme for 1998 will be continued implementation of the *Water Resource Management Policy Plan* and MCES's strategic business plan, within MCES's measurement framework and with an emphasis on better process management. Doing so will ensure MCES's evolution toward full delivery of these five important outcomes for the region:

- Regional environmental sustainability;
- Fishable/swimmable waters in the region;
- Quality collection and treatment of wastewater;
- Cost competitive service rates; and
- High-performance organizational processes.
- High-performance organizational processes.

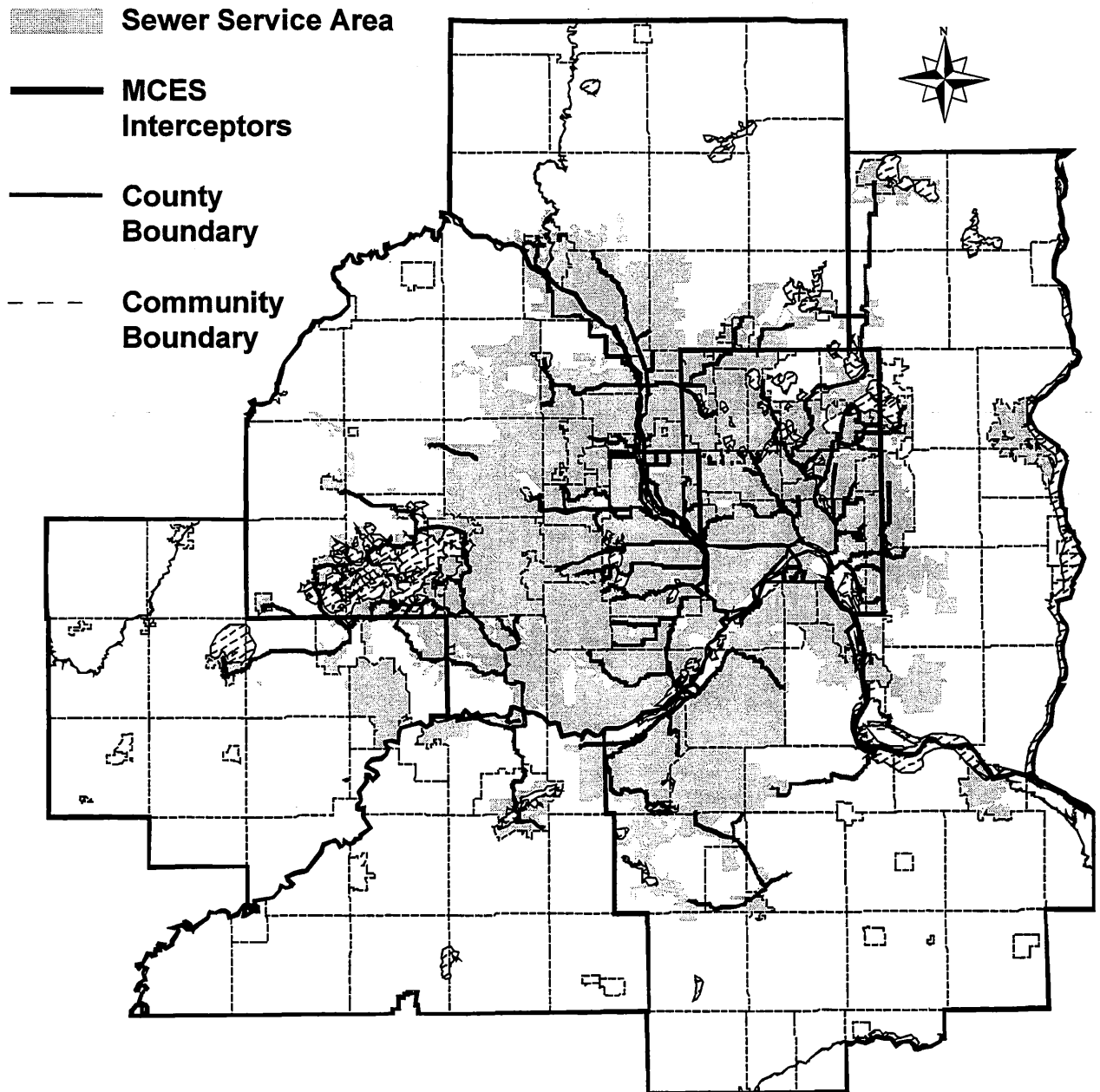
Metropolitan Council **Districts**

August 1997



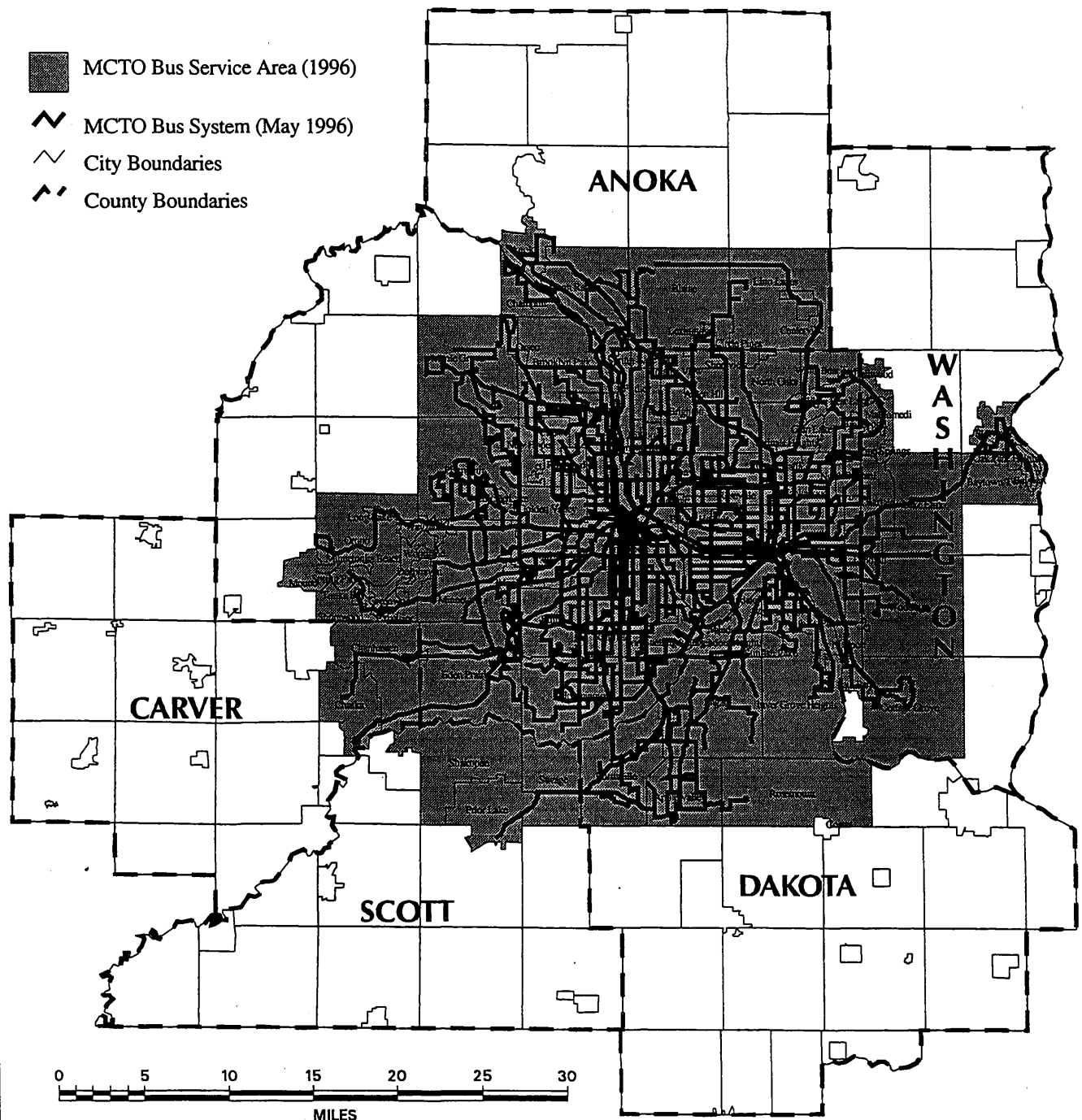
- | | | | |
|--------------------------------------|--|---|--|
| 1 – Roger Scherer,
Plymouth | 5 – Neil Peterson,
Bloomington | 9 – James Wychor,
Circle Pines | 13 – Diane Z. (DeDe) Wolfson,
St. Paul |
| 2 – Bill Schreiber,
Brooklyn Park | 6 – Martha M. Head,
Minneapolis | 10 – Rick Packer,
Coon Rapids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

Metropolitan Council Environmental Services Sewer Service Network



Metropolitan Council Transit Operations

Communities within Bus Service Area





FINANCIAL SUMMARY

Budget to Actual Comparison

Comparison of 1997 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.

For the unified budget, operating revenues exceeded budget by approximately \$8.2 million. Operating expenditures were less than budget by approximately \$11.2-million. Overall the unified budget shows a positive balance of \$10.3 million for the year.

Environmental Services Division

The division ended the year with a positive balance of approximately \$7.595 million 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. Examples include information systems expenditures for "year2000" problem prevention, Maintenance Materials Information Systems and Environmental Information Management Systems. After these adjustments, total operating revenues for 1997 exceeded expenditures by \$2 million. MCES will refund this balance to its customer communities.

Actual revenues were \$955,000 over budget due to investment earnings exceeding the budget which was offset by Industrial Strength Charges falling under budget by \$1.6 million. The shortfall in Industrial Strength charges was due to a number of industry closings and a greater level of pre-treatment by industries and the incorporation of pollution protection techniques. Actual expenditures were under budget in most major expense categories. The largest favorable variance occurred in Wages and Benefits. This variance of \$2 million was due to planned staff reductions through attrition. Other large variances were \$1.7 million for utilities, \$1.2 million for Capital and Other Expenses for \$1.9 million. The only expense category moderately over budget was Materials and Supplies for \$1.5 million.

Transportation Division

The Transportation division includes the Office of Transportation and Transit Development and Metro Transit. Information on transit funding and changes in transit services is presented in the Transportation Division section of this report.

Metropolitan Council 1997 Performance Evaluation Report

Introduction

The adopted budget for Metro Transit 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 results reported in the budget table in this report include depreciation. The actual results for the year show a net income of .7 million. Revenues, including property taxes and state appropriation (reported as an operating transfer), passenger fares, advertising, interest earnings were \$141.6 million, compared to budgeted revenues of \$139.0 million, for a budget variance \$2.6 million. Expenditures were \$140.8 million compared to budget of \$139.0 million, for a budget variance of \$1.8 million. Passenger fares and special fares exceeded budget by approximately \$1.4 million. The centralization of Risk Management during the year contributed to labor being under budget and to the council cost allocation expenses exceeding budget. Other expenses were under budget approximately \$5.9 million due in part to reduced expenditures in contractual services, utilities and casualty and liability line items.

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 \$9.3 million, which was substantially better than the budget which projected a \$.491 million balance. The contributing factors included a \$4 million advance receipt of state appropriation funds for Regular Route programs covering most of the biennium; lower actual expenses for Transportation and Transit Development (\$2 million), Metro Mobility (\$1.6 million), Opt-Outs (\$0.7 million) and other savings (\$1 million).

Regional Administration and Community Development

Regional Administration(RA) and Community Development(CDD) operating funds include the general fund operating revenues & expenditures, the HRA operating fund and the capital outlay fund. These funds ended the year with a positive balance of approximately \$1.6 million compared to a planned positive balance of approximately \$1.2 million. Revenues of \$17.2 million exceeded budgeted revenues of \$16.6 million, and expenditures of \$30.9 million were less than the adopted budget of \$35.6 million. Interdivisional cost allocation reimbursements from Transit Operations, Environmental Services and Transportation Planning were lower than budget by approximately \$4.6 million primarily due to a reduced level of expenditure by the Central Support Units in Regional Administration. Contractual services was under budget by approximately \$1.8 million due primarily to a change in the process for the Parks User Survey, scheduling of certain Geographic Information Systems activities, and reduced expenditure levels in the Legal Office, Information Services, Risk Management and Communications. Other expenditure savings were realized in the salary and benefit line, insurance, capital outlay and other direct costs(including savings in local telephone, postage, internal printing, nonlocal travel, office supplies).

**METROPOLITAN COUNCIL
1997 BUDGET VS ACTUAL**

	Regional Administration/Community Development- Including HRA and Capital			Environmental Services Division-Excluding Debt Service			Transportation Division		
	PROJECTED ACTUAL	AMENDED BUDGET	VARIANCE Favorable/ (Unfavorable)	PROJECTED ACTUAL	AMENDED BUDGET	VARIANCE Favorable/ (Unfavorable)	PROJECTED ACTUAL	AMENDED BUDGET	VARIANCE Favorable/ (Unfavorable)
EXTERNAL REVENUE									
Property Tax	9,330,698	9,167,500	163,198	-	-	-	63,865,039	63,944,395	(79,356)
Performance Based Funding	-	-	-	-	-	-	213,546	213,546	-
State-Paid HACA	(1,978,015)	(1,970,900)	(7,115)	-	-	-	(12,203,207)	(10,976,035)	(1,227,172)
Net Property Tax	7,352,683	7,196,600	156,083	-	-	-	51,875,378	53,181,906	(1,306,528)
State Appropriations	-	-	-	-	-	-	45,528,740	44,839,760	688,980
State Revenues	3,404,589	3,508,700	(104,111)	-	-	-	-	-	-
State Paid HACA	1,978,015	1,970,900	7,115	-	-	-	12,203,207	10,976,035	1,227,172
Total State Revenues	5,382,604	5,479,600	(96,996)	-	-	-	57,731,947	55,815,795	1,916,152
Total Federal Revenues	2,917,325	2,923,158	(5,833)	-	-	-	9,215,990	7,818,966	1,397,024
Local	184,431	293,342	(108,911)	-	-	-	-	-	-
Sewer Service Charges	-	-	-	94,997,000	94,997,000	-	-	-	-
Industrial Strength Charges	-	-	-	8,406,000	10,050,000	(1,644,000)	-	-	-
Passenger Fares	-	-	-	-	-	-	55,035,050	53,959,340	1,075,710
Contract & Special Event Revenue	-	-	-	-	-	-	-	63,000	(63,000)
Interest	559,750	230,000	329,750	2,446,000	610,000	1,836,000	843,850	750,000	93,850
Other	839,993	443,700	396,293	1,381,000	618,000	763,000	6,114,052	2,345,820	3,768,232
Total Revenue	17,236,786	16,566,400	670,386	107,230,000	106,275,000	955,000	180,816,267	173,934,827	6,881,440
EXPENDITURES									
Salaries & Benefits	14,704,794	15,339,048	(634,254)	61,785,000	63,866,000	(2,081,000)	110,053,642	110,909,177	(855,535)
Contracted Services	6,311,187	8,144,901	(1,833,714)	5,723,000	5,922,000	(199,000)	2,649,782	4,203,357	(1,553,575)
Materials & Supplies	-	-	-	4,877,000	4,321,000	556,000	13,087,400	13,970,343	(882,943)
Chemicals	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	12,467,000	14,133,000	(1,666,000)	2,456,017	2,579,912	(123,895)
Rent	1,934,083	1,863,900	70,183	-	-	-	177,916	200,647	(22,731)
Insurance	378,501	930,000	(551,499)	666,000	575,000	91,000	1,098,723	2,610,000	(1,511,277)
Other Direct Expenses	3,583,698	4,682,956	(1,099,258)	9,054,000	9,987,000	(933,000)	2,479,232	2,252,382	226,850
Transit Assistance	-	-	-	-	-	-	25,696,380	28,579,813	(2,883,433)
Passthrough Grants	3,322,054	3,090,000	232,054	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	23,370,334	-	23,370,334
Amortization of Contributed Capital	-	-	-	-	-	-	(17,617,440)	-	(17,617,440)
Capital Expenditures	673,647	1,530,500	(856,853)	1,088,000	2,254,000	(1,166,000)	-	-	-
Debt Service	76,541	57,000	19,541	-	-	-	-	-	-
Total Expenditures	30,984,506	35,638,305	(4,653,799)	95,660,000	101,058,000	(5,398,000)	163,451,986	165,305,631	(1,853,645)
Other Financing Sources/(Uses)								535,200	
Net Interdivisional Cost Allocation	14,216,121	18,788,462	(4,572,341)	(10,092,000)	(10,210,171)	118,171	(7,722,710)	(8,578,291)	855,581
Net Indirect Cost Allocation-A87 Plan	680,841	-	680,841	-	-	-	-	-	-
Other	529,993	1,504,298	(974,305)	(1,478,000)	4,993,171	(6,471,171)	395,738	440,000	(44,262)

APPENDIX

Listing of Reports with Additional Information

Additional information regarding the Council's 1997 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 1997 Performance Report	January 1998	M. C. -- Environmental Services Division
Navigating the Waters of Regional Change: A Revised Business Plan for Metropolitan Environmental Services(update supplement 10/7/97)	March 1997	M. C. -- Environmental Services Division
Water Resources Management Policy Plan, 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 1997 Annual Report	14-98-001	Metropolitan Council
1997 Annual Report Appendix	14-98-002	Metropolitan Council
Metropolitan Council Comprehensive Annual Financial Report for Year ended December 31, 1997	(To be Published later)	Metropolitan Council
Regional Transit Marketing Plan 1998	14-98-012	M.C. -- Transportation Division
Transit Redesign 1996	35-96-009	M.C. -- Transportation Division
Metropolitan Council Transit Operations Business Plan--Setting Transit Redesign in Motion 1997-1998	35-96-048	M.C. -- Transportation Division
1998 Transportation Unified Planning Work Program for the TCMA	35-97-055	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-1997	78-97-005	M.C.--Community Development Division
The Metropolitan Council's Plan for Monitoring Affordable and Life-Cycle Housing Part I	74-97-065	M.C.--Community Development Division