



SAC Task Force Recommendations/Outreach Meetings

Metro Cities staff and several city officials, as well as representatives from the business community, participated over the last several months on a task force to discuss the regional SAC (Sewer Availability Charge) program. The task force's initial charge was to consider SAC for outdoor seating, and was later broadened to include a more comprehensive look at the SAC program and potential changes to the process for determining SAC. The task force conducted an in-depth look at using gross square footage for SAC determinations rather than net square footage for individual uses, and has made some recommendations for the program that are intended to simplify the process without changing the SAC rate.

Metropolitan Council Environmental Services (MCES) staff will conduct a series of outreach meetings in October and November to provide detailed information, and ask for feedback on the task force recommendations. Metro Cities encourages city officials to attend one of the meetings below:

St. Paul

Thursday, October 26, 1 to 3 p.m.

Metro Cities, St. Croix Room, 145 University Avenue West

Eagan

Thursday, November 2, 9 to 11 a.m.

Eagan Community Center Oasis Room, 1501 Central Parkway

Golden Valley

Thursday, November 9, 1 to 3 p.m.

Golden Valley City Hall, Council Chambers, 7800 Golden Valley Road

Register at SACProgram@metc.state.mn.us.

Mark Your Calendar! Metro Regional and Metro Cities Policy Adoption Meeting

The metro regional meeting co-hosted by the League of Minnesota Cities and Metro Cities that includes the Metro Cities Policy Adoption meeting, will be held on Wednesday, November 29th at the Plymouth Crowne Plaza Hotel. To register, click [here](#). Metro Cities will post draft policies in an upcoming newsletter, and copies will be sent to city administration officials in advance of the policy adoption meeting. Please plan to attend!

OLA Releases Transit Financial Activity Report

The Office of the Legislative Auditor (OLA) recently released a Transit Financial Activity Review Report required by the 2017 Legislature. The OLA was tasked with examining the budgetary processes and systems of the Counties Transit Improvement Board (CTIB) as that body prepares to dissolve, as well as a review of Metropolitan Council transit finances. The OLA examined summaries of the Met Council's monthly financial statements, transit-related obligations and

funding commitments, and conducted interviews with CTIB and Metropolitan Council staff to prepare the report.

The OLA determined the CTIB would be able to meet its fiscal obligations post-dissolution. The report examined financial policies and procedures of the CTIB and its dissolution plan in making the determination.

In its examination of the Metropolitan Council's Transportation Division, the OLA reviewed historical and forecasted financial activity. The review included the balance, revenue and expense activity of the past five years, operating reserve fund activity, projected sources and uses of funding through FY 2021, current capital projects through FY 2022, the financial plans of the four largest projects and all outstanding bonds, notes and loans.

The OLA found that the Metropolitan Council Transportation Division had operating deficits each calendar year for the last five years, and that the Council has maintained adequate reserve funds to address deficits. The Council had its reserves from \$65 million to \$100 million during this timeframe, to address projected deficits.

The report determined that the Metropolitan Council uses two sets of financial assumptions when reporting to the state and federal government. The Council has identified an \$86 million transportation deficit in its 2017-2021 Transit Operating Budget, which is provided to the state, but was noted as inconsistent with budget projections provided to the federal government which do not show an operating deficit.

The Metropolitan Council provided a written response providing information on how the Council reports budget forecasts that are provided to the state, versus the reporting of financial capacity to the federal government for light rail project applications.

The Metropolitan Council indicated it uses assumptions based on historical state and local funding when preparing federal financial plans and assumptions based on current appropriations in state law when preparing state and internal budget documents. According to the Council, the two sets of assumptions are necessary as they must use current law to guide fiscal assumptions with the state, while the federal government requires a 10-year look back at operations and a 20-year projection of future budget expectations for projects receiving federal funds.

The report found that there was also a difference in the growth rate assumptions of Metro Mobility. The Council's Finance Plan assumes an 8.95 percent increase, while the plan submitted to the federal government assumes a five percent increase. Overall, expenses found in the Transportation Finance Plan exceeded expenses submitted to the federal government by \$122.2 million over the next five years.

The OLA report found no significant problems in the Council's historical balance sheets but recommends that the Council explicitly identify these assumptions in future fiscal reports to the legislature as well as explain the impact assumptions have on financial forecasts.

To view the report, click [here](#).

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