

MEMORANDUM TO: All Members of the Metropolitan Council

FROM: Don Jones, Special Counsel  
Metropolitan Council Office

DATE: **June 21, 2011**

RE: **Analysis Report For Proposed  
Substitute Operating Budget**

**Proposed Substitute Budget**

The Chair of the Budget & Finance Committee will propose a substitute budget that provides for additional improvements to some 12 accounts in the GSD, but no change will be required in the GSD or USD tax levies.

**Requests from Departments and Council Members**

The changes are a result of the requests received by the committee during the budget hearings. The improvements in the General Fund are as follows:

Public Defender	\$ 44,400	Add one assistant public defender
Juvenile Court Clerk	21,300	Eliminates cut restoring one position
Circuit Court Clerk	45,800	Eliminates cut restoring one position
Juvenile Court	101,200	Funds lost grant for probation officers
Health Department	42,700	Restores animal control officer position
Historical Commission	18,000	Sesquicentennial committee & brochure printing
Arts Commission	30,700	Restores grant contribution fund cut
General Sessions Court	90,000	Reduces cut & provides funds for judges raises
State Trial Courts	70,000	Eliminates cut & restores one position
Election Commission	46,600	Pay increase for poll workers
Human Relations	4,000	Restores communications cut
Sports Authority	54,000	Additional funding

In order to fund these improvements, the Criminal Court Clerk is reduced \$11,200 (the amount of the elimination of the 10% additional pay to Clerk eliminated by the Council this month), \$30,400 from the state for the increase of pay to poll workers in the Presidential Preference Primary which is funded by the state with the remainder being reduced in the Benefits Adjustments account.

The benefits contingency account provides funds for adjustments to departmental fringe benefit accounts based on projected changes in medical, life, dental and/or pension rates. For FY2012, benefit rates were originally estimated to increase 10% for health and dental accounts. Since this early projection, the Finance Department has been advised by our actuary that actual rates will be less than this projected 10%. At this time, we do not have a final estimate, but the Finance Department has advised the Council that the reductions being made in this account will not negatively impact our ability to cover fringe benefit requirements in the upcoming budget.

### **Metro Schools**

The substitute also provides a \$3.5 million increase to Metro public schools for the state approved pay increases. A revenue increase from the state due to student growth will provide \$2 million. An additional \$1.5 million will be transferred from the schools debt service fund to the school operating fund. The FY2012 estimated fund balance for the schools debt service fund will drop to 11.6% from 15.7%, which is still significantly higher than the required 5%

### **Other Issues**

Other issues that were raised during the budget hearings are the Public Works storm debris removal, the vacant lot clearing program, and adequate staffing at the Emergency Communications Center.

### **Brush Removal and Vacant Lot Program**

Public Works has entered into an agreement with MDHA to access a \$750,000 block grant for storm/flood debris removal. Public Works has also entered into an agreement with the Water Department to access \$200,000 to assist in debris removal as it impacts drainage. These monies will be used to enhance the storm debris removal and brush pick up. The \$250,000 originally allocated in the recommended budget for storm debris removal will be used to re-instate the vacant lot cleaning program.

### **Emergency Communication Center**

Chief Anderson, Chair of the Emergency Communications Board has indicated by letter that the three additional positions funded in this year's budget will be sufficient for next year. There may need to be additional staffing during fiscal year 2013.

### **Budget Ordinance**

The Charter provides that if the Council fails to adopt the budget ordinance, the Mayor's budget submitted to Council becomes final and in effect.

The budget ordinance is amendable on third reading. Pursuant to Council Rules, no substitute or amendment to the budget may be offered unless it has been submitted to the Budget & Finance Committee for a recommendation. The substitute budget will be submitted to the Budget & Finance Committee at its regular meeting, Monday, June 20, 2011. The full Council will consider the substitute at the regular council meeting Tuesday, June 21, 2011.

## **Amendments**

There has been one amendment submitted to the substitute budget. This amendment would add a note to the pay plan improvement accounts in the budget reserving the funds for an equal bonus payment to employees of the Health Department, fire and police departments, and general employees of Metropolitan Government.

In order to balance the substitute budget the Council would have to defeat Resolutions Nos. RS 2011-1763, 2011-1764, and 2011-1765 which provide for the 1.5% salary adjustment and restores the longevity pay for another year. The Council may only accept, reject or amend these resolutions without changing the relationship between the grades which this bonus plan would do. The amendment also encourages the Board of Public Education to pay a similar bonus amount to each non-professional employee of the school system but the Council cannot require that the Board of Education do so and the Board could choose to use the additional funds, if set aside, for another purpose.

For the bonus proposed by the amendment to be enacted, the Civil Service Commission, Board of Health, and Mayor must approve and submit a new resolution after the beginning of the next fiscal year.

Finally, note that these resolutions also authorize the delay of increment payments. If these resolutions were not to be adopted, employees scheduled for an increment in July and afterwards would need to be paid until the Metro Council and the Civil Service Commission take action. This cost is unfunded in the budget. So, effectively the Metro Council would either have to provide further cuts or adjust the tax rate appropriately to cover the cost of increments. Further, it would be difficult to recover any funds for increment payments provided to employees while awaiting further commission and council action. This would also create a disparity in that some employees might get an increment in FY2012 and others would not.