Minutes

Management Committee

Meeting date: August 26, 2026 **Time**: 2:30 PM **Location:** 390 Robert Street

Members present:

☒ Chair, Diego Morales, D9	☐ Judy Johnson, District 1	☒ Gail Cederberg, District 11
☒ Vice Chair, John Pacheco Jr., D5	☐ Robert Lilligren, District 6	☒ Mark Jenkins, District 12
	☐ Yassin Osman, District 7	☒ = present

Dakota Land, Water, and People Acknowledgment

The Metropolitan Council acknowledges that the land we currently call Minnesota and specifically the seven-county region is the ancestral homeland of the Dakota Oyate who are present and active contributors to our thriving region. As part of the Metropolitan Council's commitment to address the unresolved legacy of genocide, dispossession, and settler colonialism and the fact that government institutions, including the Metropolitan Council, benefitted economically, politically, and institutionally after the forceable removal of the Dakota Oyate, the Metropolitan Council is dedicated to instilling Land, Water, and People Commitments in regional policy. These commitments support the Dakota Oyate, the eleven federally recognized Tribes in Minnesota, Ho-Chunk Nation, and the American Indian Communities representing over 150 diverse Tribal Nations that call the seven-county region home.

Call to Order

A quorum being present, Committee Chair Morales called the regular meeting of the Management Committee to order at 2:33 p.m.

Dakota Land, Water, and People Acknowledgment

The Dakota Land, Water, and People Acknowledgment was acknowledged by Committee Chair Morales.

Agenda Approved

Council members did not have any comments or changes to the agenda.

Approval of Minutes

It was moved by Cederberg, seconded by Jenkins, to approve the minutes of the August 12, 2026, special meeting of the Management Committee. **Motion carried**.

Non-consent Business

1. **2026-124 JT: 2026 Third Quarter Budget Amendment** (Stewart McMullan, Director - Budget)
   It was moved by Jenkins, seconded by Pacheco, that the Metropolitan Council authorizes the 2026 Unified Budget as amended and in accordance with the attached tables.

   Motion carried.

   Stewart McMullan, Director – Budget, presented this item. There were no questions from the committee.

2. **2026-158: 2026 Non-Represented Plan Changes** (Becky Grams, Nathan Smith)
   It was moved by Cederberg, seconded by Jenkins, that the Metropolitan Council approve the 2026 Non-Represented Plan Changes effective September 12, 2026, incorporating the revisions as summarized in the Summary of Changes attached.

   Motion carried.

   Cassandra Tabor, Chief Human Resources Officer, and Becky Grams, Senior Manager, presented the item. There were no questions from the committee.

Information

1. **2026 Quarterly Procurement & MCUB Spend** (Rob Carey, Deputy Chief Procurement Officer; Ashanti Payne, Director, Office of Civil Rights & Small Business Programs)

   Rob Carey, Deputy Chief Procurement Officer, presented procurement data for quarter two, where the trends are consistent with data over the years. Second quarter spend was significantly higher ($789.5 million) compared to the previous quarter.

   - Majority of procurement is in the micro purchase category (up to $10,000). This category supports operational agility while maintaining compliance. In terms of procurement category of spending that contributes to second quarter spend data, 95.5% is projects greater than $500,000. The data matches historical trends that a small number of large procurements drive most of the Council's spend – highlighting strong governance and internal controls.

   Carey provided quarterly procurement data by contracting categories: Small procurement (up to $175,000) transactions data; and Contracts greater than $175,000 transactions data and by solicitation methods. Carey concluded with procurement highlights that contributed to the quarterly spend:

   - Three Metropolitan Transportation Services (MTS) Transit Service Contracts
   - Interceptor Engineering Services
   - Supplier Portal going live, which allows vendors to manage their own information.
   - Expansion of the Negotiated Maintenance and Construction program to help deliver a usable small construction template and quote form.

   Ashanti Payne, Director, Office of Civil Rights & Small Business Programs, presented Met Council Underutilized Businesses (MCUB) program data. For MCUB construction

and contracted services, the quarter ended with 2.9% spent with MCUBs. A reason for the downward trend is that there are fewer contracts, compared to 2025. In the second quarter, Caucasian women business owners had the highest participation.

In terms of direct MCUB spend trends, there is an upward trend, where $3.7 million payment to Caucasian women businesses while $2.4 million payment made to Black American business owners. Procurement card MCUB spend continues to see an upward trend since 2023. The reason for this trend is to establish intentional habits for staff. Payne concluded the presentation with secondary payment for MCUB subcontractors for second quarter.

Council Member Jenkins asked what types of procurement are included in the data for procurements under $10,000 and if last year's executive orders impacted that data.

Staff noted that much of the small procurement category (under $10,000) do not include discretionary spending such as food and refreshment or p-card transactions. In addition, staff noted that the federal executive orders impacted contracts that used federal dollars.

Council Member Morales ask if when MCUB goals are not met on a contract, does this impact the vendor for the next round of bidding. Staff noted that not meeting MCUB goals on a contract does not have an impact on the next round of bidding.

Council Member Pacheco asked if there is partnership with private sector and Chambers of Commerce in the region. Staff noted that Council have working relationships with multiple partners in the community. Staff also look to strategies used in the private sector, such as direct purchase from suppliers.

2. **Q2 2026 Financial Report** (Larry Phillips, Controller; Heather Giesel, Director of CD/MTS Administration; Christine Dwyer, Director - Budget & Revenue, ES; April Snyder, Accounting Manager - Metro Transit)

   Larry Phillips, Controller, provided an overview of the quarter 2 financial report. Phillips covered operating reserves and general fund. Phillips noted that by year-end, the Regional Administration division will end on budget, meaning there will be no budget savings. Overall, expenses in the general fund are expected to end favorable to budget by year-end.

   Christine Dwyer – Director of budget & revenue, covered the budget for the Environmental Services (ES) division where revenues are favorable due to strong industrial waste rates and expenses are favorable due to vacancy and onboarding of new staff. For sewer access charges (SAC) trends show a decline in residential but an increase for commercial in 2025. For 2026 SAC trends, there is an increase in residential, particularly for multi-family housing development, and a decrease in commercial. ES will keep monitoring SAC trends closely. SAC reserve balance finished strongly.

   Heather Giesel –Director of Community Development/Metropolitan Transportation Services (MTS) Administration, provided an overview of the Housing Redevelopment Authority (HRA) and MTS budgets. HRA revenues are projected to be unfavorable to budget. The primary cause of the unfavorable variance is leasing up time for the Bring It Home program. In 2025, The Housing Choice Voucher (HCV) program was in shortfall due to continued inflation of subsidy payments outpacing the budget authority from HUD. The HCV program was not released from short fall until June 2026. As a result,

recovering from the 12-month freeze and the process of getting an approved voucher holder into a rental unit takes time to lease up. Expenses are favorable to budget due to savings in personnel salaries and benefits, as well as delay in staff hiring and onboarding for the seven Full-Time Equivalents within the Bring It Home program.

Giesel shared that MTS Transportation Planning revenues are projected to end the year on budget. Federal revenues are forecasted to end the year lower than budgeted but is offset by the favorable variance in interest earnings. Expenses are projected to be favorable to budget due to lower consulting activity and administrative expenses.

MTS Contracted Services revenues are projected to be unfavorable because of lower than anticipated fare revenue. Expenses are projected to be favorable to budget due to lower vehicle revenue hours and general administrative expenses. The decrease in service provider expenses in Transit Link and Fixed Route is a result of lower vehicle revenue hours than budgeted and the discontinued Airport Connect program

MTS Special transportation services (Metro Mobility and Metro Move) revenues are projected to be unfavorable because of lower than budgeted fare revenue. Expenses are projected to be favorable to budget due to lower vehicle revenue hours, fuel costs, and lower salary and general administrative expenses.

Phillips presented the Motor Vehicle Sales Tax (MVST) and Regional Sales and Use Tax revenue and reserve data. For MVST, the Council budgets for 95% of the State's forecast. Phillips noted a $4 million discrepancy for MVST revenue in the June 2026 payment. The State is aware and working with Council; and the Council is expecting to receive the payment soon.

April Snyder, Accounting Manager - Metro Transit, concluded the presentation with the financial report for Metro Transit. Light Rail and Bus revenues are projected to be unfavorable to budget due to lower passenger fare revenues and less federal revenue. Light Rail and Bus expenses are projected to be favorable due to vacant positions, slow down in professional and technical professional services activities, as well as lower utility rates and fuel prices.

3. **Medical and Dental Insurance Rates 2027** (Ned Smith, Chief Financial Officer; Michelle Murray, Senior Manager - Benefits)

Ned Smith, Chief Financial Officer, and Michelle Murray, Senior Manager – Benefits, presented the item. Smith provided an overview of the proposed medical and dental insurance rates for 2027. The projected self-insured healthcare costs is $126.6 million. With the current premium and expected enrollment, there would be a 5.6% increase. This increase is lower than the Council's seven-year average (7.3%). Murray shared the three healthcare plans will remain the same for 2027.

Smith provided an overview of the rate setting principles:

- The risk is shared by those enrolled with the same plan choices.
- Set premiums based on projections and managed to avoid year-to-year premium fluctuations.
- Risk mitigations and maintain minimum reserve target.

The proposed rate of 5.6% is lower than the national rate of 9.7% for healthcare plans. In 2025, the Council was at 18.5%. Based on Council healthcare plan enrollment data

over the last four years, there is a decrease in the Distinctions plan and an increase in the Open Access and HRA plans. In 2025, there was movement from Distinctions plan over to the Open Access plan for ATU members because of the similar price point between both plans.

For dental rates for 2027, the Council maintains a healthy reserve. There is increased spending and in order to plan for it, the Council proposes a 7.1% increase for the dental plan in 2027.

Council Members thanked staff for the great work to keep the healthcare and dental plan rates steady and under the national trends.

Adjournment

Business completed; the meeting adjourned at 3:45 p.m.

Certification

I hereby certify that the foregoing narrative and exhibits constitute a true and accurate record of the Management Committee meeting of August 26, 2026.

Council contact:

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