

**MINUTES OF THE SPECIAL MEETING
OF THE
BOARD OF MANAGERS
OF THE
NINE MILE CREEK WATERSHED DISTRICT**

TUESDAY, JULY 31, 2018

Call to Order

Chair Kloiber called the meeting of the Board of Managers of the Nine Mile Creek Watershed District to order at 6:00 p.m., Tuesday, July 31, 2018, at the Nine Mile Creek Watershed District Office, 12800 Gerard Drive, Eden Prairie, MN 55346.

Managers Present: Twele, Hunker, Kloiber, and Sheely

Managers Absent: Peterson

Advisors Present: Randy Anhorn, Erica Sniegowski, and Jana Kieffer

Agenda

Manager Twele moved, seconded by Manager Hunker, to approve the agenda as presented. Upon a vote, the motion carried.

Normandale Lake Improvement Project

Engineer Kieffer stated that nine contractors attended the mandatory pre-bid meeting last week and five contractors submitted bids today at the bid opening. She stated that there was a range of bids with the low bid coming from Rachel Contracting in the amount of \$378,972.50. She stated that staff recommends awarding the contract to the low bidder. She reviewed the timeline moving forward after the contract is awarded.

Chair Kloiber asked and received confirmation on the project elements that would be included in the contract. He asked for confirmation that the herbicide treatment would be done separately.

Engineer Kieffer confirmed that staff did decide to contract the other portions of the project individually.

Administrator Anhorn noted that the threshold in Minnesota law for required bidding for contracts for public capital projects will increase from \$100,000 to \$175,000 on August 1st. He stated that what that means is that if it is anticipated the future individual project components of project were estimated to cost less than \$175,000 we would not need go through the sealed bidding process. Rather, the District would simply be able to request quotes from a few contractors for the those individual components of the project.

Manager Sheely moved, seconded by Manager Twele, to authorize the Administrator, upon advice of counsel, to enter into an agreement with Rachel Contracting for implementation of the Normandale Lake Drawdown Improvement Project for an amount not to exceed \$378,972.50 and to further authorize the Administrator authority to approve change orders in aggregate of 10 percent of the contract amount and take such direction as deemed necessary to undertake the project. Upon a vote, the motion carried.

Manager Sheely moved, seconded by Manager Hunker, to authorize the Administrator to execute the notice of award and notice to proceed. Upon a vote, the motion carried.

Cost-Share Grant Program

Program and Project Manager Sniegowski presented the revised memorandum which was updated to reflect the discussion of the Board at the last meeting. She provided additional details on the cost-share project inspections which staff has been completing.

Chair Kloiber confirmed the consensus of the Board in agreement with the revisions to the cost-share grant program as proposed.

2019 Draft Budget

Administrator Anhorn stated that the first attempt at a proposed budget was included in the packet at its July 18th regular board meeting and ask the board if they had reviewed the information in the meeting packet, and how they wanted to proceed.

Manager Hunker asked about the spreadsheet that present past levies and assigned and un-assigned reserves.

Administrator Anhorn went through the spreadsheet highlighting the amounts levied and expended for specific capital improvement projects (CIP). He stated that the difference between the levied and expended amounts were considered assigned reserves that were to be used for the specific project they were levied for, or if there were remaining funds following the completion on of the project they could be used for future projects. He then highlighted the assigned non-CIP funds, including collected financial assurances and stormwater facility funds that are collect funds that the District is obligated to either pay back to the permit holder or spend to offset the stormwater volume retention amount met through payments into the stormwater facilities fund. He said the remaining amount between the District's total cash assets and the assigned amounts was considered un-assigned reserve.

Administrator Anhorn said that the District's Fund Balance Policy found in its Governance Manual provides direction on how much un-assigned reserve the District should maintain. He said that the purpose of the policy is to ensure that the District has funds on hand to cover operational expenses.

It was noted that the District staff and Board attempt to plan for the budget needs for projects and future projects in order to avoid the need to raise the levy a large amount in any one year.

Administrator Anhorn explained how the reserves are sometimes used to fill in the difference between the District budget and the levied amount. He reviewed the proposed 2019 projects that are currently included in the proposed budget as well as proposed administrative and program costs.

Chair Kloiber stated that as a communication tool, it may make sense to reorganize the tracking spreadsheet and label the information to make it clearer.

Administrator Anhorn noted that the spreadsheet was originally intended for his use to internally track designations of past levy funds, to help draft the upcoming budget and to ensure that the District's Fund Balance Policy requirements were met. He said that he welcomed any suggestions from the Managers to make the information more clear.

Manager Twele noted that the best time of year to review if the District is meeting the requirements of the Fund Balance Fund, is probably at the end of the year when all the actual costs for the year are known. It was the consensus of the Board to have an annual discussion in January of each year to review the actual costs.

Administrator Anhorn went through the draft budget and highlighted the differences between the 2018 budget and the proposed 2019 budget line items and reviewed those differences. He stated that the 2019 budget is proposed to be funded through the District levy and the use of assigned CIP and un-assigned reserve funds. He stated that the proposed budget amount is about a six percent decrease from the 2018 budget amount, while the proposed 2019 levy amount is a two percent increase over that of levied in 2018. He explained that there would be a decrease in the levy impact to taxpayers because the total taxable market value within the District's boundaries increased over that of the previous year.

It was the consensus of the board to fund the 2019 budget though a slight increase in the levy over that of 2018 and to use assigned and un-assigned reserves to make up the difference.

Manager Sheely stated that she thought that there should be a line item for expected and unexpected building maintenance where future needs of the building should be planned for.

Chair Kloiber agreed that the property comes with ongoing operating expenses and suggested the item be titled as property maintenance and operations. He did not believe that the costs would place the line item at the top of the CIP list and noted that perhaps \$30,000 to \$40,000 per year would be sufficient for the line item and may not even be used each year. He noted that if there were a larger unanticipated maintenance cost for the building, unassigned reserve funds could always be used for that purpose.

Administrator Anhorn stated that perhaps the Discovery Point Landscape and Stormwater BMP Maintenance be retitled as Discovery Point Maintenance which would include not only the

landscape and BMP needs, but overall building maintenance needs as well. He confirmed the consensus of the Board to make that change.

Manager Sheely asked if the budget included funds to be used to promote next year's 60th anniversary of the establishment of the District.


Administrator Anhorn stated that he and program and Project and Project Manager Sniegowski had discussed that, and that they would sit down to discuss further and bring any updates and revisions back to the board at its August 15th regular meeting. He then reviewed the budget timeline moving forward with the aim of adopting the proposed budget at an upcoming budget public hearing that would need to be held prior to the September 15th deadline required for the District to provide the adopted budget and levy to the county.

Following discussion, the board scheduled a special meeting on Thursday, September 6, 2018 at 5:30 pm at Discovery Point for the purpose of holding a public hearing on the District's 2019 proposed budget and levy. The further directed the administrator to publicly notice the hearing on the District's website and in its official newspapers.

Adjournment

It was moved by Manager Sheely, seconded by Manager Hunker, to adjourn the meeting at 7:42 p.m. Upon a vote, the motion carried.

Respectfully submitted,



Grace Sheely, Secretary