



Nine Mile Creek Discovery Point
12800 Gerard Drive

Eden Prairie, MN 55346

(952) 835-2078

www.ninemilecreek.org

MEMO

TO: Nine Mile Creek Watershed District Board of Managers
FROM: Randy Anhorn
DATE: July 8, 2020
RE: 2021 Draft Budget

I recently met with President Cutshall and Treasurer Olson to have preliminary discussion on a draft 2021 budget and levy. The attached 2021 draft budget and supporting information is meant to provoke discussion at our upcoming Budget workshop (scheduled for Thursday August 6th). The draft budget for 2021 is \$3,941,250. This represents roughly a 16% increase in the budget over the amended 2020 budget (\$3,394,000).

Highlighted spreadsheet cells represent a budgetary change or new line item from 2020 with short explanations in the column to the right and further explained below.

2021 workplan (budget considerations as shown in draft budget)

Administration

Staff

- *Acct # 5201*: Similar to the 2021 amended budget, the *Employee Salaries and Benefits* reflect that we do not anticipate hiring a 5th employee in 2021—in part due to the fact that we will be housing a MN Green Corp member at our offices to help with our workload

Office

- *Acct # 5305*: Decrease in *Office Furniture/Equipment* due to the office furniture for our building addition being purchased in 2020
- *Acct # 5306*: Increase in *Official Minutes* due to an anticipated increase in the number of Board workshops/special meetings in 2021
- *Acct # 5307*: Decrease in *Operating Expenses* to reflect actual costs over the past couple of years

Professional Services

- *Acct # 5421*: Increase in *Engineering General Administration*, due to that realized in 2020

2021 Administrative Budget is \$ 850,750, which is roughly the same as the amended 2020 Administrative Budget of \$850,000

Program

Data Collection

- *Acct # 6102*: Increase in *Groundwater Level Monitoring* due to fixing one of the District's long-term observation well that has gone into disrepair and has been out of commission for a few years.

This repair would provide a little better spatial coverage. **We could increase this line item more if we wanted to add more wells.**

- *Acct # 6106: Lake and Stream Water Quality Monitoring and Stream Monitoring* the same (although 1 more lake in 2021)
- *Acct # 6107: Decrease in Targeted Monitoring* in 2021, internal load determination of connected lakes to Cornelia (Nancy and Otto lakes as identified in Cornelia feasibility and preliminary engineer's report) carry over for fishery management work on Cornelia (grant money will offset and Normandale (2020 work got delayed until 2021)
- *Acct # 6109: Increase in Modeling and Atlas-14 Flood Planning/Management for Phase 2 of Atlas -14 update "re-sewing" Atlas -14 model (Phase 2- Flood Risk/Vulnerability Assessment-Atlas 14 and Beyond—from February 12, 2020 SOW to update District Watershed Model) and for increase in city requests as high water is inundating areas that transects political boundaries*
- *Acct # 6110: Large increase in TMDL & UAA Updates* due no UAA updates in 2020 and five scheduled for 2021 (Arrowhead and Indianhead combo and Holiday, Wing and Rose trio). To future UAA out from WMP, looking at moving Birch Island (which was scheduled for 2021 to 2022 and Bush Lake (which was scheduled for 2022) to 2023
- *Acct # 6111: Decrease in Special Studies* (e.g., High Quality Wetland Analysis in 2020) have a placeholder of \$15,000 for potential analysis of climate change adaptation strategy to identify natural and water resource vulnerabilities as identified as item S-1 in Table 6-1 in the WMP

Education and Outreach

- *Acct # 6213: Decrease in Volunteer Program* due to taking a year hiatus in funding our Master Water Steward program to re-evaluate direction
- *Acct # 6231: Decrease in # 6231 Communication and Marketing Materials* because it is not a calendar year.
- *Acct # 6237: Decrease in Website and Web-Based Programs* due to real-time data for the web project being completed

Regulatory Controls and Permitting Program

- *Acct # 6401: Increase in Permit Application Review/Tracking* to better represent workload and recent costs
- *Acct # 6402: Decrease in Inspections* due moving inspections in-house and completion of MS4Front project

Cost-Share Grant Program

- *Acct # 6301: Increase in Cost-Share Grant Program* to support groundwater conservation goals and objectives of the protection of groundwater quality and quantity as described in the WMP (and listed as eligible for funding through the District's cost-share program) through assistance to cities via financial contributions to support their smart irrigation and other water efficiency rebate programs

Water Management Plan

- *Acct # 6303: Increase Water Management Plan Workplan Implementation* – mainly fulfilling implementation item S-27 identified in table 6-1 of the WMP (develop restoration and or protection plans to address high-quality (as identified in 2020 study) and to walk of south fork of NMC to identify areas for stream restoration scheduled for 2022-23 identified as item S-25 identified in table 6-1 in the WMP

2021 Program Budget is \$1,400,500 which is More than the amended 2020 Program Budget of \$1,154,000

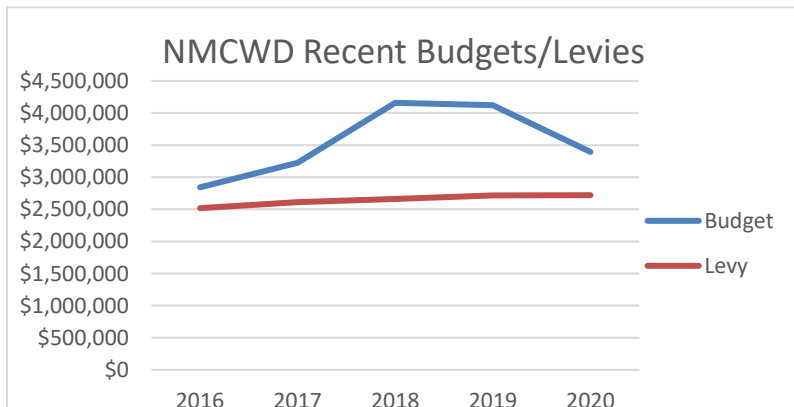
Capital Implementation Program (all funds to implement the anticipated capital projects have already been levied for)

- Acct # 7105: Edina Streambank - continued inspection/maintenance/repair while completed project is still under warranty
- Acct # 7105: Implement projects from Normandale Lake Water Quality Study (whole lake or spot herbicide treatments and carp removal?)
- Acct # 7110: (combined with #7111 Lake Edina) Implement Rosland Park Project from Lake Cornelia and Lake Edina Feasibility and Preliminary Engineering Report and initiate work for Lynmar SW BMP in the Edina Lake watershed (to be undertaken in 2022).
 - A Hennepin County Opportunity Grant has been submitted for the Rosland Park BMP and we will also be submitting for a BWSR CWF Grant for the project as well
- Acct # 7115: Project Repair/Maintenance (levied for in the past – reserves remain)
- Acct # 7120: Discovery Point Restoration – Phase 3 to be completed in 2021 – already levied for.
- Acct # 7120: Discovery Point Construction/Renovations, While the building addition will be complete in 2020, the received quote for construction for the associated raingarden exceeded engineer’s estimates and was rejected. Plans are to go out for quotes again in the fall and implement in the spring of 2021
- Acct # 7130 SE Anderson Lake Project, while the 2019 water quality monitoring showed the lake meeting water quality standards, there is an over-abundance of curly-leaf pondweed. While it currently does not seem to be causing a water quality issue, there has been times it is blocking the outlet and causing high water conditions. We could look into doing pre-herbicide treatments in 2021 and undertaking a first of a few herbicide treatments on the lake. We have already levied \$200,000 for such projects on the lake as described in line item 6 of table 6-2 (Capital Improvement Projects) in the WMP
- Acct # 7500 Stormwater Facility Fund Projects, While this same \$ amount was in our amended 2020 budget, the project may not have all the required conditions fulfilled in 2020 to closeout the project for our reimbursement for the above and beyond stormwater volume reduction amount provided (e.g., as-built drawings of the BMP and performance monitoring)
- Acct# 7602, Non-Profit Planning Grant SW BMP Projects, While the projects will be completed in 2020, the District will still be responsible for initial maintenance in 2021 and 2022 before transferring the maintenances to the Churches

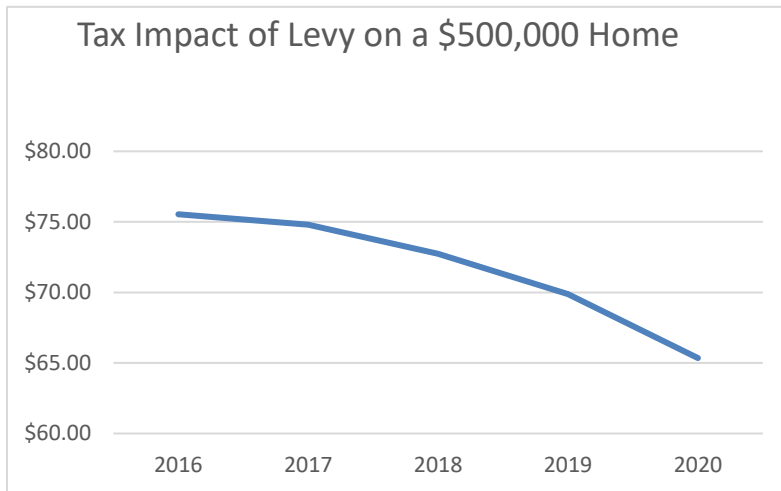
2021 Capital Projects Budget is \$ 1,690,000, which is more than the amended 2020 Capital Project Budget of \$1,390,000

Proposed 2021 Levy Amount

The District’s recent policy has been to keep the annual levy somewhat flat.



While recent budgets have increased (until the 2020 budget amendment addressing how capital projects were to be annually budgeted) and have been more than the amount levied, the difference has been made up using reserve funds that have been assigned and unassigned in the past for specific projects and programs and have yet to be spent or assigned



In addition, because the total market value of property values within the District have risen over this time, even though our levies have slightly increased, tax impact on taxpayers have decreased. The District's recently received total market value for 2020 is \$21,935,292. This represents roughly a 5.5% increase over that of 2019 (\$20,800,071).

The difference in determining the 2021 budget over past years is that all the projects in the *Capital*

Projects section have already been levied for, so they will be funded by using assigned reserves for each. This amount totals \$1,690,000 of the proposed \$3,941,250 2021 budget.

Although the draft budget shows the difference between the total budget and the reserve funds (\$2,250,250) as the proposed levy, that represents a ~17% decrease. The Board will need to discuss if it wants to keep the proposed levy flat, or if there is to be a decrease in the levy amount for 2021 compared to 2020, what should that decrease amount be.

Other Information

Assigned and unassigned reserve funds of May 31, 2020

- **Total CIP and non-CIP assigned reserve funds** = \$5,681,228 (was \$4,782,375 as of May 31, 2019)
- **Total unassigned reserve funds** = \$3,441,729 (was \$3,558,949 as of May 31, 2019)

In relation to the District's Fund Balance Policy

Our Fund Balance Policy was adopted as part of the District's Governance Manual in November of 2012. It refers to the minimum amount of reserves that the District must maintain. It refers to the District's unassigned reserve as "Unassigned Fund Balance" and is made up of the following:

- Working Capital; at least 50% of next year's budget
- Emergency Reserve; 5% of next year's budget
- Budget Stabilization; 5 to 7% of next year's budget

If we assume that 60% - 62% of next year's budget (\$3,941,250 as presented in the draft) must be maintained as reserve. At 62%, that results in \$2,443,575.

The bottom line is that we are currently required to have a reserve of \$2,443,575 and our actual unassigned reserve as of May 31st is \$3,441,729. This leaves an extra of roughly \$998,154 as of May 31st, but does not take in account the fact that we have yet to receive our June of December disbursement of our 2020 levy totaling roughly \$2,720,000 (or roughly \$1,360,000 in late-June and ~\$1,357,000 in late December). For this reason, this calculation will be more relevant when shown as of December 31st, to show that we are in compliance with our policy.

Action

No action required. The presented is for informational purposes to promote discussion (especially on a proposed levy amount for 2021), the only action needed is to schedule a budget workshop [Thursday August 6th ?] and eventually a public hearing.

2021 Draft Budget

FY 2021 Budget - Draft							
Budget Item	New Account	FY 2020 Budget - amended June 2020	Plan Implementation Fund - Levy Amount	Capital Projects	Grant Funds	2021 Reserve Funds	Proposed 2021 Budget
Administration							
Board	5100						
Advisory Committees (CAC and TAC)	5101	\$ 8,000					\$ 8,000
Annual Audit	5102	\$ 14,500					\$ 15,250
Dues/Conferences/Membership Fees	5103	\$ 16,000					\$ 16,000
Insurance	5104	\$ 14,000					\$ 14,000
Per Diems and Payroll tax	5105	\$ 10,000					\$ 10,000
Manager Expenses	5106	\$ 3,000					\$ 3,000
Staff	5200						
Employee Salaries and Benefits	5201	\$ 440,000					\$ 450,000
Employee Expenses	5206	\$ 6,000					\$ 6,000
Staff Training/Professional Development	5207	\$ 12,000					\$ 12,000
Education Assistance	5208	\$ 6,000					\$ 6,000
Office	5300						
Office Supplies & Expenses	5301	\$ 15,000					\$ 15,000
Office Utilities	5302	\$ 18,000					\$ 18,000
Office Networking Managed Services	5303	\$ 15,000					\$ 15,000
Office Equipment Maintenance	5304	\$ 8,000					\$ 8,000
Office Furniture/Equipment	5305	\$ 30,000					\$ 15,000
Official Minutes	5306	\$ 4,500					\$ 6,500
Operating Expenses	5307	\$ 29,000					\$ 22,000
Discovery Point Maintenance (building and landscaping)	5308	\$ 30,000					\$ 30,000
Professional Services	5400						
Auditor/Accounting	5410						
General/Monthly Accounting	5411	\$ 29,000					\$ 29,000
Payroll Processing Fees	5412	\$ 2,000					\$ 2,000
Engineering	5420						
Administration	5421	\$ 80,000					\$ 90,000
Legal	5430						
General Legal Advice	5431	\$ 45,000					\$ 45,000
Policies/Bylaws	5432	\$ 5,000					\$ 5,000
Other	5440						

2021 Draft Budget

FY 2021 Budget - Draft							
Budget Item	New Account	FY 2020 Budget - amended June 2020	Plan Implementation Fund - Levy Amount	Capital Projects	Grant Funds	2021 Reserve Funds	Proposed 2021 Budget
Other Consultant	5441	\$ 10,000					\$ 10,000
Total-Administration		\$ 850,000				\$ -	\$ 850,750
Programs							
Data Collection, Assessment and Management	6100						
Lake Level Monitoring	6101	\$ 25,000					\$ 25,000
Groundwater Level Monitoring	6102	\$ 6,000					\$ 15,000
Precipitation Monitoring	6104	\$ 5,000					\$ 3,000
WOMP Stations	6105	\$ 115,000					\$ 115,000
Lake Water Quality and Stream Monitoring	6106	\$ 157,000					\$ 157,000
Targeted Monitoring	6107	\$ 95,000					\$ 70,000
Regional SW Volume Reduction Study	6108	\$ 5,000					\$ 5,000
Modeling and Atlas 14 Flood Planning/Management	6109	\$ 60,000					\$ 160,000
TMDL & UAA Studies	6110	\$ 5,000					\$ 130,000
Special Studies	6111	\$ 50,000					\$ 15,000
Monitoring Equipment	6112	\$ 10,000					\$ 10,000
Education and Outreach	6200						
Public Involvement /Education	6210						
Education and Outreach Programs	6211	\$ 30,500					\$ 30,500
Volunteer Programs	6213	\$ 25,500					\$ 10,000
Communications & Education Materials	6230						
Communication and Marketing Materials	6231	\$ 25,000					\$ 20,000
Website & Web-Based Programs	6237	\$ 30,000					\$ 25,000
Grant Program	6300						
Cost Share Grant Program	6301	\$ 200,000					\$ 300,000
Research Collaborative Grant Funding	6304	\$ 25,000					\$ 20,000
Regulatory Controls and Permitting	6400						
Permit Application Review/Tracking	6401	\$ 165,000					\$ 180,000
Inspections	6402	\$ 40,000					\$ 5,000
Wetland Conservation Act	6403	\$ 20,000					\$ 25,000
Rules	6404	\$ 10,000					\$ 10,000
Technical Assistance	6500						
Residents	6501	\$ 5,000					\$ 5,000
Cities	6502	\$ 5,000					\$ 5,000
Professional Project and Plan Review	6503	\$ 10,000					\$ 10,000

Fix obwell? Add n

1 more lake than Lake Otto and Na

increase assistanc

Phase 2 of Atlas-1

Just Arrowhead, I

minus Master Wa

Not a calendar ye

added \$100,000 t

2021 Draft Budget

FY 2021 Budget - Draft							
Budget Item	New Account	FY 2020 Budget - amended June 2020	Plan Implementation Fund - Levy Amount	Capital Projects	Grant Funds	2021 Reserve Funds	Proposed 2021 Budget
Water Management Plan	6600						
Water Management Plan Workplan Implementation	6603	\$ 30,000					\$ 50,000
Total-Programs		\$ 1,154,000				\$ -	\$ 1,400,500
Capital Projects							
Edina Streambank	7100	\$ 50,000				\$ 50,000	\$ 50,000
Normandale Lake	7105	\$ 150,000		\$ -		\$ 100,000	\$ 100,000
Lake Cornelia and lake Edina	7110	\$ 280,000				\$ 1,250,000	\$ 1,250,000
Lake Edina	7111	\$ -					
Project Repair/Maintenance	7115	\$ 100,000				\$ 100,000	\$ 100,000
Discovery Point Landscape Restoration	7120	\$ 10,000				\$ 100,000	\$ 100,000
Discovery Point Construction/Renovations	7125	\$ 290,000				\$ 45,000	\$ 45,000
Regional Flood Study projects	7126						
Southeast Anderson Lake	7130	\$ 200,000				\$ 15,000	\$ 15,000
Stormwater Facilities Fund Project	7500	\$ 10,000				\$ 10,000	\$ 10,000
Watershed-Based Funding Grant Projects	7601	\$ -					
Non-Profit Planning Grant Stormwater BMP Project	7602	\$ 300,000				\$ 20,000	\$ 20,000
Lake Smetana		\$ -					
Total-Capital Projects		\$ 1,390,000	\$ 2,250,250	\$ -	\$ -	\$ 1,690,000	\$ 1,690,000
Total		\$ 3,394,000	\$ 2,250,250			\$ 1,690,000	\$ 3,941,250
Total Levy							?????
Total Budget							\$ 3,941,250
Total by Fund							
Budget Total			Plan Implementation Levy	Grant Funds	Reserve Funds		
2021 Total Budget	\$3,941,250.00		\$2,250,250.00		\$1,690,000.00		
2020 Total Budget	\$3,394,000.00		\$2,720,000.00		\$1,405,173.00		

2021 Draft Budget

FY 2021 Budget - Draft							
Budget Item	New Account	FY 2020 Budget - amended June 2020	Plan Implementation Fund - Levy Amount	Capital Projects	Grant Funds	2021 Reserve Funds	Proposed 2021 Budget
% Budget increase				% Levy Increase			