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MEMO

**TO: Nine Mile Creek Watershed District Board of Managers**  
**FROM: Randy Anhorn**  
**DATE: July 13, 2021**  
**RE: 2022 Draft Budget**

I recently met with President Cutshall and Treasurer Olson to have preliminary discussion on a draft 2022 budget and levy. The attached 2022 draft budget and supporting information is meant to provoke discussion at our upcoming Budget workshop (scheduled for Thursday, August 5th). The draft budget for 2022 is \$4,095,000. This represents roughly a 3.5% increase in the budget over the non-amended 2021 budget (\$3,956,250).

Highlighted spreadsheet cells represent a budgetary change or new line item from 2022 with short explanations in the column to the right and further explained below. Cells highlighted in yellow refers to an increase over the 2021 budget and those highlighted in light blue represents a decrease.

### **2022 workplan (budget considerations as shown in draft budget)**

#### **Administration**

##### ***Board***

- *Acct #5101*: Decrease in *Advisory Committees (CAC and TAC)* reflects being under budget in 2020 and 2021 due to virtual conferences and meetings.
- *Acct #5102*: Increase in *Annual Audit* reflects anticipated cost for 2022 per 2020-2021 executed agreement.
- *Acct # 5104*: Increase in *Insurance* due to anticipated increase.
- *Acct # 5105*: Increase in *Manager Per Diems and Payroll Tax* due to increased meetings and clarification on per diem amounts.

##### ***Staff***

- *Acct # 5201*: Increase in *Employee Salaries and Benefits* due to anticipated hiring a 5<sup>th</sup> employee in in the fall of 2021.

##### ***Office***

- *Acct # 5301*: Increase in *Office Utilities* due to being slightly over budget at this point in 2021.
- *Acct # 5302*: Increase in *Office Networking Managed Services* due to added network security, upgrade to cloud storage and monthly MS4Front costs.
- *Acct # 5305*: Decrease in *Office Furniture/Equipment* due to the office furniture for our building addition being purchased in 2020 and 2021.

- *Acct # 5306*: Increase in *Official Minutes* due to an anticipated increase in the number of Board workshops/special meetings in 2022.
- *Acct # 5307*: Decrease in *Operating Expenses* to reflect actual costs over the past couple of years.

#### ***Professional Services***

- *Acct # 5411*: Increase in *General Accounting*, due to that realized in 2021.
- *Acct # 5421*: Increase in *Engineering General Administration*, due to that realized in 2021.
- *Acct # 5441*: Increase in *Other Consultant*, due to potential salary survey.

**2022 Administrative Budget is \$ 1,019,500 (this includes \$207,000 for professional services [e.g., general accounting, engineering and legal]), which is higher than the non-amended 2021 Administrative Budget of \$850,750**

### **Program**

#### ***Data Collection***

- *Acct # 6101*: Increase in *Lake Level Monitoring* due to upgrading to more automated and consistent from lake-to-lake monitoring equipment. This should reduce costs in the future.
- *Acct # 6102*: Increase in *Groundwater Level Monitoring* due to the potential drilling of additional wells (reliant on public partnerships) and additional staff time for monitoring.
- *Acct # 6106*: *Lake and Stream Water Quality Monitoring* and *Stream Monitoring* due to added in lake monitoring in Normandale Lake (oxygen transects and filamentous biomass testing) and grab samples and analysis upstream of Braemar.
- *Acct # 6107*: Increase in *Targeted Monitoring* in 2022, due to continued fisheries work on Lake Cornelia and Normandale Lake and grab samples and analysis upstream of Braemar.
- *Acct # 6109*: Increase in *Modeling and Atlas-14 Flood Planning/Management* for Phase 3 of the Atlas -14 Flood Risk/Vulnerability Assessment work and for increase in city requests as high water is inundating areas that transects political boundaries
- *Acct # 6110*: Decrease in *TMDL & UAA Updates* due to a reduction in the number of UAA updates in 2022 (two lakes, Mirror and Birch Island lakes ) as compared to the five in (Arrowhead and Indianhead combo and Holiday, Wing and Rose trio). There may be some carryover needed for the completion of the final reports of the 2021 UAAs. In addition, Bush Lake, which was scheduled for 2022 is now scheduled for 2023.
- *Acct # 6111*: Increase in *Special Studies* due to unanticipated studies that come up throughout the year as shown as being over budget thus far in in 2021.

#### ***Education and Outreach***

- *Acct # 6211*: Decrease in *Public Education Workshops & Outreach* due to more virtual workshops and review of previous years year end amount spent.
- *Acct # 6213*: Slight increase in *Volunteer Program* depending on direction of Master Water Steward program.
- *Acct # 6231*: Increase in *# 6231 Communication and Marketing Materials* due to it being a calendar year (2023 calendar paid for in 2022) and additional CIP signages (e.g., Rosland Park Stormwater Filtration BMP Project).

#### ***Regulatory Controls and Permitting Program***

- *Acct # 6401*: Increase in *Permit Application Review/Tracking* to better represent recent increase in the number and complexity of permits, workload and recent costs.
- *Acct # 6403*: Increase in *Wetland Conservation Act* due to the increase in the number of WCA activities and being over budget thus far in 2021.
- *Acct # 6404*: Decrease in *Rules* due to the recent rule revision process being completed in 2021 (this budget account for 2021 still has to be amended to reflect real costs incurred).

### **Technical Assistance**

- *Acct # 6501: Increase in Residents to better represent real costs incurred in 2020 and 2021.*
- *Acct # 6502: Increase in Cities to better represent real costs incurred in 2020 and 2021.*

### **Water Management Plan**

- *Acct # 6603: Slight increase in Water Management Plan Workplan Implementation – Implementation activities to be undertaken include item S-24 identified in table 6-1 of the WMP (investigate primary causes of low dissolved oxygen throughout Nine Mile Creek and develop potential remedial measures), item S-27 (undertake restoration and or protection plans to address high-quality as well as investigate wetland banking opportunities).*
- **Acct # 6604: This is a new account code** to fund potential activities described in the District's *AIS Rapid Response Plan.*

**2022 Program Budget is \$1,590,500 which is more than the 2021 Program Budget of \$1,415,500**

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

- *Acct # 7100: Edina Streambank – Project warranty period has closed out, future annual inspections and maintenance needs will be under taken under #7115 Acct # 7115: Project Repair/Maintenance.*
- *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) Complete Rosland Park Stormwater Filtration Project and initial maintenance.*
  - *The District received a \$750,000 BWSR CWF grant and a \$96,248 Hennepin County Opportunity Grant for the project.*
- *Continued work on the Bristol & Mavelle Park area - Lynmar Basin Stormwater Project*
  - *The District received a \$191,597 BWSR CWF (Watershed Based Funding) for the project.*
- *Acct # 7115: Project Repair/Maintenance (levied for in the past – reserves remain)*
- *Acct # 7120: Discovery Point Restoration – Decreased due to Phase 3 and building raingarden being completed in 2021 – budgeted amount represents continued maintenance work as part of warranty period.*
- *Acct # 7120: Discovery Point Construction/Renovations – Removed to the completion of building addition.*
- *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 undertook aquatic vegetation plant surveys in 2021 to determine the need for undertaking a first of a few herbicide treatments for curly-leaf pondweed 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 # 7135: South Fork of NMC Restoration/Stabilization Project – Following the completion of the problem identification analysis work in 2021, prioritization and the development of a feasibility study/preliminary engineering work for the project will be undertaken in 2022. Item 9 of table 6-2 (Capital Improvement Projects) in the WMP shows \$1,000,000 being levied (as allocated funds) for the project in 2022 and \$500,000 in 2023.*
- *Acct # 7140: Holiday/Wing/Rose Lakes Projects –To undertake initial planning and design for project(s) identified in the Holiday/Wing/Rose lakes UAA update (to be completed in 2021 or early-2022). Item 8 of table 6-2 (Capital Improvement Projects) in the WMP shows \$500,000 being levied (as allocated funds) for the project(s) in 2022 and \$500,000 in 2023.*

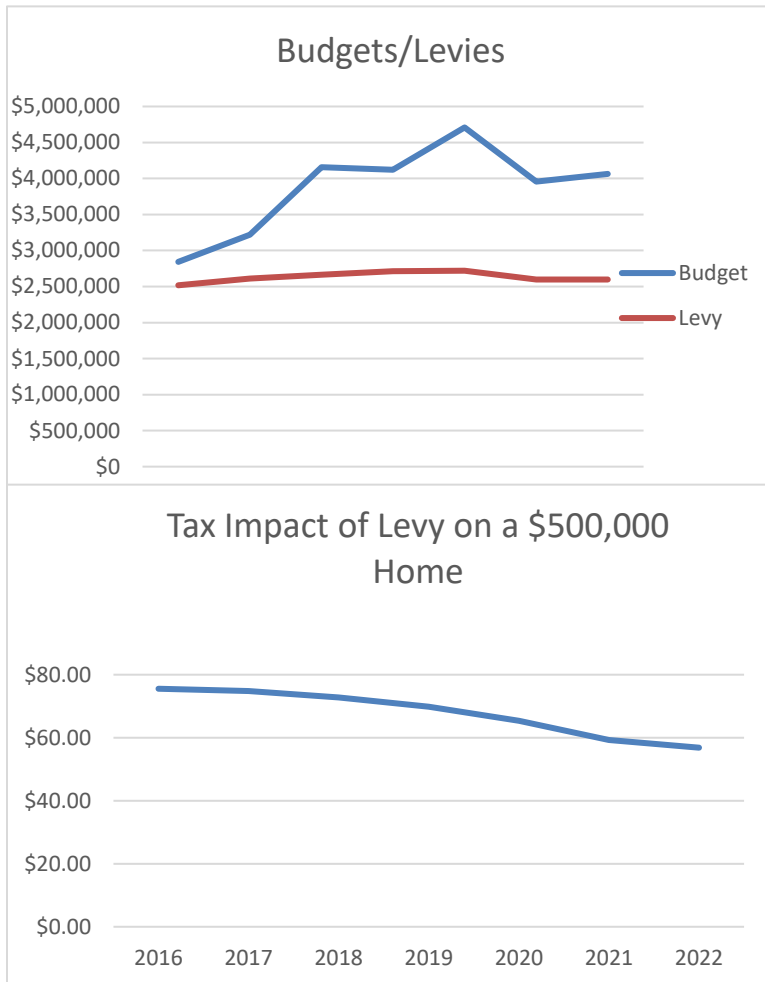
- *Acct # 7500 Stormwater Facility Fund Projects*, Reserve funds will be used to fund SFF projects as they become available.
- *Acct# 7602, Non-Profit Planning Grant SW BMP Projects*, While the projects will be completed in 2021, the District will still be responsible for initial maintenance in 2021 and 2022 before transferring the maintenances to the Churches

**2022 Capital Projects Budget is \$ 1,485,000, which is less than the 2021 Capital Project Budget of \$1,690,000**

**Proposed 2022 Levy Amount**

The District’s recent policy has been to keep the annual levy flat, identical to the \$2,600,000 levied in 2021.

While recent budgets have increased and have been more than the amount levied for, 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 2021 is \$22,871,435,900. This represents roughly a 4.3% increase over that of 2020 (\$21,935,292,690).

The draft budget shows the difference between the total budget (\$4,095,000) and the reserve funds (\$1,495,000) as the proposed levy (\$2,600,000 - identical to that in 2021). The Board will need to discuss if it wants to keep the proposed levy flat, or if they feel there should be an increase or decrease in the levy amount for 2022 compared to 2021. And, if so, what should that decrease amount be.

**Action**

No action required. The presented is for informational purposes to promote discussion (especially on a proposed levy amount for 2022), the only action needed is to schedule a budget workshop [Thursday, August 5th] and eventually a public hearing to be scheduled for Thursday, September 2, 2021.

FY 2022 Budget - Draft

Budget Item	New Account	FY 2021 Budget - amended June 2021	Plan Implementation Fund - 2021 Levy Amount	2022 Reserve Funds	Proposed 2022 Budget
<b>Administration</b>					
<b>Board</b>	5100				
Advisory Committees (CAC and TAC)	5101	\$ 8,000			\$ 4,000
Annual Audit	5102	\$ 15,250			\$ 17,000
Dues/Conferences/Membership Fees	5103	\$ 16,000			\$ 16,000
Insurance	5104	\$ 14,000			\$ 17,000
Per Diems and Payroll tax	5105	\$ 10,000			\$ 20,000
Manager Expenses	5106	\$ 3,000			\$ 3,000
<b>Staff</b>	5200				
Employee Salaries and Benefits	5201	\$ 450,000			\$ 570,000
Employee Expenses	5206	\$ 6,000			\$ 6,000
Staff Training/Professional Development	5207	\$ 12,000			\$ 12,000
Education Assistance	5208	\$ 6,000			\$ 6,000
<b>Office</b>	5300				
Office Supplies & Expenses	5301	\$ 15,000			\$ 15,000
Office Utilities	5302	\$ 18,000			\$ 20,000
Office Networking Managed Services	5303	\$ 15,000			\$ 35,000
Office Equipment Maintenance	5304	\$ 8,000			\$ 8,000
Office Furniture/Equipment	5305	\$ 15,000			\$ 10,000
Official Minutes	5306	\$ 6,500			\$ 8,500
Operating Expenses	5307	\$ 22,000			\$ 15,000
Discovery Point Maintenance (building and landscaping)	5308	\$ 30,000			\$ 30,000
<b>Professional Services</b>	5400				
<b>Auditor/Accounting</b>	5410				
General/Monthly Accounting	5411	\$ 29,000			\$ 30,000
Payroll Processing Fees	5412	\$ 2,000			\$ 2,000
<b>Engineering</b>	5420				
Administration	5421	\$ 90,000			\$ 100,000
<b>Legal</b>	5430				
General Legal Advice	5431	\$ 45,000			\$ 45,000
Policies/Bylaws	5432	\$ 5,000			\$ 5,000
<b>Other</b>	5440				
Other Consultant	5441	\$ 10,000			\$ 25,000
<b>Total-Administration</b>		\$ 850,750		\$ -	\$ 1,019,500
<b>Programs</b>					
<b>Data Collection, Assessment and Management</b>	6100				
Lake Level Monitoring	6101	\$ 25,000			\$ 35,000
Groundwater Level Monitoring	6102	\$ 15,000			\$ 25,000
Precipitation Monitoring	6104	\$ 3,000			\$ 3,000
WOMP Stations	6105	\$ 115,000			\$ 115,000
Lake Water Quality and Stream Monitoring	6106	\$ 157,000			\$ 180,000
Targeted Monitoring	6107	\$ 70,000			\$ 100,000
Regional SW Volume Reduction Study	6108	\$ 5,000			\$ 5,000
Modeling and Atlas 14 Flood Planning/Management	6109	\$ 160,000			\$ 175,000
TMDL & UAA Studies	6110	\$ 130,000			\$ 120,000
Special Studies	6111	\$ 15,000			\$ 30,000
Monitoring Equipment	6112	\$ 10,000			\$ 10,000
<b>Education and Outreach</b>	6200				
<b>Public Involvement /Education</b>	6210				
Education and Outreach Programs	6211	\$ 30,500			\$ 25,000
Volunteer Programs	6213	\$ 10,000			\$ 12,500

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Up - more storage

more meetings

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FY 2022 Budget - Draft					
Budget Item	New Account	FY 2021 Budget - amended June 2021	Plan Implementation Fund - 2021 Levy Amount	2022 Reserve Funds	Proposed 2022 Budget
<b>Communications &amp; Education Materials</b>	6230				
Communication and Marketing Materials	6231	\$ 20,000			\$ 30,000
Website & Web-Based Programs	6237	\$ 25,000			\$ 25,000
<b>Grant Program</b>	6300				
Cost Share Grant Program	6301	\$ 300,000			\$ 300,000
Research Collaborative Grant Funding	6304	\$ 20,000			\$ 20,000
<b>Regulatory Controls and Permitting</b>	6400				
Permit Application Review/Tracking	6401	\$ 180,000			\$ 200,000
Inspections	6402	\$ 5,000			\$ 5,000
Wetland Conservation Act	6403	\$ 25,000			\$ 35,000
Rules	6404	\$ 10,000			
<b>Technical Assistance</b>	6500				
Residents	6501	\$ 5,000			\$ 20,000
Cities	6502	\$ 5,000			\$ 15,000
Professional Project and Plan Review	6503	\$ 10,000			\$ 10,000
<b>Water Management Plan</b>	6600				
Water Management Plan Workplan Implementation	6603	\$ 65,000			\$ 70,000
AIS Rapid Response	6604				\$ 25,000
<b>Total-Programs</b>		\$ 1,415,500		\$ -	\$ 1,590,500
<b>Capital Projects</b>					
Edina Streambank	7100	\$ 50,000			\$ -
Normandale Lake	7105	\$ 100,000			\$ 70,000
Lake Cornelia and Lake Edina	7110	\$ 1,250,000			\$ 900,000
Project Repair/Maintenance	7115	\$ 100,000			\$ 100,000
Discovery Point Landscape Restoration/Maintenance	7120	\$ 100,000			\$ 15,000
Discovery Point Construction/Renovations	7125	\$ 45,000			\$ -
Southeast Anderson Lake	7130	\$ 15,000			\$ 100,000
South Fork Nine Mile Creek Restoration/Stabilization Project	7135		\$ 1,000,000		\$ 80,000
Holiday/Wing/Rose Projects	7140		\$ 500,000		\$ 200,000
Stormwater Facilities Fund Project	7500	\$ 10,000			
Watershed-Based Funding Grant Projects	7601	\$ -			
Non-Profit Planning Grant Stormwater BMP Project	7602	\$ 20,000			\$ 20,000
<b>Total-Capital Projects</b>		\$ 1,690,000	\$ 2,600,000		\$ 1,485,000
<b>Total</b>		\$ 3,956,250	\$ 2,600,000	1,463,000	\$ 4,095,000
<b>Total Levy</b>					\$ 2,600,000
<b>Total Budget</b>					\$ 4,095,000
			<b>Total by Fund</b>		
<b>Budget Total</b>			Plan Implementation Levy	Reserve Funds	
2022 Total Budget	\$4,095,000		\$2,600,000	\$1,495,000	
2021 Total Budget	\$3,956,250		\$2,600,000	\$1,356,250	

% Budget increase 3.51

% Levy Increase 0.00