



Nine Mile Creek Discovery Point
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MEMO

TO: Nine Mile Creek Watershed District Board of Managers
FROM: Randy Anhorn
DATE: July 10, 2019
RE: 2020 Draft Budget

The attached 2020 draft budget and supporting information is meant to provoke discussion at our upcoming Budget workshop (to be scheduled). The draft budget for 2020 is \$4,674,000. This represents roughly a ~13.5% increase in the budget over the amended 2019 budget (\$4,119,673). The main reason for the increase is the completion of the is due to projects identified in the District's Plan to be undertaken in 2020, including; Lake Cornelia, Lake Edina and SE Anderson Lake. While the draft budget in 2020 proposes an increase over that in 2019, the proposed levy of \$2,720,000 is essentially flat from that in 2019 (\$2,714,500). The difference between the proposed budget and levied amounts (\$1,954,000) will be 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.

The District's recently received total market value for 2019 is \$20,812,262,300. This represents roughly a 7% increase over that of 2019 (\$19,421,163,421).

Highlighted spreadsheet cells represent a budgetary change or new line item from 2019 with short explanations in the column to the right.

2020 workplan (budget considerations as shown in draft budget)

Administration

Board

- *Acct # 5101*: Increase in *Advisory Committees* for TAC meetings and CAC trainings and participation in workshops

Staff

- *Acct # 5206*: Slight decrease in *Employee Expenses* as a result of District vehicle reducing employee mileage reimbursements
- *Acct # 5207*: Slight increase in *Training and Professional Development* due to extra employee adding to training and professional development needs

Office

- *Acct # 5304*: Increase in *Office Equipment Maintenance* to include annual vehicle maintenance needs. May want to consider setting up as long-term maintenance/replacement schedule for vehicle similarly discussed the Discovery Point office building.

- *Acct # 5305*: Decrease in *Office Furniture/Equipment* due to vehicle already being purchase, but still a need for office furniture for new office spaces
- *Acct # 5307*: Increase *Operating Expenses* in part for fuel for vehicle
- *Acct # 5308*: Rename item line *Discovery Point Maintenance (building and landscaping)*

Professional Services

- *Acct # 5441*: Decrease in *Other Consultants*, due to expiration of LHB SOW for design and helping building addition process

2020 Administrative Budget is \$ 930,000, which is less than the 2019 Administrative Budget of \$971,000

Program

Data Collection

- *Acct # 6106*: Increase in *Lake and Stream Water Quality Monitoring* due to slight increase and combining *Acct #*: *6103 streamflow monitoring*
- *Acct # 6109*: Decrease in *Modeling and Atlas 14 Flood Planning/Management* due to no large identified
- *Acct # 6110*: Decrease in *TMDL & UAA Updates* due to no UAA updates scheduled for 2020 (only potential carry over to complete the Smetana Lake UAA from 2019)
- *Acct # 6111*: Increase in *Special Studies* due to fulfilling implementation item S-26 identified in Plan (preparation of a District-wide inventory that identifies high-value wetlands with in the watershed, rare and high-quality wetland biological communities, and identifies opportunities for restoration and/or protection).Decrease due to no UAA updates scheduled for 2020 (only potential carry over to complete the Smetana Lake UAA from 2019)
 - In addition, while the plan also identified S-22 (work with agencies and stakeholders to develop subwatershed-based implementation programs for the South Fork of Nine Mile Creek) as a workplan item in the Plan for 2020, staff believes, this is already being achieved through the UAA update process and therefore was not budgeted for.
- *Acct # 6112*: New item line to address needs to purchase *Monitoring Equipment*

Education and Outreach

- *Acct # 6211*: Combined *Acct # 6211 (Education and Outreach Programs)* with *Acct #s 6212 (Program Development)*, # *6215 (Program & Event Sponsorship)*, and part of # *6232 (Program Supplies)* which resulted in a decrease to what was budgeted for those *Acct #s* in 2019.
- *Acct # 6213*: Combined *Acct # 6213 (Volunteer Program)* with *Acct # 6214 (Master Water Stewards Program)* and part of # *6232 (Program Supplies)* which resulted in a slight decrease to what was budgeted for those *Acct #s* in 2019.
- *Acct # 6231*: Combined *Acct # 6231 (Communication and Marketing Materials)* with *Acct # 6233 (Educational Signage and Exhibits)* *Acct # 6234 (Marketing and Event Promotion)* and # *6236 (Promotional Items)* which resulted in a decrease to what was budgeted for those *Acct #s* in 2019. The main reason being that we will not be promoting our 60th anniversary in 2020.
- *Acct # 6237*: Increase in *Website and Web-Based Programs* due to increase in web hosting and support and potential GIS needs

Grant Program

- *Acct # 6402*: Decrease in *Grant Match* activities due to not receiving grant

Regulatory Controls and Permitting Program

- *Acct # 6402*: Decrease in *Inspections* due moving inspections in-house, although still a potential need for inspection software

- *Acct # 6404*: Increase due to potential *Rule* revision to clean up slight issues we have run across

Water Management Plan

- *Acct # 6303*: Increase in *Water Management Plan Workplan Implementation* due to undertaking the development of an AIS Strategy as mentioned as a workplan item in the Water Management Plan

2020 Program Budget is \$ 974,000, which is less than the 2019 Program Budget of \$1,093,673

Capital Implementation Program

- *Acct # 7105*: Implement projects from *Normandale Lake Water Quality Study* (spot herbicide treatments and carp removal?)
- *Acct # 7110*: Implement projects from Lake Cornelia UAA update (minus that already levied for and spent in 2019 on the Cornelia alum treatment)
- *Acct # 7111*: Implement projects from Lake Edina UAA update (New #)
- *Acct # 7115*: *Project Repair/Maintenance* (levied for and unused in past – portion from reserve)
- *Acct # 7120*: *Discovery Point Restoration* – Decrease due to not undertaking Phase 3 in 2020
- *Acct # 7126*: Combine *Pentagon Park Projects* as stated in Plan with “*Implement recommendation from other regional flood plain studies*” as stated into plan and rename *Regional Flood Study Projects*
- *Acct # 7630 SE Anderson Lake Project* as described in Plan (Alum, herbicide treatments)
- *Acct# 7602, Non-Profit Planning Grant SW BMP Projects*, increase due to the three projects that were to be undertaken in 2019 due to received bids exceeding engineer’s estimates, so all six BMPs will be implemented in 2020.

2020 Capital Projects Budget is \$ 2,770,000, which is more than the 2019 Program Budget of \$2,055,000

Other Information

As of May 31, 2019

- ***Total CIP and non-CIP assigned reserve funds*** = \$4,782,375 (was \$4,213,537 as of June 30, 2018)
- ***Total unassigned reserve funds*** = \$3,558,949 375 (was \$3,670,286 as of June 30, 2018)

Assigned and unassigned reserve funds used to offset levy needs as part of the budget (see associated spreadsheet)

Administration

- ***\$117,000*** for Administration taken from general unassigned reserve, but represents the unused portions of that levied in 2018 for administration

Programs

- ***\$75,000*** for the cost-share grant program is taken from the assigned reserve from that levied for since 2012
- ***\$272,000*** taken from general unassigned reserves

Capital Projects

- ***\$150,000*** taken from previously levied yet unused reserves for Normandale Lake water Project
- ***~\$330,000*** taken from previously levied yet unused reserves for Cornelia Lake
- ***\$100,000*** taken from previously levied yet unused reserves for Repair Maintenance
- ***\$10,000*** taken from previously levied yet unused reserves for Discovery Point Landscape Maintenance

- **\$210,000** taken from previously received yet unused reserves for Stormwater Facilities Fund projects
- **\$500,000** taken from previously received yet unused reserves for Regional Flood Study projects
- **\$190,000** taken from previously received yet unused reserves for Non-profit Planning Grant SW BMP projects

Total Proposed Reserve Funds to be used in 2020= \$1,954,000 (as compared to \$1,405,173 in 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 (\$4,674,000.00 as presented in the draft) must be maintained as reserve. At 62%, that results in \$2,897,880.

The bottom line is that we are currently required to have a reserve of \$2,897,880 and our actual unassigned reserve as of May 31st is \$3,558,949. This leaves an extra of roughly \$661,069 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 2019 levy totaling roughly \$2,714,500 (or roughly \$1,357,000 in late-June and ~\$1,357,000 in late December). For this reason, this calculation is will be more relevant when shown as of December 31st, to show that we are in compliance with our policy.

Action

No presented is for informational purposes, the only action needed is to action is needed is to schedule a budget workshop [Thursday August 1st ?] and eventually a public hearing.

2020 Budget

| FY 2020 Budget - Draft | | | | | | | |
|--|-------------|----------------|--|------------------|-------------|--------------------|----------------------|
| Budget Item | New Account | FY 2019 Budget | Plan Implementation Fund - Levy Amount | Capital Projects | Grant Funds | 2020 Reserve Funds | Proposed 2020 Budget |
| Administration | | | | | | | |
| Board | 5100 | | | | | | |
| Advisory Committees (CAC and TAC) | 5101 | \$ 2,000.00 | | | | | \$ 8,000.00 |
| Annual Audit | 5102 | \$ 14,500.00 | | | | | \$ 14,500.00 |
| Dues/Conferences/Membership Fees | 5103 | \$ 16,000.00 | | | | | \$ 16,000.00 |
| Insurance | 5104 | \$ 14,000.00 | | | | | \$ 14,000.00 |
| Per Diems and Payroll tax | 5105 | \$ 10,000.00 | | | | | \$ 10,000.00 |
| Manager Expenses | 5106 | \$ 3,000.00 | | | | | \$ 3,000.00 |
| Staff | 5200 | | | | | | |
| Employee Salaries and Benefits | 5201 | \$ 525,000.00 | | | | | \$ 525,000.00 |
| Employee Expenses | 5206 | \$ 8,000.00 | | | | | \$ 6,000.00 |
| Staff Training/Professional Development | 5207 | \$ 10,000.00 | | | | | \$ 12,000.00 |
| Education Assistance | 5208 | \$ 6,000.00 | | | | | \$ 6,000.00 |
| Office | 5300 | | | | | | |
| Office Supplies & Expenses | 5301 | \$ 15,000.00 | | | | | \$ 15,000.00 |
| Office Utilities | 5302 | \$ 18,000.00 | | | | | \$ 18,000.00 |
| Office Networking Managed Services | 5303 | \$ 15,000.00 | | | | | \$ 15,000.00 |
| Office Equipment Maintenance | 5304 | \$ 5,000.00 | | | | | \$ 8,000.00 |
| Office Furniture/Equipment | 5305 | \$ 50,000.00 | | | | | \$ 30,000.00 |
| Official Minutes | 5306 | \$ 4,500.00 | | | | | \$ 4,500.00 |
| Operating Expenses | 5307 | \$ 24,000.00 | | | | | \$ 29,000.00 |
| Discovery Point Maintenance (building and landscaping) | 5308 | \$ 25,000.00 | | | | | \$ 25,000.00 |
| Professional Services | 5400 | | | | | | |
| Auditor/Accounting | 5410 | | | | | | |
| General/Monthly Accounting | 5411 | \$ 29,000.00 | | | | | \$ 29,000.00 |
| Payroll Processing Fees | 5412 | \$ 2,000.00 | | | | | \$ 2,000.00 |
| Engineering | 5420 | | | | | | |
| Administration | 5421 | \$ 80,000.00 | | | | | \$ 80,000.00 |
| Legal | 5430 | | | | | | |
| General Legal Advice | 5431 | \$ 45,000.00 | | | | | \$ 45,000.00 |
| Policies/Bylaws | 5432 | \$ 5,000.00 | | | | | \$ 5,000.00 |

CAC trainings and workshops

Reduce due to company car
Extra employee

Includes vehicle
Office Furniture?

Gas for vehicle

2020 Budget

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|---|-------------|----------------------|--|------------------|-------------|----------------------|----------------------|
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| Other | 5440 | | | | | | |
| Other Consultant | 5441 | \$ 45,000.00 | | | | | \$ 10,000.00 |
| | | | | | | \$ 117,000.00 | |
| Total-Administration | | \$ 971,000.00 | \$ 813,000.00 | | | \$ 117,000.00 | \$ 930,000.00 |
| Programs | | | | | | | |
| Data Collection, Assessment and Management | 6100 | | | | | | |
| Lake Level Monitoring | 6101 | \$ 25,000.00 | | | | | \$ 25,000.00 |
| Groundwater Level Monitoring | 6102 | \$ 6,000.00 | | | | | \$ 6,000.00 |
| Precipitation Monitoring | 6104 | \$ 5,000.00 | | | | | \$ 5,000.00 |
| WOMP Stations | 6105 | \$ 115,000.00 | | | | | \$ 115,000.00 |
| Lake Water Quality and Stream Monitoring | 6106 | \$ 125,000.00 | | | | | \$ 132,000.00 |
| Targeted Monitoring | 6107 | \$ 45,000.00 | | | | | \$ 45,000.00 |
| Regional SW Volume Reduction Study | 6108 | \$ 5,000.00 | | | | | \$ 5,000.00 |
| Modeling and Atlas 14 Flood Planning/Management | 6109 | \$ 70,000.00 | | | | | \$ 40,000.00 |
| TMDL & UAA Studies | 6110 | \$ 91,673.00 | | | | | \$ 5,000.00 |
| Special Studies | 6111 | \$ 30,000.00 | | | | | \$ 50,000.00 |
| Monitoring Equipment | 6112 | \$ - | | | | | \$ 10,000.00 |
| Education and Outreach | 6200 | | | | | | |
| Public Involvement /Education | 6210 | | | | | | |
| Education and Outreach Programs | 6211 | \$ 34,500.00 | | | | | \$ 30,500.00 |

For continued building construction management?

Excess Admin \$ from that budgeted in 2018

combined 6103 into 6106

No UAAs in 2020, carryover to finish Smetana

S-21 (is achieved via UAAs) also just S-26 in 2020 ?? Ask Janna what this is

Consolidated ? added smart salting workshops?

2020 Budget

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| Volunteer Programs | 6213 | \$ 27,000.00 | | | | | \$ 25,500.00 | Consolidated |
| Communications & Education Materials | 6230 | | | | | | | |
| Communication and Marketing Materials | 6231 | \$ 86,000.00 | | | | | \$ 25,000.00 | Consolidated (No 60th Anniv) |
| Website & Web-Based Programs | 6237 | \$ 15,000.00 | | | | | \$ 25,000.00 | GIS needs |
| Grant Program & Grant Match | 6300 | | | | | | | |
| Cost Share Grant Program | 6301 | \$ 200,000.00 | | | | \$ 75,000.00 | \$ 200,000.00 | |
| Grant Match Activities | 6303 | \$ 1,500.00 | | | | | \$ - | |
| Research Collaborative Grant Funding | 6304 | \$ 25,000.00 | | | | | \$ 25,000.00 | |
| Regulatory Controls and Permitting | 6400 | | | | | | | |
| Permit Application Review/Tracking | 6401 | \$ 100,000.00 | | | | | \$ 100,000.00 | ????? |
| Inspections | 6402 | \$ 30,000.00 | | | | | \$ 10,000.00 | software? |
| Wetland Conservation Act | 6403 | \$ 35,000.00 | | | | | \$ 35,000.00 | |
| Rules | 6404 | \$ - | | | | | \$ 10,000.00 | Rule revisions? Clean-up |
| Technical Assistance | 6500 | | | | | | | |
| Residents | 6501 | \$ 5,000.00 | | | | | \$ 5,000.00 | |
| Cities | 6502 | \$ 5,000.00 | | | | | \$ 5,000.00 | |
| Professional Project and Plan Review | 6503 | \$ 10,000.00 | | | | | \$ 10,000.00 | |
| Water Management Plan | 6600 | | | | | | | |
| Water Management Plan Workplan Implementation | 6603 | \$ - | | | | | \$ 30,000.00 | AIS Startegy Excess Program from budgeted in 2018 |
| | | | | | | \$ 272,000.00 | | |
| Total-Programs | | \$ 1,091,673.00 | \$ 627,000.00 | | | \$ 347,000.00 | \$ 974,000.00 | |
| Capital Projects | | | | | | | | |
| Normandale Lake | 7105 | \$ 500,000.00 | | \$ - | | \$ 150,000.00 | \$ 150,000.00 | Carp? (50k)/ Herbicide?(100K) - caryover frpoom that previously levied |

2020 Budget

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|--|-------------|------------------------|--|------------------------|-------------|------------------------|------------------------|
| Budget Item | New Account | FY 2019 Budget | Plan Implementation Fund - Levy Amount | Capital Projects | Grant Funds | 2020 Reserve Funds | Proposed 2020 Budget |
| Lake Cornelia | 7110 | \$ 500,000.00 | | \$ 500,000.00 | | \$ 330,000.00 | \$ 830,000.00 |
| Lake Edina | 7111 | \$ - | | \$ 500,000.00 | | | \$ 500,000.00 |
| Southeast Anderson Lake | | \$ - | | \$ 200,000.00 | | | \$ 200,000.00 |
| Project Repair/Maintenance | 7115 | \$ 100,000.00 | | | | \$ 100,000.00 | \$ 100,000.00 |
| Discovery Point Landscape Restoration | 7120 | \$ 20,000.00 | | | | \$ 10,000.00 | \$ 10,000.00 |
| Discovery Point Construction/Renovations | 7125 | \$ - | | | | | |
| Regional Flood Study projects | 7126 | \$ 500,000.00 | | | | 500,000.00 | \$ 500,000.00 |
| Stormwater Facilities Fund Project | 7500 | \$ 210,000.00 | | | | \$ 210,000.00 | \$ 210,000.00 |
| Watershed-Based Funding Grant Projects | 7601 | \$ - | | | | | |
| Non-Profit Planning Grant Stormwater BMP Project | 7602 | \$ 125,000.00 | | \$ 80,000.00 | | \$ 190,000.00 | \$ 270,000.00 |
| Total-Capital Projects | | \$ 2,055,000.00 | | \$ 1,280,000.00 | \$ - | \$ 1,490,000.00 | \$ 2,770,000.00 |
| Total | | | \$ 1,440,000.00 | \$ 1,280,000.00 | | \$ 1,954,000.00 | \$ 4,674,000.00 |
| Total Levy | | | | | | | \$ 2,720,000.00 |

Again in 2020 but add carryover (as reserve)--minus 2019 alum? So 500,000 - 170,000? Or 330,000?

Phase 3 in 2021 ????

Had 200k in WMP, but haven't spent Pentagon Park so combine with 2019 Pentagon Park and 2020 and future regional flood study projects

RPBCWD is fiscal agent

All six BMPS in 2020?

2020 Budget

| FY 2020 Budget - Draft | | | | | | | |
|------------------------|----------------|----------------|--|------------------|----------------|--------------------|------------------------|
| Budget Item | New Account | FY 2019 Budget | Plan Implementation Fund - Levy Amount | Capital Projects | Grant Funds | 2020 Reserve Funds | Proposed 2020 Budget |
| Total Budget | | | | | | | \$ 4,674,000.00 |
| Total by Fund | | | | | | | |
| Budget Total | | | Plan Implementation Levy | Grant Funds | Reserve Funds | | |
| 2020 Total Budget | \$4,674,000.00 | | \$2,720,000.00 | | \$1,954,000.00 | | |
| 2019 Total Budget | \$4,119,673.00 | | \$2,714,500.00 | | \$1,405,173.00 | | |

13.46

% Budget increase

0.20

% Levy Increase