

## MEMORANDUM

**To:** MCWD Board of Managers  
**From:** Lars Erdahl, District Administrator  
**Date:** June 11, 2015  
**Re:** 2016 Budget Process

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### **Purpose:**

To provide a written outline of the 2016 annual budget process, to facilitate a presentation on the same at the June 11, 2015, Minnehaha Creek Watershed District (MCWD) Board of Managers meeting.

### **Background:**

MCWD is required annually to certify its budget and levy to Hennepin and Carver Counties by September 15. In preparation for budget and levy certification the MCWD Board of Managers and Staff annually initiate a process to:

- Review project and program workplans;
- Assemble the total budget of these projects and programs;
- Evaluate and set the projected levy through review of financing options (levy, grants, debt, carry-over), modifying project/program timelines, and eliminating project/program initiatives.

Historically, under this process workplans for projects and programs have been presented incrementally over a series of meetings, accompanied with staff briefings to facilitate discussion, before being assembled into a total budget projection.

Following the recent annual budget preparation meeting with the MCWD President and Treasurer, staff is recommending some minor adjustment to the 2016 budget process. Principally, all workplans will be presented at the same time at the July 16, 2015 Joint Committee Meeting to begin the budget process. This is intended to have a streamlining effect by beginning with a coarse global overview of the fiscal impact of all projects and programs when combined into the 2016 budget.

At the July 16, 2015, Joint Committee Meeting staff will facilitate a budget overview from global-to-specific by:

- Reviewing program relationships, alignment and fit with the 2-track approach;
- Summarizing budget implications as they relate to a “target” levy;
- Highlighting major changes to project and program initiatives by division (Communications and Education, Operations, Research and Monitoring, Planning and Permitting):
  - Summary memoranda will be provided and discussed to highlight areas of significant change by division, and their purpose.
- Providing a preliminary recommendation on options to align the 2016 budget with a “target” levy, utilizing carry-over, cuts, financing, etc.

It is anticipated that project and program initiatives representing routine function (e.g. project warranty-phase work) or minimal change will not be the focus of major discussion, thereby allowing the Board and staff to discuss major initiatives, areas of significant change, and fundamental financing principles.

To provide for future finance planning, and context for the 2016 budgeting process, on June 25 the Planning and Policy Committee (PPC) is scheduled to discuss a framework and principles for future project and program funding. This will be achieved by:

- Reviewing historical budget versus levy ratios and the use of annual carry-over for levy reduction;
- Outlining future financing options (levy, debt, grants, partnerships, appropriations);
- Evaluating the District’s short and long-term capital project debt capacity;
- Discussing guiding principles for use of financing sources across programs. For example:
  - Grants for program enhancements and project augmentation;
  - Capital debt for focal geographies, augmented with grants, appropriations and partnerships;
  - Levy for core programs.

## **Next Steps:**

Next steps are summarized below in the form of a proposed schedule for the 2016 budget process:

- June 11 – review budget process and schedule at Board Workshop
- June 25 – future project and program financing at Planning and Policy Committee
- July 9 – annual review of debt coverage and schedule at Executive Committee
- July 16 – review all workplans, and total budget/levy recommendations at Joint Committee
- August 6 – review preliminary budget and levy at Joint Committee
- August 12 – preliminary budget presented to CAC
- August 27 – review advanced budget and levy at Board Meeting
- September 3 – budget public hearing
- September 10 – approval of budget and levy for certification to Counties at Board Meeting
- September 15 – deadline for budget and levy certification to Counties
- December 10 – additional public comment at Board Workshop

If there are questions in advance of the meeting, please contact Lars Erdahl at [Lerdahl@minnehahacreek.org](mailto:Lerdahl@minnehahacreek.org) or 952-641-4505.