



## MEMORANDUM

**To:** MCWD Board of Managers  
**From:** Lars Erdahl  
**Date:** August 30, 2017  
**Re:** Review of Preliminary 2018 Budget & Levy for Board of Managers Consideration

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This memorandum serves as a culmination of budget-levy information established to-date through Board of Managers direction at committee and board meetings, presentations of work plans by staff and integration of board direction into a proposed preliminary 2018 Budget and Levy to be presented in a duly-noticed public hearing on Thursday, September 14, 2017 and to be considered by the Board of Managers for action and certification on the same date.

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- **Implementation of Strategic Direction & Priorities**
- **Summary of Board of Managers and staff 2018 Budget & Levy development process**
- **Background Board of Managers 2018 Budget & Levy direction on assumptions**
- **2018 MCWD Budget Strategic Framework**
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- **2018 Capital Projects and Debt Service Summary**
- **2018 MCWD Budget & Levy Summary**

### **Implementation of Strategic Direction & Priorities**

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On February 9, 2017 the Board of Managers adopted a strategic direction for the organization to guide the District's 2017 Watershed Management Plan, Human Resources Plan, Information Technology Plan, and Budget planning. As defined in this document, the District organizational priorities to accomplish its mission are:

- The development of high-impact capital improvement projects
- Changing the land-use / water policy environment to increase early, value-added public and private partnership in planning, policy, development, and infrastructure investment

All MCWD programs will be developed in support of these priorities, as discussed at the July 27 PPC Meeting. Following is a summary of the Project and Policy priorities that have guided the development of work plans and budget priorities for the organization for 2018.

The following represent the strategic focus and priorities for MCWD activities in 2018...

## **Planning & Projects**

### **2018 Planning-Project Priorities:**

1. Minnehaha Creek
  - a. Greenway
  - b. Arden – Edina
  - c. Minneapolis
2. Six Mile – Halsted Bay
3. Painter Creek – Jennings Bay
4. Responsive Projects and Incentive Grants

### **2018 Land-Use / Water Policy Priorities:**

A 24-36 month goal of enhancing early, value-added coordination with public and private partners in areas of planning, policy, development and infrastructure investments.

1. Watershed Management Plan roll-out and marketing as MCWD policy umbrella to support this goal
2. Review and coordinate Local Surface Water Management Plan development to create municipal policy umbrella to support this goal
3. Promoting MCWD as preferred partner and MCWD Permitting as value-add through early coordination
4. Developing Incentive Program/Opportunity Grant to work with public and private partners on development and infrastructure improvements that are funneled into MCWD through early coordination.

## **Education & Communications**

To achieve its program purpose and top priority in 2018 and beyond, the Communications and Education Programs will move from prioritizing baseline activities toward prioritizing support of MCWD strategic project and program priorities.

The Education Program is making significant changes in its work flow to free up time for program support. It is eliminating the Cynthia Krieg Watershed Steward education grant program and reducing the staff time spent at community events and serving youth. Those tasks are being delegated to Master Water Stewards and other volunteers. As a result, additional support will be provided to projects and programs to meet the strategic goals of the organization. The Communications and Education Program plans to provide support throughout all three phases of a project: pre-project asset/capacity building, project planning/implementing and post-project programming/outreach. The Communications and Education Programs' services in each of these phases will be outlined in project-specific work plans that hold staff accountable and to ensure clear communication among all of the programs involved. Staff will be working cross-departmentally to develop a process for creating and implementing these work plans, coordinating efforts and integrating the Communications and Education Programs' services into projects and programs. At the same time, staff will remain responsive to the needs of the organization and will adapt its approach as new opportunities arise.

## **Research & Monitoring**

The notable shift in R&M's priorities places an emphasis providing planning/project support through diagnostics monitoring, managing the Six Mile – Halsted Bay carp management project, project performance and development monitoring, and ecological health monitoring in priority subwatersheds. Assessing long-term change throughout the entire watershed is also conducted at representative stations (i.e., anchor monitoring). Activities in the work plans are formatted to

highlight how they are scoped and scheduled to support organizational and departmental initiatives in 2018 and subsequent years.

**Alignment with District Mission**

- Collaborate with public and private partners to protect and improve land and water for current and future generations

**Alignment to Provide Planning/Project Support**

- Diagnose drivers and stressors of water resource issues
- Collaborate to identify management strategies
- Broadly characterize ecological health
- Communicate analyses of data and recommendations
- Manage species with high ecological impact (e.g., common carp)
- Early detection and rapid response of new AIS infestations
- Promote AIS research and support AIS prevention efforts

**Operations and Support Services**

The General Operations budget is primarily made up of four (4) different categories; they include Board of Manager expenses, staff salaries and benefits, costs associated in owning and operating assets and contracted services. Operations and Support Services exists to provide direct support and resources needed by District programs to achieve the organizational mission, by managing operational and support functions including:

- **Finances** -- Bill pay, audit, debt service management, budget, financial planning
- **Human Resources** -- Benefits, payroll, human resources planning and philosophy
- **Information Technology** -- Maintain stable environment, IT planning and project management
- **Office Building** -- Vendor management and facilities management

**Summary of Board of Managers and staff 2018 Budget & Levy development process**

2016 Audited Carryover Analysis	March
2018 CIP Projection	March
2018 Budget Levy Projection	March
Board Meeting	7-Apr-17
All Staff Briefing	4-May-17
Management Team Meeting	9-May-17
Refined 2016 Carryover Analysis	May
Integrate Revised CIP	May
Budget Team Meeting	May
Develop 2017 Program Carryover	May
Develop Preliminary 2018 Program Budget	May
2nd Quarter Budget Projection	May
Budget Team Meeting	20-May-17
Management Team Meeting	May
Develop Board Presentation	May

Joint Committee Meeting	25-May-17
Management Team Meeting	30-May-17
Brief All Staff on Board Discussion/Direction from May 25	1-Jun-17
Budget Team Meeting	June
Refine 2018 Program Budgets	June
Develop Strategic Budget Framework (narrative and graphics)	June
Board Meeting to Discuss Strategic Plan and Workplan Budgets	8-Jun-17
Management Team Meeting	13-Jun-17
Budget Team Meeting	June
Refine 2018 Program Budgets following Board Direction	June
Board Meeting to Review Budget Revisions and Make Strategic Decisions	22-Jun-17
Management Team Meeting	27-Jun-17
Budget Team Meeting	June
Incorporate Board Decisions into Budget Projection	June
Draft Workplans	July
Prepare for Board Presentation	July
Board Meeting to Review Revised Budget and Draft Workplans	13-Jul-17
Management Team Meeting	18-Jul-17
Budget Team Meeting	July
2nd Board Meeting as Needed	27-Jul-17
Management Team Meeting	1-Aug-17
Budget Team Meeting	August
Workplan and Budget Finalization	August
Joint Committee Meeting to discuss refinements	August
Board Meeting to Review Final Workplan/Budget	10-Aug-17
Management Team Meeting	15-Aug-17
Budget Team Meeting	August
Budget and Workplan Refinements	August
2nd Board Meeting as Needed	24-Aug-17
Joint Committee/Special Board Meeting as Needed	30-Aug-17
Public Notice	August
Public Hearing and Certification	14-Sep-17
Press Release and Website Posting	September

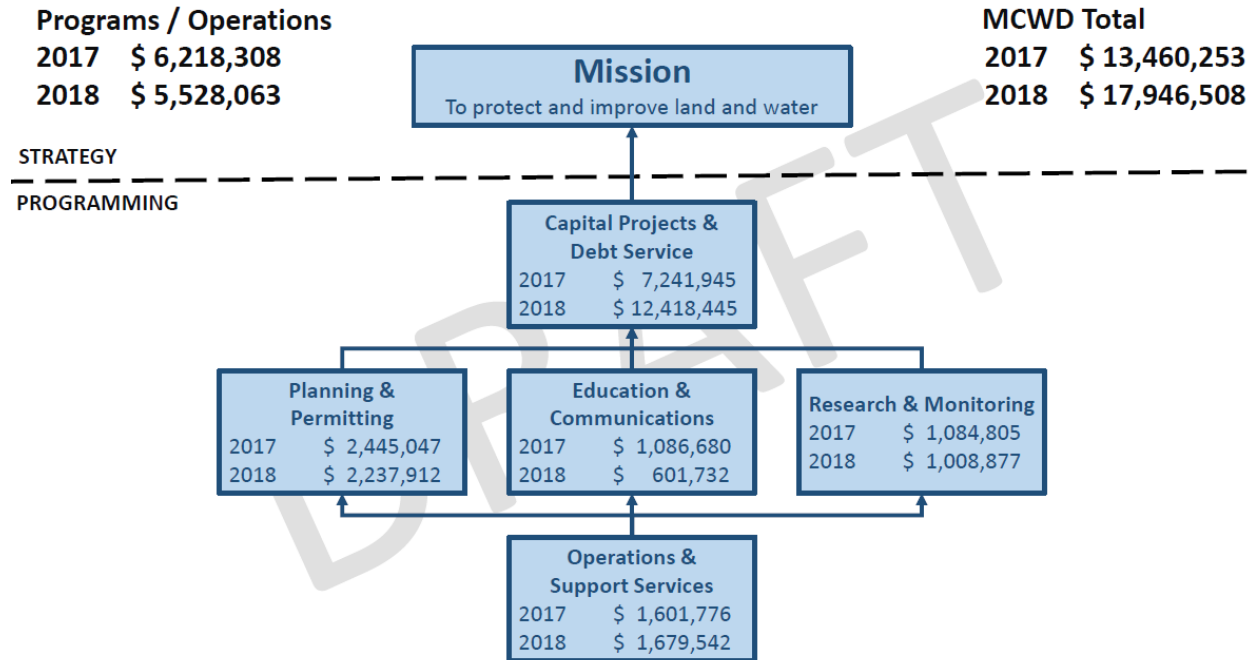
## **Background Board of Managers 2018 Budget & Levy direction on assumptions**

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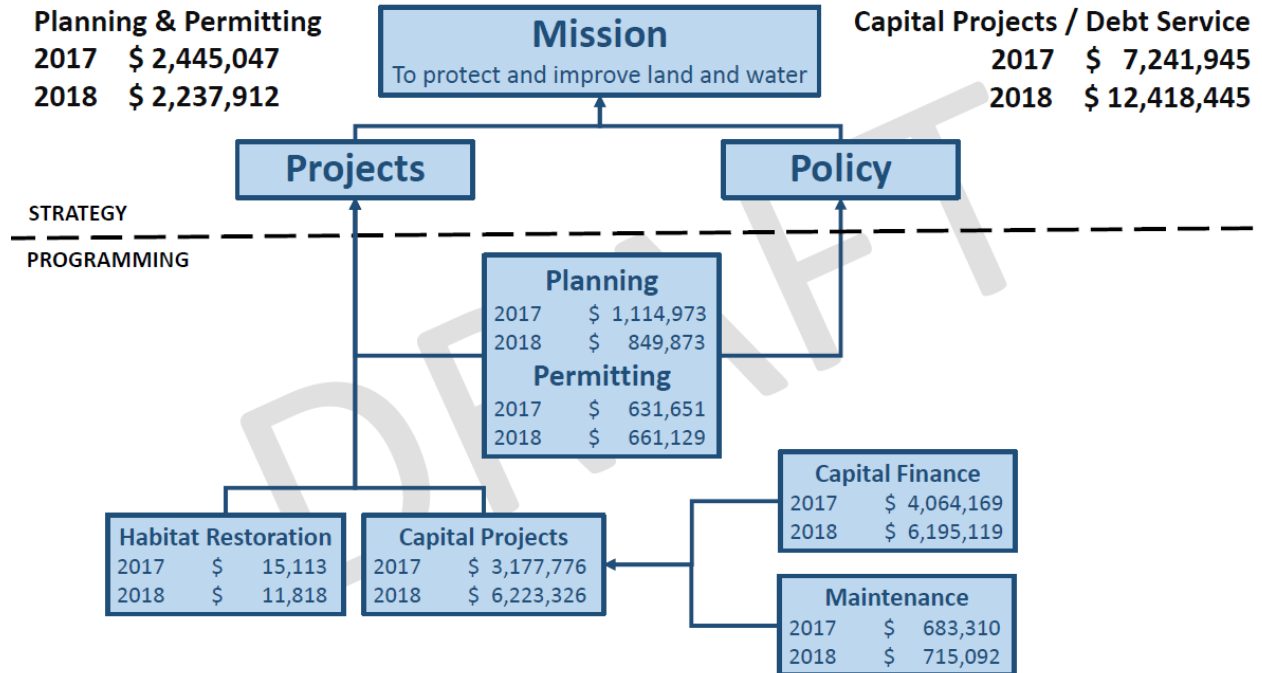
### **2018 Budget Assumptions direction provided by the Board of Managers on June 22...**

- Program (non-capital & non-debt service) budgets to remain flat + up to 3% compensation increases and up to 10% employee benefit increases
- Capital program to be developed to stay within tax levy goal
- Staffing maintained at current levels, pending strategic human resources plan
- Limit tax levy increase to 5.0%
- Refinance debt for 325 Blake Road
- 325 Blake Road building will be prepared for development
- New need for storage space without 325 Blake Road
- Unassigned revenue will be used for one-time purposes and with caution, to limit tax levy increase
- Cost-Share Grant Programs need to be re-developed... with level of funding for cost-share programs generally will be reduced

## 2018 MCWD Budget Strategic Framework

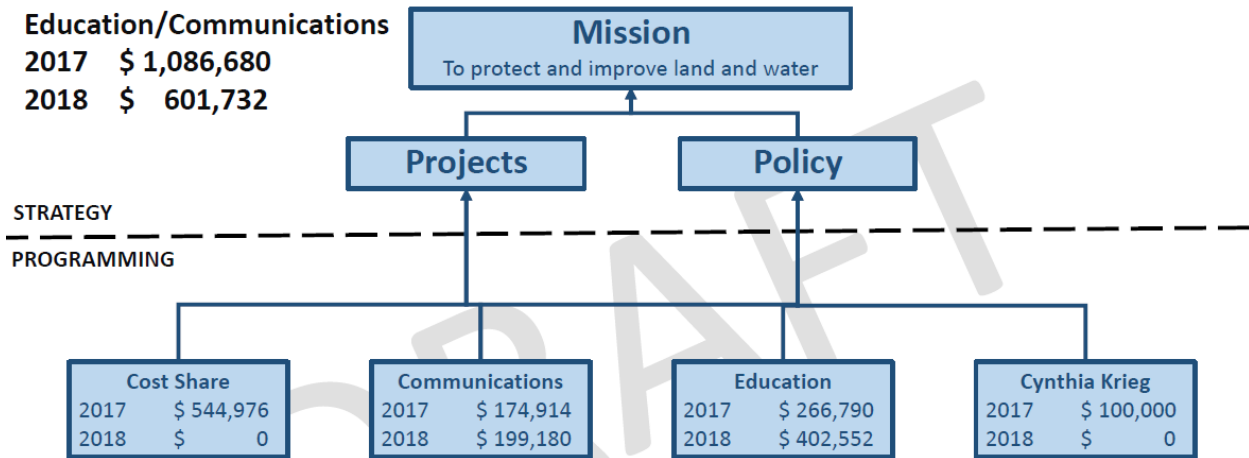


## MCWD PLANNING & PERMITTING BUDGET



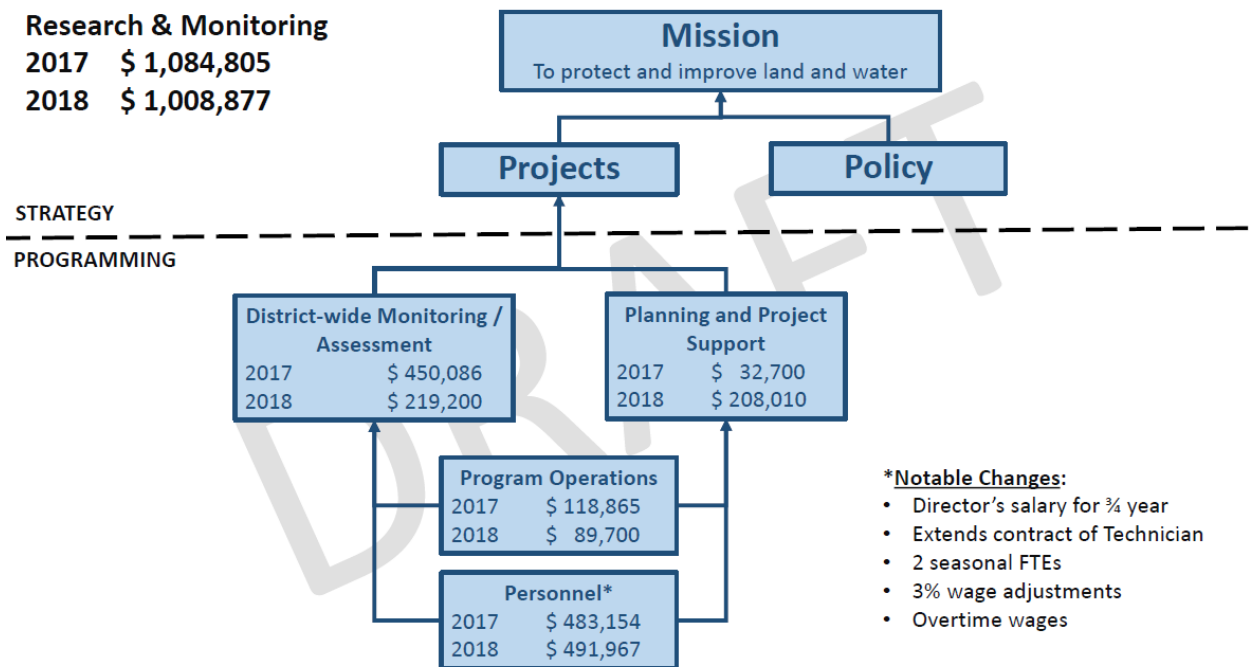
# MCWD EDUCATION/COMMUNICATION BUDGET

Education/Communications  
 2017 \$ 1,086,680  
 2018 \$ 601,732



# MCWD RESEARCH & MONITORING BUDGET

Research & Monitoring  
 2017 \$ 1,084,805  
 2018 \$ 1,008,877



- \*Notable Changes:**
- Director's salary for ¾ year
  - Extends contract of Technician
  - 2 seasonal FTEs
  - 3% wage adjustments
  - Overtime wages

# MCWD OPERATIONS & SUPPORT SERVICES BUDGET

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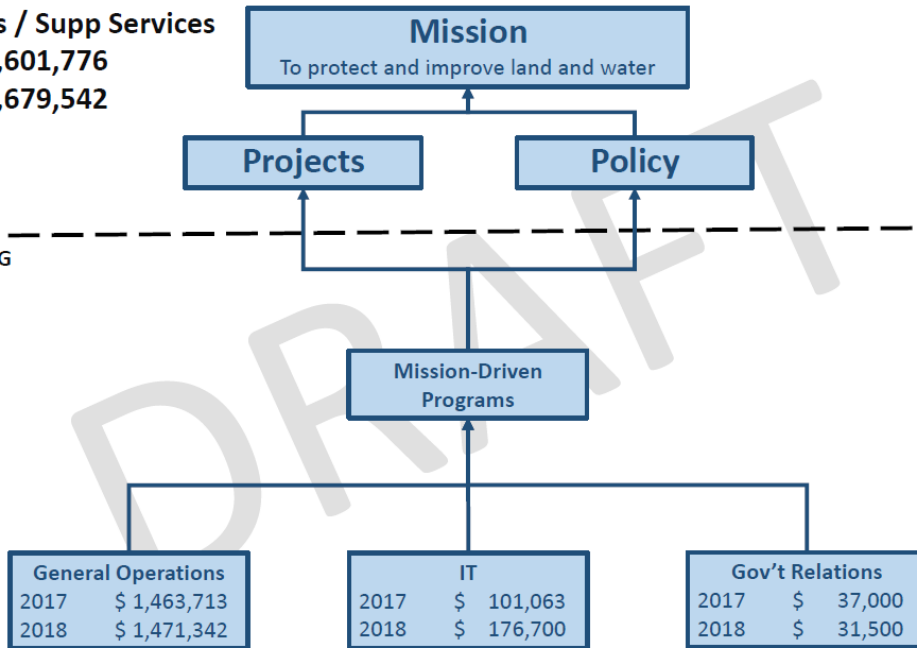
**Operations / Supp Services**

2017 \$ 1,601,776

2018 \$ 1,679,542

STRATEGY

PROGRAMMING





## 2018 Programs & Operations Summary

**DRAFT**

## PROGRAMS AND OPERATIONS SUMMARY

2018 EXPENSES	2017 Budget	2018 Budget	\$ Change	% Change
<b>OPERATIONS &amp; SUPPORT SERVICES</b>				
General Operations	\$ 1,463,713	\$ 1,471,342	\$ 7,629	0.52%
Information Technology	\$ 101,063	\$ 176,700	\$ 75,637	74.84%
Government Relations	\$ 37,000	\$ 31,500	\$ (5,500)	-14.86%
<b>Sub-Total</b>	<b>\$ 1,601,776</b>	<b>\$ 1,679,542</b>	<b>\$ 77,766</b>	<b>4.85%</b>
<b>PLANNING &amp; PERMITTING</b>				
Permit Administration	\$ 631,651	\$ 661,129	\$ 29,478	4.67%
Planning & Projects	\$ 1,114,973	\$ 849,873	\$ (265,100)	-23.78%
Project Maint. & Land Mgmt	\$ 683,310	\$ 715,092	\$ 31,782	4.65%
Land Restoration	\$ -	\$ -	\$ -	0.00%
Habitat Restoration Initiative	\$ 15,113	\$ 11,818	\$ (3,295)	-21.80%
<b>Sub-Total</b>	<b>\$ 2,445,047</b>	<b>\$ 2,237,912</b>	<b>\$ (207,135)</b>	<b>-8.47%</b>
<b>EDUCATION &amp; COMMUNICATIONS</b>				
Cynthia Krieg	\$ 100,000	\$ -	\$ (100,000)	-100.00%
Education	\$ 266,790	\$ 402,552	\$ 135,762	50.89%
Communications	\$ 174,914	\$ 199,180	\$ 24,266	13.87%
Cost Share	\$ 544,976	\$ -	\$ (544,976)	-100.00%
<b>Sub-Total</b>	<b>\$ 1,086,680</b>	<b>\$ 601,732</b>	<b>\$ (484,948)</b>	<b>-44.63%</b>
<b>RESEARCH &amp; MONITORING</b>				
Water Quality	\$ 675,354	\$ 876,877	\$ 201,523	29.84%
E-Grade	\$ 199,451	\$ -	\$ (199,451)	-100.00%
Lake Nokomis Project	\$ -	\$ -	\$ -	0.00%
Joint Watershed Research Grant	\$ -	\$ -	\$ -	0.00%
Aquatic Invasive Species Program	\$ 210,000	\$ 132,000	\$ (78,000)	-37.14%
Research & Monitoring General Operations	\$ -	\$ -	\$ -	
<b>Sub-Total</b>	<b>\$ 1,084,805</b>	<b>\$ 1,008,877</b>	<b>\$ (75,928)</b>	<b>-7.00%</b>
<b>Program &amp; Operations Subtotal:</b>	<b>\$ 6,218,308</b>	<b>\$ 5,528,063</b>	<b>\$ (690,245)</b>	<b>-11.10%</b>
<b>2018 REVENUE &amp; AVAILABLE FUNDS</b>				
Preliminary Levy	\$4,942,876	\$ 4,710,946	\$ (231,930)	-4.69%
Interest earned		\$ 65,000	\$ 65,000	0.00%
Grants and Partner Funds		\$ -	\$ -	0.00%
Reimbursements & other	\$58,462	\$ 158,462	\$ 100,000	171.05%
Balance available due to carry-forward	\$1,216,970	\$ 593,655	\$ (623,315)	-51.22%
<b>TOTAL REVENUE &amp; AVAILABLE FUNDS:</b>	<b>\$6,218,308</b>	<b>\$5,528,063</b>	<b>\$ (690,245)</b>	<b>-11.10%</b>

## 2018 Capital Projects and Debt Service Summary

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### **DRAFT** CAPITAL PROJECTS & DEBT SERVICE SUMMARY

<b>2018 EXPENSES</b>	<b>2017 Budget</b>	<b>2018 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
<b>CAPITAL PROJECTS</b>				
Capital Projects Total	\$ 3,177,776	\$ 6,223,326	\$ 3,045,550	95.84%
<b>DEBT SERVICE</b>				
Land Conservation	\$ 4,064,169	\$ 6,195,119	\$ 2,130,950	52.43%
<b>Capital Projects &amp; Debt Service Total:</b>	<b>\$ 7,241,945</b>	<b>\$ 12,418,445</b>	<b>\$ 5,176,500</b>	<b>71.48%</b>

<b>2018 REVENUE &amp; AVAILABLE FUNDS</b>	<b>2017 Revenue</b>	<b>2018 Revenue</b>	<b>\$ Change</b>	<b>% Change</b>
Preliminary Levy	\$4,372,410	\$ 5,023,528	\$ 651,118	14.89%
Interest earned		\$ -	\$ -	0.00%
Grants and Partner Funds	\$130,000	\$ 3,800,952	\$ 3,670,952	2823.81%
Reimbursements & other		\$ -	\$ -	0.00%
Balance available due to carry-forward	\$2,739,535	\$ 3,593,965	\$ 854,430	31.19%
<b>TOTAL REVENUE &amp; AVAILABLE FUNDS:</b>	<b>\$7,241,945</b>	<b>\$12,418,445</b>	<b>\$ 5,176,500</b>	<b>71.48%</b>

## 2018 MCWD Budget & Levy Summary

### DRAFT 2018 MCWD BUDGET SUMMARY

2018 EXPENSES	2017 Budget	2018 Budget	\$ Change	% Change
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Education	\$ 266,790	\$ 402,552	\$ 135,762	50.89%
Communications	\$ 174,914	\$ 199,180	\$ 24,266	13.87%
Cost Share	\$ 344,976	\$ -	\$ (344,976)	-100.00%
<b>Sub-Total</b>	<b>\$ 1,086,680</b>	<b>\$ 601,732</b>	<b>\$ (484,948)</b>	<b>-44.63%</b>
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Lake Nokomis Project	\$ -	\$ -	\$ -	0.00%
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<b>Sub-Total</b>	<b>\$ 1,084,805</b>	<b>\$ 1,008,877</b>	<b>\$ (75,928)</b>	<b>-7.00%</b>
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<b>TOTAL EXPENSES:</b>	<b>\$ 13,460,253</b>	<b>\$ 17,946,508</b>	<b>\$ 4,486,255</b>	<b>33.33%</b>
<b>2018 REVENUE &amp; AVAILABLE FUNDS</b>				
Preliminary Levy	\$9,315,286	\$ 9,734,474	\$ 419,188	4.50%
Interest earned	\$0	\$ 65,000	\$ 65,000	
Grants and Partner Funds	\$130,000	\$ 3,800,952	\$ 3,670,952	2823.81%
Reimbursements & other *	\$58,462	\$ 158,462	\$ 100,000	171.05%
Balance available due to carry-forward **	\$3,956,505	\$ 4,187,620	\$ 231,115	5.84%
<b>TOTAL REVENUE &amp; AVAILABLE FUNDS:</b>	<b>\$13,460,253</b>	<b>\$17,946,508</b>	<b>\$ 4,486,255</b>	<b>33.33%</b>