

MEMORANDUM

To: MCWD Board of Managers
From: David Mandt, Director of Operations and Support Services
Date: July 27, 2016
Re: 2017 Work Plans – Operations and Support Services Division

Purpose:

This memorandum provides a summary of all work plans under the Operations and Support Services Division including a brief description of program activities, a list of notable changes (>\$10,000) from the previous year's budget, and a summary of the overall budget and levy impact as compared to the previous year. Work plans summarized in this memo include the following:

- General Operations - Fund 1002
- Information Technology (IT) - Fund 1003
- Government Relations - Fund 1004

Summary:

Operations and Support Services Department

As a result of the Compensation and Classification study, the Operations and Support Services Department was created and implemented in 2015. The General Operations budget, as created and maintained under direct supervision of the District Administrator, has been included as a function of Operations and Support Services for purposes of workplan development and budget preparation. In addition to the General Operations budget, the Operations and Support Services Department have prepared workplans for Information Technology and Government Relations. This memo will highlight notable changes within these areas.

General Operations (1002)

General Operations encompasses Support Services staff salaries, benefits, manager expenses, meeting expenses, building operations and maintenance, insurance, manage professional services contracts, processing debt service, contracted services, human resources, accounting, auditing, equipment, supplies, furniture, trainings, bank fees, agency fees along with other smaller miscellaneous general operation expenses.

In 2014, staff worked with the Interim Administrator to consolidate areas of the budget previously spread across the departments, increasing transparency and reducing the administrative and accounting burden on departments. The 2017 General Operations budget will recommend to increase the personnel budget

and benefit budget. The 2017 personnel budget is proposed to increase 3% to accommodate cost of living. The 2017 benefit budget is recommended to increase 10% to plan changes to staff census as well as for rising healthcare premium expenses. As was discussed during the budget process, healthcare is negotiated annually, outside of the budget schedule. Therefore, 10% is utilized as a budget planning tool allowing staff to negotiate with providers.

Information Technology (1003)

The Information Technology (IT) fund was created in 2009 as a tool for tracking funds designated for District wide IT projects and initiatives. Annually, staff and District technology consultants create a work plan and a budget recommending both current and future items.

The 2017 Information Technology workplan shows no changes to the budget from 2016.

Government Relations (1004)

State and federal legislation has increased the roles and responsibilities of watershed districts significantly over the past few decades. The expectations of communities and residents about the role of watershed districts have also changed. In response, the MCWD partners with other likeminded organizations to seek legislation to provide for better management and protection of water and related natural resources and that maintains or strengthens the ability of the MCWD to implement programs and activities that more closely align authorities and resources needed to fully realize the District's long term goals. Some of these activities require legislative action and an experienced lobbyist to advance the interests of the District.

The 2017 Government Relations workplan shows no changes to the budget from 2016.

Notable Changes (>\$10,000) for 2017:

**Note. All changes listed below are specific line items within program or project areas that are proposed to change in 2017 by more than \$10,000. Line item changes within program areas greater than \$10,000 do not necessarily mean a change to the bottom line budget for that program. These changes may reflect a shift in emphasis or priority within a specific program without change to the program's total budget.*

Other line item specific changes below \$10,000 are not listed. The total proposed budget change in each program area (including those less than \$10,000) are depicted in the summary spreadsheet on the final page of this memorandum.

General Operations (1002)

- Benefits +\$38,464
 - For the purpose of budget planning the benefit budget is planned to increase 10%. Actual costs are typically negotiated outside of the District's budget schedule, a 10% increase as projected.

- Personnel Costs +\$10,478
 - For the purpose of budget planning the personnel budget is planned to increase 3%. Actual costs are a result of the annual performance appraisal process.

Information Technology Fund (1003)

***No changes

Financial Implications:

The table below is an executive summary of the proposed 2017 budget and levy as compared to 2016:

Program	2016 Budget	2016 Levy	2017 Budget	2017 Levy
Information Technology	\$101,063	\$101,063	\$101,063	\$101,063
Government Relations	\$37,000	\$37,000	\$37,000	\$37,000
General Operations	\$1,389,906	\$1,319,906	1,463,713	\$1,393,713
Total	\$1,527,969	\$1,457,969	\$1,601,776	\$1,531,776

The total combined budget for the Operations and Support Services Division for 2017 is \$1,463,713, which is an increase from 2016.

Impacts to the levy will be an increase to the General Operations budget based on estimates of a 3% increase to salaries (and related benefits) and a 10% increase to health benefits which the District has historically done every year to accommodate employee retention, changes in staff census, cost of living and rising costs in health benefits.

**MINNEHAHA CREEK WATERSHED DISTRICT
2017 RECOMMENDED WORK PLAN**

PREPARED BY: David Mandt

DATE: July 27, 2016

<u>Program</u>	Information Technology (1003)
<u>Summary</u>	The Information Technology Work Plan anticipates and implements technology based on the needs of the District. The Information Technology program collaborates with staff and consultants' to address areas of improvement; researching technology options, identifying inadequacies and efficiencies, developing solutions; implementing programs and making recommendations to the Board of Managers.
<u>Location</u>	District-wide
<u>Description</u>	<p>Background: The Information Technology Fund was created in 2009 as a tool for tracking funds designated for projects, working with consultants, defining and creating efficiencies related to District technology. Annually, staff and the District technology consultants create a work plan and a budget recommending both current and future items. The items are organized into three program elements surrounding the operation of District technology. Two of the categories focus on annual items: licenses, continuation of projects, equipment and general information technology. The third element focuses on projects recommended. Summary detail for each is included below.</p> <p>General IT (\$62,063) The Information Technology Fund for 2017 proposes to funding levels needed to assist with existing office functions, pay for consultants assisting the District with technology, as well as improve established programs.</p> <ul style="list-style-type: none"> • <u>Consulting Services</u> – The District has developed a team of consultants assigned to Information Technology needs for the MCWD. The consultants work under a contract through the District request for services policy. Several project specific consultants work with the District on identified project(s), and may or may not have a contract for service. • <u>Business Planning</u> – Staff recently met with Consultants to assess progress on 2016 initiatives and to identify the next steps in the strategic planning process. Highlights include: continuing to refine internal processes, utilizing current hardware and software capabilities currently in place and expanding capabilities based upon need. Staff will continue to receive training and assistance on business policies for organizing and storing data, including elimination of redundancies. Best management practices in the exchange environment will be implemented. Historical electronic data will continue to be audited and deleted, in accordance of the record retention schedule, or archived in the District's sophisticated archiving system, Laserfiche if applicable.

- Staff Training – The District provides regular technology training to new and existing staff. Training includes understanding the server environment; record retention; remote access; telephone features; VPN; mobile technology; electronic mail; technical hardware and equipment throughout the facility. The trainings are facilitated by both existing staff and consultants and include hand-out resources as well as interactive technology tours to familiarize staff with the various technology features throughout the building.
- Arc GIS and Internal Mapping
District staff have embraced the interactive mapping features provided by Arc GIS and the system is being used throughout the organization.
- Website
The 2017 IT workplan includes funds designated to maintain the District’s website, including training for staff and hosting of the site.

Equipment (\$39,000)

In 2017, the Information Technology fund has designated to replace existing equipment as part of a replacement schedule, as well as scheduled upgrades to existing technology.

- Computer Replacement and Updating of Equipment – The MCWD has a policy to replace of technology based upon the Minnesota State Auditor’s Office depreciation schedule guidelines. The policy covers items such as the District desktop computers, laptops, projectors, tablets and monitors. Staff receives an annual report from the District’s managed service provider, tracking the age of equipment, and coordinates the items to be purchased per the replacement schedule. Current policy defines the replacement schedule for a computer at five years and the District divides the number of computers into a five-year replacement cycle.

System Maintenance (\$0)

As part of the initial building planning, the team of consultants recommended that in the District budget for 2014 and beyond, 10% of the value of the total building’s technology system be placed in a contingency fund. The fund would allow the District to replace or upgrade existing hardware, software and labor projects that are not projected. The contingency would also allow for flexibility in the event that any additions or updates to the system are desired. Due to necessary budget cuts, this category has been removed.

2017 Budget Summary:

Activity/Expense	Budget
MCWD General IT	\$62,063
MCWD Equipment and Upgrades	\$39,000
MCWD System Maintenance and Needs	\$0
Total	\$101,063

**Goals/
Outcomes**

The Information Technology Work Plan strives to maintain the existing District technology environment while improving efficiencies through a programmatic

	approach. The desired end result is to provide reliable, timely service and to facilitate a process of ongoing efficiencies, creating stabilization for users throughout the District.
<u>Schedule</u>	On-going

Budget/Levy History

Year	Budget	Tax Revenue	Grants & Other Rev.	Expenditures	Transfer in/out	Carryover	Assigned Funds
2014	\$155,000	\$155,000	\$0	\$(90,000)	\$0	\$69,573	\$0
2015	\$174,000	\$174,000	\$0	\$(243,573)	\$0	\$0	\$110,698
2016	\$101,063	\$101,063	\$0	\$101,063	\$0	\$0	\$0
2017	\$101,063	\$101,063	\$0	\$(101,063)	\$0	\$0	\$0

*****Staff has developed an internal team to develop a strategic Information Technology Work plan which will be defining district wide technology initiatives and create a ranking to ensure that new initiatives will be useful across departments and have a district wide impact. The Information Technology fund has \$110,698 which is currently designated as assigned funds, the Staff I.T. Team is currently evaluating the fund for District Wide I.T. value, and will be providing a recommendation to the Board of Managers for use, reassignment for levy reduction or transfer to another fund later in 2016.**

Recommended 2017 Budget and Levy

Budget: \$101,063
 Levy: \$101,063

Detailed Budget:

Activity Code	Activity Name	Amount
4010	Wages	
4011	Wages-Overtime	
4018	Salary – Insurance Reimbursement	
4020	Payroll Tax Expense	
4035	Unemployment Reimbursement	
4040	PERA Expense	
4050	Benefits	
4060	Staff Mileage/Expenses	
4065	Staff Training	\$10,000
4066	Staff Tuition Benefit	
4110	Manager Per Diems	
4120	Manager Expenses	
4125	Manager Computer/Software	
4130	Manager Dues/Subscriptions/Internet	
4210	Office Supplies	
4215	Meeting Expense	
4220	Furniture & Fixtures	
4222	Vehicle Expense	
4230	Printing/Publishing/Postage	
4240	Telecommunications -Cell/internet	
4245	Special Events	
4247	High Water Restoration	
4248	FEMA Expense	
4250	Dues & Subscriptions	\$30,000
4265	Rentals-Building & Equipment	
4280	Insurance	
4292	Bank/Agency Fees	
4295	Other/Miscellaneous	\$10,000
4320	Contract Services	\$7,063
4330	Accounting & Auditing	
4340	Engineering/Consulting	
4350	Legal Expense	\$5,000
4390	CAC Expense	
4520	Monitoring/Lab Analysis/Inventories	
4530	Permit Acquisition	
4540	Property/Easement Acquisition	
4550	Construction	
4565	Property Management - CBRE	
4566	Tenant Relocation - CBRE	
4570	Equipment/Supplies	\$39,000
4575	Repairs/Maintenance	
4594	Debt Service-Principal	
4595	Debt Service-Interest	
4600	Grants/Awards/Loans - Given by MCWD	
4651	Issuance Cost	
4962	Office Bldg. Maintenance	
4963	Office Building Utilities	
	TOTAL	\$ 101,063

MINNEHAHA CREEK WATERSHED DISTRICT 2017 RECOMMENDED WORK PLAN

PREPARED BY: David Mandt

DATE: July 27, 2016

<u>Program</u>	Government Relations (1004)										
<u>Summary</u>	Funds are budgeted for government relations and legal services needed to assist in achieving MCWD legislative agenda and goals.										
<u>Location</u>	District-wide										
<u>Description</u>	<p>State and federal legislation has increased the roles and responsibilities of watershed districts significantly over the past few decades. The expectations of communities and residents about the role of watershed districts have also changed. In response, the MCWD partners with other likeminded organizations to seek legislation to provide for better management and protection of water and related natural resources and that maintains or strengthens the ability of the MCWD to implement programs and activities that more closely align authorities and resources needed to fully realize the District's long term goals. Some of these activities require legislative action and an experienced lobbyist to advance the interests of the District.</p> <p>The MCWD lobbyist works closely with the lobbyist from the Minnesota Association of Watershed Districts (MAWD) and other groups to advance the District's interests.</p> <p>2017 Budget Summary:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Activity/Expense</th> <th style="text-align: right;">Budget</th> </tr> </thead> <tbody> <tr> <td>Contracted Services</td> <td style="text-align: right;">\$28,996</td> </tr> <tr> <td>Legal</td> <td style="text-align: right;">\$8,500</td> </tr> <tr> <td>Misc.</td> <td style="text-align: right;">\$504</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">\$37,000</td> </tr> </tbody> </table>	Activity/Expense	Budget	Contracted Services	\$28,996	Legal	\$8,500	Misc.	\$504	Total	\$37,000
Activity/Expense	Budget										
Contracted Services	\$28,996										
Legal	\$8,500										
Misc.	\$504										
Total	\$37,000										
<u>Goals/Outcomes</u>	<ul style="list-style-type: none"> • Awareness of new or changes to legislation that may impact the MCWD. • Protection of District interests. • Passage of the District's legislative agenda. 										
<u>Schedule</u>	In 2016, the MCWD Board will submit items recommended to be added to the Minnesota Association of Watershed District's legislative platform. Prior to the 2017 Legislative session, the Board will adopt the District's any additional legislative initiatives.										

Budget/Levy History

Year	Budget	Tax Revenue	Grants & Other Rev.	Expenditures	Transfer in/out	Carryover	Assigned Funds
2014	\$31,410	\$30,173	\$454	(\$33,297)	\$2,399	\$0	
2015	\$37,000	\$42,450	\$0	(\$42,450)	\$0	\$0	
2016	\$37,000	\$37,000		(\$37,000)		\$0	

2017	\$37,000	\$37,000	\$0	(\$37,000)	\$0	\$0	\$0
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Recommended 2017 Budget and Levy

Budget: \$ 37,000

Levy: \$ 37,000

Detailed Budget:

Activity Code	Activity Name	Amount
4010	Wages	
4011	Wages-Overtime	
4018	Salary – Insurance Reimbursement	
4020	Payroll Tax Expense	
4035	Unemployment Reimbursement	
4040	PERA Expense	
4050	Benefits	
4060	Staff Mileage/Expenses	
4065	Staff Training	
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4295	Other/Miscellaneous	\$504
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4570	Equipment/Supplies	
4575	Repairs/Maintenance	
4594	Debt Service-Principal	
4595	Debt Service-Interest	
4600	Grants/Awards/Loans - Given by MCWD	
4651	Issuance Cost	
4962	Office Bldg. Maintenance	
4963	Office Building Utilities	
	TOTAL	\$37,000

DRAFT 2017 OPERATIONS & SUPPORT SERVICES BUDGET SUMMARY

Program	2016 Budget	2017 Budget
Information Technology	\$ 101,063	\$ 101,063
Government Relations	\$ 37,000	\$ 37,000
General Operations	\$ 1,389,906	\$ 1,463,713
Total	\$ 1,527,969	\$ 1,601,776

General Operations				
Activity/Expense	2016 Budget	Activity/Expense	2017 Budget	2016-2017 Proposed Change
Vehicles	\$ 18,000	Vehicles	\$ 20,000	\$ 2,000
Personnel Costs	\$ 349,273	Personnel Costs	\$ 359,751.19	\$ 10,478
Benefits**	\$ 384,641	Benefits**	\$ 423,105	\$ 38,464
Staff Expenses**	\$ 18,200	Staff Expenses**	\$ 18,200	\$ -
Manager Expenses**	\$ 51,450	Manager Expenses**	\$ 51,450	\$ -
Building and Operating Expenses**	\$ 137,300	Building and Operating Expenses**	\$ 144,165	\$ 6,865
Other/Misc Expenses**	\$ 4,700	Other/Misc Expenses**	\$ 4,700	\$ -
Contracted Services**	\$ 266,500	Contracted Services**	\$ 275,000	\$ 8,500
Insurance**	\$ 27,500	Insurance**	\$ 35,000	\$ 7,500
Debt Service**	\$ 131,342	Debt Service**	\$ 131,342	\$ -
CAC**	\$ 1,000	CAC**	\$ 1,000	\$ -
Subtotal	\$ 1,389,906	Subtotal	\$ 1,463,713	\$ 73,807
Information Technology				
Activity/Expense	2016 Budget	Activity/Expense	2017 Budget	2016-2017 Proposed Change
MCWD General IT	\$ 62,063	MCWD General IT	\$ 62,063	\$ -
MCWD Equipment and Upgrades	\$ 39,000	MCWD Equipment and Upgrades	\$ 39,000	\$ -
MCWD System Maintenance and Needs	\$ -	MCWD System Maintenance and Needs	\$ -	\$ -
Subtotal	\$ 101,063	Subtotal	\$ 101,063	\$ -
Government Relations				
Activity/Expense	2016 Budget	Activity/Expense	2017 Budget	2016-2017 Proposed Change
Contracted Services	\$ 28,996	Contracted Services	\$ 28,996	\$ -
Legal	\$ 7,500	Legal	\$ 7,500	\$ -
Misc.	\$ 504	Misc.	\$ 504	\$ -
Subtotal	\$ 37,000	Subtotal	\$ 37,000	\$ -
Operations & Support Services Total	\$ 1,527,969	Subtotal	\$ 1,601,776	\$ 73,807