MINNEHAHA CREEK WATERSHED DISTRICT
QUALITY OF WATER · QUALITY OF LIFE

MEMORANDUM

To: MCWD Board of Managers

From: David Mandt, Director of Operations and Support Services

Date: July 16, 2015

Re: 2016 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 2406

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 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 2015 budget reflects some of these changes, and within the 2016 budget it is recommended that the District's budget and accounting continue to adopt the best management practices

of similar government organizations.   Accordingly, staff is working with the District's consulting accountant, Redpath Ltd., to consolidate and streamline areas of the General Operations budget, thereby increasing clarity and transparency. One example specifically recommended in the 2016 budget is the consolidation of District vehicle and personnel budgets out of programs and into the General Operations budget. This is intended to increase accounting efficiency, alleviate miscodings, and improve the future planning, consistency and transparency of the General Operations budget.

IMPORTANT NOTE: The recommendations to consolidate and relocate areas of the budget out of programs and into General Operations will create zero overall impact to the District's budget.

Further details will be provided later through the budgeting process as staff synthesize and refine information for presentation to the Board of Managers.

The 2016 General Operations budget will recommended to increase the personnel budget and benefit budget.   The 2016 personnel budget is proposed to increase 3% to accommodate cost of living. The 2016 benefit budget is recommended to increase 10% to plan for rising healthcare premium expenses. As was discussed during the 2015 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 most noticeable change for the Information Technology program is a result of consolidation of various computer related items such as GIS and estimated Database project costs out of programs into the IT fund.

In addition, as outlined in the General Operations section above, personnel budgets historically allocated to the IT fund (Office Manager and Technical Support Services Specialist) will be reallocated to the General Operations fund (1002) to consolidate the District's personnel budget in one location. Again, these are simple relocations of budgeted line items and represents zero overall impact to the District's budget.

Government Relations (2406)

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 2016 Government Relations workplan shows no changes to the budget from 2015.

Notable Changes (>$10,000) for 2016:

*Note. All changes listed below are specific line items within program or project areas that are proposed to change in 2016 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)

- Payroll & Benefits   +$446,391
    - In 2016 personnel budgets historically located across programs, with the exception of two temporary positions created by the Board of Managers for limited term, will be consolidated within General Operations. The relocation of personnel budgets will have zero overall impact to the District's budget. The relocations include:
        - AIS → General Operations $152,954
        - Water Quality → General Operations $ 12,907
        - IT → General Operations $ 32,937
        - Permitting → General Operations $ 46,686
        - Planning → General Operations $ 12,907
        - Cost Share → General Operations $ 88,000
    - For the purpose of budget planning salary increases in non-compensation and class years are proposed to increase 3%. $70,000
    - 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. $30,000

- District Wide Vehicle Program   +$46,000
    - In 2016 District vehicle budgets (replacement, fuel, maintenance and repairs) historically located across programs will be consolidated within General Operations. The relocation of vehicle budgets will have zero overall impact to the District's budget. The relocations include:
        - Permitting → General Operations $15,000
        - AIS → General Operations $ 5,000
        - Water Quality → General Operations $18,000
        - Projects & Land Management → General Operations $ 8,000

Information Technology Fund (1003)
In 2016 Information Technology budgets historically located across programs will be consolidated within General Operations. The relocation of IT budgets will have zero overall impact to the District's budget. The relocations include:

- District-wide Database Project   +$39,200
  - Permitting → IT $10,000
  - Water Quality → IT $10,000
  - AIS → IT $ 3,700
  - Planning → IT $ 5,500
  - Project & Land Management → IT $10,000

- Arc GIS   +$ 5,000
  - Permitting → IT $5,000

- Website   +$10,500
  - Communications → IT $10,500

- Personnel   -$ 32,937
  - Personnel historically budgeted within IT relocated into General Operations

Financial Implications:

The table below is an executive summary of the proposed 2016 budget and levy as compared to 2015:

Program	2015 Budget	2015 Levy	2016 Budget	2016 Levy
Information Technology	$174,000	$174,000	$195,763	$195,763
Government Relations	$37,000	$37,000	$37,000	$37,000
General Operations	$2,628,526	$2,603,526	$3,053,407	$2,983,407
Total	**$2,839,526**	**$2,814,526**	**$3,286,170**	**$3,216,170**

The total combined budget for the Operations and Support Services Division for 2016 is $446,644 higher than the 2015 budget, primarily due to the consolidation of expenses out of program funds and into either the IT or General Operations funds for the purpose of streamlining the budget but has a net zero change to the overall budget.

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 cost of living and rising costs in health benefits.

MINNEHAHA CREEK WATERSHED DISTRICT
2016 RECOMMENDED WORK PLAN

PREPARED BY: Mandt/Scharlow   **DATE:** July 16, 2015

Program	Information Technology (1003)
Summary	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.
Location	District-wide
Description	**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. **General IT ($121,763)** The Information Technology Fund for 2016 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. • Consulting Services – 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. This line item also accounts for legal services pertaining to Information Technology. • Business Planning – Staff recently met with Consultants to assess progress on 2015 initiatives and to identify the next steps in the business 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. Contact databases will be rolled out to staff, 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. Additional expansions will increase efficiency in data management, and additional user licenses for consultants, board members and more staff to access the archives.

- Board Room Upgrades – Staff have been consulting with Consultants to continually refine the audio and video needs in the Board room. This includes routine maintenance, troubleshooting, identification of system flaws and researching available solutions. This will be on-going into 2016, with additional hardware and software purchases to increase interactivity between presenters and board members to allow for clearer understanding and promoting collaboration.

- District-Wide Database –The District's constituents have come to rely on the District to provide valuable information when assessing and designing new projects. As the demand for data increases, so does the need for efficiency and utilizing technology, alleviating hours of work to provide information quickly and accurately. In 2015 District Staff have identified a need for a District-wide Database, allowing users to create reports, track data and run queries to analyze, look for patterns and history with an easy and universal end user experience. This will allow departments to utilize years of research and information developed throughout the organization in projects moving forward, creating better integration of resources and allowing for a more holistic approach to create bigger, better impacts District-wide, benefitting the organization and its constituents.

- 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. Historically the costs of operations and maintenance of the Arc GIS system, as well as user licenses, have fallen within the Planning Department workplans. As this has become a valuable tool for all departments, the costs of providing it to all staff have been included in the IT budget instead.

- Website
The 2016 IT workplan includes funds designated for website development projects related to initiatives highlighted in discussions with consultants through an RFP process. Equipment and software for web streaming will be researched for educational presentations as well as community outreach initiatives, expanding the District's abilities to interact with the public. Web hosting costs are also being added as an IT function.

	Equipment ($54,000) In 2016, 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 four years and the District divides the number of computers into a four-year replacement cycle. **System Maintenance ($20,000)** 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. **2016 Budget Summary:** <table><tr><td>**Activity/Expense**</td><td></td><td>**Budget**</td></tr><tr><td>MCWD General IT</td><td></td><td>$121,763</td></tr><tr><td>MCWD Equipment and Upgrades</td><td></td><td>$54,000</td></tr><tr><td>MCWD System Maintenance and Needs</td><td></td><td>$20,000</td></tr><tr><td></td><td>Total</td><td>195,763</td></tr></table>
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.
Schedule	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	$0
2016	$195,763	$195,763	$0	$(195,763)	$0	$0	$0

Recommended 2016 Budget and Levy
Budget:　　　$195,763
Levy:　　　　$195,763

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	$66,763
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	$54,000
4575	Repairs/Maintenance	$20,000
4594	Debt Service-Principal	
4595	Debt Service-Interest	
4600	Grants/Awards/Loans - Given by MCWD	
4651	Issuance Cost	
4962	Office Bldg. Maintenance	
4963	Office Building Utilities	
	TOTAL	*$ 195,763*

MINNEHAHA CREEK WATERSHED DISTRICT
2016 RECOMMENDED WORK PLAN

PREPARED BY: Dave Mandt & Jen Scharlow   **DATE:** July 16, 2015

Program	Government Relations (2406)
Summary	Funds are budgeted for government relations and legal services needed to assist in achieving MCWD legislative agenda and goals.
Location	District-wide
Description	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 MCWD lobbyist works closely with the lobbyist from the Minnesota Association of Watershed Districts (MAWD) and other groups to advance the District's interests. **2016 Budget Summary:** <table><tr><td>**Activity/Expense**</td><td>**Budget**</td></tr><tr><td>Contracted Services</td><td>$28,996</td></tr><tr><td>Legal</td><td>$8,500</td></tr><tr><td>Misc.</td><td>$504</td></tr><tr><td>**Total**</td><td>**$37,000**</td></tr></table>
Goals/ Outcomes	• Awareness of new or changes to legislation that may impact the MCWD. • Protection of District interests. • Passage of the District's legislative agenda.
Schedule	In 2015, the MCWD Board will submit items recommended to be added to the Minnesota Association of Watershed District's legislative platform. Prior to the 2016 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	$37,000	$0	($37,000)	$0	$0	
2016	$37,000	$37,000		($37,000)		$0	

Recommended 2016 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	
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	
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4245	Special Events	
4247	High Water Restoration	
4248	FEMA Expense	
4250	Dues & Subscriptions	
4265	Rentals-Building & Equipment	
4280	Insurance	
4292	Bank/Agency Fees	
4295	Other/Miscellaneous	$504
4320	Contract Services	$27,996
4330	Accounting & Auditing	
4340	Engineering/Consulting	
4350	Legal Expense	$8,500
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	
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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*