COON CREEK WATERSHED DISTRICT  
Request for Board Action

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REQUEST
General discussion

BACKGROUND
In the past three to five years several events and trends have occurred which affected both the District’s budgeting, financial position and economic capacity. Most prominent in these events has been:

- Natural disasters such as the straight line winds and tornado which struck Sand Creek in both Coon Rapids and Blaine and required considerable tree removal to repair and prevent flooding upstream in Blaine.
- The GAAP and GASB requirements for Fund balance minimums and working capital.
- The advent of the ‘water quality age’, changes in precipitation, increases in construction costs and the costs of operation, maintenance and prevention

Attached are the short term and long term financial goals of the District as presented in the approved Comprehensive Plan.

The short term goals have basically served as budget guidelines for the past 3 to 5 years.

ISSUES/CONCERNS
Overall/Economic Guidelines
1. The financial needs of the District for long-term operation

2. A process that encourages strategic planning

3. Operational efficiencies

Fund Balances
4. Working capital balance of no less than 35% of planned General Fund expenditures

5. Emergency fund balances (Natural disasters and emergencies, public safety, facility management and information technology)
Revenue
6. Search for sustainable revenue sources

Expenditures
7. Review of the condition of capital equipment
8. Meeting immediate and long-term operational, staffing, infrastructure and facility needs
9. A management philosophy that actively supports the funding and implementation of Board of Manager policies and goals
10. Responsive to changing physical, social and management conditions, concerns and demands, and to do so in a cost-effective manner

RECOMMENDATION
General discussion and thoughts
Financial Goals

The following are the Board of Managers financial goals, used by District Staff while preparing their proposed operating budgets:

1. A commitment to a District Tax Capacity Rate to meet the needs of the District and positioning the District for long-term operation through the use of sustainable revenue sources and operational efficiencies.

2. A fiscal goal that works toward establishing the General Fund balance for working capital at no less than 35% of planned General Fund expenditures and the preservation of emergency fund balances (Natural disasters and emergencies, public safety, facility management and information technology) through targeting revenue enhancements or expenditure limitations.

3. A comprehensive review of the condition of capital equipment to ensure that the most cost-effective replacement schedule is followed.

4. A team approach that encourages strategic planning to meet immediate and long-term operational, staffing, infrastructure and facility needs.

5. A management philosophy that actively supports the funding and implementation of Board of Manager policies and goals, and a commitment to being responsive to changing physical, social and management conditions, concerns and demands, and to do so in a cost-effective manner.

Long Term Fiscal Objectives

The District Board and staff are committed to expending public resources in the most cost-effective and economical manner possible to ensure the stability of the District's basic services. In light of the current sporadic onset of levy limits, fiscal strategies will need to be constantly monitored to ensure a balanced approach in providing sufficient revenues to fund District services:

1. Employing a strategy aimed at reducing the District's reliance on the property tax levy to fund basic District services through “sustainable” revenue sources such as special revenues, user fees and fee-for-service transaction

2. The use of an appropriate cost accounting structure that will lead to the creation of individual cost centers for all District program activities to accurately reflect the true cost of providing specific services.

3. The development of work performance goals for each department to ascertain and measure how each operating program contributes to the District's mission.

4. The development of long-term financial models that identify
anticipated trends in community growth and financial resources, designate appropriate capital resources to future District needs, tracks per capita spending growth, and establishes a link between fiscal targets and budgetary expenditure goals.

5. The aggressive and appropriate investment of idle District funds to maximize the generation of interest income, while ensuring adequate cash flow requirements

6. Greater reliance on technology to enhance employee productivity in all areas of District operations and improve customer communications

7. The adoption of a financial philosophy that seeks to spread the cost of significant capital outlay expenditures over an extended period of time to ensure that current and future taxpayers share equally in underwriting the cost of significant public expenditures.

8. Involving all employees in the process of re-engineering the work environment by encouraging cross-training opportunities, reducing and eliminating bureaucratic barriers, streamlining public process requirements, and adopting private sector business values in District operations.

9. Continuously reviewing opportunities to form partnerships with the cities within the watershed and neighboring watershed management organizations to share services and equipment, jointly purchase equipment and develop strategies to deal with local issues using a regional approach