COON CREEK WATERSHED DISTRICT
Request for Board Action

MEETING DATE: July 8, 2019
AGENDA NUMBER: 20
ITEM: Preliminary Rough Draft 2020 Budget

AGENDA: Discussion

ACTION REQUESTED
Review and discuss

BACKGROUND
The Coon Creek Watershed District is required to develop and adopt an annual budget for the successive year by September 15 of each year.

The Coon Creek Watershed District is a governmental subdivision of the State of Minnesota. The watershed district is a special taxing district created and authorized under Minnesota statutes, Chapter 103D on May 28, 1959.

District Mission
To manage ground water and the surface water drainage system,

Mission Intent
To prevent property damage, maintain hydrologic balance and to protect water quality for the safety and enjoyment of citizens and the preservation and enhancement of wildlife habitat.

Goals
Mission Goals
1. To prevent property damage from flooding, erosion or degraded water quality
2. To ensure balance between inflow, outflow and storage of water
3. To protect and enhance water quality
4. To provide for multiple beneficial uses including the safety and enjoyment by the watershed’s residents
5. To preserve and enhance wildlife

Issue Goals
6. To minimize the harmful ecological, economic and human health impacts of aquatic invasive species (AIS).
7. To gather and disseminate weather data and climatic information, and provide meteorological expertise in support of Watershed water and related resource management decisions and weather related management activities.
8. To manage groundwater dependent ecosystems under the principles of multiple use and sustainability, while emphasizing protection and improvement of soil,
water and vegetation, particularly because of effects upon aquatic and wildlife resources.

**Management Priorities**

1. Prevent flooding
2. Improve water quality in impaired or impacted waters
3. Maintain and enhance water quality in waters that are not impaired.
BUDGET SUMMARY

The preliminary rough draft 2020 budget is $3,708,399. This preliminary rough draft is for discussion purposes only. The budget, at this point, is a -13% decrease from 2019. The property tax levy, for budget discussion purposes only, is $2.5 million dollars. This is a 4% increase over 2019.

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</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>3,014,119</td>
<td>3,014,449</td>
<td>2,405,941</td>
<td>2,478,119</td>
<td>2,478,119</td>
<td>2,577,244</td>
<td>-</td>
<td>2,577,244</td>
<td>4%</td>
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<tr>
<td>Fees &amp; Charges</td>
<td>129,860</td>
<td>323,140</td>
<td>214,600</td>
<td>231,030</td>
<td>214,124</td>
<td>240,271</td>
<td>(29,562)</td>
<td>210,709</td>
<td>-9%</td>
</tr>
<tr>
<td>Grants</td>
<td>52,002</td>
<td>126,223</td>
<td>469,099</td>
<td>1,256,728</td>
<td>976,620</td>
<td>714,551</td>
<td>180,882</td>
<td>895,433</td>
<td>-29%</td>
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<tr>
<td>Other Revenue</td>
<td>13,349</td>
<td>46,611</td>
<td>73,615</td>
<td>27,291</td>
<td>27,000</td>
<td>28,350</td>
<td>(3,350)</td>
<td>25,000</td>
<td>-8%</td>
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<tr>
<td>Fund Balances</td>
<td>2,062,557</td>
<td>2,273,831</td>
<td>1,040,225</td>
<td>262,849</td>
<td>262,849</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-100%</td>
</tr>
<tr>
<td></td>
<td>5,271,887</td>
<td>5,784,254</td>
<td>4,203,480</td>
<td>4,256,017</td>
<td>3,958,712</td>
<td>147,970</td>
<td>3,708,386</td>
<td>-13%</td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td>680,407</td>
<td>755,558</td>
<td>874,702</td>
<td>1,000,357</td>
<td>1,008,672</td>
<td>1,080,199</td>
<td>136,085</td>
<td>1,216,284</td>
<td>22%</td>
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<tr>
<td>Professional Services</td>
<td>148,923</td>
<td>263,532</td>
<td>248,114</td>
<td>249,907</td>
<td>254,410</td>
<td>264,586</td>
<td>(1,216)</td>
<td>263,371</td>
<td>5%</td>
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<tr>
<td>Operating Expenses</td>
<td>200,088</td>
<td>223,727</td>
<td>216,470</td>
<td>229,768</td>
<td>205,886</td>
<td>217,865</td>
<td>(41,887)</td>
<td>175,978</td>
<td>-23%</td>
</tr>
<tr>
<td>Program Costs</td>
<td>2,054,532</td>
<td>1,822,712</td>
<td>2,590,105</td>
<td>2,674,174</td>
<td>2,417,340</td>
<td>2,781,141</td>
<td>(836,288)</td>
<td>1,944,853</td>
<td>-27%</td>
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<tr>
<td>Capital Costs</td>
<td>134,996</td>
<td>43,750</td>
<td>84,001</td>
<td>64,492</td>
<td>26,902</td>
<td>34,250</td>
<td>63,664</td>
<td>97,914</td>
<td>52%</td>
</tr>
</tbody>
</table>

3,218,946 3,109,279 4,013,392 4,218,698 3,913,210 4,378,041 (679,641) 3,698,399 -12%

CHANGES AND INITIATIVES: REVENUE

The District has used six types of revenue:

1. Property Taxes
2. Special Assessments
3. Fees and Charges
4. Interest Income
5. Grants
6. Other Revenue

The initial preliminary draft allocates those revenue sources as follows.
Property Taxes: This is a 4% increase from property taxes levied in 2019. This amount should be tax payment neutral meaning individual property tax payments should remain the same or slightly decrease.

Special Assessments: There are no special assessments proposed for 2020 and there are no projects proposed that would either qualify for special assessments or where the administrative and overhead cost associated with the special assessment process isn’t larger than the cost of the project itself.

Fees and Charges: An approximate $20,321 (-2%) decrease is forecasted for fees and charges. The reason for the decrease is a slight expected decrease in the number of projects requiring a permit, the additional time and effort to account for and repeatedly bill applicants and the limits of the current fee structure.

Interest Income: In 2020 the District expects an approximate $3,000 (-7%) decrease in interest income due to purchase of the building and the resulting decrease in fund balance earning interest.

Grants: At present the District is expecting a -$361,295 (-8%) decrease in grant revenue from 2019. However, the District has applied for a 400,000 grant from the BWSR for the Middle Sand Creek Project. The District will not know if it will be awarded the grant until fall. Therefore the revenue is not included in the budget.

CHANGES AND INITIATIVES: EXPENDITURES
The District incurs five basic types of expenditures:
1. Salaries and Benefits
2. Professional Services
3. Operating Expenses
4. Program and Project Costs
5. Capital Equipment
Salaries: A $215,927 (22%) increase is proposed. This increase is driven by the following factors
   (1) Scheduled step increases for qualifying staff.
   (2) The request for three additional positions
      a. 2 Supervisor positions
         i. Water Quality
         ii. Regulation
      b. 1 technician position
         i. Operation & Maintenance

Professional Services: A $13,464 (5%) increase is proposed.

Operating Expenses: A $-53,790 (-23%) decrease from the 2019 budget is proposed. Most of this decrease stems from less maintenance than was anticipated.

Program Costs: A $719,335 (-27%) decrease is proposed. Most of this decrease stems from a decrease in needed ditch repair.

Capital Equipment: A $39,201 (57%) increase is proposed. The largest proposed purchases are replacement of the District’s GPS unit and purchase of additional furniture to facilitate use of the Community Room/Board Room

ISSUES/CONCERNS
Preliminary Rough Draft: Budget is preliminary. Due to the July 4 holiday, staff have not reviewed this draft, so some inaccuracies or oversights may exist. The budget
presented represents the priorities and needs identified and submitted to the Administrator by District staff.

**Budget Process**
The Board has three remaining meetings scheduled to review and discuss the 2020 budget. The table below indicates the Board meeting dates and the planned Board action to have an approval budget by the mid-September deadline.

<table>
<thead>
<tr>
<th>Date</th>
<th>Task</th>
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<tbody>
<tr>
<td>7/8</td>
<td>Board Review and Discuss Preliminary Rough Draft 2020 Budget</td>
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<tr>
<td>8/12</td>
<td>Approval of Draft Budget for Advisory Committee Review</td>
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<tr>
<td>8/26</td>
<td>Approve Public Notice for Budget Hearing</td>
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<td>9/9</td>
<td>Hearing on &amp; Adopt Budget</td>
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**Program Budgets:** The preliminary rough draft budget is a consolidated representation of District 2020 financial activity. Allocating these costs across District programs and activities will occur after approving the proposed consolidated budget enter rough draft form

**PRIOR DECISIONS**
5/13 Board adopted budget guidelines for developing 2020 budget

**OPTIONS**
1. Discuss and Receive preliminary budget as presented

2. Discuss and suggest changes to the budget and ask for the revised preliminary budget be brought back 7/22

3. Discuss and suggest changes to the budget and forward budget with revisions to rough draft stage for consideration at the 8/12 Board meeting.

4. Reject preliminary rough draft budget, provide specific direction to staff and direct them to return with revision 7/28

**RECOMMENDATION**
Discuss and suggest changes to the budget and forward budget with revisions to rough draft stage for consideration at the 8/12 Board meeting.