COON CREEK WATERSHED DISTRICT
Request for Board Action

MEETING DATE: April 27, 2015
AGENDA NUMBER: 5
ITEM: Budget Guidelines

POLICY IMPACT: Policy
FISCAL IMPACT: Budgeted

REQUEST
Adopt the Budget Guidelines.

BUDGET GUIDELINES
The following are Budget Development guidelines/financial goals presented in the
Comprehensive Plan and used by District Staff while preparing their proposed operating
budget, and presented with a brief description of the outcome of each guideline as part of
the budget process:

Budget Structure
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. Actively pursue local sponsorship and pursue projects that have local interest.

3. Balance the method of funding, with the costs of projects, so that the appropriate
degree of responsibility and risk is realized.

4. Each program and activity should be treated as a discrete budget entity for purposes of
assigning and distributing revenues and allocation of overhead

5. Ensure that no individual is forced to carry an extraordinary burden, or is short
changed with respect to services.

6. Fund sources with restrictions or explicit designated purpose should be managed
discretely to ensure proper stewardship and accountability to external sponsors on
accordance with accounting and regulatory policy and procedures

7. Institutional shared or "public good" costs should be distributed as overhead cost to
each program and activity on a reasonable and equitable basis

8. Make use of outside dollars to match or supplement funds generated within the
District
9. Relate the sources of funds to the services rendered

10. Use of fees as a funding mechanism is generally appropriate when the result is:
    • A more accurate and efficient assignment of costs to discrete funding sources
      internally and externally particularly when such services are used unevenly across
      time and the watershed
    • A more effective valuation of the demand for a particular service and a more
      efficient rationing of the use of such service.

**Capital Investments**

1. A comprehensive review of the condition of capital equipment to ensure that the most
cost-effective replacement schedule is followed. Equipment will be replaced on the
basis of a cost benefit analysis rather than a year-based replacement schedule

2. Ensure consistency, a full appreciation of both the costs and benefits of proposed
   capital investments, and raises the level of public understanding regarding the
   District’s public improvement processes;

3. Provide information on the fiscal impacts of capital investment plans on total District
   finances

**Collaboration**

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

2. Continue to work on developing and maintaining working relationships with: school
districts, county, cities; the goal being to reduce costs, improve service delivery and
be as efficient as possible

3. New collaboration opportunities must be a win-win for the participating parties

4. Opportunities for shared services and resources across programs and organizational
   boundaries should be aggressively pursued where feasible.

5. Rethink how we deliver existing basic District services and seek lower cost with
   increased productivity.

6. Seek city support in meeting the District's needs relative to flood control and
   maintenance and improvement of water quality. In particular how improvements to
   City and District stormwater infrastructure can help solve water management
   problems.

7. Sponsored or contractual activity performed for external entities should be fully
costed with direct and indirect expenses for the purpose of seeking full reimbursement
from the external entity in accordance with accounting and regulatory policy and procedures

**Fiscal**
1. Assure District financial stability through cost effective service
2. Don’t commit dollars today that will commit the District to unsustainable future expenses
3. Explore new revenue streams
4. Focus spending on District needs; Wants need to be supported by new or redirected sustainable revenues.

**Level of Service Delivery**
1. Continually review our process to reduce unnecessary or unwanted service deliveries
2. Determine if the District should reduce maintenance of ditches not used or usable for cost savings; Focus maintenance on 3rd, 4th and 5th order streams
3. Pursue paperless opportunities whenever possible
4. Review District relationships with the cities to help provide exceptional service to the District

**Multi-Year Planning**
1. Ensure that District priorities are reflected in the capital investment plans of each program; to provide a consolidated financial picture of anticipated expenditures and outline recommended funding strategies to underwrite anticipated capital improvements
2. Maintain a current 5 year budget plan shaped to optimize the investment of limited resources to meet program priorities, both current and long-term
3. Effectively plan for public improvements that support District needs in the areas of private development infrastructure, transportation, public safety, parks and recreation, utilities, and commercial/industrial growth through fiscally responsible economic development initiatives.

**Operating Reserve**
1. 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.
2. Discrete reserve funds should be used in addition to general operating reserves to effectively plan for the renewal and/or replacement of specific functions, facilities and equipment.

3. Operating budgets or specific budget policies should be adjusted as necessary to maintain an adequate, but not excessive level of reserves.

4. Provide for periodic use and replenishment of reserves to enable one-time strategic investments for both short-term and long-term District needs.

5. Reserves are an appropriate and useful source of funds to ensure long-term stability of an operating unit’s financial operations and to enable timely priority investments. Although strong reserve balances are a sign of fiscal health, such balances should be managed strategically to enable limited term priority investments that cannot be met through annual operating budgets.

**Prioritizing Use of Resources**

1. Align the use of resources with priority budget needs and redistribute resources as needed to ensure limited resources meet highest priority needs.

2. District will prioritize capital funding and rehabilitation based on position in the watershed, and effective role in conveying, retaining, or detaining water.

3. The District prioritize other budgetary needs relative to the District's mission statement and stated priorities.

4. The District will place its highest program budget priority on addressing those issues in the watershed that pose threats to the public health, and safety.

5. The District will prioritize the maintenance of the drainage system based on stream order and volume of flow.

**Staffing**

1. Budget for all authorized positions.

2. Evaluate and include funding for 2 new positions. One to assist in permit review, inspections and enforcement; One to assist in Operations and Maintenance and Asset Management.

3. Discuss employee salaries and the review process with the budget development process.

4. Include a 3% step change for the three employees who qualify.
5. Employer health care contributions are to be maintained at an employer ratio of 76% of the low end family coverage and 100% of the single coverage.

6. Premiums for health insurance are expected to increase by 5% due to market conditions.

7. Include a review of position based salaries to confirm competitiveness with other government entities.

**Stewardship**

1. 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.

2. Changes in priorities and/or growth in a particular area should be addressed first through substitution or reallocation where feasible in order to minimize the demand for additional resources.

3. Program budget priorities should be allocated and applied in a manner consistent with current program budget priorities.

4. Program budget priorities should be generally aligned and substantially consistent with District priorities. A balance should be maintained between prioritizing District needs and benefits with program needs and benefits.

5. Restricted resources should be used for their intended purpose prior to using unrestricted resources for the same purpose.

6. Review Storm Water regulations to achieve cost savings at the local level and help avoid duplicative regulatory enforcement by another governing body.

7. The District and operational programs will maintain balanced operating budgets within the budget period and over the long-term.

8. The District will continue to support and fulfill its role in providing and coordinating agricultural drainage.

9. The District will use its hydrologic model to forecast the potential threats to the public health, and safety from flooding for budget purposes.

10. To use revenues which are consistent with the District's mission statement and responsibility for the watershed as a whole.

11. To use revenues which justify the cost of collection and administration.
RECOMMENDATION
Discuss the Budget Guidelines