

COON CREEK WATERSHED DISTRICT Request for Board Action

MEETING DATE: March 24, 2025
AGENDA NUMBER: 6
ITEM: Administrator's Report

AGENDA: Consent

REQUESTED ACTION:
Receive report.

ADMINISTRATOR'S EVALUATION

Upcoming Board Considerations

- 4/14 Fee study
- 4/14 Draft Sunrise x Coon Creek Boundary correction
- 4/28 Economic forecast and Revenue estimates

District Capacity and Capability

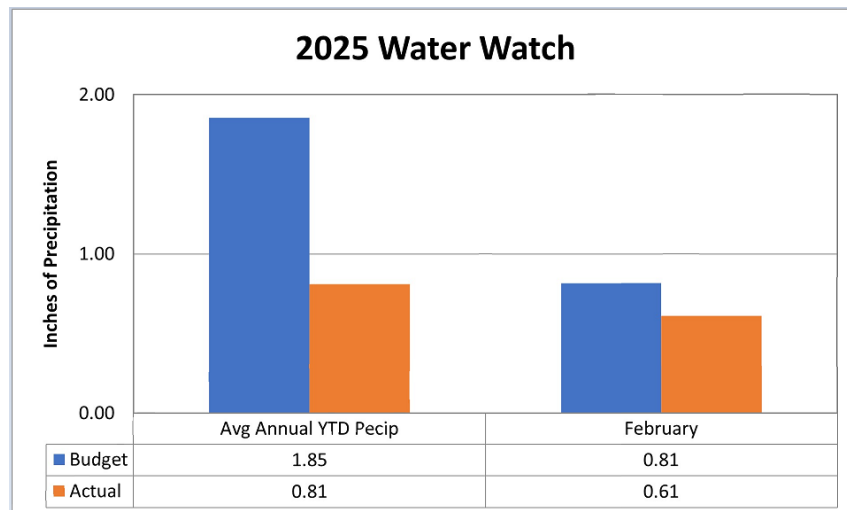
The District possesses the required resources and is trained to undertake most of its legislative mission for which it is organized or designed. The District can accomplish most required tasks to the required standard under most conditions.

MANAGEMENT SITUATION

Natural Environment

The District averaged **0.6 Inches** of precipitation in the month of February. This puts the District *0.2 inches* (25%) below average for the month and *1.0 inches* (56%) below for the year.

The spring flood risk is below average due to an overall lack of snowpack and dry soils. Frost depth is above average for this time of year, which could hinder infiltration if large melt or precipitation events occur.



Economic Environment

Budget Forecast

The February budget forecast was released on March 6. The FY 2026-27 projected budget balance is now \$456 million, \$160 million lower than prior estimates. Higher forecast inflation results in increases in projected revenues and expenditures. Spending growth outpaces revenue growth through projections for fiscal year 2029. The projected general fund shortfall for the FY 2028-29 biennium is now \$5.995 billion, \$852 million worse than November estimates. Shifting policies at the federal level introduce significant uncertainty to the projections.

Clean Water Fund

The Minnesota Department of Revenue has discovered an error in the distribution of lottery gross receipts tax revenue from FY 2010 through FY 2024. This error resulted in Minnesota's four legacy funds receiving \$31.7 million in sales tax revenue that should have been distributed to the general fund over this 15-year period.

Minnesota has a sales tax rate of 6.875%, with 6.5% attributable to the general fund and 0.375% attributable to the legacy funds. Lottery tickets are subject to a 6.5% gross receipts tax in lieu of these sales taxes. However, the Department of Revenue incorrectly interpreted the lottery revenues as sales tax revenues, rather than gross receipts tax revenues, resulting in the agency distributing the funds as if the additional 0.375% applied. As a result, \$31.7 million was erroneously deposited into the four legacy funds over the past fifteen years.

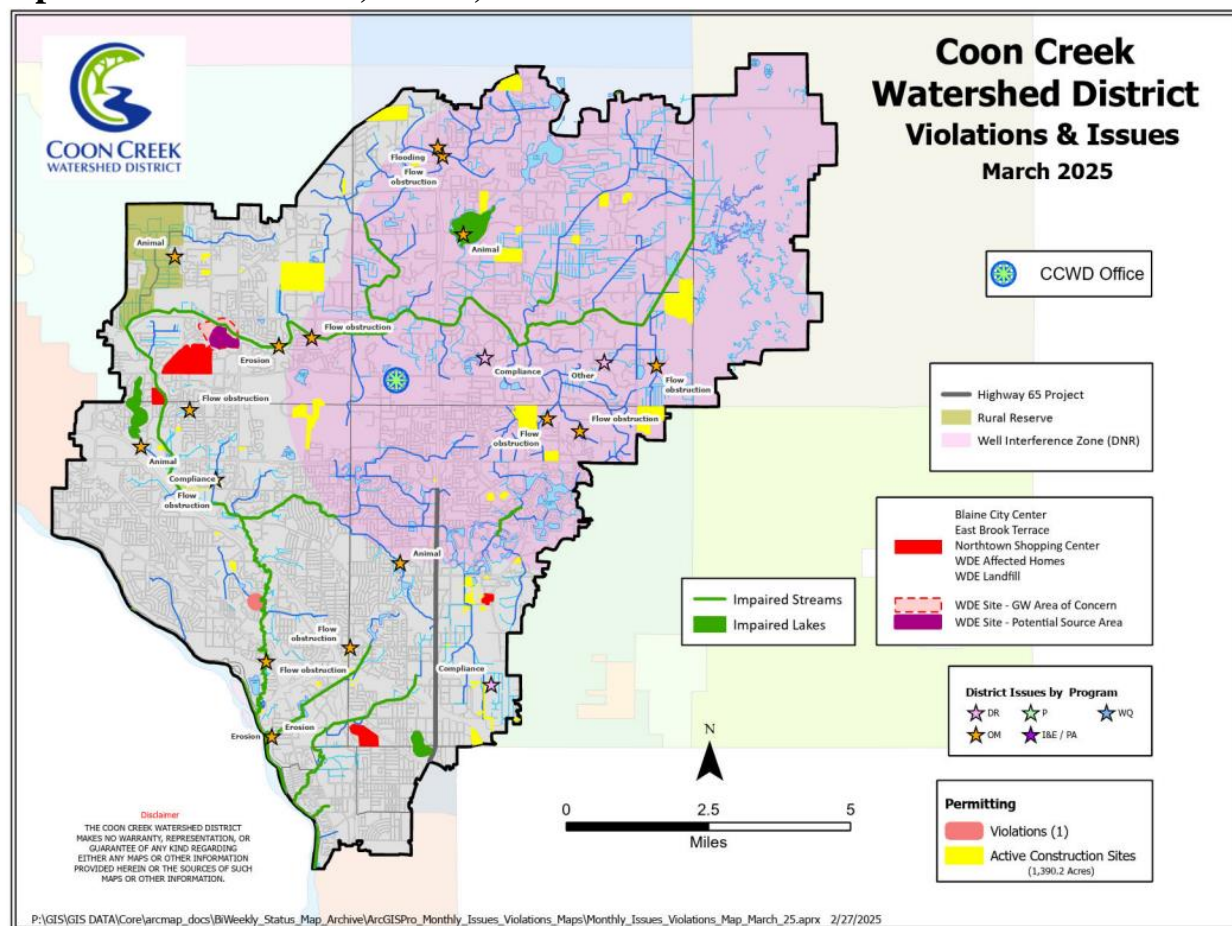
With this projection, we will need to keep an eye on the Clean Water Fund, especially funding for watershed-based implementation. The Clean Water Council's CWF recommendation for FY26-27 was \$310M. With the new forecast, the CWF will be reduced by \$6.8M.

Management Environment

Agency	Status
Federal Government	<ul style="list-style-type: none">• The federal government is operating under a continuing resolution (CR) that will expire March 14
Minnesota Legislature	<ul style="list-style-type: none">• Deadlines for committee action on bills• 1st and 2nd deadline – April 4 committees must act favorably on<ul style="list-style-type: none">○ Bills in the house of origin."○ Bills, or companions of bills, that met the first deadline in the other house• 3rd deadline - April 11, committees must act favorably on<ul style="list-style-type: none">○ major appropriation and finance bills• Constitutional adjournment date is May 19
MN Legislature - House	<ul style="list-style-type: none">• HF 8. Workforce, Labor, and Economic Development Finance and Policy committee. Committee adopted amendment and referred to Ways & Means. No hearing scheduled.

MN Legislature - Senate	<ul style="list-style-type: none"> Senate File 577 no hearing scheduled before Senate Environment, Climate and Legacy committee
BWSR	<ul style="list-style-type: none"> Meeting scheduled for March 26
Clean Water Council	<ul style="list-style-type: none"> February 24th held private conversation with Chair, committee Administrator and BWSR Assist Director on funding & permitting
Department of Natural Resources	<ul style="list-style-type: none"> Met with Commissioner Strommen 2/19 – Willing to discuss permit efficiency. No date no contact since.
Minnesota Pollution Control Agency	<ul style="list-style-type: none"> Suggested a potential pilot study on permitting
Minnesota Association of Watersheds (MAWD)	<ul style="list-style-type: none"> Has draft permit Efficiency legislation. Discussing MS 15.99 amendments

Operational Problems, Issues, and Concerns



Collaborator Actions Capacity and Capability

Collaborator	Description
Anoka Conservation District	<ul style="list-style-type: none"> Preparing for 'Convene' meeting.
Anoka County	<ul style="list-style-type: none"> Parks: Access agreement for Pleasure Ck was executed Highways: Offered high praise for the District's Watershed Development program concerning new inspection form and education efforts to staff and contractors
Andover	<ul style="list-style-type: none"> Involved in enforcement litigation concerning drainage and utility easement on infiltration basin.
Blaine	<ul style="list-style-type: none"> The City Administrator Michelle Wolf is retiring the end of June. A national search for her replacement has started.
Columbus	<ul style="list-style-type: none"> Has appointed a newly elected Council member to follow Coon Creek WD.
Coon Rapids	<ul style="list-style-type: none"> Interviewed candidates for water resource specialist position.
Fridley	<ul style="list-style-type: none"> Has provided suggestions for Joint Training on storm water
Ham Lake	<ul style="list-style-type: none"> No report
Spring Lake Park	<ul style="list-style-type: none"> Has reserved the purchase of a street sweeper, to be purchased, in part, with District grant
Crooked Lake Area Assoc	<ul style="list-style-type: none"> No report
Ham Lake Lake Assoc	<ul style="list-style-type: none"> No report

STAFF ACTIVITIES

Strategic Management Activities

- 1) **Goal: Request Legislature allocates more money to achieve TMDL by 2045:** Spoke at February Legislative briefing to Directors of BWSR, DNR and PCA on permitting problem and 2045 deadline. Agencies offered to extend discussions. Staff has draft legislative language for a pilot study to work through permitting when E&T species are involved
- 2) **Goal: To Stage TMDL deadline:** Above
- 3) **Goal: To differentiate water resources:** Not optimistic. Prognosis is guarded
- 4) **Goal: To keep Comp Plan current:** Staff developed work plan to update CIP. Began annual review and assessment

Special Projects

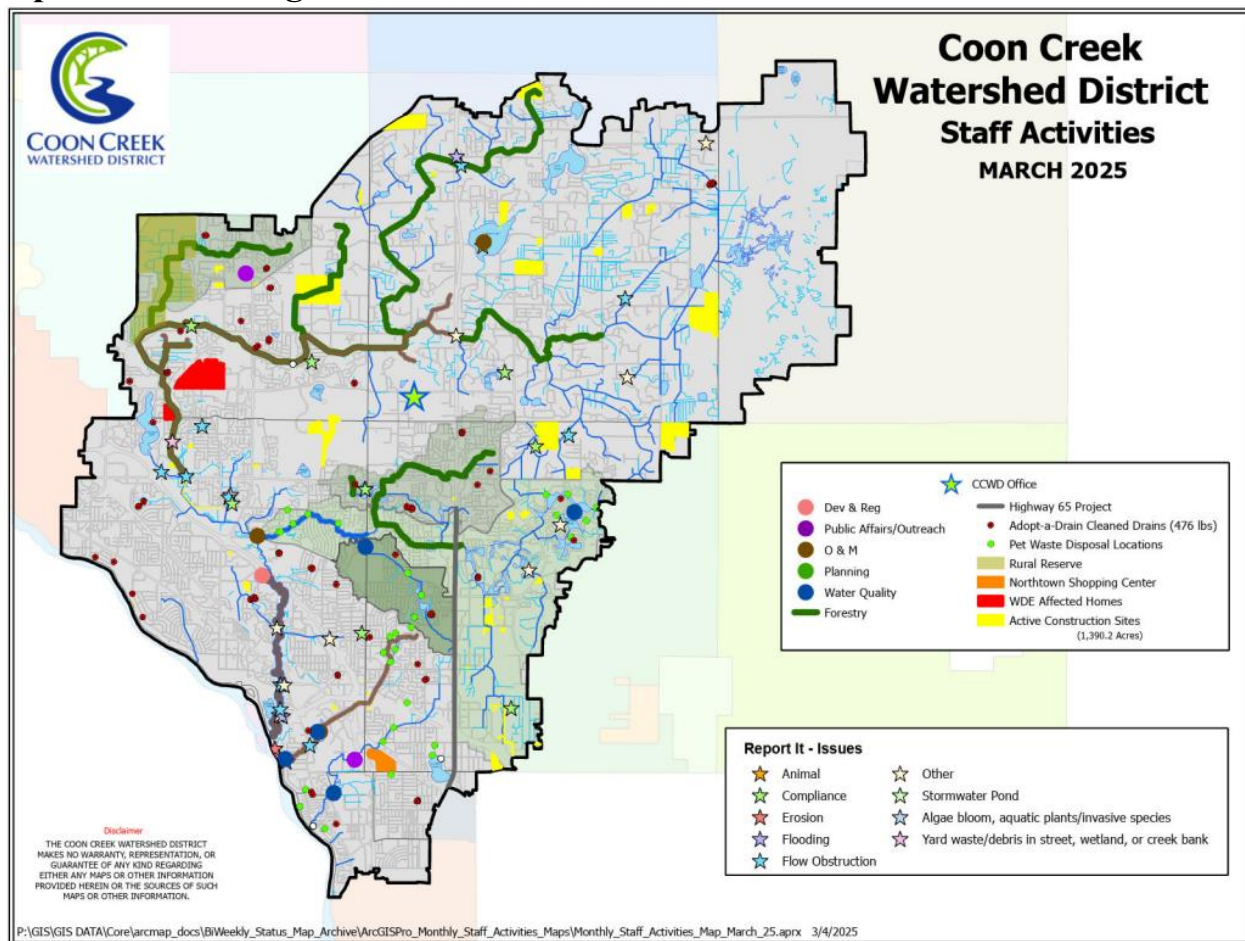
2024 Audit: Entrance meeting 2/26/25. Estimated time of completion is April to meet the statutory deadline

Jacon Bankruptcy: The 2022 Pleasure Creek South Filter final payment and project closeout was delayed due to the contractor filing for bankruptcy. The bankruptcy case has been dismissed, and project surety is settling claims. The project surety has agreed to submit an acceptable final payment application soon to close out the project.

MAWA Legislative Meeting: On March 21 the membership met in St Cloud to review and identify issues, and develop legislative platforms.

Personnel Manual: conducting final review.

Operations Management Activities



DISTRICT CAPACITY AND CAPABILITY

Equipment:

- Water quality equipment purchases scheduled for March

Facilities & Installations:

- South Pleasure Creek Filter: Failed pump is being replaced
- Epiphany Creek Filter: Wash out adjacent to filter and pump has been repaired

Staffing:

- Compliment: The District is at 86% staffing
- Vacancies/New Hires: District has two vacancies.
 1. Administrative assistant position closed. Interviews scheduled
 2. Information Coordinator position has been reallocated to a natural resource specialist position which will serve Public and Governmental Affairs, Watershed Development and Water Quality with occasional float to O&M.

Sustaining:

- Health: A few colds and sick children. Generally OK.

Training:

- Investigating MS4 joint training package. MPCA has stated that all training must be tailored to each specific MS4. The rules do not state that. Staff is investigating options.

Financial Position:

Coon Creek Watershed District CCWD - Budget Report

As of Date:

02/28/2025

	Year Ending 12/31/2025	Year To Date 02/28/2025			
	CCWD 2025 Budget	CCWD 2025 Budget	Actual Expenses YTD	Variance YTD	
Revenue					
Property Taxes	6,189,240.00	1,031,540.00	0.00	1,031,540.00	-100%
Fees & Charges	298,423.00	49,738.00	16,174.32	33,563.68	-67%
Grants	2,566,549.00	427,760.00	0.00	427,760.00	-100%
Other Revenue	115,000.00	19,166.00	34,265.06	(15,099.06)	79%
Total Revenue	9,169,212.00	1,528,204.00	50,439.38	1,477,764.62	-97%
Expense					
Salaries & Benefits	2,414,928.00	402,490.00	416,755.08	(14,265.08)	4%
Professional Services	489,487.00	81,582.00	29,778.79	51,803.21	-63%
Operating Expenses	314,577.00	52,430.00	36,028.78	16,401.22	-31%
Program Expense	5,864,452.00	977,422.00	453,739.29	523,682.71	-54%
Capitalized Expenses	198,174.00	33,034.00	33,361.47	(327.47)	1%
Total Expense	9,281,618.00	1,546,958.00	969,663.41	577,294.59	-37%

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Coon Creek Watershed District Cash Balance

As of Date:

02/28/2025

	Escrow Fund	General Fund	All Funds
	Month Ending 02/28/2025	Month Ending 02/28/2025	Month Ending 02/28/2025
Cash and Cash Equivalents			
Cash	1,642,995.12	(1,682,939.39)	(39,944.27)
Petty Cash	0.00	250.00	250.00
Investment Account	5,070.00	4,098,193.30	4,103,263.30
Total Cash and Cash Equivalents	1,648,065.12	2,415,503.91	4,063,569.03

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February started with an operational fund balance of approximately \$3,051,417.28

Change in net cash position was -\$635,913.37

Balance of the escrow trust fund is \$1,657,230.12

One month into the fiscal year, the budget variance is -%60 less than planned