



Title: 2021 Budget Discussion

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Purpose:

At the April 23, 2020 Planning and Policy Committee (PPC) Meeting, staff will initiate the 2021 budget process by:

- Providing an overview of the preliminary 2021 budget-levy projection
- Delineating the 2021 budget planning process and timeline
- Obtaining feedback from the Committee regarding the 2021 budget-levy projection

Background:

In 2015, the Minnehaha Creek Watershed District (MCWD or District) initiated a strategic planning process to focus and align the organization. Through this process, the MCWD Board of Managers implemented a series of fiscal measures to carefully manage the District's levy, while maintaining high quality mission aligned output and service. Those actions include:

- Aligning program budgets with organizational priorities
- Making strategic reductions and implementing operational efficiencies
- Right-sizing, aligning and investing in human resources
- Strengthening partnerships for capital project financing
- Securing increasing levels of outside funding
- Restructuring existing capital project debt
- Reallocating funds from initiatives delivered under budget to capital projects

That work has positioned MCWD well for the 2021 fiscal year, in the face of economic uncertainties related to COVID-19.

Preliminary 2021 Budget-Levy Projection:

Current projections for 2021 show a balanced budget of \$14,778,214, supported by a flat District levy of \$9,675,993. Relative to 2020, these preliminary 2021 projections represent a decrease in budgeted expenditures of (\$571,963) or -4%, and a 0% change in the District's levy (*Table 1*).

At the top level, the District's budget is comprised of:

- Operations
- Programs
- Capital Finance (debt service)
- Capital Improvement Projects

The projected 2021 budget reduction is largely attributed to reductions within Operations (-19%) and Programs (-5%). Reductions in Operations are associated with the completion of one-time investments within 2020, such as information technology and maintaining the District's office building, that are being reduced or eliminated in 2021. Reductions in Programs are attributed to sun-setting strategic initiatives and improved program focus.

The District's Capital Project budget is projected to increase 1%, and scheduled debt service for completed capital projects will essentially remain flat in 2021.

Table 1

EXPENSES	2020	2021	2020-2021 Δ	% Change
Operations	\$2,037,889	\$1,648,795	\$ (389,094)	-19%
Programs	\$4,600,757	\$4,364,020	\$ (236,737)	-5%
Capital finance (debt service)	\$2,750,000	\$2,742,619	\$ (7,381)	0%
Capital projects	\$5,961,531	\$6,022,780	\$ 61,249	1%
TOTAL	\$15,350,177	\$14,778,214	\$ (571,963)	-4%

REVENUE	2020	2021	2020-2021 Δ	% Change
Preliminary 2021 levy	\$9,675,993	\$9,675,993	\$ -	0%
Assigned fund balance (projects)	\$2,371,820	\$3,544,786	\$ 1,172,966	49%
Unassigned fund balance	\$917,938	\$569,995	\$ (347,943)	-38%
Grants and partner funds	\$2,215,206	\$818,220	\$ (1,396,986)	-63%
Interest, permit fees, reimbursements	\$169,220	\$169,220	\$ -	0%
TOTAL	\$15,350,177	\$14,778,214	\$ (571,963)	-4%

A more detailed summary of changes within operations and programs is included in the Attachment 1.

April 23, 2020 Meeting:

At the April 23, 2020 PPC, staff will provide a summary overview of:

- The 2021 budget projection
- Operations, Programs, Capital Finance and Capital Projects
- Current working assumptions
- Preliminary evaluation of 2020 cash flow

The Committee will be asked to provide feedback regarding:

- The preliminary budget-levy projection
- Areas of interest and concern for subsequent meetings
- 2021 budget process and schedule (Attachment 2)

Attachments:

1. Attachment 1 – Operations and Programs Summary

DRAFT 2021 Operations and Programs Summary by Fund

Fund Code	Program/Fund	Budget History				2020 Carryover Detail							2021 Budget and Revenue			2020-2021 Budget Change		Notes
		2018 Budget	2018 Actual	2019 Budget	2019 Actual	2019 EOY Balance	2020 Budget	2020 Estimated Expenditures	2020 Levy	2020 External Revenue ¹	Assigned (carried to future years)	2020 Carryover (transferred to CIP)	2021 Budget	2021 External Revenue ¹	2020 Revenue Needs	\$ Change	% Change	
1002	General Operations ²	\$ 1,226,730	\$ 1,243,611	\$ 1,205,802	\$ 1,098,544	\$ 1,242,907	\$ 1,158,557	\$ 1,080,872	1,088,557	\$ 70,000	\$ 1,623,829	\$ (303,237)	\$ 1,214,545	\$ 70,000	\$ 1,144,545	\$ 55,988	5%	Increase due to scheduled vehicle replacement and personnel per District pay plan
1003	Information Technology	\$ 176,700	\$ 124,942	\$ 265,000	\$ 302,276	\$ 82,713	\$ 465,332	\$ 407,000	465,332	\$ -	\$ -	\$ 141,045	\$ 339,250	\$ -	\$ 339,250	\$ (126,082)	-27%	Reduced due to 2020 one-time website costs, and reduction in strategic IT plan needs in 2021
1XXX	Facility Improvements						\$ 414,000	\$ 414,000	\$ 414,000	\$ -	\$ -	\$ -	\$ 95,000	\$ -	\$ 95,000	\$ (319,000)	-77%	Reduced due to 2020 completion of campus improvements. Budget included for furnace replacement and interior space improvements.
	Operations Subtotal	\$ 1,403,430	\$ 1,368,553	\$ 1,470,802	\$ 1,400,820	\$ 1,325,620	\$ 2,037,889	\$ 1,901,872	\$ 1,967,889	\$ 70,000	\$ 1,623,829	\$ (162,192)	\$ 1,648,795	\$ 70,000	\$ 1,578,795	\$ (389,094)	-19%	
2001	Permit Administration	\$ 663,607	\$ 622,287	\$ 609,966	\$ 674,400	\$ -	\$ 700,822	\$ 687,618	612,822	\$ 88,000	\$ -	\$ 13,204	\$ 727,209	\$ 88,000	\$ 639,209	\$ 26,387	4%	Increase due to personnel per District pay plan
2007	Rule Revisions	\$ -	\$ -	\$ 40,000	\$ 17,953	\$ 22,047	\$ 65,000	\$ 65,000	65,000	\$ -	\$ -	\$ 22,047	\$ -	\$ -	\$ -	\$ (65,000)	-100%	Reduced since scope of rule revisions were budgeted for in 2020
	Permitting Subtotal	\$ 663,607	\$ 622,287	\$ 649,966	\$ 692,353	\$ 22,047	\$ 765,822	\$ 752,618	\$ 677,822	\$ 88,000	\$ -	\$ 35,251	\$ 727,209	\$ 88,000	\$ 639,209	\$ (38,613)	-5%	
2002	Planning & Projects	\$ 912,310	\$ 869,226	\$ 1,024,491	\$ 975,160	\$ 17,487	\$ 1,080,804	\$ 1,030,603	1,080,804	\$ 20,000	\$ -	\$ 87,688	\$ 1,106,932	\$ -	\$ 1,106,932	\$ 26,128	2%	Reduction in Painter Creek planning budget. Increase in personnel per District pay plan
2003	Project Maint. & Land Mgmt	\$ 754,198	\$ 488,121	\$ 814,296	\$ 624,764	\$ 179,676	\$ 854,762	\$ 747,312	854,762	\$ -	\$ -	\$ 287,126	\$ 869,802	\$ -	\$ 869,802	\$ 15,040	2%	Increase due to personnel per District pay plan
	Planning & Projects Subtotal	\$ 1,666,508	\$ 1,357,347	\$ 1,838,787	\$ 1,599,924	\$ 197,163	\$ 1,935,566	\$ 1,777,915	\$ 1,935,566	\$ 20,000	\$ -	\$ 374,814	\$ 1,976,733	\$ -	\$ 1,976,733	\$ 41,167	2%	
4001	Cynthia Krieg	\$ -	\$ 1,250	\$ -	\$ 1,000	\$ 5,721	\$ -	\$ -	0	\$ -	\$ 5,721	\$ -	\$ -	\$ -	\$ -	\$ -	0%	Program has been eliminated
4002	Outreach	\$ 624,257	\$ 426,655	\$ 767,797	\$ 458,638	\$ 89,991	\$ 701,320	\$ 548,264	701,320	\$ -	\$ -	\$ 243,047	\$ 597,680	\$ -	\$ 597,680	\$ (103,640)	-15%	Reduction due to change in staffing and refocused program
4005	Cost Share	\$ -	\$ 256,465	\$ -	\$ 119,966	\$ 496,702	\$ -	\$ -	0	\$ -	\$ 496,702	\$ -	\$ -	\$ -	\$ -	\$ -	0%	Grant program has been eliminated. Funds held assigned for existing encumbrances
	Outreach Subtotal	\$ 624,257	\$ 684,370	\$ 767,797	\$ 579,604	\$ 592,414	\$ 701,320	\$ 548,264	\$ 701,320	\$ -	\$ 502,423	\$ 243,047	\$ 597,680	\$ -	\$ 597,680	\$ (103,640)	-15%	
5001	Research & Monitoring	\$ 841,462	\$ 801,257	\$ 711,018	\$ 662,178	\$ 73,849	\$ 1,017,049	\$ 941,996	961,049	\$ 56,000	\$ -	\$ 148,902	\$ 839,898	\$ -	\$ 839,898	\$ (177,151)	-17%	Reduced due to 2020 costs associated with RESNET not needed in 2021, and sunset of other initiatives
5005	GIS	\$ 132,000	\$ 91,707	\$ 80,000	\$ 69,827	\$ 10,173	\$ 80,000	\$ 80,000		\$ -	\$ -	\$ (69,827)	\$ -	\$ -	\$ (80,000)	\$ (80,000)	-100%	Program being considered for elimination in 2021
5007	Six Mile Creek-Halsted Bay Carp Mgmt	\$ 126,500	\$ 57,562	\$ 132,000	\$ 249,485	\$ -	\$ 101,000	\$ 101,000		\$ 101,000	\$ -	\$ -	\$ 51,000	\$ 51,000	\$ -	\$ (50,000)	-50%	Reduced spending in 3rd year of LSOHC grant
500X	LCCMR Watershed Model Grant												\$ 171,500	\$ -	\$ 171,500	\$ 171,500	100%	Proposed 2020 grant application for 2021 funding. External grant revenue not shown in budget until secured.
	Research & Monitoring Subtotal	\$ 1,099,962	\$ 950,526	\$ 923,018	\$ 981,490	\$ 84,022	\$ 1,198,049	\$ 1,122,996	\$ 961,049	\$ 157,000	\$ -	\$ 79,075	\$ 1,062,398	\$ 51,000	\$ 1,011,398	\$ (135,651)	-11%	
	Operations and Programs Total	\$ 5,457,764	\$ 4,983,083	\$ 5,650,370	\$ 5,254,191	\$ 2,221,266	\$ 6,638,646	\$ 6,103,665	\$ 6,243,646	\$ 335,000	\$ 2,126,252	\$ 569,995	\$ 6,012,815	\$ 209,000	\$ 5,803,815	\$ (587,218)	-9%	

Notes

¹External revenue includes interest (Fund 1002), permit fee reimbursement (2001), and LSOHC grant (5007).

²2018 budget for Fund 1002 included the Government Relations fund which was moved into the 1002 fund in 2019.