MEMORANDUM

To: MCWD Board of Managers

From: David Mandt, Director of Operations and Support Services

Date: August 24, 2017

Re: 2018 Work Plans – Operations and Support Services Division

Purpose:

This memorandum provides a summary of the work plans under the Operations and Support Services Department, a summary budget for the General Operations Fund. The memo also includes a brief description of program activities, a list of notable changes (>$10,000) from the previous year's budget, and a summary of the overall budget and levy impact as compared to the previous year. Work plans summarized in this memo include the following:

- General Operations   - Fund 1002
- Information Technology (IT)   - Fund 1003
- Government Relations   - Fund 1004

Summary:

The 2018 Operations and Support Services work plans and General Operations Summary Budget are designed to support the strategic direction of the district. The direction, adopted by the MCWD Board of Managers in February 2017, indicates that all MCWD programs will prioritize the following activities:

1. Develop high impact capital projects integrated with non-water initiatives through multi-jurisdictional partnerships.
2. Change the land-use and water policy environment to increase early, value-added partnership with private development, public infrastructure, and public policy/planning.

The General Operations Summary budget has been included as there is not a work plan. The General Operations Budget is a compilation of cost associated with Distract wide activities and is largely a collection of contracts and services that have been approved previously by the Board of Managers, or falls under the 2 year scoop of services Statue requirements and are presented and approved when the terms defines.

In addition to the General Operations budget, the Operations and Support Services Department have prepared workplans for Information Technology and Government Relations. This memo will highlight notable changes within these areas.

General Operations (1002)

General Operations budget is primarily made up of four (4) different categories; they include Board of Manager expenses, staff salaries and benefits, costs associated in owning and operating assets and contracted services.

The 2018 General Operations budget will recommend increasing the personnel line item and the benefit line items which covers the cost of all benefit eligible employees. The 2018 personnel line item is proposed to increase 3% to accommodate personnel costs. The 2018 benefit line item is recommended to increase 8% to accommodate plan changes in staff census as well as rising healthcare premium expenses. The Board of Managers has provided direction that a strong benefit program is desired to attract and retain staff. Healthcare is negotiated annually, outside of the budget schedule. Therefore, 8% is utilized as a budget planning tool allowing staff to negotiate with providers and accounts for the year to year change is staffing census.

The breakdown of the proposed budget changes are as follows:

- A proposed increase is due to an anticipated 3% increase in personnel costs
- A proposed increase of 8% is to support the benefits for all district staff.
- An increase in the District Insurance premium of 57% because of property ownership and previous claims.
- A 59% decrease in staff expenses by reducing training, travel expenses.
- A 22% reduction in Manager Expenses because of the new meeting schedule.
- A 30% reduction in vehicle costs.
- A 9% reduction in building and operating expenses to match know expenses.
- A 4% reduction in Contracted Services as the Board of Managers, nor staff have proposed any new projects for the District for 2018.

Information Technology (1003)

The Information Technology (IT) fund is proposing a (19%) decrease in its 2018 levy which is comprised of a combination of items being eliminated, modifying the terms of licenses and finishing several initiatives. The 2018 proposed work plan also includes a new line item, the IT Strategic Plan, with a recommendation to be funded from the existing funds assigned to the IT Fund. The 2018 I.T work plan also includes one item being relocated from another budget, the annual WISKI maintenance fee, formerly located in the Research and Monitoring department. The cost is $12,000 and will be net neutral to the total budget, but will be classified in the IT fund with other District wide annual technology contracts.

Government Relations (1004)

State and federal legislation has increased the roles and responsibilities of watershed districts significantly over the past few decades. The expectations of communities and residents about the role of watershed districts have also changed. In response, the MCWD partners with other likeminded organizations to seek legislation to provide for better management and protection of water and related natural resources and that maintains or strengthens the ability of the MCWD to implement programs and activities that more closely

align authorities and resources needed to fully realize the District's long term goals. Some of these activities require legislative action and an experienced lobbyist to advance the interests of the District.

- In 2018 the line item has been reduced by $5,500 to reflect the contract amount approved by the Board of Managers.

Notable Changes (>$10,000) for 2018:

*Note. All changes listed below are specific line items within program or project areas that are proposed to change in 2018 by more than $10,000. Line item changes within program areas greater than $10,000 do not necessarily mean a change to the bottom line budget for that program. These changes may reflect a shift in emphasis or priority within a specific program without change to the program's total budget.

Other line item specific changes below $10,000 are not listed. The total proposed budget change in each program area (including those less than $10,000) are depicted in the summary spreadsheet on the final page of this memorandum.

General Operations (1002)
- Benefits   +$31,895
- Personnel Costs   +$12,249

Information Technology Fund (1003)
- Equipment   -$12,500
- General IT   -$23,863
- WISKI   +12,000

Program	2017 Budget	2017 Levy	2018 Budget	2018 Levy
Information Technology	$101,063	$95,365	$176,700	$76,700
Government Relations	$37,000	$26,725	$31,500	$31,500
General Operations	1,463,713	$993,713	1,471,342	$1,006,342
Total	**$1,601,776**	**$1,115,803**	**$1,679,542**	**$1,114,542**

The total Levy for the Operations and Support Services Division for 2018 is decrease of $1,261,

The proposed levy indicates using $400,000 from the General Fund for a second year as a levy reduction measure as discussed and implemented during the 2016 budget cycle. This is the second year of the proposed three-year usage of the funds for a levy reduction too.

It also accounts for using $100,000 from the IT Fund designated as Assigned funds for the IT Strategic Plan.

The proposed levy includes $65,000 of interest earnings.

MINNEHAHA CREEK WATERSHED DISTRICT
2018 RECOMMENDED WORK PLAN

PREPARED BY: David Mandt **DATE:** August 16, 2017

Program	Information Technology (1003)
Summary	The Information Technology (IT) program's primary objective is to provide a baseline of program support to meet the strategic direction of the District. To provide program support, the IT program strives to: • Provide a reliable network environment which includes equipment, software and license to allow staff to focus on their work • Provide accessibility to information • Provide Security to District's Data
Location	District-wide
Description	**Background:** The strategic direction of the MCWD, as adopted by the Board of Managers on February 9, 2017, is to accomplish the District's mission to collaborate with public and private partners to protect and improve land and water for current and future generations by prioritizing the following activities: 1. Develop high impact capital projects integrated with non-water initiatives through multi-jurisdictional partnerships. 2. Change the land-use and water policy environment to increase early, value-added partnership with private development, public infrastructure, and public policy/planning. The strategic direction further indicates that all other MCWD programs will be developed in support of these priorities. The Information Technology program operates primarily in a supporting role, to be used by all staff, the Board of Managers and the public. The Information Technology program designated to support the goals of the organization has four main activities: 1) Contracted Services; 2) IT Equipment; 3) Staff Training; and 4) Strategic IT Plan. **Contracted Services ($31,500)** The Information Technology Fund for 2018 proposes funding levels needed to assist with existing office functions, pay for consultants assisting the District with technology, as well as improve established programs.

> ➤ Building Audio Video Equipment

The District has a professional service contract with I Space to perform planned maintenance and repairs for the board room, the IT room and all building audio visual equipment.

> ➤ Laserfiche

The District has a professional service contract with OPG3 to assist with the upkeep and maintenance of the District Document Management System as well as to provide training for staff.

> ➤ Website Support

The District has a professional service contract to host and support the District website, as well as provide staff training.

> ➤ Geographic Information System (GIS) Hosting

The District has a professional service contract with Amazon to host GIS data for the Interactive Map as well as web oriented GIS Data on their cloud.

> ➤ Managed Service Provider

The Managed Service provider's is a general fund contract that is approved every two years by the Board of Managers within the scope of services process. The IT budget allows for the District to contract for additional services as needed.

IT Equipment ($38,500)

> ➤ Hardware and Software Replacement

The District has developed replacement schedules for hardware, software, audio video equipment and the server environment. Staff has also initiated a monthly tracking report related to the age and performance of equipment and software, which is used to coordinate the items to be purchased per the various replacement schedules. Current policy defines the replacement schedule for a computer at four years, but replacements are not purchased if the technology is still performing at an acceptable standard.

> ➤ Software Annual Support and Licenses

These funds are designated to cover the annual license fee for three applications: Laserfiche Document Management System, the WISKI Data Management System, and the Online GIS licenses.

Training ($6,700)

> ➤ Staff Training

The District provides funds for staff to attend training for technology related to District wide operational needs such as Laserfiche, GIS and website work.

Strategic IT Plan ($100,000)

In the fall of 2016, staff developed an internal team to develop a strategic IT plan to define District wide technology initiatives and create a comprehensive understanding of the individual projects, the prioritization of deliverables and total costs associated with IT Improvements over the next five years.

Although the comprehensive Strategic Plan is still in the development stage; the District staff team has identified central themes and core elements of the plan. We have begun the prioritization effort and is in the scoping process to determine the deliverables including the timeline and total project costs.

Essential Themes of the Plan

➢ All data sets and applications should be accessible by a central location.

➢ The scopes for the individual projects should ensure that all datasets and applications should be designed to work with each other, ensuring fluidity between departments.

Core Elements (in no particular order)

➢ User Interface/Dashboard

Currently the District technology applications do not have a single access point; they have to be installed on each machine or accessed individually to be used. An existing gap is a user interface which would provide one location to access the Organization database, WISKI, Laserfiche and the interactive map.

Organizational Database

The District currently has two databases, one used primarily for Permitting and one for Research and Monitoring. The organization database needs include Capital Projects, Planning, Operations and Maintenance and Grants. The database currently used for Permitting is connected to Laserfiche for document storage, is connected to the GIS Interactive Map with all data being geospatial and is capable of being expanded to accommodate new modules for Capital Projects, Operations and Maintenance, and Grants.

➢ GIS

The District has two GIS capabilities, the ability to work with GIS internally as well as through the interactive map on the Amazon cloud. The District currently consults for much of its GIS work, and does not have a uniform storage structure. The needs identified include internal staffing, connectivity to additional datasets, and access and storage plans.

➢ Website

The District Website was constructed in 2009. The organizational needs identified include the need to update the content on the site, to explore options to make the upkeep of the site more responsive and to identify additions or structural changes that are necessary. The site will be analyzed to verify that it can connect to all of the district applications and tools.

➢ Laserfiche

The District Document Management System is a tool that is currently used as the document library for storage per the Record Retention Schedule. This tool creates efficiencies for day to day work routines by digitizing documents, which allows for multiple people to access the document at the same time, easing the search for documents, eliminating lost paperwork and the need to store excess boxes. Existing capabilities include quick search features, connectivity to databases, ease of scanning and identification of metadata. The need highlighted for Laserfiche is the addition of an annual license that would allow data within the Laserfiche system to be viewed by the public via the website.

Project Discovery and Formation Process

Definition of staff's needs is ongoing and it is anticipated to be completed early September for the Database and late September for the Website. The consultants have impressed on staff that in application development it is critical that the needs are documented to a common understanding on what will be developed. Staff is working to take the desired database attributes collected over the past few years and consolidate it into a common format to be provided to the consultants in early September.

Project Scoping and Prioritization phase

The next phase of the plan is for the database and website consultants to incorporate the data received from the district and compile a comprehensive project scope, incorporating timeline for the deliverables, quotes for each element and ensure integration with other technology. It is anticipated that the District will have a draft scoped for both projects in late September or early October.

Once received, staff can incorporate the database and web scopes of services with the other core elements of the plan to implement the project prioritization phase. Staff anticipates using an approach to rank strategic benefit with other factors such as efficiencies gained. organizational impact/usage, costs, and timeline of delivery.

Draft Presentation

Following prioritization of the plan elements, a draft of the Strategic IT Plan will be presented to the Board of Managers for their review, either in late October or early November. The presentation will encompass all of the elements of a plan prioritized by organizational benefit, cost and provide an overview of how the elements will work together to provide access and efficiencies. Staff is anticipating that the full 5 year plan will exceed the $100,000 being recommended for 2018, but will present the full plan to allow for an understating of the total impact as well as the order in which items will be constructed over the length of the plan. Each year staff will present the elements of the upcoming years as part of the IT workplan along with a recommendation if existing fund balance or tax levy should be the funding source. Additionally, when an item is ready for implementation, staff will create an Request for Board Action and present the item to the Board for review and approval.

2018 Budget Summary:

Activity/Expense		Budget
Contracted Services		$31,500
IT Equipment		$38,500
Staff Training		$6,700
Strategic IT Plan		$100,000
	Total	$176,700

Goals/ Outcomes	The Information Technology work program strives to maintain the existing District technology environment while improving efficiencies through a programmatic approach. The desired outcomes are stability, security and accessibility.
Schedule	On-going

Budget/Levy History

Year	Budget	Tax Revenue	Grants & Other Rev.	Expenditures	Transfer in/out	Carryover	Assigned Funds
2016	$ 101,063	$101,063	$0	$(51,276)	$0	$5,698	$154,627
2017	$101,063	$95,365	$0	$(101,063)	$0	$0	$0
2018	$176,700	$76,700	$0	$176,700	$0	$100,000	$0

*** During the 2016 IT workplan presentation, staff highlighted that the 2015 audit balance in the IT fund had a balance of $106,325 from previous years and recommended that the balance remain in the IT Fund. The 2016 audit balance for the IT Fund is $160,325. Staff is recommending, that $100,000 remain in the IT Fund designated specifically for the Strategic IT Plan and the remaining amount should be transferred for levy reduction or usage elsewhere. This would allow the Board of Managers the flexibility to use existing funds that were designated for IT for a one-time project(s) prioritized in the plan.

Recommended 2018 Budget and Levy

Budget: $176,700
Levy: $76,700

Detailed Budget:

Activity Code	Activity Name	Amount
4010	Wages	
4011	Wages-Overtime	
4018	Salary – Insurance Reimbursement	
4020	Payroll Tax Expense	
4035	Unemployment Reimbursement	
4040	PERA Expense	
4050	Benefits	
4060	Staff Mileage/Expenses	
4065	Staff Training-Laserfiche, web and GIS	$6,700
4066	Staff Tuition Benefit	
4110	Manager Per Diems	
4120	Manager Expenses	
4125	Manager Computer/Software	
4130	Manager Dues/Subscriptions/Internet	
4210	Office Supplies	
4215	Meeting Expense	
4220	Furniture & Fixtures	
4222	Vehicle Expense	
4230	Printing/Publishing/Postage	
4240	Telecommunications -Cell/internet	
4245	Special Events	
4247	High Water Restoration	
4248	FEMA Expense	
4250	Dues & Subscriptions	
4265	Rentals-Building & Equipment	
4280	Insurance	
4292	Bank/Agency Fees	
4295	Other/Miscellaneous—IT Strategic Plan	$100,0000
4320	Contract Services	$29,000
4330	Accounting & Auditing	
4340	Engineering/Consulting	
4350	Legal Expense	$2,500
4390	CAC Expense	
4520	Monitoring/Lab Analysis/Inventories	
4530	Permit Acquisition	
4540	Property/Easement Acquisition	
4550	Construction	
4565	Property Management – CBRE	
4566	Tenant Relocation – CBRE	
4570	Equipment/Supplies	$38,500
4575	Repairs/Maintenance	
4594	Debt Service-Principal	
4595	Debt Service-Interest	
4600	Grants/Awards/Loans - Given by MCWD	
4651	Issuance Cost	
4962	Office Bldg. Maintenance	
4963	Office Building Utilities	
	TOTAL	*$ 176,700*

MINNEHAHA CREEK WATERSHED DISTRICT
2018 RECOMMENDED WORK PLAN

PREPARED BY: David Mandt   **DATE:** August 24, 2016

Program	Government Relations (1004)
Summary	Funds are budgeted for government relations and legal services needed to assist in achieving MCWD legislative agenda and goals.
Location	District-wide
Description	**Background:** State and federal legislation has increased the roles and responsibilities of watershed districts significantly over the past few decades. The expectations of communities and residents about the role of watershed districts have also changed. In response, the MCWD partners with other likeminded organizations to seek legislation to provide for better management and protection of water and related natural resources and that maintains or strengthens the ability of the MCWD to implement programs and activities that more closely align authorities and resources needed to fully realize the District's long term goals. Some of these activities require legislative action and an experienced lobbyist to advance the interests of the District. The MCWD lobbyist works closely with the lobbyist from the Minnesota Association of Watershed Districts (MAWD) and other groups to advance the District's interests. **2018 Budget Summary:** <table><tr><th>Activity/Expense</th><th>Budget</th></tr><tr><td>Contracted Services</td><td>$28,000</td></tr><tr><td>Legal</td><td>$3,500</td></tr><tr><td>Misc.</td><td>$</td></tr><tr><td>Total</td><td>$31,500</td></tr></table>
Goals/ Outcomes	• Awareness of new or changes to legislation that may impact the MCWD. • Protection of District interests. • Passage of the District's legislative agenda.
Schedule	In 2018, the MCWD Board will submit items recommended to be added to the Minnesota Association of Watershed District's legislative platform. Prior to the Legislative session, the Board will adopt the District's any additional legislative initiatives.

Budget/Levy History

Year	Budget	Tax Revenue	Grants & Other Rev.	Expenditures	Transfer in/out	Carryover	Assigned Funds
2014	$31,410	$30,173	$454	($33,297)	$2,399	$0	$0
2015	$37,000	$42,450	$0	($42,450)	$0	$10,275	$0
2016	$37,000	$37,000	$0	($37,000)	$0	$10,275	$0
2017	$37,000	$26,725	$0	($37,000)	$0	$0	$0
2018	$31,500	$31,500	$0	(31,500)	$0	$0	$0

Recommended 2018 Budget and Levy

Budget: $ 31,500
Levy: $ 31,500

Detailed Budget:

Activity Code	Activity Name	Amount
4010	Wages	
4011	Wages-Overtime	
4018	Salary – Insurance Reimbursement	
4020	Payroll Tax Expense	
4035	Unemployment Reimbursement	
4040	PERA Expense	
4050	Benefits	
4060	Staff Mileage/Expenses	
4065	Staff Training	
4066	Staff Tuition Benefit	
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4250	Dues & Subscriptions	
4265	Rentals-Building & Equipment	
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4540	Property/Easement Acquisition	
4550	Construction	
4565	Property Management - CBRE	
4566	Tenant Relocation - CBRE	
4570	Equipment/Supplies	
4575	Repairs/Maintenance	
4594	Debt Service-Principal	
4595	Debt Service-Interest	
4600	Grants/Awards/Loans - Given by MCWD	
4651	Issuance Cost	
4962	Office Bldg. Maintenance	
4963	Office Building Utilities	
	TOTAL	*$31,500*

DRAFT 2018 OPERATIONS & SUPPORT SERVICES BUDGET SUMMARY

Program	2017 Budget	2018 Budget	2017-2018 Budget Change	% Change
General Operations	$ 1,463,713	$ 1,471,342	$ 7,629.00	1%
Information Technology	$ 101,063	$ 176,700	$ 75,637.00	75%
Government Relations	$ 37,000	$ 31,500	$ (5,500.00)	-15%
Total	**$ 1,601,776**	**$ 1,679,542**	**$ 77,766**	5%

General Operations				
Activity/Expense	**2017 Budget**	**2018 Budget**	**2017-2018 Budget Change**	**% Change**
Vehicles	$ 20,000	$ 14,000.00	$ (6,000)	-30%
Personnel Costs	$ 359,751.00	$ 372,000.00	$ 12,249.00	3%
Benefits**	$ 423,105	$ 455,000.00	$ 31,895.00	8%
Staff Expenses**	$ 18,200	$ 7,500.00	$ (10,700.00)	-59%
Manager Expenses**	$ 51,450	$ 40,000.00	$ (11,450.00)	-22%
Building and Operating Expenses**	$ 144,165	$ 130,500.00	$ (13,665.00)	-9%
Other/Misc Expenses**	$ 4,700	$ -	$ (4,700.00)	-100%
Contracted Services**	$ 275,000	$ 265,000.00	$ (10,000.00)	-4%
Insurance**	$ 35,000	$ 55,000.00	$ 20,000.00	57%
Debt Service**	$ 131,342.00	$ 131,342.00	$ -	0%
CAC**	$ 1,000.00	$ 1,000.00	$ -	0%
Subtotal	**$ 1,463,713**	**$ 1,471,342**	**$ 7,629**	1%
Information Technology				
Activity/Expense	**2017 Budget**	**2018 Budget**	**2017-2018 Budget Change**	**% Change**
MCWD General IT	$ 52,063	$ 31,500.00	$ (20,563.00)	-39%
MCWD Equipment and Upgrades	$ 39,000	$ 38,500.00	$ (500.00)	-1%
Training	$ 10,000	$6,700	$ (3,300.00)	-33%
Strategic IT Plan (from Assigned Funds)	$ -	$100,000	$ 100,000.00	#DIV/0!
Subtotal	**$ 101,063**	**$ 176,700**	**$ 75,637**	75%
Government Relations				
Activity/Expense	**2017 Budget**	**2018 Budget**	**2017-2018 Budget Change**	**% Change**
Contracted Services	$ 28,996	$ 24,000	$ (4,996.00)	-17%
Legal	$ 7,500	$ 7,500	$ -	0%
Misc.	$ 504		$ (504.00)	-100%
Subtotal	**$ 37,000**	**$ 31,500**	**$ (5,500)**	**$ (1)**
Operations & Support Services Total	**$ 1,601,776**	**$ 1,679,542**	**$ 77,766**	5%