

MEMORANDUM

TO: RPBCWD Board of Managers

FROM: Terry Jeffery, Administrator

DATE: August 7, 2024

RE: Annual Reserves and Proposed Budget and Levy

At the July 18, 2024, Regular Workshop of the Board of Managers, I was directed to provide an annual accounting of reserve funds to an unspecified date, but as far back as I could go within this plan cycle. The purpose of this review was to provide a reference for the proposed reserve funds at the end of 2025 compared to historic reserves.

The following proposed 2025 budget and levy was presented at the July 18th workshop:

- Proposed Revenue: \$8,693,217
 - 2025 Levy: \$4,249,905
 - Interest, permits, grants, partners: \$429,500
 - Unspent monies from 2024 \$4,013,812
- Proposed expenditures: \$6,394,750

This represents a 5% increase in the levy over the 2024 levy and a 2% decrease in the proposed budget. Under this scenario, Upper Riley Creek Stabilization and Ecological Enhancement Project would be fully funded as would the Rice Marsh Lake alum treatment. This budget would also dedicate more than \$550,000 to data collection, modeling, and studies needed to begin the 2027 Ten-Year Management Plan, as well as fund the planning and design for Kerber Ravine restoration, North Lotus Lake Watershed Improvement Project, and Upper Bluff Creek Restoration and Ecological Enhancement Project.

The proposed 2025 budget would result in an estimated cash on hand of \$2,298,467 at the end of 2025. Discounting projects and programs that could have their schedules modified, the RPBCWD has \$2,277,300 of committed liabilities for 2025. These include costs to lease and maintain our facilities, staff and manager costs including bonds and insurance, debt service for the Spring Road Conservation Project, and our final cost share payment to Eden Prairie for the Duck Lake Partnership Project.

Table 1 summarizes annual RPBCWD assets (i.e., available monies), committed funds (i.e., monies slated for District operations, project, and programs), reserves (i.e., uncommitted monies = assets – committed funds) for the years 2016 through 2023 based on the audit reports for each corresponding year. The column labeled “Programmed Reserves” are line-item amounts specifically listed in the corresponding budget years. These programmed reserves do not come from the audit report and, due to co-mingling in one fund, are not accounted for separately but rather are included in any carryover from one year to the next. The average total uncommitted funds (i.e., reserve) from 2016 through 2023 (the last year for which an audit has been completed) is \$1,230,549. The proposed uncommitted funds remaining at the end of 2025 (\$2,298,467) represents an increase of 87% over the average reserves for this period.

Table 1. Annual Reserve Funds as Calculated from Annual Audit Reports

YEAR	Assets	Committed Funds	Reserve	Programmed Reserves ¹
2016	\$ 4,157,369	\$ 3,086,854	\$ 1,070,515	\$108,000
2017	\$ 5,248,295	\$ 4,183,187	\$ 1,065,108	\$135,000
2018	\$ 4,079,424	\$ 3,095,924	\$ 983,500	\$100,000
2019	\$ 8,180,041	\$ 6,333,598	\$ 1,846,443	\$160,000
2020	\$ 7,155,303	\$ 5,926,225	\$ 1,229,078	\$100,000
2021	\$ 7,251,281	\$ 5,512,806	\$ 1,738,475	\$180,000
2022	\$ 7,333,079	\$ 6,457,992	\$ 875,087	\$50,000
2023	\$ 9,017,465	\$ 7,981,278	\$ 1,036,187	\$230,000
2024				
2025				

¹ Numbers derived from Annual Budgets not from the Annual Audits

Table 2 summarizes the annual levy, budget, actual budget spent, and the carryover into the subsequent year. Because RPBCWD operates from a single fund, all unspent carryover monies (i.e., budget - the budget spent) are available the next year as the Board of Managers consider the subsequent years budget and levy amounts to fund operations, programs, projects, and reserves.

Table 2. Budget and Levy for 2016 through 2025

	Levy	Budget	Budget Spent	Carryover
2016	\$ 2,481,500.00	\$ 3,194,818.00	\$ 1,618,578.00	\$ 1,576,240.00
2017	\$ 2,815,902.00	\$ 4,256,654.00	\$ 2,118,184.00	\$ 2,138,470.00
2018	\$ 3,420,000.00	\$ 5,975,142.00	\$ 3,085,736.00	\$ 2,889,406.00
2019	\$ 3,602,500.00	\$ 6,953,371.00	\$ 3,038,390.00	\$ 3,914,981.00
2020	\$ 3,803,000.00	\$ 8,500,270.00	\$ 3,699,769.00	\$ 4,800,501.00
2021	\$ 3,680,000.00	\$ 7,558,007.00	\$ 3,919,461.00	\$ 3,638,546.00
2022	\$ 3,640,581.00	\$ 7,284,572.00	\$ 4,478,335.00	\$ 2,806,237.00
2023	\$ 3,726,711.00	\$ 7,239,541.00	\$ 5,197,319.00	\$ 2,042,222.00
2024	\$ 4,047,281.00	\$ 6,554,652.00	\$ 4,551,658.00 ²	\$ 2,002,994.00
2025	\$ 4,249,905.00	\$ 6,394,750.00		

In summation, the proposed budget addresses the RPBCWD's ongoing liabilities, provides funds for programmed capital project and the Ten-Year Plan updated, maintains the RPBCWD's base services of E&O, data collection, and the regulatory program, all while nearly doubling the average reserves of the RPBCWD.

It is my recommendation that we do not increase the levy by any more than 5% and should consider if it is prudent to adjust the budget to reduce the levy increase. For example, by carrying a reserve of \$2.19 million, the resulting levy increase would reduce to 2.5%.

² 2024 budget spent represents the anticipated amount RPBCWD will have spent at the end of 2024.

Items	SCORE	Straight-line Projected Full 2024 Spending	Manual Adjusted Full 2024 Spending	Carryover into 2025	2025 Proposed Levy	2025 Budget
REVENUES						
Plan Implementation Levy						\$ 4,249,905
Permit						\$ 110,000
Grant Income						\$ 4,500
Investment Income						\$ 250,000
Miscellaneous Income						\$ -
Reimbursements						\$ 65,000
Partner Funds						\$ -
TOTAL REVENUE						\$ 4,679,405
CASH ON HAND						
TOTAL AVAILABLE ASSETS						\$ 4,013,812
EXPENDITURES						
Administration						
Audit		\$ 30,198	\$ 15,000	\$ 3,025	\$ 15,475	\$ 18,500
Accounting		\$ 20,802	\$ 56,694	\$ -	\$ 57,000	\$ 57,000
Advisory Committees		\$ -	\$ -	\$ 5,150	\$ -	\$ 5,000
Insurance and bonds		\$ 16,580	\$ 30,900	\$ -	\$ 32,000	\$ 32,000
Engineering Services		\$ 122,736	\$ 140,000	\$ 9,350	\$ 125,650	\$ 135,000
Legal Services		\$ 69,808	\$ 111,240	\$ -	\$ 100,000	\$ 100,000
Legal Services - LAK v. RPBCWD&TRJ		\$ 58,924	\$ 40,000	\$ (40,000)	\$ -	\$ -
Manager Per Diem/Expense		\$ 37,310	\$ 37,310	\$ (2,547)	\$ 16,750	\$ 16,750
Dues and Publications		\$ 25,776	\$ 15,000	\$ 1,480	\$ 8,520	\$ 10,000
Office Cost		\$ 154,734	\$ 154,734	\$ 32,269	\$ 147,731	\$ 180,000
Permit Review and Inspection		\$ 258,120	\$ 258,120	\$ (20,190)	\$ 160,000	\$ 200,000
Permit and Grant Database		\$ 652	\$ 15,000	\$ 11,000	\$ 15,000	\$ 26,000
Professional Services		\$ -	\$ 11,000	\$ 24,844	\$ -	\$ 15,000
Recording Services		\$ 14,848	\$ 14,848	\$ 20,996	\$ -	\$ 18,500
Staff Cost		\$ 894,752	\$ 894,752	\$ 72,228	\$ 827,772	\$ 900,000
Fleet Management		\$ 4,180	\$ 4,180	\$ 7,191	\$ 4,809	\$ 12,000
Subtotal		\$ 1,709,420	\$ 1,798,778	\$ 124,796	\$ 1,510,707	\$ 1,725,750
Programs and Projects						
District Wide						
10-yr Management Plan Update/Amendments		\$ 112,256	\$ 112,256	\$ (17,256)	\$ 150,000	\$ 150,000
AIS Inspection and early response		\$ 1,728	\$ 68,000	\$ -	\$ 71,000	\$ 71,000
Cost-share/Stewardship Grant		\$ 35,528	\$ 195,000	\$ 10,000	\$ 190,000	\$ 200,000
Data Collection and Monitoring		\$ 97,428	\$ 165,000	\$ 5,250	\$ 244,750	\$ 250,000
Community Resiliency		\$ 8,294	\$ 150,000	\$ 50,000	\$ 150,000	\$ 200,000
Education and Outreach		\$ 46,652	\$ 46,652	\$ 68,848	\$ 46,152	\$ 115,000
Plant Restoration - U of M		\$ 54,848	\$ -	\$ -	\$ -	\$ -
Repair and Maintenance Fund		\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
Wetland Management*		\$ 30,722	\$ 30,722	\$ (5,722)	\$ 155,722	\$ 150,000
Groundwater Conservation* (120 K Grant and Pilot Project timing)		\$ 6,510	\$ 5,000	\$ -	\$ 175,000	\$ 175,000
Lake Vegetation Implementation		\$ 135,132	\$ 135,132	\$ 7,068	\$ 117,932	\$ 125,000
Opportunity Project*		\$ 46,076	\$ 23,038	\$ (3,038)	\$ -	\$ -
UAA Updates		\$ -	\$ 60,000	\$ -	\$ 250,000	\$ 250,000
Subtotal		\$ 575,174	\$ 990,800	\$ 215,150	\$ 1,550,556	\$ 1,786,000
Bluff Creek						
Bluff Creek Tributary* BT3A	43	\$ 4,172	\$ 2,086	\$ (2,086)	\$ -	\$ -
Wetland Restoration at Pioneer	35	\$ 2,042	\$ 12,521	\$ 368,907	\$ -	\$ 15,000
Bluff Creek B5 by Galpin	37	\$ 150,654	\$ 450,000	\$ (190,000)	\$ 200,000	\$ 200,000
Subtotal		\$ 156,868	\$ 464,607	\$ 176,821	\$ 200,000	\$ 215,000
Riley Creek						
Lake Riley - Alum Treatment*	30	\$ -	\$ -	\$ -	\$ -	\$ -
Rice Marsh Lake in-lake phosphorus load	28	\$ -	\$ -	\$ 15,000	\$ 85,000	\$ 200,000
Rice Marsh Lake Water Quality Improvement Phase 1 - RM12a	28	\$ 1,154	\$ 6,677	\$ 16,323	\$ -	\$ 15,000
Riley Creek Restoration (Reach E and D3) - lower Riley	39	\$ 2,780	\$ 1,390	\$ 26,610	\$ -	\$ -
Upper Riley Creek Stabilization (Reach R3)	27	\$ 118,250	\$ 1,255,000	\$ -	\$ 400,000	\$ 1,200,000
Middle Riley Creek	27	\$ -	\$ 5,875	\$ 12,125	\$ -	\$ 7,000
St. Hubert Water Quality Project	NIP	\$ -	\$ -	\$ 40,000	\$ -	\$ 27,000
Spring Rd Conservation Project	35	\$ 751,560	\$ 400,000	\$ -	\$ 500,000	\$ 500,000
Lake Susan Wetland		\$ -	\$ -	\$ -	\$ -	\$ 50,000
Lake Susan Park Pond	34	\$ 158,040	\$ 120,000	\$ (120,000)	\$ -	\$ -
Subtotal		\$ 1,031,784	\$ 1,788,942	\$ (9,942)	\$ 985,000	\$ 1,999,000
Purgatory Creek						
Purgatory Creek Rec Area- Berm/retention area - Design/Construction		\$ -	\$ -	\$ 135,000	\$ -	\$ 135,000
Lotus Lake in-lake phosphorus load control	32	\$ 5,706	\$ 240,000	\$ -	\$ -	\$ 20,000
Silver Lake Water Quality BMP	32	\$ 1,284	\$ 4,342	\$ 358	\$ 3,642	\$ 4,000
Scenic Heights	43	\$ -	\$ -	\$ -	\$ -	\$ -
Hyland Lake in-lake phosphorus load control	32	\$ -	\$ -	\$ -	\$ -	\$ -
Duck Lake Watershed Load	37	\$ -	\$ -	\$ -	\$ -	\$ -
Duck Lake Road Partnership	NIP	\$ -	\$ 235,000	\$ -	\$ -	\$ 235,000
Lotus Lake Watershed Improvement Project (LL_1, LL_3, LL_7, LL_8)	27	\$ 21,422	\$ 100,000	\$ 215,000	\$ -	\$ 200,000
Kerber Ravine	34	\$ -	\$ -	\$ 75,000	\$ -	\$ 75,000
Subtotal		\$ 28,412	\$ 579,342	\$ 425,358	\$ 3,642	\$ 669,000
TOTAL LEVY					\$ 4,249,905	
TOTAL EXPENDITURE		\$ 3,501,658	\$ 5,622,469			\$ 6,394,750
TOTAL REVENUE						\$ 8,693,217
RESERVE			\$ 4,013,812	\$ 932,183		\$ 2,298,467