



LAKE MINNETONKA CONSERVATION DISTRICT

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April 29, 2016

TO: LMCD City Administrators
LMCD Board Members

FROM: Jay Green, Chair
Chris Jewett, Treasurer
Gary Hughes, Board Member
Jim Brimeyer, Interim Director

SUBJECT: Draft 2017 LMCD Budget

Enclosed is a copy of the draft 2017 Lake Minnetonka Conservation District (LMCD) Budget. The LMCD invites you to attend a review and comment session scheduled for Thursday, June 2nd, at 11 a.m. in the LMCD office.

By state statute, the allocation of levy to the 14 member cities is based on their percentage of the cumulative net tax capacity, with no city paying greater than 20% of the overall levy. The LMCD Board performed a detailed review of projected expenses and revenues for 2017, using the 2015 budget for a baseline of operating expenses. The LMCD is proposing a decrease in overall operating expenses for 2017 as less non-levy revenue and grant opportunities is anticipated; however, this will require an increase in the overall levy to balance the budget.

Highlights of the draft 2017 LMCD Budget include the following:

Draft 2017 LMCD Budget	
Budget Highlights	Details
Total Expenditures	5.4% decrease (\$539,392 compared to \$570,366 in 2016).
Personnel Services	26.6% decrease (\$186,940 compared to \$254,738 in 2016). Administrative Technician position will not be filled at this time. Contract services will be used to augment staffing requirements.
Contract Services Temporary Staffing	\$54,689 (compared to \$2,500 in 2016)
Office Lease & Storage	2.3% increase (\$18,049 compared to \$17,609 in 2016).
Eurasian Watermilfoil Harvesting Program	29.8% decrease (\$60,062 compared to \$85,500 in 2016). Reflects adjusted 2016 program after loss of the \$30,000 MN DNR grant.
Aquatic Invasive Species Prevention	\$37,562 for watercraft inspections through various partnerships. An \$18,781 grant from the Minnehaha Creek Watershed District is anticipated.
Overall Levy	6.3% increase (\$326,343 compared to \$306,866 in 2016).

The LMCD values your review and input. Please let Interim Executive Director Jim Brimeyer or your member city representative know if you would like a representative to attend an upcoming city council meeting to discuss the draft 2017 LMCD Budget or to review LMCD activities and projects. Review and approval by the LMCD Board is planned for the June 8th meeting.



30% Post Consumer Waste

Web Page Address: <http://www.lmcd.org> • E-mail Address: lmcd@lmcd.org

To protect and preserve Lake Minnetonka.



LAKE MINNETONKA CONSERVATION DISTRICT 2017 BUDGET AND LEVY (Preliminary Approved)

City	2010 U.S. Census Population Data	2015 Taxable Market Value	2015 Net Tax Capacity	% of Total Net Tax Capacity (Note 1)	Share of Admin. Levy in 2017	Share of AIS Levy in 2017	Share of Total Levy in 2017	Share of Total Levy in 2016	Increase in Total Levy from 2016	% of Increase from 2016
DEEPHAVEN	3,642	1,141,547,816	12,886,000	5.3%	\$18,558	\$5,160	\$23,719	\$21,239	\$2,480	11.7%
EXCELSIOR	2,188	409,363,345	5,120,997	2.1%	\$7,375	\$2,051	\$9,426	\$8,492	\$934	11.0%
GREENWOOD	688	298,057,890	3,421,492	1.4%	\$4,928	\$1,370	\$6,298	\$6,009	\$289	4.8%
MINNETONKA	49,734	8,228,641,888	103,533,501	42.2%	\$51,069	\$14,200	\$65,269	\$61,373	\$3,896	6.3%
MTKA BEACH	539	292,418,268	3,416,139	1.4%	\$4,920	\$1,368	\$6,288	\$5,969	\$319	5.3%
MINNETRISTA	6,384	1,315,210,248	13,979,097	5.7%	\$20,133	\$5,598	\$25,731	\$25,063	\$668	2.7%
MOUND	9,052	1,025,501,450	10,894,400	4.4%	\$15,690	\$4,363	\$20,053	\$19,560	\$493	2.5%
ORONO	7,437	2,531,423,498	28,749,183	11.7%	\$41,404	\$11,513	\$52,917	\$50,553	\$2,364	4.7%
SHOREWOOD	7,307	1,517,977,665	16,691,552	6.8%	\$24,039	\$6,684	\$30,723	\$29,207	\$1,516	5.2%
SPRING PARK	1,669	227,113,200	2,711,561	1.1%	\$3,905	\$1,086	\$4,991	\$4,728	\$263	5.6%
TONKA BAY	1,475	519,003,290	5,899,254	2.4%	\$8,496	\$2,362	\$10,858	\$10,665	\$193	1.8%
VICTORIA	7,345	1,253,840,400	13,235,787	5.4%	\$19,062	\$5,300	\$24,362	\$22,430	\$1,932	8.6%
WAYZATA	3,688	1,643,114,630	21,501,877	8.8%	\$30,967	\$8,611	\$39,577	\$35,954	\$3,623	10.1%
WOODLAND	437	283,977,780	3,330,587	1.4%	\$4,797	\$1,334	\$6,130	\$5,623	\$507	9.0%
	101,585	20,687,191,368	245,371,427	100.0%	\$255,343	\$71,000	\$326,343	\$306,865	\$19,478	6.3%

Maximum Levy Per MN statute 103B.635 (Total Taxable Market Value * .00242%):

\$500,630

(Note 1) Per MN statute 103B.631, no city may pay more than 20% of the total levy. The City of Minnetonka would pay a constant 20% of any amounts to be levied.

Remaining cities factor for determining levy amounts is computed as: (City Net Tax Capacity / (Total Net Tax Capacity - Minnetonka Net Tax Capacity)) * 80%

Total Net Tax Capacity	245,371,427
less Minnetonka Net Tax Capacity	(103,533,501)
Net Tax Capacity for remaining 13 cities	141,837,926

2017 BUDGET DETAIL (Preliminary Approved)

	2014 Actual	2015 Budget	2015 Actual	2016 Budget	2016 Actual Projected	Note	2017 Budget	Footnote # See Appendix A
REVENUES								
1. Administration								
a) LMCD Communities Levy	245,990	247,992	247,992	235,866	235,866		255,343	
b) Use from Administration Reserve	0	0	0	17,500	64,567	K	8,525	17
c) Court Fines	62,156	55,000	33,974	55,000	47,400		47,400	
d) Licenses	114,586	115,000	107,510	115,000	112,000		112,000	
e) Other Public Agencies	696	500	696	500	500		500	
f) Interest	1,358	2,000	1,352	1,500	1,500		1,500	
g) Other Income	1,043	2,000	1,533	2,000	2,000		1,500	
SUB-TOTAL ADMINISTRATION	425,829	422,492	393,057	427,366	463,833		426,768	
2. Aquatic Invasive Species								
a) LMCD Communities Levy	94,625	94,500	94,500	71,000	71,000		71,000	
b) Other Public Agencies	51,841	30,000	53,304	54,000	18,781	A	18,781	1
c) Use from AIS & Administration Reserves	0	0	0	0	7,343	B	7,343	17
d) Interest	0	500	492	500	500		500	
SUB-TOTAL AQUATIC INVASIVE SPECIES	146,466	125,000	148,296	125,500	97,624		97,624	
3. Equipment Replacement								
a) Transfers from Administration and AIS Reserves	25,000	35,000	35,000	17,500	0		15,000	17
b) Use from Equipment Replacement Reserve	0	0	0	0	0		0	
SUB-TOTAL EQUIPMENT REPLACEMENT	25,000	35,000	35,000	17,500	0		15,000	
TOTAL REVENUES	597,295	582,492	576,353	570,366	561,457		539,392	
Total Levy	340,615	342,492	342,492	306,866	306,866		326,343	
DISBURSEMENTS								
ADMINISTRATION								
1. Personnel Services:								
a) Salaries	203,829	204,488	203,296	205,100	166,873	C	149,893	2
b) FICA & Medicare	15,502	15,643	15,538	15,690	12,766	D	11,467	3
c) Employer Benefit Contributions	32,397	34,085	31,562	33,948	26,749	E	25,580	4
d) ED Vacation/Sick Payout (2016 only)	0	0	0	0	14,289	F	0	
SUB-TOTAL PERSONNEL SERVICES	251,728	254,216	250,396	254,738	220,677		186,940	
2. Contractual Services:								
a) Office Lease & Storage	16,760	17,180	17,180	17,609	17,609		18,049	5
b) Professional Services	2,054	2,500	18,587	2,500	2,500		2,500	6
SUB-TOTAL CONTRACTUAL SERVICES	18,814	19,680	35,767	20,109	20,109		20,549	

2017 BUDGET DETAIL (Preliminary Approved)

	2014 Actual	2015 Budget	2015 Actual	2016 Budget	2016 Actual Projected	Note	2017 Budget	Footnote # See Appendix A
3. Office & Administration:								
a) Office, General Supplies	4,077	4,500	3,720	4,500	4,500		4,500	
b) Telephone	2,621	2,460	2,627	2,640	2,640		2,640	
c) Website, Internet, & E-mail	228	300	421	300	421		450	
d) Postage	4,968	5,000	4,249	5,000	5,000		5,000	
e) Printing, Publications, Advertising	11,575	11,000	6,076	12,000	8,800		9,000	6
f) Maintenance, Office Equipment	917	1,100	786	1,100	1,100		1,100	
g) Subscriptions, Memberships (primarily League of MN Cities)	1,677	1,700	1,775	1,768	1,825		1,900	
h) Insurance, Bonds	6,591	7,250	7,489	7,250	7,250		7,500	8
i) Public Information, Legal Notices	1,435	1,000	1,183	1,000	1,250		1,250	
j) Meeting Expenses	5,786	4,260	4,432	4,500	4,500		4,750	
k) Media (Cable & Internet)	0	3,300	2,780	3,600	2,400		2,400	9
l) Mileage	1,514	2000	1206	2000	2000		2000	
m) Employee Training	50	400	279	400	400		400	
SUB-TOTAL OFFICE & ADMINISTRATION	41,439	44,270	37,023	46,058	42,086		42,890	
4. Capital Outlay:								
a) Furniture & Equipment	478	1,500	204	1,500	1,500		1,500	
b) Computer Software & Hardware	1,583	2,000	1,004	2,000	2,000		2,000	10
SUB-TOTAL CAPITAL OUTLAY	2,061	3,500	1,208	3,500	3,500		3,500	
5. Legal:								
a) Legal Services	40,744	32,000	46,582	32,000	53,000	G	54,000	11
b) Prosecution Services	29,738	45,000	42,337	45,000	45,000		45,000	12
c) Hennepin County Room & Board	812	1,000	279	1,000	1,000		1,000	
SUB-TOTAL LEGAL	71,294	78,000	89,198	78,000	99,000		100,000	
6. Contract Services/Studies:								
a) Audit	7,250	7,486	7,450	7,711	7,711		7,950	
b) Information Technology	303	750	0	750	750		750	
SUB-TOTAL CONTRACT SERVICES/STUDIES	7,553	8,236	7,450	8,461	8,461		8,700	
7. Code Enforcement Program	11,940	4,590	2,239	4,500	0	H	0	
8. Administration Reserve Fund	0	0	0	0	0		0	
9. Equipment Replacement Fund	25,000	0	0	2,500	0		0	
10. Contingency	3,073	10,000	3,487	12,000	70,000	J	64,189	13
<u>TOTAL ADMINISTRATION</u>	<u>432,902</u>	<u>422,492</u>	<u>426,768</u>	<u>429,866</u>	<u>463,833</u>		<u>426,768</u>	

2017 BUDGET DETAIL (Preliminary Approved)

	2014 Actual	2015 Budget	2015 Actual	2016 Budget	2016 Actual Projected	Note	2017 Budget	Footnote # See Appendix A
AQUATIC INVASIVE SPECIES (AIS)								
1. Eurasian Watermilfoil (EWM) Harvesting Program	97,496	95,000	80,718	85,500	60,062		60,062	14
2. Equipment Replacement Fund	0	35,000	35,000	15,000	0		15,000	15
3. AIS Reserve Fund	0	0	0	0	0		0	
4. Herbicide Treatment Program	0	0	0	0	0		0	
5. AIS Prevention & Management Programs	35,492	30,000	37,571	40,000	37,562		37,562	16
EQUIPMENT REPLACEMENT FUND								
1. Purchase of New Mechanical Harvester	0	0	0	0	0		0	
<u>TOTAL AQUATIC INVASIVE SPECIES</u>	<u>132,988</u>	<u>160,000</u>	<u>153,289</u>	<u>140,500</u>	<u>97,624</u>		<u>112,624</u>	
<u>TOTAL DISBURSEMENTS</u>	<u>565,890</u>	<u>582,492</u>	<u>580,057</u>	<u>570,366</u>	<u>561,457</u>		<u>539,392</u>	

**Lake Minnetonka Conservation District (LMCD)
2016 Actual Projected Notes**

Other Public Agencies (Note A)

The LMCD projects that it will receive a \$18,781 grant from the Minnehaha Creek Watershed District for watercraft inspections. The two grants anticipated from the Minnesota Department of Natural Resources (\$30,000 for mechanical harvesting and \$4,000 for watercraft inspections) will not be funded.

Use from AIS & Administration Reserves (Note B)

The \$17,500 planned for the Equipment Replacement Fund had been proposed to be reallocated for harvesting and watercraft inspections (\$2,500 from General Reserve Fund and \$15,000 from AIS Reserve Fund) and has been reduced to \$7,343 (from AIS Reserves only) in order to balance the AIS program budget*

Salaries (Note C)

	2016 actual projected	
Current Executive Director	\$67,675.49	(January through October)
Replacement Executive Director	\$27,070.20	(September through December)
Administrative Technician (vacant)	\$0.00	
Administrative Assistant	\$55,382.60	(includes 100 hours of overtime)
Administrative Clerk (part-time)	\$16,744.95	(assumes that 1,143 hours to be worked in 2016)
Seasonal Code Enforcement (part-time)	\$0.00	
	<u>\$166,873.24</u>	

F.I.C.A. & Medicare (D)

	2016 actual projected
Total Salaries (7.65%)	\$12,765.80
	<u>\$12,765.80</u>

Employer Benefit Contributions (Note E)

	2016 actual projected
P.E.R.A. (7.50%)	\$12,515.49
NCPERS Life Insurance	\$416.00
Medical & Dental Insurance	\$13,817.96
	<u>\$26,749.45</u>

	<u>P.E.R.A.</u>	<u>NCPERS Life Insurance</u>	<u>Medical & Dental Insurance (*)</u>	<u>Totals</u>
Current Executive Director	\$5,075.66	\$160.00	\$5,314.60	\$10,550.26
Replacement Executive Director	\$2,030.27	\$64.00	\$2,125.84	\$4,220.11
Administrative Technician (vacant)	\$0.00	\$0.00	\$0.00	\$0.00
Administrative Assistant	\$4,153.70	\$192.00	\$6,377.52	\$10,723.22
Administrative Clerk (part-time)	\$1,255.87	\$0.00	\$0.00	\$1,255.87
	<u>\$12,515.49</u>	<u>\$416.00</u>	<u>\$13,817.96</u>	<u>\$26,749.45</u>

(*) Monthly premiums for medical & dental insurance was \$531.46 (\$478 for Blue Cross Blue Shield & \$53.46 for Health Partners)

ED Vacation/Sick Payout (Note F)

Estimated at \$14,289

Legal Services (Note G)

Includes additional \$10,000 as we anticipate more need in 2016.
Also includes \$11,000 to cover bill from LMC for EOF appeal

Code Enforcement Program (Note H)

The LMCD Board has suspended this program for the 2016 boating season (enforcement to be done through complaints)

Contingency (Note J)

Interim Executive Director
Professional Search Firm
Temporary Staffing
Unanticipated Expenses

2016 actual projected

\$40,500.00
\$20,000.00
\$6,000.00
\$3,500.00

(18 weeks, 30 hours per week, \$75 per hour)
(Replacement of Executive Director position)
(Temporary agency staff, where needed)

\$70,000.00

Reserves (Note K)

LMC Invoice
ED Vac/Sick Payout
Increased Legal Services
Search Firm
Shortage (Fines and Fees)

Reserve needed to balance budget (need better explanation)

\$11,000.00
\$14,289.00
\$12,000.00
\$20,000.00
\$7,278.00

\$64,567.00

**Lake Minnetonka Conservation District (LMCD)
Preliminary Approved 2017 LMCD Budget
Appendix A**

Other Public Agencies (Footnote #1)

It is anticipated that the Minnehaha Creek Watershed District (MCWD) will fund the LMCD a \$18,781 grant for watercraft inspections. Based solely on 2016 projected program costs.

Salaries (Footnote #2)

	estimated 2017 baseline
Executive Director	\$81,210.59 (*)
Administrative Technician	\$0.00
Administrative Assistant/Code Enforcement	\$51,937.60 (*)
Administrative Clerk (part-time)	\$16,744.95
Seasonal Code Enforcement (part-time)	\$0.00
	\$149,893.14 (**)

(*) Salaries will be grossed up to pay for long-term disability insurance for full-time LMCD employees

(**) Salary adjustments & limited overtime (including F.I.C.A., medicare, & P.E.R.A.) are included in Contingency (line-item 10)

F.I.C.A. & Medicare (Footnote #3)

	2016 actual projected
Total Salaries (7.65%)	\$11,466.83
	\$11,466.83

Employer Benefit

Contributions (Footnote #4)

P.E.R.A. (7.50%)	\$11,241.99
NCPERS Life Insurance	\$384.00
Medical & Dental Insurance (*)	\$13,953.56
	\$25,579.55

(*) Medical & dental insurance provided for Executive Director & Administrative Assistant positions- assumes a 10% increase for medical insurance & 4% increase for dental insurance.

Office Lease & Storage (Footnote #5)

	Monthly Rate	Months	
	\$1,494.78	9	\$13,453.02
	\$1,532.15	3	\$4,596.45
			\$18,049.47

Professional Services (Footnote #6)

Contracted Payroll & Taxes	\$2,000.00
Contracted Bookkeeping Consulting	\$500.00
	\$2,500.00

Printing, Publications, & Advertising (Footnote #7)

\$9,000 has been budgeted for one LMCD Newsletter, the re-printing of the Summer and Winter Rules brochures, and other LMCD literature.

Insurance, Bonds (Footnote #8)

\$7,500 has been budgeted with the League of Minnesota Cities for insurance for the LMCD.

Media (Cable & Internet) (Footnote #9)	\$2,400 has been budgeted to contract with a producer and on-line viewing of LMCD Board Meetings (one per month).
Computer Software & Hardware (Footnote #10)	\$2,000 has been budgeted for information technology, hardware, and software updates.
Legal Services (Footnote #11)	\$54,000 has been budgeted for legal services (taking into consideration changes to the civil attorney and Executive Director positions in 2016). (\$12,000 of this was added to begin recodification efforts)
Prosecution Services (Footnote #12)	\$45,000 has been budgeted for prosecution services. These expenses will be offset by projected \$45,000 of court fines.
EWM Harvesting Program (Footnote #13)	A mechanical harvesting program is planned from mid June through mid August to manage EWM on Lake Minnetonka. Harvesting priorities will be based on impediments to public navigation to the open water due to EWM growth (in particular matted areas). All areas that dictate the need for harvesting will be done at least once, with high growth areas being harvested twice (time permitting). Further details of the proposed project (including a more detailed budget) will be provided in the spring of 2017.
Equipment Replacement Fund (Footnote #14)	\$15,000 has been budgeted for replacement of depreciated EWM Harvesting Program (transfer from the AIS Reserve Fund).
AIS Prevention & Management Programs (Footnote #15)	\$37,562 has been budgeted for unspecified AIS management and prevention programs (most likely watercraft inspections). Similar to past years, the LMCD will seek partnerships for the implementation of these projects (in particular the MCWD as a funding partner and the Three Rivers Park District for professional services).
Contingency (Footnote #16)	
Projected salary actions/fica/pera	\$9,500.00
Contracted Temporary Staffing (as needed)	\$54,689.00
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	\$64,189.00
Reserves (Footnote #17)	
Admin Reserve	\$8,525.00
AIS Reserve	\$7,343.00
	<hr/>
	\$15,868.00

RESERVE FUND ANALYSIS:

	Administration	AIS	Equipment Replacement Fund
2016			
12/31/15 Balance	\$160,925	\$139,346	\$102,800
Reserve Fund Contribution	\$0	\$0	\$0
Transfer from Reserve Fund	(\$64,567)	(\$7,343)	\$0
Transfer to Equip. Repl. Fund	\$0	\$0	\$0
Projected 12/31/15 Balance	<u>\$96,358</u>	<u>\$132,003</u>	<u>\$102,800</u>
2017			
Projected 12/31/16 Balance	\$96,358	\$132,003	\$102,800
Reserve Fund Contribution	\$0	\$0	\$0
Transfer from Reserve Fund	(\$8,525)	(\$7,343)	\$0
Transfer to Equip. Repl. Fund	\$0	(\$15,000)	\$15,000
Projected 12/31/17 Balance	<u>\$87,833</u>	<u>\$109,660</u>	<u>\$117,800</u>
Projected % of 2016 Annual Budget	20.4%	78.0%	