CITY OF TONKA BAY
ITEM NO. 9A

Memo

To: Honorable Mayor and City Council

From: Joe Kohlmann, City Administrator

Date: July 9, 2013

Re: Lake Minnetonka Conservation District (LMCD)
2014 Budget

Attached you will find the adopted 2014 budget from the LMCD. The levy shows an increase over the 2013 levy which will result in a 1.6% increase ($192) in Tonka Bay's levy in 2014. Tonka Bay's share will be $12,269.

The LMCD is willing to discuss the budget further and are required by state statute to schedule a public hearing if requested tonight.

The LMCD levy amount is budgeted in the General Fund under Miscellaneous. The chart below shows the City's share of the levy and increase/decrease for the past seven years:

	2008	2009	2010	2011	2012	2013	2014 Request
Levy	10,339	11,040	11,504	11,848	11,677	12,077	12,269
Increase (Decrease)	6.3%	6.8%	4.2%	3.0%	(1.4%)	3.4%	1.6%

Attached is a letter to member cities from Greg Nybeck
Attached is a copy of the 2014 LMCD budge
Attached is a previous memo from Greg Nybeck discussing budget options
Attached is a copy of resolution approving the 2014 LMCD Budget

Council Action Requested:
Motion to adopt the attached resolution approving the 2014 LMCD budget.

LAKE MINNETONKA CONSERVATION DISTRICT
23505 SMITHTOWN ROAD, SUITE 120 • SHOREWOOD, MINNESOTA 55331 • TELEPHONE 952/745-0789 • FAX 952/745-9085
Gregory S. Nybeck, EXECUTIVE DIRECTOR

June 26, 2013

RECEIVED
JUN 27 2013
CITY OF TONKA BAY

TO: LMCD Mayors
LMCD City Administrators
LMCD Board Members

FROM: Greg Nybeck, Executive Director

SUBJECT: Adopted 2014 LMCD Budget

Enclosed is a copy of the 2014 Lake Minnetonka Conservation District (LMCD) Budget, which was recently adopted and certified by the LMCD Board of Directors. Minnesota State Statute 103B.635, Subd. 1 requires the LMCD Board, on or before July 1 of each year, to prepare and submit a detailed budget of the LMCD's needs for the next calendar year to the governing body of each municipality in the LMCD (with a statement of the proportion of the budget to be provided by each municipality).

Per enabling legislation, the maximum levy the LMCD could forward to its member cities in 2014 is $439,013. We are pleased to forward an approved 2014 LMCD Budget that is well below the maximum levy at $340,615. This is a 3.0% increase when compared to the $330,603 in the levy for the adopted 2013 LMCD Budget. The LMCD has recognized the economic challenges that the member cities have faced in recent years and this has been taken into consideration since 2009.

As part of the 2014 LMCD Budget process, the Board of Directors considered a second option to provide partial public funding for whole bay or large scale herbicide treatments on suitable management areas. The attached letter, dated 4-26-13, provides further details of the second option. The LMCD Board took a vote on this option on June 12, 2013, which failed by a vote of six to seven.

If your city has any comments about the adopted 2014 LMCD Budget, please let me know. On behalf of the LMCD Board of Directors, I would like to thank all 14 LMCD member cities for your continued participation and support of LMCD related activities. Please feel free to contact me if you have questions. My e-mail address is gnybeck@lmcd.org.

LAKE MINNETONKA CONSERVATION DISTRICT
2014 BUDGET AND LEVY
(ADOPTED)

City	2010 U.S. Census Population Data	2012 Taxable Market Value	2012 Net Tax Capacity	% of Total Net Tax Capacity (Note 1)	Share of Admin. Levy in 2014	Share of AIS Levy in 2014	Share of Total Levy in 2014	Share of Total Levy in 2013	Increase in Total Levy from 2013	% of Increase from 2013
DEEPHAVEN	3,642	922,807,292	10,327,976	4.8%	$16,442	$6,325	**$22,767**	$21,692	$1,075	5.0%
EXCELSIOR	2,188	315,145,221	3,949,333	1.8%	$6,287	$2,419	**$8,706**	$8,173	$533	6.5%
GREENWOOD	688	274,144,600	3,120,892	1.4%	$4,968	$1,911	**$6,880**	$6,450	$430	6.7%
MINNETONKA	49,734	7,256,381,123	91,746,541	42.6%	$49,198	$18,925	**$68,123**	$66,121	$2,002	3.0%
MTKA BEACH	539	251,180,550	2,911,789	1.4%	$4,636	$1,783	**$6,419**	$6,399	$20	0.3%
MINNETRISTA	6,384	1,197,793,354	12,732,540	5.9%	$20,270	$7,797	**$28,067**	$27,595	$472	1.7%
MOUND	9,052	924,089,329	9,822,668	4.6%	$15,638	$6,015	**$21,653**	$21,878	-$225	-1.0%
ORONO	7,437	2,364,623,516	26,790,406	12.4%	$42,650	$16,406	**$59,056**	$58,407	$649	1.1%
SHOREWOOD	7,307	1,367,209,584	15,025,751	7.0%	$23,921	$9,202	**$33,122**	$31,671	$1,451	4.6%
SPRING PARK	1,669	208,910,996	2,505,237	1.2%	$3,988	$1,534	**$5,522**	$5,195	$327	6.3%
TONKA BAY	1,475	490,783,274	5,565,705	2.6%	$8,861	$3,408	**$12,269**	$12,077	$192	1.6%
VICTORIA	7,345	954,264,600	9,983,858	4.6%	$15,894	$6,114	**$22,008**	$20,526	$1,482	7.2%
WAYZATA	3,688	1,353,914,070	17,839,841	8.3%	$28,401	$10,925	**$39,326**	$37,945	$1,381	3.6%
WOODLAND	437	259,774,364	3,038,376	1.4%	$4,837	$1,861	**$6,698**	$6,474	$224	3.5%
	101,585	18,141,021,873	215,360,913	100.0%	$245,990	$94,625	**$340,615**	$330,603	$10,012	3.0%

Maximum Levy Per MN statute 103B.635 (Total Taxable Market Value * .00242%): $439,013

(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	215,360,913
less Minnetonka Net Tax Capacity	(91,746,541)
Net Tax Capacity for remaining 13 cities	123,614,372

2014 BUDGET DETAIL (Adopted)

	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual Projected	2014 Budget	Footnote # See Appendix A
REVENUES							
1. Administration							
a) LMCD Communities Levy	250,231	231,875	231,875	238,654	238,654	245,990	
b) Use from Administration Reserve	0	20,000	0	19,655	19,655	19,565	1
c) Court Fines	71,783	54,000	105,036	55,000	55,000	55,000	
d) Licenses	116,859	115,000	110,128	115,000	115,000	115,000	
e) Other Public Agencies	0	0	0	0	0	0	
f) Interest	1,012	1,500	1,941	1,000	1,000	1,250	
g) Other Income	2,939	2,000	3,795	2,000	2,000	2,000	
SUB-TOTAL ADMINISTRATION	**442,824**	**424,375**	**452,775**	**431,309**	**431,309**	**438,805**	
2. Aquatic Invasive Species							
a) LMCD Communities Levy	80,419	90,333	90,331	91,950	91,950	94,625	
b) Other Public Agencies	54,238	32,800	50,750	32,800	59,307	30,000	2
c) Use from AIS Reserve	0	0	0	0	0	0	
d) Interest	207	500	379	250	250	375	
SUB-TOTAL AQUATIC INVASIVE SPECIES	**134,864**	**123,633**	**141,460**	**125,000**	**151,507**	**125,000**	
3. Equipment Replacement							
a) Transfers from Administration and AIS Reserves		25,000	45,856	25,000	25,000	25,000	
b) Receipt from LMCIT		0	32,500	0	0	0	
c) Use from Equipment Replacement Reserve		0	96,036	0	0	0	
SUB-TOTAL EQUIPMENT REPLACEMENT		**25,000**	**174,392**	**25,000**	**25,000**	**25,000**	
TOTAL REVENUES	**577,688**	**573,008**	**768,627**	**581,309**	**607,816**	**588,805**	
Total Levy	**330,650**	**322,208**	**322,206**	**330,604**	**330,604**	**340,615**	
DISBURSEMENTS							
ADMINISTRATION							
1. Personnel Services:							
a) Salaries- excludes EWM Project Management time	184,767	192,537	195,445	196,401	200,524	200,524	3
b) FICA & Medicare	14,118	14,729	14,945	15,025	15,340	15,340	4
c) Employer Benefit Contributions	28,730	29,855	29,811	32,015	30,609	33,279	5
SUB-TOTAL PERSONNEL SERVICES	**227,615**	**237,121**	**240,201**	**243,441**	**246,473**	**249,143**	
2. Contractual Services:							
a) Office Lease & Storage	43,005	44,054	44,032	45,112	46,297	47,409	6
b) Professional Services	18,862	3,500	3,202	2,700	2,500	2,500	7
SUB-TOTAL CONTRACTUAL SERVICES	**61,867**	**47,554**	**47,234**	**47,812**	**48,797**	**49,909**	

2014 BUDGET DETAIL (Adopted)

	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual Projected	2014 Budget	Footnote # See Appendix A
3. Office & Administration:							
a) Office, General Supplies	3,165	5,000	4,071	4,500	4,500	4,500	
b) Telephone	2,062	2,500	2,069	2,500	2,200	2,160	
c) Postage	4,863	5,000	3,800	5,000	5,000	5,000	
d) Printing, Publications, Advertising	8,453	11,000	9,927	10,000	10,000	10,500	8
e) Maintenance, Office Equipment	1,021	1,200	837	1,200	1,200	1,100	
f) Subscriptions, Memberships	1,488	1,000	1,550	1,000	1,625	1,700	
g) Insurance, Bonds	7,156	6,500	6,031	7,000	7,000	7,000	9
h) Public Information, Legal Notices	1,781	1,500	139	1,500	500	1,000	
i) Meeting Expenses	3,473	3,500	4,399	4,000	4,500	4,500	
j) Mileage	1,504	2,000	1796	2000	2000	2000	
k) Employee Training	0	400	0	400	400	400	
SUB-TOTAL OFFICE & ADMINISTRATION	**34,966**	**39,600**	**34,619**	**39,100**	**38,925**	**39,860**	
4. Capital Outlay:							
a) Furniture & Equipment	743	1,500	948	1,500	1,250	1,000	
b) Computer Software & Hardware	483	2,000	1,553	2,000	1,750	2,000	10
SUB-TOTAL CAPITAL OUTLAY	**1,226**	**3,500**	**2,501**	**3,500**	**3,000**	**3,000**	
5. Legal:							
a) Legal Services	30,771	37,000	21,576	35,000	34,000	32,000	11
b) Prosecution Services	25,585	47,000	39,875	45,000	45,000	45,000	12
c) Hennepin County Room & Board	1,104	750	732	1,000	1,000	1,000	
SUB-TOTAL LEGAL	**57,460**	**84,750**	**62,183**	**81,000**	**80,000**	**78,000**	
6. Contract Services/Studies:							
a) Audit	6,651	6,850	6,850	7,056	7,056	7,268	
b) Information Technology	0	0	0	0	500	500	
SUB-TOTAL CONTRACT SERVICES/STUDIES	**6,651**	**6,850**	**6,850**	**7,056**	**7,556**	**7,768**	
7. Code Enforcement Program					**3,500**	**4,000**	
8. Administration Reserve Fund	**0**	**0**	**0**	**0**	**0**	**0**	
9. Equipment Replacement Fund		**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	13
10. Contingency	**5,247**	**5,000**	**4,693**	**9,400**	**2,500**	**7,125**	
TOTAL ADMINISTRATION	**395,032**	**449,375**	**423,281**	**456,309**	**455,751**	**463,805**	

2014 BUDGET DETAIL (Adopted)

	2011 Actual	2012 Budget	2012 Actual	2013 Budget	2013 Actual Projected	2014 Budget	Footnote # See Appendix A
AQUATIC INVASIVE SPECIES (AIS)							
1. Eurasian Watermilfoil (EWM) Harvesting Program	79,761	93,633	84,863	95,000	95,000	95,000	14
2. Equipment Replacement Fund	0	0	0	0	0	0	
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	34,247	30,000	38,905	30,000	43,115	30,000	15
EQUIPMENT REPLACEMENT FUND							
1. Purchase of New Mechanical Harvester		0	174,392	0	0	0	
TOTAL AQUATIC INVASIVE SPECIES	114,008	123,633	298,160	125,000	138,115	125,000	
TOTAL DISBURSEMENTS	509,040	573,008	721,441	581,309	593,866	588,805	

Lake Minnetonka Conservation District (LMCD)
Adopted 2014 LMCD Budget
Appendix A

Use from Administration Reserve Fund (Footnote #1)

A $19,565 reserve fund transfer has been budgeted for 2014. Further analysis of this reserve fund balance is detailed on page 2.

Other Public Agencies (Footnote #2)

It is anticipated that the MN DNR will fund the LMCD with a grant of $30,000 for the 2014 EWM Harvesting Program.

Salaries (Footnote #3)	**2014 estimated actual**
Executive Director	$79,618.52 (*)
Administrative Technician (also serves as EWM Project Manager)	$55,702.40 (*)
Less 1 pay period for EWM Project Manager	-$2,320.93
Administrative Assistant/Code Enforcement	$48,464.00 (*)
Administrative Clerk (part-time)	$17,060.16
Seasonal Code Enforcement (part-time)	$2,000.00
	$200,524.15 (**)

(*) Salaries will be grossed up to pay for long-term disability insurance for full-time LMCD employees
(**) Salary adjustments (including F.I.C.A., medicare, & P.E.R.A.) are included in Contingency (line-item 10)

F.I.C.A. & Medicare (Footnote #4)	
Total Salaries- including EWM Project Management (7.65%)	$15,517.65
Less 1 pay period for EWM Project Manager	$177.55
	$15,340.10

Employer Benefit Contributions (Footnote #5)	
P.E.R.A. (7.50%)	$15,063.38
NCPERS Life Insurance	$576.00
Medical & Dental Insurance	$17,639.75
	$33,279.13

Office Lease & Storage (Footnote #6)	**Monthly Rate**	**Months**	
	$3,922.85	8	$31,382.80
	$4,006.61	4	$16,026.44
			$47,409.24

Professional Services (Footnote #7)	
Contracted Payroll & Taxes	$2,000.00
Contracted Bookkeeping Consulting	$500.00
	$2,500.00

Printing, Publications, & Advertising (Footnote #8)

$10,500 has been budgeted for two LMCD Newsletters, the re-printing of the Summer and Winter Rules brochures, and other LMCD literature.

Insurance, Bonds (Footnote #9) — $7,000 has been budgeted with the League of Minnesota Cities for insurance for the LMCD.

Computer Software & Hardware (Footnote #10) — $2,000 has been budgeted for information technology, hardware, and software updates.

Legal Services (Footnote #11) — $32,000 has been budgeted for legal services, which will be partially off-set by charging expenses back to applicants.

Prosecution Services (Footnote #12) — $45,000 has been budgeted for prosecution services. These expenses will be offset by projected $55,000 of court fines.

Equipment Replacement Fund (Footnote #13) — $25,000 has been budgeted for replacement of depreciated EWM Harvesting Equipment.

EWM Harvesting Program (Footnote #14) — A 10-week 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). More details of the proposed project (including a more detailed budget) will be provided in the spring of 2014.

AIS Prevention & Management Programs (Footnote #15) — $30,000 has been budgeted for unspecfified AIS management and prevention programs. Potential programs include: 1) watercraft inspections, 2) herbicide treatments, and 3) biological (weevil) research. Similar to past years, the LMCD will seek partnerships for the implementation of these projects, in particular funding partners.

RESERVE FUND ANALYSIS:

2013	**Administration**	**AIS**	**Equipment Replacement Fund**
12/31/12 Balance	$301,204	$64,433	$17,184
Reserve Fund Contribution	$0	$0	$0
Transfer from Reserve Fund	($19,565)	$0	$0
Transfer to Equip. Repl. Fund	($25,000)	$0	$25,000
Projected 12/31/13 Balance	**$256,639**	**$64,433**	**$42,184**

2014	**Administration**	**AIS**	**Equipment Replacement Fund**
Projected 12/31/13 Balance	$256,639	$64,433	$42,184
Reserve Fund Contribution	$0	$0	$0
Transfer from Reserve Fund	($19,565)	$0	$0
Transfer to Equip. Repl. Fund	($25,000)	$0	$25,000
Projected 12/31/14 Balance	**$212,074**	**$64,433**	**$67,184**
Projected % of 2013 Annual Budget	**46.5%**	**51.5%**	

LAKE MINNETONKA CONSERVATION DISTRICT
23505 SMITHTOWN ROAD, SUITE 120 • SHOREWOOD, MINNESOTA 55331 • TELEPHONE 952/745-0789 • FAX 952/745-9085
Gregory S. Nybeck, EXECUTIVE DIRECTOR

April 26, 2013

TO: LMCD City Administrators
LMCD Board Members

FROM: Greg Nybeck, Executive Director

SUBJECT: Draft 2014 LMCD Budget

Enclosed are two options of the draft 2014 Lake Minnetonka Conservation District (LMCD) Budget. A meeting has been scheduled at the LMCD office on Thursday, June 6th, at 11 a.m. to review and receive your input on them.

In March of 2013, the LMCD adopted a Comprehensive Eurasian Watermilfoil (EWM) and Curly-Leaf Pondweed (CLP) Plan for Lake Minnetonka. This plan has identified mechanical harvesting and large scale/whole bay herbicide treatments as tools to manage EWM and CLP in public areas. Recommendations were identified relating to public funding for mechanical harvesting, including equipment depreciation, and large scale/whole bay herbicide treatments. However, the consensus of the LMCD Board of Directors was to address this through the 2014 LMCD Budget process.

Highlights of these two options include the following:

Draft 2014 LMCD Budget	
Option #1	**Option #2**
Similar to the activities and projects in the adopted 2013 LMCD Budget	This option proposes funding for some of the recommendations in the adopted plan
Levy to the LMCD member cities would increase 3.0% ($330,604 in 2013 compared to $340,615 in 2014)	Levy to the LMCD member cities would increase 16.6% ($330,604 in 2013 compared to $385,615 in 2014)
Total expenditures would increase 1.3% ($581,309 in 2013 compared to $588,805 in 2014)	Total expenditures would increase 9.0% ($581,309 in 2013 compared to $633,805 in 2014)
A $25,000 transfer is proposed from the Administration Reserve Fund to the Equipment Replacement Fund	**Primary Differences from Option 1** 1. Funding for unspecified AIS prevention and management projects would be reduced to $20,000 (targeted for watercraft inspections) 2. $55,000 is proposed for whole bay or large scale herbicide treatments (in suitable management areas) 3. Net increase of $45,000 from Option 1
Compensation adjustments are proposed at 2% under "Contingency"- see enclosed Compensation and Salary Survey	
$30,000 for unspecified aquatic invasive species (AIS) prevention and management programs (historically used for watercraft inspections)	

During the month of May, I would like to offer attending a city council meeting to discuss the draft 2014 LMCD Budget, as well as to answer any questions that the city council might have on the LMCD activities and projects. If you are unable to attend the June 6th meeting and would like to comment on it, please feel free to call me or forward your comments to the LMCD office by Wednesday, June 5th. My e-mail address is gnybeck@lmcd.org.

RESOLUTION NO. 13-

A RESOLUTION ADOPTING 2014 LMCD BUDGET

WHEREAS, the Lake Minnetonka Conservation District (LMCD) has submitted its annual budget for review to the cities on Lake Minnetonka; and

WHEREAS, the City Council of the City of Tonka Bay reviewed the final budget at its regular meeting on July 9, 2013; and

WHEREAS, the 2014 LMCD budget is $340,615; and

WHEREAS, the levy to Tonka Bay is $12,269.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Tonka Bay approves the 2014 LMCD budget and city levy.

PASSED at a regular meeting of the Tonka Bay City Council this 9th day of July, 2013.

Motion introduced by _____ and seconded by _____.

Roll Call Vote: Ayes –
Nays –
Absent –

_____
Gerry De La Vega, Mayor

ATTEST:

_____
Joseph Kohlmann, Clerk/Administrator