



LAKE MINNETONKA CONSERVATION DISTRICT

5341 MAYWOOD ROAD, SUITE 200 • MOUND, MINNESOTA 55364 • TELEPHONE 952/745-0789 • FAX 952/745-9085

Gregory S. Nybeck, EXECUTIVE DIRECTOR

May 15, 2015

TO: LMCD City Administrators
LMCD Board Members

FROM: Greg Nybeck, Executive Director

SUBJECT: Draft 2016 LMCD Budget

Enclosed is a copy of the draft 2016 Lake Minnetonka Conservation District (LMCD) Budget. The LMCD invites you to attend a review and comment session scheduled for Thursday, June 4th, 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 has considered and recognizes the economic challenges the member cities are currently facing. Thus, a decrease in the overall levy is proposed.

Highlights of the draft 2016 LMCD Budget include the following:

Draft 2016 LMCD Budget	
Budget Highlights	Details
Overall Levy	10.4% decrease (\$306,866 compared to \$342,492 in 2015).
Total Expenditures	2.1% decrease (\$570,366 compared to \$582,492 in 2015).
Personnel Services	0.2% increase (\$254,738 compared to \$254,216 in 2015). Compensation adjustments are proposed at up to 2.5% in Contingency and will be based on performance (see enclosed survey).
Office Lease & Storage	2.5% increase (\$17,609 compared to \$17,180 in 2015).
Eurasian Watermilfoil (EWM) Harvesting Program	\$85,500 for EWM mechanical harvesting of public navigational areas (10% decrease from 2015 due to whole bay and large scale herbicide treatments coordinated by Lake Minnetonka Association). A \$30,000 grant is anticipated from the MN DNR.
Equipment Replacement Fund	\$17,500 in transfers (\$15,000 from the AIS Reserve Fund and \$2,500 from the Administration Reserve Fund) for future replacement of EWM capital equipment (compared to \$35,000 in 2015).
Aquatic Invasive Species Prevention & Management	\$40,000 for watercraft inspections through various partnerships. A \$4,000 grant from the MN DNR and a \$20,000 grant from the Minnehaha Creek Watershed District are anticipated.

The LMCD values your review and input. Please let me know if you would like me to attend an upcoming city council meeting to discuss the draft 2016 LMCD Budget or to review LMCD activities and projects. Review and approval by the LMCD Board is planned for the June 10th meeting.



LAKE MINNETONKA CONSERVATION DISTRICT 2016 BUDGET AND LEVY (DRAFT)

City	2010 U.S. Census Population Data	2014 Taxable Market Value	2014 Net Tax Capacity	% of Total Net Tax Capacity (Note 1)	Share of Admin. Levy in 2016	Share of AIS Levy in 2016	Share of Total Levy in 2016	Share of Total Levy in 2015	Increase in Total Levy from 2015	% of Increase from 2015
DEEPHAVEN	3,642	1,032,251,985	11,581,247	5.0%	\$16,325	\$4,914	\$21,239	\$23,018	-\$1,779	-7.7%
EXCELSIOR	2,188	370,753,654	4,630,478	2.0%	\$6,527	\$1,965	\$8,492	\$9,053	-\$561	-6.2%
GREENWOOD	688	287,137,820	3,276,453	1.4%	\$4,618	\$1,390	\$6,009	\$6,560	-\$551	-8.4%
MINNETONKA	49,734	7,755,295,658	97,592,653	42.2%	\$47,173	\$14,200	\$61,373	\$68,498	-\$7,125	-10.4%
MTKA BEACH	539	279,018,887	3,254,759	1.4%	\$4,588	\$1,381	\$5,969	\$5,738	\$231	4.0%
MINNETRISTA	6,384	1,286,340,955	13,666,702	5.9%	\$19,264	\$5,799	\$25,063	\$28,290	-\$3,227	-11.4%
MOUND	9,052	1,006,507,064	10,665,953	4.6%	\$15,034	\$4,526	\$19,560	\$21,276	-\$1,716	-8.1%
ORONO	7,437	2,431,401,691	27,566,309	11.9%	\$38,857	\$11,697	\$50,553	\$59,334	-\$8,781	-14.8%
SHOREWOOD	7,307	1,449,497,111	15,926,414	6.9%	\$22,449	\$6,758	\$29,207	\$33,032	-\$3,825	-11.6%
SPRING PARK	1,669	216,026,342	2,578,200	1.1%	\$3,634	\$1,094	\$4,728	\$5,545	-\$817	-14.7%
TONKA BAY	1,475	512,085,023	5,815,803	2.5%	\$8,198	\$2,468	\$10,665	\$12,024	-\$1,359	-11.3%
VICTORIA	7,345	1,162,010,000	12,231,055	5.3%	\$17,241	\$5,190	\$22,430	\$23,344	-\$914	-3.9%
WAYZATA	3,688	1,494,142,332	19,605,682	8.5%	\$27,636	\$8,319	\$35,954	\$40,215	-\$4,261	-10.6%
WOODLAND	437	262,265,908	3,066,103	1.3%	\$4,322	\$1,301	\$5,623	\$6,564	-\$941	-14.3%
	101,585	19,544,734,430	231,457,811	100.0%	\$235,866	\$71,000	\$306,866	\$342,491	-\$35,625	-10.4%

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

\$472,983

(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	231,457,811
less Minnetonka Net Tax Capacity	(97,592,653)
Net Tax Capacity for remaining 13 cities	133,865,158

2016 BUDGET DETAIL (Draft)

	2013 Actual	2014 Budget	2014 Actual	2015 Budget	2015 Actual Projected	2016 Budget	Footnote # See Appendix A
REVENUES							
1. Administration							
a) LMCD Communities Levy	238,652	245,990	245,990	247,992	247,992	235,866	
b) Use from Administration Reserve	34,096	19,565	0	0	0	17,500	1
c) Court Fines	55,611	55,000	62,156	55,000	55,000	55,000	
d) Licenses	110,382	115,000	114,586	115,000	115,000	115,000	
e) Other Public Agencies	696	0	696	500	500	500	
f) Interest	2,055	1,250	1,358	2,000	1,250	1,500	
g) Other Income	2,259	2,000	1,043	2,000	2,000	2,000	
SUB-TOTAL ADMINISTRATION	443,751	438,805	425,829	422,492	421,742	427,366	
2. Aquatic Invasive Species							
a) LMCD Communities Levy	91,951	94,625	94,625	94,500	94,500	71,000	
b) Other Public Agencies	51,893	30,000	51,841	30,000	53,500	54,000	2
c) Use from AIS Reserve	0	0	0	0	0	0	
d) Interest	484	375	0	500	500	500	
SUB-TOTAL AQUATIC INVASIVE SPECIES	144,328	125,000	146,466	125,000	148,500	125,500	
3. Equipment Replacement							
a) Transfers from Administration and AIS Reserves	25,000	25,000	25,000	35,000	35,000	17,500	
b) Receipt from LMCIT	0	0	0	0	0	0	
c) Use from Equipment Replacement Reserve	0	0	0	0	0	0	
SUB-TOTAL EQUIPMENT REPLACEMENT	25,000	25,000	25,000	35,000	35,000	17,500	
TOTAL REVENUES	613,079	588,805	597,295	582,492	605,242	570,366	
Total Levy	330,603	340,615	340,615	342,492	342,492	306,866	
DISBURSEMENTS							
ADMINISTRATION							
1. Personnel Services:							
a) Salaries- excludes EWM Project Management time	198,718	200,524	203,829	204,488	207,618	205,100	3
b) FICA & Medicare	15,199	15,340	15,502	15,643	16,068	15,690	4
c) Employer Benefit Contributions	31,802	33,279	32,397	34,085	32,707	33,948	5
SUB-TOTAL PERSONNEL SERVICES	245,719	249,143	251,728	254,216	256,393	254,738	
2. Contractual Services:							
a) Office Lease & Storage	39,143	47,409	16,760	17,180	17,180	17,609	6
b) Professional Services	2,130	2,500	2,054	2,500	2,500	2,500	7
SUB-TOTAL CONTRACTUAL SERVICES	41,273	49,909	18,814	19,680	19,680	20,109	

2016 BUDGET DETAIL (Draft)

	2013 Actual	2014 Budget	2014 Actual	2015 Budget	2015 Actual Projected	2016 Budget	Footnote # See Appendix A
3. Office & Administration:							
a) Office, General Supplies	3,943	4,500	4,077	4,500	4,500	4,500	
b) Telephone	2,190	2,160	2,621	2,460	2,640	2,640	
c) Website, Internet, & E-mail			228	300	300	300	
d) Postage	3,637	5,000	4,968	5,000	5,000	5,000	
e) Printing, Publications, Advertising	9,996	10,500	11,575	11,000	11,500	12,000	8
f) Maintenance, Office Equipment	850	1,100	917	1,100	1,100	1,100	
g) Subscriptions, Memberships	1,611	1,700	1,677	1,700	1,700	1,768	
h) Insurance, Bonds	7,205	7,000	6,591	7,250	7,250	7,250	9
i) Public Information, Legal Notices	939	1,000	1,435	1,000	1,000	1,000	
j) Meeting Expenses	3,833	4,500	5,786	4,260	4,350	4,500	
k) Media (Cable & Internet)			0	3,300	3,600	3,600	10
l) Mileage	1817	2000	1514	2000	2000	2000	
m) Employee Training	0	400	50	400	400	400	
SUB-TOTAL OFFICE & ADMINISTRATION	36,021	39,860	41,439	44,270	45,340	46,058	
4. Capital Outlay:							
a) Furniture & Equipment	0	1,000	478	1,500	1,500	1,500	
b) Computer Software & Hardware	543	2,000	1,583	2,000	2,000	2,000	11
SUB-TOTAL CAPITAL OUTLAY	543	3,000	2,061	3,500	3,500	3,500	
5. Legal:							
a) Legal Services	31,674	32,000	40,744	32,000	32,000	32,000	12
b) Prosecution Services	50,963	45,000	29,738	45,000	45,000	45,000	13
c) Hennepin County Room & Board	317	1,000	812	1,000	1,000	1,000	
SUB-TOTAL LEGAL	82,954	78,000	71,294	78,000	78,000	78,000	
6. Contract Services/Studies:							
a) Audit	7,050	7,268	7,250	7,486	7,486	7,711	
b) Information Technology	81	500	303	750	750	750	
SUB-TOTAL CONTRACT SERVICES/STUDIES	7,131	7,768	7,553	8,236	8,236	8,461	
7. Code Enforcement Program	3,410	4,000	11,940	4,590	4,500	4,500	
8. Administration Reserve Fund	0	0	0	0	0	0	
9. Equipment Replacement Fund	25,000	25,000	25,000	0	0	2,500	14
10. Contingency	26,700	7,125	3,073	10,000	20,000	12,000	
<u>TOTAL ADMINISTRATION</u>	<u>468,751</u>	<u>463,805</u>	<u>432,902</u>	<u>422,492</u>	<u>435,649</u>	<u>429,866</u>	

2016 BUDGET DETAIL (Draft)

	2013 Actual	2014 Budget	2014 Actual	2015 Budget	2015 Actual Projected	2016 Budget	Footnote # See Appendix A
AQUATIC INVASIVE SPECIES (AIS)							
1. Eurasian Watermilfoil (EWM) Harvesting Program	79,428	95,000	97,496	95,000	95,000	85,500	15
2. Equipment Replacement Fund	0	0	0	35,000	35,000	15,000	16
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	33,472	30,000	35,492	30,000	39,000	40,000	17
EQUIPMENT REPLACEMENT FUND							
1. Purchase of New Mechanical Harvester	0	0	0	0	0	0	
<u>TOTAL AQUATIC INVASIVE SPECIES</u>	<u>112,900</u>	<u>125,000</u>	<u>132,988</u>	<u>160,000</u>	<u>169,000</u>	<u>140,500</u>	
<u>TOTAL DISBURSEMENTS</u>	<u>581,651</u>	<u>588,805</u>	<u>565,890</u>	<u>582,492</u>	<u>604,649</u>	<u>570,366</u>	

**Lake Minnetonka Conservation District (LMCD)
Draft 2016 LMCD Budget
Appendix A**

Use from Administration Reserve Fund (Footnote #1)

A \$17,500 reserve fund transfer has been budgeted for 2016. Further analysis of this reserve fund balance is detailed on the last page of Appendix A.

Other Public Agencies (Footnote #2)

It is anticipated that: 1) the MN DNR will fund the LMCD with a grant of \$30,000 for mechanical harvesting, 2) the MN DNR will fund the LMCD with a grant of \$4,000 for watercraft inspections, and 3) the MCWD will fund the LMCD with a grant of \$20,000 for watercraft inspections.

Salaries (Footnote #3)

	2016 estimated actual
Executive Director	\$81,210.59 (*)
Administrative Technician (also serves as EWM Project Manager)	\$58,240.00 (*)
Less 2 pay periods for EWM Project Manager	-\$4,853.33
Administrative Assistant/Code Enforcement	\$50,668.80 (*)
Administrative Clerk (part-time)	\$17,833.92
Seasonal Code Enforcement (part-time)	\$2,000.00
	\$205,099.98 (**)

(*) 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 #4)

Total Salaries- including EWM Project Management (7.65%)	\$16,061.43
Less 2 pay periods for EWM Project Manager	\$371.28
	\$15,690.15

Employer Benefit

Contributions (Footnote #5)

P.E.R.A. (7.50%)	\$15,596.50
NCPERS Life Insurance	\$576.00
Medical & Dental Insurance	\$17,775.16
	\$33,947.66

Office Lease & Storage (Footnote #6)

	Monthly Rate	Months	
	\$1,458.32	9	\$13,124.88
	\$1,494.78	3	\$4,484.34
			\$17,609.22

Professional Services (Footnote #7)

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

Printing, Publications, & Advertising (Footnote #8)	\$12,000 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)	\$7,250 has been budgeted with the League of Minnesota Cities for insurance for the LMCD.
Media (Cable & Internet) (Footnote #10)	\$3,600 has been budgeted to contract with a producer and on-line viewing of LMCD Board Meetings.
Computer Software & Hardware (Footnote #11)	\$2,000 has been budgeted for information technology, hardware, and software updates.
Legal Services (Footnote #12)	\$32,000 has been budgeted for legal services, which will be partially off-set by charging expenses back to applicants.
Prosecution Services (Footnote #13)	\$45,000 has been budgeted for prosecution services. These expenses will be offset by projected \$55,000 of court fines.
Equipment Replacement Fund (Footnote #14)	\$2,500 has been budgeted for replacement of depreciated EWM Harvesting Equipment.
EWM Harvesting Program (Footnote #15)	A 9-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). Further details of the proposed project (including a more detailed budget) will be provided in the spring of 2016.
Equipment Replacement Fund (Footnote #16)	\$15,000 has been budgeted for replacement of depreciated EWM Harvesting Equipment (in addition to Footnote #14).
AIS Prevention & Management Programs (Footnote #17)	\$40,000 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 funding partners from the MN DNR and MCWD).

RESERVE FUND ANALYSIS:

	Administration	AIS	Equipment Replacement Fund
2015			
12/31/14 Balance	\$235,036	\$109,339	\$67,472
Reserve Fund Contribution	\$0	\$0	\$0
Transfer from Reserve Fund	(\$13,157)	\$0	\$0
Transfer to Equip. Repl. Fund	\$0	(\$35,000)	\$35,000
Projected 12/31/15 Balance	\$221,879	\$74,339	\$102,472
2016			
Projected 12/31/15 Balance	\$221,879	\$74,339	\$102,472
Reserve Fund Contribution	\$0	\$0	\$0
Transfer from Reserve Fund	(\$17,500)	\$0	\$0
Transfer to Equip. Repl. Fund	(\$2,500)	(\$15,000)	\$17,500
Projected 12/31/16 Balance	\$201,879	\$59,339	\$119,972
Projected % of 2015 Annual Budget	47.8%	47.5%	

**Lake Minnetonka Conservation District (LMCD)
Salary and Hourly Rate Adjustments Survey (2010-2015)**

Public Agency	2010	2011	2012	2013	2014	2015
Deephaven	0%	2%	1%	2%	2%	2.50%
Excelsior	0%	2%	1%	2%	2%	2.50%- union employees (same anticipated for non-union)
Greenwood	Contracts with the City of Deephaven					
LMCD	0%	2%	1.5%	2%	2%	2.50%
MCWD	2%	2%	3%	5%	3% (met expectations)	3% (met expectations) plus pay for performance (ranged from 1-3%)
Minnetonka	1.81%	1.56%	1.46%	1.44%	1.83% (non union employees)	1.63% (1% annual increase & market analysis for each position) Public work employees not settled (city % could change)
Minnetonka Beach	2%	2%	1%	1%	3.50%	3.50%
	(Plus 3.5% step increases to those eligible)					
Minnetrista	1%	0%	2%	1%		
Mound	0%	1%	1%	\$.50 per hour for all employees (\$1,040- full time)	\$.50 per hour for all employees (\$1,040- full time)	\$.50 per hour for all employees (\$1,040- full time)
Orono	1%	1%	1% (July, 2012)	1%	2.0% (police) 1.5% lump sum (non union)	2.5% (police) 1.5% COLA & 1% lump sum (non union)
Shorewood	2% budgeted each year from 2010-2013 for non-union employees. Funds were put in a pool & adjustments were based on performance & position in the market range for each employee. The average has been 1.5% the past couple of years (varies by position).					
Spring Park	2%	3%	3%	3.75%	3%	3% was the norm
	(These numbers include COLA increases)					
Tonka Bay	0.83%	1%	1%	1%	2%	2%
Victoria	1%	1%	1%	2%	2%	2% was typical (average was 2.18%)
Wayzata	0%	0%	1.5%	2%	2% COLA (non union) 2% COLA & 2% market adjustment (police)	2% on 4/1 (police) Non union (ranged from 1% to 4%)
Woodland	Contracts with the City of Deephaven					