



2024 Budget

July Workshop #2



Wild Rice on Lake Keewahtin



Recommended Approach

Expense-Revenue Balance

- If expenditures increase, ensure revenues are reliable
- Don't budget for revenues we aren't confident about; amend budget if/when grants are secured

Measuring Progress/Productivity

- 2023 Progress Report will provide a comprehensive picture of the District's progress toward its WMP goals and metrics
- Progress made isn't necessarily 1:1 with dollars spent



Original Expense-Revenue Summary

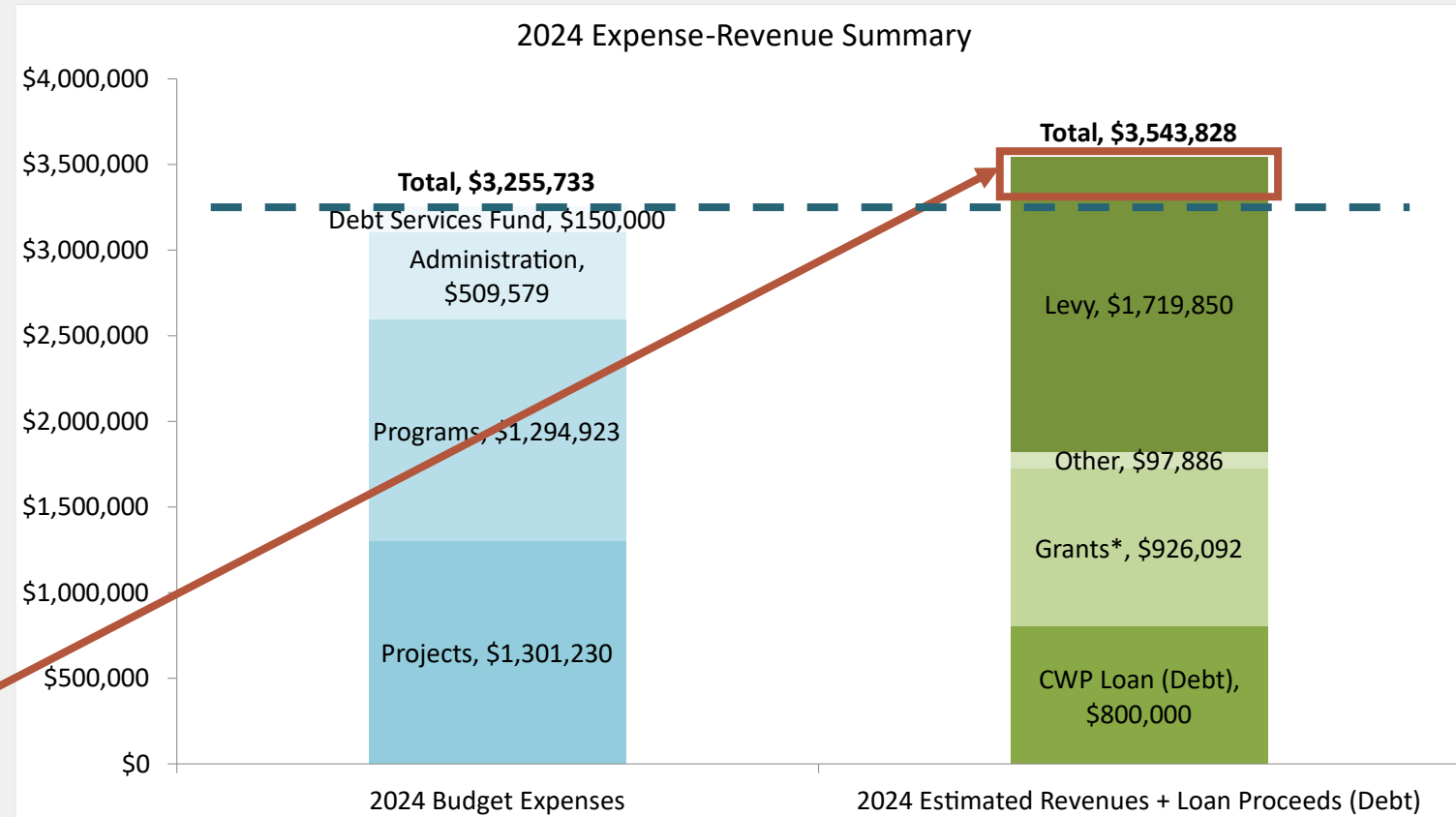
Revenue-Expense Differential =
\$288,095

Expenses

- Differs from WMP estimates, but still includes necessary items to ultimately achieve WMP priority goals

Revenues

- Consider 6% levy increase
- Only grants w/ high certainty
- CWP loan: complete big projects while also reserving:
 - \$200K of levy for future loan repayments
 - **\$88K of levy for future expenditures (build reserve fund)**





Cash Balance vs Fund Balance

Cash Balance

- “Money in the bank”
- Includes dedicated funds such as unearned grant revenue, stormwater impact fund, etc.
- 2022 ending cash balance: \$2,546,593

Fund Balance

- Cash balance minus dedicated funds
- Excludes unearned grant revenues etc.
- 2022 ending fund balance: \$1,126,958





Fund Balance

2024 Fund Balance (aka Reserve Fund) Projections

- 2024 revenues exceed expenditures/dedications by \$88,000 (e.g., add \$88K to fund balance)
- 2024 estimated yearend fund balance = \$1.39 million
- If 2024 expense budget increases by \$1 million before securing revenues, fund balance is projected to drop to \$390K by 2024 yearend.



2023 Budget Summary

- 2023 expense budget: \$4.9 million
 - Highlights: Included three major capital projects and a major land acquisition
 - Hwy 61 Wetland Enhancement - \$1.2 million (it's not every year that we'll have a >\$1 million project)
 - CR50 Iron Enhanced Sand Filter - \$350,000
 - Forest Lake Alum Treatment - \$300,000
 - Land Acquisition - \$800,000 (budgeted w/o certainty of grant or landowner agmt)
 - Total Projects: \$2,288,596
 - Total Programs (minus land acquisition): \$1,229,135



Proposed 2024 Budget Summary

- 2024 expense budget: \$3.25 million
 - Highlights: Includes three significant, but smaller budget capital improvement projects
 - Moody Capstone: \$275,000
 - WJD-6 Wetland: \$410,000
 - Little Comfort Infiltration Basin: \$325,000 (project is uncertain due to land access)
 - Land Acquisition: \$10,000 (smaller budget b/c acquisitions and source of match funds are yet uncertain; amend budget if/when landowner negotiations are clearer)
 - Total Projects: \$1,301,730
 - Total Programs (minus land acquisition): \$1,296,609



Recommended Budget Changes



Recommended Budget Revisions

Public Relations Consultant

- Original Education Ongoing Initiatives Budget = \$70,000 which included an estimate of \$10,000 for some PR consultant assistance
- Propose to add \$20,000 expand efforts further
- Total of \$30,000 to do PR in 2024
- Proposed plan coming to August 10th mtg

**Recommended budget change:
+\$20,000 to 3-005-A**





Recommended Budget Revisions

Shields Lake Shoreline Restoration Project

- Minor addition to bring line item from \$0 to \$500
- Construction completed this spring, but need to do additional buffer establishment work in 2024

**Recommended budget change:
+\$500 to 5-226-D**





Potential Future Budget Amendments

Land Acquisition

- Secured \$1.9 million Lessard-Sams grant this summer
- Grant isn't enough to cover full acquisition.
- Landowner negotiations still underway, and an additional appraisal is occurring this month.
- Need to align selling price with funding restrictions.

Recommended budget change: None is needed at this time. Potentially in the future depending on negotiations.





Potential Future Budget Amendments

July Avenue Feedlot in Little Comfort Lake Mgmt District

- Planning to apply for Clean Water Fund grant
- High priority feedlot/agricultural best management practices in the Little Comfort Lake Management District

Recommended budget change: None at this time. Amend in future if/when grant is awarded.





Potential Future Budget Amendments

Shoreline Restoration Work

- Applied for \$60,000 MN Glacial Lakes Partnership grant
 - Requires 1:1 match (i.e., \$60K match)
 - Includes restoration, inventories, and public outreach
- Planning to apply to Clean Water Fund for Comfort Lake shoreline restoration, impervious surface removal, demonstration site and shoreline landowner outreach campaign.
- Working closely with City of Forest Lake on city park and dead end street shoreline projects and associated grant proposals. Added benefit of serving as demonstration sites.

Recommended budget change: None at this time. Amend in future if/when grants are awarded.





Regulatory Oversight and Support

- Our role is to provide data and scientific support.
- Here's what we're doing in 2023 and going forward (compared to <2 FTEs dedicated to these initiatives 5 years ago)
 - 1.8 FTEs to 3002 Permitting: More eyes and ears on the ground and enforcing CLFLWD rules better than ever
 - 1.2 FTEs to 3004 NPS Pollution Abatement: Revamped shoreline inventories and restoration cost-share program
 - 1.2 FTEs to 3005 Education & Outreach: Devoting more resources than ever to target shoreline residents and increase stewardship (both voluntary thru cost-share and compulsory thru permitting)
 - 0.5 FTEs to 3006 Interagency Communication: Strengthening partnerships, building trust, communicating more clearly and frequently than ever before

We recommend that staying the course on these initiatives will result in improved shoreland stewardship and compliance with city shoreland ordinances.

Recommended budget change: None at this time. Budgeted \$972K for staff in 2024. Had some turnover recently. Get back to full projected staff level and implement plan.



AIS Coordination

- Executed aquatic invasive species management agreement with City of Forest Lake and Forest Lake Lake Association
- Board discussed wanting to replicate on Comfort Lake and Bone Lake

Recommended budget change: None at this time. Continue to implement AIS prevention and management plan and make budget amendments if/when cooperative agreements necessitate.



Contingency Fund & Interest Income

- District Accountant indicated other WD clients do not have a contingency fund
- Accountant checking if such a fund could be compliant with audit standards
- Staff and managers continually monitor Fund Balance/Reserve Fund to ensure sufficient cash flow
- Ensure revenues exceed expenses in order to add to the Fund Balance
- League of MN Cities offers 4M investment fund, which might be a useful tool
- Recently transferred banks, which should result in added interest income

Recommended budget change: +\$40,000 in 2024 interest income as a result of switching banks

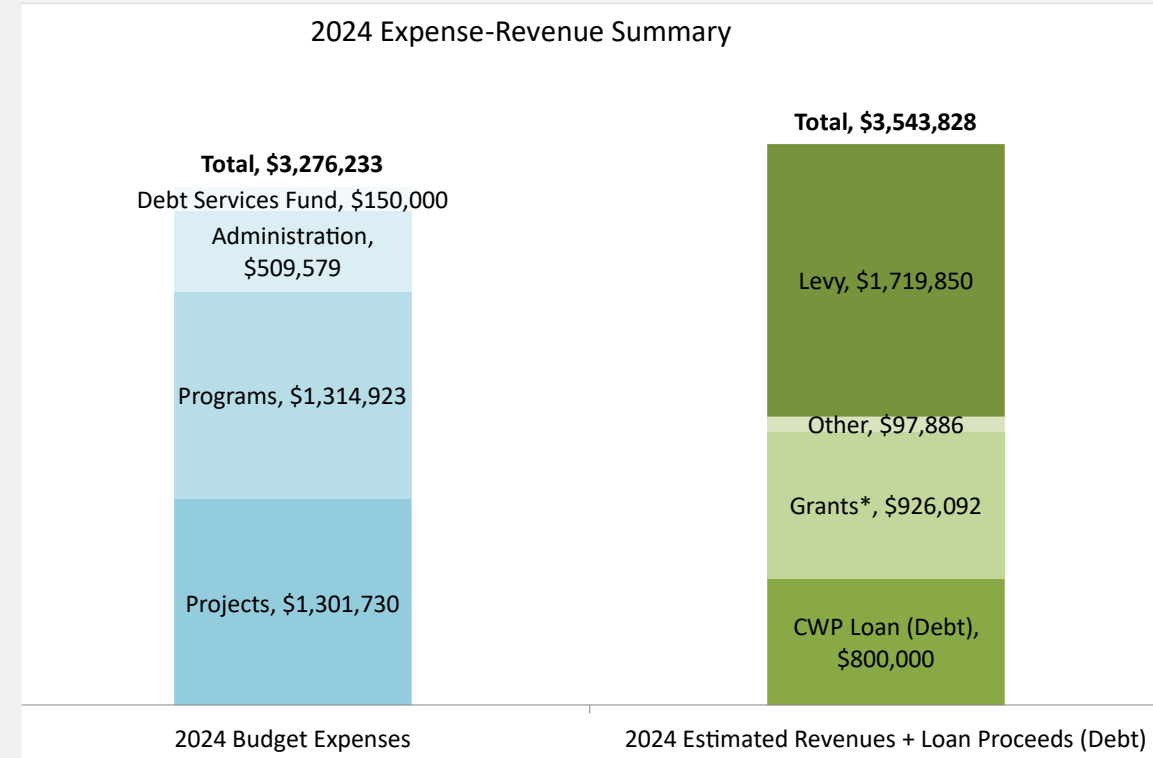
- **Look into League of MN Cities 4M fund for investment opportunity**
- **Ensure revenues exceed expenses in order to increase the Fund Balance**



Proposed Budget Revisions

Total recommended budget changes:

- **+\$20,500 in expenses**
- **+\$40,000 in revenues**
- **2024 Expense Budget: \$3,276,233**
- **2024 Est. Revenues+Loan: \$3,543,828**
- **2024 Est. YE Fund Balance: \$1,379,764**





2024 Levy – Received EMV and NTC from state agencies

Budget Year	Estimated Market Value (EMV) (Prior Year Basis)	Net Tax Capacity (NTC) (Prior Year Basis)	Budget Year Levy	Ratio Levy/Estimated Market Value	Ratio Levy/Net Tax Capacity	Year-to-Year EMV Increase	Year-to-Year NTC Increase	Year-to-Year Levy Increase
2014	\$1,431,515,600	\$14,032,122	\$755,000	0.05%	5.38%			
2015	\$1,470,005,400	\$14,824,066	\$755,000	0.05%	5.09%	2.69%	5.64%	0%
2016	\$1,602,023,700	\$16,215,018	\$803,650	0.05%	4.96%	8.98%	9.38%	6%
2017	\$1,679,944,600	\$17,397,726	\$998,000	0.06%	5.74%	4.86%	7.29%	24%
2018	\$1,747,607,400	\$18,053,592	\$1,200,000	0.07%	6.65%	4.03%	3.77%	20%
2019	\$1,826,385,900	\$18,955,914	\$1,300,000	0.07%	6.86%	4.51%	5.00%	8%
2020	\$2,068,377,700	\$20,586,584	\$1,400,000	0.07%	6.80%	13.25%	8.60%	8%
2021	\$2,200,044,800	\$21,733,418	\$1,475,000	0.07%	6.79%	6.37%	5.57%	5%
2022	\$2,294,312,700	\$22,805,705	\$1,622,500	0.07%	7.11%	4.28%	4.93%	10%
2023	\$2,406,482,200	\$24,076,992	\$1,622,500	0.07%	6.74%	4.89%	5.57%	0%
2024	\$2,975,872,700	\$30,189,871	\$1,719,850	0.06%	5.70%	23.66%	25.39%	6%
Average Increase				0.06%	6.16%	7.75%	8.12%	9%



Recap of Comments from July Workshop #1 (July 13th)

1. Consider increasing the budget for a PR firm.
2. Board to work on developing lake financial agreements with the other lake associations and cities.
3. Consider setting up a contingency fund separate from the District's existing fund balance/reserve fund.
4. Consider hiring 1 additional FTE for the purpose of city shoreline ordinance oversight.
5. Avoid year-to-year budget fluctuations by increasing the 2024 budget by approximately \$1 million so it is in line with the 2023 budget.
6. Does the Board agree on the levy for 2024? (I.e., 6% increase to \$1.7 million)



Next Steps

July 27th and August 10th

Remaining regular board meetings between now and budget public hearing.

August 4th

Publish notice of budget public hearing.
Need to publish proposed expense budget and levy amounts in newspaper.
Can change later if necessary, but should be relatively confident in the numbers.

August 24th

Budget public hearing and proposed budget adoption.