



## MEMORANDUM

Comfort Lake-Forest Lake Watershed District

**Date:** August 30, 2023  
**To:** CLFLWD Board of Managers  
**From:** Mike Kinney, District Administrator  
**Subject:** 2024 Budget & Levy



**District Wide**

### Introduction/Background

The purpose of this agenda item is to review the most recent drafts of the 2024 budget and come to a consensus on the budget and levy to be certified with Chisago and Washington County. The last iteration of the full budget packet was distributed on 8/15/23, and it is enclosed for reference.

### Manager Comments

The Board discussed this topic at the August 24<sup>th</sup> regular meeting. Manager Anderson provided a memorandum that included several recommended changes to the expense budget and estimated revenues. At President Schmaltz's request, staff entered those comments into the budget table format and created an additional grant breakout table. These documents are enclosed.

### JA/SS Hybrid Budget Scenario

One more budget scenario is enclosed for Board consideration, dated 8/30/23. President Schmaltz, Manager Anderson, and Administrator Kinney met on Tuesday, 8/29/23 and reviewed each of Manager Anderson's comments. Afterward, President Schmaltz and Administrator Kinney met with Emily Heinz to prepare an updated draft budget packet. This draft incorporates some of Manager Anderson's requested expense line items, resulting in an additional \$155,536 in expenditures. This draft includes a levy increase of 6%. This draft does not adjust grant revenues; see discussion on grant revenues below.

### Expenses added:

1. 1001 Board Administration: +\$4,000 for manager expenses/training
2. 1002 Office Expenses: +\$46,536 for office renovations/improvements
3. 1004 Professional Services: +\$30,000 for salary survey and building design consultant
4. 3009 Grant Research: +\$15,000 for grant research assistance
5. 3011 AIS: +\$10,000 for rapid response, Moody AIS mgmt., Comfort AIS mgmt.
6. 5100 Floodplain: +\$50,000 for floodplain/greenway implementation



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### **Grant Revenues and Eligible Grant Expenditures**

It is important to note that any grant revenues shown in the budget should be tied to an eligible grant expense. Adding grant revenues without a clear tie to an eligible grant expense creates risk for the District. Redpath and League of Minnesota Cities staff have recommended that the District add grants to the budget when they are awarded, as opposed to budgeting for uncertain grants. However, the Board may decide how to handle uncertain grants. Grant agencies require very detailed accounting to ensure that grant funds are being used for eligible items. The 8/30/23 draft budget does not include the grant revenues, nor the grant expenditures, nor the match expenditures associated with the in-progress grants shown in the Grant Breakout attachment. If awarded, the District may complete a budget amendment to add to the budget: the grant revenue, the grant expenditure, and the match expenditure. Note that most grants require a 10% match, which will add to the levy/reserve fund burden.

### **Budget Resolution & Levy Certification**

Staff recommends the Board reach consensus on the total expense budget and levy at the September 5<sup>th</sup> meeting. A template resolution is enclosed and may be filled in with the appropriate numbers. One item of note is that the District is not required to exercise specific 103D.905 and 466.06 levies, as it has historically done. In fact, most metro watershed districts exercise a single [103B.241 levy](#), and the levy certification process would be much simpler this way. Staff recommends simplifying the levy statute reference in its resolution to align with other metro watershed districts.

The levy certification deadline is September 15<sup>th</sup>. The District may choose to indicate that this is not the final levy certification, and the District may certify its final levy in December. After September 15<sup>th</sup>, the levy can either remain the same or be lowered, but it may not be increased. The Board has historically submitted the levy as final by September 15<sup>th</sup>.

### **Budget Acceptance Requirements – December Meeting**

Each year, when the Board acts to adopt the budget and certify the levy, the Board President is required to announce that there will be an agenda item on the December Board meeting agenda at which time members of the public may offer comments on the budget and levy.

This later public opportunity does not affect the finality of the Board's action during the September 5<sup>th</sup> meeting. If, as a result of public comment in December or for its own reasons, the Board chooses to alter its budget or reduce its levy, it can adopt and transmit a resolution accordingly. But if it does not wish to alter the budget/levy approved at the September 5<sup>th</sup> meeting, those actions are final, and no further action is required after the public comment opportunity to "finalize" them.



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### Recommended Action

Decisions to Make:

1. Rent new office space or not?
2. Levy: raise 0-6%?
3. Keep changes in 8/30/23 draft budget?
4. Other changes/questions?

Proposed Motion: Manager \_\_\_\_\_ moves to adopt resolution 23-08-03 including a total expense budget of \$\_\_\_\_\_ and a total levy of \$\_\_\_\_\_. Seconded by Manager \_\_\_\_\_ . [Roll call vote]

### Attached:

- Draft 2024 Budget (8/15/23)
- Grant Breakout for CLFLWD Board of Managers
- Manager Anderson's Budget Memo and Associated Budget Tables (8/23/23)
- Draft 2024 Budget – JA/SS Hybrid (8/30/23)
- Resolution 23-09-01