



## Bassett Creek Watershed Management Commission

### MEMO

To: BCWMC Commissioners and Alternate Commissioners  
From: Laura Jester, Administrator  
Date: December 13, 2023

**RE: Consider Recommendations from Budget Committee and Technical Advisory Committee**

At their meeting on November 20<sup>th</sup>, the Budget Committee discussed a potential amendment to the 2024 operating budget and a policy for use of investment income. This memo outlines the information presented and discussed along with the Budget Committee’s recommendations on the 2024 budget amendment, and both the TAC and Budget Committee recommendations on the investment income policy:

**1. 2024 Budget Amendment**

The Budget Committee recommends amending the 2024 operating budget with the changes noted below and in Attachment B (changes highlighted). (The TAC was not asked to provide input on these recommendations.)

- Recommended total expenses increase: from \$914,720 to \$958,640 (4.8% increase)
- Recommended total income increase (without raising city assessments): from \$846,940 to \$851,940
- The above changes result in estimated fund balance at the end of 2024 fiscal year: \$410,972 which is below the typical level of 50% of annual operating costs

Background on recommended changes:

Legal: Recommend increasing 2024 budget from \$21,000 to \$26,520.

The need for assistance from the Commission Attorney with agreements, contracts, resolutions, etc. increased significantly this year averaging \$2,210 per month (Feb – Sept). (This is in addition to the Lagoon Dredging Project legal work which was charged directly to that CIP fund and did not come from the operating budget line.) At this rate, the total annual expenditure could be approximately \$26,520. In 2024, legal work is expected to continue to be high, particularly because the JPA may need some revisions prior to its expiration on January 1, 2025.

Next Generation Plan Development: Recommend increasing 2024 budget from \$35,650 to \$47,650 and increasing income from the Plan savings account from \$13,000 to \$18,000 to help close funding gap.

The approved budget for Plan development is \$162,755 over 5 years (2021 – 2025) with the bulk of the work in this year and next year. At the September meeting, the Commission was briefly updated on the Plan development budget, which is currently over budget for 2023 and is also expected to be over budget in 2024. In total, staff expects final Plan expenses to be about \$30,000 higher than currently budgeted for a total of about \$192,755.

The 2023 budget shortfall may eat into the Commission’s overall fund balance unless other areas of the Commission’s budget are well under budget by the end of the year. (Plan development expenses in 2023 are expected more than \$18,000 over budget.)

2024 Plan development expenses are also expected to be over budget by about \$12,000 due to elongation of the project schedule to accommodate more robust discussions with the Plan Steering Committee.

Starting in 2019, the Commission set aside funds in a “Plan development savings account” to be used during plan development years to help even-out expenses. At the end of this fiscal year, there will be \$18,000 remaining in the Plan development savings account. The committee recommends using all of these funds in 2024 to help close the 2024 budget shortfall rather than holding some of the funds for 2025 as previously planned. (Hence, the proposed increase in 2024 income of \$5,000.)

Water Quality Monitoring: Recommend increasing 2024 budget from \$160,500 to \$186,900

This increase is recommended in order to monitor Medicine Lake in 2024. Monitoring in Medicine Lake got off-schedule from the Commission’s regular 3-year rotation for priority lakes and hasn’t been fully monitored by the Commission since 2016. The Commission cooperates with Three Rivers Park District on Medicine Lake monitoring which saves considerable funds.

The Budget Committee reviewed more detailed information about Medicine Lake monitoring provided by the Commission Engineer (see Attachment B).

## **2. Policy on Use of Investment Funds**

**The Budget Committee recommends the following policy related to the use of investment funds.** (See TAC recommendation on the policy on page 3)

*BCWMC Investment Income Policy: 100% of the income from BCWMC long-term investments (e.g., 4M and 4MP funds) will be categorized as “unrestricted” funds and will be posted to a Special Projects Fund within the BCWMC Operating Budget (similar to the Flood Control Long Term Maintenance Fund or Channel Maintenance Fund). Use of the Special Projects Fund will require approval by the Commission prior to the expenditure. Use of the Special Projects Fund will be prioritized toward studies or planning to help target capital improvement projects or BCWMC programs (e.g., subwatershed analyses). In limited and extenuating circumstances, the Special Projects Fund may be used for other purposes (e.g., closing budget gaps in regular BCWMC programs) but only with thorough evaluation, a recommendation from the Budget Committee, and approval by a majority of members at a Commission meeting.*

Background: Earlier this year, the Budget Committee and Technical Advisory Committee discussed how investment income should be used by the Commission. At their meeting in August, the Commission approved the 2024 operating budget that included a decision not to use 2023 or 2024 investment income as part of the operating budget. Also at that meeting, the Commission approved a Budget Committee recommendation to set aside the investment income in a short-term “special projects” fund and to continue gathering ideas and input on how to use the funds.

Currently 2023 investment income totals \$276,272. It’s possible that by the end of 2024, investment income could top \$500,000. The committee discussed an idea to use the funds specifically for studies or planning that help identify, target, and prioritize capital improvement projects or programs that could improve conditions in distinct waterbodies. For example, subwatershed analyses could be completed in high priority

areas such as the subwatersheds of Lost Lake or Northwood Lake, or along a specific section of the Main Stem of Bassett Creek. Subwatershed analyses are an excellent way to get a comprehensive understanding of a specific area and to develop a prioritized list of structural or non-structural best management practices needed to elicit a specific resource improvement (like improved water quality or reduced flood risk). Although typical subwatershed analyses focus on pollution hotspots, the Commission could consider expanding the scope of a subwatershed analyses to include identification of:

- Pollution hot spots – including nutrients and chlorides
- Key locations for water quality improvement projects
- Flood risk potential
- Key locations for water storage or flood reduction projects
- Wetland restoration opportunities
- Redevelopment potential or timing (to leverage “above and beyond” opportunities during redevelopment)
- Underserved/marginalized communities to improve equality in project and program implementation
- Partnership opportunities with organizations, neighborhoods, businesses, etc.

The Budget Committee and I believe targeting studies (like subwatershed analyses) are an excellent use of investment funds because there is no other good source of funds for these studies. Further, these studies are a kind of “bridge” between the operating budget (where monitoring and modeling are typically funded) and the capital improvement budget (where large specific projects are funded).

#### **Technical Advisory Committee Input:**

The Technical Advisory Committee (TAC) was asked for input on the Budget Committee’s recommended investment income policy (at the Budget Committee’s request). The TAC agrees that a Special Projects Fund allocated for studies or planning to target BCWMC projects and programs (e.g., subwatershed analyses) is a good use of these funds. However, the TAC recommends against allowing the funds to be used to close funding gaps in the Commission’s Operating Budget. They noted the fluctuating nature of investment income levels and expressed concern that the Commission might be tempted to use investment income to increase the Operating Budget in one year, requiring higher than expected city assessments in subsequent years if investment income is lower or no longer available.

**The BCWMC Technical Advisory Committee recommends that the investment income policy language be revised to remove the Commission’s ability to use the funds “for other purposes.”**

Attachment A

1																	
2		2020 Budget	2020 Gross Expenses	2020 Revenue	2020 NET Expenses	2021 Budget	2021 Gross Expenses	2021 Revenue	2021 NET Expenses	2022 Budget	2022 Gross Expenses	2022 Revenue	2022 NET Expenses	2023 Budget	Final 2024 Budget	See Notes	Proposed Budget Amendment
3	<b>ENGINEERING &amp; MONITORING</b>																
4	Technical Services	130,000	143,081	-	143,081	134,000	105,492	\$ -	105,492	145,000	132,541		132,541	145,000	145,000	(A1)	145,000
5	Development/Project Reviews	75,000	94,267	63,000	31,267	68,000	89,507	\$ 73,554.00	15,953	75,000	103,851	77,617	26,234	80,000	90,000	(A)	90,000
6				Review fees				Review fees				Review fees					
7	Non-fee and Preliminary Reviews	20,000	16,851	-	16,851	24,000	38,406	\$ 10,000.00	28,406	22,000	17,788	1,000	16,788	30,000	30,000	(B)	30,000
8								Cost share w/ MPLS				Cost share w/ MPLS					
9	Commission and TAC Meetings	12,000	10,478	-	10,478	12,000	10,961	\$ -	10,961	14,000	13,119		13,119	15,000	15,000	(C)	15,000
10	Surveys and Studies	10,000	3,745	-	3,745	9,000	7,683	\$ -	7,683	10,000	14,283		14,283	15,000	15,000	(D)	15,000
11	Water Quality / Monitoring	102,600	119,397	-	119,397	129,000	132,432	\$ -	132,432	110,000	109,478		109,478	105,000	160,500	(E)	186,900
12	Water Quantity	6,500	6,229	-	6,229	7,000	7,205	\$ -	7,205	8,000	6,369		6,369	9,000	9,000	(F)	9,000
13	Annual Flood Control Project Inspections	12,000	69,149	69,149	0	12,000	14,999	\$ 14,999.00	-	12,000	21,290	21,290	-	15,000	85,000	(G)	85,000
14				Transfer from long term account				Transfer from long term account				Transfer from long term account					
15	Municipal Plan Review	2,000	1,548	-	1,548	2,000	-	\$ -	-	2,000	1,464		1,464	2,000	2,000	(H)	2,000
16	Watershed Outlet Monitoring Program	20,500	20,837	4,500	16,337	23,000	18,257	\$ 5,500.00	12,757	28,500	28,425	3,750	24,675	27,000	26,500	(I)	26,500
17				Grant from Met Council				Grant from Met Council				Grant from Met Council					
18	Annual XP-SWMM Model Updates/Reviews	-	-	-	-	-	\$ -	\$ -	-	5,000	8,983		8,983	3,000	3,000	(J)	3,000
19	APM/AIS Work	30,000	11,634	1,128	10,506	14,000	13,533	\$ 5,601.00	7,932	13,000	41,844	22,500	19,344	40,000	40,000	(K)	40,000
20				Cost share with TRPD				DNR Grant & Cost share w/ TRPD				DNR Grant & Cost share w/ TRPD					
21	<b>Subtotal Engineering &amp; Monitoring</b>	<b>\$420,600</b>	<b>\$497,215</b>	<b>\$137,777</b>	<b>\$359,438</b>	<b>\$434,000</b>	<b>\$438,475</b>	<b>\$ 109,654.00</b>	<b>\$328,821</b>	<b>\$444,500</b>	<b>\$499,435</b>	<b>\$126,157</b>	<b>\$373,278</b>	<b>\$486,000</b>	<b>\$621,000</b>	See Notes	<b>\$647,400</b>
22	<b>PLANNING</b>																
23	Next Generation Plan Development	18,000	18,000	-	18,000	18,000	10,001	\$ -	10,001	18,000	47,372	11,000	36,372	53,250	35,650	(L)	47,650
24												Transfer from Plan account					
25	<b>Subtotal Planning</b>	<b>\$18,000</b>	<b>\$18,000</b>	<b>\$0</b>	<b>\$18,000</b>	<b>\$18,000</b>	<b>\$10,001</b>	<b>\$ -</b>	<b>\$10,001</b>	<b>\$18,000</b>	<b>\$47,372</b>	<b>\$11,000</b>	<b>\$36,372</b>	<b>\$53,250</b>	<b>\$35,650</b>		<b>\$47,650</b>

	Item	2020 Budget	2020 Gross Expenses	2020 Revenue	2020 NET Expenses	2021 Budget	2021 Gross Expenses	2021 Revenue	2021 NET Expenses	2022 Budget	2022 Gross Expenses	2022 Revenue	2022 NET Expenses	2023 Budget	Final 2024 Budget	See Notes	Proposed Budget Amendment
26																	
27	<b>ADMINISTRATION</b>																
28	Administrator	69,200	64,764	30,000	34,764	67,400	67,481	\$ 29,495.00	37,986	70,848	69,174	34,000	35,174	78,750	78,750	(M)	78,750
29				Transfer from CIP account				Transfer from CIP account				Transfer from CIP account					
30	MAWD Dues	500	500	-	500	3,750	3,750	\$ -	3,750	7,500	7,500		7,500	7,500	7,500	(N)	7,500
31	Legal	15,000	20,996	-	20,996	15,000	16,280	\$ -	16,280	17,000	20,204		20,204	17,000	21,000	(O)	26,520
32	Financial Management	3,500	3,500	-	3,500	4,000	10,600	\$ -	10,600	13,500	14,260		14,260	14,540	17,000	(P)	17,000
33	Audit, Insurance & Bond	18,000	18,684	-	18,684	18,000	14,949	\$ -	14,949	18,700	18,218		18,218	18,700	18,700	(Q)	18,700
34	Meeting Catering	1,500	317	-	317	1,300	-	\$ -	-	1,300	1,830		1,830	2,400	2,400	(R)	2,400
35	Administrative Services	15,000	11,887	-	11,887	8,000	5,960	\$ -	5,960	8,000	5,993		5,993	7,240	2,570	(S)	2,570
36	<b>Subtotal Administration</b>	<b>\$122,700</b>	<b>\$120,648</b>	<b>\$30,000</b>	<b>\$90,648</b>	<b>\$117,450</b>	<b>\$119,020</b>	<b>\$29,495</b>	<b>\$89,525</b>	<b>\$136,848</b>	<b>\$137,179</b>	<b>\$34,000</b>	<b>\$103,179</b>	<b>\$146,130</b>	<b>\$147,920</b>		<b>\$153,440</b>
37	<b>OUTREACH &amp; EDUCATION</b>																
38	Publications / Annual Report	1,300	1,069	-	1,069	1,300	375	\$ -	375	1,300	1,164		1,164	1,000	1,200	(T)	1,200
39	Website	1,000	1,264	-	1,264	1,800	544	\$ -	544	1,800	645		645	1,600	1,600	(U)	1,600
40	Watershed Education Partnerships	15,850	16,535	-	16,535	17,350	13,080	\$ -	13,080	18,350	15,410		15,410	18,350	18,350	(V)	18,350
41	Education and Public Outreach	22,000	38,321	28,811	9,510	26,000	23,073	\$ 6,295.00	16,778	28,000	36,591	13,013	23,578	28,000	28,000	(W)	28,000
42				Grant from BWSR				Grant from BWSR				Grant from BWSR					
43	Public Communications	1,000	1,113	-	1,113	1,000	1,028	\$ -	1,028	1,100	69		69	1,100	1,000	(X)	1,000
44	<b>Subtotal Outreach &amp; Education</b>	<b>\$41,150</b>	<b>\$58,302</b>	<b>\$28,811</b>	<b>\$29,491</b>	<b>\$47,450</b>	<b>\$38,100</b>	<b>\$6,295</b>	<b>\$31,805</b>	<b>\$50,550</b>	<b>\$53,879</b>	<b>\$13,013</b>	<b>\$40,866</b>	<b>\$50,050</b>	<b>\$50,150</b>		<b>\$50,150</b>
45	<b>MAINTENANCE FUNDS</b>																
46	Channel Maintenance Fund	25,000	25,000	-	25,000	20,000	\$20,000	\$ -	20,000	25,000	25,000		25,000	25,000	25,000	(Y)	25,000
47	Flood Control Project Long-Term Maint.	25,000	25,000	-	25,000	25,000	25,000	\$ -	25,000	25,000	25,000		25,000	35,000	35,000	(Z)	35,000
48	<b>Subtotal Maintenance Funds</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$45,000</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$45,000</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$60,000</b>	<b>\$60,000</b>		<b>\$60,000</b>
49	<b>TMDL WORK</b>																
50	TMDL Implementation Reporting	10,000	263	-	263	7,000	6,989	\$ -	6,989	7,000	3,397	-	3,397	-	-	(AA)	-
51	<b>Subtotal TMDL Work</b>	<b>\$10,000</b>	<b>\$263</b>	<b>\$0</b>	<b>\$263</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>3,397</b>	<b>-</b>	<b>3,397</b>	<b>\$0</b>			
52	<b>GRAND TOTAL</b>	<b>\$662,450</b>	<b>\$744,428</b>	<b>\$196,588</b>	<b>\$547,840</b>	<b>\$668,900</b>	<b>\$657,596</b>	<b>\$152,444</b>	<b>\$512,152</b>	<b>\$706,898</b>	<b>\$791,262</b>	<b>\$184,170</b>	<b>\$607,092</b>	<b>\$795,430</b>	<b>\$914,720</b>		<b>\$958,640</b>

16	<b>Estimated 2024 Revenues</b>			
17				
18	<b>Expected Income</b>		Income	Proposed Amendment
19	Assessments to cities	\$	622,500	\$ 622,500
20	Investment Income	\$	-	\$ -
21	CIP Administrative Funds (2.0% of est. requested levy of \$1.972M)	\$	39,440	\$ 39,440
22	Project review fees	\$	77,000	\$ 77,000
23	Transfer from Long-term Maint Fund for Flood Control Proj Inspections	\$	85,000	\$ 85,000
24	WOMP reimbursement	\$	5,000	\$ 5,000
25	TRPD reimbursement	\$	5,000	\$ 5,000
	Transfer from Plan Development Savings	\$	13,000	\$ 18,000
26	<b>TOTAL EXPECTED INCOME</b>	<b>\$</b>	<b>846,940</b>	<b>\$ 851,940</b>
27				
28	<b>Expected Expenses</b>			
29	Total operating budget	\$	914,720	\$ 958,640
30				
31	<b>Fund Balance Details</b>			
32	Est. Beginning Fund Balance (Jan 31, 2024)	\$	517,671	\$ 517,672
33	Change in Fund Balance (income - expenses)	\$	(67,780)	\$ (106,700)
34	Est. Remaining Fund Balance (Jan 31, 2025)	\$	449,891	\$ 410,972

## Attachment B

### Proposed 2024 Medicine Lake Monitoring

#### 1. Background

Three Rivers Park District performs annual detailed monitoring of the main basin of Medicine Lake. It's very similar to the BCWMC's detailed monitoring program but does not include zooplankton and phytoplankton sampling and analysis. The BCWMC's detailed monitoring program adds a second sampling point at the southwest basin, plus zooplankton and phytoplankton sampling and analysis at both basins. During BCWMC sampling years, the BCWMC partners with Three Rivers Park District to perform the additional monitoring.

The last time BCWMC performed its full monitoring program on Medicine Lake (in partnership with TRPD) was 2016. In 2020, the BCWMC partnered with TRPD to add just zooplankton and phytoplankton monitoring in the main basin, but did not perform any sampling in the southwest basin (for budget reasons). Although no additional BCWMC monitoring occurred since 2016/2020, Three Rivers Park District continued with their annual monitoring, so there is good data available for the main basin, plus aquatic plant survey data for the entire lake.

In 2017, zebra mussels were first identified in Medicine Lake. Zebra mussels are selective and eat the "good" phytoplankton – green algae, diatoms, cryptomonads, etc. – and won't eat the blue-green algae. Their selectivity can result in a phytoplankton population consisting solely or nearly solely of blue-greens. Another issue is that zebra mussels add nutrients to the lake by adding fecal material containing nutrients. When the zebra mussel population increases, the nutrient addition from fecal material and a phytoplankton population consisting solely or nearly solely of blue-greens can result in blue-green blooms. The Medicine Lake 2020 monitoring included phytoplankton and zooplankton monitoring to track changes and document impacts of the zebra mussels. Impacts documented by the monitoring included: (1) 2020 numbers of phytoplankton were, on average, lower than 2010 and 2016 phytoplankton numbers. (2) Green algae numbers observed in Medicine Lake in April 2020 were more than an order of magnitude lower than numbers observed in April 2010 and 2016. (3) Zebra mussel veligers were observed in Medicine Lake zooplankton samples collected in April, May, June, August, and September 2020. (4) Fewer rotifers were observed in Medicine Lake in 2020 than 2010 and 2016. The decrease in rotifer numbers in 2020 was likely due to predation by zebra mussels.

#### 2. Some pros/cons to performing the Medicine Lake monitoring in 2024:

##### Pros:

- If approved by the BCWMC (to be considered at the December meeting), we would begin the Medicine Lake TMDL status assessment yet this year and likely continue into 2024. Having at least some 2024 additional data available during the assessment is more helpful than waiting until 2025.
- Similarly, for the BCWMC watershed Plan update, which will be completed in 2025, we can incorporate more recent data and knowledge into the plan and actions.
- The phytoplankton and zooplankton data will help us continue our understanding of the impact of zebra mussels on the water quality and ecology of Medicine. This will be useful in 2024 for the TMDL assessment and the Plan update.

##### Cons:

- Added cost to the 2024 BCWMC operations budget.

#### 3. Estimated Cost

##### Medicine Lake 2024 monitoring work scope:

The 2024 monitoring includes partnership with Three Rivers Park District. Detailed lake monitoring includes monitoring two locations on Medicine Lake (main basin and southwest basin) on 14 occasions for selected parameters (total phosphorus, soluble reactive phosphorus, total nitrogen, chlorophyll a, chloride, temperature,

pH, DO, and specific conductance), plus parameters associated with AIS vulnerability (calcium, alkalinity, hardness, sodium, and magnesium), sample analysis, phytoplankton and zooplankton collection and analysis, an aquatic plant survey (two occasions), and calculation of aquatic plant IBIs. Three Rivers Park District collects water quality, phytoplankton, and zooplankton samples at no charge in the main basin and at a reduced cost in the southwest basin, and performs aquatic plant surveys at no cost to BCWMC. Three Rivers Park District completes lab analysis of main basin samples at no cost to BCWMC and southwest basin samples at their regular lab cost to BCWMC.

Estimated budget = \$26,400\*

\*The estimated budget does not include preparing a presentation and a final report, as they will be completed in 2025.

Three Rivers Park District staff would perform all the monitoring/sample collection and they are available to do this in 2024, as it's a small addition to the work they would already perform at Medicine Lake.