



Bassett Creek Watershed Management Commission

MEMO

To: BCWMC Member Cities
From: Budget Committee
Date: August 7, 2024

RE: Budget Committee Recommendations on 2025 Operating Budget and Change to Fiscal Year (FY)

At their meeting on June 20th, the BCWMC directed staff to submit a proposed 2025 BCWMC Operating Budget to member cities for comment by August 1st. Due to last minute information from the BCWMC auditor, the Commission wasn't able to take action approving each specific line item but directed staff to adjust the budget such that city assessments were less than 10% higher than 2024 assessments and that a line item for increased staff capacity was set no lower than \$10,000.

No member cities submitted comments on the proposed budget which includes an average increase over 2024 city assessments of 9.2% (as shown in the attached budget table as "proposed 2025 budget to cities in June").

The Budget Committee met on July 17th to discuss the proposed budget and options for revisions. As mentioned in previous committee reports, one of the actions that might simplify the budget process is moving the fiscal year (FY) to the calendar year. (Currently the BCWMC fiscal year starts on February 1st.) If this action is taken now, FY2025 would be February 1, 2025 – December 31, 2025, making it an 11-month fiscal year. (Then FY2026 would move to a calendar year: January 1, 2026 – December 31, 2026).

This action has multiple benefits, including a reduction in FY2025 expenses. While some budget items would remain the same no matter how many months are in the fiscal year, many budget line items could be reduced by one month of expenses.

Further, member cities indicate that moving the BCWMC budget to a calendar year would be helpful in their budgeting process because the BCWMC process would move ahead in the calendar and would be more in line with city budgeting timing. Finally, annual reports, audits, grant reporting, and budget communications with the public would be more straightforward with a calendar-based fiscal year.

Changing the fiscal year would require a change to the Commission's bylaws (see tracked changes attached). Note that the suggested changes to the bylaws would not change February as the month for the annual meeting (including the election of officers), nor would they move the effective date for start of Commissioner terms from February 1st.

Changing the bylaws requires a 7-day notice to member cities. Changing the fiscal year may also require special reporting or documentation to the Minnesota Office of the State Auditor (OSA). The BCWMC's accountants and/or auditor can help with transition documentation. (The OSA was asked for guidance on

the proposed fiscal year change but has not yet provided feedback.) Although not required, changing the fiscal year may also warrant a change to budgeting timelines in the JPA.

A budget based on a new fiscal year should not be approved before changes to the bylaws are approved. Considering the desire by the Commission to change its fiscal year, and in order to lower budget expenses and city assessments in 2025, the Budget Committee recommends the following:

BUDGET COMMITTEE RECOMMENDATIONS:

1. Consider the attached 11-month budget totaling \$823,565 in expenses and city assessments an average of 6% higher than 2024 levels.
2. Approve a proposed change to the fiscal year and corresponding changes to the bylaws.
3. Direct staff to send a notice of the attached proposed bylaws changes to member cities.
4. Consider approving the bylaws change and 11-month budget at the September Commission meeting.

The attached budget includes a column showing the proposed budget sent to cities in June and a column showing the committee-recommended 11-month budget. Highlighted rows indicate budget lines that were reduced by 1/12th to reflect an 11-month budget year (except for “website” expenses). The BCWMC website will be 10 years old next year which is the end of a typical website lifespan. The committee recommends reassigning a portion of the 2025 budget savings towards the task of a website update in 2025 to bring the site into ADA compliance and update the site’s technology.