



Bassett Creek Watershed Management Commission

MEMO

To: BCWMC Commissioners
From: Administrator Jester
Date: January 8, 2025

RE: Status of Plan Development and Annual Operating Budgets

At their meeting on January 3rd, the Plan Steering Committee received an update on expenses to date and projected future expenses for development of the 2026 Watershed Management Plan and agreed that the information should be presented to the Commission. The Commission was last updated on the plan development budget in September and December 2023.

The Commission is likely aware that development of the watershed plan has taken considerably longer than initially scoped and budgeted. There are several reasons for this, as outlined below, but one of the main drivers was the additional time taken in PSC meetings for in-depth discussions about the capacity, structure, and authority of the Commission to ultimately implement the plan. These were good discussions and will set the stage for a future assessment of organizational structure and funding mechanisms.

As originally scoped and budgeted, the plan was to be completed by September 2025 at a cost of \$162,755. The plan update was originally envisioned as a "simple" update rather than a significant departure from the Commission's current implementation tools, practices, and policies. In December 2023 we reported that plan development was behind schedule, and we estimated the projected total cost to be about \$30,000 higher than the original budget or \$192,755. However, the pace of progress continued to be slower than expected throughout 2024. More in-depth discussions and discussions on topics that were not included in the original scope are the primary reasons for the longer schedule and increased expenses, which include, briefly:

- Slower than expected cadence/pace of progress; longer and protracted discussions, especially near the beginning of plan development, regarding primarily (but not limited to):
 - Organizational capacity/organizational structure
 - Significant discussions were needed, but it was difficult to move forward due to some uncertainty regarding the impact of this on plan implementation
 - Development of vision statement and mission statement
 - Structure to be used for PSC materials and degree of comment tracking/version control
 - Development of a shared understanding/knowledge base for planning documents and definitions of terms (e.g., policy, goal, action tool, etc.)
 - Development of desired future conditions for each issue
 - More than a "simple update" (i.e., a more comprehensive look at everything BCWMC does)
- More in-depth analyses/discussions on technical topics not anticipated (e.g., linear standards, stream and wetland buffer standards, chloride management strategies)
- More meetings:

- PSC anticipated to meet 12-18 times over 3 years; January 2025 was the 20th meeting; monthly meetings will continue throughout much of this year.
- Significant preparation and follow up is needed by staff for each meeting (not just meeting attendance)
- Presence and involvement of three engineers for much of 2024. (Although aside from all 3 attending PSC meetings and bi-weekly staff check-in meetings, most of the “behind the scenes work” is divided among the engineers; duplication is avoided.)

The updated plan schedule estimates plan completion in April 2026, about 7 months behind the original schedule. The total estimated cost for the plan is now projected at be \$343,600. (This total reflects the PSC’s recommendation to remove about \$10,000 in expenses to publish the plan in InDesign and instead keep the plan in MS Word.)

In hopes of keeping costs lower than the updated total, staff will be even more vigilant about eliminating redundancy or duplication, will reduce engineer attendance at PSC meetings whenever possible, and will work to find additional efficiencies in completing remaining plan development tasks. Additional cost-saving ideas from commissioners or others are welcome.

2024 Operating Budget Status

As a reminder the fiscal year ends January 31st and the approved 2024 budget (as amended December 2023) estimated a shortfall of \$106,700. Many areas of the operating budget will come in under budget this year, but other areas (in addition to the plan development line item) have expenses that are over budget:

- Plan development: ~\$88,000 over
- Non-fee preliminary reviews: ~ \$6,500 over
- APM/AIS Work: ~\$5,000 over (due to high cost of herbicide treatment in Medicine Lake and assistance with Eurasian watermilfoil management in Sweeney Lake, despite \$11,000 in Hennepin Co. grant funds)
- Audit/Insurance/Bond: ~\$8,400 over
- Administrative Services (copying/printing/mailing): ~\$1,400 over

Right now, I’m projecting that the operating budget will have a \$141,000 shortfall.

To reduce that shortfall by about \$11,000, I recommend that the Commission transfer 2.5% of CIP levy funds to the operating budget instead of the typical 2.0%. BCWMC [fiscal policy 3.3](#) says that up to 2.5% of CIP levy funds will be transferred to the Administrative Account (operating budget) to cover costs associated with implementing the CIP program. For the last several years, the Commission has transferred only 2.0%. In 2024, the levy was \$2,238,000. (Funds transferred from the CIP into the operating budget reduce the funds available for project implementation including design and construction.)

Although the Commission does not have a cash flow issue, the operating budget shortfall has implications on the Commission’s fund balance, which should stay around 50% of annual operating costs. I recommend that the Commission direct the Budget Committee to develop recommendations to address the budget issue.