



Bassett Creek Watershed Management Commission

MEMO

To: BCWMC Commissioners
From: Administrator Jester on Behalf of Budget Committee
Date: February 12, 2025

RE: Budget Committee Recommendation to Amend 2025 Operating Budget

At their meeting in January, the Commission received a report on the status of the 2024 operating budget including significantly higher than budgeted expenditures for the Watershed Plan development. The 2024 budget was expected to have a \$106,700 shortfall. That shortfall is now expected to be about \$130,000 (which incorporates Commission approval to transfer 2.5% of CIP funds to the operating budget rather than the typical 2.0%).

The Commission directed the Budget Committee to review the financial situation and report any recommended actions to the Commission. The Budget Committee met on February 4th. In addition to the status of the 2024 budget, they reviewed information on expected expenses in 2025. The 2025 budget includes \$32,600 for the Watershed Plan development line item. Staff now estimates that plan development expenditures in 2025 will be approximately \$52,400.

The Commission's [fiscal policy \(3.2.1\(4\)\)](#) indicates the Commission should strive to keep 50% of its annual operating expenses in a fund balance to: 1.) *To provide appropriate cash flow to pay for Commission projects and programs; and 2.) To fund projects or programs that arise unexpectedly.* The fund balance may also be needed in the event the organization ceases to exist and needs to pay all outstanding bills and obligations.

Between the 2024 shortfall and expected over budget items in 2025, the resulting fund balance would be estimated at \$360,000 well below the benchmark of 50% of annual operating costs of \$826,400 (50% = \$413,200).

The Budget Committee reviewed options to address this issue including:

1. Removing or reducing 2025 budgets in specific line items
2. Utilizing investment income to augment the fund balance
3. Settling for a lower than recommended fund balance knowing that other sources of emergency funds exist

The committee acknowledged that during the 2025 budget process, many budget lines were already scaled back to figures below originally recommended levels. Therefore, option 1 was taken off the table. The committee also noted that although other funding sources exist for emergencies, the fiscal policy of an actual fund balance should be enforced, removing option 3 from consideration.

The committee discussed the use of investment income and reviewed the related Policy 3.7, adopted in December 2023. The policy states: *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, review by the TAC, a recommendation from the Budget Committee, and approval by a majority of members at a Commission meeting.

After careful consideration and weighing of options, the Budget Committee recommends the 2025 Operating Budget be amended to:

1. Revise the Plan Development budget line item from \$32,600 to \$52,600.
2. Utilize \$44,000 of investment income to augment the fund balance.

These recommendations were presented to the TAC at their meeting on March 5th. The TAC agreed with these recommendations.

The proposed amended budget is presented in the following pages with changes highlighted yellow.

	2024 Budget as amended	Current 2025 Budget (11-mo)	Proposed Amended 2025 Budget (11-mo)
ENGINEERING & MONITORING			
Technical Services	145,000	133,000	133,000
Development/Project Reviews	90,000	82,500	82,500
Non-fee and Preliminary Reviews	30,000	23,000	23,000
Commission and TAC Meetings	15,000	10,700	10,700
Surveys and Studies	15,000	7,000	7,000
Water Quality / Monitoring	186,900	133,500	133,500
Water Quantity	9,000	8,250	8,250
Annual Flood Control Project Inspections	85,000	45,000	45,000
Municipal Plan Review	2,000	2,000	2,000
Watershed Outlet Monitoring Program	26,500	29,300	29,300
Annual XP-SWMM Model Updates/Reviews	3,000		
APM/AIS Work	40,000	40,000	40,000
Subtotal Engineering & Monitoring	\$647,400	\$514,250	\$514,250
PLANNING			
Next Generation Plan Development	47,650	32,600	52,600
Subtotal Planning	\$47,650	\$32,600	\$52,600

Item	Final 2024 Budget as amended	Current 2025 Budget (11-mo)	Proposed Amended 2025 Budget (11-mo)
ADMINISTRATION			
Administrator	78,750	75,088	75,088
Additional Staff		10,000	10,000
MAWD Dues	7,500	7,500	7,500
Legal	26,520	24,300	24,300
Financial Management	17,000	18,150	18,150
Audit, Insurance & Bond	18,700	22,000	22,000
Meeting Catering	2,400	2,200	2,200
Administrative Services	2,570	4,015	4,015
Subtotal Administration	\$153,440	\$163,253	\$163,253
OUTREACH & EDUCATION			
Publications / Annual Report	1,200	1,300	1,300
Website	1,600	12,000	12,000
Watershed Education Partnerships	18,350	14,850	14,850
Education and Public Outreach	28,000	27,000	27,000
Public Communications	1,000	1,200	1,200
Subtotal Outreach & Education	\$50,150	\$56,350	\$56,350
MAINTENANCE FUNDS			
Channel Maintenance Fund	25,000	25,000	25,000
Flood Control Project Long- Term Maint.	35,000	35,000	35,000
Subtotal Maintenance Funds	\$60,000	\$60,000	\$60,000
TMDL WORK			
TMDL Implementation Reporting	-		
Subtotal TMDL Work			
GRAND TOTAL	\$958,640	\$826,453	\$846,453

Proposed 2025 Revenues			
Income	Current Budget 2025 Revenue (11-mo)		Proposed Budget Amendment
Assessments to cities	\$ 662,888		\$ 662,888
Investment Income	\$ -		\$ 44,000
CIP Administrative Funds (2.0% of est. requested levy of \$2,303,500)	\$ 46,070		\$ 46,070
Project review fees	\$ 70,600		\$ 70,600
Transfer from Long-term Maint Fund for Flood Control Proj Inspections	\$ 45,000		\$ 45,000
WOMP reimbursement	\$ 5,000		\$ 5,000
TRPD reimbursement			
Transfer from Watershed Plan Fund			
TOTAL PROPOSED INCOME	\$ 829,558		\$ 873,558
Expected Expenses			
Total operating budget	\$ 826,453		\$ 846,453
Fund Balance Details			
Est. Beginning Fund Balance (Jan 31, 2025)	\$ 431,209		\$ 407,209
Change in Fund Balance (income - expenses)	\$ 3,105		\$ 27,105
Est. Remaining Fund Balance (Jan 31, 2026)	\$ 434,314		\$ 434,314