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RILEY PURGATORY BLUFF CREEK WATERSHED DISTRICT

# 2027

# Annual Budget and Levy

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## EXECUTIVE SUMMARY

A budget of $8,770,220 is proposed for the 2027 fiscal year. This will be the last budget cycle of the current 10-year watershed management plan. The proposed levy is set at $4,475,000 or a 5% increase over the 2026 levy. The 2026 levy remained flat relative to 2025. Under this scenario, $2.1 million in reserve funds would be used to reduce the levy burden. This would leave a reserve balance of $3.9 million or 45% of the projected expenditures for the entire 2027 fiscal year.

## OPERATIONAL COST SUMMARY

Operational costs remain flat from 2026 to 2027 at approximately $2 million. Professional services decline by $200,000 due to a decreased need for legal counsel on some matters and a further reduction in need due to the Operations Manager taking on various responsibilities formerly outsourced. Staff and manager expenses increased approximately $120,000. This increase is primarily to account for anticipated COLA and benefit increases. Costs for software subscriptions are based upon existing contracts although additional funds were added to ESRI to purchase additional tokens that are needed to host web maps for public and internal use.

## DISTRICT-WIDE PROGRAM SUMMARY

District-wide programs decrease by a little more than $125,000 in 2027 compared to 2026. This reduction is largely attributable to the development of the 10-year plan “in-house.” Building up the repair and maintenance fund is the only significant line item increase proposed for 2027 nearly doubling from $105,000 to $200,000.

## CAPITAL PROGRAM SUMMARY

The 2027 fiscal year will include the completion of the Upper Riley Creek Restoration and Ecological Enhancement Project, the Lake Suan In-Lake Phosphorous Control Project, and the North Lotus Lake Stormwater Park Project in collaboration with the City of Chanhassen. These three projects account for approximately $4.5M of the overall budget for 2027. Other capital projects will include replacement of a culvert on Riley Creek and channel stabilization for improved hydraulics and fish passage as well as repair of the Purgatory Creek Recreation Area berm in a joint project with the City of Eden Prairie. Restoration of the prairie, woodland, and wetland on the recently acquired property on Spring Road will begin in 2027 as well in partnership with Hennepin County. There is also $75,000 allocated to working with an architectural firm to develop concept designs for the proposed campus associated with the Spring Road conservation project.

*Table 1 - 2027 Budget by General Category*

| EXPENSE CATEGORY | 2027 EXENDITURE |
|---|---|
| Overhead Costs | $312,000 |
| Professional Services | $436,700 |
| Personnel Costs | $1,350,570 |
| District-wide Programs | $1,644,900 |
| Capital Projects | $5,026,050 |

### OVERHEAD COSTS [$312,000]

The RPBCWD lease is set to expire April 30, 2027. Depending upon where the district offices locate in 2027, the anticipated expenditure may decline. The budget put forward is based upon remaining at the current location on Lake Drive East in Chanhassen. The lease is a net-net lease with a base rent of $5,810/month in 2027 with property tax recovery fees of approximately $1,775/month and an estimated common area maintenance fee of $1,715/month. Total overhead costs for 2027 are anticipated to be $312,000 or approximately 4% of the RPBCWD overall proposed budget.

*Table 2 - Itemization of Projected 2027 Overhead Costs*

| Facilities | |
|---|---|
| Rent | $114,460 |
| Utilities | $21,720 |
| Maintenance & Custodial | $50,000 |
| Telecom/IT | $32,835 |
| Subscriptions/Software | $12,700 |
| | **$231,715** |

| Fleet Management | |
|---|---|
| Gasoline | $7,000 |
| Maintenance & Repair | $5,000 |
| Replacement | - |
| | **$12,000** |

| Equipment | |
|---|---|
| Computers & Tablets | $7,500 |
| Office Supplies | $12,500 |
| Phones | $1,500 |
| Furniture | $1,750 |
| Meeting Supplies | $18,250 |
| | **$41,500** |

| Maintenance & IT | |
|---|---|
| MN Services | $7,140 |
| ProTech | $2,880 |
| | **$10,020** |

| Utilities | |
|---|---|
| Lumen | $4,440 |
| Xcel | $9,600 |
| CenterPoint | $3,720 |
| Waste Mngt | $3,960 |
| | **$21,720** |

| Telecom | |
|---|---|
| Identisys | $1,275 |
| DTS | $4,020 |
| Streamline | $15,000 |
| T-Mobile | $7,380 |
| Metro Sales | $3,300 |
| Verizon | $1,860 |
| | **$32,835** |

| Subscriptions | |
|---|---|
| ESRI | $3,250 |
| Adobe | $1,700 |
| Sage | $7,000 |
| Microsoft | $500 |
| | **$12,450** |

### STAFFING AND PROFESSIONAL SERVICES COSTS [$1,787,270]

Overall operating costs decrease slightly – by about $10,000. Staffing costs increase a little more than 10% in 2027 from $1.18M in 2026 to 1.3M in 2027. This increase is based upon a 12% increase in benefit costs, a 3% cost-of-living adjustment, and the addition of one more staff from ten FTE to eleven FTE. A reduction in professional services, nearly equivalent to the staffing costs accounts for why the overall operating costs remain flat.

Because of the addition of an Operations Manager, many of the tasks, such as meeting recording and minutes that were outsourced, are now being performed in-house. Included in the professional services is $45,000 for retention of a human resources consultant to work with the board and staff on governance and leadership.

Also included in the operating expenses is $16,000 for four seasonal staff to assist with data collection, soil health, wetland assessment, and construction site inspections.

*Table 3 – Itemization of Projected Operating Costs for 2027*

| Staff Costs | |
|---|---|
| Salary | $866,500 |
| Benefits | $338,000 |
| Education | $52,500 |
| Professional Development | $22,000 |
| Seasonal | $16,000 |
| | **$1,295,000** |

| BOM Expenses | |
|---|---|
| Per Diem | $35,600 |
| Meeting Costs | $3,600 |
| Travel and Mileage | $7,615 |
| Training/Leadership | $5,750 |
| | **$52,565** |

| Professional Services | |
|---|---|
| Barr | $190,000 |
| SP PLLP | $125,000 |
| Berry Dunn | $55,000 |
| Abdo | $21,700 |
| Misc | $25,000 |
| | **$416,700** |

### DISTRICT-WIDE PROGRAMS ($1,644,900)

District-wide programs are those initiatives, undertaken by the RPBCWD, that is not specific to a namesake creek watershed. These programs provide benefits throughout the district and are used to either inform and engage the public to be active in stewardship of our resources, the collection of data about conditions within the district to inform the RPBCWD decision making process, or to minimize the degradation of our resources that comes via the development of land throughout the district.

#### *COMMUNICATIONS PROGRAMS ($647,400)*

The communication programs include all the means by which the RPBCWD engages with our stakeholders. It includes our K through adult educational programming, our outreach efforts such as regular communications, the Watershed Management Plan, our cost-share program, and our AIS inspection partnerships with our member municipalities. These programs see a net reduction in budget of $90,000 from 2026. The reduction is entirely a result of bringing the ten-year planning effort in-house.

Based upon conversations with the Steering Committee, some of the smaller communities would benefit from RPBCWD assistance with their required educational programming for their respective Municipal Separate Storm Sewer System permits. We will spend 2027 engaging with various communities and identifying what these might look like in subsequent years.

*Table 4 -Itemization of Projected Communications Budget for 2027*

| **20-01** | | 10-Year Management Plan | |
|---|---|---|---|
| 20-01 | 50313 | Barr | $35,000 |
| 20-01 | 50314 | Legal | $25,000 |
| 20-01 | 50316 | NatCap | $35,000 |
| 20-01 | 50104 | Printing/Binding | $2,500 |
| 20-01 | 50305 | Outreach | $12,500 |
| 20-01 | 50316 | Professional Services | $15,000 |
| | | **Total** | **$125,000** |
| **20-02** | | AIS Early Detection | |
| 20-02 | 50316 | Chanhassen | $20,000 |
| 20-02 | 50316 | Eden Prairie | $37,500 |
| 20-02 | 50316 | Lab Analysis/Early Response | $12,500 |
| | | **Total** | **$70,000** |
| **20-03** | | Cost-Share | |
| 20-03 | 50316 | Municipal | $240,000 |
| 20-03 | 50316 | Non-Public | $ 50,000 |
| 20-03 | 50316 | Action | $ 5,000 |
| 20-03 | 50316 | Educator | $ 5,000 |
| | | **Total** | **$300,000** |

| **20-08** | | Education and Outreach | |
|---|---|---|---|
| 20-08 | 50100 | Office Supplies | $1,000 |
| 20-08 | 50101 | Supplies - Field | $500 |
| 20-08 | 50102 | Computer Software | $500 |
| 20-08 | 50104 | Printing | $2,500 |
| 20-08 | 50300 | Dues and Memberships | $4,250 |
| 20-08 | 50301 | Publications | $1,000 |
| 20-08 | 50303 | Training & Education | $1,750 |
| 20-08 | 50305 | Public Information & Education | $25,000 |
| 20-08 | 50306 | Postage | $1,500 |
| 20-08 | 50003 | Staff Costs | $5,000 |
| 20-08 | 50316 | Professional Services | $2,500 |
| 20-08 | 50305 | Events | $51,000 |
| 20-08 | 50318 | Legal Fees | $1,000 |
| 20-08 | 50324 | Equipment | $1,750 |
| 20-08 | 50103 | CAC Expense | $750 |
| | | | **$100,000** |

### *DATA COLLECTION AND RESOURCE MANAGMENT ($626,500)*

Over the last three years, the data collection and resource management programs have expanded beyond the initial effort of lakes and streams to include wetland management, soil health, the management of upland habitat that is tributary to waterbodies, and starting in 2027, we will begin studying the interaction between surface water and groundwater.

These initiatives are used to inform our capital program, both in respect to what practices to employ and where to target our capital projects, but also to measure the efficacy of the capital projects. The data collected will also be used in the next ten-year plan, to move away from an "end-of-pipe" approach to watershed management to a more systems-based approach to watershed management.

The Systems Approach to Lake Management Plan as well as the Ecosystems Health Action Plan will likely further drive additional education and outreach efforts in 2028 and beyond.

*Table 5 - Itemization of Projected Data Collection and Resource Management Budget for 2027*

| | | | |
|---|---|---|---|
| **20-05** | | Data Collection and Monitoring | |
| | 50101 | Supplies - Field | $14,000 |
| | 50102 | Software/Subscriptions | $5,000 |
| | 50104 | Printing | $1,000 |
| | 50204 | Telecommunications | $1,000 |
| | 50003 | Staff Expense | $12,500 |
| | 50316 | Professional Services | $14,000 |
| | 50313 | Engineering | $2,500 |
| | 50321 | Lab Analysis | $50,000 |
| | 50324 | Equipment | $50,000 |
| | 50326 | Repairs and Maintenance | $10,000 |
| | | | **$160,000** |
| **20-06** | | District Groundwater Assessment | |
| | 50319 | Engineering/Design | $7,500 |
| | 50318 | Legal | $2,500 |
| | 50323 | Well Installation | $190,000 |
| | | | **$200,000** |
| **20-07** | | Community Resilience/Model | |
| | 50305 | TAC/Meetings | $1,500 |
| | 50319 | Engineering/Design | $65,000 |
| | | | **$66,500** |
| **20-15** | | Shoreline Assessment | |
| | 50316 | Report/Data Analysis | **$2,500** |
| **20-16** | | Fisheries Assessment | |
| | 50316 | Report/Data Analysis | **$2,500** |

| | | | |
|---|---|---|---|
| **20-11** | | Wetland Management | |
| | 50003 | Staff Costs | $3,500 |
| | 50100 | Office Supplies | $250 |
| | 50101 | Supplies - Field | $1,000 |
| | 50102 | Computer Software | $2,500 |
| | 50104 | Printing | $1,000 |
| | 50300 | Dues and Memberships | $1,500 |
| | 50301 | Publications | $250 |
| | 50303 | Training & Education | $1,000 |
| | 50306 | Postage | $500 |
| | 50313 | Engineering | $4,500 |
| | 50316 | Professional Services | $4,000 |
| | 50318 | Legal Fees | $1,000 |
| | 50321 | Lab Analysis (soils) | $30,000 |
| | 50324 | Equipment | $2,500 |
| | 50321 | GIS and Assessment Work | $30,000 |
| | | | **$80,000** |
| **20-14** | | Lake Vegetation Implementation | |
| | 50302 | Incidental | $500 |
| | 50314 | Legal | $1,000 |
| | 50316 | Professional Services (PI) | $6,000 |
| | 50321 | Lab Analysis | $5,000 |
| | 50323 | Construction/Contractor | $100,000 |
| | | | **$112,500** |

*PERMIT ADMINISTRATION ($175,000)*

From 2023 through 2025, the RPBCWD averaged 78 permits per year. Of these, approximately 1/3 are applications from government agencies and, therefore, the RPBCWD does not recover cost of permit administration, review, and inspection. With private development, all costs are recoverable. Based upon these permit numbers, the budget allocated to permit administration decreased by $30,000.

*REPAIR AND MAINTENANCE ($155,000)*

There was consensus among the steering committee members that they would benefit greatly from assistance with maintenance of BMPs placed on city land. They often lack the technical expertise necessary to maintain certain practices. One example is the kraken filter installed at Rice Marsh Lake. These funds will be used for our own maintenance as well as to assist partner agencies with the repair and maintenance of practices that were installed in partnership.

**CAPITAL PROGRAM: BLUFF CREEK ($19,100)**

Due to timing issues, and the desire not to have several large-scale projects under construction simultaneously, the Upper Bluff Creek Stabilization and Wetland Restoration Project will be pushed out to 2028 or later. As a result, the budget for the Bluff Creek watershed decreases to $19,100 in 2027 from a budget of $697,100 on 2026. The $19,100 is for the continued maintenance for the wetland restoration at Pioneer Trail in Chanhassen.

Aside from some expenditures on design, permitting and legal the bulk of the $680,000 dedicated to Upper Bluff remains unspent. This could either be carried forward to use at a future date or could be transferred to another account to reduce the 2027 levy amount. Depending upon how the project prioritization metric is updated for the 2027 Ten-Year Plan, it is quite probable that the lower valley would rank as higher priority projects than would the Upper Bluff Project.

*Table 6 – Itemization of Proposed 2027Capital Expenditures in Bluff Creek Watershed*

| 30-01 | Pioneer Wetland Restoration | | |
|---|---|---|---|
| | Account | Description | Est Need |
| | 50326 | Year 1 of 3 added maintenance | $16,100.00 |
| | 50101 | Piezometers, weir, etc | $500.00 |
| | | | **$16,600.00** |
| | | | |
| 30-02 | Bluff Creek at Galpin | | |
| | 50318 | Land Use Agreements and Contracts | $0 |
| | 50319 | Design and Modeling | $0 |
| | 50323 | Construction | $0 |
| | | | **$0** |

### CAPITAL PROGRAM: RILEY CREEK ($3,355,450)

With the recent removal of Lake Riley and Rice Marsh Lake from the Impaired Waters list, efforts will move upstream to Lake Susan. The intent is to use the same adaptive management approach on Lake Susan to remove it from the impaired waters list as well. To this end, the RPBCWD will be undertaking the Upper Riley Creek Stabilization and Ecological Restoration project, addressing internal loading in the Lake Susan Preserve Wetland, and programming an alum treatment for Lake Susan.

Other capital projects in the Riley Creek watershed include restoration of the prairie, woodland, and wetland for the Spring Road Conservation Project.

Also programmed for the 2027 calendar year is the replacement of a culvert running under a private drive off Dell Road in Eden Prairie. Associated with this will be the stabilization of the channel from the private drive to Dell Rd. The land is to be dedicated to the RPBCWD.

*Table 7 - Itemization of Proposed 2027 Capital Expenditures in Riley Watershed*

| 40-01 | Spring Rd Conservation Project | | |
|---|---|---|---|
| | Account | Description | Est Need |
| | 50326 | Series 2025B Interest & Principal | $254,200 |
| | 50316 | Restoration Design | $1,500 |
| | 50316 | Architectural Design | $75,000 |
| | 50317 | LSOHC/Henn Cnty Match | $40,000 |
| | 50318 | Review of grant and coop agreement | $1,500 |
| | 50332 | Property Tax | $0 |
| | | | **$372,200** |

| 40-03 | RLM 12A | | |
|---|---|---|---|
| | Account | Description | Est Need |
| | 50316 | Project Administration | $525 |
| | 50326 | Native Planting Maintenance | $5,975 |
| | | | **$6,500** |

| 40-04 | Riley and RLM Subwatershed Assessment | | |
|---|---|---|---|
| | Account | Description | Est Need |
| | 50316 | Modeling and Reporting | $2,500 |
| | | | **$2,500** |

| 40-05 | Upper Riley Creek (R3) | | |
|---|---|---|---|
| | Account | Description | Est Need |
| | 50318 | Legal - access agreements & contracts | $1,750 |
| | 50319 | Civil Design, Bid Package, Project Admin | $35,000 |
| | 50232 | Mobilization and Construction | $1,900,000 |
| | | | **$1,936,750** |

| 40-06 | St Hubert Water Quality Project | | |
|---|---|---|---|
| | Account | Description | Est Need |
| | 50326 | Maintenance of Prairie Area | $11,500 |
| | | | **$11,500** |

| 40-07 | Watershed Study - Lucy, Ann, Susan | | |
|---|---|---|---|
| | Account | Description | Est Need |
| | 50316 | Modeling and Reporting | $2,500 |
| | | | **$2,500** |

| 40-08 | Lake Susan in-lake phosphorus load | | |
|---|---|---|---|
| | Account | Description | Est Need |
| | 50316 | Dosing Calculations | $2,000 |
| | 50321 | Sediment Analysis | $5,000 |
| | 50232 | Alum Application | $110,000 |
| | | | **$117,000** |

| 40-09 | Lake Susan Wetland | | |
|---|---|---|---|
| | Account | Description | Est Need |
| | 50316 | Dosing Calculations | $1,500 |
| | 50321 | Sediment Analysis | $3,500 |
| | 50232 | Alum Application | $70,000 |
| | | | **$75,000** |

| 40-10 | Riley Culvert Replacement @ Dell | | |
|---|---|---|---|
| | Account | Description | Est Need |
| | 50313 | Design and Construction Admin | $80,000 |
| | 50314 | Legal - Land Agreements | $1,500 |
| | 50323 | Construction | $750,000 |
| | | | **$831,500** |

## CAPITAL PROGRAM: PURGATORY CREEK ($2,438,250)

The North Lotus Lake Storm Water Park is the primary expenditure in the Purgatory watershed for 2027. It is tentatively scheduled to begin construction in the fall of 2027 with completion in early 2028. Discussions with Eden Prairie also indicate that the berm in the Purgatory Creek Recreation Area will be repaired in 2027.

*Table 8 - Itemization of Proposed 2027 Capital Expenditures in Purgatory Watershed*

| | | | |
|---|---|---|---|
| 50-01 | Purgatory Creek Rec Area | | |
| | Account | Description | Est Need |
| | 50318 | Legal - access agreements & contracts | $500 |
| | 50319 | Permitting and review | $1,250 |
| | 50232 | Mobilization and Construction | $148,250 |
| | | | **$150,000** |
| | | | |
| 50-02 | Lotus Lake In-Lake P Control | | |
| | Account | Description | Est Need |
| | 50316 | Reporting | $500 |
| | | | **$500** |
| | | | |
| 50-06 | No Lotus Lake Park | | |
| | Account | Description | Est Need |
| | 50318 | Legal - access agreements & contracts | $1,750 |
| | 50319 | Civil Design, Bid Package, Project Admin | $35,000 |
| | 50232 | Mobilization and Construction | $2,250,000 |
| | | | **$2,286,750** |
| | | | |
| 50-07 | Mitchel & Red Rock Studies | | |
| | Account | Description | Est Need |
| | 50316 | Reporting | $1,000 |
| | | | **$1,000** |

## POSSIBLE ADJUSTMENTS

There are two primary ways of reducing the levy amount that were evaluated. The first includes reducing the budget by finding areas that can be deferred to later years or can be cut all together. The second is to transfer unspent moneys out of a specific project or program fund and into the reserve fund. Lastly, combining both the budget reduction and the transfer to reserves was evaluated.

### *BUDGET REDUCTIONS*

As Upper Bluff Creek Restoration Project was already deferred to 2028 or later, there are no other projects that can be postponed to later fiscal years while still meeting the RPBCWD overall goals. Lake Susan is the most poorly performing lake in the RPBCWD that serves a public park, launch, and riparian lot owners. As the projects programmed for 2027 are intended to address the water quality issues in Lake Susan, it would be imprudent to delay their implementation. The other planned projects for 2027 requiring significant capital inputs are the repair of a culvert conveying Riley Creek near Dell Road and the restoration of the Spring Road property. Given the state of the culvert as well as the associated downstream reach, and the imminent development of Marshall Farms and improvements to Dell Road, this project should be programmed for completion on 2027. There is a potential to reduce the budget by $75,000 through reductions to the Spring Road Project.

*Table 9 - Potential Budget Reduction Actions*

| PROJECT | REDUCTION | COMMENTS |
|---|---|---|
| AIS Early Response | $12,500 | This reduction would mean any rapid response to a new infestation would require accessing reserve funds. As there is no known eradication for zebra mussels, it is unclear how effective early response is. |
| Cost Share | $75,000 | The City of Eden Prairie has requested $100K to help with their low salt design of the Eden Prairie City Offices. To address this, the Cost Share budget was increased by $75,000. If this increase were not included, we would lower the number of cost share partnerships in 2027. |
| District GW Assessment | $25,000 | To account for inflation and to have greater confidence that we can install all eleven wells, the budget was increased by $25,000. We could forgo this increase and reduce the number of wells installed. As we have not fully identified where the wells will be located, it is possible we could install fewer well initially and meet the RPBCWD's objective of studying groundwater/surface water interaction. |
| Community Resilience | $15,500 | Three tasks remain on the Barr task order to complete the district-wide flood risk assessment model. By delaying, or even eliminating task 7, the budget could be reduced by $15,500. |
| Spring Rd Conservation | $75,000 | For 2027, the RPBCWD will have about $254,000 of debt service on the bond and a $40,000 match on the Lessard Sams grant that Hennepin County is partnering on with us. There is also $75,000 committed to retaining an architect to develop conceptual plans for a district campus and community resource. This is not imperative for the 2027 fiscal year and could be postponed. |

These reductions would total $203,000 or 2.4% of the proposed budget.

### *FUND TRANSFER*

As Upper Bluff Creek Restoration Project was already deferred to 2028 or later, there are funds that remain unspent within that fund. Currently, this remaining balance is estimated to be $660,000. With the update of the ten-year plan, we will evaluate the project prioritization metric. We will also look at updating the CRAS to align more closely with the methodology employed by the MPCA. With these changes, it is quite conceivable that the Upper Bluff Creek Project will not score as high as other projects within the Bluff Creek corridor.

### *ALTERNATE BUDGET AND LEVY SCENARIOS*

In tables 10 through 13 below, the various budget and levy scenarios are summarized. Under each scenario the levies remain static as they are calculated based upon the 2026 levy amount. What changes is the amount projected to remain in the RPBCWD reserve fund. Table 14 compares the four scenarios with a 4% levy increase in all cases. The primary question for the Board is "what level of reserve funds is appropriate?". Under the proposed budget, one-half year of funding is

$4,385,110. Under the reduced budget, $4,283,610 is one-half year funding. In each table below, the levy amount that provides at least one-half year of funding in reserve is shown in green.

Without some adjustment to the budget or transferring funds from one account to reserves, the only scenario that provides at least one-half year budget in reserve is to increase the levy by 11% to $4,725,000. (not shown in table below) This would require $1,651,120 transferred from reserve funds and would leave $4,387,396 in the reserve fund.

*Table 10 - Fully Funded 2027 Budget and Levy Reserve Fund Balance*

| Levy Amount | %Δ | Amount from reserve | Reserve balance |
|---|---|---|---|
| $ 5,106,585.00 | 20% | *$1,472,535.00* | $4,565,981.00 |
| $ 4,650,000.00 | 10% | *$1,929,120.00* | $4,109,396.00 |
| $ 4,500,000.00 | 6% | *$2,079,120.00* | $3,959,396.00 |
| $ 4,475,000.00 | 5% | *$2,104,120.00* | $3,934,396.00 |
| $ 4,423,850.00 | 4% | *$2,155,270.00* | $3,883,246.00 |
| $ 4,325,000.00 | 2% | *$2,254,120.00* | $3,784,396.00 |

As shown in Table 9, we could reduce the budget by up to $203,000 and still be able to program the capital projects and maintain our overall level of service. The majority of the budget reduction would come from not programming any funding for architectural services on the Spring Road property and by not increasing the cost-share budget to accommodate the low salt design of the Eden Prairie campus. Under this scenario, one-half year budget would be $4,283,610. To maintain this reserve amount, the RPBCWD would still need to increase the levy by just under 10% over the 2026 levy as shown in Table 11 below.

*Table 11 - 2027 Reserve Fund Balance with $203,000 in Budget Reductions*

| Levy Amount | %Δ | Amount from reserve | Reserve balance |
|---|---|---|---|
| $ 5,106,585.00 | 20% | *$1,269,535.00* | $4,768,981.00 |
| $ 4,650,000.00 | 10% | *$1,726,120.00* | $4,312,396.00 |
| $ 4,500,000.00 | 6% | *$1,876,120.00* | $4,162,396.00 |
| $ 4,475,000.00 | 5% | *$1,901,120.00* | $4,137,396.00 |
| $ 4,423,850.00 | 4% | *$1,952,270.00* | $4,086,246.00 |
| $ 4,325,000.00 | 2% | *$2,051,120.00* | $3,987,396.00 |

By transferring funds already levied for the Upper Bluff Creek Restoration project into reserves, the RPBCWD can fully fund all the programmed projects and maintain a reserve fund balance exceeding one-half of the proposed 2027 budget or $4,385,110. This could be accomplished with less than a 2% levy increase.

*Table 12 - 2027 Reserve Fund Balance with $660,000 Transfer to Reserves*

| Levy Amount | %Δ | Amount from reserve | Reserve balance |
|---|---|---|---|
| $ 5,106,585.00 | 20% | *$1,472,535.00* | $5,225,981.00 |
| $ 4,650,000.00 | 10% | *$1,929,120.00* | $4,769,396.00 |
| $ 4,500,000.00 | 6% | *$2,079,120.00* | $4,619,396.00 |
| $ 4,475,000.00 | 5% | *$2,104,120.00* | $4,594,396.00 |
| $ 4,423,850.00 | 4% | *$2,155,270.00* | $4,543,246.00 |
| $ 4,325,000.00 | 2% | *$2,254,120.00* | $4,444,396.00 |

For comparison, I have included what the reserve fund would look like with both a $203,000 reduction in the proposed 2027 budget and the transfer of $660,000 from the Upper Bluff Creek project to the reserve fund.

*Table 13 - 2027 Reserve Fund Balance with Budget Reduction and Transfer to Reserve*

| Levy Amount | %Δ | Amount from reserve | Reserve balance |
|---|---|---|---|
| $ 5,106,585.00 | 20% | *$1,269,535.00* | $5,428,981.00 |
| $ 4,650,000.00 | 10% | *$1,726,120.00* | $4,972,396.00 |
| $ 4,500,000.00 | 6% | *$1,876,120.00* | $4,822,396.00 |
| $ 4,475,000.00 | 5% | *$1,901,120.00* | $4,797,396.00 |
| $ 4,423,850.00 | 4% | *$1,952,270.00* | $4,746,246.00 |
| $ 4,325,000.00 | 2% | *$2,051,120.00* | $4,647,396.00 |

## RECOMMENDATION

To provide flexibility throughout the 2027 fiscal year, allow for the RPBCWD to maximize investment income, and reduce the risk of budget constraints in subsequent years, it would be prudent to maintain a reserve balance as large as possible. The clearest way to meet this objective is to transfer funds out of the Upper Bluff Restoration Project and into the reserve fund. By transferring these funds, it allows the RPBCWD to undertake all projects, programs, and initiatives programmed for the 2027 calendar year.

The RPBCWD should set the budget at $8,770,220 and transfer the remaining balance out of project 30-02 Upper Bluff Creek B5 (estimated to be $660,000). The managers should decide what levy increase to propose using Table 12 above.

# APPENDIX A – PROPOSED 2027 Budget and Estimated Levy Requirement

| | | | 2027 | | |
|---|---|---|---|---|---|
| Outflows: | | 2026 Budget | Budget | Estimated Carryover | Estimated Levy |
| **Operating Costs** | | | | | |
| Staff costs | 10-00 | $1,176,840 | $1,298,000 | $0 | $1,298,000 |
| BOM Expenses | 10-00 | $37,500 | $52,570 | $0 | $52,570 |
| Facilities | 10-00 | $206,850 | $231,000 | $0 | $231,000 |
| Professional Services | 10-00 | $622,500 | $436,700 | $0 | $436,700 |
| Fleet Management | 10-01 | $12,000 | $12,000 | $0 | $12,000 |
| General Expense | 10-00 | $53,000 | $69,000 | $0 | $69,000 |
| | | **$2,108,690** | **$2,099,270** | $0 | **$2,099,270** |
| **District Wide** | | | | | |
| 10-year Management Plan | 20-01 | $230,000 | $125,000 | $175,000 | -$50,000 |
| AIS Inspection and early response | 20-02 | $75,000 | $70,000 | $5,000 | $65,000 |
| Cost-share | 20-03 | $275,000 | $350,000 | $0 | $350,000 |
| Creek Restoration Action Strategies | 20-04 | $0 | $2,500 | $0 | $2,500 |
| Data Collection and Monitoring | 20-05 | $200,000 | $160,000 | $25,000 | $135,000 |
| District Groundwater Assessment | 20-06 | $175,000 | $200,000 | $175,000 | $25,000 |
| Community Resilience | 20-07 | $200,000 | $64,900 | $3,600 | $61,300 |
| Education and Outreach | 20-08 | $105,000 | $100,000 | $45,000 | $55,000 |
| Repair and Maintenance Fund | 20-09 | $105,000 | $200,000 | $75,000 | $125,000 |
| Survey and Analysis Fund | 20-10 | $0 | $0 | $0 | $0 |
| Wetland Management | 20-11 | $70,000 | $80,000 | $45,000 | $35,000 |
| Groundwater Conservation | 20-13 | $0 | $0 | $0 | $0 |
| Lake Vegetation Implementation | 20-14 | $125,000 | $112,500 | $0 | $112,500 |
| Shoreline Vegetation Assessment | 20-15 | | $2,500 | $0 | $2,500 |
| Fisheries Assessment | 20-16 | | $2,500 | $0 | $2,500 |
| Permit Administration, Review, and Inspection | 20-17 | $215,000 | $175,000 | $0 | $175,000 |
| | | **$1,775,000** | **$1,644,900** | $548,600 | **$1,096,300** |
| **Projects - Bluff Creek** | | | | | |
| Wetland Restoration at Pioneer | 30-01 | $17,100 | $16,600 | $0 | $16,600 |
| Bluff Creek B5 by Galpin | 30-02 | $680,000 | $2,500 | $660,000 | 0 |
| | | **$697,100** | **$19,100** | | **$16,600** |
| **Projects - Riley Creek** | | | | | |
| Spring Rd Conservation Project | 40-01 | $590,000 | $372,200 | $0 | $372,200 |
| Rice Marsh Lake in-lake phosphorus load | 40-02 | $0 | $0 | $0 | $0 |
| RM12a | 40-03 | $0 | $6,500 | $0 | $6,500 |
| Lake Riley & RML Subwatershed Assessment | 40-04 | | $2,500 | $0 | $2,500 |
| Upper Riley Creek Stabilization (Reach R3) | 40-05 | $1,347,500 | $1,936,750 | $1,100,000 | $836,750 |
| St Hubert Water Quality Project | 40-06 | $11,000 | $11,500 | $0 | $11,500 |
| Watershed Study - Lucy, Ann, Susan | 40-07 | $10,000 | $2,500 | $0 | $2,500 |
| Lake Susan in-lake phosphorus load | 40-08 | $0 | $117,000 | $0 | $117,000 |
| Lake Susan Wetland Interrnal P Control | 40-09 | $100,000 | $75,000 | $90,000 | -$15,000 |
| Riley Creeek Culvert Repair | 40-10 | $0 | $831,500 | $0 | $831,500 |
| | | **$2,058,500** | **$3,355,450** | $1,190,000 | **$2,165,450** |
| **Projects - Purgatory Creek** | | | | | |
| Purgatory Creek Rec Area- Berm/retention area | 50-01 | $150,000 | $150,000 | $150,000 | $0 |
| Lotus Lake in-lake phosphorus load control | 50-02 | $0 | $500 | $0 | $500 |
| Duck Lake Watershed Load | 50-03 | $0 | $0 | $0 | $0 |
| Kerber Ravine | 50-04 | $0 | $0 | $0 | $0 |
| Duck Lake Partnership | 50-05 | $0 | $0 | $0 | $0 |
| North Lotus Lake SW Park | 50-06 | $350,000 | $1,500,000 | $300,000 | $1,200,000 |
| Watershed Study - Mitchell and Red Rock | 50-07 | $10,000 | $1,000 | $0 | $1,000 |
| | | **$510,000** | **$1,651,500** | $450,000 | **$1,201,500** |
| | | | | | |
| TOTALS | | ***$7,149,290*** | **$8,770,220** | | **$6,579,120** |