

**Finance, Expenditure & Legal
Subcommittee Meeting
June 9, 2009
7:00 p.m.
(Or immediately following the PPO Subcommittee meeting)**

Agenda

Finance, Expenditure & Legal Subcommittee Members:

Rich Tesar, Chairperson
Rick Kolowski, Vice-Chairperson
Larry Bradley
John Conley
Dorothy Lanphier

Alternate Members: Fred Conley
Jim Thompson

Staff Liaison: Jim Becic
Jerry Herbster
Carey Fry
Brian Henkel *
Lori Laster

1. Meeting Called to Order – Chairperson Tesar
2. Notification of Open Meetings Act Posting and Announcement of Meeting Procedure – Chairperson Tesar
3. Quorum Call
4. Adoption of Agenda
5. Proof of Publication of Meeting Notice
6. Review of FY 2010 Budget – Draft 1 – John Winkler

NOTE: Dates to Remember for P-MRNRD FY 2010 Budget:

- Public Input Meeting at July 9, 2010 Board Meeting
 - Budget Hearing and Adoption of FY 2010 Budget at August 13, 2009 Board Meeting
 - Set Tax Levy for FY 2010 at September 10, 2009 Board Meeting
7. Review and Recommendation 1% Increase to the Budgeted Restricted Funds for Lid Calculation – John Winkler

8. Review and Recommendation on Accounts Over 110% - Account #01 03-12 4400 – Project Maintenance – Professional Services – Martin Cleveland
9. Review and Recommendation on Glacier Creek Project - *Confidential [Executive Session, if needed]*
 - a. Interlocal Agreement with UNO – Amanda Grint and Tom Bragg
 - b. Purchase Agreement – Amanda Grint
10. Review and Recommendation on Papio WP-5 Right of Way Acquisition – Tracts #1 and #4 - *Confidential [Executive Session, if needed]* – Amanda Grint
11. Adjourn

MEMORANDUM

TO: Finance, Expenditure and Legal Subcommittee

SUBJECT: FY 2010 Budget – 1st Draft

DATE: June 4, 2009

FROM: John Winkler, General Manager

Attached is a copy of the first draft of the P-MRNRD FY 2010 budget. As you are aware, a budget document is a guide or working plan for each fiscal year. The following is a quick overview of the draft budget:

	FY 2009	FY 2010
TOTAL OPERATING BUDGET (General)	\$39.47 million	\$66.80 million
PROPERTY TAX LEVY	0.033753	0.032779*
TOTAL PROPERTY TAX REQUIREMENT	\$16,594,576.17	\$16,518,319.09
PROPERTY VALUED AT \$100,000	\$33.75	\$32.78

* Reflects an overall 2.5% increase in property tax revenues. This is an estimate. Final valuations will not be available from the County Assessors Offices until mid August. Last year's final valuations were an overall 4.18% increase.

The following are some items I would like you to consider when reviewing the draft FY 2010 budget:

Draft Budget Assumptions:

- ⊕ \$500,000 has been budgeted for Necessary Cash Reserve. This is less than one month of operations for the District.
- ⊕ \$11,800,000 has been estimated for General Cash on Hand as of June 30, 2009.
- ⊕ The expense and revenue figures used are preliminary as of May 31, 2009. Please note the figures in the column titled Manager's Estimate. These figures have been calculated to show the end of year total expenditure based on the percentage of budget that has been spent or the project manager's estimated expenditure figures for the end of the fiscal year. This column will drop out of the report when we have final figures.

- ✪ The draft budget shows an expenditure of \$4.8 million to be transferred out of the general fund for the Flood Control and Water Quality Programs and Projects Special Reserve Fund. The balance of the reserve account as of June 30, 2009 will be approximately \$12,750,000. The fund was established by the Board of Directors at their May 8, 2008 meeting. The Flood Control and Water Quality Programs and Projects Special Reserve Fund was created to enable the District to set aside and accumulate District general funds to finance the future establishment, construction, operation and maintenance of flood control and water quality projects and practices, including but not limited to low-impact development best management measures, flood plain buyouts, dams, reservoir basins and levees. These funds will not be available for expenditure for any other purposes.

- ✪ LB 160 – Bonding authority was granted by the legislature and signed into law by the Governor this legislative session. Bonding authority grants the District great flexibility in funding flood control and water quality projects and programs. In addition, this authority allows the District to complete projects in a timely and cost effective manner. For example, projects that have been in the planning, design and/or construction phases for ten to fifteen years will now be completed in a much more timely fashion. District staff continues to work with professional bond counsel to establish a bond funding strategy that will maximize District resources while simultaneously protect the interest of property tax payers throughout the entire District. Since L.B. 160 and the Special Reserve fund were written to complement each other the combination of reserve funds and bonding revenue funding strategies may change from this draft until the final budget is adopted in August.

As noted above there are still several unknowns, i.e., final revenues/expenditures, cash on hand, Treasurer's balance, valuations, etc. The budget figures shown in the first draft hopefully will get us in the ball park for compliance with state statutes.

I would ask that each Director carefully review this document and if there are any questions or concerns, please contact me.

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Budget Hearing and Adoption of FY 2010 Budget at August 13, 2009 Board Meeting
- Set Tax Levy for FY 2010 at September 10, 2009 Board Meeting

MEMORANDUM

To: FEL Subcommittee

Subject: FY 2010 Budget – Lid Computation (1% Resolution)

Date: June 3, 2009

From: John Winkler, General Manager

State statutes require that no governmental unit shall adopt a budget containing a total of budgeted restricted funds more than the last prior year's total of budgeted restricted funds plus allowable increases. All political subdivisions have the ability to increase their base restricted funds by 2.5%. If a political subdivision has allowable growth due to improvement to real property as a result of new construction, additions to existing buildings, any improvements to real property, and any increase in valuation due to annexation and any personal property valuation over the prior year above 2.5%, you can use the amount over the 2.5% increase as the base of restricted funds. Growth numbers are provided by the County Assessors on the Certification of Valuation. This information is not available until mid-August.

There are still several unknowns, i.e., final revenues/expenditures, property tax receipts, etc., needed to determine the total unused restricted funds authority for the FY 2010 budget.

The Board can also exceed the limit by 1%. Approval would require a super majority of the Board. That is, at least 75% of the governing body is required to approve or 9 affirmative votes - not just 75% of those present. There is no special hearing or notice required to consider the additional 1% increase. Following is a history showing the Board's actions in allowing for the additional 1% increase:

FY 1998	Yes
FY 1999	Yes
FY 2000	No
FY 2001	Yes
FY 2002	No
FY 2003	Yes
FY 2004	No
FY 2005	No
FY 2006	Yes
FY 2007	No
FY 2008	No
FY 2009	No

The following items are lid exceptions that would apply to the District:

- Capital Improvements (acquisition and improvements to real property)
- Interlocal Agreements/Joint Public Agency Agreements
- Repairs to infrastructure damaged by a natural disaster.

The 2.5% lid applies to General expenditures such as:

- Directors' per diem and expenditures
- District's insurance coverage
- Equipment/vehicles
- Salaries
- Gas, oil and vehicle repairs
- Utilities

It would be beneficial to the District if the Board approves the additional 1% to help cover increases to those general costs and to help build the base for restricted funds for future budgets.

It is the management's recommendation that the Subcommittee recommend to the Board that the following resolution be adopted:

BE IT RESOLVED THAT the Board of Directors of the Papio-Missouri NRD approves an additional increase of 1% in the Total Unused Restricted Funds Authority, pursuant to Neb. Rev. State. §§ 13-518 through 13-522.

Memorandum

To: Finance, Expenditures and Legal Subcommittee

Subject: Account Over 110%
Account # 01 03 – 12 4400
Project Maintenance – Professional Services

Date: June 3, 2009

From: Martin P. Cleveland

District policy 1.5 FEL Subcommittee – Budgetary Oversight states, “If, at any time during the fiscal year, the District expenditures from any budgetary account, for which more than \$10,000 was budgeted for that fiscal year, exceed the amount budgeted by more than 10%, the Chairperson of the FEL Subcommittee may call a meeting of such Subcommittee to consider recommendations to the Board with respect to such accounts.”

Pursuant to this policy the following account is submitted for review:

1. Account #01 03-12 4400 (Project maintenance – Professional Services)
2. Budget: \$295,000
3. Anticipated Account Status with May expense: \$367,650 (125%)

As a result of Whitted Creek Stream Restoration Project professional services expenditures occurring earlier than anticipated (e.g. \$43,118 invoice this month from CH2MHILL) and W-3 invoice receipt discussed below, the project maintenance professional services will need to exceed 110%. The total expenses for CH2MHILL should stay at the same amount but occur earlier than we estimated in June 2008. In addition, Papiio Creek Watershed Structure W-3 permitting activities and bidding document preparation by HDR Engineering in May have resulted in a \$23,433 invoice. The W-3 professional service activities were not included in Fiscal Year 2009 budget, as NRCS cost-share funds did not become available until March 2009, with the American Recovery and Reinvestment Act funding. The Board approved a contract with HDR Engineering for the W-3 services in April 2009. There are adequate funds (e.g. \$400,000 left in contract work) in project maintenance category to cover the before mentioned overage.

It is recommended by Management that the Subcommittee recommend to the Board that the following account be allowed to exceed 110% of the budgeted amount:

- **Account #01 03-12 4400 – Project Maintenance Professional Services**

Agenda Item 9.a and b.

Memos for the following agenda items are “Confidential”

Review and Recommendation on Glacier Creek Project

- a. Interlocal Agreement with UNO
- b. Purchase Agreement

Agenda Item 10

Memo for the following agenda item is “Confidential”

Review and Recommendation on Papio WP-5 Right of Way
Acquisition – Tract #1