



Bassett Creek Watershed Management Commission

MEMO

To: BCWMC Commissioners and Alternates
From: Administrator Jester on behalf of the Budget Committee
Date: May 8, 2025

RE: Proposed 2026 Operating Budget

At their meetings in March and April, the Budget Committee discussed the 2026 operating budget (also called the General Fund) including individual budget line items, revenue streams, long term account balances, and the overall fund balance. The 2026 budget spans a 12-month year with the new schedule of January 1, 2026 – December 31, 2026. The Commission's funds and the relationships among the funds are shown in Figure 1. The committee recommends the attached operating budget and notes particular elements below. The TAC reviewed this proposed budget at their meeting May 2nd and did not voice significant concerns.

The total budget (overall expenses) is proposed to be slightly lower than this year's budget (even though 2026 is a 12-month fiscal year rather than the current 11-month fiscal year). As proposed, the fund balance at the end of the 2026 fiscal year would be about 45% of the annual operating budget. This is slightly lower than the recommended level of 50% of annual operating costs.

Some additional elements of the proposed budget include:

Expenses:

Surveys and Studies (Row 5): This line item has been used to fund smaller studies or plans that weren't scheduled at budgeting time, but which may come up during the course of the year. The Budget Committee recommends zeroing this line item because the new Special Projects long-term fund can be used in these instances, if needed.

Savings for 2036 Plan (Row 14): The Plan Steering Committee recommends annually setting aside funds to help cover the cost of developing the next 10-year plan.

Additional staff (Row 16): The Administrative Services Committee will begin work this year on staffing needs and administrator succession planning. The Budget Committee recommends planning for use of additional staff in 2026. The \$40,000 currently included in this line item would cover approximately a quarter-time staff person to assist with implementation of the new watershed plan including administrative duties, communications and engagement, partnership building, project tracking, etc.

Flood Control Project Long Term Maintenance (Row 29): This is a transfer to the Flood Control Project Long-term Maintenance Fund to pay for annual inspections of the Flood Control Project (FCP). The cost of inspections varies year to year depending on which structures are slated for inspection that year. Over a 10-year period, the cost is estimated at \$350,000; hence there has been a \$35,000 annual transfer to the long-

term account from the Operating Budget. The long-term fund currently has a balance of \$420,000. In consultation with the Commission Engineer, the committee recommends drawing down the balance of this account to about \$250,000. Therefore, this budget line is proposed to be zeroed out in 2026. [It's important to note, however, that the BCWMC hydrologic and hydraulic update and conversion study is currently slated to use this long- term fund if the FEMA grant is not awarded. If a grant is not awarded, annual transfers to the long-term account should resume in 2027.]

Revenue:

Transfer from CIP Levy: BCWMC fiscal policy states that between 2% and 2.5% of the levy collected in a year should be transferred to the operating budget (General Fund) to offset administrative costs in implementing the CIP. The Budget Committee recommends transferring 2.5% of the levy in 2026. To further offset the cost of implementing the CIP, the committee recommends that the Commission Attorney charge time spent on specific CIP projects to that project's budget rather to the operating budget. This practice was in place several years ago and is still in place for certain projects where a significant amount of the attorney's time is expected. Moving forward, this would become the practice for all CIP projects. (Attorney time for typical projects is primarily limited to developing an agreement with the project implementer.)

City Assessments: City assessments are proposed to be 5.4% higher than this year's assessments, on average. City assessments are typically a reflection of the status of the fund balance. Unlike this year, the Budget Committee is not recommending use of the Special Projects fund to help fill a gap in revenue. Hence, revenue from city assessments is slated to be at a level needed to balance the budget.

Figure 1. BCWMC Funds

