

**BASSETT CREEK WATERSHED MANAGEMENT COMMISSION**

**CAPITAL IMPROVEMENT PROGRAM CLOSED PROJECT ACCOUNT POLICY**

**I. PURPOSE**

The Commission's Capital Improvement Program (CIP) includes projects that are proposed to be funded by a County ad valorem tax levy on property in the watershed pursuant to Minn. Stat. §103B.251. Tax settlements from Hennepin County to the Commission for these projects are deposited in a construction account established for each such project. There will be times when tax settlements to the Commission will exceed the costs incurred for these projects. The purpose of this policy is to establish procedures and guidelines for collection, accounting and use of such accounts.

**II. ESTABLISHMENT OF ACCOUNT**

The Commission hereby establishes the CIP Closed Project Account (the "Account"). Upon completion of CIP projects funded in whole or in part by a County tax levy, reimbursement of Commission expenses and administrative charges, and final payment to the City with responsibility for construction of the project, the construction account for that project will be closed and remaining funds will be transferred to the Account. Interest earned on money in the Account will be credited to the Account.

**III. USE OF THE CIP CLOSED PROJECT ACCOUNT**

As a general guiding principle, the Account will be used for expenses incurred for other projects in the Commission's CIP that are proposed to be funded with a County tax levy. Such expenses include:

- A. The administrative and construction costs of CIP projects. Monies from the Account may be used to reduce or eliminate a tax levy for capital projects in the CIP by transferring monies to the construction accounts for those projects.
- B. Reimbursement to the Commission's General Fund of expenses or administrative fees incurred in connection with a project if the tax settlement for that project is not sufficient to cover such expenses.
- C. Reimbursement to cities that construct projects for administrative or construction costs if tax settlements received from the County are not sufficient to cover such costs. These costs might include cost overruns on projects, change orders, corrective follow-up work or repairs, or other unforeseen project costs.

- D. Prepayment of project costs to the Commission or to cities for project costs that are incurred before receipt of tax settlement from the County for that project.
- E. Partial funding of TMDL study costs if the Commission has sufficient information to determine with reasonable assurance that the TMDL study will identify, plan, design, or redesign capital projects to be funded with a County tax levy.

#### IV. PROCEDURE FOR USE OF ACCOUNTS

The Account may be used for any lawful purpose upon a majority vote of the Commissioners present at any meeting at which a quorum of the Commission is present.

#### V. TARGET ACCOUNT BALANCE

The Commission does not intend to accumulate unreasonable balances in the Account. Because the Account could be used to fund projects in advance of receipt of tax settlement from the County, and because a number of larger projects in the CIP have total costs, or annual project costs, of approximately \$250,000, the Commission finds that an accumulation of up to \$250,000 is reasonable. Money will not be accumulated to an amount in excess of \$250,000 unless a specific use for such funds has been identified. The Account balances may be kept within this amount by expending funds for any of the purposes identified in this policy.

#### VI. PERIODIC REVIEW

Each year the Commission will consider the status of the Account prior to certification to Hennepin County of requests for tax levies for capital projects.

Date of adoption of policy: October 20, 2005