



Bassett Creek Watershed Management Commission

MEMO

To: BCWMC Commissioners and Alternate Commissioners
From: Administrator Jester on behalf of Budget Committee
Date: May 13, 2026

RE: 2027 Proposed Operating Budget

The BCWMC Budget Committee met on April 20th and May 11th to discuss the 2027 operating budget. The operating budget is used for all non-CIP work of the Commission and does not include special projects which are funded with investment income. Most of the funds for the operating budget come from assessments to cities based on total area in the watershed and tax valuation of that area. The Commission's funds and the relationships among the funds are shown in Figure 1.

The proposed 2027 operating budget must be sent to member cities by July 1st. Cities then have until August 1st to review and comment on the budget. A final budget would typically be approved at the Commission's August meeting. At this meeting, the Commission should consider the committee's recommendations and either approve the proposed budget (and direct that it be sent to cities for review), or request changes or more information with a revised version presented at the June meeting.

In developing the budget, the committee discussed recommendations from the Administrator and Commission Engineers, reviewed past budgets and actual expenses, examined fund balances, and reviewed the activities listed in the Program Implementation Table (Table 4-5) in the new Watershed Management Plan.

The committee recommends a 2027 operating budget of \$929,500 with city assessments totaling \$680,000 (1.1% higher than 2026 assessments, on average). The attached tables include the proposed 2027 budget with the 2025 budget/actuals and the 2026 budget for comparison (reminder that the 2025 fiscal year was an 11-month year). The budget table includes a "notes" column with reference to information about each budget line and additional water quality monitoring details on a separate page.

Outreach & Education:

The Outreach and Education activities in the budget reflect the tasks and budgets outlined in the new Watershed Management Plan but they do not line up with previous line items. See new activity titles to the right of the budget lines (and descriptions of the new budget lines in the notes section).

Fund Balance & Investment Income:

The revenue table shows an estimated 2027 year-end fund balance of \$300,389. This is well below the typical desired fund balance amount of 50% of annual operating expenses (which would be about \$465,000). The Commission currently has a balance of more than \$1M in investment income, which is allocated to the Special Projects Fund. Investment income is part of the general fund (i.e., the income is not restricted like CIP funds) and therefore can be considered part of the Commission's fund balance.

BCWMC Policy 3.2.1 (strategy #4) in the [Policy Manual](#) lays out the appropriate amount to be kept in the fund balance (50% of annual expenses) and the purposes for its use: to provide appropriate cash flow to pay for Commission projects and programs, and to fund projects or programs that arise unexpectedly. These funds could also be used to pay all outstanding liabilities if the Commission were to dissolve.

The Budget Committee recommends considering the investment income during the budgeting process each year to help determine the actual and projected fund balance. The committee recommends annually reevaluating the planned expenses for upcoming special projects and the trend of investment income levels to determine appropriate reliance on the investment income balance in the overall fund balance. A table tracking investment income since 2014 and estimated expenses for special projects that are slated through 2035 (in 2025 dollars) is included with budget tables.

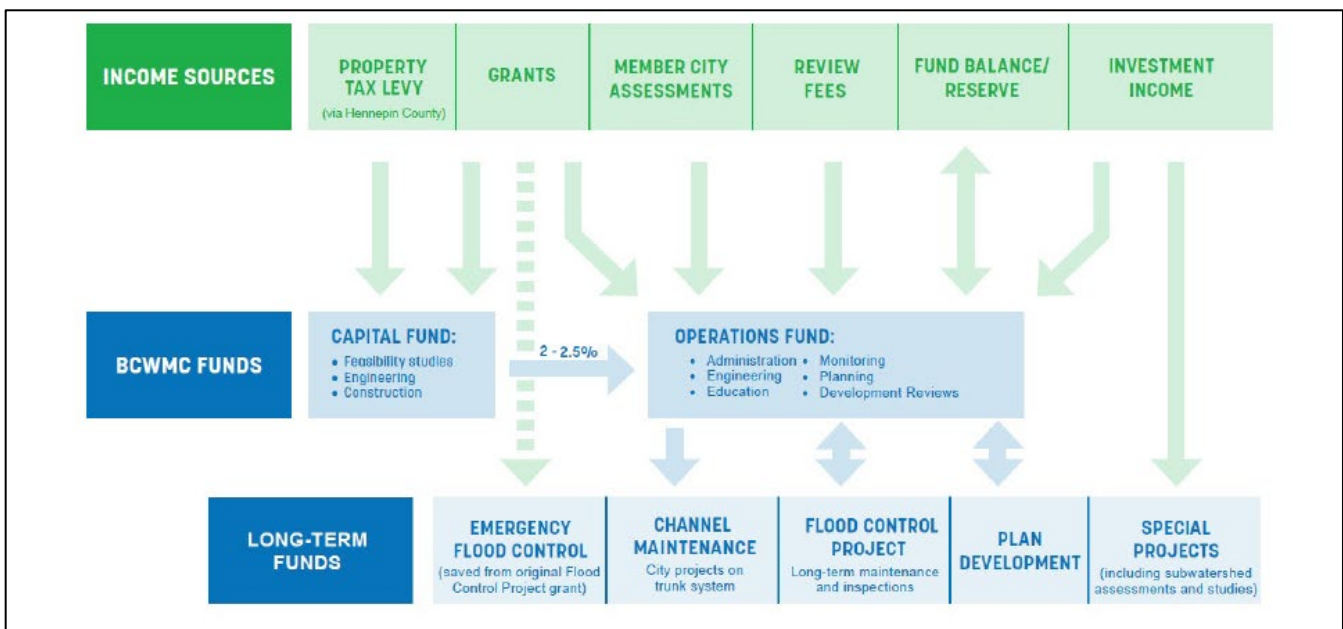


Figure 1. BCWMC Funds and Relationships Between Funds