

**MINUTES OF THE REGULAR MEETING
OF THE
COMFORT LAKE – FOREST LAKE
WATERSHED DISTRICT
Thursday, May 11, 2017**

1. Call to Order

President Anderson called the May 11, 2017 regular board meeting to order at 4:00 p.m. at the office of the Comfort Lake-Forest Lake Watershed District Office, 44 Lake Street South, Suite A, Forest Lake.

Present: President Jackie Anderson, Vice President Jon Spence, Secretary Wayne Moe

Absent: Treasurer Steve Schmaltz, Assistant Treasurer Jackie McNamara

Others: Mike Kinney, Emily Heinz (called in via video conference), Jessica Lindemyer, Mike Sorensen, Sam Duncanson (CLFLWD staff); Meghan Funke (Emmons & Olivier Resources); Andy Berg (Abdo, Eick & Meyers)

2. Setting of Meeting Agenda

Manager Spence moved to approve the agenda as presented. Seconded by Manager Moe. Upon a vote, the motion carried 3-0.

3. Public Open Forum

There were no comments.

4. New Business

a) Audit Report and Presentation

Administrator Kinney introduced Andy Berg, auditor with Abdo, Eick & Meyers. Mr. Berg indicated that the results of the District's 2016 audit included no findings and a clean report on six compliance statutes from the state auditor. He went over budgeted versus actual revenues and expenditures and explained that the District's reserve fund balance has decreased over the past year as planned. Mr. Berg went over assets and liabilities, as well as comparisons between 2015 and 2016.

President Anderson asked if the auditor could footnote explanations of variances on the summary of net position page so that it is easier for readers to see that information. Mr. Berg responded that the District has the ability to do that in future audit reports if it wishes.

Manager Moe moved to accept the Abdo, Eick & Meyers, LLP prepared Management Letter and Annual Financial Report of the Comfort Lake Forest Lake Watershed District for the year ended December 31, 2016 and directs staff to forward to the State of MN as required. Seconded by Manager Spence. Upon a vote, the motion carried 3-0.

b) Budget Transfer Form

President Anderson noted that the board previously passed a motion to create a policy on using a budget transfer form. Staff noted that they had discussed this topic with both the auditor and accountant and concluded that performing budget transfers throughout the year would have a neutral effect on providing a clean audit, but that it would result in more administrative work and require additional board meetings. Manager Anderson explained that the purpose of performing budget transfers would be to prevent the need for variance explanations in the annual audit report. Instead of having notes to explain why the actual revenues and/or expenditures are different from what is budgeted, the District would actually change the budget to match actual revenues and expenditures as time goes on. President Anderson explained that this would mean performing budget amendments throughout the year; not just at the end of the year.

Administrator Kinney explained that the auditors generally look at the overall fund balances for the two main District funds: General Fund (Administration) and Implementation Fun (Programs and Projects). The budget gets into more detail within those two main funds, but the audit is less concerned with that level of detail than the overall balances.

Mr. Berg clarified that a budget transfer would be defined as a transfer of funds from one major fund to the other (i.e. transfer from the Implementation Fund to the General Fund). Budget amendments would be defined as changes to the line items within the budget, as President Anderson is describing. He indicated that the District can choose its own philosophy when it comes to budget amendments. There was discussion regarding the frequency and level of detail desired with regard to budget amendments.

Manager Spence asked if these types of changes and footnotes have any impact on the audit process. Mr. Berg explained that the auditors compare the yearend actual financial figures to the budgeted figures and look for variances. Variances aren't necessarily a bad thing, they just require an explanation. Any budget amendments would be taken into consideration during the audit.

President Anderson noted that her concern is less with the auditing perspective, and more with the public communication perspective. Budget amendments are supposed to provide more clarity and transparency with regard to the District's operations. There was discussion regarding what types of events would warrant budget amendments. Manager Spence mentioned grant awards and capital improvement projects. President

Anderson clarified that amendments would be necessary for significant budget changes.

Discussion regarding the budget transfer form concluded and President Anderson called for a motion to accept the audit report. [See motion under agenda item 4a]

5. Old Business

a) WMP Amendment Draft

Administrator Kinney explained that the District is aiming to have the current amendment be considered a minor amendment by Board of Water and Soil Resources (BWSR) standards. However, there are some potential factors that could require that it be moved up to a major amendment classification depending on the direction received from the Board. If this was the case, the review process would be much longer. The amount of changes being proposed to the Plan would have an effect on whether or not the amendment is considered to be “major”. There was discussion regarding the District’s upcoming ten-year plan amendment that is due in a few years. Larger changes to the plan can be made at that time.

President Anderson expressed that the majority of the proposed changes would constitute a minor amendment, per the District’s section regarding plan amendments in the Plan itself. Incorporation of items related to Washington Judicial Ditch 6 (WJD 6) may cause the amendment to be considered “major”.

Mr. Kinney explained that there have been requests from the Bone Lake Association and Forest Lake Lake Association to revise the water quality goals for those lakes within this amendment. Manager Spence asked if those revisions would be better suited for the ten-year amendment. Mr. Kinney explained that he agreed that the District should take another look at the goals, but this minor amendment is not the time to do so. The water quality goals for the other lakes should be looked at as well; not just Bone Lake and Forest Lake. There was general agreement that the District would not revise its water quality goals in this amendment, but would reassess all of the goals during the ten-year amendment that is due in 2021.

There was discussion regarding WJD 6 projected expenditures and a monitoring scope of work from Emmons and Olivier Resources (EOR). Administrator Kinney explained that, based on discussions with BWSR staff, he believes that the District can include line items for WJD 6 Assessment & Implementation Plan and Improvements Implementation in the amendment without it being considered a major amendment. There was discussion regarding the District’s ability to do monitoring of WJD 6 without having it in the Plan. In response to a question from President Anderson, Mr. Kinney explained that the District can expect the tax levy be reassigned to the CLFLWD from the newly revised boundary area around WJD 6 effective July of this year.

Watershed Technician Emily Heinz went over the materials that had been handed out and explained the two priority tiers that the proposed amendment items were assigned to. Tier 1 contains the highest priority amendment items which include new capital improvement projects within the 5000 series. She explained that the District needs to have such projects in its Plan in order to move forward into final design and implementation stages. Tier 2 contains lower priority items that are not crucial, but will be helpful with formatting and planning. These mainly include items within the 3000 series of Programs.

President Anderson noted that Manager Schmaltz provided a written list of comments on the amendment since he would be unable to attend the meeting. She noted that she was pleased to see that his notes included mention of pollutants other than phosphorus, namely chlorophyll. She explained that she agreed with another one of Manager Schmaltz's comments regarding separating out Forest Lake's three basins when considering water quality trends. Manager Schmaltz's comment regarding water quality goals for Forest Lake, she explained, would be addressed during the ten-year major plan amendment, per the earlier discussion.

President Anderson explained that she had several minor comments and revisions to the proposed amendment language. The board and staff discussed the comments and revisions and came to a general agreement on how to proceed with each. The following topics were discussed in detail: incorporating more focus on other pollutants such as suspended solids and chlorophyll, removing overly-specific lists of best management practices (BMPs) from project descriptions, ongoing maintenance and inspections of permitted BMPs, progress metrics for Education and Outreach, program description for the Operations and Maintenance Program, the purpose of AIS Early Detection and Rapid Response, and level of detail necessary for the AIS Management activity description.

President Anderson concluded the discussion and indicated that staff would incorporate the discussed revisions into the draft amendment language.

b) Comprehensive Review of Monitoring Data

Dr. Meghan Funke explained some of the main objectives for the comprehensive data analysis including identifying long-term trends and progress toward water quality goals. Dr. Funke explained how precipitation records are shown and how those figures affect pollutant loads. She explained how calculating the flow weighted mean concentration loading values for stream locations helps to identify trends. Total load and total flow data are shown in the annual monitoring reports, but those values are harder to identify trends with, as they are dictated by precipitation. Runoff depth was also calculated for several points which provides valuable information on how much overland flow is occurring in certain areas. Dr. Funke explained that some monitoring sites show high variability from year to year, which makes identifying trends difficult.

There was discussion regarding the benefits of in-lake monitoring and stream monitoring. Dr. Funke explained that stream monitoring provides information on how BMPs are performing and reducing watershed pollutant loads. President Anderson explained how the engineers' input on what type of monitoring the District should be doing informs decision-making with regard to contracting for annual monitoring services. She stressed the importance of having a long-term plan that is based on scientific data and guides what type of monitoring the District should be doing year after year. There was discussion regarding the different types of monitoring including annual baseline monitoring, diagnostic monitoring, and project effectiveness monitoring.

Dr. Funke noted that Birch Lake and School Lake have water quality goals identified within the Watershed Management Plan, but they have not been monitored as consistently as other lakes that have goals. She then explained how the report presents progress toward lake water quality goals such as phosphorus concentration, Secchi disk depth, and chlorophyll-a. The board thanked Dr. Funke for the report and presentation.

6. Adjourn

a) Next regular board meeting – May 25, 2017

Manager Moe moved to adjourn the meeting at 5:49 pm. Seconded by Manager Spence. Upon vote, the motion carried 3-0.

Wayne S. Moe, Secretary _____