

**MINUTES OF THE WORKSHOP
OF THE
COMFORT LAKE – FOREST LAKE
WATERSHED DISTRICT
Thursday, July 27, 2017**

1. Call to Order

President Anderson called the July 27, 2017 board workshop to order at 5:00 p.m. in the Forest Lake Conference Room of the Forest Lake City Center, 1408 Lake Street South, Forest Lake.

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

Absent: Assistant Treasurer Jackie McNamara

Others: Mike Kinney, Jessica Lindemyer, Sam Duncanson, Mike Sorensen (CLFLWD staff); Greg Graske (Emmons & Olivier Resources)

2. 2018 Draft Budget Discussion

The board went through budget handouts including draft 2018 budget, historic taxable market value and levy values, and Performance Review and Assessment Program (PRAP) progress implementation table. President Anderson expressed concern about the lowered proposed 2018 budget compared to previous years, as it could result in a drop in momentum for implementing capital projects. There was discussion about bonding in order to be able to implement the projects identified in the District's capital improvement plan (CIP). President Anderson proposed a levy increase to 1.956 million in 2018. This would follow the District's past pattern of making a big increase and then keeping the levy flat for five to six years. The levy income would need to be supplemented by other revenues such as bonding and/or grants. President Anderson added that the board needs to better budget the District's revenue so as to avoid continually dipping into reserve funds while still moving forward with the priority capital improvement projects in each lake management district. She recommended that the District put more money toward grant research and start applying for federal grants. There was further discussion about current grant research efforts and new grant programs to which the District could potentially apply.

Manager Moe questioned whether the District should be spending money on activities outside of the capital improvement plan such as aquatic invasive species (AIS) management. Manager Schmaltz expressed that the District should be setting priorities and getting an idea of project costs over the next five years. There was discussion about the CIP and PRAP implementation table. President Anderson requested that the completed projects be removed from the PRAP so that it better aligns with the current status of the

CIP. Manager Schmaltz summarized that the District should look at future project costs first, then go back and evaluate the revenue-expenditure gap and see if any cuts need to be made.

There was discussion about AIS management and how it fits into the District's goals and purpose. President Anderson expressed that the District should be addressing recreational benefit for lake users and shoreline homeowners as well as addressing nutrient pollution such as phosphorus as it is included in the District's Plan. Manager Spence expressed that the District cannot solve all shoreline homeowners' AIS problems; at a certain point it becomes the homeowner's responsibility to manage invasive plants along their shoreline. It was agreed that planning details such as this would be discussed at a later meeting.

There was discussion about staffing and contracted professional service costs. Mr. Kinney noted that the District spends an average of \$650,000 to \$700,000 on professional services for assistance from firms such as Emmons & Olivier Resources, Smith Partners, Washington Conservation District, Blue Water Science, etc. President Anderson noted that this is an important figure to keep track of, as these are the types of ongoing expenses that the District needs to cover on a monthly basis. There was discussion about the status of several specific projects in the CIP. Manager Moe expressed concern about implementing projects around Bone Lake. President Anderson noted the Chisago County petition for improvement of the Sunrise River is now several years old. She explained that the Bixby Park project is only one part of the requirement from the petition, subsequent phases still need to be implemented.

President Anderson expressed that the District should evaluate its current progress toward implementing the Watershed Management Plan (WMP). That is the starting point from which the District should plan future activities. Engineer Graske explained two ways to look at current progress: spending of planned expenditures in the CIP, and progress toward achieving the water quality goals identified in the WMP. He noted that, through the diagnostic studies, the District has been able to identify more cost-effective solutions for achieving those goals. Water quality improvement is achieved through more than just capital improvement projects; the permitting program, cost-share projects, public education, elimination of phosphorus fertilizers, etc. also contribute to improved water quality. He noted that the District has already taken a large step toward evaluating progress in terms of reaching water quality goals through the completion of the first annual progress report in 2016.

There was further discussion about specific projects identified in the 5000 series of the CIP. Multiple managers expressed a desire to see a steady stream of multiple capital improvement projects moving forward at the same time. Several potential projects need to be lined up so that at least one project per year can be constructed. There was discussion about what constitutes ongoing operational costs and how to fund both ongoing operational costs and projects through a combination of levy, bonding, and grants. President Anderson requested a breakdown of ongoing operational costs.

There was discussion about One Watershed One Plan (1W1P) and its impact on grant availability for the District. Manager Schmaltz summarized the discussion points of the meeting and the next steps for staff to take to help the board with the budgeting process: compile a history of professional services/ongoing operational costs, look at progress through the lens of achieving water quality goals, and separate out projects and impacts for each of the four lake management districts. Knowing the baseline operational costs will tell us how much additional revenue the District needs in order to implement its CIP and maintain momentum toward reaching water quality goals. President Anderson stressed the importance of public communication and telling the District's story to explain why tax levy increases are necessary. She requested that the District's accountant evaluate multi-year cost scenarios for different bonds such as \$2M or \$10M.

There was discussion about timing for the budget and levy public hearing and associated legal notice. The following meeting schedule was generally agreed upon:

- August 8th, 4:00 PM, CLFLWD Office: budget workshop
- August 24th, 6:30 PM, Forest Lake City Center: regular board meeting
- Sep. 7th, 6:30 PM, Forest Lake City Center: budget hearing and adoption
- Sep. 14th, 4:00 PM, CLFLWD Office: backup date for budget hearing and adoption if necessary. May be cancelled if all goes well on the 7th.
- Sep. 28th, 6:30 PM: regular board meeting CANCELLED
- Oct. 5th, 6:30 PM, Forest Lake City Center: regular board meeting

3. Adjourn

a) Next regular board meeting – July 27, 2017 at 6:30 pm in Council Chambers

Manager Spence moved to adjourn the meeting at 6:19 p.m. Seconded by Manager Moe. Upon vote, the motion carried 4-0.

Wayne S. Moe, Secretary _____