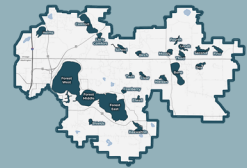




## MEMORANDUM

Comfort Lake-Forest Lake Watershed District

Date: June 27, 2023  
To: CLFLWD Board of Managers  
From: Mike Kinney, District Administrator  
Subject: 2023 Funding Support Agreement for Aquatic Invasive Species and Lake Management Activities on Forest Lake



**District Wide**

### Discussion

The 2023 Funding Support Agreement for Aquatic Invasive Species and Lake Management Activities on Forest Lake was last brought to the board on June 22<sup>nd</sup> where the discussion was postponed to wait for full board member attendance before voting as well as to give staff time to address questions raised. It should be noted that a signed agreement has since been received from both the City of Forest Lake and the Forest Lake Lake Association. The CLFLWD Board has been asked to review the agreement and the information provided to decide how it would like to proceed.

Information from the June 22<sup>nd</sup> memo regarding the agreement's history, purpose, and function is still relevant to this discussion and is provided again below. The memo explains how the reimbursement and reserve fund provisions would operate.

### Background

Prior to 2022, the Forest Lake Lake Association (FLLA) and Comfort Lake-Forest Lake Watershed District (CLFLWD) would request reimbursements from the City of Forest Lake for lake management activities at the end of each open-water season. Lake management activities included AIS treatments, watercraft inspections, native plant harvesting, and various lake equipment upgrades to City owned docks and buoys. These reimbursements would be paid using the City's left-over budgeted lake management funds. This process was informal in nature, as it did not have an agreement in place to provide specific structure to the partnership. To formalize this process and improve transparency to the City and public, the three parties executed a Cooperative Agreement in 2022.

The agreement partnered the three entities to support lake management activities related to Forest Lake up to a combined total of \$150,000. Of this, the CLFLWD and the City each committed to spend 42.5 percent of this amount (\$63,750), and the FLLA committed to spend 15 percent (\$22,500). If a party spent less than its commitment, it was responsible to reimburse the others so that each party's contribution to total spending conformed to this percentage allocation. Any amount that a party expended above its commitment was at its discretion, and irrelevant to the operation of the agreement.



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The 2023 agreement retains this same framework for spending commitments. The only change to the agreement for 2023 is the addition of a reserve fund provision (section 6 of the agreement). Under this provision, if a party does spend less than its committed amount, then in addition to the reimbursement described above, it will place the amount of the shortfall in reserve and will spend it on the described AIS activities at a later time. In the event the agreement continues in place for multiple years, the amount that a party must reserve in this way is limited to its one-year commitment (i.e., \$63,750 for the District). The agreement specifies no time period within which any such funds must be spent.

The principal purpose of section 6 is to allow the City to reserve any excess funding in a given year for future use. Without this provision, any budgeted funds that the City doesn't spend in a given year would return to the City's general fund. In the event the CLFLWD were to fall short of its spending commitment, it would comply with section 6 simply by designating as "Restricted," in its fund balance, an amount equal to the shortfall. Over time, it would spend down this designated amount on AIS and lake management activities on Forest Lake.

**Recommended Motion**

Staff recommends the Board approve the 2023 Forest Lake Cooperative Agreement and authorize the District Administrator to take any further steps necessary to execute the agreement, with advice from legal counsel.

Proposed Motion: Manager \_\_\_\_\_ moves to authorize the District Administrator to execute the 2023 Forest Lake Cooperative Agreement, on advice of counsel and with any final, non-substantive changes. Seconded by Manager \_\_\_\_\_.

**Attached**

2023 Funding Support Agreement for Aquatic Invasive Species and Lake Management Activities on Forest Lake

**FUNDING SUPPORT AGREEMENT**  
**for AQUATIC INVASIVE SPECIES and Lake MANAGEMENT Activities on FOREST LAKE**

**THIS FUNDING SUPPORT AGREEMENT** is made this 12<sup>th</sup> day of June, 2023, by and among the Comfort Lake-Forest Lake Watershed District ("District"), the City of Forest Lake ("City"), a Minnesota municipal corporation, and the Forest Lake Lake Association ("FLLA"), a 501c(3) non-profit organization hereafter collectively referred to as "Parties", and individually as "Party."

**WHEREAS**, the District has adopted its "2022-2031 Watershed Management Plan," effective August 26, 2021, ("WMP") pursuant to Minnesota Statutes §103B.231;

**WHEREAS** the WMP provides that the District will carry out a program to manage aquatic invasive species ("AIS") within the District's lakes, to prevent the spread of AIS, protect water quality, enhance ecological integrity and diversity, and maintain lake recreational use;

**WHEREAS**, the WMP implementation plan, at paragraphs 3011-B through 3011-H, describes AIS program elements including watercraft inspections; providing AIS signage and cleaning and disposal equipment at launch sites; performing aquatic macrophyte surveys; establishing and carrying out AIS early detection, rapid response, and prevention actions; conducting pilot work and research on AIS control; managing and removing AIS from lakes; and managing common carp to protect native plant communities ("WMP Plan").

**WHEREAS**, the City views the District's WMP Plan for Forest Lake as beneficial for the health, safety and welfare of the City, and the City and the FLLA wish to support the District's efforts by contributing funding;

**WHEREAS**, it is difficult to prepare for unseen challenges to AIS and Lake Management Activities. To help provide an opportunity for faster response and offset possible financial burdens, each party will create a reserve fund. If a party does not spend its total annual commitment, the remaining balance will be placed in a reserve fund. This reserve fund will be capped at the party's annual contribution. Once the Reserve Fund has reached its cap, the party may choose at its own discretion what to do with further additional funding;

**WHEREAS**, the parties entered into, and implemented, a funding agreement for calendar year 2022, and desire to enter into a funding agreement for calendar year 2023, for the WMP Plan for Forest Lake.

**NOW, THEREFORE**, the City, FLLA, and District enter into this Agreement and hereby agree as follows:

1. The District, will carry out AIS management activities on Forest Lake in accordance with paragraphs 3011-B through 3011-H of its WMP implementation plan.
2. The City will conduct native plant harvesting and other lake management activities to support the recreational quality of the lake.
3. FLLA will perform AIS management activities as determined by FLLA.

4. The parties agree to spend, in calendar year 2023, the following amounts on activities described in paragraph 1 through 3:

City:	\$63,750 (42.5%)
District:	\$63,750 (42.5%)
FLLA:	\$22,500 (15%)

up to a combined maximum by all 3 parties of \$150,000. By November 15, 2023, each party will share with the others the documentation for its expenditures. If any party has not met its maximum spending commitment, reimbursement among the parties will occur so that the total expenditure is distributed in accordance with the stated percentages.

5. Expenditures that count toward a party's commitment include services and materials purchases, equipment rental, staff costs, and hired contractor costs. Expenditures covered by grant funds are not counted towards the totals in paragraph 4.
  - a. The City may count expenditures for native plant harvesting. However, pursuant to the District's WMP, the District cannot participate in the removal of native aquatic plants, including the reimbursement to others for such activities. Therefore, harvesting expenditures will not count in determining the amount of reimbursement the District must provide should it fail to meet its spending commitment.
6. If a party does not meet its spending commitment in paragraph 4, above, it will establish a reserve in the amount by which its spending, plus the amount it has reimbursed the other parties under paragraph 4, falls short of its commitment. The reserve for each party will be capped at its respective one-year financial commitment, as listed under paragraph 4. At a time of its choosing, it will spend the reserve for purposes described in this agreement, and will inform the other parties when it has done so.
7. This agreement is for the purpose of establishing mutual funding commitments for the District's WMP Plan for Forest Lake. Each party is responsible for the activities it elects to perform and no party assumes responsibility for the activities of another party. As between the District and the City, this is not a joint powers agreement and neither party agrees to be responsible for the acts or omissions of the other party within the meaning of Minnesota Statutes 471.59, subd. 1a(a).
8. The District, City and FLLA are performing the work subject to this agreement in reliance on each other's funding as herein provided. The City, District, and FLLA intend that this agreement be legally binding.
9. Official contacts for the administration of this agreement are:

City of Forest Lake  
Dave Adams, Public Works Superintendent  
[Dave.Adams@ci.forest-lake.mn.us](mailto:Dave.Adams@ci.forest-lake.mn.us)

Comfort Lake-Forest Lake Watershed District  
Garrett Miller, Watershed Assistant  
[garrett.miller@cflwd.org](mailto:garrett.miller@cflwd.org)

Forest Lake Lake Association  
Jerry Grundtner, President  
[jgrundtner@msn.com](mailto:jgrundtner@msn.com)

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In Witness Hereof, this Agreement is executed on the date first above written.

**Comfort Lake Watershed District**

By: \_\_\_\_\_

Mike Kinney, Administrator

Date: \_\_\_\_\_

City of Forest Lake

By: 

Mara Bain, Mayor

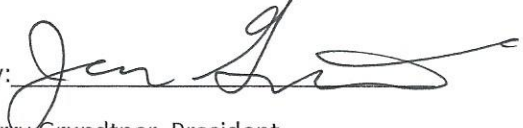
Date: 06/12/23

By: 

Attest: Karin Derauf, Deputy City Clerk

Date: 06/12/23

Forest Lake Lake Association

By:   
Jerry Grundtner, President

Date: 6/19/23