

1 **DRAFT MINUTES OF THE SPECIAL MEETING OF THE**
2 **COMFORT LAKE–FOREST LAKE WATERSHED DISTRICT**
3 **Thursday, July 20, 2023**
4

5 **1. Call to Order**
6

7 President Schmaltz called the July 20, 2023, special board meeting to order at 6:30 p.m.
8 at the CLFLWD office at 44 Lake Street South and via online video conference.
9

10 **Managers Present:**

11 Steve Schmaltz, President

12 Christopher Loth, Vice President (attending virtually)

13 Dave Bakke, Secretary (attending virtually)

14 Jackie Anderson, Treasurer (attending virtually)

15 Douglas Toavs, Assistant Treasurer (attending virtually)
16

17 **Staff Present:**

18 Mike Kinney, Administrator

19 Bobbie Law, Office Manager

20 Mike Sandager, Permitting Coordinator

21 Beth Carreño, Senior Program Manager

22 Emily Heinz, Planning Coordinator
23

24 **2. 2024 Budget Workshop**
25

26 Emily Heinz gave an overview of the staff’s recommended approach that focuses on the
27 expense-revenue balance and measuring progress and productivity. She noted that
28 \$88,000 is projected to be added to the District’s reserve fund by the end of 2024. She
29 explained the difference between the cash balance (i.e., “money in the bank”) and the
30 fund balance (i.e., cash balance minus dedicated funds such as unearned grant
31 revenues).
32

33 Manager Loth requested an explanation of the “reserve fund”. Mr. Kinney explained how
34 it is essentially synonymous with the fund balance. He noted how the District’s first levy
35 payment is usually received in July. Between January through June, the reserve
36 fund/fund balance is used to cover costs until the levy payment is received. He explained
37 that there was previously a statute that separated general administration funds and
38 project funds that is no longer required, and the cap of the admin fund has recently been
39 raised. Manager Anderson spoke to the importance of reserving capital funds for
40 projects.
41

42 Ms. Heinz noted the managers' previous questions regarding year-to-year expense
43 budget fluctuation. She explained that the 2023 budget was significantly greater than
44 the 2024 budget is proposed to be, mainly due to two factors: 1) a large budget
45 associated with a potential, yet unconfirmed, land acquisition, and 2) the Sunrise
46 River/Highway 61 Wetland Enhancement Project which is significantly more costly than
47 other projects. Ms. Heinz reiterated the recommendation to amend the budget if/when
48 land acquisitions are confirmed and grant dollars are secured. She explained that, while
49 the Sunrise River project is about \$1 million more expensive than other capital
50 improvement projects in the District, it still has a good cost-benefit and is one of the best
51 projects possible for the Comfort Lake Management District.

52
53 Mr. Kinney highlighted the District's commitment to cost-benefit analysis in all projects.
54 He noted that smaller dollar projects could still be accomplishing high reductions of
55 phosphorus and other nutrients that leads to District lakes reaching their water quality
56 goals on time or faster than expected. Manager Anderson stated that the spotlight of
57 projects has always been phosphorus reductions. She noted that the District will be
58 focusing on other water quality issues in the next ten years, including sediment loading.
59 She requested that future cost benefit analyses take those factors into account.
60 Manager Loth asked how long phosphorus has been used to justify the success of
61 projects. Mr. Kinney explained that the biggest player in pollution was/is algae, and algae
62 production is fueled by phosphorus. He noted that this has been the standing framework
63 in the State for 30 years or more. He explained that phosphorus is very interconnected
64 with sediment because phosphorus binds to sediment. Manager Anderson stated that
65 she appreciates this question. She spoke to previous efforts in reducing phosphorus as
66 a pollutant. She noted that it has been a major goal of the District to remove phosphorus
67 since the District's inception.

68
69 Ms. Heinz gave an overview of recommended budget changes including a budget
70 increase for a public relations consultant (additional \$20,000 to line item 3-005-A) and
71 increasing the budget to perform buffer establishment work on the Shields Lake
72 shoreline restoration project (additional \$500 to line item 5-226-D).

73
74 Managers discussed the budget for line item 3-005-A, education and outreach.
75 Manager Schmaltz commented that he is comfortable with the additional \$20,000.
76 Manager Anderson indicated she believes there is a lack of public knowledge regarding
77 what a watershed district is. She explained that this budget would be put toward building
78 credibility. She stated that she believes public relations is not the same as outreach and
79 education. Managers discussed their opinions on the possible increase in this budget
80 line item. Manager Loth commented that building brand awareness is a very difficult and
81 slow process. Manager Anderson indicated she thinks the District should add more than
82 \$20,000 for PR. Other managers agreed to add \$20,000 to this budget item for now, and
83 the District can increase the budget in the future, if needed.

84

85 Ms. Heinz gave an overview of potential future budget amendments that depend on
86 many factors, but mainly on acquiring land and completing water quality projects.
87 President Schmaltz confirmed that the overall budget could increase significantly based
88 on these possible land acquisitions and projects and their associated grant
89 applications.

90

91 Ms. Heinz outlined the emphasis the District will be placing on cost-share and targeted
92 outreach in 2024. She noted the new grant programs being offered to District residents
93 from the CLFLWD.

94

95 Ms. Heinz gave an overview of the recent concern managers voiced regarding shoreline
96 ordinance regulatory oversight. She explained that the District has recently grown, and
97 multiple employees are focusing on these efforts with improved enforcement of rules,
98 more resources allocated to shoreline stewardship, more time allocated to education
99 and outreach, and improved communication with partners. Local partnerships with
100 District cities are growing, and this continues to increase the likelihood that ordinances
101 are followed. She explained that this ability to devote increased effort within the work
102 plan to regulatory, education, and interagency communication programs is relatively
103 new to the District. She recommended no budget changes with respect to this topic at
104 this time and recommended the District continue its recently increased efforts.

105

106 Manager Bakke offered that the staff are great at PR, including the District's watercraft
107 inspectors.

108

109 Ms. Heinz gave an overview of the City of Forest Lake, the District, and the FLLA's recent
110 agreement. She explained that staff support replicating these efforts on Bone Lake and
111 Comfort Lake, and the Board can approve budget amendments in the future, if
112 necessary.

113

114 Ms. Heinz explained that she reached out to the District accountant for more information
115 on contingency funds. The accountant isn't sure if such a fund would be audit-compliant
116 but would look into it. Ms. Heinz explained that the fund balance is regularly reviewed to
117 ensure adequate cash flow for District operations. She explained that the League of
118 Minnesota Cities offers an investment fund, and this is being researched further by the
119 District Administrator. Ms. Heinz noted that the District recently shifted funds into a new
120 bank account with a higher interest rate and proposes increasing the estimated
121 revenues accordingly. Manager Anderson noted that funds were already moved and are
122 growing at a 4% interest rate in the present account.

123

124 Ms. Heinz summarized the changes approved during the workshop bringing the current
125 total 2024 expense budget to \$3,276,233 and 2024 estimated revenues and loan to
126 \$3,543,828.

127

128 Ms. Heinz noted a proposed levy increase of 6% for 2024, bringing the levy to \$1,719,850.
129 Ms. Heinz gave an overview of the estimated market value and net tax capacity. She
130 noted that the net tax capacity will be increasing significantly compared to last year.
131 She noted that the tax impact calculator is not yet available, and the District cannot yet
132 estimate tax impacts. President Schmaltz asked if all the managers are comfortable with
133 the 6% increase. Managers discussed possibly adjusting the percentage. Mr. Kinney
134 highlighted that the counties would provide the tax calculator in August. He
135 recommended managers reconvene then to consider this percentage. He noted that a
136 special meeting could be called to discuss these matters, if needed. He recommended
137 the last week in August 2023.

138
139 Ms. Heinz gave an overview of the budget schedule.

140

141 3. Adjourn

142

143 a) Next regular board meeting – July 27, 2023, 6:30 PM

144

145 Manager Anderson moved to adjourn the meeting. Seconded by Manager Toavs.
146 Upon a roll call vote, the motion carried 5-0, and the meeting was adjourned at 5:40
147 p.m.

148

Manager	Aye	Nay	Absent	Abstain
Dave Bakke	X			
Christopher Loth	X			
Doug Toavs	X			
Jackie Anderson	X			
Stephen Schmaltz	X			

149

150 Dave Bakke, Secretary -----