

**MINUTES OF THE SPECIAL MEETING
OF THE
COMFORT LAKE–FOREST LAKE
WATERSHED DISTRICT
Wednesday, July 7, 2021**

1. Call to Order

Manager Anderson called the July 7, 2021, special board meeting to order at 9:07 a.m. via online video conference.

Present: Vice President Jackie Anderson, Secretary Jen Oknich, Treasurer Steve Schmaltz.

Others: Mike Kinney, Emily Heinz, Bobbie Law, Blayne Eineichner (CLFLWD staff); Doug Toavs, Chris Loth

2. Draft 2022 Budget

Planning Coordinator Emily Heinz gave an overview of the agenda for the July 7th workshop. She recommended that the main topics for discussion include the proposed budget vs watershed management plan differential, the 2021 estimated market value and net tax capacity, funding & financing options, programs, and projects.

a) Proposed Budget Vs. Watershed Management Plan Differential

Managers discussed the possibility of a 5% levy increase scenario being able to fund the full Watershed Management Plan (WMP) 10-year budget. Ms. Heinz confirmed with Manager Anderson that the total WMP budget was approximately 5.6 million dollars.

Manager Schmaltz requested the managers go through the full list of proposed 2022 budget line items that differ significantly from the draft WMP one by one and discuss them individually.

- **Various: Total District Staff Wages/benefits**
Managers agreed with the proposed draft budget amount.
- **1-002: General Office Expenses**
Managers discussed the District's plans to hold off moving the office to a different location. Staff noted that they are working with possible partners at the Forest Lake Area School District. Managers agreed with the proposed draft budget amount.
- **3-003: Monitoring and Data Assessment**
Manager Anderson noted that monitoring is a vital function of the District. Staff explained that the budgeted dollars are going towards the District's new

in-house staff-led monitoring program. Managers agreed with the proposed draft budget amount.

- **3-004: Non-Point Source Pollution Abatement**

Staff noted that this amount has risen since past years to accommodate the new lake association grant program. Managers agreed with the proposed draft budget amount.

- **3-007: Research**

Manager Anderson noted that this item has been reduced by about \$20,000. Managers agreed with the proposed draft budget amount.

- **3-010: Operations and Maintenance**

Manager Schmaltz noted that this item has been reduced by about \$17,000.00. Managers agreed with the proposed draft budget amount.

- **3-011: AIS Prevention and Management**

Managers agreed with the proposed draft budget amount.

- **5-120-A: Volume Control Facility Implementation**

Administrator Kinney noted that this project may not be ready for full implementation in 2022. Manager Schmaltz asked for staff guidance. Administrator Kinney stated that the District is working with the City of Forest Lake to evaluate options for downtown and along Broadway Avenue. Manager Anderson explained that she believes this is an important project and does not want to see it delayed. Administrator Kinney noted that the City had recently sent a draft stormwater study report for the District to review. Manager Anderson asked if this project is something that would be covered under the Clean Water Partnership (CWP) loan. Administrator Kinney stated that the project could be funded using CWP loan dollars. Manager Schmaltz asked why the District couldn't construct these volume control projects at the same time the City completes possible road construction projects. Administrator Kinney explained that he would like to wait on the City's study to be completed so as to proceed based on that input as the city owns some of the property where the project is likely to be sited

- **5-120-B: Greenway Corridor Visioning and Assessment**

Manager Schmaltz noted that \$50,000.00 was added to continue this project. Manager Anderson agreed that this level of funding is needed. Manager Oknich also voiced her support for the change. Managers agreed with the proposed draft budget amount.

- **5-221-C: (Moody) Wetland C Outlet Pond Treatment**

Administrator Kinney clarified that this project has already been completed. He noted that this is the reason why this line item is listed at zero. He explained that the relatively small amount of reduction needed to meet goals

would mostly be done through subwatershed assessment and other smaller implementation projects. Managers agreed with the proposed draft budget amount.

- **5-221-E: (Moody) SWA Implementation**
Manager Schmaltz noted that this project was not as costly as previously estimated. Managers agreed with the proposed draft budget amount.
- **5-222-D: (Bone) SWA Implementation**
Manager Schmaltz noted that this line item has increased. Manager Anderson noted that the District was awarded a grant to complete the project. Managers agreed with the proposed draft budget amount.
- **5-225-C: (Little Comfort) Heath Ave Outlet Stormwater Management**
Manager Anderson noted that this line item incurred a decrease. She asked why the District would delay the project if we have a grant for it. Ms. Heinz indicated “delay” was not the right word to use for this project. Mr. Eineichner explained that the District was just recently awarded the grant. Mr. Eineichner gave an expected timeline for project steps. He explained that the project is making progress but involves 15 landowners. He stated that they all need to sign agreements, and this will take time. Manager Anderson explained the importance of budgeting projects in phases. Managers agreed that phasing would be important to incorporate into all projects. Managers agreed with the proposed draft budget amount taking into consideration that timing the expense with reality of a possible 3-year long project.
- **5-225-D: (Little Comfort) Internal load Management**
Mr. Eineichner described the alum treatment. He noted that this will be an effort to combat internal load and will take place after the above listed projects. Manager Anderson inquired about the possibility of receiving an extension on those grants. Ms. Heinz explained that the grant agreement expires at the end of 2023, and the District can request an extension if needed. Managers agreed with the proposed draft budget amount. They would also like to see this project incorporating the phase format.
- **5-226-A: (Shields) Diagnostic Study Update**
Manager Schmaltz noted that this was an item that was reduced. Manager Anderson asked why post-project diagnostic studies were done so soon after a project’s completion. Ms. Heinz explained diagnostic monitoring for each lake is on a 5-year rotation. Managers agreed with the proposed draft budget amount.
- **5-228-C: (Forest) CR-50 Iron Enhanced Sand Filter**
Manager Schmaltz explained that this project had a higher estimate covered by grant. Managers agreed with the proposed draft budget amount. Manager Anderson requested to see the cost-per-pound reduction amounts for this

project. Ms. Heinz explained the project will result in a phosphorus reduction of 85 pounds per year. Managers agreed with the proposed draft budget amount.

- **5-228-D: (Forest) WJD-6 Implementation**

Manager Schmaltz noted that this item was reduced. Administrator Kinney noted that staff would like to apply for a grant to complete this additional project as well. He explained that if an additional Clean Water Fund grant was awarded, the District would not receive funding until April of 2022. Managers agreed with the proposed draft budget amount.

- **5-228-E: (Forest) Direct Drainage Retrofit**

Manager Schmaltz noted that this line item has also been reduced. Mr. Kinney explained that staff discussed completing more staff and citizen monitoring to calculate load amounts from more locations. Mr. Kinney stated that he would like to discuss with the City of Forest Lake what their vision is for the multiple dead-end streets. Managers discussed the number of direct drainage locations that were identified. Mr. Kinney indicated that around 50 were identified. He explained that we need more data in order to identify more potential projects. Manager Anderson explained that she believes it is an important project because there are so many locations, and the negative effects can add up even if they are small at each of the locations. She described how Forest Lake is already a location that could be compromised due to zoning that allows for building in extremely close proximity to the lake. Manager Schmaltz noted that the District completed a survey to identify the flow points in to the lake and he often gets questions about erosion being a possibility at these points. Managers suggest testing at all of the input sources to compile a net load entering.

- **5-229-E: (Comfort) Forest Lake Urban Retrofits**

Manager Schmaltz alluded to the reasoning for this line item being lowered. Mr. Kinney explained that the District will be working with the City of Forest Lake to identify project sites. He explained how the District is trying to coordinate possible projects to be completed at the same time of other City street or other infrastructure projects. He noted that the District will continue to work with the City to identify project locations. Managers discussed multiple possible project locations. The group also discussed the possibility of urban growth in the area as a whole. Manager Anderson described how she believes the District should take a leadership role in identifying possible locations for projects and making sure the stormwater infrastructure designs are in place. Managers discussed the importance of sustainability after reaching goals or after lakes are delisted. Managers agreed to increase this line item.

- **5-320-A: (District-wide) Stream Diagnostic Study**

Manager Anderson asked which streams this was referring to. Ms. Heinz explained that this would include diagnosing issues within stream systems District-wide. Manager Anderson noted that the line item was listed at zero dollars. She requested information on what it is that was being passed over for the fiscal year of 2022. Ms. Heinz explained that this was due to an effort to try and balance the budget after managers had stressed other efforts be completed in fiscal year 2022. Mr. Eineichner explained that monitoring will continue separate from this line item.

Managers discussed the search for the headwaters of the Sunrise River. Mr. Eineichner explained that the search was going slow due to the DNR not noting any location as the headwaters. Mr. Kinney explained that the DNR indicated that they do not designate headwaters. Managers discussed the protection possibilities with marking an area as headwaters. Managers agreed with the proposed draft budget amount.

- **5-341-A: (BBSLC Tributary) Diagnostic Study Implementation**

Manager Anderson requested information on the reasoning behind this line item being set at zero dollars. Mr. Eineichner explained that this project recently received grant dollars to be completed by the District. He noted that staff are currently working with landowners to request access to the area. He indicated that the area had limited access, and he is working with other agencies to obtain permits for the project. He described how this line item would be comparable to a phase one in any project sequence. Managers agreed with the proposed draft budget amount. Manager Anderson requested that information regarding this project be conveyed to her due to the number of questions she receives on this topic.

- **5-420-A: Comprehensive Wetland Inventory**

- **5-520-B: Natural resources Inventory and Prioritization**

- **5-620-A: GW-Dependent Natural Resources Inventory and Review**

Manager Schmaltz noted that 5-420-A, 5-520-B, and 5-620-A were being held off for fiscal year 2022. Managers discussed the importance of compiling baseline data for these issue areas. Managers disagreed with the proposed budget amount and requested those be added back in to the budget.

Managers requested to take a break at 10:17 a.m. for Ms. Heinz to compile information.

Managers re-convened at 10:35 a.m. to discuss the changes made to the line items. Ms. Heinz explained that the edited total 2022 budget would now be 4.1 million dollars. She noted that she could further adjust the numbers at managers' request. Manager Anderson requested to know how much of the reserve is grant carryover. Managers discussed unearned revenue that was allocated to projects and grants. Manager Anderson noted the importance of seeing what proportion of the carryover is dedicated to some purpose (e.g.,

unearned grant revenue) to so it isn't seen as funds that can be used for other purposes. She recommended that the available reserve should only be shown as including un-dedicated funds.

Ms. Heinz highlighted the new additions to the budget. She noted that the five line item modifications were additions. Managers discussed loan options. Manager Anderson asked how long the CWP loan agreement stands. Administrator Kinney explained that the disbursement period lasts for three years and can be extended to a fourth year upon request, which the District has done for its current loan. Once the District spends all of the awarded loan dollars, the disbursement period ends. Once the disbursement period ends, the 10-year repayment period begins. Manager Anderson wanted to understand how long the District would have access to the General Obligation Note of 5 million dollars. Ms. Heinz indicated she believes that the Note does not expire, but she would check. Manager Schmaltz noted that the loan repayment amount reaches high levels in future years due to compounding of multiple loans. Manager Anderson replied that this was a conscious decision made by the Board and it should not be a surprise. She noted that the District has always been focused on getting things done, and at some point the heavy project load will become lower and the District will be focusing on project operations and maintenance. This would enable the levy to stay flat. Mr. Kinney noted the value of a 0% interest loan to the local taxpayers in that the District can get projects done sooner so that taxpayers can enjoy the improved resources sooner. Manager Anderson explained the importance of working with the surrounding cities so that the District can continue the strong level of protection.

b) 2021 Estimated Market Value and Net Tax Capacity

Managers did not discuss the 2021 estimated market value and net tax capacity information presented to them.

Managers discussed the importance of keeping up with shoreline inventories of current conditions.

c) Funding and Financing Options

Ms. Heinz explained that managers had previously requested a summary of additional revenue options. She noted that she compiled a list of grants normally awarded as well as new application possibilities to submit in 2021 and 2022. She mentioned that she also included revenue options through partnerships. She explained that the main point was that the District will be applying to additional grant opportunities and will seek as many grants as possible in order to fund the proposed work. However, these are always merely possible revenue scenarios because the District can't be certain which grants will be awarded. She noted that the District utilizes the Clean Water Partnership loan to help offset the balance not covered by grants.

Manager Schmaltz mentioned a group that often connects philanthropy groups with groups that need funding. Manager Anderson stated that she believes the District should be applying for more grants at the federal level. She noted possible opportunities in agriculture with the Environmental Protection Agency (EPA) or Minnesota Pollution Control Agency (MPCA). Administrator Kinney noted that staff have applied for and received grants at the federal level through the MPCA. For example, staff has worked with the MPCA and received \$300,000.00 in grant funding through the Section 319 Small Watersheds Focus Program to work on multiple projects and/or monitoring to reach water quality goals. This new grant program will provide stable funding of approximately \$300,000.00 over the course of four four-year grant installments for a total award over a 16-year period of over \$1 million.

[Chris Loth entered the meeting at 11:13 am]

Managers discussed project delays that result in unearned grant revenues. Manager Anderson noted that they should not be described as “underspent” because those funds should be carried over and used to complete those projects. She explained that budgeting projects in phases will be beneficial. She added that she does not support shifting of funds for specific projects. Manager Schmaltz explained that, yes, grant dollars should stay with specific projects, but he believes loan dollars should be shifted to whichever projects can be moved forward. He added that the District regularly incurs delays when working with multiple partners, and he believes this is routine. Manager Schmaltz stated that he believes that due to this being a regular occurrence the District should have “back up” projects lined up in the future. Manager Anderson noted that she believes this may trigger an amendment to the project budget. She believes staff should identify how much of the District reserve funds are tied to grant dollars and then go from there. Manager Schmaltz suggested the addition of an appendix to the budget with projects that the District could use as those “back up” project to implement in the case of delays with other projects. He noted that in previous years the project budget had been budgeted for \$1.4 million and the District utilized only \$700,000 of that budget. Manager Anderson noted that the District is now getting to the point where it is starting to reach its water quality goals with the projects implemented and will now shift to sustainability and maintenance of these projects.

[Manager Oknich exited the meeting at 11:30 am]

Manager Anderson requested to view the documents related to the previous agenda item 3a Proposed Budget Vs. Watershed Management Plan Differential. She noted that the year-end balance should have unearned grant funds subtracted from the total. She noted that she believes this calculation should help the District better depict available reserve fund amounts.

Managers reviewed the budget scenarios in terms of loan amounts. Ms. Heinz noted that managers should be aware of high re-payment amounts being a possibility in the future if the District utilizes elevated loan amounts.

d) 3000 – Programs

Ms. Heinz walked the group through each budgeted line item under programs. Ms. Heinz explained that many of the programs' ongoing initiatives are shifting to be completed by in-house staff. Managers had limited concerns regarding these line items. The Board discussed education programs, land acquisition, and climate resiliency planning in greater detail.

Mr. Kinney described the East Metro Water Resource Education Program (EMWREP) contract and potential options the Board may consider. He explained that it is a highly disproportional cost for residents and taxpayers in certain parts of the District. In his observation, he believes that there are a variety of elements which may lead to the Board to consider a different structure. Ms. Lindemyer currently has more time to complete educational efforts due to the recent hire of Ms. Law. Mr. Kinney explained that he would support shifting more outreach efforts in-house or other professional services currently not provided through EMWREP. Manager Anderson noted the importance of explaining the reasoning behind this shift in funding and thanked Mr. Kinney for this suggestion. She noted that the funding saved can be used to promote the Comfort Lake-Forest Lake Watershed District specifically, as opposed to general/regional outreach topics. Manager Anderson noted that some areas are paying for these services at the county, city, and watershed district level. Managers discussed several options for a structure of proposed changes for providing funding. Mr. Kinney explained that the District is not requesting to reduce its education efforts, but working to focus its education efforts. He noted how residents more associate themselves with their close communities such as a city or town, not at a county level. Mr. Kinney explained that no one can tell our story better than us. Managers all agreed on a possible decrease for this contract and move education programs to in-house. Staff noted that they would bring options and recommendations to the Board in the future.

Ms. Heinz explained that there was a new line item for a website update which also includes a comprehensive re-branding of the District, including a new logo. She also noted that the District plans to provide more signage and would like said signage to include the new logo. Manager Schmaltz indicated he believes signage in his area is effective and requested information on permanent signage for wetland dumping awareness. Mr. Kinney explained that this was a nominal cost, and that the City of Forest Lake will be installing wetland dumping signs once the District has them made.

Ms. Heinz noted that another new item was for the Land Acquisition & Management Program. She explained that the item was set at \$100,000.00 but could be more. She suggested the District could utilize grants as well as the Clean Water Partnership loan to finance land acquisition.

Ms. Heinz noted that the last new item was climate change and resiliency planning. She indicated this is something that staff already has on their mind, but will now be calling out specifically in the Watershed Management Plan. She noted that the District has been working with partners to complete a vulnerability assessment that should be wrapped up this year. This item will be used to create an emergency response plan.

Ms. Heinz explained that the total Programs budget is 1.3 million dollars. She noted that the largest item that may shift this amount would be the land acquisition program.

e) 500 – Projects

When managers were asked by Ms. Heinz if they wanted to continue reviewing budget items line-by-line they agreed that this area of the budget looked sufficient. They did not want to review it in detail. Managers noted that projects can result in noticeable changes to the overall budget, but all projects are making significant forward progress.

3. Adjourn

a) Next regular board meeting – July 22, 2021

Manager Anderson moved to adjourn the meeting. Seconded by Manager Schmaltz. Upon a roll call vote, the motion carried 3-0, and the meeting was adjourned at 7:06 p.m.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		

Jen Oknich, Secretary _____