

**MINUTES OF THE SPECIAL MEETING
OF THE
COMFORT LAKE – FOREST LAKE
WATERSHED DISTRICT
Thursday, September 7, 2017**

1. Call to Order

President Anderson called the September 7, 2017 regular board meeting to order at 6:30 p.m. in the Council Chambers of the Forest Lake City Center, 1408 Lake Street South, Forest Lake.

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

Absent: Assistant Treasurer Jackie McNamara

Others: Mike Kinney, Jessica Lindemyer, Mike Sorensen, Sam Duncanson (CLFLWD staff); Greg Graske, Meghan Funke (Emmons & Olivier Resources); Dave Bakke (Bone Lake Association); Randy Schumacher, Sam Hathaway, Curt Sparks, Bill Keilty (Citizen Advisory Committee).

2. Public Hearing – Proposed 2018 Budget & Levy

Administrator Kinney gave a presentation on the proposed 2018 budget and levy. He noted that additional information not provided in the presentation is available on the District's website. He explained the District's 10-year Watershed Management Plan (Plan) format and its adaptive management philosophy for water management. Mr. Kinney went through high-level budget figures and accomplishments to date.

Watershed Assistant Jessica Lindemyer provided more detail on water quality programs, which make up 33% of the budget. Permitting is up 35% from 2017, Monitoring and Data Assessment is up 4%, Cost-Share Programs are down 47%, Education & Outreach is up 25%, Research is down 93%, and Operations & Maintenance is down 60%.

Mr. Kinney explained that water quality projects comprise 60% of the 2018 budget. He went through the District's recent efforts to quantify progress toward water quality goals, and explained several completed, ongoing, and planned projects within each of the four lake management districts (Bone, Forest, Little Comfort, and Comfort).

The District's proposed 2018 levy is \$1,600,000. The plan is to spend 60% of that levy on water quality projects. The total 2018 expense budget is \$2,290,223. The District expects to receive approximately \$745,500 in grants and other revenue (e.g. permitting, partner contributions). Mr. Kinney went through the District's historic budget and levy figures, and explained three phases: the initial establishment phase (relatively low budget and levy), the diagnostic and planning phase (a stepped increase in budget and levy), and now

the implementation phase (higher budget and levy). Mr. Kinney provided the estimated tax impacts for Washington and Chisago counties for 2018.

President Anderson noted that it is important to show the projected budget figures from the 10-year Plan. Mr. Kinney explained the purpose of the plan and projected expenditures. In general, the Plan calls for higher annual budget amounts than the District has actually proposed each year. President Anderson further explained the District's need to increase its levy in order to accomplish the goals that it promised in the Plan. She explained that the District cannot implement projects unless they are described in this Plan. Creating and approving the Plan is a specific process that usually takes at least a year, and involves multiple checkpoints for public input. President Anderson then invited members of the audience to comment on the proposed 2018 budget and levy.

Dave Bakke, President of the Bone Lake Association, explained that this has been his sixth summer living on Bone Lake and the water clarity has been the best he's ever seen. He attributes this improvement to the various projects that have recently been constructed and the education initiatives that the lake association and District have worked on together. Mr. Bakke requested that the District consider making the long-term (2040) water quality goal for Bone Lake more aggressive. He stressed the importance of having strong goals that drive the plan, and suggested that goals should be specific, measurable, achievable, results-based, and time-bound. Manager Moe explained that the District currently appears to be ahead of its water quality goals for Bone Lake. He also explained that the District is currently working on a minor Plan amendment, and that it will revisit the existing water quality goals when it starts its major plan amendment in a couple of years. It was clarified that citizens will be engaged during the major amendment. President Anderson noted that the District's goals are more aggressive than the state standards and explained the District's work with deep sediment cores to understand the lake's history.

Curt Sparks, Citizen Advisory Committee (CAC) member, noted that the CAC submitted a memorandum to the Board regarding the 2018 budget. He explained that the CAC is supportive of the District's budget for capital improvement projects, but is concerned about the steep levy increase. The CAC asks that the Board consider a combination of bonding and a smaller levy increase. Mr. Sparks noted that the increases may come as an unpleasant surprise to some members of the community who may not understand the District's history and plan for implementing projects. Manager Schmaltz explained that the District considered bonding, but the bond must be spent over the course of two or three years which is too short of a timeframe for the District at this point. He explained that the Board predicted that a levy increase would be cheaper for the public in the long-term compared to bonding.

President Anderson suggested that the District hold a workshop to further explain this topic to interested citizens. She explained that the District initially set a relatively high levy when it was first established so that it could build up a reserve. This levy was kept relatively flat for several years. Now that the District is beginning to implement more large capital projects, it needs to bump the levy up once more. This should, again, remain flat for several years until the District finishes implementing projects and enters the

operations and maintenance phase, wherein it may be able to reduce the levy. There was further discussion regarding the District's approach to implementing cost-effective projects in the most financially responsible way possible. Mr. Sparks noted that he is pleased with the Board's progress and ability to obtain grants.

Randy Schumacher, CAC member, commended the Board on its progress. He expressed concern about the proposed 60% levy increase and asked for further explanation why bonding isn't being used to prevent such a high increase from happening. He specifically asked about obtaining smaller bonds from local banks. There was discussion about the District's options for obtaining smaller bonds, which would be structured similar to a short-term loan. This could theoretically allow the District to make a less dramatic levy increase. Mr. Kinney noted that the taxpayers will still be paying for the bond in the long-run. President Anderson noted that the District will have the opportunity to reduce the levy amount at the November 16th Regular Board Meeting, but it will not be allowed to increase it at that time.

Bill Keilty, Comfort Lake resident, explained that he is supportive of the levy increase and the District's efforts to improve waterbodies. He expressed disapproval of the MN Department of Natural Resources' (DNR) rules with regard to invasive aquatic plant management, and requested that the District work on convincing the DNR to allow for more treatment of invasive plants on Comfort Lake.

President Anderson closed the public hearing. [Note: The public will have an additional opportunity to offer comments on the adopted budget and levy at the regular November 16, 2017 meeting of the Board of Managers.]

3. New Business

a) Resolution 17-09-01

Manager Spence asked the audience if they would support the \$1.6 million levy if the District continued to explore other options for funding such as various forms of bonding, with the possibility of reducing the levy at the November meeting.

Manager Schmaltz asked the audience for feedback on the District's communication with regard to the budget. Mr. Sparks explained that the CAC is supportive of the budget and the District's aggressive approach to improving waterbodies, and asks that the Board continue to consider bonding.

Mr. Kinney explained that Manager McNamara is unable to attend this meeting, but wanted to send along a message. She is supportive of the need for a higher budget and levy, but expressed concern about the lack of support from other local organizations in the District's efforts as well as the public perception of the levy increase. Manager McNamara feels that the District should be more actively pursuing funding from local partners for projects.

Manager Spence stressed the importance of public communication with regard to the levy increase and the plan for implementing projects. The District needs to tell its story to explain why the levy increase is necessary.

Manager Moe moved to adopt resolution 17-09-01. Seconded by Manager Schmaltz. Upon a roll call vote, the motion carried 4-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Jackie McNamara			X
Wayne Moe	X		
Stephen Schmaltz	X		
Jon Spence	X		

Mr. Kinney noted that he will provide further information on bonding options before the October 5th board meeting.

b) Observed Soil Disturbance Near JD2

Mr. Kinney explained that there has been some earthwork activity near - a tributary of the Sunrise River, north of Highway 8. Seasonal Technician, Sam Duncanson, has met with the property owner and delivered information with regard to the necessary permitting for this activity. An update on this will be provided a future board meeting.

4. Old Business

a) One Watershed One Plan Update

Mr. Kinney noted that the District recently participated in a regional meeting for the Lower St. Croix River watershed. The meeting was organized by the Board of Water and Soil Resources and two CLFLWD board members were in attendance: President Anderson and Manager Schmaltz. Mr. Kinney predicted that the District will continue to be involved in similar meetings, and noted that staff will upload information from the meeting to the District website.

President Anderson commented on how casual the meeting seemed and the lack of informational handouts. She expressed concern for the large amount of time necessary to implement the program and lack of financial support from the state. She indicated that she will work on a resolution to bring to the MN Association of Watershed Districts regarding designating organizations under 103B status.

There was discussion about upcoming meetings and the process for implementing the One Watershed One Plan (1W1P) program. Mr. Kinney stressed the importance of goal setting and project prioritization. There was discussion about

potential changes to grant award prioritization and competition with other organizations for funding. President Anderson stressed the importance of the District's involvement and leadership in this program.

There was discussion about future board meetings, levy amounts, bonding, and short-term loans. It was concluded that staff would work with the District Accountant and obtain information from local banks on bonding and short-term loans. This information will be discussed at the October 5th board meeting and distributed to the managers for review beforehand. Manager Schmaltz requested that a revised Progress Review Assessment Report incorporating the latest project data be brought to the next meeting as well.

Manager Spence moved to cancel the September 14, 2017 regular board meeting. Seconded by President Anderson. Upon a vote, the motion carried 4-0.

5. Adjourn

a) Next regular board meeting – October 5, 2017

Manager Spence moved to adjourn the meeting at 8:16 p.m. Seconded by Manager Moe. Upon vote, the motion carried 4-0.

Wayne S. Moe, Secretary _____