

**MINUTES OF THE REGULAR MEETING
OF THE
COMFORT LAKE–FOREST LAKE
WATERSHED DISTRICT
Thursday, August 12, 2021**

1. Call to Order

Vice President Anderson called the August 12, 2021 regular board meeting to order at 6:30 p.m. via online video conference.

Present: Vice President Jackie Anderson, Secretary Jen Oknich, Treasurer Steve Schmaltz, Manager Doug Toavs, Manager Chris Loth.

Absent: None.

Others: Mike Kinney, Garrett Miller, Jessica Lindemyer, Blayne Eineichner, Nick Bancks, Peter Brennhofner, Emily Heinz (CLFLWD staff); Kyle Crawford, Cecilio Olivier (Emmons & Olivier Resources); Chuck Holtman (Smith Partners); Justin Neilson (Abdo, Eick & Meyers); Cindy Osborn (MN Pollution Control Agency); Hanna Valento (Forest Lake City Council).

2. Manager Oath of Office

Christopher Loth was sworn into office. Managers of the District welcomed him.

3. Setting of Meeting Agenda

Agenda item –5e 2022 Draft Budget was moved up to New Business item 4d.

Manager Schmaltz moved to approve the agenda as amended. Seconded by Manager Oknich. Upon a roll call vote, the motion carried 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		
Doug Toavs	X		
Chris Loth	X		

4. New Business

a) Bone Lake Northeast Wetland Project Bid Solicitation

Administrator Kinney introduced the project, noting that the project began with a conversation he had with a nearby landowner about the history of the project site. He

explained that the landowner had known of a cattle operation that used to operate adjacent to the wetland. The District collected wetland soil samples to confirm excess nutrient loads existed in the wetland, likely as a result of the historic operation. He noted that this project is moving along rapidly. Mr. Kinney introduced Kyle Crawford from Emmons and Olivier Resources (EOR) to give an overview of the solicitation for bids.

Mr. Crawford explained the process the District underwent to identify the legacy phosphorus load. He stated that the 5,600 cubic yards of phosphorus rich sediment removed from the wetland will be used on a property leased by the District that is currently being hayed. Emmons and Olivier Resources (EOR) staff are recommending the Board to authorize solicitation for bids. Mr. Crawford described the timeline for posting the bid and awarding the project to a contractor. He explained that construction is planned to start in winter of 2021-22, with a final closeout in the spring of 2022. He opened the conversation to the managers and welcomed any questions.

Manager Schmaltz asked if there will be any requirements for the contractor to have previous experience doing this type of excavation work. Mr. Crawford explained that contractors will sign an affidavit to confirm knowledge and experience with water quality projects in wetlands. Cecilio Olivier explained that Emmons and Olivier Resources (EOR) has worked with multiple contractors and are aware of the work they have completed successfully.

Manager Oknich moved to adopt resolution 21-08-01 approving plans and directing solicitation of bids for the Bone Lake Northeast Wetland Restoration Project. Seconded by Manager Toavs. Upon a roll call vote, the motion passed 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		
Doug Toavs	X		
Chris Loth	X		

b) FY22 Clean Water Fund Grant Applications

Mr. Kinney explained that District staff and District engineers have been working on completing multiple Clean Water Fund grants and are now ready to submit them. He welcomed the managers to ask any questions or provide comments before staff submit the applications on August 17th.

Mr. Kinney gave an overview of the three projects staff would use these possible grant dollars to complete. Proposed projects include the Washington Judicial Ditch 6 (WJD-6) Wetland Enhancement, Moody Lake Capstone Projects, and July Avenue Feedlot Project. District staff requested Board direction to submit these grant applications with these projects in mind.

Managers discussed the location of the wetland enhancement project. Mr. Kinney confirmed that this project is separate from the other WJD-6 project discussed in the past (WJD-6 County Road 50 Iron Enhanced Sand Filter).

Manager Schmaltz asked if there are any opportunities for this project to receive grant funds through the Lower St. Croix (LSC) One Watershed One Plan (1W1P) partnership. Mr. Kinney explained that yes, they could if they were not selected by the Board of Soil and Water Resources (BWSR) for these Clean Water Fund grants. Managers questioned if the timeline would be altered if the District needed to use alternative funding sources. Mr. Kinney explained that the District would want to develop a more fully conceptualized plan for the Moody Lake Capstone Projects before applying for 1W1P funds.

Mr. Kinney explained that staff will continue to work with landowners on these projects. He wanted managers to keep in mind that these projects will be funded somehow. He assured the Board that staff would work to obtain funding or financing sources to complete these projects. Manager Anderson agreed that she believes there are multiple avenues to fund these projects.

Manager Schmaltz moved to direct the District Administrator to work with staff and coordinate with the District Engineer and others to develop and submit Clean Water Fund grant applications for 2022 that will benefit water resources within the Comfort Lake-Forest Lake Watershed District. Seconded by Manager Oknich. Upon a roll call vote, the motion passed 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		
Doug Toavs	X		
Chris Loth	X		

c) Budget Transfer Request

Mr. Miller explained that staff is recommending a transfer from the budget line item 3-011-28-G Forest Aquatic Invasive Species (AIS) Management to line item 3-011-27-G Keewahtin AIS Management in the amount of \$5,000. He noted the effectiveness of diquat herbicide treatment on Forest Lake as the reason for savings on that line item. He noted that the managers had requested information of treatment of purple loosestrife on Lake Keewahtin. He believes this will be an effective use of funds to manage the amount of purple loosestrife present around the lake.

Manager Anderson noted that she believes this is an effective use of funds for Lake Keewahtin. She explained that purple loosestrife is an invasive species spread through the District, and this lake seems to be the most infested. Mr. Miller agreed, noting that he has seen the insects that consume the plant, but they seem to be having little to no

effect controlling population. Manager Oknich inquired if a small portion of open water to the north side of the lake was a part of the lake or not. Mr. Miller explained that he did not know off the top of his head but that he would get an answer to her question.

Manager Oknich moved to approve the budget transfer in the amount of \$5,000.00 from budget line item 3-011-28-G Forest AIS Management to line item 3-001-27-G Keewahtin AIS Management. Seconded by Manager Schmaltz. Upon a roll call vote, the motion passed 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		
Doug Toavs	X		
Chris Loth	X		

5. Old Business

a) 2022 Draft Budget

Mr. Kinney introduced those in attendance to aid in the discussion of budget matters: Justin Neilson (Abdo, Eick, & Meyers) and Cindy Osborn (MN Pollution Control Agency). Manager Schmaltz started the discussion by presenting information on revenues and expenditures. He gave an overview of 2021 estimated yearend balance and how he, Manager Anderson, and staff got to those numbers. He explained that the managers’ goals were to increase the reserve fund balance to cover the first six months of general operating costs. He noted that one strategy to get to these numbers would be to increase the District’s current Clean Water Partnership loan usage. Manager Schmaltz gave an overview of the 2021 and 2022 expense budget totals. He indicated he believes this strategy will ensure that the District has more than enough in the reserve fund to cover the first six months of operating.

Manager Schmaltz explained that the District is required to have a cushion to guarantee the District has enough funds for the first six months of operations. He noted that the first levy payment from the District’s counties is not received until July of the budget year. Manager Anderson noted that as managers they are required to also be excellent managers of the public’s money. She further explained that tax levy payments are received twice a year: once in July and once in December. She explained that grant dollars largely go toward funding projects and programs. She noted that the general operations of the District are largely funded by tax levy dollars.

Manager Schmaltz explained the meaning and process of budgeting unearned grant revenue. Manager Anderson noted that project development for many grant-funded projects is ongoing, but a majority of grant funds are not used until project construction occurs.

Manager Schmaltz gave an overview of future fund balance impacts as a result of adding loan dollars to the District's revenues. He explained the projected reserve amounts for 2023-2027. He noted that issues may arise in 2025 due to repayment schedules overlapping from multiple loans. He noted that these numbers are always variable due to the uncertainty of future grant awards.

Manager Anderson clarified that underspending the budget in a particular year for a project does not mean the project is not moving forward. She explained that the managers would like to come up with a better way to represent those dedicated grant project funds, or "unearned grant revenue".

Manager Anderson thanked Manager Schmaltz for presenting the information. She indicated she believes that this budget is 90% complete and explained that a smaller budget work group would be meeting to finalize the presentation of the proposed budget. She noted that the final proposed budget will be brought to the August 26th regular board meeting.

b) Lake Association Grant Program

Mr. Kinney introduced the memo and history of the proposed grant program. He then opened the discussion for the managers to ask Mr. Miller any questions. Manager Anderson requested a synopsis of the memo provided.

Mr. Miller explained how the grant program was originally proposed by Manager Anderson. He mentioned that the program description has had multiple iterations. He explained that the program was officially approved by the Board at the May 13th regular board meeting. District staff had used what was approved to build the associated program documents provided to the Board tonight. He gave an overview of proposed changes to the program overall. These included changes to who reviews applications, the addition of a review template, and the possibility for more funding for projects that benefit not only lakeshore landowners but multiple taxpayer groups. He noted that these are just starting points for this program. He mentioned that this information was presented to the Citizen Advisory Committee (CAC). Mr. Miller indicated staff wanted to present the information to the Board for feedback and suggestions as well.

Manager Schmaltz stated that he believes the documents were put together very professionally. He noted that they are thorough, but he also believes they might intimidate lake associations by the amount of work to develop an application and the many steps involved. He indicated he believes that the grant opportunity would be used for aquatic invasive species (AIS) management purposes, but it may be difficult for lake associations to come up with feasible project ideas. He mentioned the individual and community grant opportunities the District has in place. He wonders if the District needs this grant program. He asked if things like this could be covered under the District's current grant programs. He noted some examples of projects that he believed may come forward through this program.

Managers discussed conversations that they have had with lake associations. Mr. Miller reviewed comments from Jerry Grundtner, Forest Lake Lake Association President, concurring in this sense and suggesting that some of the possible projects may be over the technical level of lake associations. Manager Schmaltz recommended adding the treatment of Eurasian watermilfoil back into the purview of the District for treatment and directing lake associations to our community and individual grant programs.

Manager Anderson indicated that she isn't surprised by the feedback staff has received thus far. She believes that the proposal being presented to the Board is not what she proposed in January of 2021. She explained that the purpose of this program, in her mind, is to target groups interested in improving water quality. She noted that some of the information regarding review of applications is offensive: she does not believe board members would be biased in reviewing grant applications. She noted that board members take an oath to do right, and that this should not be a concern of staff. Manager Anderson has urged that the program follow the community grant process, be kept simple and be directed toward projects of general lake benefit. She recommended the Board table this effort and continue to use and update the existing community grant program. She indicated she believes this program effort needs serious work to move forward, although there is an avenue to fund the Comfort Lakes Association's grant through the District's community grant program if that is something managers would consider.

Managers discussed the differences between the existing community grant program and a lake association-focused program. Managers considered possible projects that might come forward from communities vs lake associations.

Mr. Kinney clarified that some of the proposed ideas regarding avoiding conflict of interest came from his previous military experience. He offered that it is best to avoid situations where any conflict of interest could be perceived, even if the parties involved don't think a conflict of interest exists. He noted that he had no intention of giving the impression that managers would not be able to review applications with integrity. He apologized for any other interpretations. He then gave some examples of surrounding units of government cost-share programs available to lake associations to complete any project of their choosing. He noted that this may help achieve some of Manager Anderson's program goals. He mentioned the time staff spent considering and evaluating grant programs offered by other watershed districts. He explained that the goal of presenting this was to move to create a more finalized program description.

Manager Anderson recommended the Board table the work surrounding the lake association grant program and use the existing community grant program. She noted the program has always been available to non-profit organizations, which includes lake associations. She will continue to talk with Mr. Miller to develop the new program.

c) Bank Signers

Mr. Kinney explained that staff would like to update bank signers based on the appointment of new managers to conduct regular District business.

Manager Anderson moved to adopt resolution 21-08-02. Seconded by Manager Oknich. Upon roll call vote, the motion passed 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		
Doug Toavs	X		
Chris Loth	X		

d) COVID-19 Update & Regular Board Meeting Location

Administrator Kinney gave an overview of previous board discussions to possibly start meeting in person for regular meetings. He mentioned the fast-changing pace of the COVID-19 pandemic. He noted that the information collected from surrounding communities may have changed due to the changing situation. He recommended the Board continue meeting remotely.

Manager Schmaltz moved to maintain the current framework for both remote board meetings as well as the office protocols until further guidance is provided by the Centers for Disease Control and the Minnesota Department of Health regarding reduced infection rates. Seconded by Manager Toavs. Upon roll call vote, the motion passed 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		
Doug Toavs	X		
Chris Loth	X		

e) Land Acquisition Updates

Mr. Kinney introduced Mr. Bancks to help provide an update on the land acquisition program. He noted the focus of this update is a possible purchase of property for a new office building near the Forest Lake Middle School and the opportunity for educational partnerships.

Manager Anderson requested to see a map of the possible office location parcels.

Mr. Kinney gave the managers an overview of the three possible parcels. He mentioned the multiple advantages to this property including being directly adjacent to a local middle school, and having mixed landcover including upland, forested area, previously pastured land, and wetland area. He noted that the wetland near a main road makes the property less desirable to a developer. He explained that the other possible purchase option is owned by a landowner that is already currently working with the District on a

project. Manager Anderson requested information on this project near the parcels. Mr. Kinney explained that the District currently rents the property and has converted it to a perennial hay cover crop. Manager Anderson noted that having the property near the District office would be a great learning experience for all who might visit the District office.

Manager Schmaltz moved to authorize the administrator, on advice of counsel, to enter into an agreement with EOR in accordance with the 8-5-2021 scope of work for the Scandia Trail North Agriculture Field Property in an amount not to exceed \$1,700. Seconded by Manager Oknich. Upon roll call vote, the motion passed 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		
Doug Toavs	X		
Chris Loth	X		

Manager Oknich moved to authorize the administrator, on advice of counsel, to enter into an agreement with EOR in accordance with the 8-5-2021 scope of work for the Scandia Trail North Mixed Forest and Wetland Property in an amount not to exceed \$1,700. Seconded by Manager Toavs. Upon roll call vote, the motion passed 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		
Doug Toavs	X		
Chris Loth	X		

Mr. Banks gave an overview of a property within the Washington Judicial Ditch 6 (WJD-6) subwatershed that was previously discussed by the Board. He explained that a purchase agreement put into place in early August between the property owner and a potential buyer had recently fallen through due to certain contingencies not having been met; the property is again listed for sale under a new MLS number, and the District still may have an opportunity for acquisition. The owner is exploring cluster development as a means to increase the number of buildable lots. Mr. Kinney requested direction on how the Board would like staff to proceed. Mr. Holtman advised that Administrator Kinney has the authority to retain an appraisal within the fund budget, and suggested that in parallel with appraisal, staff work with City of Forest Lake staff, acquisition partners and the potential developer to explore conservation easement acquisition as an alternative to fee purchase. Managers discussed contracting with a real estate agent.

Manager Schmaltz moved to direct Administrator Kinney, staff and legal counsel to move forward with land acquisition efforts for this parcel. Seconded by Manager Oknich. Upon roll call vote the motion passed 5-0.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		
Doug Toavs	X		
Chris Loth	X		

6. Summary and Approval of Board Direction

[1:47:36]

Board directions were summarized by Mr. Holtman as follows:

- Staff will assess if the pond north of 97 near Lake Keewahtin is in fact a part of the lake or not to determine whether the purple loosestrife on its shores will be included in an upcoming treatment.
- Staff will continue to develop the current community grant program.

7. Adjourn

a) **Next regular board meeting – August 26, 2021 6:30 p.m.**

Manager Oknich moved to adjourn the meeting. Seconded by Manager Schmaltz. Upon vote, the motion carried 5-0, and the meeting was adjourned at 8:22 p.m.

Manager	Aye	Nay	Absent
Jackie Anderson	X		
Stephen Schmaltz	X		
Jen Oknich	X		
Doug Toavs	X		
Chris Loth	X		

Jen Oknich, Secretary _____