

**MINUTES OF THE BUDGET WORKSHOP
OF THE
COMFORT LAKE - FOREST LAKE
WATERSHED DISTRICT**

TUESDAY, AUGUST 21, 2007

1) **Call to Order**

The President called the budget workshop meeting to order at 6:15 p.m. at the Forest Lake City Offices, 220 North Lake Street, Forest Lake, Minnesota

Present: President Jackie Anderson, Vice President Richard Damchik, Secretary John Lynch, Manager Wayne Moe

Staff: Randy Anhorn, Joe Bischoff (Wenck & Assoc.), Cecilio Olivier (EOR), John Thene (Wenck & Assoc.), and Lisa Tilman (EOR)

Others:

2) **Discuss District's 2008 Budget and Levies**

The President called for discussion on the Comfort Lake – Forest Lake Budget for 2008. The President presented a proposed 2008 Annual Budget, a copy of which is annexed and incorporated by reference.

The Board discussed project funding and potential ad valorem levy authority under Minnesota Statute 103D. Specific discuss was held on Statute 103D.905 subd. 3, which allows for an ad valorem levy for a project (s) of “common benefit” petitioned either by a political subdivision or 50 citizens within the watershed. The Statute states that the levy for a specific project may not exceed .00798% of the District’s total marketable value (TMV) for a period not to exceed 15 years. There is disagreement about whether the Statute restricts all petitioned project levies to that limit, or whether that limit applies to individual projects. Administrator Anhorn mentioned that it is BWSR’s opinion that a watershed can have multiple such project levies at the same time. Because not all agree on this, it would have to be clarified by the District’s attorney.

Manager Moe questioned how a person living away from the lake would receive “common benefit” for a project on a specific lake located miles away. Administrator Anhorn mentioned that because the District defines the waters within the District’s boundaries as a common feature, the improvement to the quality of those waters would be a common benefit to all within the District.

Manager Anderson stated the proposed 2008 budget was based on interpretation of Statute 103D.905 subd.5a (3) to allow Watershed Districts to create funds through ad valorem tax

revenue an Implementation Fund to implement works listed in the approved Watershed Management Plan. Manager Anderson stated this opinion had been discussed with her by the former head of BWSR, Ron Harnack.

The Board discussed at length the various interpretations on getting projects implemented and the limited revenue generating capacity of 103D watershed districts.

Manager Anderson further stated that in order to avoid cumbersome and difficult to verify assessment process for projects, Watershed Districts are given the power to create Watershed Management Districts under 103D.605 which allows for ad valorem tax generation. The President proposed following the subwatersheds established in the floodplain hydrologic/hydraulic study completed in 2005 and the District's 2007 water quality assessment study – which are based on the six major lakes within the District.

Manager Anderson also stated that important future steps would be for the Board to approve a completed and updated Capital Implementation Plan (CIP) which it is to be completed by the end of October by Wenck, and then amend the District's watershed management plan to incorporate the CIP. Manager Anderson then stated that this would allow us to ad valorem levy for the preliminary work on our proposed projects. BWSR would then have to hold hearings and approve the plan before final levy certification was due in late-December, the District could always reduce the levy amount for final certification.

Manager Damchik noted the increased tax burden and stated that the District should get a legal opinion on the matter. Manager Anderson mentioned that former BWSR Director Ron Harnack will be at the August 23, 2007 Board meeting and we can seek clarification from him at that time, as well as seek our attorney's opinion after the Board decides on representation at the same August 23, 2007 meeting. Manager Anderson also reminded the Board that while we are preparing the budget for 2008, we are actually funding ourselves for 18 months through late-June of the following year (2009) when we would receive our first tax settlement for the 2009 budget.

The Administrator stated a Budget Hearing had been scheduled for September 11, at 6:00 p.m., and the need to have notices posted in the District's official papers for two consecutive weeks at least 10 days prior the hearing date. In order to meet the deadlines, public notices will have to be forwarded to the papers by Monday August 27, 2007. The Board will need to authorize the proposed levies at the August 23, 2007 Board meeting

Following discussion, Manager Anderson moved, seconded by Manager Moe, to adopt the District's presented 2008 budget (annexed within) and proposed levies as follows;

- A \$250,000 general fund levy for District operations as authorized by Minnesota Statutes 103D.905 subd. 3.
- A \$500,000 implementation fund levy for the preliminary work on the District's proposed basic management projects of common benefit and annual monitoring and rules & permit

program in 2008 as defined in the District's watershed management plan and authorized by Minnesota Statutes Section 103D.905, Subd. 5a (3).

- A levy for tort liability insurance premiums of \$7,500 as authorized by Minnesota Statutes 466.06.

Prior to the scheduled September 11, 2007 Budget Hearing, the Board will seek legal opinion on the use of the implementation fund ad valorem levy to fund basic management projects listed in the District's watershed management plan as referenced above.

3) **Adjournment**

Motion to adjourn CLFLWD budget workshop was made by Manager Damchik and seconded by Manager Moe. Motion carried unanimously.

John T. Lynch, Secretary