

**MINUTES OF SPECIAL WORKSHOP
OF THE
COMFORT LAKE – FOREST LAKE
WATERSHED DISTRICT
Thursday, August 13, 2015**

- **Call meeting to order**

Manager Anderson called the workshop to order at 4:30 p.m. at the Forest Lake City Offices Forest Lake Room, 1st Floor 1408 Lake Street South, Forest Lake, MN 55025.

Present: Vice President Jackie Anderson, Treasurer Jon Spence, Secretary Wayne Moe, and Assistant Treasurer Stephen Schmaltz.

Absent: President Richard Damchik

Others: Mike Kinney and Emily Schmitz (CLFLWD staff), Greg Graske, Meghan Funke (EOR), Nancy Martinson (Redpath & Company).

- **Discussion of draft 2016 work plan and budget**

Administrator Kinney provided an overview of the budget. In the 2015 budget, columns were added for a water management code to pull forward some projects that were falling through the cracks, a timeframe column and some descriptions. Overall, the budget is higher than in the past due to staff, including EOR, providing information to the Board for prioritization. Board guidance is also needed on the levy. There are some obvious projects that can be reduced. Grant dollars for projects were projected, with most of the Clean Water funds going to diagnostic studies and the Bixby Park project. Grants should amount to about \$500,000. Administration costs reflect budget actuals based on the first six months of the year. The office move was more expensive than anticipated per the budget. Professional services and how the services are managed, may be of interest to the Board. Administrator Kinney clarified that carryover is what is anticipated to be over or under spent, based on the first six months of the 2015 budget. Additional staff is not reflected in the budget because it's based on existing. Manager Anderson suggested reporting both administrative overhead to reflect the total costs and also allocating 80% of administrative costs to programs and projects. Ms. Martinson indicated that this can be done and some watershed districts do this. The Managers also agreed that secured and unsecured grants, contributions for programs and projects, other income, along with the levy should be included in the budget. Manager Schmaltz stated that if the District does not get a grant, then reserve funds need to be used or the project should not be done. Ms. Martinson clarified that the District has a general operations fund and a programs and projects fund. To reallocate monies between funds, a motion of the Board is required.

Administrator Kinney and Mr. Graske clarified that research is included in programs because it verifies performance of innovative practices such as iron-sand filters. Monitoring is typically not done post construction and is above and beyond maintenance. The Managers agreed to add Chisago Soil and Water Conservation District as a separate line item. Manager

Schmaltz stated that this budget reflects a big increase, while generally the District has been spending about 50% of its budget. The most important projects are the ones that remove phosphorus, budgeted at \$860,000 and AIS management, budgeted at about \$300,000. With administrative expenses the budget is at about \$1.3 million, which was the whole 2015 budget. Mr. Graske noted that those amounts do not include what will be paid by grants. Manager Anderson stated that when the initial District office was started and once rules were put in place, the levy took a big jump and then was kept level. Now that the District is again at the project implementation phase, by design, it is time for a levy increase. Other options are to secure grants or bond for projects through the county.

Discussion on budget details included:

- 1001 Board Administration — Administrator Kinney stated that this reflects a drop in the auditor fee and an increase in the per diem for an additional board meeting from March through October.
- 1002 General Office Expenses — Administrator Kinney stated that some safety was added and IT expenses were increased a bit. Manager Anderson recommended budgeting \$75,000 to give a bit of cushion for new office expenses.
- 1003 General Administrative — Administrator Kinney stated this is low because staff is seeking additional Board direction related to increasing staff. Manager Anderson stated that an additional person is needed and was planned for. More support is needed to handle phone calls, permits and paperwork, reduce contract work by doing minutes and communication and providing office coverage. Manager Schmaltz noted that a manpower analysis found the District could use 3.5 people. It was agreed to hire one full-time or two part-time administrative persons. Administrator Kinney noted that he is talking with the SWCD about positioning a countywide AIS person in the District office.
- 1004 Professional Services — Discussion focused on general administration versus project/program services. Manager Schmaltz stated that this line item was so overspent because allocations were not done correctly. In 2011 \$14,000 was spent; in 2012 \$21,000 was spent; in 2013 \$24,000 was spent and in 2015 the budget was \$24,000. Administrator Kinney clarified that meetings are general expenses. Increasing the number of meetings increases general legal and engineering costs. It was agreed to set the general engineering fund at \$36,000. Mr. Graske stated that if the requests are project related, the expenses could be split out into the appropriate project areas. Manager Anderson stated that the District has general needs where general engineering input is needed. The District is in a new phase and increased costs were anticipated. All agreed to increase the line item and, where applicable, have the engineer allocate expenses to the appropriate program or project.
- Ms. Martinson agreed to provide the tax levy allocation, the tax base and the levy assessment increase per \$100,000 property value, which all agreed would be about \$10-\$12 maximum.

- **Review of Budget Timeline Requirements**

- **Adjourn**

Wayne S. Moe, Secretary _____