

**MINUTES OF THE SPECIAL MEETING
OF THE
COMFORT LAKE–FOREST LAKE
WATERSHED DISTRICT
TUESDAY, DECEMBER 14, 2021**

1. Call to Order

Vice President Anderson called the December 14, 2021, special board meeting to order at 5:00 p.m. via online video conference.

Present: Vice President (President Pro-Tem.) Jackie Anderson, Secretary Pro-Tem. Dave Bakke, Treasurer Steve Schmaltz, Manager Doug Toavs, Manager Chris Loth.

Absent: None.

Others: Administrator, Mike Kinney; Planning Coordinator, Emily Heinz; Office Manager, Bobbie Law; Operations and Outreach Specialist, Jessica Lindemyer; Senior Land Management Coordinator, Nick Bancks; Land Management Specialist, Aiden Read (CLFLWD staff); District engineer, Greg Graske (Emmons & Olivier Resources); District Legal Counsel, Chuck Holtman (Smith Partners); Fran Miron (Washington County); Senator Karin Housley; Mara Bain (City of Forest Lake); Arlene, Amanda Dubuque, Amanda Osgood, Amy Helmueller, Andrew Mars, April Lindenfelser, B. Muske, Blake Dalbec, Blake Roberts, Bob Sarinske, Chad Lamp, Chris Hickle, Chris Siverhus, Chris Yelle, Dale Oehler, Dan Coats, D. Anderson, Dona Wahl, Eric Langness, Gayle Hove, Jerry Grundtner, Jerry McConnell, Jesse Johnson, Jim Schottmuller, Joan Engstrom, Joe, John Dewitt, John Holmgren, John Menard, John Miller, Jon DeWitt, Josh, Kathy, Keith Kuhnly, Keith Peterson, Kel Malberg, Ken Burkhardt, Kenneth Wood, Kevin Marois, Kyle Brown, Lori S., Matt LeMire, Marcie Weinandt, Mark, Mark, Mark Riegel, Mary Ann, Maryjo, Mike F., Mike Motzko, Phil Hatchner, Rachel Birdsall, Rebecca, Robert Pechmann, Rita B., Sarah Burkhardt, Sarah Reeves, Sean, Sherri Murphy, Stev Stegner, Tasha Coleman, Terra Charley, Terri P., Terry Beach, Tev Anafarta, Tom Chall, Tom Carney, Todd and Sheila Paddock, Trent, Vicki M., Wayne Moe, White Bear Glass, Will Wiegel, seven unnamed telephone numbers (members of the public);

Vice President Anderson introduced herself and the special meeting agenda, which is the District's consideration of the "Willow Point" property on Forest Lake as a possible location for the District offices and related education and research space. She gave an overview of the meeting agenda.

2. Opening remarks

Vice President Anderson welcomed attendees and gave opening remarks. She noted, given the number of attendees, the importance of respect and courtesy. She explained that she and the Board were happy to see members of the public in attendance. She noted that she has

seen and heard a clear message of concern being discussed over social media. She encouraged all members of the public to get involved in all District business.

Vice President Anderson explained the public comment process in Zoom, including how attendees may "raise their hand" or comment on the "chat" function. She explained that staff including Jessica Lindemyer, Emily Heinz, and Bobbie Law would be assisting with technology and facilitation during this meeting.

Mr. Kinney related the process the District has been undergoing to understand its long-term goals and look for office space fitting with those goals. He noted the District completed a workload analysis to define the number of staff and skills needed to carry out the mission of the District in upcoming years. He noted that this led to the hiring of a consultant firm to help the board with office space visioning.

Mr. Kinney explained the importance of having all the information and documents compiled before the District makes decisions. He explained that the most recent piece of information received for Board consideration is a property appraisal. He noted the closure of the Warner Nature Center was a very negative thing for outdoor education in the local area. He explained that staff currently provide classroom education for students in the Forest Lake Area. He gave an overview of the appraisal received from Valbridge Property Advisors, for the Willow Point Property. The appraisal is one important piece of information in front of the Board for consideration.

Mr. Kinney gave an overview of the Comfort Lake-Forest Lake Watershed District boundaries. He highlighted a portion of developed area in the City of Forest Lake that does not drain into the Comfort Lake-Forest Lake Watershed District but drains to Rice Creek Watershed District to the south. This puts this area of the City outside of Comfort Lake-Forest Lake Watershed District boundaries.

Mr. Kinney reviewed the Board's discussion on the topic of District office space during a number of public meetings from 2014 through November 2021. He noted that the Board has been discussing the Willow Point property openly at public Board meetings since early September, 2021.

3. Willow Point Investigation & Conclusions

Vice President Anderson noted that two of the board managers represent Chisago County and three represent Washington County. The five members of the Board of Managers introduced themselves.

Vice President Anderson explained the process the Board uses when regularly discussing items. She started the conversation with her opinion on materials received by the Board to date. She noted that in her judgment, the most important document is the appraisal report recently received. She reviewed her own thinking in her interest to have the District look at the property. She was aware that the site as a restaurant location has had some difficulty, that the property has not been active, and that COVID-19 has had a substantial impact on

the restaurant business generally. She thought the site on the lake would offer substantial opportunity for public education programs and to locate research functions and provide for collaboration with other agencies in doing so. Her thought was that for the reasons she noted, the sale price for the property might be substantially reduced. However, the appraisal does not indicate this, and so she doesn't believe it is worthwhile to explore the possibility of purchase further.

Vice President Anderson invited the managers to provide their input as well.

Manager Schmaltz gave an overview of managers' and staff members' experience touring the location. He explained that the managers knew it would have to appraise at a good price in order for the District to pursue the acquisition. He noted his excitement in learning that the property was phosphorus neutral due to a porous parking area and raingardens. He noted the opportunity to stabilize and restore the vegetative condition on the peninsula on this property. He explained the importance of managers having all the information needed to make sound decisions.

Manager Toavs spoke to the importance of the District's mission. He explained the need for a functional space to carry out those tasks. He explained that environmental education is vital.

Manager Loth stated that he hopes that regardless of the Board's decision, they are able to continue current efforts and initiatives to protect and improve water resources.

Manager Bakke noted that when the Board began discussing this property, he recognized that the community might question the use of the lakeside location for a public agency facility. He explained that he does not believe this property is a good option for the District office.

4. Public Comment Period

Vice President Anderson asked that speakers limit their remarks to four minutes. Operations and Outreach Specialist Jessica Lindemyer noted that attendees calling in to the meeting could also request to speak by calling the District or emailing.

Managers requested comments received in the chat be read a few at a time, verbatim, by District Planning Coordinator Emily Heinz. Questions and comments were read aloud verbatim as submitted via the chat, and staff and managers responded. [Chat comments/questions are provided in bullet points below, as submitted]

- Ken Marois: An appraisal is one person's "opinion" of price at a given time. If you paid for 10 appraisals you would see 10 different numbers. Background? Real Estate broker in MN for nearly 24 years.
- Terra Charley: I was a little late to the meeting. Was the assessed value shared? Thank you Thank you to the board for all of the great work you do for our lakes and for hearing our concerns around the Willow Point property. Thank you also for sharing all

of the additional information. We appreciate you! (no need to share with all meeting attendees)

Vice President Anderson explained that the appraised value was not shared because it is protected data under the Minnesota Data Practices Act.

- Keith Kuhnly: What other sites have been evaluated besides the Willow Point location?

Mr. Kinney gave an overview of the District's office space search including the reasoning of how the District came to lease the current rental property at 44 Lake Street. He explained that with an eye toward the present lease concluding in 2022, staff and the Board have considered a property on Highway 97 near the Forest Lake public schools and a previous Sears store located at 24139 Greenway Rd, Forest Lake. He noted that the property on Highway 97 would incur the expense of building new and the previous Sears space would require a high level of renovation. He explained that the Board decided not to pursue these options at that time. He stated that the next goal in the office space search has always been to create a more defined process of locating and acquiring property. He explained that the District evaluated firms to assist with the process in February of 2021. He noted that the process outline for land acquisition will be brought to the Board for approval in early 2022.

Vice President Anderson noted the previously limited availability of space within the District. She explained that since the search for an office first began, properties have become available. She emphasized that the District has not made a commitment to the Willow Point property, but simply has undertaken to examine the property's suitability and evaluate the cost to renovate it for the District's use. She explained the public process and the importance of gathering information before the Board brings a matter forward for public review and consideration. She spoke to the point of possible renovations in available properties and the high cost of construction materials.

Managers requested to hear from individuals who have raised their hands requesting to speak.

Blake Robert's Questions Summarized:

- Why can't you use the 3rd Lake/Cranberry parcel for education and outreach?
- Explained that he knows of a parcel that would be \$1 million cheaper that the District could build an office on.
- Asked if the District could build an office on the property it already owns near Home Depot in Forest Lake.

Wayne Moe's Questions Summarized:

- He was on the Board from 2007-2019.
- Assured public that the Board is prudent with the public's tax dollars.

- District received a property near Cub Foods/Home Depot. Asked if there is any high ground on that property that is buildable.
- Encouraged attendees to join the Citizen Advisory Committee to get involved

Kel Malberg's Questions Summarized:

- He noted a petition signed by local residents against the District's acquisition of Willow Point.
- Stated the price of the property. He noted maintenance and utilities costs.
- Requested that staff publish in the minutes with all the properties the District has looked at.
- Note in your minutes how much space do you really need?
- What's your renovation budget?
- What's your budget for an acquisition?

Vice President Anderson accepted the petition into the meeting record.

Kenneth Wood's Questions Summarized:

- Thanked the Board for taking care of local waters.
- Explained that his primary reason to move onto Forest Lake was the previous restaurant, and that he hopes another restaurant will occupy that space.
- Requested the Board not pursue the Willow Point property.

Mr. Kinney explained that the Cranberry Lake Channel property is a conservation property; it is not buildable and will remain protected. The District has received a state conservation grant to pay for 80% of the acquisition cost for that property. He noted the importance of the naturally vegetated shoreline there.

Mr. Kinney explained that the process of office space planning has been started. Through this process some of the space needs identified are a lab, additional storage, and a meeting space. He explained that the District currently rents storage units to store equipment that is vital for the District's work. He explained that staff are also taxpayers and strive to be respectful of those funds. He noted that the District carefully evaluates return on investment for all of its work. He noted the use of the lean six-sigma principle for projects and noted the same principles will be used when assessing properties.

He explained that the Houle property near Cub Foods/Home Depot that was donated to the District is entirely wetland. Building anything on that property would require wetland fill and would not be an acceptable action for the District. Mr. Kinney offered that it is possible for other donated land to be used for a District office space.

With respect to public concern about the city's loss of property taxes if the District were to purchase the Willow Point property, Mr. Kinney noted the boat slips associated with the property that provide an annual rent of about \$28,000, which possibly could be used as an offset. Mr. Kinney explained that the Board is continuously working on budgeting. He noted that the District has secured more in state water fund grants than any other public agency in Minnesota. He expects this fact to play a role in financing an office space.

Managers requested to shift to questions and comments submitted via the chat.

- Terri P: what other properties did you consider? why purchase vs rent a space? rental would give you more options when circumstances change again. nvm - basically answered now
- Blake Roberts: Will the price to retrofit the space be shared?
- Mike Motzko: Is the Forest Lake city hall still an option even though it is out of the district? Were they open to it?
- John: With the lack of in person meetings the last 20+ months how have you run your education and meetings? Can that continue and with that is a larger meeting space as necessary
- Vicki M: Are there budgeted dollars for the acquisition of space for the clflwd? If so, what is the budgeted amount? How much of this purchase would FL residents and taxpayers be paying for?

Mr. Kinney explained the benefit of owning vs. renting. He noted that as an owner the District would not be subject to property taxes and this is why most government entities do in fact own their own buildings. He explained that a retrofit could cost more than a new build.

He explained that the District has utilized the new Forest Lake City Hall location for its board meetings in the past, and that may be an option going forward. However, the City is not currently allowing others to use its building for in-person meetings.

Mr. Kinney explained that in 2020 the District worked to determine what were essential services. He noted that water quality monitoring, permitting site inspections, and in-classroom education continued during 2020. He explained the advances in technology in the past 20 months. He explained that the Board is still working on space needs for education purposes and the possibility of shared space for other entities like local public schools.

He noted that the Board has not determined a hard number for the office space budget because financing and funding options are still being formulated. Vice President Anderson explained that a previous, yet very specific, purchase vs. rent analysis has been reviewed, and this will be the format the Board will continue with. She noted that building a new building with space comparable to Willow Point would cost 100% more than retrofitting the existing building. She explained the budgeting process from the Board's perspective with possible payments over time.

- Jim Schottmuller: I think it is wise that you consider all available properties, but I also think it is wise you realize permanently taking a premium lakeshore property off the tax base is unwise. Forest Lake Resident. I would encourage the board to reconsider using the new forest lake city hall and disregard their desire to be located inside the watershed district.

- Trent: Are district staff currently working from home? If so, do the staff want to return to the office and are they able to effectively fulfill their duties in a work from home capacity?
- Anonymous Attendee: Is there an estimated ideal cost for space you're pursuing? Will the vote tonight impact the grant you're applying for? What type of community programs are you hoping to offer? Are taxpayers really paying for this or is a grant? Sure hope you don't build on cranberry lake channel as the purpose of purchasing was to leave untouched for land conservation. No parking lot please. Yeah!! For grant funds!! Bring MORE money INTO our community- not spending uselessly, bringing funding IN and making our community BETTER.
- Mark: How many meetings both public and educational do you expect to have per year.
- Galaxy S20 FE 5G (phone): Please don't build on wetlands, that would be against any watershed values. Why not repurpose some of the downtown that needs revitalizing? The old Green Door Consignment?

Mr. Kinney clarified that the Board certainly has a clear understanding that the Willow Point property is a valuable shoreline property.

He further explained that the City Hall in Forest Lake could be used to host meetings in the future, but they do not have the capacity to house District staff. He explained that hybrid work is going to be a very common thing in the future. He noted his military experience in utilizing a "hot seat" space that can be utilized by multiple staff members on a rotating basis. He advised that field staff have been in and out of the office on a daily basis. He noted that this includes about 50% of District staff.

Mr. Kinney explained that the District doesn't currently have a total estimated cost for office space due to the limitations on time to collaborate and collect info needed to make that decision. He noted the ongoing efforts to collaborate with universities and other entities. He explained that the type of community programs to be provided are yet to be determined. He noted the loss of education opportunities provided previously by the now-closed Warner Nature Center.

Mr. Kinney reiterated that it is the Board's general intention to leave the Cranberry Lake Channel property in its natural state but will be discussing further in 2022. He explained that the number of Board meetings is typically 48-49 per year, and this number can fluctuate.

He explained that the old Green Door Consignment building has been looked at in the past and has been found not suitable due to storage and parking issues.

Managers requested to hear from the individuals with hands raised to give comments and questions verbally.

Joe's Questions Summarized:

- This does not benefit anyone who lives on the lake.
- Doesn't know any state/government employees that are enjoying prime real estate.
- Doesn't see value in this, as someone who already pays high taxes already.

Blake Roberts Questions:

- Warner Nature Center continues to be brought up it is tough to use that as an example because it was likely funded through different sources like state grants. We've put millions of dollars into school district/city hall – need to consider that as well. The community has reinvested in itself.
- Managers are un-elected officials. They are appointed.
- There is no doubt in people's mind that you do need new space once everyone gets back to working in the office. You need to get the office space budget set.

Vice President Anderson requested staff continue with comments and questions submitted in the chat. She indicated the concepts brought forward would be considered.

- Kel Malberg: Why would it take acquiring this property have an impact on saving the peninsula? Why wouldn't or why haven't the Watershed district taken measures?
- Joe Kramer: How does this benefit anyone who pays taxes on the lake? This does not benefit anyone who lives on the lake.
- Dan Coates: Why would grants or donations go to purchasing property for the watershed instead of going to projects?? My other question is why would the Watershed not try and get a feel for the towns opinion before spending Money on investigations, appraisals, and hiring firms for input??
- Vicki: Are there budgeted dollars for the acquisition of space for the clflwd? If so, what is the budgeted amount? How much of this purchase would FL residents and taxpayers be paying for?
 - That's not what the question was. There has to be a budget for office space. What is it? Thank you for listening to our concerns. I think it's important to note that there is a petition with over 600 signatures against this. Many of which stated they would rather see a revenue generating entity in this space, not an office.
- Mark: How many boat slips are at this site and how many are planned
- Blake Dalbec: Maybe you should consider 23840 Goodview Circle. If hwy and 35 is so important! Since you made it impossible for a business to build on.

Mr. Kinney addressed the question regarding the peninsula on the property. He explained the loss of trees on the shoreline and how it affects the stability of the shoreline. He noted the District's plant grant program to assist landowners in stabilizing and restoring shorelines. He explained that the developed/turf grass shoreline has a potential to deliver high levels of phosphorus compared to a natural shoreline. The District is working to develop educational programs as to the benefit of natural shorelines. He explained that the

District would love to work with landowners but relies on them to take some level of partnership and responsibility.

Mr. Kinney addressed the question regarding grant funding. He explained that there are many different types of project and program specific grants. He explained that most projects in the District have been funded by Clean Water Fund grants.

He addressed the question regarding office space budget. He explained that currently the office pays a little over \$3,000/month for rent, and each year this amount increases, per the lease agreement.

Mr. Kinney explained that there are currently 16 boat slips and there has been no talk of expanding this number.

He explained that the District is and will continue to evaluate multiple properties.

- Mark: In reference to an earlier question, Cargill Corporation is the only comparable property with lake access across the dam from Lake Minnetonka
- John Miller: The case has not been made to defend this proposal. The community at large strongly opposes use of this property for this purpose. Please vote against.
- Kel Malberg: So if it's tree's to prevent peninsula from eroding, than why hasn't District educated, sent notices of residents to plant trees? Mike Kinney you didn't answer why it would take acquiring this location to prevent erosion?

Mr. Kinney explained that the only other comparable lake property office space would be the Chisago County Government Center, which the District has not evaluated.

He further explained that the District distributes natural shoreline education materials through virtual means and to new homeowners in a welcome basket, organized by a local resident. He noted that it is a private property, and the District cannot force restoration upon landowners. He encouraged Mr. Malberg to reach out directly if he had further questions.

- Chris Yelle: Please provide a list of the properties the CLFLWD is considering in entering into a lease or purchase agreement - Chris Home owner on Forest lake
- Vicki M: It's actively eroding. You would think the clflwd would do more than send a packet

Vice President Anderson explained that all comments and concerns will be used for future consideration.

- Rebecca: Where is the strategic plan for future space? If none, agree with this is a waste of time and money to pursue if you don't have strategic plan

Vice President Anderson explained that this topic was discussed previously. She explained that a policy and process for land acquisition is coming to the board early in 2022.

- Terri P: please understand that many residents have no idea that you exist. especially if we don't live in the lake. so that would explain the concern for a group of unelected people spending more of our tax money, with no direct impact on our lives.
- Chris Yelle: Please verify the existing lease agreement terms on the property the CLFLWD is currently in contract with. Terms and date of expiration on the existing lease agreement

Mr. Kinney clarified that the District's current lease ends at the end of 2022. He explained that the cost is around \$3,000 per month.

Brian Tilton's Questions Summarized:

- Current resident on Forest Lake
- Is an avid ice fisher. Has found memories getting food at the restaurant while out ice fishing.
- Appreciates the six-sigma principle and hopes the District always utilizes.
- Would prefer to see the opportunity stay available for a restaurant to come in.

Vice President Anderson requested to hear the chats read aloud if any had come in.

- Dave Livermore: This may have been covered, but for those of us who aren't familiar, is there an actual plan for the Water District to be able to use the space to generate revenue and offset any tax loss? Or is the issue at hand to just occupy the space?
- Joe Kramer: How much would renovations cost for the willow point property?

Mr. Kinney reiterated that further discussion on partnerships for revenue should and will be discussed in terms of all property considerations. The District was not done with this process for the Willow Point property. He noted possible partnerships with the City of Forest Lake to manage the open space for public gatherings.

Vice President Anderson noted that the total cost for renovations to convert the space to an office is estimated at about \$500,000.

Ms. Lindemyer noted that an individual has requested to speak via raising their hand.

Kel Malberg's Questions Summarized:

- Believes a revenue generating business would benefit the community and residents.
- Purchased home on Forest Lake and were regulars at the restaurant.

Vice President Anderson called on the public to provide any further comment. Ms. Heinz indicated that additional chats were received.

- Galaxy phone: This has been productive, thank you. Hopefully everyone will get more involved with city council meetings after this, raise awareness for the watershed district and all they do. Let's keep Forest Lake healthy for years to come
- Ken Burkhardt: Just curious but the place that is for sale that is off 61 near 8 and 35 that was a car lot and is for sale for much less than Willow Point could be a great spot to renovate and relocate your team potentially?
- Tev Anafarta: I've lived on the lake since 1988. Please reconsider the Willow Point property and purchase elsewhere. The community wants it as a restaurant again. We don't have one available on the lake, Vanelli's is closed. Please reconsider.
- Chris Yelle: Has the CLFLWD verified the return on investment for the organization if moving forward with the purchase of the Willow Point Property?

Mr. Kinney explained that the District is aware of the property brought forward, and it is being investigated.

Mr. Kinney explained that the return on investment has not been calculated. He noted that the District does this for all projects it completes. Vice President Anderson explained that a typical return on investment investigation is not appropriate for a government entity because it is providing services. She noted that an analysis would be completed but not following the typical processes. She noted that the Board has heard enough comments from attendees to understand their position on the topic. She asked for any further and necessary comments or questions.

- Matt: I joined late, will a recording of this meeting be posted?

Mr. Kinney explained that the meeting is being recorded and will be uploaded and available online.

Mr. Kinney requested to return to the return on investment topic. He explained that maintaining healthy lakes can mean higher property values. These are services the District provides. He noted that this is a metric the District tracks closely.

Vice President Anderson called for any final comments or questions.

- Donna Wahl: Willow Point is a historic location for many families and generations. Please allow other buyers to attempt this as a restaurant. Please add my comment. It's the gateway to lake 2. It's the sweetheart connection between lake one and and 3 To meet up. Thank you all. We bought 3 homes out there, just to have lakeside dining.... It's a gem
- Greg Bruss: Greg Bruss here my family and I live on First lake and really would like to see this property become a restaurant again. Sorry joining late.
- Todd and Sheila Paddock: More restaurants are needed. I don't believe the Forest lake council supports small business. Wow not addressed

Manager Bakke spoke to the value of having a restaurant on the lake. believes that the Board understands this value.

Vice President Anderson requested any final comments be provided before the Board decides a course of action. Staff confirmed that no further comments were in the chat function and that no hands were raised.

Vice President Anderson thanked attendees for providing comment noting that it's sometimes not the easiest task. She noted her appreciation to attendees for providing insight to the Board.

5. Board Consideration for Course of Action

Vice President Anderson moved to end the District's investigation and consideration of the Willow Point property. Seconded by Manager Bakke.

Vice President Anderson again thanked attendees for attending the special meeting. She noted the Board's understanding of the value an on-lake restaurant has to the public. She called for any further comment from the Board. Manager Schmaltz thanked attendees for taking time to provide comment.

Upon a roll-call vote, the motion carried 5-0.

Manager	Aye	Nay	Absent	Abstain
Jackie Anderson	X			
Stephen Schmaltz	X			
Dave Bakke	X			
Doug Toavs	X			
Chris Loth	X			

6. Closing Remarks

Vice President Anderson wished the group a happy holiday season. She noted her hopes for a future resurrection of a restaurant on Willow Point.

7. Adjourn

a) Next regular board meeting – December 16, 2021

Manager Schmaltz moved to adjourn the meeting. Seconded by Manager Loth. Upon vote, the motion carried 5-0, and the meeting was adjourned at 7:16 p.m.

Manager	Aye	Nay	Absent	Abstain
Jackie Anderson	X			
Stephen Schmaltz	X			
Dave Bakke	X			

Doug Toavs	X			
Chris Loth	X			

Dave Bakke, Secretary Pro-Tem. _____