



**MEMORANDUM**  
 Comfort Lake-Forest Lake Watershed District

**Date:** May 21, 2024 (updated June 12, 2024)  
**To:** CLFLWD Board of Managers  
**From:** Mike Kinney, District Administrator  
**Subject:** 2025 Budget – June Workshop



**Budget Follow-Up Items from May 9<sup>th</sup> Workshop**

The Board discussed the draft 2025 budget at the May 9<sup>th</sup> regular board meeting. The following directives were given to staff to follow up on:

**Table 1.** Comments from May 9<sup>th</sup> Workshop and Staff Responses

1	Move 3012 Land Acquisition & Management to new 6000 series, and look into costs/time associated with Watershed Management Plan amendment.	Formatting change made to budget. Recommend holding WMP amendment and batching with other changes the District may want to make in the future.
2	Look into flood storage project costs and try to estimate the cost per ac-ft of storage created	Flood storage project costs will vary widely depending on the type of project and multiple benefits the District wants to achieve. For reference, <a href="#">RCWD's</a> floodplain resiliency study estimated a project cost range of \$140,000-\$630,000.
3	Elaborate on why the O&M Program costs and staff time have dropped from 2024 to 2025	The 2024 budget matched the workload analysis future condition, which is 0.6 employee full time equivalents. The draft 2025 budget has 0.1 FTE for O&M, which is more in line with actual time spent in recent years and has been adequate to meet inspection/maintenance needs. FTEs have been shifted, and the Non-Point Source Pollution Abatement (Cost-Share) FTE was increased to accommodate the Board's emphasis on the shoreline restoration program.
4	Look into delinquent taxes over the years and how much revenue was lost.	See attached. Avg delinquent taxes = 0.5%. The 2024 estimated yearend levy revenue is updated to be 99.5% of certified levy.
5	Provide a separate breakout for projects that are dependent on pending grant funding	See attached



# MEMORANDUM

## Comfort Lake-Forest Lake Watershed District

6	Provide the chart from last year's budget packet showing the historical record of tax impacts for each county year by year	See attached
---	--	--------------

### Other Notes

The 2024 estimated yearend expenditures have been updated with the latest cost projections.

Staff received updated Clean Water Partnership loan interest projections from the PCA in mid May. The Loan Repayment Projections sheet in the budget packet has been updated. Staff recommends the District close out Loan C at this time, and proceed with applying for a separate, Loan D. This option results in an estimated interest payment that is \$46,000 lower than keeping Loan C open and amending it.

Staff presented the draft budget to the Citizen Advisory Committee on May 14<sup>th</sup>. CAC members will provide written comments by May 31<sup>st</sup> for the Board's consideration at its June workshop. One CAC member commented that he is concerned about the 2026 budget projection because of two major factors: repayment on the Clean Water Partnership loan being over \$500,000 plus the new District office space. These are two large expenditures, and the District should make sure it's able to balance its budget.

For more background on data that has been collected to date, including the Natural Resources Inventory, please see the [July 13, 2023 budget presentation](#). This data will support the District's Greenway Corridor efforts, along with the Floodplain Vulnerability Assessment, which is in progress.

### Attachments Made Available May 21<sup>st</sup>

- Revised budget packet (5-21-24)
- Tax levy history showing delinquent taxes since 2012
- Pending project funding breakout
- Tax impacts, net tax capacity, estimated market value history charts

### Additional Attachments per Comments Below

- Revised 2025 Project Planning Doc
- Dedicated Funds Breakout
- Overhead and Operating Expenses Breakout
- [For additional planning context, see Natural Resource Inventory \(NRI\) presentation slides from July 2023](#)



**MEMORANDUM**  
 Comfort Lake-Forest Lake Watershed District

**UPDATE: Written Comments Received by June 3<sup>rd</sup> and Responses**

Staff presented the proposed 2025 budget to the Board of Managers and Citizen Advisory Committee (CAC) on May 2<sup>nd</sup> and May 14<sup>th</sup>, respectively. Board members and CAC members submitted the following written comments afterward.

Reference materials: [Draft Budget 5/1/24](#) | [Budget Presentation 5/9/24](#) | [NRI Maps](#)

**Table 2.** Written Comments Sent to Staff and Staff Responses

<b>President Schmaltz's Comments</b>		<b>Responses</b>
S1	<p>We need to discuss how to represent shoreline restorations. Showing SR as part of the remaining reduction pounds required sends the wrong message... i.e., we need SR for the last 100 lbs. Should consider positioning it as the strategy to protect all the water quality gains achieved so far. Highlight it in the box to the right of the pie chart. Board needs to discuss.</p> <p>The last two bullet points on the 2025 Project Planning Sheet (back of cover letter) should be available to reinforce our approach to budgeting and risk.</p>	<p>Board to discuss.</p> <p>Added note about importance of shoreline restorations to each lake's "headline" text box. Revised Project Planning Sheet attached.</p>
S2	<p>When we issue new budget sheets (e.g., 5/1/24 to 5/21 24) please also list the changes made in the budget.... E.g., 3012 Land Acquisition &amp; Mgmt moved to new 6000 code to remind Board Mgrs of the changes agreed to.</p>	<p>Change has been noted in accompanying memo (see Table 1 above). A separate log of budget revisions will be posted moving forward.</p>



## MEMORANDUM

Comfort Lake-Forest Lake Watershed District

S3	<p>#4100 General Admin, Salary/Benefits down 32 % from 2023 /2024???</p> <p>Employee left??</p> <p>#4337 Consult/Prof Services dropped \$52K for building design consultant?</p> <p>Mike, how is this project progressing in 2024? Will it be completed?</p>	<p>For line item 1-003-4100 General Admin Salary/Benefits, the 2024 budget was based on 2.6 FTEs allocated to admin which is consistent with the <a href="#">workload analysis</a> "future" condition. We recommend lowering this to 1.7 FTE for the 2025 budget, which is more consistent with actual staff admin time. This means more staff costs are being allocated to programs/projects in 2025.</p> <p>RE: building design consultant - staff is working with EOR and other consultants on building visioning and strategic planning in order to forward this effort. Proceeding with hiring an Assistant Administrator or Business Manager or equivalent will aid in the office space capital campaign.</p>
S4	<p>Tax levy bad debt loss per year?</p> <p>Forecast 2024 was \$1,719k and now estimate is \$1633K, a drop of 5%. What does the annual loss look like for 2022, 2023 and 2024? What has been the "net" gain in tax revenue for each year after the delinquent loss?</p>	<p>See attached, per item #4 in Table 1 above.</p>
S5	<p>Stream Monitoring 3003-B: why the increase of \$80k, +66% in value??</p>	<p>Stream monitoring budget increased to account for diagnostic monitoring, which is on a rotating schedule and not performed annually.</p>



## MEMORANDUM

Comfort Lake-Forest Lake Watershed District

S6	<p>3004 Non Point Pollution Source 3004-4100. \$16k increased to \$107K, up 600%??</p> <p>Looks like 3004D was shifted to 3004-4100? Shoreline restoration effort??</p> <p>Where is the shoreline restoration program \$\$ listed? I noticed some shoreline restoration \$\$ appear in the Lake Project budget under Forest Lake?</p>	<p>3-004-4100 Staff Budget: 2025 staff budget increased from 2024 to account for increased emphasis on this program. 2025 estimate of 1.2 FTE is in line with recent years and anticipated demand in 2025.</p> <p>3-004-D was not shifted to 3-004-4100. The -4100 staff budget items are all derived from the total staff wages/benefits budget on the budget overview page. 3-004-D budget will be dependent on grant revenues. The District has several grants planned, and was recently awarded \$60K from a grant submitted last year.</p> <p>The shoreline restoration program is multi-faceted and will be supported by multiple budget areas:</p> <ul style="list-style-type: none"><li>- 3004 Non-Point Source Pollution Abatement Program: staff time to perform shoreline inventories and administer cost-share, consultant technical assistance for cost-share, cost-share projects for both residential and community groups – i.e., shoreline restoration projects funded thru cost-share program and owned by resident/ community group</li><li>- 3002 Permitting: Implementation of the District’s buffer rule, when triggered.</li><li>- 5000 Projects: District-owned/District-led projects in coordination with government partners, such as city park shoreline restorations, dead end streets, etc.</li></ul>
----	---	--



**MEMORANDUM**  
Comfort Lake-Forest Lake Watershed District

S7	Watershed resiliency planning (\$18k) + Flood plain (\$81K) + wetland restoration (\$0) seems underfunded given the importance of these areas to the 10 yr plan? ...Mike?	These areas are important, and grants will be critical to the District's ability to implement projects. Several grant programs are on the District's schedule to apply to, once projects are identified and prioritized. Amend budget once grants are awarded. If the Board wishes to allocate more of the District's levy toward these programs, it may consider transferring funds from another line item. Ensure the budget balances once changes are made.
S8	Engineering costs are forecast for \$450k in 2025, down 40% from 2023 and 2024. Why? Can't we move up other water quality projects for School Lake, Comfort Lake, Little Comfort Lake, etc. up? What are the constraints?	<p>Like our project line items, engineering costs will be dependent on grant funding. Amend budget if/when grants are awarded. The District is close to being finished with water quality projects, as many lakes are meeting goals or very close. We have identified a short list of remaining projects to address these goals, and they are outlined in the 2025 Project Planning Sheet.</p> <p>Aside from water quality-focused projects, staff recommends the District prioritize flood mitigation projects. Gaining consensus on priorities and completing the Floodplain Vulnerability Assessment is critical to proceeding with these projects in a cost-effective manner.</p>



**MEMORANDUM**  
 Comfort Lake-Forest Lake Watershed District

<p>S9</p>	<p>Do we need to budget more \$\$ for community/city grants to address the once in a lifetime FL City projects such as city park/boat launch move and opportunity for shoreline restoration as well as the N Shore trail road to Hwy 97 redo and shoreline restoration as well as redoing some of the lake City lots for shoreline restoration as examples to be monitored??</p>	<p>If the Board decides to allocate more local levy dollars toward other line items, staff recommends transferring dollars from other budget line items so that the budget balances and is not based upon uncertain grant dollar amounts.</p> <p>We have been coordinating with the City on several projects. The top project at the moment is the North Shore Circle Shoreline Restoration, for which we have one grant and are waiting on the decision for a matching grant. City staff has indicated that they are not ready for us to proceed with other dead end streets at this time. In the meantime, staff has created a prioritization tool for the dead end street restorations. We recommend focusing on the North Shore Circle Park project first, then working through our prioritized list. Staff is staying in contact with City of Forest Lake staff regarding the city park/boat launch move project and working on identifying opportunities for shoreline restoration in the plans.</p>
<p>S10</p>	<p>Budget and re look at the many FL possible WP BMPs identified many years ago to pick up the 100 + lbs of P reduction needed if other new opportunities can't be identified from ongoing stream monitoring?</p>	<p>The District has several projects/programs in line to achieve further improvements and water quality protection for Forest Lake. The cost-share program, shoreline restoration projects, land management practices, and future flood mitigation practices will achieve multiple benefits, including phosphorus reduction. Stream monitoring is ongoing and will inform success in addressing nutrient loading from key subwatersheds such as Washington Judicial Ditch 6 and Castlewood.</p>



**MEMORANDUM**  
 Comfort Lake-Forest Lake Watershed District

<b>Manager Anderson's Comments</b>		<b>Responses</b>
A1	List all dedicated fund accounts in the 2000 GL code series	Attached.
A2	Provide a separate sheet (not connected to the allocated Excel sheets) with the pre-allocated amounts for the overhead expenses.	Attached. Depending on the Board's decision regarding administrator succession and new staff hiring, the Board may want to consider increasing the Total Staff Wages/Benefits budget from \$990,000 to \$1.06-\$1.09 million. Consider shifting levy funds toward this expense and make other expense line items contingent upon grant funds in order to balance the budget.
A3	Provide a separate sheet for projects not shown, but that staff (including engineers) will be working on for grant funding in 2025.	Attached, per item #5 in Table 1 above.
<b>CAC Members' Comments</b>		<b>Responses</b>
C1	My main concern is in the 'What's Not in Budget – But Still Planned' category [from the presentation] and the impact of this on future levies.	Board to discuss.  Items include: new office, land acquisitions, new projects
C2	The Estimated Debt Service Levy increases to cover current loans A, B & C are projected to increase just over 35% by 2030 (from 2024 levy rate). This does not include the potential \$500K loan mentioned in Expense Revenue Summary	Board to discuss.
C3	Also does not include major projects in discussion such as land acquisition and office space	Board to discuss.





**MEMORANDUM**  
 Comfort Lake-Forest Lake Watershed District

C4	You've referenced grants will be used to cover some of these costs, however most grants require a 10-25% local match. Is that accounted for in the budget?	Some match funds are provided in the draft budget for future projects under the 5000 section. Grant and associated match amounts for future land acquisitions and office space are unknown at this time. The Lessard-Sams Outdoor Heritage Fund grant program, which may be used for conservation acquisitions, does not have a minimum match (but leveraged funds make a grant application more competitive).
C5	Last, I feel the best way to get feedback on the budget would be to send it out to the Lake Association Boards within the District.	Board to discuss.
C6	The 5.3% levy increase seems high to me when the target indicated on Page 9 [of the presentation] is 3%.	There is no increase in levy proposed for 2025 at this time. Difference between budget and actual is due to delinquent taxes. Average estimate for delinquent taxes = 0.5% of levy. The Board may wish to consider increasing the levy in 2026 and beyond to balance the lack of incoming loan revenues.
C7	On Page 5 [of presentation], I would like to see a comparison to 2023 Audit and 2024 Estimated Y/E to provide context.	This is provided on page 4 of the Draft Budget.
C8	On Page 7 [of presentation], we need more clarification about "loan savings". This is not clear to me. I would also like to see more about uses of loan proceeds, specific to Loan C.	This was discussed during the presentation – the loan savings are a portion of the levy that has been set aside since 2022 to provide a buffer once loan C repayments begin in 2026. Loans were used primarily for increased capacity for project implementation. Loan C is being used for engineering costs, feasibility studies, and a portion of match for projects closed out this year and being installed in the next two years.



## MEMORANDUM

Comfort Lake-Forest Lake Watershed District

C9	On Page 9 [of presentation], I would like to see historical FTEs, to again add context.	Approx. staff FTEs by year: <ul style="list-style-type: none"><li>• 2024 est: 10.2</li><li>• 2023: 10</li><li>• 2022: 9.6</li><li>• 2021: 10</li><li>• 2020: 8</li><li>• 2019: 6</li><li>• 2018: 5.5</li><li>• 2017: 4.5</li><li>• 2016: 3.5</li><li>• 2015: 2</li><li>• 2014: 1.1</li><li>• 2013: 1</li></ul>
----	---	--