

1 **DRAFT MINUTES OF THE SPECIAL MEETING OF THE**
2 **COMFORT LAKE–FOREST LAKE WATERSHED DISTRICT**
3 **Wednesday, April 24, 2024**
4

5 **1. Call to Order**
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7 President Schmaltz called the April 24, 2024, special board meeting to order at 5:00 p.m.
8 at the Comfort Lake–Forest Lake Watershed District offices, 44 Lake Street South, Suite A,
9 Forest Lake, MN.
10

11 **Managers Present:**

12 Steve Schmaltz, President
13 Christopher Loth, Vice President (virtual attendance)
14 Jackie Anderson, Treasurer
15 Douglas Toavs, Assistant Treasurer (virtual attendance)
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17 **Managers Absent:**

18 Dave Bakke, Secretary
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20 **Staff Present:**

21 Mike Kinney, Administrator
22 Emily Heinz, Planning Coordinator
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25 **2. 2023 Yearend General Fund Transfer**
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27 The purpose of this item is to balance the District’s General Fund as of 2023 yearend.
28 Treasurer Anderson indicated that she discussed this topic with Administrator Kinney
29 and the District Auditor as part of the 2023 audit.
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31 President Schmaltz moved to amend the 2023 yearend General Fund to \$105,000 and to
32 transfer \$368,998 from the Program and Project Implementation to the General Fund.
33 Seconded by Manager Anderson. Upon a roll call vote, the motion carried 4-0.
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Manager	Aye	Nay	Absent	Abstain
Dave Bakke			X	
Christopher Loth	X			
Doug Toavs	X			
Jackie Anderson	X			
Stephen Schmaltz	X			

37 **3. 2023 Yearend Reports**

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39 President Schmaltz indicated that he has reviewed Manager Anderson’s comments on
40 the 2023 Annual Report. He had prepared a 3–page summary recommending which
41 comments to incorporate and which comments not to incorporate. He noted a redlined
42 draft of the annual report is available on the board packet webpage which incorporates
43 these comments. President Schmaltz recommended the Board discuss the changes
44 during this meeting and be prepared to approve the report at the April 25th regular board
45 meeting so that staff can submit the report to the State by the April 29th deadline.
46 President Schmaltz indicated that managers must provide their comments by the
47 agreed upon deadline so that work can proceed on schedule.

48
49 Manager Anderson indicated she was concerned about how many working hours were
50 indicated in the “Staff” section of the report. Administrator Kinney explained that the
51 standard working year is estimated at 1,800 hours. The working year would be 2,080
52 hours if staff never took holidays or vacations (i.e., 52 weeks x 40 hours = 2,080 hours).
53 The 1,800–hour working year reflects the 13 holidays that the District observes and at least
54 21 paid time off (PTO) days that all employees start with (note that PTO accrual rates
55 increase with the employee’s tenure, so many employees have more than 21 PTO days
56 per year). Manager Anderson and President Schmaltz directed staff to leave Beth
57 Carreño’s name within the staff table on page 10, but to remove her contact information
58 since she resigned in April 2024.

59
60 Manager Anderson indicated she is concerned about the budget figures and how loan
61 is represented. She made note of the comment in the draft report explaining that the
62 District Auditor (Abdo) represents the loan separately from “revenue” because the loan
63 is not considered revenue. Manager Anderson stated that the District Auditor can make
64 recommendations, but it cannot dictate how the District operates. She indicated that
65 she would arrange a call with the District Accountant (Redpath) and Ms. Heinz tomorrow
66 to clarify how loan proceeds should be represented in the financials.

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68 **4. Administrator Succession Planning**

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70 The Board discussed three potential routes to prepare for Administrator Kinney’s
71 anticipated retirement in 4–5 years: hiring an Assistant Administrator, hiring a Business
72 Manager, or promoting from within.

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74 **Hire an Assistant Administrator**

75 President Schmaltz indicated that HR consultant, Ellen Hinrichs, has drafted a position
76 description for the Assistant Administrator position. The position description is modeled
77 after one from the Capitol Region Watershed District.

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Hire a Business Manager

Manager Anderson recommended the District focus on hiring a Business Manager. Capitol Region WD has experience with both an Assistant Administrator and a Business Manager. Manager Anderson explained that a Business Manager would generally be responsible for the running of the office and the business side of District operations. She clarified that the position would be similar to the work the Senior Program Manager was doing, but more heavily focused on the business side of things. Focus areas would include:

- New office space search and move, including arranging professional services to assist in the process
- Oversee the staff and make sure they are productive every day and fulfilling the mission of the District
- Maintain the records and upkeep of the District bylaws, procedures and protocols
- Play an integral role in staff offboarding and onboarding
- Be involved in the monthly accounting and coordinate with other staff on annual budgeting
- Keep track of the District’s projects and maintain a list of contractors and vendors

Manager Anderson stated she would like the Business Manager candidate to have business management experience and accounting experience. She recommended that the Business Manager could help the District establish a direct connection to the accounting system (Sage) as opposed to the current process of transmitting monthly financial information to the District Accountant via Excel spreadsheet.

President Schmaltz asked what parts of the budget process would be handled by the Business Manager. Manager Anderson clarified that the budget development is a collaborative process by nature, and the Business Manager would work closely with existing staff. President Schmaltz asked how involved the Business Manager would be in programming. Manager Anderson stated their involvement in programming would be from the personnel management perspective. She explained that the Business Manager position would relieve the Administrator from the day-to-day side of management. This would create more time for the Administrator to do more relationship building with partners, looking at new research for water quality improvements, etc. President Schmaltz indicated he would like to evaluate the cost-benefit of hiring an employee like this, which would likely have a relatively high salary. Manager Anderson indicated the main goal is to relieve the Administrator of his day-to-day responsibilities and to increase the District’s access to financial information.

Manager Loth indicated this position sounds like it would require a candidate with strong skills in operations and with a business background. He noted an operations-focused candidate wouldn’t expect to be involved in technical work.

122 Manager Toavs indicated that an Assistant Administrator could take on the accounting
123 software issue right away. He stated that, regardless of business background, Assistant
124 Administrator candidate should generally be able to identify a problem and figure out
125 how to solve it.

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127 Administrator Kinney stated that the District has a professional staff which are capable
128 of managing their day-to-day schedules. He indicated there is an opportunity for the
129 new Business Manager/Assistant Administrator to provide support and mentoring. He
130 recommended that the Board consider the difference between a more of a business-
131 oriented person vs a technical/engineering-oriented person. Mr. Kinney mentioned that
132 Cultivate Advisors is a consulting firm which may assist the District with this sort of
133 visioning. Mr. Kinney noted that the search for a new office space requires a significant
134 time commitment. He indicated that the person in this role would benefit from being able
135 to engage with staff on technical topics; this might be a challenge for a more business-
136 oriented person.

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138 [Manager Loth left the meeting]

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140 Manager Anderson noted that Abdo performs salary surveys. President Schmaltz and
141 Manager Anderson agreed it would be helpful to review the job descriptions from Capitol
142 Region Watershed District.

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144 **Promote from Within/Leverage Existing Staff**

145 Administrator Kinney said the downside of this option is that it takes away from their
146 day-to-day duties. He noted that Emily Heinz and Blayne Eineichner are filling in some of
147 the supervisory/staff support duties that were previously fulfilled by Beth Carreño. There
148 are trade-offs to consider because this means other work won't get completed.
149 President Schmaltz suggested that some people may appreciate the opportunity to
150 move up within the organization so that they are more marketable for other positions.
151 Manager Anderson stated that the reason staff are good at what they do is because
152 they love what they do. She indicated that shifting the employee's role could potentially
153 take them away from the work they love doing, and it may not be a good fit. Manager
154 Anderson suggested any shifting with existing staff should be a natural fit – e.g., not
155 taking a technical-oriented staff person and trying to shoehorn them into a business
156 manager role.

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158 President Schmaltz noted that some existing staff members have grown and shifted their
159 role through their time at the District. He noted that when Ms. Heinz first started at the
160 District, she was focused on more administrative tasks, and she has since grown into
161 other responsibilities. He stated that if the employees don't have an interest in fulfilling
162 the Assistant Administrator/Business Manager role, then that's fine too.

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164 Manager Toavs explained that, in his experience, people often choose a career path right
 165 out of college, and their interests and priorities may shift over the course of their career.
 166 He stated that the District can't expect an employee to stay in the same exact position
 167 for their entire career. He indicated that there might be an existing staff member who
 168 could be interested in the role. He said the organization needs to evolve over time, and
 169 the people can evolve with it. Manager Toavs indicated that it's healthy to envision
 170 opportunities beyond the prescribed role that the employee was originally hired for.
 171 Manager Anderson stated that the opportunity to grow has always been present at the
 172 District.

173
 174 President Schmaltz suggested the District should look at how Capitol Region Watershed
 175 District handled their succession plan. Administrator Kinney noted that the Capitol
 176 Region Watershed District's budget is at a different scale than CLFLWD – Capitol Region
 177 WD's levy is \$10 million, and total budget is \$12 million. President Schmaltz suggested
 178 reaching out to other watershed districts that are similar size and scale to CLFLWD.
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180 Follow-up actions were summarized:

- 181 - Cultivate Advisors will give a presentation at the board meeting on April 25th
- 182 - Mr. Kinney will distribute Capitol Region WD's job descriptions to the managers
- 183 - Mr. Kinney will look into other watershed districts' staff structures and succession
 184 plans
- 185 - Manager Anderson indicated she will set up a call with Redpath CPA, Mark Gibbs
 186 and Ms. Heinz to review how to handle the loan revenue on the financial statement.
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188 **5. Adjourn**

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 190 **a) Next regular board meeting – April 25, 2024, 6:30 pm**

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 192 Manager Anderson moved to adjourn the meeting. Seconded by Manager Toavs.
 193 Upon a roll call vote, the motion carried 3-0, and the meeting was adjourned at 6:18
 194 p.m.
 195

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

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 197 Dave Bakke, Secretary -----