

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

5   **1. Call to Order**  
6

7           President Schmaltz called the July 24, 2024, special board meeting to order at 5:30 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 (virtual attendance)  
13   Christopher Loth, Vice President (virtual attendance)  
14   Jackie Anderson, Treasurer (virtual attendance)  
15   Douglas Toavs, Assistant Treasurer (virtual attendance)  
16   Dave Bakke, Secretary (virtual attendance)  
17

18   **Staff Present:**

19   Mike Kinney, Administrator  
20   Emily Heinz, Planning Coordinator  
21   Tori Philippi, Office Manager  
22

23   **2. Budget Workshop**  
24

25           President Schmaltz indicated he had several items for staff to present. Emily Heinz  
26           displayed the materials and provided an overview.

- 27
- 28           • Expense–Revenue Recap: currently shows levy unchanged at \$1.7 million,  
29           expense budget of \$3 million, and an estimated 2025 ending fund balance of  
30           \$924,627.
  - 31
  - 32           • Table of Potential Budget Revisions: includes an increased staff budget to \$1.226  
33           million per Manager Anderson’s comments at the last meeting, and revisions to  
34           the cost–share and education programs to include a recently awarded grant.
  - 35
  - 36           • Budget Overview: shows the formatting change discussed at the first board  
37           workshop to put Land Acquisition & Management in a new 6000 category, and  
38           includes the proposed revisions shown in the Table of Potential Budget Revisions.
  - 39
  - 40           • Budget Finalization Timeline: staff recommends scheduling the budget public  
41           hearing on August 22<sup>nd</sup>, which means submitting the public notice to  
42           newspapers by August 2<sup>nd</sup>. The newspaper notice must include the proposed

43 expense budget and levy amounts, but it does not bind the District to these  
44 amounts. The Board may change the budget or levy however it wants prior to  
45 the September 15<sup>th</sup> levy certification deadline. If the Board wishes to change the  
46 levy after it has been certified in September, it may only lower the amount, and  
47 certify it as final in December.  
48

49 Manager Anderson indicated that she does not like how low the expense budget is  
50 projected to be in this draft budget scenario. She also indicated the District should show  
51 all potential grants and associated project expenditures in the budget, even if the grants  
52 aren't yet confirmed. She indicated that the District's budget should convey to the public  
53 what the District plans to do that year. That is, readers shouldn't have to look for pending  
54 grant information in an appendix, but all grant information should be included in the  
55 budget itself. Manager Anderson indicated the District is seeking funds for the office  
56 space, greenway corridor, and flood mitigation projects; the expense budget should be  
57 increasing compared to previous years, not decreasing. She indicated the District should  
58 increase its levy and increase grant revenues in order to balance the budget.  
59

60 President Schmaltz noted that the District's practice, as advised by the District  
61 Accountant, has been to add grants to the budget only when they are confirmed. If a  
62 pending grant isn't awarded, and the budget includes revenues that don't pan out, then  
63 the budget doesn't balance.  
64

65 The Board asked Ms. Heinz to provide an overview of grant seeking and project  
66 development efforts. Ms. Heinz explained that the staff's recommendation is to focus on  
67 completing the Floodplain Vulnerability Analysis, which will help identify the best ways to  
68 mitigate flooding in the most vulnerable parts of the watershed. She noted the District  
69 has a wealth of data that it has collected over the years; this information can then be  
70 cross-referenced with the flood mitigation data to identify projects that provide multiple  
71 benefits (e.g., water quality protection, wildlife habitat, wetland restoration). She  
72 indicated that the District could proceed with a number of projects right away with the  
73 data it has (e.g., the District identified the top 25 wetland restoration/protection projects  
74 as part of the Natural Resource Inventory last year). However, she recommended that  
75 the Floodplain Vulnerability Assessment data will provide the highest priority benefits,  
76 which should be the top priority to guide project targeting (i.e., flood mitigation). She  
77 explained that the District is making good progress with the Floodplain Vulnerability  
78 Assessment – modeling is underway and showing promising results, the District was  
79 successful in a grant application to fund additional modeling and community  
80 engagement efforts.  
81

82 Ms. Heinz provided an overview of grant seeking efforts and recent grant awards. In 2025,  
83 the District has a high probability of earning \$428,538 in grant revenue, a medium  
84 probability of earning \$2,442,000 in grant revenue in either 2024/ or 2025, and the  
85 potential for an additional \$250,000 in grant revenues pending award. She noted that

86 the Heath Iron Enhanced Sand Filter project preliminary design is underway, and the  
87 estimated construction cost of that project will have a significant impact on grant  
88 requests.

89  
90 Manager Anderson recommended the District consider a 24% levy increase from 2024  
91 to 2025. She proposed alternatives such as a 12% annual increase over two years, or a  
92 6% annual increase over four years.

93  
94 President Schmaltz noted the Citizen Advisory Committee recommended the District  
95 increase its levy incrementally over the years, as opposed to having large jumps and  
96 plateaus. He indicated smaller increases might be more palatable for taxpayers. He  
97 recommended the District take a balanced approach by increasing its levy  
98 incrementally and using the District's reserve fund to cover the balance. Manager Bakke  
99 supported this approach as opposed to taking out an additional loan. Manager Toavs  
100 indicated he was in support of an even-handed approach and incremental increases to  
101 the levy.

102  
103 Manager Bakke moved to increase the levy by 5% and use the reserve fund to cover the  
104 balance. Seconded by Manager Toavs.

105  
106 Ms. Heinz asked if the Board still wishes to take out the planned Clean Water Partnership  
107 "Loan D" in the amount of \$500,000. President Schmaltz indicated that is still the plan.

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109 Upon a roll call vote, the motion carried 4-1.

110

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

111  
112 Ms. Heinz summarized next steps. Staff will submit the August 22<sup>nd</sup> budget public hearing  
113 notice to the District's official newspapers indicating a proposed expense budget of  
114 \$3,036,496 and a proposed levy of \$1,805,843 (a 5% increase compared to 2024). She  
115 noted the next budget workshop is scheduled for August 6<sup>th</sup>.

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### 117 3. Adjourn

118

119 a) Next regular board meeting – July 25, 2024, 6:30 pm

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121  
122  
123

Manager Bakke moved to adjourn the meeting. Seconded by Manager Toavs. Upon a roll call vote, the motion carried 5-0, and the meeting was adjourned at 7:00 p.m.

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

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Dave Bakke, Secretary \_\_\_\_\_