



43 Jerry Grundtner asked how the special levy would show up on property tax statements,  
44 and whether it would be clear that this was a special levy. President Anderson said it  
45 will appear as a separate sub-category on tax statements.

46  
47 President Anderson explained she wants to allocate all staff time under the General  
48 Fund, instead of portioning out to the Implementation Fund as its currently done. As  
49 such, the general fund levy would increase significantly in 2026, and the  
50 implementation fund levy would decrease proportionately.

51  
52 Manager Schmaltz stated that the District's projects have been very cost-effective and  
53 have saved millions of taxpayer dollars. The loans allowed the district to achieve these  
54 outcomes much faster than it would have otherwise been able to. Administrator Mike  
55 Kinney said the District comprises 0.5% of the state area served by the Minnesota Board  
56 of Water and Soil Resources, and has received 6% of the Projects & Practices grants.

57  
58 Mr. Grundtner said from a taxpayer standpoint, people are going to wonder why a 60%  
59 increase is needed. Randy Schumacher said we're in a financial hole as a result of all  
60 this work, so what is the District doing now to remedy this. Manager Schmaltz agreed  
61 with the idea that projects won't move forward unless there are grant monies to pay for  
62 the work.

63  
64 Mr. Schumacher asked if the board has considered spending some of its reserves to  
65 pay back the loan. President Anderson and Manager Schmaltz said the funds will be  
66 tight as they are. President Anderson explained the first levy payment doesn't come  
67 until the first week of July, so the District needs to cover its operating costs during the  
68 first six months of the year – the reserve fund's purpose is this.

69  
70 Ms. Friedrich said this situation is recoverable, and the district can position itself to pay  
71 back this debt and continue to do its work.

72  
73 Administrator Kinney said he asked the staff to look at some potential operating cost  
74 cuts and efficiency measures. He noted that the District could cut diagnostic  
75 monitoring from the budget and try to work with BWSR at a policy level to adjust the  
76 policies to allow grants to pay for monitoring. President Anderson said when you're  
77 already efficient, it's hard to find sizeable dollars that make a difference.

78  
79 Manager Schmaltz also presented his proposed budget scenario. This proposal  
80 includes a levy increase of 20 percent in 2026, with smaller increases in the following  
81 years. By 2029, the levy would not need to increase at all and could be given back to  
82 the taxpayers with a -7.2 percent increase in 2030. Instead of a sudden 60 percent  
83 increase, the levy would increase gradually over time.

84

85 Manager Schmaltz said a 20 percent levy increase may be more palatable to  
86 taxpayers than a 60 percent levy increase in 2026.

87  
88 President Anderson said the District should have increased its levy in past years, but  
89 Manager Schmaltz said the CAC advised against it. Mr. Grundtner said the City of  
90 Forest Lake is looking at a 16 percent levy increase, and Washington County is  
91 considering 6.4 percent. He was concerned it may be difficult for a taxpayer to swallow  
92 when there are multiple levy increases in the area. President Anderson said the District  
93 is a small entity, and a 60 percent levy increase isn't that much more money  
94 compared to the taxes levied by the city and other entities. Mr. Grundtner said the  
95 majority of residents don't know what the watershed is and will want to know why it will  
96 be taking a larger chunk out of their property taxes.

97  
98 The public hearing will be announced in the newspaper, but Mr. Schumacher noted  
99 that the district has had low attendance at budget public hearings in the past. Mr.  
100 Grundtner said that a 60 percent increase will be noticeable to the average property  
101 owner. He urged the district to be cautious of the repercussions of such a large  
102 increase.

103  
104 Manager Loth indicated he advocated for a higher levy increase last year, and it would  
105 have put the district in a better position financially.

106  
107 Mr. Schumacher asked what the large FY25 expense under land acquisition is for.  
108 Administrator Kinney explained that District was awarded a Lessard-Sams Outdoor  
109 Heritage Council grant to purchase the Bone Lake South Property, and a purchase  
110 agreement has been attained. Ms. Heinz noted that the District received two grants for  
111 this acquisition.

112  
113 President Anderson said she spoke to the Chisago County auditor, who indicated the  
114 District may certify its levy by September 30. The administrator must send an email  
115 requesting the deadline of September 30.

116  
117 President Anderson moved to ask the counties for permission to submit the 2026 budget  
118 on September 30 instead of September 15, under the small entity clause. Seconded by  
119 Manager Toavs. Upon a roll call vote, the motion carried 4-0.

120

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

121 Tom Furey indicated that he was not aware of the sense of urgency with respect to the  
122 debt position last year. He indicated this is helpful context.

123  
124 Administrator Kinney said that a proposed budget and levy must be established to be  
125 published in the public hearing legal notice. He asked if CAC members had an opinion  
126 on cutting expenses on any of the District's programming.

127  
128 Manager Toavs indicated that the importance of clean water and the District's work is  
129 justification for levy increases.

130  
131

### 132 **3. Adjourn**

133

134 **a) Next regular board meeting – August 14, 2025, 6:30 pm**

135

136 Manager Schmaltz moved to adjourn the meeting. Seconded by Manager Toavs. The  
137 meeting was adjourned 7:43 p.m.

138

139 Dave Bakke, Secretary -----

140