

42 One of the largest project expenses projected for 2026 is the Heath Avenue Iron
43 Enhanced Sand Filter. Manager Bakke requested more information about how the
44 District will pay for these expenses. Planning Coordinator Emily Heinz explained that the
45 District has obtained a large grant to cover a portion of the funding but will also need
46 to provide a federal or local match. This could be obtained through the Section 319
47 Small Watersheds Focus Grant that the District receives annually, but due to
48 uncertainty at the federal level, this grant may not be issued in 2026. If that is the case,
49 the District has the option to delay the project until funding can be obtained or find
50 some other means of covering the needed match.

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52 President Anderson advocated for a 60 percent levy increase, citing the immediate
53 impact that the increase will have instead of increases that are drawn out over several
54 years. She also pointed out that the increase will affect different areas differently;
55 residents in Chisago and Washington counties may see completely different numbers
56 on their tax statements due to the differences in each county's tax base. She also
57 explained that the immediate increase would allow the District to gradually reduce
58 future levy increases and create a more stable position to support operations without
59 taking out additional loans. She agreed that the large increase may be tough to
60 explain to the public but said it will make sense if taxpayers look more closely at the
61 cost breakdown by month.

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63 Manager Schmaltz pointed out that the majority of District taxpayers don't own
64 lakefront property and may not see as much value in such a large levy increase.
65 President Anderson responded that the tax burden will likely be lower on most of those
66 individuals anyway, since lake homes tend to have the highest property values.

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68 Manager Schmaltz pointed out that when looking ahead to future years, the 60 percent
69 proposal would put the levy total higher in the year 2034 than it would be under the
70 proposed 23.7 percent increase.

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72 President Anderson responded that her highest priority was to remedy the District's
73 negative net position as soon as possible.

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75 Manager Toavs quickly calculated future impacts of each of the scenarios, finding that
76 with the 60 percent scenario, the levy would rise 60.6 percent above its current position
77 in the next 10 years. Under the 23.7 percent scenario, the levy would be at 32.3 percent
78 above its current position. He stated that this was concerning and pointed out that
79 each levy increase sets a new floor for following years.

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81 President Anderson responded that the Board can decide to lower its levy in future
82 years, but Manager Schmaltz stated that most taxpayers will not be looking at impacts
83 10 years down the road and will only care about how the levy will impact their taxes this
84 year.

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President Anderson recommended publishing the highest budget proposal—the 60 percent increase—in the legal public notice, since the Board has the option to lower the levy amount by December. Manager Schmaltz recommended the 23.7 percent increase scenario for discussion.

In looking more closely at the numbers, it was noted that the staff budget under the 60 percent scenario was estimated \$218,000 lower than in the other scenario. When this number was correctly factored into the budget projection, it showed that the levy would need to increase by 71.8 percent, not 60 percent, to produce the same result.

President Anderson said the numbers would need to be reviewed for accuracy with the CPA who helped create the proposal. Any inaccuracies could be corrected later during the budget process.

Manager Schmaltz called for a roll call vote to determine which budget proposal the Board supported more strongly.

Manager Bakke suggested a levy increase of 20 percent, lowering it from the 23.7 percent proposal. He expressed concern about the impact on homeowners and called for transparency between the Board and public.

Manager Toavs agreed that he did not like the idea of being on the receiving end of a 60 percent increase himself, not to mention imposing it on other residents of the District.

Manager Bakke was in favor of a 20 percent increase, Manager Schmaltz and Manager Toavs were in favor of the 23.7 percent increase, and President Anderson was in favor of the 60 percent increase.

Administrator Mike Kinney added that the Board did not need to select a single levy total; they could select an increase range to be announced to the public. Manager Bakke agreed that he would be ok with publishing a levy increase range and added that it would be a more transparent approach than starting with a high number with the potential of lowering it.

The Board agreed that the range would be between \$2,167,012 and \$2,233,828. This would make the total expense budget \$4,424,067, half of which will be funded by grants, levy, and other revenue.

Manager Bakke moved to state the levy range of \$2,167,012 to \$2,233,828 with an expense budget of \$4.4 million to be funded by grants, levy, and other revenues. Seconded by Manager Toavs. Upon a roll call vote, the motion carried 3-1.

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

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The Board confirmed Thursday, Sept. 25 Regular Board Meeting as the date for the budget public hearing.

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3. Adjourn

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a) Next regular board meeting – August 28, 2025, 6:30 pm

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Manager Bakke moved to adjourn the meeting. Seconded by Manager Schmaltz. The meeting was adjourned 7:47 p.m.

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Dave Bakke, Secretary _____

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