CLFLWD
WATERSHED DISTRICT

2026 Budget and CLFLWD Accomplishments to Date

September 25, 2025 Public Hearing

Mike Kinney, District Administrator

Native plants near Moody Lake

Expense-Revenue Summary

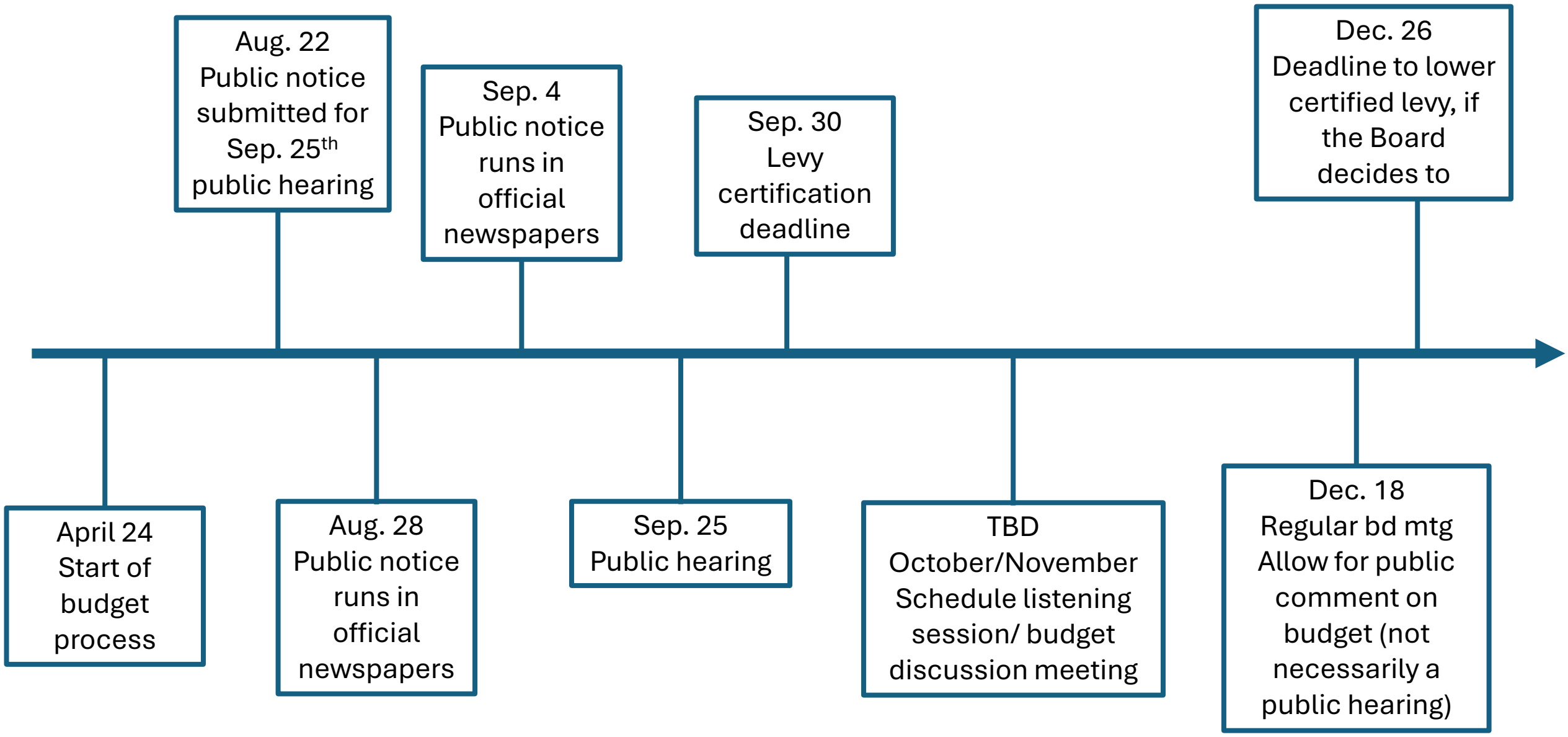
Expenses: $4.4 million

- Continue to offer variety of programs for water resources protection and improvement
- Implement 3 water quality improvement projects, with more in the hopper
- Project development for flood resiliency and greenbelt, pending grants
- Repayments on CWP Loans A, B, C, D

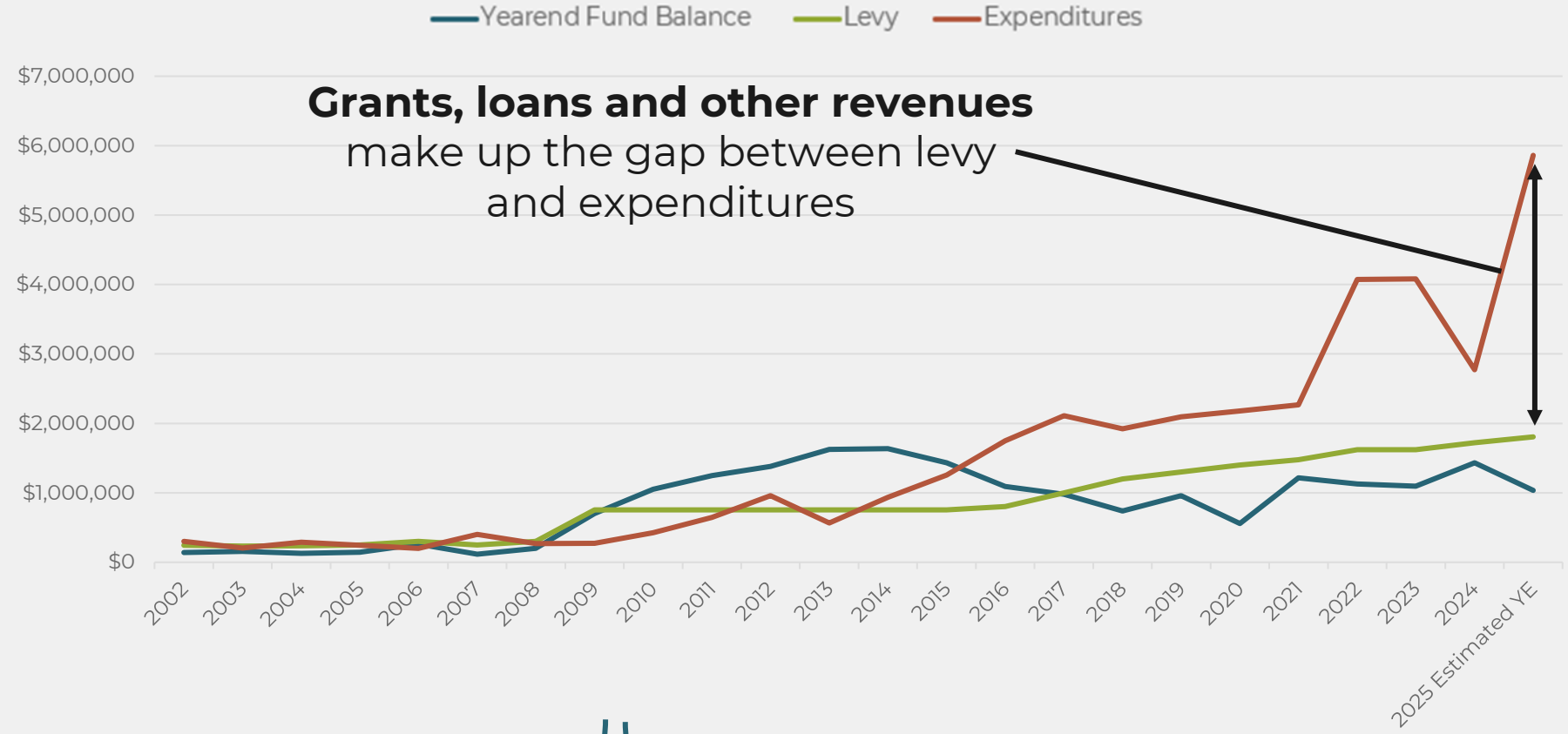
Revenues + Loan: $4.4 million

- Potential levy range from $2.1 to $2.2 million
- Multiple grants ($1.7 million) and partnerships/interest/other revenues ($180,000)
- Clean Water Partnership Loan E possible to balance budget (+/- $267,000)

Budget Timeline



Historical Budget Context



Grants, loans and other revenues make up the gap between levy and expenditures

Expenditures reflect $2.4 million in land acquisitions in 2025

Levy adjusted over time with tax impacts in mind

Fund balance rule of thumb: fund balance should be approx. 1/3 of expense budget

Planning Period
Collect data, build fund balance

Water Quality Implementation Period
Achieve major water quality improvements w/ targeted projects, used loan & grants to offset fund balance depletion

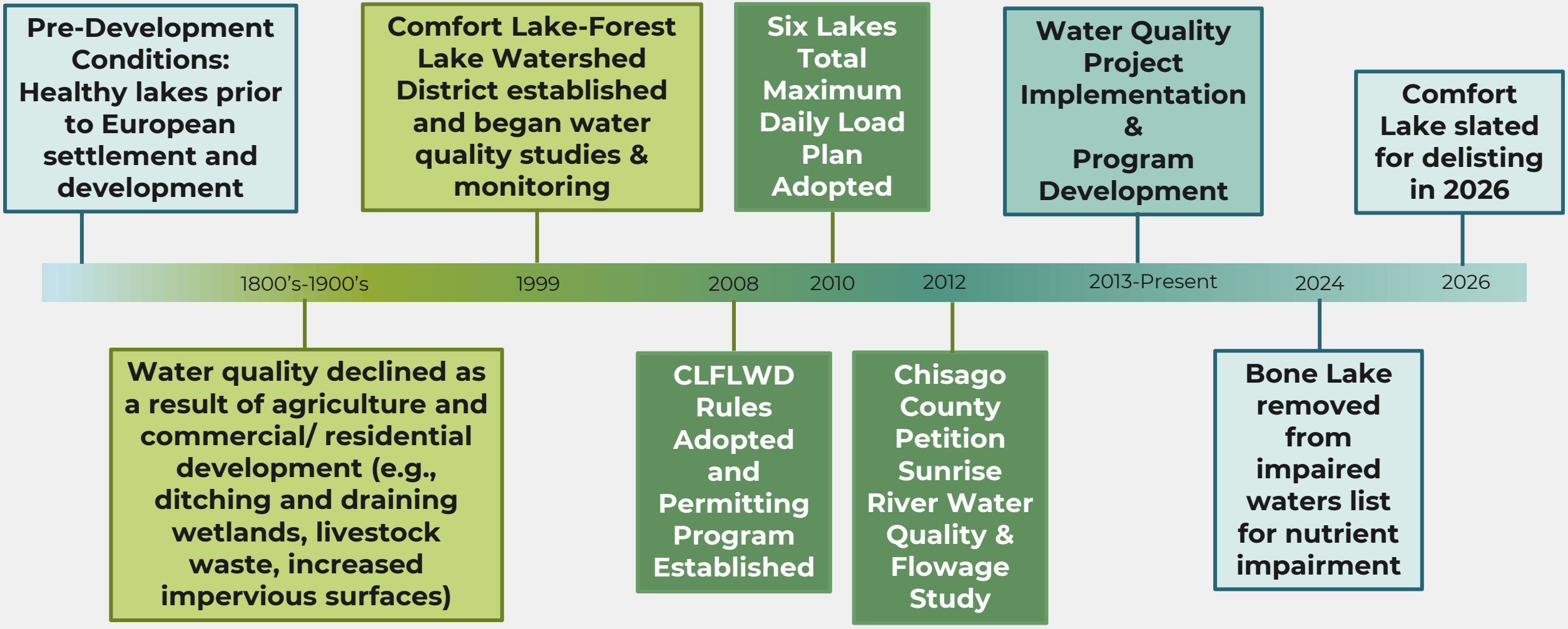
O&M & Climate Resiliency
Maintain projects, repay loans, continue to offer programs/services, leverage grants to implement additional projects

Current Tax Impact

Topic	Washington County	Chisago County
2025 Median Home Value	$415,400	$450,000
2025 Tax Impact	$200	$249

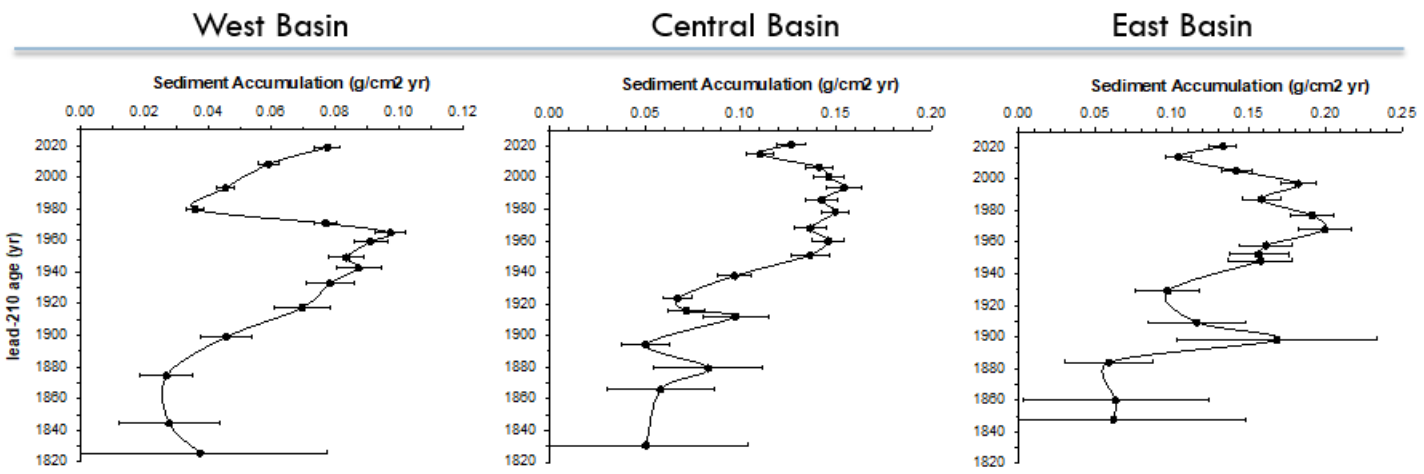
Watershed Accomplishments

Lake Health Over the Years



St. Croix Watershed Research Station Sedimentation History

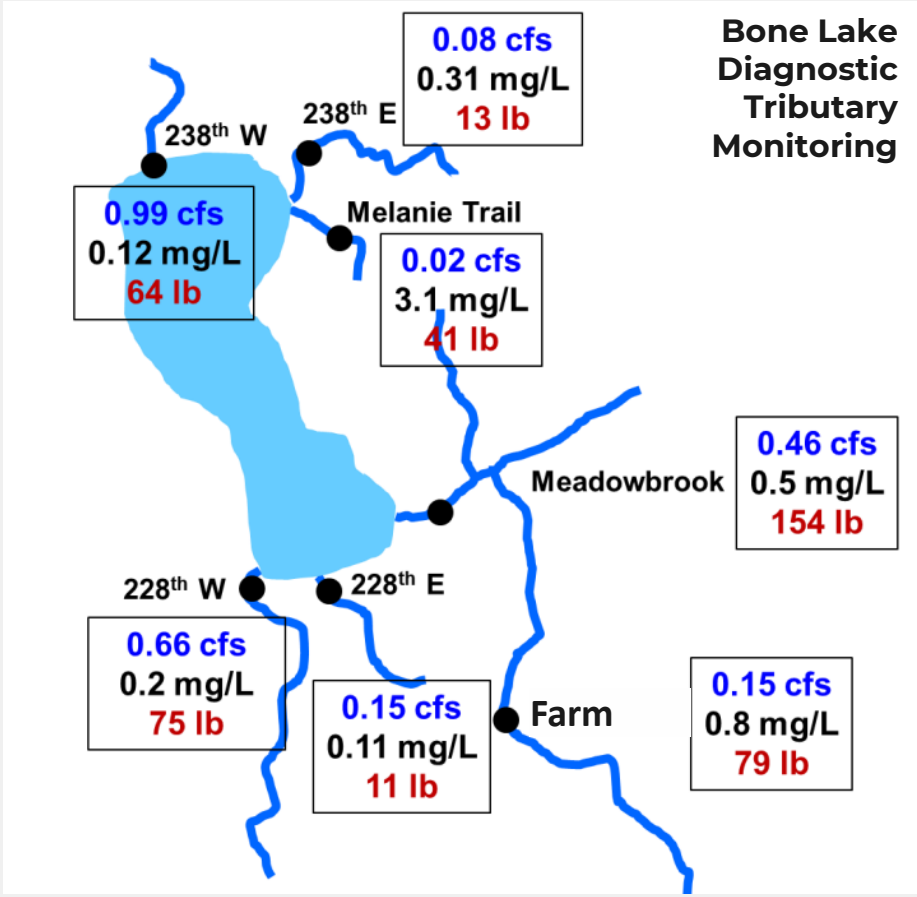
Sedimentation Rate – Forest Lake



- Sed rate highest in East basin, lowest in West basin.
- Increases in sed rate in all basins in late 1800s/early 1900s (consistent with Phase I and II lakes).
- Similar patterns in Central and East basins – both show declines in sedimentation in recent decades, with potential reversal of that pattern in most recent years.
- West basin shows steady rise in sed rate since the 1980s.

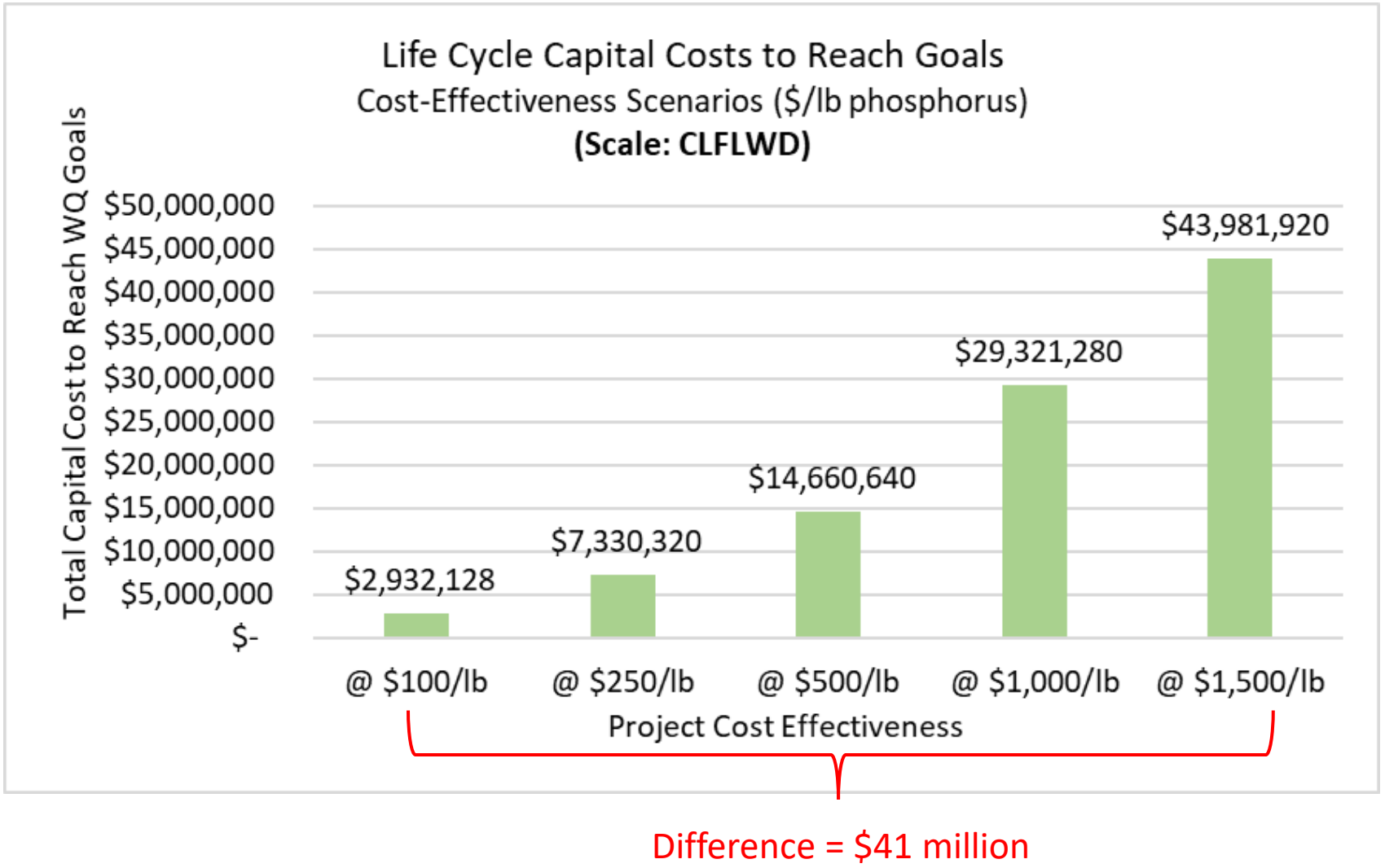
Data-Driven, Targeted Approach

- Pareto Principle (80/20 Rule): achieve 80% of the necessary pollutant load reductions with the best, most cost-effective 20% of projects
- Used monitoring data to target the highest nutrient loading sources
- Worked with local residents and other partners to implement the top priority projects to improve water quality
- Used Clean Water Fund, Section 319, and other grants to fund projects
- CLFLWD tax dollars and loans funded grant match and activities for which we couldn't get grants



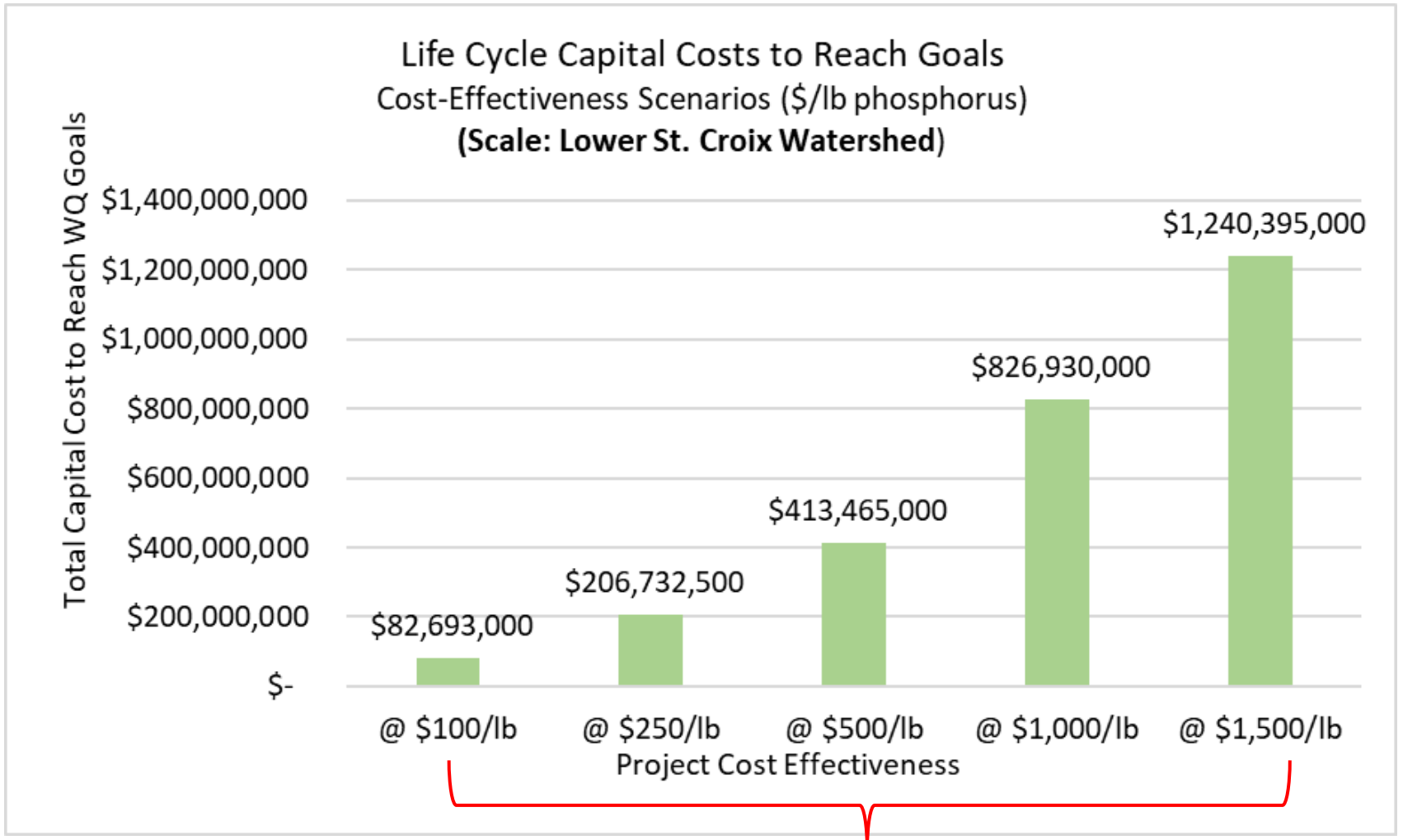
Average Project Cost/Lb of Phosphorus Removed: $200/lb

Cost-Effectiveness: CLFLWD



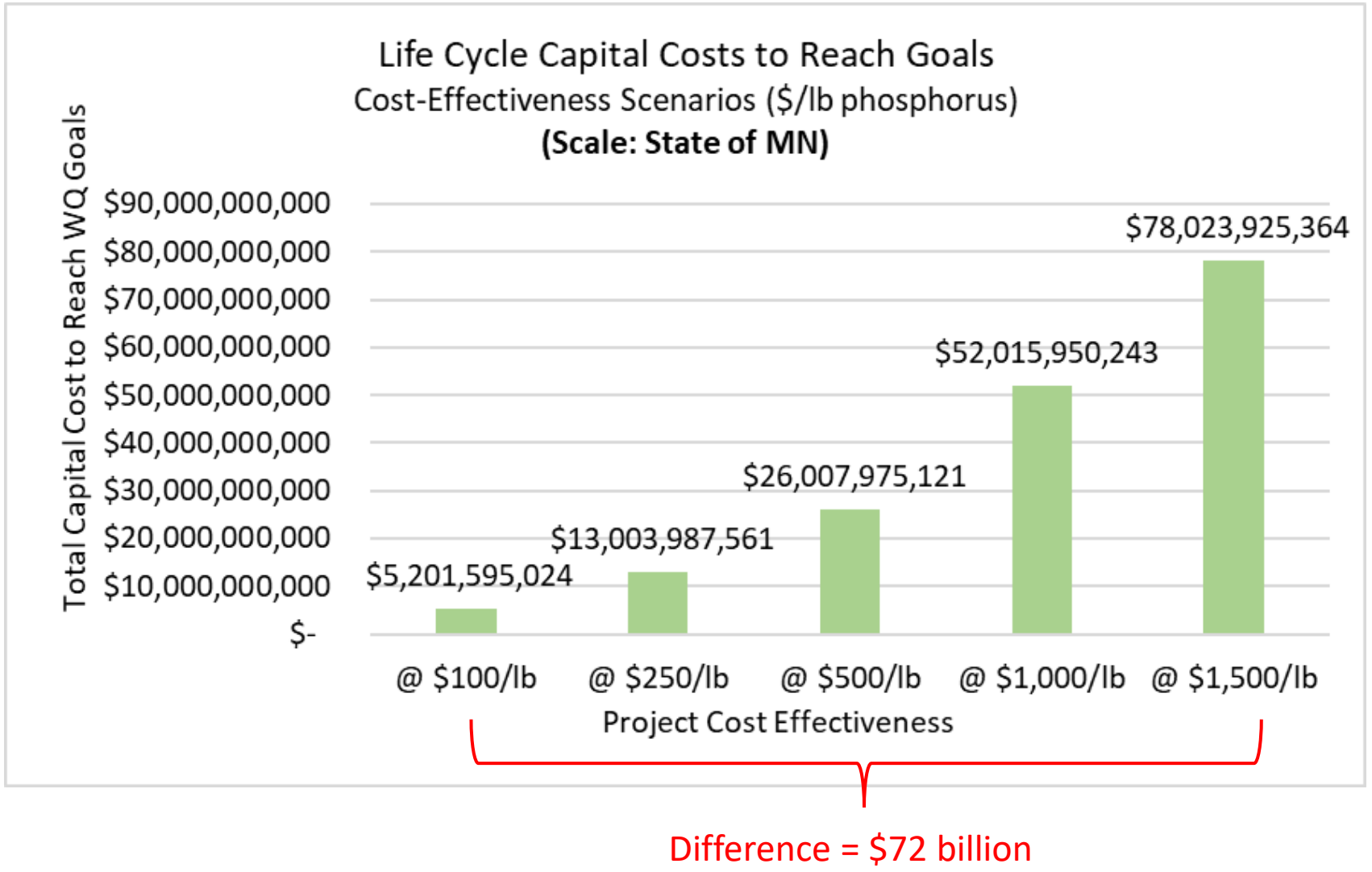
Estimated P load reduction = 2,932 lb/yr (CLFLWD Watershed Management Plan & 6-Lake TMDL)

Cost-Effectiveness: Lower St. Croix



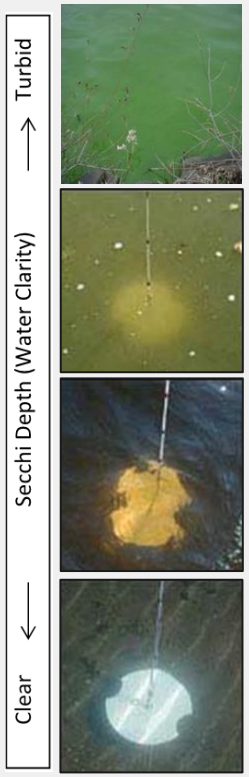
Estimated P load reduction = 82,693 lb/yr (Lake St. Croix TMDL)

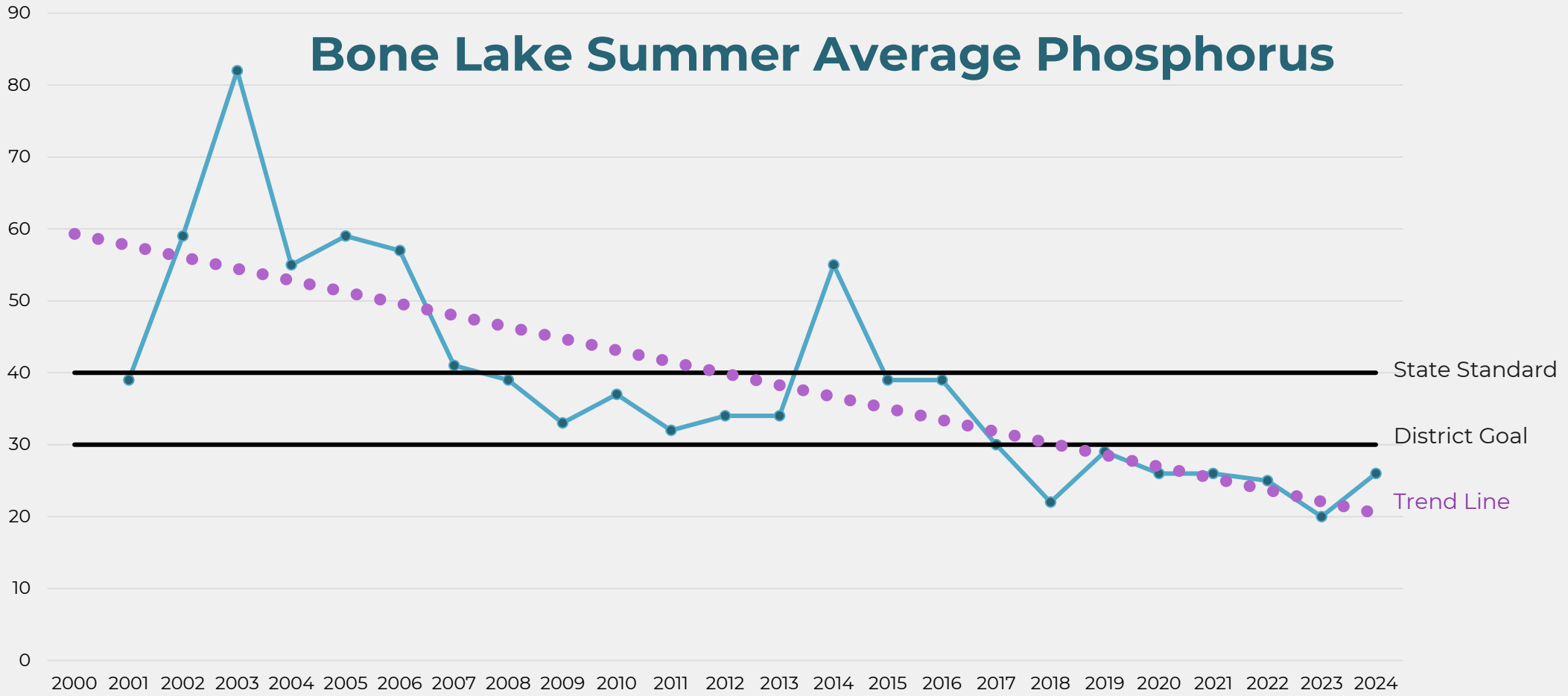
Cost-Effectiveness: Minnesota



Estimated P load reduction = 5.2 million lb/yr (Multiplier: MN = 1,774x sq mileage of CLFLWD)

Less Phosphorus = Less Algae = Better Clarity
We want to see phosphorus readings <u>below</u> the state standard and District goal





*Note that annual readings fluctuate with the weather and precipitation patterns. Long-term trends are the better indicator of improving lake health.

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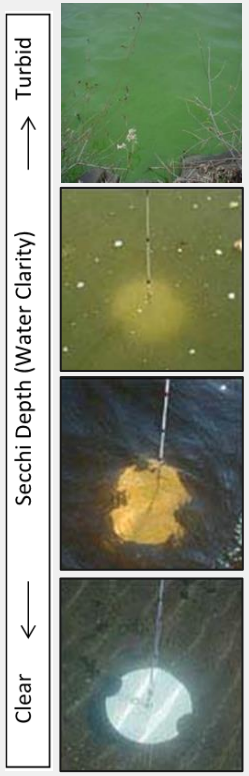

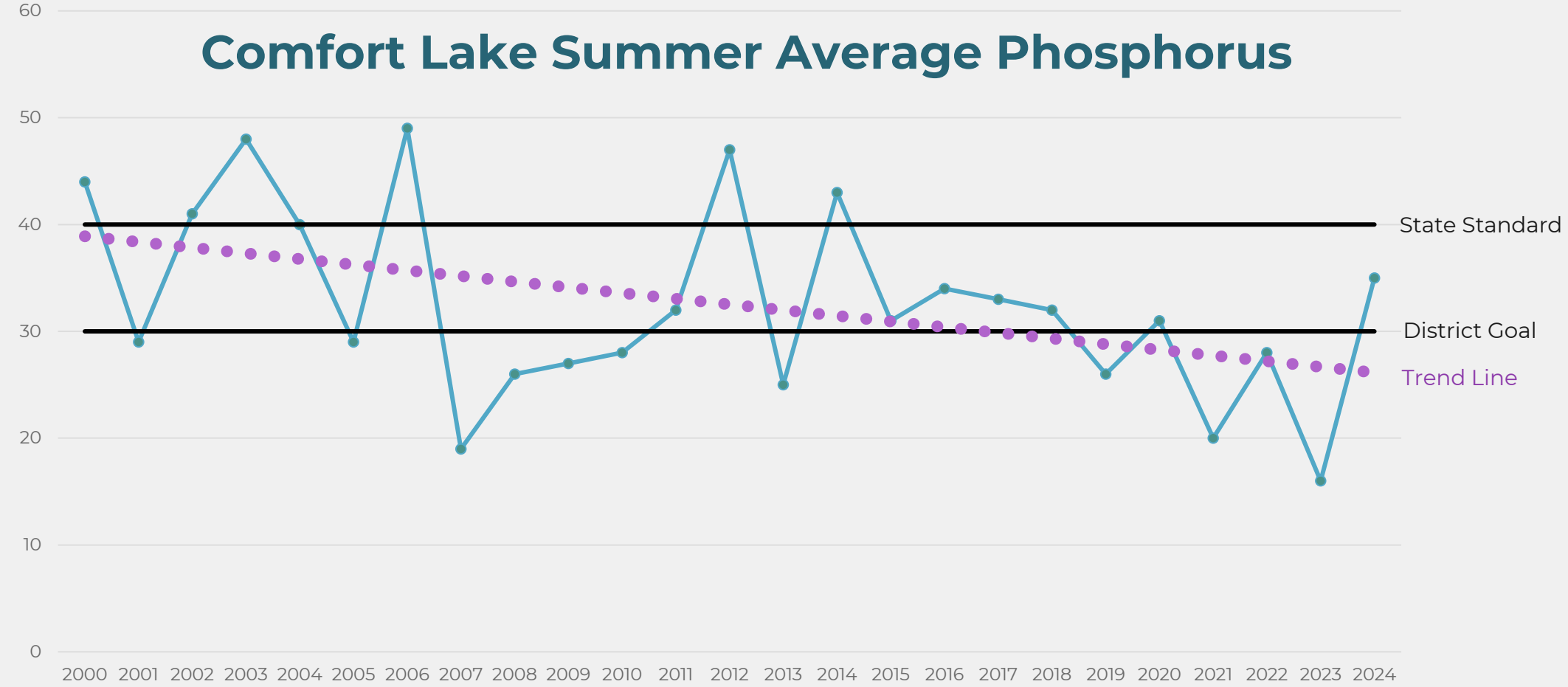

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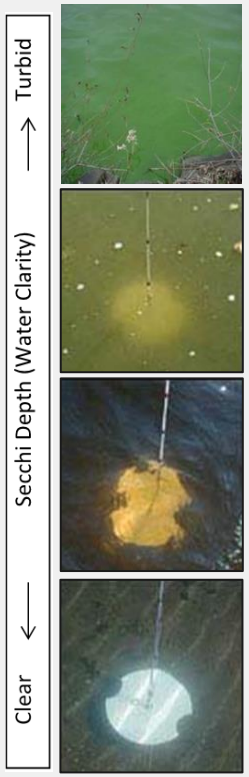

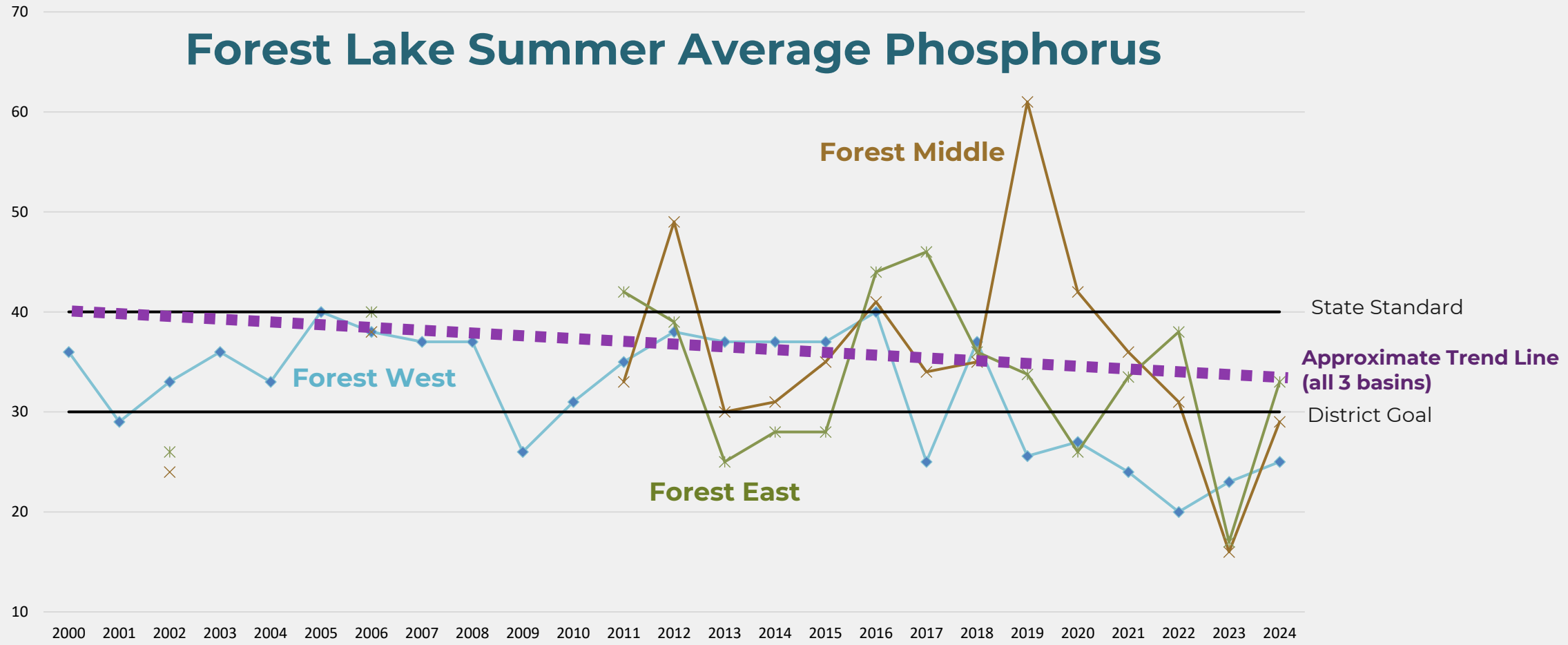

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Lake Water Quality Trends

- Water quality in our major lakes is measurably improving
- All major lakes are at state water quality standards and getting closer to District goals
- Original timeline to achieve long-term goals was 2040. We are well ahead of that schedule and have moved up the goal to 2031 (and likely even sooner)
- Additional projects in progress to make further improvements

Lake	Total Phosphorus Trend	Chlorophyll-a Trend	Secchi Disk Trend
Bone	Improving since 2015	**Significantly Improving since 2001**	**Significantly Improving since 1984**
Comfort	Improving since 1994	Improving since 1994	Improving since 1987
Forest – West	**Significantly Improving since 1984**	**Significantly Improving since 2001**	Improving since 1984
Forest – Middle	Improving since 2015	Improving since 2015	Declining since 2015
Forest – East	Improving since 2015	Improving since 2015	Declining since 2015
Keewahtin	**Significantly Improving since 1993** Improving since 2015	Improving since 2001	**Significantly Improving since 1974**
Little Comfort	Improving since 2015	**Significantly Improving since 2015**	Improving since 2006 **Significantly Improving since 2015**
Moody	**Significantly Improving since 2005**	**Significantly Improving since 2005**	**Significantly Improving since 2005**
Shields	**Significantly Improving since 1993**	**Significantly Improving since 2001**	**Significantly Improving since 1993**

Short-term trends are noted for the most recent 10-years (since 2015)

Long-term trends are noted for the period of record for each lake, with the earliest year noted.

Red represents a declining trend that is not statistically significant

Green represents an improving trend that is not statistically significant way

Blue represents an improving trend that is statistically significant

Budget Highlights

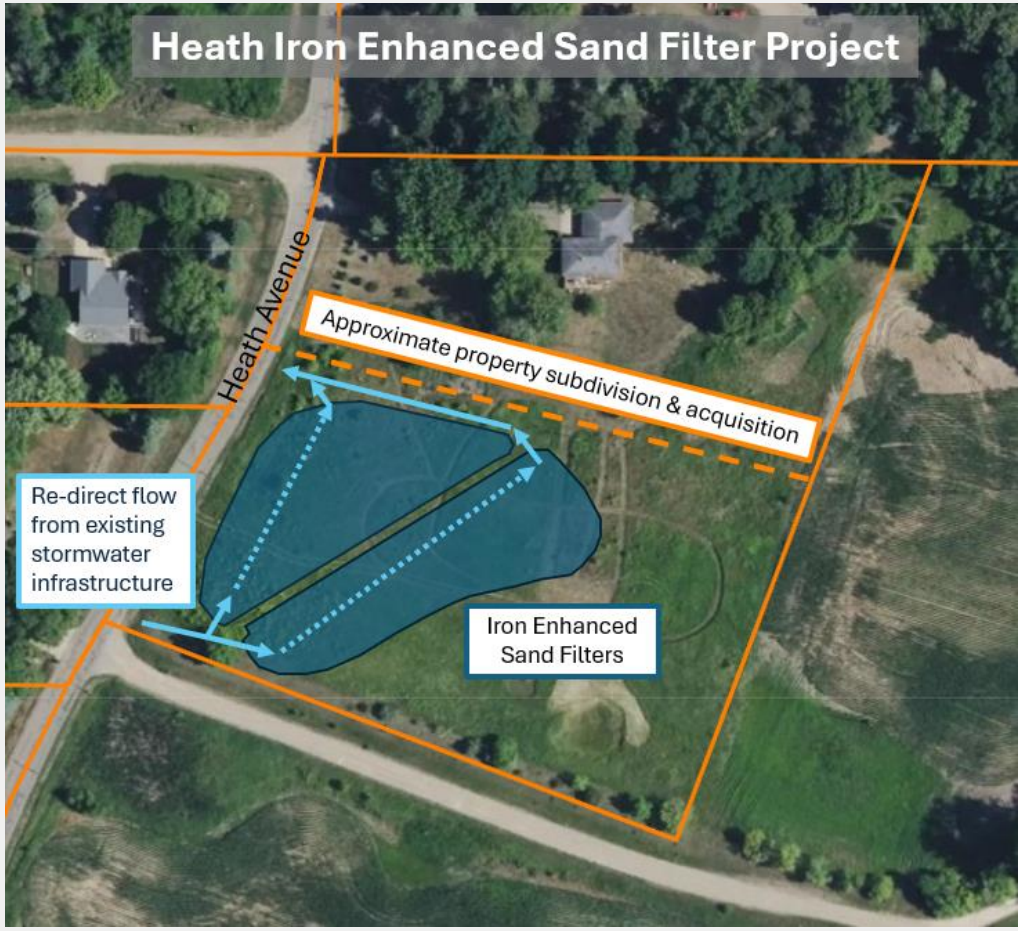
2026 Planning & Project Development: Grants Secured

- Sunrise River Headwaters Project Targeting and Development
  - Multi-year project, 2025-2026
  - 2026 spend = $59,000
  - 10% match (staff time accounts for entirety of match)
  - Identify projects to protect water quality
- Shoreline Projects & Outreach
  - 2026 spend = $13,500
  - 1:1 grant:match (staff time accounts for entirety of match)
- Shoreline Sustainability Public Relations
  - Mostly completed & spend $35,000 grant in 2025
  - 5% match (staff time accounts for entirety of match)
  - PR work with Moore Engineering


Residential Shoreline Restoration

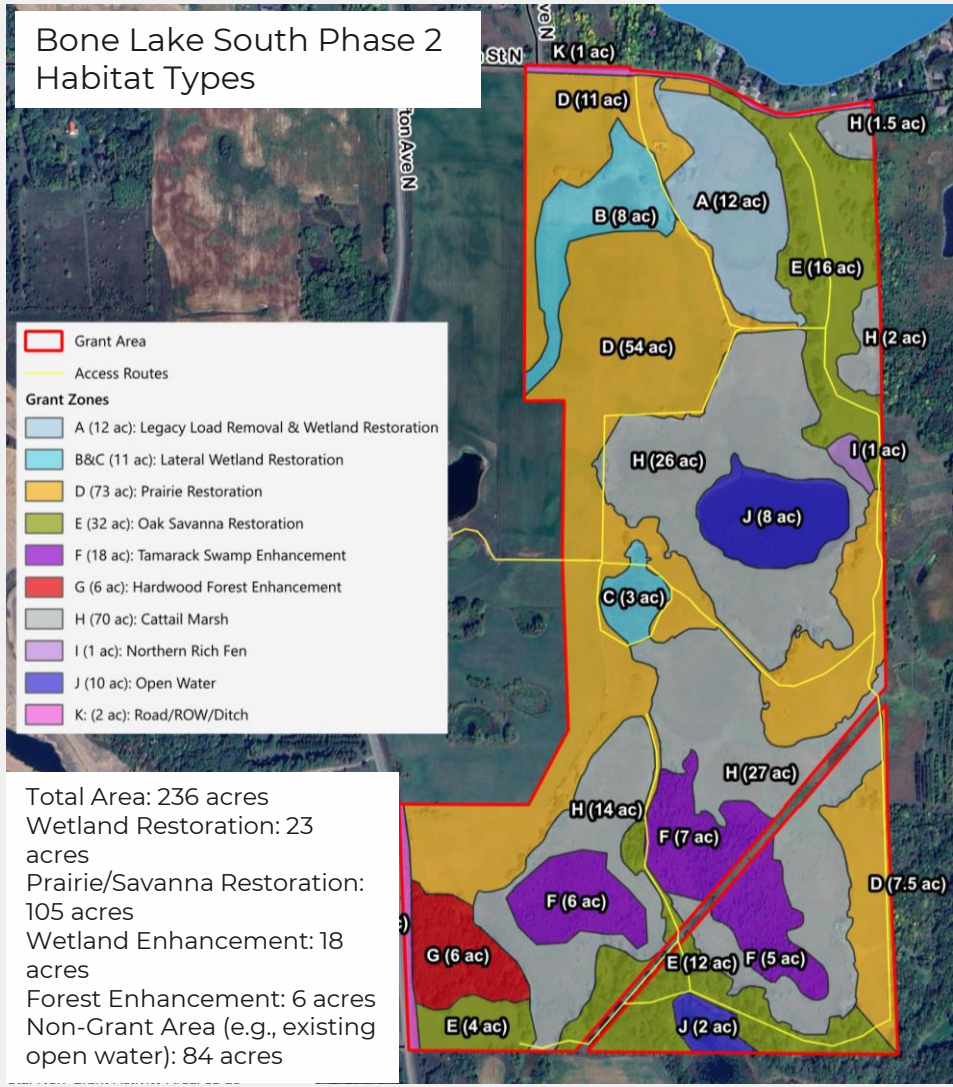
2026 Grant-Funded Projects: Funds Secured

- Heath Iron Enhanced Sand Filter
  - 2026 spend = $1.4 million
  - 10% match (staff time accounts for part of match)
  - CWF grant secured, 319 grant pending
  - 79 lb/yr phosphorus reduction, lifespan 25+ years
  - Property purchased in 2025, construction in 2026
- School Lake Ag BMPs
  - 2026 spend = $77,000
  - 10% match (staff time accounts for part of match)
  - 61 lb/yr phosphorus reduction
  - 184 lb/yr nitrogen removal
  - 89 ton/yr soil saved from erosion



2026 Grant-Funded Projects: Funds Secured

- Goodwin Ave Stormwater Wetland
  - 2026 spend: $153,000 (10% match covered by staff)
- Bone Lake South Habitat Restoration
  - Two grants obtained for property acquisition
  - Aim to close on property before end of 2025
  - $121,000 remaining grant funds after acquisition
  - Obtained work plan revision from MnDNR to apply remaining grant funds toward site prep for habitat restoration projects
  - 2026 spend = $121,000
  - 90% grant, 10% match (staff time accounts for most of match)
  - Applied for FY2026 Lessard-Sams grant for full restoration and enhancement work ($1.6 million grant request with staff time providing all match funds)



Grant Seeking History

Clean Water Fund Projects & Practices Grant Awards (FY 2014-2025)

	Organization	Total Projects and Practices Grants Awarded (FY 2014-2025)
1	**Comfort Lake-Forest Lake WD**	**$6,656,334**
2	Becker SWCD	$5,233,710
3	Benton SWCD	$3,658,210
4	Bois de Sioux WD	$3,355,010
5	Crow Wing SWCD	$3,335,000
6	Coon Creek WD	$3,094,023
7	Vermillion River JPB/JPO	$3,023,950
8	Chisago SWCD	$2,952,500
9	Rice Creek WD	$2,732,104
10	Anoka Conservation District	$2,477,200

Future Grant Seeking

Cross-reference CLFLWD initiatives with grant agencies' priorities, eligibility, and timelines.

- Aquatic Invasive Species Prevention & Management
  - DNR AIS Control Grants, County AIS Prevention Aid, federal AIS grant programs
- Public Outreach and Landowner Incentives (e.g., natural shorelines, ag practices)
  - Midwest Glacial Lakes Partnership, Bush Foundation, Fishers & Farmers Partnership, CWF Projects & Practices, LSC Watershed Based Implementation Funding,
- Water Quality Improvement Projects
  - CWF Projects & Practices, Watershed Based Implementation Funding
- Greenbelt & Open Space Initiative
  - Lessard-Sams Outdoor Heritage Fund, Conservation Partners Legacy
- Floodplain Resilience & Volume Storage Projects
  - Project Development: BWSR Water Quality & Storage, MPCA Local Climate Action
  - Project Implementation: Same as above plus Public Facilities Authority Point Source Implementation Grants (PSIG), FEMA Hazard Mitigation Grant Program (HMGP), FEMA Building Resilient Infrastructure and Communities (BRIC), DNR Flood Hazard Mitigation Program
  - Build partnerships – go farther together

2026 Other Revenues

- Permit Fees: $102,000
  - Updated permit fee structure to ensure private development permits are not funded by levy dollars
- Aquatic Invasive Species Partnerships: $15,500
  - Tri-party agreement w/ City of Forest Lake & Forest Lake Lake Association
  - Bone Lake Association, City of Scandia, Scandia-Marine Lions Club contributions for Bone Lake
  - Comfort Lakes Association contributions for Comfort Lake
- Bank Interest Earnings: $60,000

Watershed Protection & Climate Resiliency

Mixture of programs and projects protect the investment made in the health of our lakes and improve watershed and community resiliency.

Climate resiliency is the culmination of the District's work in multiple program and project categories:

Flood Mitigation Projects
Proactively prepare for a changing climate

Community Partnerships
Go farther together

Land Acquisition & Management
Protect key natural spaces

Education & Outreach
Promote stewardship from all residents and visitors

Regulatory Program
Enforce mandatory stewardship

Cost-Share & Grants
Provide resources for voluntary stewardship

CLFLWD
WATERSHED DISTRICT

Why a 20-23% Levy Increase?

September 25, 2025 Public Hearing

Steve Schmaltz, Board Treasurer

Native plants near Moody Lake

Why a 20%-23% Levy Increase?

2024-2026 CLFLWD Revenue Recap

Revenue	2026	% of Total Revenue 2026
Tax Levy	$2,233,828	50%
Grant Revenue	$1,784,620	40%
Other Revenue	$179,500	4%
Loan	$234,000	6%
TOTAL REVENUE	**$4,431,948**	**100%**

Total Revenue 2025	$5,363,029	60% Projects/Land ($3.2M)
Total Revenue 2024	$3,106,041	25% Projects/Land ($800K)

Comfort Lake-Forest Lake Watershed District Levy Increase History

Comfort Lake-Forest Lake Watershed District Levy Increase History						
Budget Year	Estimated Market Value (EMV) (Prior Year Basis)*	Net Tax Capacity (NTC) (Prior Year Basis)*	Budget Year Levy**	Year-to-Year Levy % Increase	Ratio Levy/Estimated Market Value	Ratio Levy/Net Tax Capacity
2012			$755,000	0%		
2013			$755,000	0%		
2014	$1,431,515,600	$14,032,122	$755,000	0%	0.05%	5.38%
2015	$1,470,005,400	$14,824,066	$755,000	0%	0.05%	5.09%
2016	$1,602,023,700	$16,215,018	$803,650	6%	0.05%	4.96%
2017	$1,679,944,600	$17,397,726	$998,000	24%	0.06%	5.74%
2018	$1,747,607,400	$18,053,592	$1,200,000	20%	0.07%	6.65%
2019	$1,826,385,900	$18,955,914	$1,300,000	8%	0.07%	6.86%
2020	$2,068,377,700	$20,586,584	$1,400,000	8%	0.07%	6.80%
2021	$2,200,044,800	$21,733,418	$1,475,000	5%	0.07%	6.79%
2022	$2,294,312,700	$22,805,705	$1,622,500	10%	0.07%	7.11%
2023	$2,406,482,200	$24,076,992	$1,622,500	0%	0.07%	6.74%
2024	$2,975,872,700	$30,189,871	$1,719,850	6%	0.06%	5.70%
2025	$3,214,087,500	$33,159,538	$1,805,843	5%	0.06%	5.45%
2026	$3,251,635,300	$32,996,648	*$2,233,828*	23.7%	0.07%	6.77%
Average Increase				7.70%	0.06%	6.16%

Issues requiring a higher than average levy increase in 2025

A. Post-COVID inflationary pressures
B. Significant cost overrun on major Sunrise River Wetland Enhancement project:
    - $1.6 million final cost vs $600K original budget
    - Leveraged three grants totaling $900K and loans totaling $700K to complete the project
C. Too conservative in levy increases post COVID

    2021: 5% increase
    2022: 10% increase
    2023: 0% increase
    2024: 6% increase
    2025: 5% increase
D. Summary
    - The loan $ have been spent on water quality improvement projects
    - The projects are completed well below expected costs overall
    - The public is benefitting from clean water
    - The loans have to be repaid

Impact of 20-23% Levy Increase on the Taxpayer

Topic	Washington County	Chisago County
2026 Median Home Value	$416,600	$480,000
Levy cost 2025	$200	$249
Levy cost 2026	$244-$252	$296-$306
2026 $ increase	+$44-$52	+$47-$57

Comfort Lake-Forest Lake Watershed District Water Quality Improvement Results Through 2025

A. 4,600 lbs of P removed at average cost of $200/lb vs $2,000/lb average life cycle cost for conventional P reduction approaches
   - $8.2 million project cost savings for public
B. CLFLWD leveraged $12.3 million in grants for additional public cost savings,
C. Water quality goals achieved 15-20 years earlier than forecasted 40-year estimate
D. 95% toward meeting state water quality standards for all 6 impaired District lakes. Forest Lake water quality improved from 5% to 25% from state impairment.
E. Lake property values increase 6% for every 3 feet improvement in water clarity, increasing the city & county tax base
F. Established a CLFLWD professional organization to protect and improve water quality goals achieved and address future challenges.

Expect a more conservative approach going forward

A. More ambitious grant seeking and grant seeking programs are in place
B. Program Funding Goal: 20% of program costs funded by grants & other partner revenue
C. Project & Land Acquisition Goals: 100% grant covered
D. Leverage professional staff experience to protect and improve water quality gains achieved and address future challenges
E. Repayment of majority of loans by 2030
    - 2022-2025: 22% repaid in first 3 years
    - 2025-2030: 79% repaid over next 5 years

Next Steps:

Schedule dedicated public listening session and discussion meeting

October: Date TBD, 6:30-8:30 pm