

1 **MINUTES OF THE SPECIAL MEETING OF THE**
2 **COMFORT LAKE–FOREST LAKE WATERSHED DISTRICT**
3 **Thursday, November 6, 2025**
4

5 **1. Call to Order of Special Meeting**

6 President Anderson called the November 6, 2025, special board meeting to order at 5:30
7 p.m. at the Comfort Lake–Forest Lake Watershed District offices, 44 Lake Street South,
8 Suite A, Forest Lake, MN.
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10 **Managers Present:**

- 11 Jackie Anderson, President
12 Steve Schmaltz, Treasurer
13 Dave Bakke, Secretary (virtual attendance)
14 Jim Schottmuller, Manager
15 Douglas Toavs, Assistant Treasurer (virtual attendance)
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17 **Staff Present:**

- 18 Mike Kinney, Administrator
19 Brad Jernberg, Business & Operations Manager
20 Emily Heinz, Planning Coordinator
21 Adam Hjelm, Education & Outreach Coordinator
22 Tori Philippi, Office Manager
23 Jackie Bussjaeger, Technician
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25 **2. Minnesota Watersheds Annual Conference and Delegates**
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27 The District may select two delegates and an alternate to attend the MN Watersheds
28 2025 Annual Conference Business Meeting. President Anderson nominated herself and
29 Manager Schottmuller to serve as delegates.
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31 President Anderson moved to appoint President Anderson and Manager Schottmuller as
32 District delegates for the MN Watersheds 2025 Annual Conference. Seconded by
33 Manager Schmaltz. Upon a roll call vote, the motion carried 5-0.
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Manager	Aye	Nay	Absent	Abstain
Jim Schottmuller	X			
Dave Bakke	X			
Doug Toavs	X			
Stephen Schmaltz	X			
Jackie Anderson	X			

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3. Budget Workshop

Manager Schmaltz recommended the managers consider lowering the 2026 levy compared to the amount that was adopted in September. The levy adopted in September represents a 23.7% increase compared to the 2025 levy (i.e., Option 1). Manager Schmaltz recommended the Board consider alternative budget scenarios that allow for smaller levy increases, such as a 15.6% increase (i.e., Option 2) or a 19.9% increase (i.e., Option 3). In all scenarios, the expense budget remains the same. The variations between each scenario are in the levy amount and loan disbursements to make up the difference in revenue.

Manager Schmaltz noted the board packet includes a memorandum, the Budget Changes Summary, the Budget Scenarios Comparison Table, and a budget projection for each of the three scenarios.

Manager Toavs expressed concern that reducing the levy increase too much introduces the risk that the District will have to make large levy increases again in the future, and that large increases may cause backlash from the District's constituency.

Manager Schottmuller stated that he was torn between the budget options. He expressed an interest in seeing bigger cuts in the budget to focus on paying off loans faster. He expressed interest in lowering the levy amount compared to what was adopted in September.

President Anderson stated she was in favor of Option 1, the 23.7% levy increase. She expressed concern that reducing the amount of levy dollars available to the District will prevent it from carrying out its projects and programs as planned. She also expressed concern that budget adjustments include shifting many responsibilities from engineering consultants to in-house staff, as a civil engineer is required. She pointed out that it is not the first time the District has raised the levy more than 20%, and that the impact on individual households would be an extra \$4-5 per month for the median household value.

Planning Coordinator Emily Heinz presented the Budget Changes Summary which outlines changes that occurred since the Board first discussed 2026 budget priorities in May 2025. She explained that the board directed staff to prepare an initial budget that was inclusive of all the priorities the board discussed during its visioning workshop. In this initial draft budget, expenditures exceeded the estimated revenues.

Ms. Heinz gave an overview of the adjustments which cut 2026 spending by about \$365,000. Cuts were made to a variety of budget line items ranging from staff wages/benefits, administration, debt services, programs, and projects. Ms. Heinz

79 highlighted that the Debt Services budget is reduced by about \$65,000 in 2026 due to
80 the District's ability to extend two of its loan repayment schedules from 7-year contracts
81 to 10-year contracts; this allows the District to lower its repayment amounts in the next
82 five years. Ms. Heinz noted that some of the budget cuts will impact District operations,
83 but overall, the District can still function and make progress toward its goals even with
84 the reduced budget.

85
86 Manager Schmaltz reiterated that the proposed expense budget, including the \$365,00
87 worth of cuts that Ms. Heinz presented, remains the same throughout the three budget
88 scenarios that are presented. The variables between Option 1, Option 2, and Option 3 are
89 in the levy amount and loan disbursement amount.

90
91 Manager Bakke asked if all the loan options were from the same source and at the same
92 interest rate. Ms. Heinz confirmed that they would all be from the Clean Water Partnership
93 loan program and taken out at a 1.5% interest rate with a 7-year repayment schedule.
94 She added that the District may be able to negotiate a 10-year repayment schedule, but
95 this is not guaranteed.

96
97 Manager Bakke asked how much would be paid in interest on the additional loan, "Loan
98 E" in each of the three options. Ms. Heinz estimated the following interest payments on
99 Loan E in each scenario:

- 100 • Option 1: \$15,000 of interest on Loan E
- 101 • Option 2: \$54,000 of interest on Loan E
- 102 • Option 3: \$47,000 of interest on Loan E

103
104 President Anderson noted that there was a minimal difference in the tax impact between
105 the three scenarios, and expressed her preference for Option 1 to provide more flexibility
106 for the District in 2026.

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108 Manager Schmaltz noted that all the scenarios are essentially the same except for the
109 ratio of levy and loan dollars in each one. He said the important things to keep in mind
110 are the reaction from the public, and the associated risk to the District's reserve
111 percentage.

112
113 Manager Schmaltz compared the options, explaining if there is a big increase in revenue
114 for 2026 from choosing Option 1, the reserve only increases to 32 and 33 percent in 2027
115 and 2028, which he said is on the edge of being risky. After 2028, the District will be able
116 to lower the levy rather than raising the levy. After that, the reserve would be projected
117 to increase. He said financial risk for the future is more secure under Option 1.

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119 Looking at Option 2, Manager Schmaltz said the lower percentage will likely be more
120 acceptable to the public in the near-term, but the benefit to the reserve is not
121 significantly different from Option 1. The main difference is that loans are taken out in lieu

122 of levy funding. The levy increases will continue to decrease in future years, but at a
123 slower rate than Option 1.

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125 In Option 3, the reserve will be stronger in the short term, but looking farther into the
126 future, the levy increases will continue small incremental increases.

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128 Manager Bakke noted that he has heard public support for levy increase when talking to
129 constituents in the Bone Lake area. He said he has not heard negative opinions from the
130 public.

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132 President Anderson added that she also has not heard negative feedback. She added
133 that she would not want to reduce the work the District can do when there is not
134 necessarily a strong public opinion against the levy increase. She reiterated support for
135 Option 1.

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137 District Administrator Mike Kinney explained that funds from the Lessard-Sams Outdoor
138 Heritage Fund grants are not yet included in the budget because the grants are not yet
139 confirmed. Staff will recommend a budget amendment if and when the grants are
140 confirmed in the spring. Manager Schmaltz asked whether the Lessard-Sams grants will
141 cover staff time. Administrator Kinney explained that staff will be performing grant-
142 covered work in relation to the Bone Lake South project.

143

144 Administrator Kinney added that he has received a small amount of negative feedback
145 from the public about the levy increase. He added that the District has been historically
146 responsible with its levy funding. He recommended Option 3, which provides security for
147 the District but a smaller immediate burden to the taxpayer compared to Option 1.

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149 President Anderson stated that the amount of people who have expressed negative
150 feedback regarding the levy are a minority. She said the increase is lower than she would
151 like to see, and that the District made a mistake by not putting more money into the Debt
152 Services Fund in past years. Manager Schmaltz expressed concern that the feedback the
153 District has received is not from a representative sample, and that people who are
154 concerned are not the ones who will show up at the meetings.

155

156 President Anderson stated that similar increases have been done in the past. Historically,
157 the District paid for project development work using levy funds, but she expects more of
158 it will be covered by grants going forward. She stated that a 23.7% levy increase is a
159 rational choice for the District to make.

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161 Manager Schmaltz said that if the public perceives the levy increase as too much, it may
162 affect who will be appointed to serve on the Board of Managers in the future. President
163 Anderson stated that if the public were highly concerned about the levy increase, there
164 would be more public discourse around the topic.

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Manager Schottmuller asked why CLFLWD has a larger staff than South Washington Watershed District when CLFLWD has a smaller area. Administrator Kinney responded that South Washington Watershed District obtains most of its revenue from a stormwater utility fee, rather than its levy, and that the geographic features of the two regions are not directly comparable. He also explained that other watershed districts choose to contract more work out. President Anderson noted that the tax base in the South Washington Watershed District is very different from that in CLFLWD. Manager Schmaltz added that the District underwent a workload analysis study in 2020 that recommended 11.5 full time equivalents on staff.

Manager Schmaltz noted that in comparing across other watershed districts in the region, none have proposed levy raises as high as CLFLWD. President Anderson added that many of the grants the District receives include a 10% match obligation in cash or in-kind. In this case, staff are an important component to effectively implement grant-funded activities.

Administrator Kinney noted that studies on the economic impact of clean lakes have found that good water quality adds a significant economic value to the community. He has reached out to a program at the University of St. Thomas to research the economic impacts of clean water resources on the CLFLWD area. He added that additional research in partnership with the University of Minnesota is planned to examine the benefit of the permitting program. He also said when he has asked members of the public what they would like to see cut to save costs but has not received any suggestions. Mr. Kinney also noted the District may consider implementing a sales tax revenue structure in the future.

President Anderson stated that she has had conversations with state agencies including the Minnesota Board of Water and Soil Resources (BWSR) looking to learn more about how CLFLWD has accomplished its water quality goals so efficiently. Manager Schmaltz asked whether the interest in the District's methods might provide an opportunity to recoup some of the preliminary funding that was not covered by previous BWSR grants. Administrator Kinney added that he and President Anderson had recently met with Justin Hanson, the Deputy Director of Field Operations at BWSR on this topic. Administrator Kinney said that the BWSR guidance document has conflicting information about eligible costs related to assessments. The District will be able to submit a formal request for action.

Manager Bakke stated the 23.7% increase was a sound decision, and that he has heard members of the public speak in favor of this increase. He said he is not in favor of taking out more loans to effectively pay existing loans. He noted the Citizen Advisory Committee has shared comments recommending that the District avoid taking on more debt and

207 rather focus on keeping expenses in check. Manager Bakke expressed his preference for
208 Option 1.

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210 Manager Toavs also expressed a preference for Option 1 to take care of costs with a
211 higher up front levy increase. He stated that while the percentage increase sounds high,
212 the actual cost is not extreme, and the benefit to water quality is worth the cost. He said
213 Option 1 will get the District to its objectives the soonest, and provide the option for
214 cutting the levy increase back in the future.

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216 Manager Schottmuller said he was undecided between the presented levy options. He
217 said he would like to feel more comfortable that the District has looked at every option
218 to keep costs down.

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220 Manager Toavs noted that historically, the District has chosen the lowest levy increase
221 possible, which has put the District in its present position. He said the difference between
222 Option 1 and Option 3 in his area will be about \$5 per month to the median home value.

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224 Manager Schmaltz stated he was leaning toward Option 3. He said he would speak to
225 the Forest Lake Lake Association and hear more feedback before making a final decision.

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227 Manager Toavs noted that there was a recent article in the Chisago County Press about
228 local levy increases, but that he has not heard any feedback after its publication.

229
230 Administrator Kinney said that the feedback he has heard focuses on the percentage
231 increase, not the dollar amount. He pointed out that many people who own lakeshore
232 property commonly pay for dock and lift services as an expected cost each season. He
233 said watershed district services can be thought of similarly, providing a service to make
234 the lakes an enjoyable experience for those who use them.

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236 Manager Anderson stated that at this point, the majority of managers were in favor of
237 Option 1, the 23.7% levy increase.

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239 Manager Bakke thanked staff and board managers for designing and presenting the
240 budget options.

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242 Administrator Kinney noted that there will be one more opportunity for public comment
243 on the budget and levy at the District's December 18th regular board meeting.

244 245 **4. Adjourn**

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247 **a) Next regular board meeting – November 20, 2025 6:30 p.m.**

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Manager Schottmuller moved to adjourn the meeting. Seconded by Manager Toavs. Upon a roll call vote, the motion carried, and the meeting was adjourned at 7:24 p.m.

Manager	Aye	Nay	Absent	Abstain
Jim Schottmuller	X			
Dave Bakke	X			
Doug Toavs	X			
Stephen Schmaltz	X			
Jackie Anderson	X			

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Dave Bakke, Secretary -----