DRAFT MINUTES OF THE SPECIAL MEETING OF THE COMFORT LAKE–FOREST LAKE WATERSHED DISTRICT
Wednesday, July 22, 2026

1. Call to Order

President Anderson called the Wednesday, July 22, 2026, special board meeting to order at 6:00 p.m. at the CLFLWD office, 44 Lake Street South, and via online video conference.

Managers Present:
Jackie Anderson, President
Steve Schmaltz, Treasurer
Jim Schottmuller, Vice President
Dave Bakke, Secretary (virtual attendance)
Douglas Toavs, Assistant Treasurer (virtual attendance)

Staff Present:
Mike Kinney, Administrator
Brad Jernberg, Business and Operations Manager
Adam Hjelm, Education and Outreach Coordinator
Tori Philippi, Office Manager

2. Budget Workshop #4 – Clarifications and Communications

Brad Jernberg presented the discussion outline and proposed meeting objectives including providing staff with direction regarding public outreach and posting of workshop recordings.

President Anderson, Manager Schottmuller, and Manager Schmaltz recommended not posting budget workshop recordings on YouTube because of the informal and ongoing nature of the workshop discussions. Manager Toavs was neutral. Manager Bakke stated that part of the District's Strategic Plan was a value of being transparent, so he supported posting all meeting recordings to YouTube. There was majority consensus to direct staff not to post budget workshop recordings, and to leave previously-posted recordings in place. There was consensus to continue not to post budget packet materials on the District website, but to continue to make it clear that the materials are available upon request, and the meetings themselves are open to the public.

Mr. Jernberg reviewed the meeting schedule and outreach plan that the Board approved in April. He indicated staff would distribute the meeting calendar to managers again, as a reminder.

Adam Hjelm provided a recap of past Board discussions regarding participation in the East Metro Water Resource Education Program (EMWREP) partnership. He noted the current draft 2027 budget does not include funding to pay into the EMWREP partnership. Managers encouraged District staff to collaborate with EMWREP and other partners, but the District shouldn't put a dollar amount on collaboration. There was general consensus to leave the 2027 Education & Outreach budget unchanged and to not provide funding to EMWREP.

[6:40 pm]

Mr. Jernberg provided a recap of updates to the draft budget packet and supplemental attachments.

President Anderson indicated the budget should have sufficient funding to pay manager per diems and allow managers and staff to attend conferences. President Anderson noted the District will submit a grant request to the Lower St. Croix Watershed Partnership for the Comfort Lake Carp Movement Study in 2027.

Manager Schmaltz indicated the line item for computer supplies and software is up about 50%. He asked staff to look into why this is. Administrator Kinney indicated staff are looking into upgrading the District's accounting software to a cloud-based system, which will result in long-term time and cost savings.

Manager Bakke asked managers to take another look at the Budget Priorities page in the supplemental attachments. He noted that having a balanced budget and paying off the loans are priorities. President Anderson emphasized the need for a balanced budget that doesn't show any deficits, especially in the General Fund.

[7:14 pm]

President Anderson indicated the budget is shaping up nicely and encouraged managers to review the materials in greater detail between now and the next budget workshop.

Mr. Kinney noted the increasing trends in the net tax capacity and estimated market values within the District. President Anderson asked how many properties exist within the District's boundaries, and if it is possible to get a breakout of commercial versus residential. Mr. Kinney noted the District's total estimated market value was $1.4 billion in 2014, and has increased to $3.2 billion in 2026.

Mr. Jernberg went through three alternative levy scenarios that were proposed by President Anderson. These entailed levy increases of 27%, 36%, and 45%. The original draft budget entailed a levy increase of 9%. President Anderson noted that the additional levy funds would build a reserve fund for the District which would be held in a high interest savings account. The reserve fund would ensure the District has sufficient cash flow throughout the year and provide funding in case of unexpected issues or emergencies.

Manager Schottmuller asked President Anderson if the creation of a reserve fund is more important than having the equivalent value of District staff members employed. He suggested the Board consider these types of priorities.

Manager Schmaltz noted the 23.7% levy increase in 2026, which was significant. He stated that the current projection is a 9% increase in 2027, then dropping down to only 3% increases from there. He recommended this is a good conservative approach that the Board should take. He recommended against levy increases any higher than that.

Manager Schottmuller stated that President Anderson's proposed levy scenarios are a significant departure from the conversations the Board has been having over the last year. President Anderson indicated such levy increases are the right thing to do, given the District's cash flow needs.

Manager Toavs noted that there was a net decrease in the fund balance in 2025, but the fund balance itself was still positive. He indicated the District is able to make the budget work with a 9% levy increase, and a 20-40% levy increase will likely be unfavorable in the eyes of the community. He indicated some households may be struggling with finances and living on a fixed budget, and the District needs to learn how to live with a fixed budget as well.

Manager Bakke indicated he was not supportive of the level of levy increases proposed by President Anderson, and he expected other Bone Lake residents would feel the same. He stated that at the end of last year's budget process, the Board expected it would need to make difficult budget decisions in the coming years, such as budget cuts. Manager Bakke indicated that the District should proceed on the conservative path, with a balanced budget, as much as possible.

Administrator Kinney indicated the District is unique in the large amount of grant funding that it has been awarded and that it pursues. He noted that grant revenues will be a key factor in budget decision making.

3. Adjourn

a) Next regular board meeting – July 23, 2026

By unanimous consent, the meeting was adjourned at 7:42 p.m.

Dave Bakke, Secretary ______________________________________