DRAFT MINUTES OF THE SPECIAL MEETING OF THE COMFORT LAKE–FOREST LAKE WATERSHED DISTRICT
Thursday, July 30, 2026

1. Call to Order

President Anderson called the Thursday, July 30, 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
Emily Heinz, Planning Coordinator
Tori Philippi, Office Manager

2. Budget Workshop #5 – Newspaper Communications

Emily Heinz presented a recap of relevant dates and milestones from the Budget Schedule and Outreach Plan.

Ms. Heinz noted all five managers' laptops were purchased in 2020, the District's IT company, Rymark, recommends computer replacement every 5 years. However, some computers can last longer than 5 years. She stated that the 2027 budget has funding set aside for 5 manager laptop replacements and 4 staff laptop replacements. Manager Schmaltz and Manager Schottmuller indicated their laptops work fine, and the District should save money by delaying their replacement. President Anderson, Manager Bakke, and Manager Toavs indicated their computers are frequently malfunctioning and are in need of replacement.

Ms. Heinz indicated staff has reviewed year-to-date spending through Q2 and proposes some updates to the FY26 estimated year-end financials.

Manager Schmaltz noted staff has been working hard to cut costs wherever possible in order to improve the yearend fund balance position. He requested staff prepare a summary of those cost-saving measures, showing how they enable the District to minimize its levy increases as much as possible.

Manager Schottmuller indicated he has been looking at the budget projections and believes there is a way to raise the levy by less than 9%. He said this may result in some minor (likely less than $100,000) additional use of the Clean Water Partnership (CWP) loan, but it would allow the District to have a smaller levy increase that would be more palatable to taxpayers.

Administrator Kinney stated that the CWP loan has a very low (1.5%) interest rate. He indicated that using the loan allows the District to complete work earlier, enable citizens to enjoy the water quality benefits sooner, and likely complete the work at a lower overall cost due to projected inflation.

Manager Toavs agreed with the approach of raising the levy by less than 9%, even if it means taking on a small amount of additional debt.

Manager Bakke stated he is not in favor of taking out more loans in any amount. He indicated he would prefer to see expense cuts before taking on more debt.

Manager Schottmuller explained that his aim is to smooth out the levy over the next few years, as opposed to having a significant increase one year, then a decrease the next year. He recommended a long-term levy outlook that is on a consistent, predictable path with minor increases to keep up with inflation.

Mr. Kinney encouraged managers to provide suggested priorities for budget cuts, if managers would rather cut expenses as opposed to raising the levy or using more loans.

President Anderson emphasized the need to cover the District's operating costs, especially through the first six months of the year.

Manager Schmaltz indicated the District is on a good track and is looking at cost-saving measures and leveraging grants.

Manager Toavs recommended the District have the budget be as tight as possible, where the District can still operate while minimizing levy increases as much as possible.

[6:45 pm]
Ms. Heinz noted that the District is relying heavily on grants to balance the budget. She noted that grants have very strict timing and eligibility requirements with which the District must comply.

Ms. Heinz explained staff's proposed addition to 2027 budget which reflects the District's work occurring under cropland rental agreements. The proposed change would add $4,000 in hay crop revenue and $4,000 in associated expenditures to reflect this work. This addition has no net change to the fund balance. Mr. Kinney explained the District has several rental agreements on agricultural fields throughout the District. This work has been beneficial for water quality and soil health, and it is funded by the revenues that the hay crop generates.

[7:00]
President Anderson asked if there is sufficient funding in the budget to account for projected increases in staff and managers compensation and training. Brad Jernberg indicated that he and Mr. Kinney have reviewed these figures, and the recommended 2027 budget is sufficient to cover costs as currently estimated. He noted that more information will come out later in the year, and the Board can adjust the budget accordingly, if needed.

Manager Bakke requested a breakout of staff salaries and benefits to be reviewed at the next budget workshop.

Manager Bakke explained he recently reviewed his tax statement, and the county tax levy had a significantly higher impact than the CLFLWD levy. He indicated it would be helpful to estimate tax impacts in terms of dollars increased, not just percentage increase. President Anderson agreed that it is helpful to look at it this way because the CLFWLD's dollar amounts are relatively small compared to larger entities, so the percentage makes it look like a larger increase than it actually is.

Manager Schmaltz explained how the District has expanded over time to improve impaired waterbodies and provide the services outlined for watershed districts in state statutes. He referenced a study from the Clean Lakes Alliance on the Economic Impact of the Yahara Lakes in Wisconsin which found that reducing algae blooms and beach closures would, on average, generate $313 per household per year in economic benefits. The study states that the average household is willing to pay $313 per year to have this improvement. Manager Schmaltz noted that the District has achieved significant water quality improvements in its lakes, and its median tax impact in 2026 was less than $313.

The Board reviewed the draft legal notice for the September 10th budget public hearing. There was consensus to add reference to the District's estimated grants and other revenues, which balance the budget. There was consensus to re-visit the legal notice language at the next budget workshop.

There was consensus to reschedule Budget Workshop #6 to Monday, August 17th, at 6:00 pm.

[7:30]

Manager Schottmuller presented an alternative budget projection scenario he has been working on. He suggested that the board consider a 2027 levy increase of about 4.8% and cover the $83,000 budget deficit with loans or expense cuts. Then consider levy increases between 3-4.7% in future years to keep up with inflation, which should also enable the District to build back its fund balance. The budget projections rely on grants and other revenues to come through as estimated. He explained this levy projection creates a more consistent outlook that would likely be more palatable to taxpayers.

Mr. Jernberg clarified that the Board must adopt a levy by the end of September, but it can choose to decrease the levy between September and December 29th. He suggested the Board would have more time between September and December to continue evaluating alternative scenarios. Additionally, more financial data and grants will be confirmed as the year goes on, and the District can continually re-evaluate needs as more information comes out.

Managers requested that a copy of Manager Schottmuller's budget projection be distributed to the full Board.

President Anderson stated that people are counting on the District to keep the lakes clean.

3. Adjourn

a) Next regular board meeting – August 13, 2026

<u>By unanimous consent, the meeting was adjourned at 8:05 p.m.</u>

Dave Bakke, Secretary ____