

**LAKE MINNETONKA CONSERVATION DISTRICT
BOARD OF DIRECTORS**

7:00 P.M., March 28, 2018
Wayzata City Hall

WORK SESSION

6:00 p.m. to 7:00 p.m.

Members present: Jay Green, Mound; Gregg Thomas, Tonka Bay; Bill Cook, Greenwood; Gary Hughes, Spring Park; Dennis Klohs, Minnetonka Beach; Chris Rich, Woodland; Mark Kroll, Orono; Mike Molitor, Minnetrista; and Andrew Punch, Excelsior.

Also present: Vickie Schleuning, Executive Director; Troy Gilchrist, LMCD Legal Counsel; and Matthew Cook, Environmental Administrative Technician.

Members absent: Dan Baasen, Wayzata; Ann Hoelscher, Victoria; Sue Shuff, Minnetonka; Jake Walesch, Deephaven; and Deborah Zorn, Shorewood.

Chair Green stated he would like to add a Work Session Item 3 regarding Deicing Licenses Code Interpretation.

1. Overview of New License Approval Process

Schleuning stated that staff has been developing procedures to ensure legal requirements are met, uniformity in practices, efficiencies, and general good business practices. She proceeded to review the procedure for a new license application including: overview; purpose; procedures such as design meetings, receipt of applications, initial application review, 10-day agency review period, public hearing notification, adjustments needed for 10-day agency review, board meeting public hearing, public hearing follow up and research, board meeting continued public hearing or consideration, license approval or denial, post-issuance compliance, communications and types of documents used during the process.

These documents may also serve the purpose to address LMCD 2017/2018 Strategic Plan initiatives such as training for board members, developing application checklists, and public educational materials.

Attorney Gilchrist also explained the importance of due process and the public hearing process. Also, he referenced that the conditions that are imposed must be considered reasonable. Conditions should not be dependent on a third-party input such as a neighbor. It is also challenging to get third party commitment.

It was also mentioned that where there is not a legal requirement, the intent of this policy and procedure is to be a guideline and subject to change depending on situations. Schleuning stated she will add some language to that effect.

2. Update First Draft New Code and Process

Schleuning stated they are making some changes to the permit/license section. She has started to review it and it will take some time. Gilchrist stated they spoke and reviewed. They will get together in a few weeks to finalize the draft for board review.

3. Deicing Licenses Code Interpretation

Schleuning stated she often receives requests about de-icing and wanted feedback from the board to make sure we are interpreting the code the same. There is some perception that no new deicing licenses were allowed. However, she reviewed the code section Section 2.09 regarding deicing equipment and the minutes from August 10, 2005 and it appears that new deicing licenses may be allowed if considered an eligible facility under Subd. 11. Gilchrist stated the use of "and" was a little confusing, but it seems logical that a, b, and c are stand-alone requirements. The board agreed with the interpretation.

The Work Session concluded at 6:58 p.m.

REGULAR SESSION

7:00 p.m.

1. **CALL TO ORDER**

Green called the meeting to order at 7:00 p.m.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

Members present: Jay Green, Mound; Gregg Thomas, Tonka Bay; Bill Cook, Greenwood; Gary Hughes, Spring Park; Dennis Klohs, Minnetonka Beach; Mark Kroll, Orono; Mike Molitor, Minnetrista; Andrew Punch, Excelsior; and, Chris Rich, Woodland; Also present: Troy Gilchrist, LMCD Legal Counsel; and, Vickie Schleuning, Executive Director.

Members absent: Dan Baasen, Wayzata; Ann Hoelscher, Victoria; Sue Shuff, Minnetonka; Jake Walesch, Deephaven; and, Deborah Zorn, Shorewood.

4. **APPROVAL OF AGENDA**

MOTION: Hughes moved, Thomas seconded to approve the agenda.

VOTE: Motion carried unanimously.

5. **CHAIR ANNOUNCEMENTS**

There were no Chair announcements.

6. APPROVAL OF MINUTES- 03/14/18 LMCD Regular Board Meeting

MOTION: Thomas moved, Punch seconded to approve the 03/14/18 LMCD Regular Board Meeting minutes as presented.

VOTE: Motion carried unanimously.

7. APPROVAL OF CONSENT AGENDA

MOTION: Cook moved, Kroll seconded to approve the consent agenda as presented. Items so approved included: **7A)** Audit of Vouchers (03/16/18 – 03/31/18); **7B)** Resolution Accepting Save the Lake Contributions (01/31/2018 – 03/19/2018).

VOTE: Motion carried unanimously.

8. PUBLIC COMMENTS- Persons in attendance, subjects not on the agenda (limited to 5 minutes)

There were no public comments.

9. PUBLIC HEARING

There were no public hearings.

10. OTHER BUSINESS

A) 2017 Financial Audit Report

Steven McDonald, from Abdo, Wick & Meyers, LLP, reported on the completed 2017 audit and provided the following information by a PowerPoint presentation:

- Audit results include:
 - Unmodified opinion on financial statements.
 - No legal compliance issues.
 - One significant deficiency in internal control involving the preparation of financial statements. This is consistent with agencies of small size and related to separation of duties.
 - Estimates were used on financial statements with pension liability and depreciation.
- General fund: Overall increase of about \$59,000, with the fund balance at about \$169,000 at the end of 2017. This was due to less expenditures and more revenue than budgeted.
- A history of the fund balance reserve. This is currently at \$434,000, which is about 39% of the 2018 budget.
- Invasive Species Fund: Balance is about \$85,000. It was under budget from revenue on grants and slightly over budget on expenditures. The fund balance reserve reflects 106% of the 2018 budget.
- Save the Lake Fund: Decreased by about \$6,800, with the fund balance at about \$164,000.

- Equipment Replacement Fund: Balance is about \$118,000. Purchases include a harvester in 2012 and a boat lift in 2014.

Rich inquired if they anticipate any additional revenue for the AIS fund.

Green responded there is nothing in addition to what has been budgeted.

MOTION: Cook moved, Kroll seconded to accept the 2017 Financial Audit Report as presented.

VOTE: Motion carried unanimously.

11. OLD BUSINESS

A) 2018 AIS Prevention Watercraft Inspection Program Follow Up

Schleuning reported that at the March 14 Board meeting the Board discussed various AIS programs and initiatives. They had questions about the use and conditions of a \$10,000 grant from Hennepin County. Staff followed up with the agencies and provided the following information:

- The Hennepin County grant money can only be used for the watercraft inspection program.
- The Hennepin County grant that was awarded does not require the LMCD to match funds. However, if awarded a grant from the Minnehaha Creek Watershed District (MCWD), it would only provide up to 35% of the LMCD funding level. The LMCD could withdraw from the MCWD grant request or not accept the funds depending on the timing of the award.

Schleuning reported based on this information, they could have a watercraft inspection program with a rotating schedule for each access. She recommended they work with Three Rivers Park District (TRPD) to develop a schedule. She will forward a video to the Board from Hennepin County about AIS from the past year as well as other information. The zebra mussel has not spread to the same level that milfoil has, and part of this could be attributed to inspections and AIS education.

Green stated with the majority of boats being transient, they are not likely to have zebra mussels attached. However, zebra mussels are found on milfoil, which is highly more likely to be spread by boats coming out of the water with weeds on them.

MOTION: Cook moved, Green seconded to adopt Resolution No. 170 Authorizing a contract with Hennepin County to accept a grant up to \$10,000 for AIS prevention for watercraft inspections and authorizing a contract with Three Rivers Park District to implement watercraft inspections; he recommended they continue the application with the MCWD to see where it goes and make a decision on it later.

Klohs commented they all want to do the best job they can with limited funds. As funding continues to diminish, he suggested they send a letter to the cities indicating that without additional funds, this program may be eliminated. They should specify a 10 percent increase in the budget that would go directly towards

AIS prevention and request a vote and response from the City Administrator specifically stating what its Council's positions are on this topic. He understands the argument to discontinue this program because there is no funding for it; however, they should directly engage the cities on this topic.

Molitor inquired if the vote was for a 2018 inspection program only using the \$10,000 grant from Hennepin County.

Thomas noted Cook included in his motion they would continue the MCWD process and make a decision at a later date. He inquired what will change to allow them to make a decision at a later time.

Green noted the budget would change if they can find money from another source.

Molitor stated he understood the motion to include the \$10,000 grant from Hennepin County. The MCWD grant request requires a contribution from the LMCD. If approved, the Board would then make a decision if they would pursue this option.

Green explained they do not want to close the door on the grant opportunity, should they receive money. They cannot submit for the grant unless they have the money.

Cook explained if the grant request is approved by the MCWD, the Board can consider what it will do. If there is an obligation for the money to be available now, he would strike that part of his motion and request it be a separate motion.

Schleuning noted the grant request has already been submitted due to deadlines based on projection and MCWD is fully aware of the background of the request in full disclosure.

VOTE: Motion carried unanimously.

The Board recessed at 7:24 p.m. and reconvened at 7:26 p.m.

12. NEW BUSINESS

A) Resolution Approving 2018 Liquor Licenses for Watercraft for Hire

Schleuning referred to the list of 2018 Liquor License Applications for Watercraft for Hire on page 28 of the meeting packet. She noted the boat "Sara" is removed from the PaddleTap, LLC because they no longer own it. It is also recommended that its first port of call in Spring Park be removed for possible consideration at a future Board meeting in April.

Hughes noted the application on this request has not yet been completed and he suggested the second port of call in Spring Park at Lord Fletchers also be removed. It is not on the next City Council meeting agenda. (Spring Park). If they receive a complete application, it will probably be part of the April 16 City Council agenda.

Schleuning stated approval of these licenses are conditional on approval of the ports of call from the cities, inspections by the agencies, and acceptance of insurance liability forms, and these are all included in the motion. The first port of call with PaddleTap is an expansion of what has been done in the past, and that is why they recommend it be considered at a later date.

Thomas explained if this is approved tonight, it is contingent upon City Council approval.

Hughes commented they do not have a completed application to start the 60-day rule.

Gilchrist stated the 60-day rule applies to any zoning approvals required by the City and dock licenses issued by the LMCD. It is based on land uses and not liquor licenses. He agreed that if this is approved tonight, it is conditional on other approvals referenced earlier.

Kroll inquired if Lord Fletchers or PaddleTap were requesting the permit.

Schleuning responded PaddleTap is requesting Lord Fletchers be a port of call, which has typically been used.

Green clarified that these ports of calls are not berths.

Schleuning agreed and noted the berth storage is listed separately on the chart provided.

MOTION: Molitor moved, Kroll seconded to adopt Resolution No. 171 Approving 2018 Liquor Licenses for Watercraft for Hire licenses, on condition of satisfactory background investigations, receipts of signed Zoning Certificates for municipalities with Ports of Call, attendance at the annual training meeting, inspections, and other conditions as required.

VOTE: Motion carried unanimously.

13. TREASURER REPORT

There was no Treasurer's report.

14. EXECUTIVE DIRECTOR UPDATE

Schleuning provided the following information:

- The audit process has finished, and the financial workgroup will meet to consider budget items for 2019 and 2020. She thanked Board members for their assistance in filing with the IRS's new system.
- They will be meeting with City partners to discuss ways they can work together on harvesting.
- They will be scheduling follow-ups to previous public hearings to discuss options with the City of Mound's facilities.
- They have had several meetings with people who are looking at buying or selling properties on the lake.
- In the work session, they discussed procedures, best practices and continued education to the general public.

- Hennepin County has a brief AIS presentation that she will post on the website.

Molitor recalled they were projecting a year end surplus of either \$9,000 or \$13,000, but there now appears to be a surplus of \$6,700.

Schleuning noted the differences for the net profit are outlined in the line items. They will provide some highlights when the initial budget preparation process begins.

15. STANDING LMCD COMMITTEE/WORKGROUP UPDATE

Aquatic Invasive Species Committee/Taskforce: Green reported he was contacted by Dr. McCartney from the University of Minnesota Research Center about their project on St. Albans Bay, and he requested the LMCD provide a letter of support.

MOTION: Cook moved, Thomas seconded to direct the Chair to provide a letter of support to the University of Minnesota for the St. Albans Bay project.

Punch requested a description of the project.

Green explained the project is an extension of the Earthtec studies on zebra mussel veligers treatment that has been researched over the past few years. It is an ambitious project and will be conducted in July.

VOTE: Motion carried unanimously.

Budget Workgroup: Cook reported they will meet this week to put together draft budgets and scenarios. They plan to bring this to the Board at the next meeting.

Communications Workgroup: Thomas reported they will meet again on April 3 at 8:30 a.m. at the LMCD office.

Recodification Workgroup: Gilchrist reported staff continues to look at the draft and he looks forward to meeting with Schleuning. They will provide an updated draft to the Board soon.

Save the Lake Committee: Thomas reported they would like the Board to come up with plans to celebrate the LMCD's 50th Anniversary. He requested approval to spend about \$2,500 to purchase commemorative items they could give out.

MOTION: Thomas moved, Cook seconded to allow Save the Lake committee to spend up to \$2,500 on commemorative items related to the LMCD's 50th Anniversary celebration.

Green requested they choose items that are reasonable, so they do not have a lot of leftovers. He confirmed this amount would come from the Save the Lake fund.

VOTE: Motion carried unanimously.

Molitor stated he has secured a booth at Minnetrista Days on Saturday, May 19 from 11:00 a.m. to 2:00 p.m. He will be there representing the City as well as the LMCD and requested additional help from Board members. Thomas agreed to help at this event.

Strategic Plan Subcommittee: Schleuning reported they provided updates at the work session regarding strategic initiatives, including Board training materials and public education checklists. She will work with the Committee to update the dashboard. When she was presenting at the City of Shorewood, they indicated appreciation for the dashboard because it was easy to read. She is working on finding a solution on how to continue to document since the Excel cells have restrictions on size and requested Board input.

16. ADJOURNMENT

There being no further business, the meeting was adjourned at 7:49 p.m.

James Jay Green, Chair

Ann Hoelscher, Secretary