

**LAKE MINNETONKA CONSERVATION DISTRICT
BOARD OF DIRECTORS**

7:00 P.M., May 8, 2019
Wayzata City Hall

1. CALL TO ORDER

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

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Members present: Gregg Thomas, Tonka Bay; Ann Hoelscher, Victoria; Bill Cook, Greenwood; Dan Baasen, Wayzata; Ben Brandt, Mound; Gary Hughes, Spring Park; Dennis Klohs, Minnetonka Beach; Chris Rich, Woodland; Nicole Stone, Minnetonka; and Jake Walesch, Deephaven. Also present: Troy Gilchrist, LMCD Legal Counsel; and Vickie Schleuning, Executive Director.

Members absent: Mark Kroll, Orono; Mike Molitor, Minnetrista; and, Deborah Zorn, Shorewood

4. APPROVAL OF AGENDA

MOTION: Baasen moved, Hughes seconded to approve the agenda as submitted.

VOTE: Motion carried unanimously.

5. CHAIR ANNOUNCEMENTS

Chair Thomas commented that he and Cook represented the LMCD at an event the previous weekend. He stated that people expressed interest in what the LMCD does, asked questions about zebra mussels, and some expressed concern with the LMCD not harvesting this year. He noted that Art on the Lake will be on June 8th and advised that additional volunteers from the Board are still desired.

6. APPROVAL OF MINUTES- 04/24/2019 LMCD Regular Board Meeting

Hoelscher noted on page two, under Item 6, there is a spot left to fill in. She believed that Hughes should be listed in that spot.

Hughes confirmed.

MOTION: Cook moved, Brandt seconded to approve the 04/24/2019 LMCD Regular Board Meeting minutes as amended.

VOTE: Ayes (9), Abstained (1), (Baasen) Motion carried.

7. APPROVAL OF CONSENT AGENDA

MOTION: Hughes moved, Cook seconded to approve the consent agenda as presented. Items so approved

included: **7A)** Audit of Vouchers (05/01/2019 – 05/15/2019).

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

There was no other business.

11. OLD BUSINESS

There was no old business.

12. NEW BUSINESS

A) 2020 Budget Discussion

Cook reviewed historical information for the budget, noting that the budget also forecasts two years into the future. He reviewed the details of the 2019 budget forecast, highlighting items that may come in over or under the budgeted amounts. He also provided a summary of the proposed 2020 budget.

Chair Thomas asked and received confirmation that the 2020 budget would require a transfer from the general reserves to make up the loss. He asked for perspective from the Save the Lake Chair as to whether that is a reasonable increase to expect.

Baasen stated that he was agreement. He stated that a two percent increase was forecasted for the general budget, which ends in a deficit. He asked why a three percent increase was not proposed to avoid the deficit.

Cook stated that unless programs or value are being added, he believes that the dues requested should be kept equal to inflation levels. He stated that he worries about sustainability when people's incomes and inflation is at a certain level while government increases continue at a higher level.

Baasen stated that because there are so many things going, using the AIS master plan as an example, and other opportunities, that he does not see a decrease in expenses in the future. He noted that if the proposed legislation is passed, that could take away some fees and he does not think it is responsible to present a deficit budget.

Cook stated that he would also be interested in input about increasing the reserve balance. He stated that there is a wide range recommended for the amount to be held in reserves by the auditor. He stated that the LMCD keeps bumping to the top of that range.

Baasen asked if the reserve fund is going to be used to balance the budget, will there then be a line item showing that transfer from the reserves to present a balanced budget.

Cook confirmed that there would be a line item transfer shown.

Baasen stated that he was simply asking questions for clarification and trusts the opinions of Cook. He noted that the LMCD has had a challenging 18 months and the next 18 months will most likely follow the same path.

Chair Thomas stated that the forecast for the end of this year shows that the reserve balance will be at 48 percent, which is within the 30 to 50 percent range recommended.

Cook confirmed that forecast even accounts for the budget amendments that were completed this year.

Chair Thomas stated that even with the proposed transfer from the reserve, the balance would remain at 46 percent. He stated that in 2018 the inflation rate was 2.44 percent. He noted that using that rate of inflation, if dues were to increase by that same amount it would result in an \$8,800 increase to the levy which would still not balance the budget.

Klohs stated that this is a transition year for the LMCD, in terms of where the organization has been and where it is going. He stated that the lake management plan is resetting what the LMCD does and where it spends its money. He agreed that there are a number of initiatives in the Strategic Plan that the organization would like to do but does not have sufficient staffing. He stated that either the to-do list needs to be decreased or another staff person needs to be added. He stated that there is no way to forecast the results of the harvesting program until the study is completed. He stated that this is a nice start to the budget discussion and no decisions should be made tonight.

Cook confirmed that a budget agenda item is not before the Board tonight, the intent was just for discussion.

Klohs stated that there is a solid argument that another full-time employee is needed. He stated that Cook does an excellent job, and this is a good start to the conversation.

Chair Thomas asked for details on the tentative budget schedule.

Cook reviewed the budget timeline which starts tonight with the preliminary discussion. He stated that on June 5th there will be a meeting to discuss the preliminary budget with city officials. He noted that the final review and adoption by the LMCD is scheduled to occur on June 12th.

Rich thanked Cook for putting this together. He stated that he echoes the comments of Klohs that the Board is in a holding pattern until the deliverables from the study are presented. He stated that his biggest concern is the pending communications line item of \$25,000. He stated that while it would be nice to have, there are bigger

priorities. He stated that he would like to see that item held off given the other things that are going on and need to be done. He suggested that item be tabled until more information is known at the end of the year and actual revenues are known.

Chair Thomas stated that Cook put the line item in the 2019 forecast because the Board approved that item. He noted that to his knowledge someone has not been hired and that has not yet begun. He stated that there is not a communications item in the proposed 2020 budget.

Gilchrist stated that the item was raised as an idea and the motion was to develop an RFP that could come back to the Board for approval. He noted that the action itself was not approved, simply the direction to prepare an RFP, which would then be reviewed by the Board.

Chair Thomas stated that once the RFP is prepared, that will come back before the Board for review and potential approval.

Rich stated that he supports development and review of the RFP. He noted that he does not disagree that the service would be helpful, he just believes that there are higher priorities and too many unknowns at this time to preserve the health of the lake.

Walesch stated that in general this makes sense based on what is known now. He echoed the comments that there are a number of things that may be considered in the future with the AIS study. He assumed that the study will result in initiatives that the Board will want to implement. He noted that those initiatives and the costs associated are unknown at this time. He stated that it would be nice to be able to anticipate what may result from that study, specifically whether the harvesting budget would be reallocated to coincide with the study results, or whether additional dollars would be needed for implementation.

Cook agreed that they do expect initiatives from the study, which may send the Board in the direction as in the past related to harvesting at a high level, or it may change the direction and the actions of the LMCD. He stated that if there are changes, the organization would need to go through a process that engages the stakeholders as well. He noted that elements may happen quickly while the long-range items may happen more slowly. He stated that this is a challenging year to present a budget because the 18-month plan is unknown at this time and yet a budget must be presented by mid-June. He noted that any amendments will be tracked.

Walesch stated that what has been presented makes sense.

Brandt had nothing further to add. He thanked Cook for developing a good budget.

Stone agreed that this was a good starting point, given the year in front of the LMCD. She referenced the pending communications amendment and stated that she differs about the importance of having good communications for the LMCD, especially after her recent experience at the legislature. She stated that if the \$25,000 line item was taken out of the forecast for 2019, that would put the forecast at \$17,500 which would put the organization above the 50 percent reserve range. She stated that if communication is a priority and the decision is made to move forward on the RFP, perhaps it would make more sense to put the item in the 2020 budget rather than the 2019

forecast. She stated that she would be more aggressive in terms of increasing the municipal dues which would offset the potential costs ahead of the organization.

Hoelscher stated that the new items tend to stick out more than the old things. She agreed that communications is crucial. She stated that currently the LMCD does not have the staff and the \$25,000 would be sufficient to get things going without putting additional burden on staff. She noted that while the funds are marked for 2019, there is nothing budgeted for 2020. She explained that this would be an ongoing item and there should be continued funding, although the amount may not need to be \$25,000 every year. She stated that everyone is excited about the AIS study and she hoped that this would not be a one-time fee, suggesting that a line item for lake management expenses be added to future budgets as there will be continued expenses resulting from the study. She agreed that additional funds should not be requested from the cities if nothing new is being done but noted that communications and the new lake management activities are new items.

Chair Thomas stated that even if no new services were added, or permits issued, the staff salaries would still need to be adjusted for the cost of living. He stated that he would want to see an increase in the levy amount even if new services are not provided.

Hughes referenced the seven goals and objectives within the AIS RFP and noted that there are a lot of new things to do and communicate to the public. He stated that the organization has done a great job using existing information to develop this budget, but stated that when the new information is known there will be changes for the organization and more money will be expended to do what the organization should be doing, but did not yet know all those items. He stated that he is very excited to see the results of the AIS study.

Rich stated that the organization has been around for 50 years without the communication line item and was unsure why it is crucial now.

Klohs stated that he felt that way about 90 days ago, but based on what is going on with the organization, the potential legislation, different law suits, and confusion about what the organization does, it has become clear that most people are not aware of what the LMCD does. He stated that he now leans more towards an aggressive public relations program to delineate what the LMCD does. He stated that the LMCD is easy to pick on when things go wrong on the lake and no one has a clue to the enormous amount of work the organization does. He agreed that the item should be an annual budget item.

Baasen stated that there are bullies on the playground and sometimes you need to fight back. He stated that he is also strongly in favor of stating that this is a time to be strong and send the message of the LMCD on a regular basis. He agreed that staff does not have the time to commit to this and therefore he would support the item.

Chair Thomas stated that the LMCD is not going to harvest this year and that could generate issues that the LMCD should get ahead of rather than being in the position to respond after the fact. He noted that Hoelscher wrote the last press release for the organization and the decision was made that perhaps this is the time to solicit professional advice.

Walesch asked who is developing the RFP criteria.

Schleuning stated that she is starting to put together a communications RFP, using a standard template and incorporating certain target issues that the Board has identified but has time constraints.

Walesch stated that he thinks it is important that the LMCD communicates what it is doing with the elected officials. He explained that even people who should know what the organization does, may not know. He explained that the elected officials are the ones that the Board will go before with budget requests and initiatives. He stated that he would be interested in bullet points being developed in a concise manner identifying what the LMCD does and what would happen without the LMCD. He stated that it would be just as important to develop information to share with elected officials as it would be to develop information to share with the general public.

Chair Thomas stated that Schleuning is often encumbered by too many duties and this communications position could help to alleviate some of those additional duties.

Cook redirected the discussion towards the budget. He stated that the 2020 budget and 2010 budget both have inflationary increases for salaried positions built in. He stated that the 2020 budget has one additional half time staff member for the next three quarters as well. He stated that he will make modifications to the proposed budget to incorporate the comments made and will present two options at the next meeting, one showing no increase in municipal dues and the other showing a 2.4 percent increase in municipal dues. He noted that the purpose would be to gather additional input and he would then follow the Board direction to go forward to the municipal meetings.

Baasen explained that the cities have made the comment that they like predictability, so that they are able to plan for the future. He stated that he would suggest not looking at a zero increase but would instead compare the presented 2 percent increase and then perhaps a higher rate, such as three percent. He stated that it would also be helpful to show what would be needed to balance the budget.

Chair Thomas expressed appreciation to Cook for his continued hard work on the budget. He referenced page four of the budget presentation, specifically the income projected and estimated loss in permit fees. He noted that the Board had previously mentioned conducting a review of the fees and suggested that perhaps the best way to proceed may be to develop a Fees Workgroup. He noted that the Work Group would report to Cook, who reports to the Board. He reviewed the charges of the Fees Work Group to determine the appropriate method to establish fees, determine the best approach to establishing new fees, and to develop a recommendation to develop new fees. He stated that the deliverables can be modified if desired, noting that he simply created this as a method of moving forward. He asked for volunteers that would be interested in joining the Fees Workgroup.

Walesch stated that the group should know the legal parameters for the different fees.

Chair Thomas noted that would be included under the first charge of the group. He stated that he will send out a solicitation letter via email. He confirmed the support of the Board in creating the Fees Workgroup.

13. TREASURER REPORT

Cook had nothing further to report.

14. EXECUTIVE DIRECTOR UPDATE

Schleuning provided the following information:

- Electric Shock Devices: Information is available that will be shared with the public.
- Boater Safety Course: Information for the course is available on the website. The class will be held on Monday, June 10th.
- Solar Lights: An update was provided about the current maintenance so they are ready for installation.
- Help keep the lake clean and safe. Pickup trash items if you see them. A photo was shown of the trash that was picked up at the public launches during the summer sign installation.
- AIS Detector Training: Schleuning, Matthew Cook and Cook completed the training. She strongly recommended the class and is available for Directors complete the training.
- Water levels: Schleuning reviewed the water levels measured today, noting that one inch of rain is forecasted. She noted that high water has not yet been declared.

Stone stated that she was at the capital today for the public hearing. She stated that the House did not pass the bill, but the Senate did, so they are now in Committee to determine which elements will remain in the bill. She stated that the LMCD was allowed to speak today. She stated that the LMCD was one of the only groups not requesting funding. She stated that it was also clear that many of the people did not understand what the LMCD is or what the organization does.

Chair Thomas thanked Stone for contributing her time, noting that he has previously spoken as has Hoelscher.

Stone noted that the bill must be reconciled by May 20th, but no action was taken at the meeting she attended.

Klohs asked if there is still time for more input.

Stone confirmed that there is still additional time for input to be received.

Chair Thomas stated that to his knowledge, every opportunity the LMCD has had to comment are opportunities that the organization has sought, rather than being invited to comment.

15. STANDING LMCD COMMITTEE/WORKGROUP

Aquatic Invasive Species Taskforce: Cook reported that the group will meet Friday.

Budget Workgroup: Cook had no report.

Recodification Workgroup: Gilchrist reported that a letter was sent out to the group. He stated that the idea would be to send out a letter to the stakeholder group, that has not yet been identified, welcoming the stakeholders to look at the recodification online and provide emailed comments by a set deadline. He noted that additional amendments could be made to the code, if necessary, following the comments. He hoped that the recodification could be finalized later this summer. He confirmed that the draft states that the intent was not to make substantive changes

to the code.

Save the Lake Committee: Baasen reported that the group will be holding the Boater Safety Class on June 10th, noting that they are looking for Directors to assist with the class. He stated that during the solar lights installation it was noticed that some of the lights have been damaged and will need to be replaced. He stated that the lights purchased last year appear to be more fragile than those purchased in previous years. He referenced the spring solicitation letter, noting that he hopes to bring a draft to the May 22nd meeting with the intent to send the letter prior to Memorial Day.

Strategic Plan Subcommittee – Next Phase 2019/2020 Discussion: Schleuning stated that the group will meet the following week.

Klohs stated that when there are discussions about initiatives, those actions fall upon staff to complete. He stated that the existing staff does not have time to take on additional tasks. He stated that even the initiatives in the current Strategic Plan cannot be accomplished by the existing staff. He noted that his primary concern with the Strategic Plan is budgeting for the long-time personnel needs.

Baasen asked if the progress of the previous year's plan should be reviewed when creating the next year's plan.

Chair Thomas confirmed that is done.

Schleuning noted that the fourth quarter progress has been updated and will need to be added to the website.

16. ADJOURNMENT

Being no further business, the meeting was adjourned at 8:36 p.m.

VOTE: Motion carried unanimously.

Dan Baasen, Acting Chair

Ann Hoelscher, Secretary