

**Middle Fork Crow River Watershed District Meeting Minutes**  
**September 10<sup>th</sup>, 2024 at the MFCRWD Office**  
**Special Budget Hearing: 6:00 pm**  
**Regular Meeting to Immediately Follow**

**Board of Managers Present:** Ruth Schaefer, Jay Hedtke (arrived at 6:04 p.m.), Jeff Gertgen, Shane Braegelman (arrived at 6:29 p.m.)  
Not present: Amanda Toutges

**Staff & Guests Present:** Dan Coughlin – District Administrator; Andy Johnson – Project Manager; Jon Morales – Program Manager; Leah Melges – Office & Finance Manager; Chris Meehan – District Engineer; and John Kolb – District Attorney; Tom Hayden- DLARA Board (departed at 7:37 p.m.)

1. President Schaefer called the special budget hearing to order at 6:05 p.m.
2. President Schaefer recited the District’s mission statement: “We exist for the protection and preservation of water quality in the Middle Fork Crow River Watershed District.”
3. 2025 Budget & Levy Presentation – Administrator Dan Coughlin & Finance Manager Leah Melges:

District Administrator Dan Coughlin began by explaining the requirements of the budget process and began the presentation with “the bottom line” first highlighting that the current proposed 2025 budget levy total is \$909,673.69 compared to last year’s levy total of \$759,899.69. The difference is \$149,774.00, which year over year is 19.7%. Coughlin illustrated what a 19.7% increase impact might look like on actual real properties from various locations throughout the district based on their actual tax payments with the increased percentage applied. The key elements of the proposed levy were highlighted including: increase in staff wages and consultant fees, the addition of debt service for a Diamond Lake Nanobubble System, increased amount in the AIS/small projects fund, collaboration on an aquatic drone with the NLS Robotics team, an increase in building bond repayment schedule, the addition of Mill Pond/Monongalia In-Lake Water Quality Project and Federal 319 finalization, and lastly, funding for replacement of conference room chairs.

A side-by-side comparison was shared of the 2024 actual levy numbers compared to the 2025 levy numbers to illustrate the increases and decreases from year to year, as well as a pie chart demonstrating the anticipated revenues for 2025 and the anticipated expenditures split amongst the various funds.

Administrator Coughlin then shared alternative ways to adjust the proposed budget to reduce the overall levy amount which included: not levying for HSW and use HSW reserve funds to cover the 2025 costs, thus reducing the overall budget increase percentage down to 15.2%. District Attorney John Kolb noted that if the District did not undertake a project levy in a particular year, that year did not count towards the total number of annual levies authorized as part of the project adoption.

Lastly, Finance Manager Leah Melges shared a diagram of the numerous funding sources that create the revenues for the District, highlighting the new and existing

funds. This diagram also demonstrated how the various revenues are acquired, whether levied dollars, grant dollars or a combination of both. After the budget presentation was concluded, the public hearing was opened for public comments.

4. Receipt of Public Comments (please share your name for the meeting record)

Prior to the start of discussions, Manager Gertgen presented a disclaimer disclosing that he owns property and a recreational resort on Diamond Lake and that he will act objectively and impartially on this matter.

A written letter from MFCRWD Board Manager Amanda Toutges was read expressing opposition to including the debt service for a Diamond Lake Nanobubble System in the 2025 Budget Levy. A second letter written by Diamond Lake Area Recreation Association (DLARA) Board President Brian Weist was read expressing support for partnership on a Diamond Lake Nanobubble System. (See attached letters)

Tom Hayden from the DLARA Board then spoke and agreed with President Brian Weist, feeling their public presentations regarding the potential nanobubble system were informational for the public and homeowners. DLARA board has agreed to move forward with the project upon award of the loan financing.

MFCRWD Board President Ruth Schaefer shared that at this time she would like the Diamond Lake Nanobubble project removed from the 2025 budget levy feeling the need to gather more information. President Schaefer expressed feeling that this process has moved too quickly and agrees with Manager Toutges that she would like to hold public hearings on this first. President Schaefer shared support for continuing to pursue, and accept, grant money for this project, with a final decision being made at a later date.

Board Manager Jeff Gertgen expressed concern for the state of Diamond Lake. He said his support for the Diamond Lake Nanobubble project was rooted in a desire to start addressing the most impaired lake in the district. Manager Gertgen noted that due to the resort facilities and land that he owns, he would likely pay some of the highest assessments and taxes of anyone on the lake; but despite increased financial burdens he supported moving ahead with proactively treating Diamond Lake's internal nutrient loads.

Manager Gertgen mentioned that in his opinion the Hubbard, Schulz, Wheeler project did not accomplish what it was supposed to help the lake and does not believe it is due to landowners around the lake supposedly overusing fertilizer. Gertgen stated that according to HSW project documents, 70% of nutrient loads entering Diamond Lake are from the upper lakes that flow into Diamond.

Board Manager Jay Hedtke stated that he was inclined to support moving ahead with a nanobubble treatment project on Diamond Lake. He indicated that the persistent

problems noted with Diamond Lake need additional attention if they are to be addressed.

Board Manager Shane Braegelman commented that while he is not opposed to a project on Diamond Lake, he would like to see the results from the Tadd Lake pilot project first before making a final commitment. He said that the Atwater project was put in place to show the local public how the technology performs and he felt it was appropriate to have the results of the pilot study available prior to final adoption of a potential project. Administrator Coughlin shared that the Tadd Lake pilot project would wrap up in early October and he expected the final project report to be available by the Board's November meeting on November 12<sup>th</sup>.

President Schaefer stated that she is not opposed to the project but is hesitant about adding a million-dollar debt service to the District so hastily. She then asked if it was taken out of the 2025 budget, can the loan still be applied for. Administrator Coughlin said the loan could indeed be applied for without a corresponding debt service being included in the 2025 budget plan; however without identified debt service funds in the mix, if the loan were to be accepted there could be a possibility of the first debt service needing to be paid out of reserves until dedicated funds were levied in a future year.

Coughlin went on to explain that the timing of these discussions was the result of statutory requirements related to budget and levy adoption deadlines. He said that Diamond and Nest Lake Associations are asked to get their next year aquatic plant management assessment amounts back to District staff prior to the annual budget presentation because those assessment amounts are included in the District's annual budget detail. Because the discussion of the nanobubble project proposed partnership took place as part of the Lake Association's project budget decision, the timing of their proposal was driven largely by the statutory requirement of when watershed districts have to conduct their proposed budget public hearing.

Manager Gertgen explained that last year the Board was supportive of the technology to the point that the Board worked with State Representative Dave Baker to seek after most of \$2 million in state project funds for a project in New London. Gertgen asked if the Board was now questioning the technology and is in need of more information; because if that was the case, he reasoned that we owed the State Representative an apology.

Gertgen then asked if there was concern regarding the validity of the nanobubble technology, to which District Attorney John Kolb interjected and clarified that there have not been concerns brought forward regarding the validity of the technology. He said that what he was hearing that the concern centered around the amount of debt service being taken on by the District for a project that is localized but will have District-wide impacts.

Kolb shared that putting the project in the 2025 budget levy would allow the District to be poised and have funding if the project would materialize, and if it does not, then these funds could cushion the budget to be used later. He said the question as he saw it was whether the District should secure funding now, or wait for a future year. Kolb said that earmarking funds in the proposed budget and levy did not directly authorize a project, but it would preserve the District's options if they wished to pursue one.

Board Manager Jay Hedtke stated that both President Schaefer and Manager Gergten raise valid points. He said Diamond Lake is definitely suffering with much of the long term impacts being due to agricultural activities within the lake's watershed over time. Hedtke mentioned that the Hubbard, Schulz, Wheeler project was supposed to help the lake, and he asked if that was the case why HSW funds cannot be used towards a Diamond Lake Nanobubble. Manager Braegelman concurred with Hedtke's points.

District Attorney Kolb then explained that the Hubbard, Schulz, Wheeler project was a specific project under watershed law and the levy was for the purpose of operations, maintenance and replacement of the project structures only. Due to the large balance sitting in that fund, levy amounts from recent past years have been decreased, and we can continue in this pattern. However, the Diamond Lake Nanobubble project will require its own funding stream, so the question was if the Board wished to add \$150,000 ad valorem tax district-wide to fund this project.

Manager Hedtke then inquired if there is any county funding available to assist with this project, to which Administrator Coughlin responded that the county could certainly assist financially if it wished, but went on to explain that due to there being a number of impaired, eutrophic lakes throughout the entire county, the challenge would be that if they pledged any direct resources to Diamond Lake, lake associations throughout the county would have an expectation that the county would provide similar assistance to them as well. Coughlin said that given the county's own budget constraints and the difficulty of being fair and equitable with all lake associations, direct financial assistance with a project like this one would be unlikely. He did note that the County has expressed a willingness to collaborate on in-kind assistance with the installation and ongoing maintenance of the nanobubble system if it were approved. Coughlin said that over time the contribution of short-term use of equipment and park department labor would provide considerable long-term savings to DLARA and the District.

Manager Hedtke then shared his belief that the District needed to demonstrate investment in the proposed project and to acquire the nanobubble aeration equipment as requested by DLARA. He said he supported leaving the proposed debt service assumptions in the 2025 budget and levy documents

Administrator Coughlin mentioned that the 2025 budget included the proposed Diamond Lake nanobubble system debt service as part of the general fund. He said it

was similar to how other funds such as the Belgrade Stormwater and Diamond Lake Subwatershed project funding was handled where they were included as general fund line items and then became formally adopted projects in the next budget cycle. Coughlin said that based on input from Attorney Kolb, a formal project order resolution would need to be adopted by the Board to create a dedicated Diamond nanobubble system project with its own levy authority. He said that Kolb recommended that given the potential scope of the project, a public hearing be held in conjunction with outlined that prior to a project order being considered and voted on.

Coughlin went on to say that the timing of such a process would likely have a draft resolution presented to the Board in October with a public hearing scheduled for the monthly meeting in November. He said the timing would also work well with Manager Braegelman's desire to receive a final report on the Tadd Lake nanobubble pilot project. At that time the Board could opt to move ahead with the project and leave the 2025 budget and levy as is, or choose to amend those documents.

Manager Gertgen and Tom Hayden from DLARA discussed the possibility of hosting another public info meeting for the DLARA Board to explain their decision to move ahead with a nanobubble treatment system proposal. It was noted that given the timing of such a potential meeting, a virtual component might need to be offered because many property owners leave the area for the fall / winter season.

Tom Hayden expressed his appreciation to the board for its consideration of the proposed joint project and the funding required for it to become a reality. He said he also had sincere appreciation for the Board's due diligence in examining all impacts of this project considering its large overall cost.

Administrator Coughlin finished by outlining that if the Board decided to eliminate the HSW levy amount in the 2025 proposed budget, that would effectively reduce the Diamond Lake Nanobubble debt service need from \$150,000 to \$116,000. He said that because the HSW project fund has approximately \$600,000 in reserves at the present time, the Board could opt to consider suspending additional levies for the HSW project during the remaining 6 years of a potential Diamond nanobubble debt service window. He said if staff costs and overhead expenses related to the HSW project were to remain in the \$34,000 range over that period of time, the HSW project fund would still have over \$350,000 remaining in the fund when the Diamond project was paid off.

Manager Braegelman stated that he is not opposed to approving the proposed levy with the Diamond Lake Nanobubble project included in it, however he wanted to see the financial impact on homes in Stearns County. Because Manager Braegelman was not available when the budget presentation slideshow was presented, the pertinent slide was pulled back up so he could review the data. Administrator Coughlin mentioned that even with a 19.7% levy increase with no reductions, the average

house in Belgrade would see an annual change of just over \$8 from 2024 to 2025. Braegelman stated that he appreciated the tax impact calculation because he assumed any adjustments may be a concern to Stearns County residents.

No other public comments on the proposed budget and levy were received in advance of the hearing.

5. Close Budget Hearing / Open Regular Meeting

With public comments noted and all Board members questions answered, President Schaefer closed the public hearing at 7:14 p.m. and opened the regular monthly meeting.

6. Additions / Corrections to the Agenda: **A motion to approve the distributed agenda made by Manager Hedtke, seconded by Manager Braegelman. Motion passed unanimously.**

7. Consent Agenda

a. Financial Report

i. Office & Finance Manager Report – Leah Melges

ii. Expenditure Report / Payables Presented for Approval

b. Regular Board Meeting Minutes – August 19<sup>th</sup>, 2024

**Motion by Manager Hedtke, seconded by Manager Gertgen to approve the Consent Agenda. The motion passed unanimously.**

8. Discussion / Business Items

a. Resolution 2024-20, Approval of 2025 General & Special Fund Budgets & Schedules

Attorney John Kolb suggested to the Board to adopt the presented budget as preliminary with instruction to the District Administrator to make adjustments that can be modified with a resolution at a later meeting date.

**A motion to approve Resolution 2024-20, Acceptance of 2025 General & Special Fund Preliminary Budgets & Schedules as presented was made by Manager Braegelman, seconded by Manager Hedtke. The motion passed unanimously.**

b. Resolution 2024-21, Approval of 2025 Property Tax Levies

Administrator Coughlin reminded the Board that if they chose to remove the HSW levy amount for 2025, those changes could be made prior to sending the preliminary property tax levy amounts to the county auditors or an amended at a later date that is prior to the final levy deadline of December 28<sup>th</sup>.

**A motion to approve Resolution 2024-21, Approval of 2025 Property Tax Levies as presented was made Manager Hedtke, seconded by Manager Gertgen. The motion passed unanimously.**

c. Review of Proposed Blue-Green Algae Information Signage

Draft educational signage regarding indicators for blue-green algae was presented to the Board for final approval. The draft signage provides the public with information on blue-green algae with the intent to have it posted at local

water bodies. The information includes example photos of algae, as well as a QR code that redirects to the Minnesota Pollution Control Agency's website for more information and reporting procedures. District Administrator Coughlin hoped to reach out to the county to seek assistance in producing and placing the signs.

**The proposed Blue-Green Algae Information Signage was approved by the Board by unanimous consent.**

d. Discussion of Draft Project Order for Furtherance of both the Diamond Lake TMDL and the APM Project

In reviewing the Draft Project Order for Furtherance of both Diamond Lake TMDL and the APM (Aquatic Plant Management) project, District Attorney John Kolb stated that along with the existing APM project for Diamond Lake, a new project for the Diamond Lake Nanobubble equipment would need be initiated.

The DLARA Board has proposed a joint project concept where they, via their APM Project assessments would pay for the ongoing operations and preventative maintenance agreements if the District would be willing to finance the cost of acquiring and setting up the proposed nanobubble aeration system.

Attorney Kolb mentioned that neither the APM project nor the Diamond Lake Subwatershed fund was suited to finance the debt service on a system purchase; therefore another, separate, project authorization would be needed if the Board wished to proceed with a joint project with a dedicated project levy fund. He said that he would provide a working draft of a project order resolution for the Board to review in October. He reiterated a suggestion that for added transparency for this potential project that the Board should consider holding a public hearing ahead of formally considering a project order.

e. Agenda Additions / Other Matters  
None.

9. Reports & Updates

a. Administrator – Dan Coughlin:  
No further report.

b. Program Manager – Jon Morales:

Program Manager Jon Morales highlighted that this week has been intensely focused on outreach / education. MFCRWD participated in Prairie Pothole Day last Saturday, and this week's focus is on education for NLS at Neer Park and ACGC at Diamond Lake, ending with Pope County Water Fest on Friday. The Clean the Crow Event will also be held this coming Saturday.

Morales and Project Manager Andy Johnson will be meeting with the Green Team at Peace Lutheran Church this week to discuss implementing an

ecologically friendly project for the north parking lot of the church and how it could potentially coincide with some of the 2025 New London Stormwater projects.

Morales also obtained a permit extension through the end of October for Tadd Lake, which was originally set to expire at the end of September. Additionally, Morales announced that he and Dr. Denise Devotta will be presenting on the Tadd Lake Project at the 2024 MN Watershed Annual Conference this fall.

c. Project Manager – Andy Johnson:

Project Manager Andy Johnson reported the continued progress with the 319 grant, CD-47 project and City of Belgrade planning. Johnson has also been working with Spencer Johnson, the city engineer for Atwater, on furthering conversations about stormwater plans and modeling for the city. He has also been working on a potential rain garden project that spans multiple properties on Elkhorn Lake. Stantec figured out cost estimates for this project which now need to be presented to the landowners. This project may be eligible for 319 grant dollars (potentially \$78,000 for one of the properties) and possibly some 1W1P funding.

Updates on the Bergstrom ditch project concept include the largest cost of the project being dirt removal (approximately \$580,000). If the dirt could be repurposed, and a 1-stage ditch versus a 2-stage ditch was implemented, costs could be reduced considerably.

The Diamond Lake APM plan update was completed and lastly needs to be signed by the Board President. Nest Lake is working on their CLP plan which will hopefully be finalized next week. The final work plans will be presented to the Board for review and approval in October.

Project Manager Johnson also obtained more comprehensive features of ArcGIS from Kandiyohi County to assist in determining property values for the tiered assessment rolls.

d. Finance Manager – Leah Melges:

The requested employee information was compiled and submitted to CDS (accounting firm) for the Flex Benefits Non-Discrimination Testing that they are conducting on our Flex Benefits Cafeteria Plan.

A Clean Energy Business account was created with the IRS to complete the pre-filing registration for the solar panel ITC (Investment Tax Credit). Because we are tax exempt and do not typically file a tax return each year, we are required to register this year to file a tax return in order to receive the elective pay. Once we file our 2024 return, then we should receive our elective pay reimbursement. Currently we are waiting for 2024 registration information to become available to continue to move forward on this process.

Melges participated in a training webinar regarding the upcoming changes to MN Pay Transparency Compliance effective January 1<sup>st</sup>, 2025. (Including:

requirements to post starting salary range, benefits and other compensations, prohibitions on posting open ended ranges, continued Wage Disclosure Act application, salary history prohibitions, pay equity reporting and notice requirements).

Finance Manager Melges is also working on completing registration for those attending the MN Watersheds Annual Conference in December at Grandview Lodge in Nisswa, MN.

e. District Engineer – Chris Meehan:

District Engineer Chris Meehan elaborated on the Bergstrom ditch project and emphasized seeking an alternative use for the removed soil to reduce project costs. He also expressed excitement about the potential Elkhorn rain garden project, as well as anticipating notice to kick-off CD-47 mid-October. This will be dependent on the crops being out of the ground and deer hunting ending. He plans to re-engage with the contractor to get on their calendar looking towards December to start construction.

The Lake Calhoun Dam designs were highlighted in the newspaper and surveying is set to begin at the end of September with general concept planning happening in October. The goal is to get through design and go for bids in June / July with the hopes of fall construction. District Engineer Meehan noted that the landowners in this project have been extremely cooperative and great to work with.

f. District Attorney – John Kolb:

No report.

g. Other Reports from Managers / Staff: No additional comments offered.

10. Public Access Forum: No public input was received.

11. Adjournment: Motion made by Manager Hedtke, seconded by Manager Braegelman to adjourn the meeting was made. Motion passed unanimously.

The meeting declared adjourned by President Schaefer at 7:54 pm.

Submitted by,

Leah Melges  
Recording Secretary  
Office & Finance Manager