



**MINUTES
DEVILS LAKE WATER IMPROVEMENT DISTRICT
BUDGET MEETING**

**DLWID OFFICE
May 9, 2011
10:00 A.M.**

BOARD PRESENT: Randy Weldon
Jack Strayer
Brian Green
David Skirvin

ABSENT: Joe Barnes

BUDGET COMMITTEE: Jim Park, Jim Hoover, Alex Ward, Doug Pirie, Don Sell (absent)

AUDIENCE: Steve Harnack, John Forse

STAFF: Paul Robertson, Seth Lenaerts

MEDIA: None

Green called the meeting to order at 10:10.

Green asked Robertson to introduce the audience, Budget Committee and the Board. Everyone introduced themselves. Robertson noted that the final budget hearing will be held at the next Board meeting on June 2 and approved by the Board of Directors. The current meeting is for the budget committee to evaluate the budget and make recommendations.

Green nominated Strayer as Budget Committee Chair. Pirie seconded.

Vote: Unanimous. Motion carried.

Strayer asked for nominations for Vice-Chair. Green nominated Weldon. Skirvin seconded.

Vote: Unanimous. Motion carried.

Robertson thanked the group for coming.

He pointed out the Table of Contents, the Narrative and the Work Sheets, noting there are many governmental requirements within the Work Sheets. On the Calendar, June 2 is the final hearing on the budget—at the next Board of Directors Meeting.

Page 4: District Goals. Improve and maintain the water quality in Devils Lake; Improve the environment for fish, wildlife, and humans in Devils Lake and its watershed; Improve recreational opportunities in and on Devils Lake; Improve and maintain safe and efficient navigation through Devils Lake; Increase public access to Devils Lake; Improve the economy of north Lincoln County through the restoration and maintenance of Devils Lake; and, Increase public awareness and public education of Devils Lake.

Major Variances from previous year's budget.

One difference is that the District has decided not to seek any grants; the Board has decided to undertake an Erosion Study of the lake; and the most significant change is the provision for Debt Service in the General Fund for a possible educational science center and permanent home for the District. Another change in the two budgets includes the provision for implementing the Grass Carp Strategic Plan. The erosion study funding is carried into next year. There is a new creation of a debt service fund that has been upped from \$20,000 to \$30,000. The proposal to borrow is for the Center for Applied Freshwater Ecology that is in the Devils Lake Plan. The decision has not been made. Other major changes are for a topographic study and other studies related to the vegetation management in the Improvement Fund.

Strayer suggested that they address questions as they arise.

Budget priorities are the same as in 2010.

Develop and implement a strategy for the aquatic vegetation management and control; Finish the septic tank revitalization program creating an ordinance that will provide the data necessary to complete the septic systems data base; Use that database to estimate septic tank loading as part of the total watershed nutrient load; Increase District's time spent on the lake to promote communication to property owners, while conducting a lakeshore photographic survey. Also, re-evaluate the cyanobacteria postings from the District; determine the source of *E.coli* on Thompson Creek; determine the methods we can use and those to collaborate with to sewer the rest of the watershed.

Thompson Creek. Bacterial source tracking identified that dogs were causing the *E.coli*. Sewering of 50 properties within an independent local improvement district is in the works. It will be utilized as a template for further sewerage. Sewering began on the lake in 1979.

Hoover asked what part the Café project played in any of these priorities.

Robertson responded that the priorities were established in 2009; however, it does not preclude additional items from being under consideration. Many decisions are made because of opportunity. He would refer people to the Devils Lake Plan. The Board has been looking at a building and the issue was jumpstarted because of a potential opportunity.

Board members informed Hoover that the Board has authorized two of its members to research the Union 50 Club.

Park said the Café project is an unfunded budget item and will not be funded until the Board transfers money into it or borrows the money and they cannot go ahead until the Board chooses to provide a bond issue or a formal Board action. It is not funded until the Board takes action.

Green: Creating a line item simply allows the option in case the Board makes a decision. We have a long way to go.

Park donated \$1 to the unsecured escrow fund until it is applicable next year.

Robertson explained, if the item does not have \$1, funds cannot be transferred into it. Discussion began on the time involved if a supplemental budget were to be created to add a line item. Robertson noted that a supplemental budget requires time and energy, which is not in excess supply. He said it would take a week and a half of staff time to create a supplemental budget—a sixty-day process.

Ward asked what Hoover's objection was to leaving the Café item in. Hoover said he did not like to see the item remain in the budget forever. Hoover said he is concerned that the Board is moving ahead on this project.

Robertson replied that it is not money sitting in reserve. The budget process is allowing for forecasting. It is because of a Board discussion that it is in the budget.

Green noted that the public has the opportunity to change the Board's direction when the public hearing comes up.

Strayer said he is concerned with the verbiage, "this is part of the Devils Lake Plan."

Green suggested expanding the verbiage. The Board is in the initial stages of investigating the possibility of making the purchase only if it is in the best interest of the District. The best way of looking at it is if the purchase is similar to that of lease payments.

Park said a revision of the language in the budget message could clarify the issue. Park said he is hopeful that the District would have an interest in the mouth of the lake because the proximity would cause them to take more care with the area. He believes the property is overpriced and notes that he would offer a much lower price. He would like to see the Board go ahead and investigate the project. He suggests a change in the language similar to, "It is a tentative issue and is placed in the budget as an unfunded budget item and is subject to further public notice and hearing."

Robertson noted that as you get further into the budget, the language is more explicit.

Pirie says we need to add the language, "We will continue to investigate" and somewhere we need a full cost/benefit analysis with long-term maintenance costs as well.

Park said he thinks the Board should consider very strongly the long-term benefit of purchasing versus renting.

Robertson said that the site was chosen because of the location and its historical value.

Strayer asked Robertson to make the statement as accurate as possible. Let's add, "It is very tentative and is there as a place holder."

Skirvin asked that Robertson make the changes as requested so that the committee could approve it.

For clarification, the Budget Committee asked Robertson to remove the sentence on Page 4, "While the decision to borrow and expend any such monies has not been made, the project is part of the Devils Lake Plan."

On Page 5, for Priority 5, verbiage is changed to, "Lastly, Priority #5 of determining means of sewerage for the lake made great strides, thanks to the dedication of Board Chair . . ."

Robertson led the group through the budget and explained each item as he went.

Net Working Capital is money that is available.

Unappropriated Ending Fund Balance is \$100,000.

The District can expect \$184,000 in taxes to be received this year. Long-term, we are growing 3%. Further out, in 2014-15, the District will gain \$26,000 with the sunset of Urban Renewal. The properties were frozen and the 3% went to the urban renewal district. It's will be a 13% increase.

Hoover asked about the net worth of the District:

Robertson replied: \$540,000, cash would be about \$500,000.
Green asked what the interest rate is on its accounts. Robertson said .5% as of April.

Requirements of District are linked to LB-30 and LB-31.
If the District obtained a \$400,000, 20-year loan at 3.5%, the cost would be about \$28,000 annually.
At 4%, it would be \$29,000.

Hoover asked to change the verbiage on P. 14 in the first paragraph under Debt Service to:
“While the decision to move forward on any such acquisition has yet to be made, it is a legal requirement for the District to provide for itself the financial tools of debt servicing should it desire to borrow funds for the project.” This would entail removing the word, “prudent.”
Robertson said he did not want to leave the committee in the dark.
Hoover moved to make the change on the first paragraph under Debt Service on Page 14 and then eliminate the first three paragraphs on Page 15. Pirie seconded.

Discussion on whether the changes were valid and how the issue should be clarified.

Pirie said he feels people should be referenced to the Devils Lake Plan if they want to see the verbiage that is included in it.
Hoover amended his motion to leave in the verbiage, “See Devils Lake Plan available online at www.DLWID.org.”

Discussion:

Ward objected to the characterization of the verbiage and reminded that the Board makes the decisions. Green said he agreed with Ward that the budget officer has placed the verbiage in the budget—so, leave it in. Why direct someone to search somewhere else. He feels it is good to expand on the details. He reminded the verbiage does not necessarily apply to a specific building.

Hoover amended his motion to change the first paragraph as stated, remove the first three paragraphs on page 15, and add at the end, “For further information, see the Devils Lake Plan, available online at www.DLWID.org.” Pirie seconded the amended motion.

Discussion: Weldon said he feels it should remain in the document due to the amount of the line item. Ward said, “Yes, it’s an explanation of why it is in there.”

Strayer asked for further discussion.

Voting: Yes: Pirie, Hoover and Strayer.

Voting, No: Park, Weldon, Ward and Green.

Motion was defeated 4 to 3.

Green moved to add a fourth paragraph on Page 15.

These positive aspects of the Café will have to be balanced against the costs of acquisition, repair, maintenance and operation of the Café.

Ward seconded the motion.

Vote: Unanimous. Motion carried.

Strayer asked for a change on LB-30 to “Budget for 2011-12.”

Pirie asked about “sinking” funds for the existing boat. He said an 18- to 20-foot boat could be purchased for around \$20,000. We have the funds for it now. Strayer said he didn’t feel it is worth considering. Robertson said that the transportation fund item under the Improvement Fund section is increasing.

Hoover asked what tangible issues have been accomplished. What is the percentage of the budget that is technically “productive?” Robertson said most of the tangible issues are in the Improvement Fund.

Park said perhaps a Cost/Benefit analysis of all the specific items is what he is after—monitoring, etc.

Robertson: For instance, Monitoring determines what nutrients are in the water and water quality for recreational use of the lake and for Coho salmon. Strayer said if we didn’t monitor it, DEQ would do so.

Weldon said the budget is increased because of DNA testing this year; he is anxious to learn what the results are.

Public Comment

Strayer asked if anyone had Public Comments at this time prior to the group taking a lunch break.

John Forse said he and Steve Harnack were here in the interest of Hostetler Park. Kurt Olsen from Urban Renewal is working on a redevelopment plan for a city park area—kayaks, canoes—and making the park a focus of the city again. They are interested in the results of the “yacht club” issue. John Forse has been involved in the big wave activities, teaches people surfing. He read about the grant the city has identified for developing that piece of property. Steve Harnack is a developer. They are looking at the northeast side of the highway at Hostetler Park, where the logs were stacked. He, too, would like to see it made into a vital part of the city. Kurt Olsen is assisting them in working through the issues to begin developing that area—hours of operation, etc. Steve Harnack said he feels that the lake should be exposed and that is a great opportunity to work on improving the mouth of the D River at a low cost. They have resources and said they have been planning this for quite a while—kayak rentals, tours, sailboarding, etc.

After the lunch break, Robertson resumed the clarifications.

At the bottom of P. 21, Vegetation Management, the top priority of the District is to create and implement a strategy for aquatic vegetation management and control, focusing on five issues: Aquatic Vegetation Survey and Mapping; Grass Carp Study; Topographic Survey; Economic Impact Study; Grass Carp (5,000 at \$20= \$100,000).

Strayer said grass carp’s eradication of vegetation instead of controlling it is the reason the grass carp application was not approved. He would like to see a lake that has some vegetation rather than none.

Robertson asked, “Is the issue aquatic plants in the middle of the lake?”

Strayer said, “Not the middle of the lake, but on the shoreline. The goal is 20-25%. The State of Oregon said grass carp did not control to that level, but they eradicated it entirely. For a healthy lake, we need 20-25% vegetation. The State of Oregon stated that as being a deficiency.”

Robertson said the resources at this time are being dedicated to obtaining the grass carp application.

Strayer asked if the plan is to place vegetation in the lake, but not until we get authorization for the carp?

Robertson said the plan is to work on vegetating uplands without going too far into the lake with plants that we have no way of controlling. The grass carp issue is what the Board has focused on. The Board feels more secure with having more control. We could put a lot more money into Save our Shoreline, one-third of the active money is in reserve. There is more money in reserve that could be used for vegetation.

Skirvin asked if we can always transfer funds into a "bucket."

Robertson replied, "Up to ten percent of the fund. The reserve fund being \$781,000, we can place \$78,000 into a "bucket."

Strayer noted that the BLM will have specialty plants for mass plantings. Save our Shoreline is a demonstration. Mass planting is the thing we should be focusing on.

Skirvin said, "We could add a native vegetation study."

Green suggested increasing the SOS project to add aquatic plants.

Lenaerts said the BLM project is free; however, they do mostly upland and emergent species, such as sedges and rush.

Weldon said you are never going to get 20 to 25 % of the lake vegetated. Those were parameters they had 25 years ago. I don't know if the state would expect that.

Green moved to add a sentence to the bottom of Page 22.

The District expects to achieve and preserve a satisfactory level of vegetation coverage in the lake after the introduction of grass carp. (And, at the bottom of Page 22, change the amount from \$10,000 to \$20,000.) Ward seconded.

Vote: Unanimous. Motion carried.

Robertson said there is money that is currently unappropriated. In the meantime, we will investigate the BLM program. They might expand the program to include aquatic plants if DLWID wishes to do so. Lenaerts said it will be worth discussing with them.

Strayer asked why the General Fund and the Improvement Fund are not combined. He specifically referred to costs of personnel for the year.

Robertson responded that LB-2 and LB-3 combine to LB-1. He described the separate funds and the budget law requirements.

Discussion continued on the project manager's salary. Green noted that insurance of \$6,000 is included. Robertson said that the \$35,000 on LB-2 was from last year's budget; however, the Board approved an increase. And, a 4% increase is available for this year.

Park explained that it is a requirement to publish a budget and it must be kept as short as possible. Could you have one that is published in the newspaper with a final summary added combining the two on a single column? It could be called a Budget Summary.

Strayer: Yes, add them all into a single page.

Robertson said the Improvement Fund and General Fund equate to LB-1. We could give it a name that people would recognize. On LB-1, we could do another column that would be actual.

Green said, "You could add that summary to your budget message. You don't need to add any columns since you cannot change a legally mandated form; it could be a violation of budget law."

For purposes of explanation, you could just add it.

Park said he doubted that many people go through the budgets in the newspaper. They can get a separate document if they need it. You can add, "For further information look up the budget at www.DLWID.org"

Robertson will add a sheet in front of the LB-1, LB-2 and LB-3 that is a Summary with one extra column.

Page 23, Capital Outlay.

Transportation. This is from General Fund for purchasing a used or new vehicle.

Scientific Equipment. There is a small investment of \$4,200 in equipment to allow us to do in-house monitoring.

Strayer asked how much staff time this entails. Robertson replied that it would amount to about two hours a week.

Park asked if additional space would be required. Robertson said, "No, it's no more than a desk top."

Hoover: Please explain TMDL.

Robertson said it is Total Maximum Daily Load, and is a federally mandated process for water bodies that are impaired.

Strayer said, "It's how much is allowable under certain parameters."

Robertson said Devils Lake is impaired for Chlorophyll A and pH. DEQ is driving the requirement. The requirement is to have the data available. DEQ will look to the local government to participate and we are the logical entity.

Park said for clarity, you can divide it into two sentences.

Robertson will change the verbiage to read: These data would serve the ongoing monitoring of the watershed and be useful TMDL (Total Maximum Daily Load) process. It will fill critical gaps and provide data for historical comparison.

Property Acquisition.

Page 24. The Center for Applied Freshwater Ecology (The CAFÉ):

Green said this paragraph looks fine with no changes.

Wetland Grant Match. Robertson said the motion was only for one year. The City Parks and Recreation did not receive the funding of \$800,000 they were seeking.

Green said the city wanted to show the District as a partner demonstrating support for their project. It will remain in the budget.

Under Debt Service, Park requested a change in verbiage to:

Debt service is scheduled within the General Fund. If the District approves borrowing which would require loan repayment, these funds would be available.

Hoover asked about LB-31. Comparison of LY to this year.

Nutrient reduced from \$5,000 to \$500.

Robertson said we spent nothing; therefore, it is being decreased.

The same is true of Vegetation Management. It is decreased from \$2,500 to \$500.

Robertson gave a few more minor clarifications on issues the group raised.

Strayer: Any final comment?

Robertson passed around Mitchell Moore's comments.

Pirie reiterated them: On the septic ordinance, Moore wants to put in a companion ordinance for the group residing outside of the city. He is concerned that the Road's End issue will expand to the County.

On Vegetation Management, Moore suggests we need a study as to the number of new grass carp levels. He feels the \$100,000 should be removed.

On the Union 50 issue, he would like to see more detail regarding the \$400,000 debt structure. He is neither for or against the purchase, only wants more information.

On the Communication Plan, he would like to see it revisited and matched up with the budget. Actually have staff and volunteers working on it.

Pirie said he would like to see the Board work on a general permit for aquatic and near shore vegetation for the lake as a whole so that it doesn't take two years to get approval. General permits are a little different.

Robertson said the Army Corps might be amenable to a general permit, but DSL assesses it on a case by case basis. A lot of the issues would be the same for both entities.

Hoover said on the Thompson Creek nutrient issue, if we caught the nutrients before they reached the lake, we could prevent them from going into the lake.

Park said at the canal on the island, a survey of residents resulted in a large majority of them being willing to contribute to improvement of the canal. The permit costs were prohibitive. Some people would be willing to make donations for some of the projects if the District would improve the area.

Strayer said navigation is an issue. Maybe some funds could be matched to those putting up some of the money. It would be something the Board could consider. Things have changed now with so many kayaks and canoes on the lake. If we could maintain it at a two-foot depth, more people would use the lake. Park reminded that not only local people use the lake. Strayer suggested maybe the District could help somewhat.

Green suggested that the group obtain bids on what they wanted to accomplish and the Board might respond favorably.

Green moved to approve the budget as amended. Ward seconded the motion.

(Strayer reminded that approval did not constitute approval of the projects, only approval of the budget.)

Vote: Unanimous. Motion carried. Budget is approved.

Adjournment

The meeting adjourned at 2:30 P.M.

Respectfully submitted, Linda Burt