

**Middle Fork Crow River Watershed District Meeting Minutes  
December 10<sup>th</sup>, 2024 at 6:30 pm at the MFCRWD Office**

**Board of Managers Present:** Ruth Schaefer, Jay Hedtke, Jeff Gertgen, Shane Braegelman, Amanda Toutges.

**Staff & Guests Present:** Andy Johnson – Project Manager; Jon Morales – Program Manager; Leah Melges – Office & Finance Manager; Chris Meehan – District Engineer; and John Kolb – District Attorney; Ann Latham, Brian Weist, Frans Rosenquist, Anita Hagen, Chris Stephan, Darvin Hauptli, Paul Rasmussen, Mark Streed

1. President Schaefer called the meeting to order at 6:30 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. Additions / Corrections to the Agenda: **A motion to approve the updated distributed agenda made by Manager Braegelman, seconded by Manager Toutges. Motion passed unanimously.**
4. Consent Agenda
  - a. Financial Report
    - i. Finance Report
    - ii. Approval of Payables / Expenditures
  - b. Regular Board Meeting Minutes – October 8<sup>th</sup>, 2024 and November 12<sup>th</sup>, 2024
  - c. Resolution 2024-23, Authorization of Step Increase for Andy Johnson  
President Schaefer removed the October and November meeting minutes from the consent agenda due to insufficient time to review them prior to this evening’s meeting. Both sets of minutes will be added to the January agenda. President Schaefer asked Finance Manager Melges to clarify what the Banyon invoice encompasses for the Board of Managers. Melges explained that this invoice is for technical support for the Fund Accounting and Payroll modules that the District utilizes. **Motion by Manager Toutges, seconded by Manager Braegelman to approve the Consent Agenda minus the October and November meeting minutes. The motion passed unanimously.**
5. Discussion / Business Items
  - a. DLARA Proposal for a 1-year Nanobubble System Lease / Full-Scale Demonstration Project:

District Attorney John Kolb presented to the Board of Managers a 1-year lease proposal that Moleaer has offered to DLARA. The total lease proposal is \$300,000 of which DLARA will contribute \$200,000 of their own dollars and is requesting that the District fund the remaining \$100,000 from the \$150,000 of debt service that was included in the 2025 general fund budget/levy. This will be a 1-year, large-scale trial demonstration with the option to purchase the unit after the first year. District Attorney Kolb

reiterated that there will still be requirements including engineering reports, BWSR reports and a public hearing as part of the process. This lease option presents the ability for the District to avoid a long-term commitment to debt service for the proposed project. Board Manager Jeff Gertgen paused to again acknowledge for the record that he owns property and a recreational resort on Diamond Lake, that he currently serves on the DLARA Board and that he will seek to act objectively and impartially on this matter.

District Attorney Kolb outlined an option for the Board that would still continue to collect a portion of the \$150,000 that was set aside for debt service in order to give flexibility to potentially contribute the \$100,000 if the Board chooses in the future.

The Tadd Lake Project demonstrated significant improvements in water quality for that size of unit and lake. There will be a meeting at Kandiyohi County on December 17<sup>th</sup>, 2024 to discuss the feasibility of the proposed Diamond Lake Nanobubble Project from the county's standpoint including placement of the unit and what assistance the county may provide. District Engineer Chris Meehan emphasized the importance of identifying what the expected outcomes are to determine whether the project is successful. Chris Stephan from Moleaer clarified that success would be determined by reduction of phosphorus in the water column, diversity of cyanobacteria and phytoplankton, water clarity and sediment oxygen demand. District Attorney John Kolb introduced an additional factor to consider regarding identifying all parameters of the lake on the front end of the proposed project. Not all parameters of the lake are currently known but they are necessary for the engineers to make a recommendation to the Board and allow enough data that the agencies can review to determine if this is an appropriate treatment for this type of lake. The District's monitoring data and Stantec's data are about 4-6 weeks out and reports can be expected around mid-February.

Board Managers Braegelman and Toutges stated that they felt uncomfortable and are being pushed to make a decision. President Schaefer stated she feels this process has been backwards; typically, the data is obtained first and then the project proposal and cost follow. She wished that more grant options were explored to provide some/all of the funding. Project Manager Andy Johnson clarified that grant cycles are largely completed for the fiscal year, and with grants there is still a requirement to provide a match, so if the \$150,000 is removed from the 2025 budget, then grant match dollars would still need to be located elsewhere in the budget. He anticipates 1W1P grant money for this project this fiscal year or next is unlikely.

Attorney John Kolb reiterated that the only decision the Board is required to make tonight is whether to keep the \$150,000 debt service amount in the

2025 budget/levy. Kolb encouraged the board to keep \$100,000 in the budget for 2025 to allow for the possibility to move forward on this project in the future. The 2025 budget could be reduced by \$50,000 and then after the 1-year lease was completed, and if results were as desired, then DLARA and the District could explore potential purchase options. Kolb also offered an alternative funding option that would include the HSW fund loaning money to another fund, however it would have to be paid back into the HSW fund with 4% interest, likely being levied funds in a future year. He also suggested that the HSW levy could be suspended temporarily and then resumed in a later year. This could offer a total maximum reduction of approximately \$184,000 (\$150,000 general fund debt service and \$34,000 HSW levy) and an interfund loan from HSW to the potential Diamond Lake nanobubble project lease.

b. Review of 2025 Budget (Resolution 2024-20):

The Board adopted a motion to amend resolution 2024-20 to reduce the preliminary budget and certify as final levy with a reduction of \$84,000 (\$34,000 being eliminated from the HSW fund and \$50,000 being eliminated from the anticipated debt service line for a possible nanobubble generation unit for Diamond Lake) and the remaining funds (\$100,000) to be left as unallocated general fund dollars. This will allow for funding flexibility for projects in 2025.

**A motion to amend resolution 2024-20 made by Manager Gertgen, seconded by Manager Hedtke. Motion passed unanimously.**

c. Review of 2025 Levy (Resolution 2024-21):

The above motion amended the levy certification (resolution 2024-21) to reduce the levy by a corresponding \$84,000.

d. 2025 Retainers & Agreements:

District Attorney John Kolb summarized Rinke Noonan prices changes for 2025, including a 3% increase that was anticipated in 2025 budget assumptions resulting in no major impact on budget.

e. 2024 Nest Lake Aquatic Plant Management Project Pay Request:

Project pay request was presented by the Nest Lake Improvement Association for expenses incurred for October 27<sup>th</sup>, 2024 – October 31<sup>st</sup>, 2024. Signed authorization by President Schaefer and Manager Gertgen for the requested funds to be paid back to them in this month's payable batch.

f. Meeting with Atwater City Council on December 2<sup>nd</sup>, 2024:

Project Manager Andy Johnson shared that he and District Administrator Dan Coughlin went to the Atwater City Council meeting on December 2<sup>nd</sup>, 2024. They presented an update on the Tadd Lake / Upper Lake Pilot Project. The city was excited and grateful with community reports of improved water clarity, as well as reduction in the stink. The District continues to work on stormwater planning with the city engineers. The city expressed curiosity

about a second round of the nanobubble treatment study; that it would be very beneficial to flip the treatment lakes and put the treatment unit on Upper with Tadd Lake as the control. District Administrator Coughlin will be meeting with the City Administrator in February to further discuss the potential for a second round of nanobubble treatment.

- g. Summary of MN Watersheds Annual Conference Highlights:  
No reports.
- h. Agenda Additions / Other Matters:  
No reports.

## 6. Reports & Updates

- a. Administrator – Dan Coughlin:  
Not present.
- b. Program Manager – Jon Morales:  
Program Manager Jon Morales received the 2024 monitoring data back from EQUIS. All BMP inspections for 2015, 2019, and 2022 have been completed. Jon is scheduled next week to meet with Professor Miki Hondzo who has winterized the probe that was measuring hydrogen sulfide data in the Mill Pond through the summer. The probe can now be used to monitor the Mill Pond through the winter months through the ice. Morales reported that the Tadd Lake Study has been shared with the MN DNR and he and Dr. Denise Devotta presented Tadd Lake at MN Watersheds Annual Conference. Morales also updated on WPLMN grant kick off, Calhoun Bridge/Dam Project update from Josh Kavanaugh and an upcoming HSW Tech Advisory group meeting in February.
- c. Project Manager – Andy Johnson:  
Project Manager Andy Johnson reported that the last round of updates and additions to the 319 reports have been submitted to Chris Lundeen at MPCA before they are submitted to the EPA. The funds will be coming sometime next year, timeline is still unknown, but funds have already been allocated for us. Johnson has been busy making calls and updates regarding CD-47 as the project start date nears, confirming access on parcels and addressing any other concerns. One concern is the land owned by Jennie-O, where bird flu was confirmed, so the property cannot be accessed for 30 days. Johnson and Chris Meehan, from Stantec, met with Diversified Foundations to discuss the start of the project. He updated on the Peace Lutheran Church project with preliminary engineering costs estimated around \$4000-\$5000, of which will be paid for from New London fund and engineering work will be completed by New London's city engineer. Johnson also participated in the Earth Day planning meeting with PWELC. This year's donation request for the event is \$600 which will be included in January's payables. Lastly, Johnson reported he attended Successful Outreach Strategies by BWSR last week in Waite Park and continues working on parcel updates with Kandiyohi Auditor Shelly Krossman.

d. Finance Manager – Leah Melges:

Finance Manager Leah Melges reported that the account setup for the Social Security Administration is complete. An account with SSA is required for uploading end-of-year tax documents (W2's and W3's). The application for the Solar Panel Investment Tax Credit has also been submitted and is pending review. Abdo Financial Solutions will be sending a full proposal for assisting in filing a 2024 tax return for the District to have full board consideration at the January 2025 meeting. Finally, the District has received the second half property tax payments from the 4 counties.

e. District Engineer – Chris Meehan: Written report provided.

District Engineer Chris Meehan reported that he met with Kyle (Diversified Foundations) and discussed starting tree thinning week of Christmas, and they will visit the site next week to evaluate process. The project must be wrapped up by March 14<sup>th</sup> 2025 due to fisheries. He reported that they have finished field work, dam inspection and are finalizing hydraulic model for the Lake Calhoun Bridge/Dam Project. Meehan reported that the DNR allocated an additional \$100,000 for the project to incorporate shoreline fishing options. Design modifications for the Bergstrom Ditch project are ready for presentation with excavation being the most costly part of the project.

f. District Attorney – John Kolb:

No report.

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

7. Public Access Forum (*those desiring to speak, please share your name for the meeting record*):

Ann Latham: Ann asked for confirmation that the 2025 budget and levy will be reduced by \$84,000 and asked if in order to consider this new Diamond Lake nanobubble lease proposal, does the other project proposal need to be vacated? District Attorney John Kolb confirmed that the 2025 budget/levy will be reduced by \$84,000 and that it is not necessary to vacate the original project proposal only modifying the project proposal from purchase to lease if the Board chooses to move forward on it. Ann asked if there will be modeling for Diamond Lake for the purpose of the nanobubble project and questioned the need for permitting citing stringent requirements of Wisconsin's DNR on their nanobubble project. Program Manager Jon Morales responded that the District has been working collaboratively with the DNR, shared the Tadd Lake report with them, and continue to stay connected with them on permitting. Lastly, Ann shared concerns about the effects 4-5 years down the road on growing vegetation due to lack of data demonstrating long-term effects on vegetation.

Frans Rosenquist: Frans inquired if the \$8,500 per month for electricity on the nanobubble unit is considering using load-management or running continuously 24/7. Project Manager Andy Johnson responded that the plan is to run the unit 24/7 during the summer months, with buoys in the lake to process the data to determine if the water is healthy, and if so, then the unit could run less frequently. Frans expressed frustration as a farmer who is expected to operate on load-management when the nanobubble unit could run 24/7. President

Schaefer suggested that the District Administrator could do further research into if the unit could be shut off during certain times to reduce the load and report back to the Board on his findings. Frans also questioned the volume generated by the container unit on shore. Chris Stephan, from Moleaer, responded that the container unit is less than 40 decibels and that the container units are insulated so they are quieter than trailer units. Frans stated that he likes the idea of the lease option for the first year to see if works first before purchasing a unit.

Ann Latham: Ann expressed gratitude to DLARA and the residents on Diamond Lake for all their efforts on working to improve their lake, but she is concerned about the long-term effects of the 6-month treatment period.

Brian Weist: Brian thanked the Board of Managers for moving project forward and its creativity with funding options. He emphasized to reach out if there is anything DLARA can do to assist in getting the board to approve this project and get the unit in the water as soon as possible to address Diamond Lake's persistent water quality issues.

Unidentified Resident: Asked if stopping the HSW levy of \$34,000 each year is required to be paid back at a later time and President Schaefer clarified that it does not.

8. Closed Session: Annual Employment Review of District Administrator Dan Coughlin (closed under the authority of MN Statute 13D.05 Subd. 3(a))  
Due to District Administrator being absent from the meeting, the annual employment review will be done in January.
9. Adjournment: Motion made by Manager Braegelman, seconded by Manager Toutges to adjourn the meeting. Motion passed unanimously.

The meeting declared adjourned by President Schaefer at 8:22 p.m.

Submitted by,

Leah Melges  
Recording Secretary  
Office & Finance Manager