

Sunrise River Water Management Organization Meeting
Thursday January 2, 2020
6:30 pm at East Bethel City Hall

1. Call to order

Chair Babineau called the meeting to order at 6:35 pm.

2. Roll Call

Present: Dan Babineau, Leon Mager, Matt Downing, Sandy Flaherty, Tim Harrington, Janet Hegland, Shelly Logren

Absent: Paul Enestvedt

Audience: Jared Wagner, Anoka Conservation District (ACD)

3. Approval of Agenda

Mr. Downing moved and Mr. Harrington seconded to approve the agenda as presented. Motion carried unanimously.

4. Approval of Minutes

Ms. Flaherty moved and Mr. Downing seconded to approve the November 7, 2019 minutes as written. Motion carried with Ms. Hegland abstaining.

5. Financial Reports

a. Treasurer's report

Mr. Downing reported a November ending balance of \$44,243.66 with one debit for \$175 leaving a balance of \$44,068.66. **Ms. Flaherty moved and Ms. Hegland seconded to approve the Treasurer's report. Motion carried unanimously.**

b. Current grants financial report from ACD as of December 17, 2019

- Updated Martin/Typo carp expenditures and closed the DNR grant.

6. Unfinished Business

a. Linwood, East Bethel and Ham Lake local water plans

At the November SRWMO meeting approval of the Linwood local water plan was tabled and contingent approvals were granted to East Bethel and Ham Lake. The updated status is:

Linwood - The Town Board will be considering a resolution to adopt the SRWMO plan by reference and supplement it with material in its city comprehensive plan.

East Bethel – Revised plan not yet received.

Ham Lake – Revised plan not yet received.

No SRWMO action is needed at this time.

b. City of Ham Lake cost allocation concerns

Ms. Flaherty and Mr. Downing will be attending the next Ham Lake City Council meeting to discuss possible changes to the Joint Powers Agreement (JPA). Mr. Schurbon prepared a draft breakout of proposed changes to the JPA which was sent to all parties involved. Ms. Hegland noted that much of the market value increase to Columbus is due to public land being included in the formula. She asked Mr. Schurbon to run the formula excluding public land in all member communities to see what the market values would be then. Because communities do not receive financial benefit for public land, she believes

the percentages would be much different. The consensus was Ham Lake should be the entity asking Mr. Schurbon to reassess the market value of each community excluding public land. The City of Columbus could ask Mr. Schurbon to run those numbers also. Mr. Harrington said East Bethel's attorney has been given a copy of the JPA for review. It was noted that there is no clause in the JPA for non-agreement between member communities. The SRWMO's member communities all have to agree on all changes to the JPA; any proposed changes are the responsibility of member communities.

c. Lower St. Croix One Watershed, One Plan (1W1P) update

Board members were provided a summary of the 1W1P plan. A draft full implementation plan for the Lower St. Croix 1W1P, which is much more detailed, was shared with the SRWMO's representatives on the 1W1P Policy Committee.

The Board found it hard to give input on a Plan that is not complete and has not been seen. Mr. Downing helped by translating what is being asked of the member entities at this time.

- Do the activities listed sound like something the SRWMO would support? Same goes for the lakes listed.
- Should funding go toward basin-wide services or implementation?
- Do the current breakdowns benefit the SRWMO?
- Does the SRWMO agree with the breakout percentages?
 - 25% shared services
 - 45% implementation
 - 25% prioritization and analysis
 - 5% administration

Mr. Downing believes the hold up on the Plan is that it is too convoluted. The primary objective is to include items that benefit as many of the parties involved.

SRWMO board input:

- Lake Internal Loading amount is too low.
- Agree to shared services at 25% as long as 50% goes toward implementation
- Redefine shared services into implementation, i.e. collecting data falls under implementation
- In agreement with Issues and Goals
- Implementation too low
- Shared services too high
- Prioritization and Analysis too high
- Administration okay at 5%

7. New Business

a. Appointments to One Watershed, One Plan (1W1P) and Watershed Based Implementation Funding (WBIF) committees

The SRWMO has appointed representatives to One Watershed, One Plan (1W1P) and the Watershed Based Implementation Funding (WBIF) process. Mr. Schurbon would like to re-confirm these commitments for the new year and have a clear primary representative and alternate for WBIF.

WBIF

At the last SRWMO meeting Mr. Babineau and Ms. Hegland were appointed to represent the

SRWMO at the WBIF process. There needs to be one (1) representative. The second person most likely could be an alternate. The time commitment is about 4-5 meetings, likely during the daytime. Preparation for these meetings will be equally important. The meetings discuss distribution of nearly \$800,000 across the metro portions of the Lower St. Croix Watershed. The representative needs to be confident voting/deciding within the meetings.

1W1P

Mr. Enestvedt was appointed as the SRWMO representative to the 1W1P Policy Committee about a year ago. Ms. Hegland is the alternate. Both have attended meetings. It would likely be a bad idea to change representatives at this point in a process that is 80% done. It was discussed whether the current representatives are able to carry out these duties in the new year. Ms. Hegland did note that Mr. Enestvedt communicated that he was unsure of his availability to attend the WBIF and 1W1P meetings due to his change in work commitments.

Mr. Downing moved and Mr. Harrington seconded to appoint Janet Hegland as the primary representative and Paul Enestvedt as the alternate representative to both the One Watershed, One Plan Policy Committee and the Watershed Based Implementation Funding (WBIF) Committee. Motion carried unanimously.

b. Curly-leaf pondweed (CLP) treatment funding

The new SRWMO Watershed Management Plan has an action item to “*fill funding gaps for curly-leaf pondweed control by lake groups when the treatment will achieve water quality benefits and lake groups or others are major funders.*” The plan has no designated funds for this work, but there are ways through existing funding that the SRWMO could provide financial assistance.

CLP is a common, but non-native, aquatic plant. It begins growing early in the season, before ice out. Then it dies back around early July. The decomposition associated with this mid-summer die-off (senescence) can release phosphorus that fuels algae blooms. CLP is also problematic because it can grow densely, affecting native vegetation and recreation.

At least two lake groups in the SRWMO have treated CLP: Linwood Lake Association and Coon Lake Improvement District. The DNR issues permits for the treatments, helping to ensure they are needed, focused and successful. Treatment can be costly, and each group has likely spent well in excess of \$10,000 for each treatment. \$30,000 for one larger treatment would not be uncommon. These groups are always looking for financial help, but the majority of the financial burden often falls on lakeshore property owners.

CLP treatments might, but do not always, benefit lake water quality.

Mr. Mager spoke on the treatment of CLP on Coon Lake. Treatment has been ongoing since 2010. Graphs were presented showing the benefits of the treatments. The 2019 cost for CLP treatment of 28.6 acres in the Coon Lake East Basin totaled \$4,347.68. Mr. Mager asked the Board to consider spending up to \$5,000 for CLP treatment on Coon Lake.

Two bullets in Mr. Schurbon’s memo on CLP were noted:

- As curly-leaf pondweed disappears, zooplankton may lose an important refuge and may be much more susceptible to fish predation (Schriver et al. 1995).

- Despite anecdotal evidence in eutrophic lakes of reduced water quality in summer following senescence of curly-leaf pondweed, there is little evidence from experimental whole-lake treatments that suggests removing curly-leaf pondweed from these systems improves water quality (Welling 2010). In fact, removing large areas of curly-leaf pondweed (or any other plant for that matter) without replacement of voided areas with other aquatic plant species may lead to more degradation of water quality and fish habitat than leaving the infestation unmanaged (Valley et al. 2004; Kovalenko et al. 2010).

Both the pros and cons to CLP treatment were provided in a memo from Mr. Schurbon. That being said, CLP treatment in Coon Lake is a benefit. However, not all the lakes in the SRWMO would benefit from treatment. CLP treatment is a continual treatment needing consistent funding.

An appointment is set for 1/10/20 with the DNR to survey the vegetation in both the East and West basins of Coon Lake.

Mr. Downing agreed with options #1, #3 and #4, but not necessarily #2 and #5 as presented in Mr. Schurbon's memo.

1. **Make CLP treatments eligible for your current cost share program.** That program currently has a fund balance of \$3,816.53 with \$2,000 additional budgeted in 2020.
2. **Make CLP treatments eligible for your cost share grant program through lake associations, which is planned to begin in 2022.** In my opinion, including CLP treatments would significantly reduce your chances of receiving grant funds for this program. The program is aimed at lakeshore restorations.
3. **Use funding from other projects that fell through.** For example, if the SRWMO budgeted matching dollars for a specific grant but didn't receive the grant, those funds would need to be reconsidered for other work.
4. **Specify which lakes are eligible for any funding based upon their trophic state and vegetative diversity** to increase the probability of water quality improvement. Coon Lake would be the best candidate because of its lower nutrient and algae levels, and moderate native plant community. Linwood Lake would be a medium candidate because of higher nutrients and large shallow areas. Other lakes, like Martin, that have little native vegetation and high nutrient levels would be the poorest candidates.
5. **Not fund CLP treatments at this time.**

It was confirmed that CLP treatment is eligible for cost share funding, so a policy could be written with it as a cost share item. If a policy is written for use of SRWMO cost share funds for CLP treatments, it must be written to include all the lakes in the WMO. Funding wording could be “__% of project up to \$xxx.”

Mr. Downing moved and Ms. Flaherty seconded to ask ACD to develop a draft policy for use of SRWMO cost share funds for CLP treatments using Options #1, #3 and #4, as written in Mr. Schurbon's memo dated 12/17/19. Motion carried unanimously. The draft policy is to be reviewed at the next SRWMO meeting.

c. 2020 Request for proposals for professional services

The SRWMO is required to seek bids for professional services every two years. This needs to be done now for services to be provided in 2020.

Mr. Downing moved and Mr. Harrington seconded to direct Chair Babineau to create a request for proposals (RFP), send the RFP to each member community's consulting engineer, ACD, and any other entities that may want to provide services. Motion carried unanimously. Next step will be to review responses received and award a contract.

d. Update of member community contributions

The SRWMO JPA specifies that non-operating expenses are split by unique percentages that consider land area and market valuation of each community in the SRWMO. These percentages were last calculated in 2009. The SRWMO Plan calls for the percentages to be recalculated in 2020 and again in 2025. In November 2019, Mr. Schurbon ran the funding formula with the most updated available land area and market valuations on data from the Anoka County GIS Department. The new percentages of SRWMO non-operating expenses are:

Columbus – 19.17%
East Bethel – 29.99%
Ham Lake – 3.80%
Linwood Township – 47.04%

Because the 2020 budget was set using the “old” community contribution percentages, it would seem appropriate to begin applying new percentages in 2021. These new percentages have been included in the draft 2021 budget. Board members were asked to review the calculations.

Mr. Downing moved and Mr. Mager seconded to direct ACD to use the November 2019 updated community contribution percentages of Columbus – 19.17%, East Bethel – 29.99%, Ham Lake – 3.80%, Linwood Township – 47.04% for non-operating (aka work plan) expenses beginning with the 2021 budget;. Motion carried with Ms. Logren abstaining.

e. 2021 Budget

Mr. Downing moved and Mr. Mager seconded to table this agenda item. Motion carried unanimously.

f. Financial audit

The SRWMO is required to have a financial audit every five years. Upon further research and consulting with BWSR, the SRWMO's annual revenue is under the \$225,000 revenue threshold for a required audit of special districts. Action is still required, but in this case the SRWMO needs to do an “Agreed-Upon Procedures Engagement” not an audit.

Agreed-Upon Procedures Engagements are performed by a financial professional. It includes:

- Determine if meeting minutes are adequately prepared and approved.
- Discussion of internal controls to prevent or detect errors or fraud.
- Review of procedures and view records used to account for receipts and disbursements.
- Review of three months of bank reconciliations.
- Mathematically recompute two bank reconciliations and compare to the organization's ledger.
- Review a sample of cast disbursements.
- Inquire how receipts are tracked.
- Confirm bank statements agree with the general ledger.
- Verify the amount of property tax receipts distributed to the organization.

- Inspect significant journal entries.
- Salary, wage and property documentation that will not apply to the SRWMO.
- Review of debt and related payments.
- Ensure reporting has been filled annually to the State Auditor.
- Inquire about any instances indicating fraud, illegal acts or non-compliance.
- Other checklists.

The full protocol can be found on the State Auditor's website.

Mr. Schurbon requested quotes for this service from five firms who are financial professionals used by each community and ACD. Only one quote was received for the required "agreed upon procedures engagement". Smith Schafer and Associates bid \$2,000 to \$2,500 to be billed at actual hours.

Ms. Hegland moved and Mr. Mager seconded to authorize up to \$2,500 for an agreed upon procedures engagement by Smith Schafer and Associates. Motion carried unanimously.

g. Consider amendment #2 to Carp Solutions contract for Linwood Lake Carp Study
Carp Solutions did not get all of the contracted radio tracking done in the contract period that ended November 15, 2019. They and ACD would like to see the contract extended so radio tracking can continue. There is no additional expense and there could be significant benefits to tracking another spring of spawning movements. 20 radio tagged carp are currently in Linwood Lake. It was asked if a season of tracking was missed? Mr. Wagner will check with Mr. Schurbon.

Mr. Downing moved and Ms. Flaherty seconded to extend Amendment #2 to the Contract for Services between the Sunrise River WMO, Anoka Conservation District, and Carp Solutions LLC to June 30, 2020. Motion carried unanimously.

8. Mail

Minnesota Cities Insurance Trust (MCIT) annual meeting announcement and Certificate of Excellence for the SRWMO were received. The MCIT insurance check for \$1,433 is ready to be mailed.

9. Other

None

10. Invoice(s) approval

a. Recording secretary January 2020 invoice - \$175

Mr. Downing moved and Ms. Hegland seconded to pay the Recording secretary January 2020 invoice for \$175. Motion carried unanimously.

11. Adjourn

Ms. Hegland moved and Mr. Downing seconded to adjourn at 8:27 pm. Motion carried unanimously.

Submitted by:
Gail Gessner
Recording Secretary