

## Policy Advisory Group Minutes of July 25, 2001

**Members present:** Chair Lee Gustafson, Dan Donahue, Ginny Black, Bill Deblon (for Dennis Kraft), Anne Norris, Dwight Johnson, Bobby Young, and Commission staff Charlie LeFevere and Len Kremer

Chair Gustafson discussed the various issues that are important in considering the benefits of water quality projects and the difficulty of developing one method of assigning responsibility for implementation costs based on the benefits received. Some benefits are wide spread and others are more narrowly focused. He explained that he had met with staff and discussed a variety of options for allocating project costs without a consensus on the best method. Mr. LeFevere explained that some of the issues that would need to be considered in addition to the aesthetic and recreation benefits are increased property values and tax base, level of contribution to the impacts, and the general obligation of all government entities to clean up water.

When you consider how different the various potential projects are, the cost-sharing formula starts to look like the most logical unless there are special situations that need to be negotiated. The existing cost-sharing formula in the joint powers agreement requires that the cost of a project undertaken by the Commission be split, 50% on valuation in the watershed and 50% on land area in the watershed.

Mr. Kremer indicated that Jack Frost from the Metropolitan Council announced at a TAC meeting that their load allocation study was proceeding and that load allocations would likely be available in 18 to 24 months. The purpose of the load allocations would be to reduce the impact of nutrient loads to the Mississippi River and eventually to Lake Pepin. Additional projects to reduce nutrient load may need to be identified.

Mr. Donahue asked if cities and watershed would get credit for projects they have undertaken to reduce loads. Mr. Gustafson suggested that credits be the subject of a future discussion.

Ms. Black suggested that most projects would be funded by the negotiation method. With the current funding formula, Plymouth funds the major share of projects, but everyone downstream benefits. Mr. Deblon asked what would happen if Plymouth decided not to continue participating in the WMO. It was suggested that a watershed district would be formed or that Hennepin County would take over responsibilities for water management. Ms. Black indicated that when Commission capital projects come to the Plymouth Council for concurrence they will need to understand the impacts of not proceeding.

Mr. Gustafson indicated that any project the Commission decides to proceed with will require a public hearing. He suggested that the Commission set up a work session and identify which of the water quality projects that have been identified be reviewed and that the Commission decide which would be completed by the Commission and funded by the current formula; which would be completed by the Commission, but funded by negotiation; and which projects would not be Commission projects and not funded by the Commission. The work session would result in a five-year CIP.

Ms. Black asked about operation and maintenance and if the JPA needed to be amended to define responsibilities for O&M.

Mr. LeFevere indicated that the JPA includes provisions for maintenance and that under the agreement each city would be responsible for maintenance of the features of the project in their city just as they are responsible for the maintenance of the components of the flood control project in their city. Operation costs would most likely be shared and the cost sharing negotiated when the project cost sharing is negotiated.

Mr. Gustafson suggested that the August meeting be cancelled and that the next meeting of the PAG be set for September 10.