



## **Bassett Creek Water Management Commission**

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# **A g e n d a**

**Thursday, April 17, 2003  
12:00 Noon**

**Golden Valley City Hall  
7800 Golden Valley Road**

### **Call to Order**

**Presentation of March Minutes**

**Presentation of Financial Statements**

**Presentation of Invoices for Payment Approval**

### **Communications**

**Chairman**

- **Citizen Input on Non-Agenda Items**

**Counsel**

**Corps of Engineers**

**Commissioners**

**Engineer**

### **New Business**

- **Budget Committee**
- **Draft 2002 Annual Report**
- **River Watch Program**

### **Old Business**

- **Watershed Outlet Monitoring Program (WOMP) Options**
- **Website Improvements**
- **Second Generation Plan Update**
- ~~Capital~~ **Capital Improvements Program**
- **Financing Capital Projects**

### **May Meeting**

- **Final 2002 Annual Report**
- **Budget Committee Report**

### **Adjournment**

# **Bassett Creek Water Management Commission**

## **Minutes of the Meeting of March 20, 2003**

### ***Call to Order***

The Bassett Creek Water Management Commission was called to order at 12:05 p.m., Thursday, March 20, 2003, at the City of Golden Valley City Hall by Chair O'Toole.

### ***Roll Call***

<i>Crystal</i>	Commissioner Tom Mathisen	<i>Counsel:</i> Charlie LeFevere
<i>Golden Valley</i>	Commissioner, David Hanson, Treasurer	<i>Engineer:</i> Len Kremer
<i>Medicine Lake</i>	Commissioner John O'Toole, Chair	<i>Recorder:</i> Pat Schutrop
<i>Minneapolis</i>	Commissioner Michael Welch, Vice Chair	
<i>Minnetonka</i>	Not represented, Secretary	
<i>New Hope</i>	Commissioner Vincent Vander Top	
<i>Plymouth</i>	Commissioner Elizabeth Thornton	
<i>Robbinsdale</i>	Commissioner Karla Peterson	
<i>St. Louis Park</i>	Commissioner Paul (PJ) Andersen	

**Also present:**

- Karla Anderson, Alternate Commissioner, city of Plymouth
- Jan LeSuer, Alternate Commissioner, city of Golden Valley
- Ron Quanbeck, BCWMC Technical Advisory Committee, city of Plymouth
- Bill Deblon, BCWMC Technical Advisory Committee, city of Robbinsdale
- Carlton Moore, BCWMC Technical Advisory Committee, city of St. Louis Park
- Lee Gustafson, Chair, BCWMC Steering Committee, city of Minnetonka
- Kelly MacIntyre, BCMWC Technical Advisory Committee, city of Minneapolis
- Mayor Linda Loomis, city of Golden Valley
- Jeannine Clancy, BCWMC Technical Advisory Committee, city of Golden Valley
- Jeff Oliver, BCWMC Technical Advisory Committee, city of Golden Valley
- Nancy Azzam, Golden Valley League of Women Voters
- Terrie Christian, Association of Medicine Lake Area Citizens
- Sara Aplikowski, Park and Recreation Board, city of Minneapolis
- Jack Frost, Metropolitan Council

### ***Approval and/or Correction of Minutes***

The minutes of the February 20, 2003 meeting were presented. Mr. Vander Top moved and Mr. Hanson seconded the motion to approve the minutes. Carried unanimously.

### ***Financial Statements***

Mr. Hanson presented the Treasurers Report as of March 20, 2003. The year-end budget balance for 2002 was approximately \$11,000. The current balances are as follows:

Checking Account Balance	\$228,849.83
Investment Account	0.00
<b>TOTAL GENERAL FUND BALANCE</b>	<b>\$228,849.83</b>

Construction Account Balance	\$247,609.30
Commercial Paper (due 5/14/03)	199,648.44
Commercial Paper (due 6/18/03)	199,435.00
Commercial Paper (due 7/16/03)	199,259.22
Commercial Paper (due 4/23/03)	99,000.00
Commercial Paper (due 4/23/03)	99,000.00
Commercial Paper (due 4/23/03)	99,000.00
Commercial Paper (due 4/25/03)	99,000.00
Commercial Paper (due 5/23/03)	98,000.00
Commercial Paper (due 8/29/03)	97,991.18
Commercial Paper (due 8/29/03)	97,991.18
Commercial Paper (due 8/29/03)	97,991.18
Commercial Paper (due 8/29/03)	97,991.18
Commercial Paper (due 8/29/03)	97,991.18
<b>TOTAL CONSTRUCTION ACCOUNT BALANCE</b>	<b>\$1,829,907.86</b>

The Treasurers report was accepted as presented and ordered to be filed subject to audit.

### **Presentation of Invoices to be Paid**

The following invoice was presented for approval:

1. An invoice was received from Barr Engineering Company for professional services during the period February 1, 2003 through March 7, 2003, in the amount of \$31,187.12.

Mr. Hanson moved and Mr. Andersen seconded approval for payment of claims as set forth on the invoice. Upon call of the roll, the vote was unanimously carried.

### **Communications**

*Chairman:*

1. An e-mail was received from the Minnesota Board of Water and Soil Resources concerning changes in state funding due to state budget status.

*Citizen Input on Non-Agenda Items:*

1. Ms. Nancy Azzam, Golden Valley League of Women Voters, asked where meeting notices and minutes for the Technical Advisory Committee and Steering Committee can be found. All meeting notices and minutes are located on the Bassett Creek website at [bassettcreekwmo.org](http://bassettcreekwmo.org).
2. Ms. Terrie Christian, AMLAC, expressed appreciation for the Commission's support of the Hennepin Conservation District and asked the Commission to consider contributing to the HCD to help offset the budget cuts made by the Hennepin County Board of Commissioners. The HCD has done a number of educational activities that have been informational for AMLAC and helped residents on Medicine Lake who have needed assistance with lakeshore restoration. Ms. Christian believes the HCD efforts are consistent with what is proposed in the Commission's Second Generation Plan.

Mr. O'Toole said that the Commission does not have funds available for 2003; however, a budget committee will be formed to prepare a proposed budget for 2004 and a possible HCD contribution can be discussed during the development of the 2004 budget.

Ms. Christian asked if funding for HCD could also be found through the other watershed management organizations and through private sources (i.e., General Mills, etc.). Mr. O'Toole briefly addressed this by saying that organizations are responsible to seek grant monies that might be available.

3. Ms. Christian asked about Plymouth's two water treatment ponds proposed for construction as discussed in the February 20th meeting minutes. The ponds will treat runoff coming through New Hope and Golden Valley and Highway 169 into Medicine Lake. The city of Plymouth has conducted meetings where there was discussion about the city of Golden Valley sacrificing a ballfield in combination with Plymouth's project. Ms. Christian would like the Commission to encourage the city of Golden Valley to move ahead with that project.

Ms. Jeannine Clancy, Director of Public Works for the city of Golden Valley, said the city of Golden Valley is considering taking a portion of the park that is considered an informal play area and not a ballfield, and creating a pond. Ms. Clancy added that the proposed pond is in the city's plan to be constructed in 2005; however, the city cannot accelerate the construction of the proposed pond until other projects slated to take place prior to the proposed pond are completed.

*Counsel:*

1. Mr. LeFevere distributed a "Cleanup Review" flyer distributed by the Minnesota Department of Natural Resources.

*Corps of Engineers:*

No communications.

*Commissioners:*

1. Mr. Mathisen announced that the city of Crystal will be appointing a new commissioner and this will be his last meeting serving as commissioner representing Crystal. Chair O'Toole thanked Mr. Mathisen for his many years of dedicated service to the Commission.
2. Ms. Karla Peterson attended the Salt Water Symposium and one of the speakers was a representative of Shingle Creek Water Management Organization. Shingle Creek is studying the effects that road salt has on their watershed. Road salts contain two potentially hazardous chemicals - cyanide (used as an anti-caking agent) and phosphorus (used as an anti-corrosive). Shingle Creek will conduct the study through 2003 and then prepare a plan that will be shared with other watersheds.

Ms. Azzam said her home is located along Bassett Creek and recently noted that after a severe ice storm, the creek turned turquoise. Ms. Peterson said the Minnesota Department of Transportation is testing a wet agent as an alternative to road salt and it is turquoise in color. Mn/DOT is testing alternatives because the use of road salt has increased 50% over the last 30 years. Mr. Mathisen, chair for the Shingle Creek Water Management Organization, added that Shingle Creek is one of two creeks in the metro area monitored for chlorides and that chloride levels in all the creeks are most likely high. Shingle Creek received grant monies and has been working with Mn/DOT, the Minnesota Pollution Control Agency, and Wenck to do the TMDL study for chlorides and other contaminants.

3. Mr. Welch updated the Commission on the Legislative Commission of Minnesota Resources (LCMR) \$150,000 grant proposal for Wirth Lake. There are several sources that contribute to the LCMR funding. One is constitutionally dedicated for those kinds of resources (lottery proceeds which goes to the Environment and Natural Resources Trust Fund, cigarette tax which is called future resources fund, etc.). In a meeting held in December 2002, LCMR assigned projects to one of these funding sources. The Wirth Lake project was placed in the Future Resources Fund. The Future Resources Funds are vulnerable and Mr. Welch believes that it is unlikely that the Commission will receive the LCMR funds applied for Wirth Lake.

Mr. Welch expressed support on behalf of the Commission to Senator Higgens. Mr. Welch will keep the Commission updated.

Mr. Kremer added the Commission applied for that grant to implement the Wirth Lake project. The total project cost was approximately \$350,000 and LCMR was one of the funding sources. Other sources were the Minneapolis Park & Recreation Board and the Minnesota Department of Transportation. Mr. Kremer recently contacted Mn/DOT and they will most likely encounter a similar situation because of budget cuts. If those funding options are not available, the Wirth Lake project will not move ahead this year and will fall in the timeline laid out in the Capital Improvements Program.

*Engineer:*

1. Mr. Kremer was contacted from Keith Cherryholms, MPCA, who indicated that the MPCA was going to take enforcement action against Mn/DOT to properly implement erosion control projects on Mn/DOT highway projects. Mr. Cherryholms asked for copies of all material that the Commission had concerning problems associated with Highway 100. He also asked for pictures and Mr. Kremer referred him to Mr. Hanson. Mr. O'Toole asked Mr. Kremer to inform the Commission if what the MPCA requests becomes substantially more than providing materials (testify, etc.).
2. Mr. Bill Deblon, city of Robbinsdale, asked Mr. Kremer to provide a brief summary of NPDES compliance references stated in the draft Second Generation Plan concerning re-education/outreach requirements to include as part of Robbinsdale's NPDES Phase II permit. Mr. Kremer brought additional copies to today's meeting for city staff interested in the information.

## ***New Business***

1. **Golden Valley 2003 Pavement Management.** The city of Golden Valley submitted a grading, drainage, and erosion control plan for its 2003 pavement management program. The area consists of 8 miles of street reconstruction as well as storm sewer improvements, grading and other utility upgrades. A portion of the floodplain affects the street restoration program. Some fill will occur below the management envelope of Brookview Golf Course. Approximately 58 acres will be disturbed as a result of the project.

A portion of the site drains to the South Fork of Bassett Creek, going through the Laurel Avenue treatment ponds, and portions will drain into Brookview Golf Course. Existing ponds treat a portion of the stormwater runoff. Construction of a new ponding facility and expansion of an existing ponding facility is also proposed. Conditions (a) and (b) in the engineer's memo to the Commission requests that the city provide a greater amount of dead storage in both ponds. The city has submitted revised plans addressing that request.

There will be 2,200 cubic yards of fill below the floodplain and the city is providing 4,200 cubic yards of compensation as part of the project. Golden Valley intends to “bank” the 2,000 cubic yards of excess storage for possible consideration on other projects in this reach of Bassett Creek.

The Commission engineer recommends approval contingent on the following recommendations:

- a. Sheet PD1: Harold Pond: pond must be revised so its effective average depth is greater than or equal to 3.0 feet.
- b. Sheet PD2: General Mills Pond: pond must be revised so its proposed dead storage volume exceeds 1.02 acre-feet.
- c. Sump manholes must be maintained and inspected at least twice a year.
- d. Golden Valley is the LGU (local governmental unit) for the site. Wetland issues must be reviewed by the LGU for conformance to the Wetland Conservation Act.

Mr. Mathisen asked if there is an issue with the Mosquito Control Agency wanting to inspect the sump manholes for the West Nile Virus. Ms. Clancy said the Mosquito Control Agency has been in contact with the city of Golden Valley and requested a list of the sump manholes in Golden Valley to treat.

Mr. Hanson moved and Mr. Mathisen seconded the motion to approve the city of Golden Valley 2003 pavement management program contingent on the conditions mentioned in the engineer’s memorandum to the Commission. Carried unanimously.

2. The following three items were presented together for discussion because of their interrelation and budget considerations involved:

- Proposed 2003 Education Plan
- Proposed 2003 Water Quality and Water Quantity Plan
- Website Improvements

Currently, the Commission has \$5,000 assigned for Public Communications and \$15,000 for Public Relations in its 2003 budget. The Citizens Assisted Monitoring Program, WOMP, and River Watch are included in the Public Relations budget.

Mr. Kremer contemplates the River Watch Program may not take place with the State budget cuts occurring this year. There are five lakes involved in the CAMP program and that cost will be about \$3,500. Mr. Kremer proposes that funds not spent for the CAMP and WOMP programs could be spent on education and website improvements. Because there is limited budget available for education, Mr. Kremer recommended the Commission consider working with Watershed Partners. Watershed Partners is a group of representatives from various agencies, nonprofit organizations, and a few cities (including Plymouth) that have received a \$110,000 grant to assemble water quality education materials. This grant program is managed by Ron Struss, the BWSR representative that worked with the Commission’s second generation planning process Citizens Advisory Group, who helped developed the Public Education Plan.

One of the components of the educational materials put together by the Watershed Partners will help with the education of the NPDES Phase II process. Mr. Kremer recommends that one of Barr’s staff, Jeff Lee, work with Watershed Partners to ensure that the education materials will be consistent with the Commission’s Public Education Plan. The cost impact would be approximately \$3,000 to \$4,000. Mr. Kremer recommends the Commission focus on the educational efforts of the Watershed Partners because of the limited budget.

The Commission will not be able to make a decision on what to allocate to the various public education/communication programs until the Commission decides what amount will be assigned to the WOMP program.

At the February meeting, the Commission discussed possible improvements to the website. Mr. Kremer distributed a handout explaining some of those improvements. Improvement to the website would be a worthwhile investment because the site is being used as an education tool. Some of the items most frequently viewed and downloaded included water quality education materials, the stream biota data, etc.

In summary, there are about four items competing for the education total of \$20,000. Mr. Kremer recommended the Commission continue with the CAMP program and participate with the Watershed Partners and suggests that the discussion on the WOMP and website improvement allocations be deferred until the Commission's April meeting when the information is available and what the options will be for WOMP.

Mr. Welch asked if the Commission received a specific funding request from Watershed Partners. Mr. Kremer said that about a year ago, Watershed Partners asked communities, watershed districts, and water management organizations to participate with them in this grants program. At the time, Watershed Partners was requesting a grant of approximately \$250,000 and the Commission agreed to participate at the level of \$5,000. However, Watershed Partners only received \$110,000 and have not requested communities, watershed districts, or WMOs to participate in the current \$110,000 grant.

Mr. Welch added that the Watershed Partners is a solid organization that has won an Environmental Initiative Award. This is an organization that couples with other sources putting together information that offers educational benefit to a wide variety of causes.

## **Old Business**

1. **Watershed Outlet Monitoring Program (WOMP).** In 2000, the Commission was involved in a cooperative program with the Metropolitan Council to monitor the flows from the outlet of the watershed at Irving Avenue. This program was being sponsored by the Met Council using Council and State funds. The purpose of WOMP was to collect data on the quality of the water in the various watersheds. There are approximately 20 monitoring stations installed throughout the metropolitan area. This program was part of the Met Council's allocation program for discharges going into the Mississippi River that were being used to calibrate their models. The program has cost about \$15,000/year to operate and the Commission's portion was about half of that amount (about \$7,500/year). The Minneapolis Park Board operated the Irving Avenue station through a cooperative agreement with the Met Council that authorized the Park Board to operate the Bassett and Minnehaha WOMP stations in the city of Minneapolis. Bassett Creek submitted their funds to the Met Council, who in turn paid the Minneapolis Park & Recreation Board to operate the station.

Recently, the Met Council communicated that the State portion of the funds is no longer available and the parties wanting to continue the program will have to cover the costs. The Met Council will continue to incur the costs for testing the water quality samples and maintaining the stations. The Park Board was contacted concerning their costs associated with the program. The Park Board estimated that they spent about \$20,000 a year. The Park Board's costs were higher because two people were sent to collect samples to meet their safety requirements. Temperature, conductivity, and flow data were collected at the station, as well as samples collected during a storm to check the water quality of storm flows. If the water quality monitoring part of the data was dropped and flow data was collected only, the Park Board estimated the cost to be \$12,400.

An estimate was also received from a Met Council employee who has been operating the WOMP program. This person anticipates being laid off by Met Council and is considering offering her services to continue operating the stations on a consulting basis at a cost of \$10,000 (as a water quality station).

Mr. Kremer said Barr staff estimates monitoring the station measuring stream flows only at a cost less than the \$7,500 paid by the Commission. This would include visiting the site once a month and occasionally more often for maintenance. Mr. Kremer recommends the Commission consider assuming responsibility to continue using the station as a quantity stream flow monitoring station until such time when additional funds can be found.

The Met Council would leave the station in place, continue to pay the costs associated with the telephone line and electricity to the station, and fund maintenance costs.

Ms. Sara Aplikowski, Minneapolis Park Board, said the Park Board had a 25% cost share of \$33,000 over two years with the Met Council to operate the station.

Mr. Welch added that the input is Bassett Creek and the outflow is through the Middle Mississippi Water Management Organization and suggested the Commission ask for their help with this station because of the information received that affects them.

Mr. Andersen recommends that the Commission request bids from individual parties who may be interested in monitoring the station with costs listed for each service. Mr. O'Toole asked Mr. Kremer to contact the Middle Mississippi WMO about the possibility of them providing the water quality aspect of the monitoring.

Mr. Kremer added that the water quality budget for 2003 is \$20,000 that includes \$15,000 to conduct biota monitoring and leaving \$5,000 for other miscellaneous water quality monitoring. The WOMP budget (\$7,500) was part of the Public Relations \$15,000 budget.

The Commission directed the engineer to acquire more information from the sources mentioned concerning costs and contact the Middle Mississippi WMO.

Ms. Christian said this type of monitoring is one of the services that the Hennepin Conservation District has done and suggested the Commission consider asking HCD for an estimate to monitor the station. Mr. O'Toole asked Mr. Kremer to include the HCD in his cost inquiries.

Mr. Quanbeck suggested the Commission consider the value of the water quality data collected. When the Commission first agreed to participate with the Met Council, it was to develop baseline information on what is going out of the watershed both into the Mississippi River and downstream. The idea was to identify loads assigned to various watersheds discharging into the Mississippi River. Do we have enough data at this point to serve that purpose? Mr. Kremer said data is available from 1994 when the station was operated continuously for 1½ years and data started again in the summer 2000 to summer 2003. The more data we have the more valuable it is and it does show trends such as the effectiveness of water quality ponds, etc.

2. Floodproofing Agreement with the City of Golden Valley. Mr. LeFevere prepared a draft agreement for floodproofing of homes between the city of Golden Valley and the Commission. The agreement was submitted to Golden Valley for comment.

Ms. Clancy said one home located at 2675 Scott Avenue was left out of the feasibility study and the city is requesting that it be added to the list. Mr. Kremer concurs that one additional home located along

Scott Avenue should be included in the floodproofing measures. The reason it was left off the list was because of a wall that is located behind the home was above the 100-year flood level and it was assumed the wall would be enough protection for the home. After additional review by the city, the homeowner, and the Commission engineer it was determined that the wall would not be adequate to protect the home. Golden Valley would like to amend the feasibility report and add this home to the floodproofing project. The total floodproofing cost would increase by about \$30,000 to \$35,000 to rebuild a berm with a wall to floodproof this home.

Mr. O'Toole said the Commission's financial commitment to the floodproofing project is not to exceed \$700,000 and how the city of Golden Valley determines to use those funds is the responsibility of the city. Mr. Hanson confirmed that the city of Golden Valley would continue to support the \$700,000 commitment by the Commission.

Mr. Mathisen asked if a timeframe for the city of Golden Valley to complete the floodproofing project should be added to the agreement. Ms. Clancy estimates the floodproofing project will take approximately 3 years.

Ms. Clancy added that Golden Valley's city attorney review the agreement and in order to control the costs, the city would like to do most of the engineering in-house and the agreement does not appear to provide for that as part of the cost analysis. Mr. LeFevere said if the city wanted to perform most of the engineering in-house, that would require a change to the agreement. The current agreement states total reimbursement of out-of-pocket expenses (construction, engineering and contract administration costs). Ms. Clancy said the city would like to do the project in the most cost-effective manner for the Commission and Golden Valley. Mr. O'Toole does not object to Golden Valley's suggested change to the agreement, but restates that the Commission's commitment is still capped at \$700,000.

Mr. Mathisen is concerned that the reason behind the 72.5% compromise agreed upon by the Commission and the city of Golden Valley was to impress the importance of residents participating in the project and that allowing Golden Valley to perform the engineering in-house would not be a reimbursable cost as defined in the resolution.

Mr. LeSuer said the Golden Valley city council agrees with the Commission's recommendation that buy-in by the residents would be part of financial commitment; however, that amount has not been decided upon by the council.

Mr. Gustafson respectfully disagrees that the \$700,000 is the city's to spend. According to the agreement, the homes floodproofed are required to be 1 foot above the 100-year flood elevation limiting the options available to the city to floodproof the homes; however, if the requirement is to floodproof at the 100-year flood elevation, more options are available that could substantially cost less than \$700,000. Mr. Jeff Oliver, City Engineer for Golden Valley, said that in order for the property owners to receive an individual Letter of Map Revision from FEMA, their homes would have to meet the 1 foot above the 100-year flood elevation requirement.

Ms. Thornton gives Golden Valley credit for wanting to perform the engineering in-house in an effort to save money.

Mr. Welch said the Commission came to agreement on this project based on a certain number of homes and adding the additional home appears to divert from that compromise stated in the agreement. He also agrees that Golden Valley should be compensated for doing what they can to keep project costs down. Mr. LeFevere said most cities have fee structures used for assigning costs to projects and this would require an accounting of time spent on engineering at a reimbursement rate established by the city, subject to the 72.5% limit.

Mr. Mathisen acknowledges that performing the engineering in-house by the city of Golden Valley is a cost savings, but feels the request is a modification to the resolution that was originally agreed upon by the Commission and believes it is not fair for the city to approach the Commission at this late date. Mr. LeSuer added that it was not the intent of Golden Valley to mislead the Commission, but to cut costs.

Mr. Vander Top recalled the 72.5% compromise was to cover engineering, but there was not a discussion about whether it would be done in-house or by a consultant. The Commission is a partner with the city in the project and wants to see costs limited. If Golden Valley believes the project can be done more cost-effectively by performing the engineering in-house, then he agrees with that concept.

Ms. Peterson also agrees with the city of Golden Valley performing the engineering in-house.

Mr. Welch added that this agreement was based on a promise made to 12 specific homeowners in an attempt to resolve and bring to conclusion the floodproofing portion of the Flood Control Project. Mr. Kremer said the promise was made to 22 homes originally and that was reduced to 12. The 2675 Scott Avenue residence was part of the original 22 homes.

Mr. Hanson moved and Ms. Thornton seconded the motion to add in-house engineering costs to the agreement, include the home located at 2675 Scott Avenue, update the feasibility study to include the additional home and costs, and add a three-year timeframe to the agreement. Motion carried with one no vote from the city of Crystal.

3. **Second Generation Plan Update.** Mr. Gustafson reported that the Steering Committee met on Tuesday, March 18, to discuss the comments received from the member cities concerning the November 1, 2002 version of the Capital Improvements Program and funding options. Mr. LeFevere presented a memo today (dated March 20, 2003) that addresses the committee's recommendation to the Commission on funding of the CIP. Under the Joint Powers Agreement, it is important for the member cities to understand that the "Commission share" is also paid by the member cities (unless there is a county tax levy). The memo discusses the three funding options allowed under the Joint Powers Agreement, other allocation formulas considered, the Steering Committee recommendation on formula for Allocation, and the Steering Committee's recommendation on funding. One of the funding methods recommended in the JPA must be used unless the cities decide on a different funding method, at which time, the JPA will need to be amended. Mr. Gustafson also stressed that the member cities' involvement remains the same when the Commission is ready to implement the process for a capital project.

From the comments received from the member cities, the funding method favored by a majority of the cities as well as a majority of the members of the Steering Committee, was funding of capital projects by directing Hennepin County to levy a tax within the watershed in accordance with Minnesota Statutes, Section 103B.251 (see option 2 in Mr. LeFevere's memo). The Steering Committee identified the following advantages of this funding method:

- The county levy would be outside the city tax levies.
- The county ad valorem tax would be deductible by individuals for income tax purposes while utility charges paid to city storm sewer utilities would not.

Using the ad valorem tax levy to pay for capital projects is allowable within the JPA and it will simply be a matter of where the Commission sends the invoice – the city or to the county.

One of the questions discussed was if it was decided to use the 100% Commission funding and levy a tax through the county, would it reduce city control in the organization and make it more like a

watershed district, or allow taxation by an unelected body. Mr. LeFevere said using the ad valorem tax levy will not change the standard process the Commission will go through prior to and during the process of determining which project the Commission will propose.

The minor difference in paying for projects by county levy is that when using the 50/50 formula, according to the JPA, 50% is based on tax capacity and 50% based on land value while the ad valorem tax is based on value only.

The city of Plymouth has two projects projected for 2003 around Medicine Lake. Mr. Gustafson felt it was only fair that Plymouth understand that if the Commission intends to use the ad valorem taxing method to pay for projects, and Plymouth proceeds with these projects in 2003, Plymouth will be responsible for the associated funding.

Mr. O'Toole added the following summary: The member cities were polled and no consensus was reached concerning a formula for sharing costs (some wanted 80/20, 100% Commission share, 100% city share). Budgets are tight and cities' revenues come from general or specific revenues. General revenues are tapped due to state cuts or reduction in taxes. The cities' desire to make contributions to the Commission or move ahead with individual projects will be constrained by budgets. The Steering Committee also discussed if an ad valorem tax is used, it will be tax deductible, unlike the stormwater utility charge, which is not.

Mr. LeSeur said he can see both sides of this, in terms of funding capital projects, the ad valorem tax is probably the best choice; however, in what way would the taxpayer be able to voice objections or require more information about the tax?

Speaking as a taxpayer, Ms. Thornton expressed concern and has a philosophical objection to paying an ad valorem tax requested from an unelected body.

Mr. Mathisen was under the impression that the 20/80 funding mechanism was something the Commission agreed on and was to be presented to the city councils; however, after today's discussion he sees that is not the case and wondered if the other funding options are no longer to be considered and the Steering Committee's recommendation to use the tax valorem levy is what is on the table for consideration at this time, or are we talking about whatever share is assessed to the cities is based on the other funding options (i.e., 20/80, etc.) based on annual assessments. Mr. O'Toole was of the thought that 100% of the project will be paid by the Commission and the County levies an ad valorem tax to everyone in the watershed. Mr. Mathisen further questioned if the JPA is 50/50 based on tax capacity and drainage area, does that mean if the Commission decides to use the ad valorem tax based on valuation only then drainage area will not be an element of consideration. He understood the dialogue to be if the county levied a tax and the Commission decided on a funding mechanism (i.e., 80/20), the Commission would inform the city, up to 20%, what the Commission would pay and assign an amount to each city to be assessed by ad valorem over the city's parcels.

Mr. Gustafson explained that each city was requested to discuss a number of issues with their city councils and staff. One of those was funding and if the city would support the ad valorem tax levy. What is presented today is not changing the JPA, but using the ad valorem tax allowed in the JPA, which is based on value spread among the watershed. The Steering Committee also discussed the point of the Commission members not being elected, but appointed by the member cities. There are other unelected bodies (e.g., Mosquito Control) that tax residents. Mr. Gustafson added that the Steering Committee concluded if a funding formula couldn't be agreed upon, how could a project be agreed upon in order to move ahead with water quality improvements.

Mr. O'Toole said there is another option and that is to let the cities pay 100% and the cities decide what they want to do which will most likely eliminate the operation of the Commission.

Mr. LeFevere said the Commission is not elected, but formed by appointment by the cities and gives the Commission authority to decide to do projects, financed either through the county or through the cities. The Commission can decide to not do projects. It is not an option to have the public make these decisions. The Commission and cities can get public input about projects, but cannot change the fact that this decision is made by an unelected body.

Mr. Mathisen asked if Mr. LeFevere has investigated the taxing option thoroughly enough for the Commission to decide to use it. Mr. LeFevere said that according to BWSR, the Commissioner of Revenue, county watershed staff, and the county auditor there is no objection to Bassett Creek WMO using this authority. The objection in the past to WMO taxation was that WMOs could not levy a tax as an independent taxing authority.

Ms. Christian stated her support of the Commission remaining a watershed management organization because of the citizen participation allowed through the cities versus appointed board members by the county. She said the Commission is like a "community" and would like to see that remain. AMLAC was instrumental in getting the surface water fee passed in the city of Plymouth allowing the city to make the improvements studied and recommended over the years. Ms. Christian is not sure how the county taxing levy would be received, but would recommend that each city consider passing a surface water management fee. As a resident and one who helps elect the city officials, she would feel she has some input in the surface water management fee collected.

Mr. O'Toole said the ad valorem would not be a substitution to a stormwater utility fee. It would be an additional revenue source.

Mr. LeSuer reiterated that the Commission is not a normal cross-section of the voting public, but people who are interested in solving water issues. There is a broader range of needs in the public that needs to be balanced against the big picture. If this is adopted, what process will be available to the city councils to review proposed increases before any action is taken by the Commission? Mr. O'Toole said the discipline and accountability would be in the front-end review process.

Mr. LeSuer said his fundamental concern is how to recognize when something is too expensive and if time will be allowed to review. Mr. LeFevere said the process allows for many reviews by interested parties and public hearing notices must be submitted to member cities prior to project approval. Mr. Mathisen added every city gets one vote regardless of size and drainage area. Votes are not measured by how large the community is. Mr. O'Toole said that as an observation, he does not see the Commission historically or presently pushing something on a particular member city. The Commission recognizes the differences and chooses to work through disagreements to a place of consensus.

Mr. Quanbeck said as representative on the Steering Committee for Plymouth, he was the one member not in agreement with the committee's funding recommendation. Mr. Quanbeck said he talked with city council members about the items listed in the memo (dated November 1, 2002) that was sent to the member cities for comment on the funding options. Through those discussions, Plymouth decided that a significant part of the project should be Commission responsibility (i.e., 20%) and the remainder should be based on not where the project is located, but who contributes to the problem and who benefits from the improvements. The county ad valorem tax would not take into account the contributors or benefits received. Plymouth city council members in attendance did not favor the ad valorem tax. Mr. Quanbeck believes whatever the Commission decides to do, it is extremely important how that is conveyed to the communities. He believes a dialogue with the member cities would be beneficial and the city of Plymouth would expect that type of dialogue.

Mr. Vander Top asked if Plymouth has thought through the scenario of where 20% Commission and the 80% balance is placed on contributor and benefiting city(ies) and how that would play out with the Medicine Lake Project. Mr. Quanbeck said the flow contributors are New Hope, Golden Valley, and Plymouth, as well as Mn/DOT. Plymouth has conducted meetings with Golden Valley and Mn/DOT and met with the Commission engineer to discuss the Bassett Creek aspect. Plymouth is finalizing a feasibility study on those findings. Once the feasibility study is complete and it is determined what the project and costs will be, then more serious discussions will take place with the other entities involved. Mr. Vander Top thinks this would be an excellent project to work through. New Hope would choose the 20/80 funding scenario for the same reasons along with the taxation without representation. Mr. Vander Top also added that he would not be comfortable accepting the 100% Commission funding without talking with the New Hope city council. Mr. Vander Top asked Mr. LeFevere if the county could assess the tax levy by subwatershed to address those who benefit from a project and does the JPA allow taxing by subwatershed. Mr. LeFevere said the JPA will allow for it and will verify if the county will handle the tax by subwatershed.

Mr. O'Toole said the object of today's discussion is to communicate the ongoing process and not to make a decision and recognizes that the Commission needs to communicate and solicit views from the communities. Mr. Quanbeck said it would be helpful for the commissioners to have a copy of all the comments received from the member cities.

Mr. Frost asked if the Steering Committee looked at what the average household cost would be of the capital improvement budget.

Mr. Gustafson said it would be easier if the cities just did their own projects; however, that would not help to keep the Commission in operation.

Mr. LeSuer thanked Mr. Gustafson for his comments and thinks that the city of Golden Valley will be inclined to support the ad valorem option, but public input and Mr. Gustafson's points need to be related to the various councils. Mr. LeFevere suggested that he prepare a written document working with the Steering Committee explaining some of the public participation and other issues discussed today. Some cities are strongly in favor of this already, but information could be solicited from all the cities asking them if they would like an open forum dialogue or working session with council members or if the Commission could attend council meetings to discuss the options. Mr. O'Toole asked Mr. LeFevere and Mr. Kremer to work together, possibly also with Mr. Quanbeck, to look into offering that type of communication – see if the cities would like individual meetings with the Commission, work sessions, or two or three cities work together at a common work session.

Mr. Mathisen agrees that the per capita costs would be helpful in making a determination and reaching an agreement. Mr. Mathisen suggests the impacts per capita be available according to what the annual CIP budget will be.

The Steering Committee also discussed using the ad valorem tax levy for all of the Commission's budget, but there was no support for pursuing that process.

Mr. Gustafson said the Steering Committee addressed three other items requested from the member cities to give input. Those items are:

- Review of the Capital Improvements Program. All the member cities approved of the CIP.
- CIP funding options (discussed above).
- Adding projects to Table iii of the CIP. The Steering Committee was concerned about having too many tables in the CIP. The committee reviewed Table iii and decided those items were not

necessary to include in the CIP section of the second generation plan. The items in Table iii were transferred to other tables. Table 2 was modified that included non-structural capital improvements that were identified in the lake studies such as lake herbicide treatment for Medicine Lake, which was inserted in Table 1.

The CIP tables now consist of:

**Table 1 - Draft Water Quality Management and Flood Control 10-Year Capital Improvements Program**

**Table 2 – Draft Potential Future Water Quality Capital Improvements Projects**

**Table 3 – Annual Water Quality and Flood Control Programs**

Mr. Gustafson recommended the revised CIP tables with an explanation of the changes made also be included in the packet of information going to the member cities.

Ms. Thornton asked about Plymouth's suggestion for Table ii concerning emptying collection ponds on an ongoing basis as part of the water quantity and water quality control. Mr. Gustafson said the committee agreed this is a best management practice and should be identified as part of meeting the NDPES permit requirements.

Mr. LeFevere also noted that if the Commission decides to use the ad valorem tax through the county, the CIP plan would move out two years in order to accommodate the county's schedule (adopt the plan in 2003, implement the taxation in 2004, and collect the funds in 2005), unless the cities wanted to fund projects with the understanding of reimbursement when the funds were collected through the county.

Ms. Thornton asked about the timeline for the second generation plan and receiving additional comments from the member cities. Mr. O'Toole said that Barr is completing the preliminary draft plan. Mr. O'Toole anticipates receiving comments back from the member cities sometime after the Commission's April or May meeting. At this point, reaching a consensus on funding by the Commission is necessary prior to moving ahead.

## ***April Meeting***

1. Mr. O'Toole presented the following agenda items for the Commission's April meeting:

- **Audit Report**
- **Establish Budget Committee – determine possibility of grants and/or funding for HCD**
- **Draft 2002 Annual Report**
- **WOMP Options**
- **Website Improvements**

## ***Adjournment***

It was moved by Mr. Welch and seconded by Mr. Vander Top to adjourn the meeting. Chair O'Toole adjourned the meeting at 2:20 p.m.

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John O'Toole, Chair

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Pat Schutrop, Recorder

\_\_\_\_\_  
Bill Yaeger, Secretary

Date: \_\_\_\_\_

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