



Bassett Creek Watershed Management

MEMO

To: BCWMC Commissioners and Alternate Commissioners
From: Laura Jester, Administrator
Date: June 9, 2020

RE: Setting Maximum 2021 Levy and Options for Funding Main Stem Lagoon Dredging Project (BC-7)

At the June 18, 2020 meeting, the Commission must set a maximum levy amount to be collected by Hennepin County in 2021 for BCWMC CIP projects. A final 2021 levy will be set at the September 2020 meeting. There are several projects slated for 2021 levy funds including those presented at the May BCWMC meeting. At that meeting, after review of the feasibility studies, the Commission chose to implement Alternative 1 for the [Mt. Olivet Stream Restoration Project](#), Alternatives 3 and 6 for the [Parkers Lake Drainage Improvement Project](#), and Alternative 2, Option 1 for the [Main Stem Lagoon Dredging Project](#). The cost for these projects and others slated for 2021 levy funds can be found in Table 1 attached here.

While the Main Stem Lagoon Dredging Project offers significant water quality improvements at very low cost per pound of pollutant removal, it also has a significant price tag. Due to the large amount of contaminated sediment to be removed, the total project cost is estimated at \$3,259,000 (including design, construction, feasibility study, and administrative costs) (Table 1). Originally, the BCWMC 5-year CIP schedule only included \$400,000 for this project. At the May meeting, I was directed to develop funding and implementation options for discussion at this meeting.

There are several options for funding and implementing the Main Stem Lagoon Dredging Project including:

1. Spreading the cost over multiple years
2. Postponing the project for a future year
3. Pursuing funding partners (MPRB, city of Minneapolis, city of Golden Valley)
4. Utilizing BCWMC Closed Project Account Funds
5. Applying for grant funding
 - o Clean Water Funds competitive grants
 - o Clean Water Funds Watershed Based Implementation Funds
 - o Hennepin County Opportunity Grant
 - o Hennepin County Environmental Response Fund
 - o Federal or State Historic Places Preservation Grants

I recently completed a detailed review of how the Commission's Closed Project Funds were being calculated. The Closed Project Fund includes the amount of levy funds left over after implementation of active CIP projects. I discovered that secured grant funding (i.e., grant agreements are in place) expected to be collected for active projects was not being used in the calculations. After working with the Deputy Treasurer Sue Virnig to correct this oversight, we now calculate the anticipated Closed Project Balance to be over \$1.6M (as shown in this month's financial report above Table A). Policy 3.4 regarding the Closed Project Account in the [BCWMC Policy Manual](#) states that "funds remaining in the CIP construction account from

completed projects may be used to reduce future tax levies for future CIP projects.” At least a portion of these funds should be used to offset new levy funding for this project (or other projects).

Regarding grant funding, I anticipate that given the significant water quality benefit of the dredging project and the low cost per pound pollutant removal, the project would score well in various grant applications. It’s also possible that the Minneapolis Park and Rec Board would have CIP funds available for this project in future years.

I talked with county staff about the possibility of a significant increase in levy funds and I requested a meeting with Hennepin County Commissioner Fernando. Although my email to the Commissioner’s staff is yet unanswered, county staff reported the following:

- There have been no internal discussions about watershed levies but a large levy request would likely be scrutinized by commissioners and we should expect significant questions and justifications.
- Spreading costs over multiple years is a good idea.
- County departments are being asked to reduce program and project spending due to financial crisis.
- There is no indication from commissioners that they have significant concerns with the watershed levy process.
- County staff have heard only positive feedback about BCWMC, its projects, and how projects are implemented.
- A meeting with Commissioner Fernando is a good idea.

Recommendation (as reflected in Table 2):

- Set a maximum 2021 levy of \$1,774,780
- Implement the Main Stem Lagoon Dredging Project beginning in 2021
 - Spread the cost of the project over 3 levy years
 - Use \$1.2M in Closed Project Funds (\$400,000 a year for 3 years)
 - Pursue grant funding for the project
 - Continue discussions with Minneapolis Park and Rec Board for possible funding
 - Meet with Commissioner Fernando to review and discuss the project
- Review any new information at the September meeting ahead of setting the final levy

Another option to consider (as reflected in Table 3):

- Set a maximum levy of \$1,374,780
- Delay the beginning of the Main Stem Lagoon Dredging Project by one year, allowing a review and possible improvement in the financial situation

Table 1. Breakdown of Project Costs for 2021 Projects

Project Costs	Mt. Olivet Stream Restoration Project (Alt 1)	Parkers Lake Drainage Improvement Project (Alternatives 3 and 6)	Cost share purchase of high efficiency street sweeper	Dredging of accumulated sediment in Main Stem Bassett Creek just north of Hwy 55, Wirth Park (Alternative 2, Option 1)
Feasibility Study	\$35,600	\$57,500	\$0	\$74,000
Design & Construction	\$134,000	\$413,000	\$75,000	\$3,145,000
Project Design Reviews	\$5,000	\$5,000	\$5,000	\$0
Administrative Funds (2% levy)	\$3,500	\$9,500	\$1,600	\$40,000
Total	\$178,100	\$485,000	\$81,600	\$3,259,000
Levy Future Years	\$0	\$0	\$0	- \$2,459,000
TOTAL Project Cost	\$178,100	\$485,000	\$81,600	\$800,000
TOTAL all projects				\$1,544,700
Sweeney Lake and Bryn Mawr 2021 Costs (levy funding for these projects were split over 2020 and 2021)				+ \$630,080
Use of Closed Project Funds				- \$400,000
TOTAL Proposed 2021 Max Levy				\$1,774,780

Table 2. Proposed 2021 Levy						
Project Name	City	Number	2020	2021	2022	2023
Medicine Lake Rd & Winnetka Ave Long Term Flood Mitigation Plan Project (DeCola Ponds B&C Improvement Proj. + DeCola Pond F Flood Storage & Diversion Project + SEA School Flood Storage Project)	GV, Crystal, New Hope	BC-2,3,8,10	\$500,000		\$300,000	\$1,000,000
Water quality improvements in Bryn Mawr Meadows, Main Stem Watershed	MPLS	BC-5	\$100,000	\$412,000		
Stormwater Pond in Jevne Park to alleviate flooding/improve water quality	Medicine Lake	ML-21	\$500,000			
Crane Lake Improvement Project @ Ridgedale Dr.	Minnetonka	CL-3	\$380,000			
Sweeney Lake Water Quality Improvement Project (alum + carp management)	Golden Valley	SL-8	\$20,000	\$218,080		
Mt. Olivet Stream Restoration Project	PLYM	ML-20		\$178,100		
Parkers Lake Drainage Improvement Project	Plymouth	PL-7		\$485,000		
Cost share purchase of high efficiency street sweeper	Plymouth	ML-23		\$81,600		
Dredging of accumulated sediment in Main Stem Bassett Creek just north of Hwy 55, Wirth Park	GV/MPLS	BC-7		\$800,000	\$1,659,000	\$800,000
Medley Park Stormwater Treatment Facility	GV	ML-12			\$200,000	\$300,000
Total Project Cost*			\$1,500,000	\$2,174,780	\$2,159,000	\$2,100,000
Use of Closed Project Account				\$400,000	\$400,000	\$400,000
PROPOSED TOTAL LEVY				\$1,774,780	\$1,759,000	\$1,700,000
*Accounts for use of grant funding for Bryn Mawr and Sweeney Lake Projects						

Table 3: Second Option for 2021 Levy							
Project Name	City	Number	2020	2021	2022	2023	2024
Medicine Lake Rd & Winnetka Ave Long Term Flood Mitigation Plan Project (DeCola Ponds B&C Improvement Proj. + DeCola Pond F Flood Storage & Diversion Project + SEA School Flood Storage Project)	GV, Crystal, New Hope	BC-2,3,8, 10	\$500,000		\$300,000	\$1,000,000	
Water quality improvements in Bryn Mawr Meadows, Main Stem Watershed	MPLS	BC-5	\$100,000	\$412,000			
Stormwater Pond in Jevne Park to alleviate flooding/improve water quality	Medicine Lake	ML-21	\$500,000				
Crane Lake Improvement Project @ Ridgedale Dr.	Minnetonka	CL-3	\$380,000				
Sweeney Lake Water Quality Improvement Project (alum + carp management)	Golden Valley	SL-8	\$20,000	\$218,080			
Mt. Olivet Stream Restoration Project	PLYM	ML-20		\$178,100			
Parkers Lake Drainage Improvement Project	Plymouth	PL-7		\$485,000			
Cost share purchase of high efficiency street sweeper	Plymouth	ML-23		\$81,600			
Bassett Creek Main Stem Restoration - Regent Ave to Golden Valley Rd	Golden Valley	2024CR-M					\$400,000
Bassett Creek Park WQ Improvement Project	MPLS	BC-11					\$500,000
Ponderosa Woods Stream Restoration	Plymouth	ML-22					\$475,000
Dredging of accumulated sediment in Main Stem Bassett Creek just north of Hwy 55, Wirth Park	GV/MPLS	BC-7			\$1,600,000	\$859,000	\$800,000
Medley Park Stormwater Treatment Facility	GV	ML-12			\$200,000	\$300,000	
Total Project Cost*			\$1,500,000	\$1,374,780	\$2,100,000	\$2,159,000	\$2,175,000
Use of Closed Project Account					\$400,000	\$400,000	\$400,000
PROPOSED TOTAL LEVY				\$1,374,780	\$1,700,000	\$1,759,000	\$1,775,000
*Accounts for use of grant funding for Bryn Mawr and Sweeney Lake Projects							