

WILD RICE WATERSHED DISTRICT

11 Fifth Avenue East
Ada, MN 56510
Ph: 218-784-5501

REGULAR MEETING

December 10, 2008

APPROVED Minutes

1. The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday December 10, 2008. Managers in attendance include Diane Ista, Bob Wright, Warren Seykora, Mike Christensen, Don Vellenga, Dave Vipond and Joe Spaeth. Absent: None. In addition the following persons were in attendance: Administrator Dalen, Engineer Jerry Bents, Attorney Elroy Hanson, Tim Halle, Loretta Johnson, Dan Pritchard, Duane Erickson, Marijo Vik, Tom Kolness, Brent Kappes, Brian Borgen, Randy Pallum, Roger Kurpius, Curtis Borchert, Mark Christianson and Attorney Jerry Von Korff and Bonnie Ewert via teleconference.
2. Chairman Seykora called the meeting to order at 8:40 a.m.
3. A motion was made by Manager Christensen and seconded by Manager Vipond to approve the agenda with the addition of discussion about the following items: list of questions brought by Manager Vellenga and potential of hiring engineer. Carried.
4. Mahnomen West Side Flood Control Project. A motion was made by Manager Ista and seconded by Manager Vellenga to approve Change Order #1 in the amount of \$1,650 and Pay Request #2 in the amount of \$3,569.40 to Nanik Construction for work on the Mahnomen West Side Flood Control Project. Carried.
5. Clay County Ditch #18 Cleanout. Engineer Bents reported that approvals have been received from all agencies and work is scheduled to begin on December 11, 2008.
6. Farmstead Ring Dikes. Engineer Bents stated that there is a small amount of funding available in the grant. Manager Ista requested that a ring dike committee meeting be scheduled in January.
7. J.D. #53 Main Outlet Repairs, Section 29, Shelly Township. A motion was made by Manager Spaeth and seconded by Manager Vipond to approve Pay Request #2 in the amount of \$4,578.12 to All Seasons Contracting for work on J.D. #53 Main Repairs. Carried.
8. Project #16 Repair Sections 19 and 30, Anthony Township. A motion was made by Manager Ista and seconded by Manager Vellenga to approve Pay Request #1 in the amount of \$12,304.80 to Lyle Wilkens, Inc. for work on Project #16. Carried.
9. Reorganization of Office. Manager Vipond, as Personnel Committee member, recommended that the District hire Consultant Bruce Watkins who works with public employers in the area of management strategies and employee performance for a fee of \$5,000. A motion was made by Manager Vipond and seconded by Manager Vellenga to hire Bruce Watkins. Carried with Manager Ista opposed. Ista requested that the record shows that even though she is in opposition, she will cooperate fully.

10. Open Microphone. No open microphone comments were received.

11. Project #42/C.D. #18. Engineer Bents reported that two meetings have been held with permitting agencies to discuss dam classification. Manager Vipond asked about wetland issues. Bents replied that based on his calculations there are either zero impacts or a net gain. Randy Pallum questioned why the District was moving forward with the strong opposition to the project. Chairman Seykora explained that this project would be a part of a combination of projects to reduce flood damage along the Wild Rice River. Attorney Jerry Von Korff entered the meeting via phone. Administrator Dalen provided an update on land negotiations. Manager Vellenga felt that it is important for the board to be in contact with local legislators on the funding issues.

12. WRWD Litigation Issues. A motion was made by Manager Spaeth and seconded by Manager Wright to close the meeting to discuss District litigation issues. Carried. Chairman Seykora closed the meeting at 9:40 a.m. Chairman Seykora opened the meeting at 10:00 a.m.

13. Water Management District (WMD). A draft copy of the Proposed Ordinance Changes was distributed to Managers for discussion and review. A copy of the proposed changes is attached at the end of these minutes. Manager Spaeth stated that he hoped the District could overcome the opposition to the WMD expressed by Mahnomen and Becker County Commissioners. Manager Vellenga stated that even on the Norman County Board, there seems to be a difference of opinion on the WMD. Engineer Bents stated that the current Ordinance does not include the Upper Reaches Project. Discussion was held regarding the avenue to use for the Upper Reaches Project. Engineer Bents asked Attorney Von Korff if there was any legal problem with basing the charges on runoff only. Von Korff stated that people upstream in the project may have objections when they see the downstream people getting economic benefits. Bents also asked if the charges could be based both on runoff and land values, although this could bring a lot of controversy. Consensus of Managers was to base the charges on runoff only. Manager Vellenga asked if administrative fees could be included. Manager Vipond stated that he felt that the people have said loud and clear that they don't want the funds spent on administration.

14. Audit Review, Kim Durbin, Drees, Risky and Vallager. Kim Durbin met with Managers at 11:00 a.m. to present the audit report dated December 31, 2007. Durbin reviewed the Auditor's Report on Legal Compliance and the Schedule of Internal Control and Compliance Findings. She stated that the lack of sufficient segregation of duties and also financial reported were not unusual in organizations of this size and it would not be cost efficient to hire additional staff. Finding #3 stated that credit card purchases must be consistent with other state law and recommended that the District adopt a credit card use policy which would also require supporting documentation. Durbin stated that the original invoices should be maintained at the District office, and she would prefer the accountant to have photocopies. A vehicle policy should be put in place. Durbin expressed frustrations with the Quick Books Accounting System and stated that the worksheets that the accountant uses need to be brought into that system.

Discussion was held regarding the State Audit requested by the District. Ms. Durbin indicated an audit prepared by the state would probably not find anything different than the regular audit. Due to the long waiting list for a state audit, she stated that Drees, Risky and Vallager has a contract through 2009 but agreed to withdraw the contract if the District's request was granted and the firm was notified prior to January 31, 2009. She stated that the Board may want to go on year by year contracts until they get on the State list. Manager Vellenga stated that for several years the public requested that the District have a state audit and felt that if there is an additional cost, it may well be worth it. A motion was made by Chairman Seykora to proceed with the 2009 contract of Drees, Risky and Vallager. Motion failed for lack of a second. A motion was made by Manager Christensen and seconded by Manager Seykora to rescind the original motion to have a state audit and continue with Drees, Risky and Vallager. Managers Christensen and Seykora voted for and Managers Spaeth, Wright, Vellenga, Ista and Vipond, against. Motion failed for lack of a majority. A motion was made by Manager Wright and seconded by Manager Vipond to continue with Drees, Risky and Vallager, and the request to the state for an audit, notifying Ms. Durbin prior to January 31, 2009, who will do the 2008 audit. Carried.

15. Customer Connections, Bonnie Ewert. Consultant Bonnie Ewert, who is doing the 360° Survey/Board Credibility/Performance, met with Managers via teleconference to discuss the status of the survey. She asked that Managers provide her with a one hour time frame and schedule when she could visit with them via teleconference and discuss the survey. Ewert stated that the Managers should decide who they want placed on the stakeholders' list. Manager Ista had requested that a couple of members of the citizen's group and Commissioner Steve Jacobson be added. Manager Vellenga suggested members of the Soil and Water Conservation Districts. Manager Vipond stated that there needs to be equal representation from the whole watershed and not weighted down or skewed in the wrong direction. Vipond asked how many persons should be on the list. Ewert stated there are currently 15 and the District could go between 35 and 50 if they want. Consensus of Managers was for Ewert to send out the survey on January 2, 2009, with the above recommendations.

16. Kurpius Complaint/Vik Violation, Section 35/36, Hegne Township. Duane Erickson, Roger Kurpius, Curtis Borchert and Mark Christianson met with Managers to discuss the Vik violation. After considerable discussion a motion was made by Manager Ista and seconded by Manager Wright that the Watershed District has determined that there is a violation and that it needs to be restored to pre-work conditions by April 1, 2009. Carried with Manager Spaeth opposed. Curtis Borchert talked about the plan for a structure in that area to protect local landowners from recurring flooding. Engineer Bents agreed to share the results of the modeling that has been done by Houston Engineering in that area with the Norman County SWCD, who is working at assisting the landowners.

17. Norman County SWCD Report. Manager Mike Christensen stated that there isn't a report as a meeting has not been held.

18. Mahnomen County SWCD Report. Manager Spaeth stated that there isn't a report as a meeting has not been held.

19. SWCD Small Project Fund. Loretta Johnson reported that Aaron Neubert, Mahnomen County SWCD, asked if the two projects approved for funding could be completed in spring of 2009, due to the wet conditions this fall. Consensus of Managers was to notify Neubert that the funding would still be available at that time.

20. Water Management District (WMD). Attorney Von Korff recommended that staff meet with the Board of Water and Soil Resources (BWSR) and the local county assessors to discuss the current status of the District in establishing a WMD for new projects. A motion was made by Manager Vellenga and seconded by Manager Spaeth authorizing staff to meet with county assessors and BWSR. Carried.

21. Open Meeting Law. Chairman Seykora stated that he felt the open meeting laws need to be addressed and in black and white. Attorney Von Korff stated that the thing that causes the most problems is committee meetings and he stated that committee meetings need to be treated the same as regular board meetings, same laws and same exemptions. He stated that committee meetings may have standing dates or special committee dates are noticed three days in advance and may be held anyplace within the district as long as they are noticed. Manager Vellenga brought up the recent meeting in Brainerd with the DNR which was out of the physical boundaries of the District; therefore two board members were appointed to attend and the rest of the Managers attended via videoconference. Von Korff agreed with Attorney Hanson's recommendation. Seykora asked who can initiate a special meeting. Attorney Hanson stated that according to District bylaws, two Managers may request the chairman to call a special meeting.

22. Advisory Board Appointments. Administrator Dalen stated that he did not feel comfortable bringing names for appointment to the Advisory Board. A motion was made by Manager Ista and seconded by Manager Vipond to send letters to the following persons asking if they are interested in serving on the Advisory Board, and Managers then appointing members from interested parties. Curt Jacobson, Cory Hanson, Scott Balstad, Joe Slette, Jim Wagner, Jim Skaurud, Jerry Waller, Barry Nelson, Wesley Green, Kevin Kassenborg, Ron Thorsrud. Carried.

23. Government Data Compliance Officer. A motion was made by Manager Vipond and seconded by Manager Vellenga appointing Administrator Dalen as Government Data Compliance Officer. Carried.

24. Approval of Billings. A motion was made by Manager Vipond and seconded by Manager Wright to approve the billings as presented for December 10, 2008, to include Managers per diems, expenses and staff salary and benefits. Carried.

25. Bond for Managers. Administrator Dalen distributed correspondence from Agent John Hoffman, in which he outlined the schedule for the Managers' bond. Dalen agreed to contact Hoffman and determine exactly what this covers.

26. Staff Engineer. Managers Vellenga and Ista reported on a recent meeting held with Engineers Jeff LeDoux and Jerry Bents and Administrator Dalen at Houston Engineering in Fargo to discuss costs, engineering consultant fees, etc. All felt it was a good meeting. Vellenga suggested that Houston Engineering provide a brief synopsis at the end of the year entailing what information they had provided the district during the year.

27. Policy Review Update. A motion was made by Manager Vellenga and seconded by Manager Vipond to table the policy review until the January meeting. Carried.

28. Consultant Performance Review. Administrator Dalen stated that he would have a report on the consultants' performance review at the January meeting.

PERMITS

29. Mark Hanson, Section 21, Lockhart Township. A motion was made by Manager Ista and seconded by Manager Vellenga to table Permit Application #12-10-2008-1 of Mark Hanson for work in Section 21 of Lockhart Township, pending a field review. Carried.

COMPLAINT

30. Joseph Kuechle, SE1/4 Section 4, Wild Rice Township. A motion was made by Manager Vipond and seconded by Manager Wright to notify Joseph Kuechle that upon recommendation by Engineer Bents, there is insufficient evidence of a violation of District rules to pursue the complaint as a violation. Carried.

31. Project Team Meeting. The Project Team Meeting is scheduled for Thursday, December 18, 2008, at the District Office.

32. Goal Setting and Public Outreach. Administrator Dalen stated that he felt that Managers should do a better job in the press, taking the opportunity from the recent DNR meeting with Commissioner Holsten, and make it clear that under current law high hazard dams cannot be built. He felt it would be a good idea to do an article specifically on the high hazard dam issue. Manager Vipond asked if he wanted to make the public aware that without legislative changes the high hazard issues are out of the question. A motion was made by Manager Spaeth and seconded by Manager Vipond authorizing staff to prepare such a story for publication. Carried. Manager Ista opposed.

33. A Time to Build II Informational Meeting. Administrator Dalen reminded Managers of the January 28, 2009, informational meeting which will be held at the Ada/Borup Auditorium.

34. Financial Report. Accountant Marcussen presented the financial report dated November 31, 2008. A motion was made by Manager Spaeth and seconded by Manager Wright to approve the financial report as presented. Carried.

35. Meeting Minutes. A motion was made by Manager Wright and seconded by Manager Christensen to approve the November 10, 2008, regular meeting minutes as distributed. Carried.

36. There being no further business to come before the Board of Managers, a motion was made by Manager Vipond and seconded by Manager Spaeth to adjourn the meeting. Carried.

37. Chairman Seykora adjourned the meeting at 4:15 p.m.

Don Vellenga, Secretary

Date	Num	Name	Memo	Amount
Nov 13 - Dec 10, 08				
11/14/2008	11901	MN DNR	Home Lake Permit Fee	-150.00
12/10/2008	11910	Alerus Appraisals	appraisal fees	-1,000.00
12/10/2008	11911	All Seasons	Payment Request	-4,578.12
12/10/2008	11912	AmeriPride	rugs	-121.90

Date	Num	Name	Memo	Amount
Nov 13 - Dec 10, 08				
12/10/2008	11913	Cardmember Service	Monthly Charges	-1,053.60
12/10/2008	11914	City of Ada	utilities	-304.39
12/10/2008	11915	Clay County Auditor Treasurer	RE Tax Herman Lee property	-2,458.08
12/10/2008	11916	Clayton Arthurs	Landowner Refund	-3,238.69
12/10/2008	11917	David Vipond	per diem	-138.53
12/10/2008	11918	Diane Ista	per diem	-423.12
12/10/2008	11919	Don Vellenga	per diem	-277.05
12/10/2008	11920	Dorsey & Whitney LLP	Legal	-9,190.75
12/10/2008	11921	Fillbrandts Bigg Dogg Agg	Chem and Application	-27,503.81
12/10/2008	11922	George Gilbertson*	Landowner Cost Share Refund	-4,107.66
12/10/2008	11923	Gerald Arends*	Refund Landowner Share	-2,267.00
12/10/2008	11924	Gordon Construction	Contractor	-2,450.00
12/10/2008	11925	Houston Engineering, Inc.	November Billing	-51,570.96
12/10/2008	11926	James Wagner, Sr.	Beaver Control	-475.50
12/10/2008	11927	Jim Skaurud	Check Ditches/Acq Sites	-360.00
12/10/2008	11928	Joe Spaeth	per diem	-323.81
12/10/2008	11929	Kaye Loe Estate	Refund of Land Owner Share	-2,365.31
12/10/2008	11930	Lako Drilling, Inc.	Extend Well	-1,500.00
12/10/2008	11931	Loretel Systems	Phone and Internet	-344.98
12/10/2008	11932	Lyle Wilkens Inc	Pay Request	-12,304.80
12/10/2008	11933	MARCO, Inc. Maintenance	copier maintenance	-308.85
12/10/2008	11934	Marcussen Accounting	Nov Billing	-731.50
12/10/2008	11935	McCollum Hardware, Inc.	supplies	-49.79
12/10/2008	11936	Mike Christensen	mileage\expense	-105.75
12/10/2008	11937	Minnesota Energy Resources Corporation	utilities	-36.21
12/10/2008	11938	Myron Pallum*	Refund Landowner Share	-1,767.41
12/10/2008	11939	Nanik Construction	Mahnomen Project	-3,569.40
12/10/2008	11940	Norman County Weed Control	Spraying	-880.21
12/10/2008	11941	North Star Water	supplies	-17.85
12/10/2008	11942	Office Supplies Plus	Supplies	-147.32
12/10/2008	11943	Ralph's Food Pride	Supplies	-59.90
12/10/2008	11944	Renae Kappes	Cleaning	-100.00
12/10/2008	11945	Rinke Noonan	Legal	-3,295.75
12/10/2008	11946	Robert E. Wright	per diem	-423.12
12/10/2008	11947	Tim Halle	Press Releases	-1,207.64
12/10/2008	11948	Tim Koste	Landowner Refund	-1,588.54
12/10/2008	11949	USGS	Sediment study	-10,000.00
12/10/2008	11950	Wambach & Hanson	Legal fees	-2,585.10
12/10/2008	11951	Warren J. Seykora	per diem	-582.86
12/10/2008	11952	David Vipond	mileage	-30.42
12/10/2008	11953	Don Vellenga	mileage and exp reimb	-153.75
12/10/2008	11954	Joe Spaeth	mileage and exp reimburse	-272.55
12/10/2008	11955	Mike Christensen	per diem	-392.89
12/10/2008	11956	Robert E. Wright	mileage and exp reimb	-414.30
12/10/2008	11957	Warren J. Seykora	mileage and exp reimb	-926.21
12/10/2008	11908	Diane Ista	mileage and expense reimb	-712.40
12/10/2008	11909	Mike Christensen	mileage and exp reimburse	-310.50
12/10/2008		Payroll/emp ins &	Med exp & Payroll taxes	<u>-14,290.52</u>
Nov 13 - Dec 10, 08				<u>-173,468.80</u>

Wild Rice Watershed District/Water Management District
 Proposed Ordinance Changes
 12/10/08 WRWD Meeting

**Original (8/28/07)
WRWD Recomm.**

11/12/08 WRWD

1/24/08 Committee

Final

Purpose			
To implement and maintain infrastructure that support the water quantity, water quality, and natural resource goals listed in the Wild Rice Watershed District Watershed Management Plan	No Change Proposed	No Change Proposed	No Change Proposed
New Projects and maximum of 50% of the total annual charges imposed by the District will be used for the Upper Reaches Project.	Project funding should also be able to pay for maintenance of New Projects implemented using funding from WMD. Include specific project based WMD section for Upper Reaches project maintenance. This would define a specific area of the overall district that would be required to pay.	New Projects Only (and maintenance of new projects implemented using WMD funding).	New Projects Only (and maintenance of new projects implemented using WMD funding).
All Project Development Costs (i.e. Construction, Land Acquisition, Engineering,...)	No Change Proposed	<ul style="list-style-type: none"> • Construction • Land Acquisition • All other costs after project is established. (i.e. Final Hearing and Board Order to Construct Project) 	<ul style="list-style-type: none"> • Construction • Land Acquisition • All other costs after project is established. (i.e. Final Hearing and Board Order to Construct Project)
Amount of Revenue			
Maximum Total Annual Levy Amount = \$5 million	The Board asked staff to develop draft list of immediately needed funding for projects underway before setting Maximum Total Annual Levy.	Maximum Total Annual Levy Amount = \$1 million	Maximum Total Annual Levy Amount = \$1 million
Area Included			
Entire Wild Rice Watershed District	No Change Proposed	No Change Proposed	No Change Proposed
One WMD, all projects are funded based on collection from entire watershed district	WRWD Board asked that staff obtain information from PRWD on how they have the district broke down. WRWD Board asked for additional discussion at a future meeting.	○ Concerns about Marsh River Basin?	No Change Proposed

Basis of Charge Determination			
<p>Agricultural Lands</p> <ul style="list-style-type: none"> Runoff Contribution 	<p>WRWD recommended that we continue to use Runoff Contribution as the only mechanism for determining charges for Agricultural land.</p> <p>WRWD Board asked that staff prepare options for logistics on how this method would be implemented the simplest. (i.e. relationship to taxable market value,...)</p>	<p>Discussion that runoff and also protection benefit should be included.</p>	<p>No Change Proposed</p> <p>Should review the methodology to determine methods to logistically make is more efficient. This will involve a meeting with the County Commissioners.</p>
<p>Municipal/Developed Lands</p> <ul style="list-style-type: none"> Taxable Market Value 	<p>WRWD recommended that we continue to use Taxable Market Value as the mechanism for determining charges for Municipal/Developed lands due to the higher rate of runoff provided and higher level of protection that will be afforded to them in future project.</p> <p>WRWD Board asked that staff prepare options for logistics on how this method would be implemented the simplest.</p>	<p>No Clear Direction</p>	<p>Should be based on Runoff Contribution.</p> <ul style="list-style-type: none"> Consider use of Equivalent Residential Units (ERU). Then determine multiple ERUs for other Municipal properties. Could include an additional multiplier for higher level of protection that is necessary. Review other methodologies that exist in other areas.
Effective Time			
<p>WMD Ordinance to be in effect indefinitely.</p>	<p>WMD to be in effect for 10 years. At the end of 10 years, the WRWD would need to follow the procedures in 103D.729 to extend the effective time (i.e. plan amendment, BWSR approval, public hearing,...).</p>	<p>Agreed with WRWD</p>	<p>WMD to be in effect for 10 years. At the end of 10 years, the WRWD would need to follow the procedures in 103D.729 to extend the effective time (i.e. plan amendment, BWSR approval, public hearing,...).</p>

Additional Controls			
<p>Maximum amount of WMD generated funding on Projects?</p> <ul style="list-style-type: none"> Not specifically stated, thus no limit (100%) 	<p>Maximum of 50% of total project cost</p>	<p>Agreed with WRWD</p>	<p>Maximum of 50% of total project cost</p>
<p>Maximum amount of local share (non-state or federal funding) of WMD generated funding on Projects?</p> <ul style="list-style-type: none"> Not specifically stated, thus no limit (100%) 	<p>Specifically state that up to 100% of local share could be paid using WMD funding.</p>	<p>Agreed with WRWD</p>	<p>Specifically state that up to 100% of local share could be paid using WMD funding.</p>
<p>Establish Advisory Board</p> <ul style="list-style-type: none"> Currently there is only an Appeals Panel included to make recommendations on appeals related to the charging practice (i.e. classification of property, calculation of charge,...). This appeals board is not intended to advise the board with issues like annual levy amounts. 	<ul style="list-style-type: none"> Establish Advisory Board consisting of one commissioner from each of the six counties within the watershed district. This Advisory Board will meet a minimum of one time per year to review the proposed annual charges prior to the public meeting. This advisory board should prepare a recommendation to the WRWD Board at least 10 days prior to the annual public meeting. This recommendation will be read into the records of the public meeting prior to the WRWD Board establishing the annual charges. 	<p>Agreed with concept of advisory board however some discussion as to whether or not they should have approval authority.</p>	<p>Establish Advisory Board consisting of one representative from each of the six counties appointed by the county commissioners. This would not specifically need to be a commissioner.</p> <p>This Advisory Board will meet a minimum of one time per year to review the proposed annual charges prior to the public meeting. This advisory board should prepare a recommendation to the WRWD Board at least 10 days prior to the annual public meeting. This recommendation will be read into the records of the public meeting prior to the WRWD Board establishing the annual charges.</p>

Ensure Fairness/Equality			
Appeals Process <ul style="list-style-type: none"> Currently there is a proposed Appeals Panel intended to make recommendations on appeals related to the charging practices (i.e. classification of property, calculation of charge,...). 	No Change Proposed	No Change Proposed	No Change Proposed
Administrative Minimum Parcel Charge <ul style="list-style-type: none"> None included 	No Change Proposed	No Change Proposed	No Change Proposed
Land Use Changes <ul style="list-style-type: none"> Landuse will be reviewed at a minimum of once every 5 years using the best available district-wide data (i.e. NLCD,...) Landowners can request that landuse be reviewed each year by supplying the required supporting data. 	No Change Proposed	No Change Proposed	No Change Proposed