

Wild Rice Watershed District



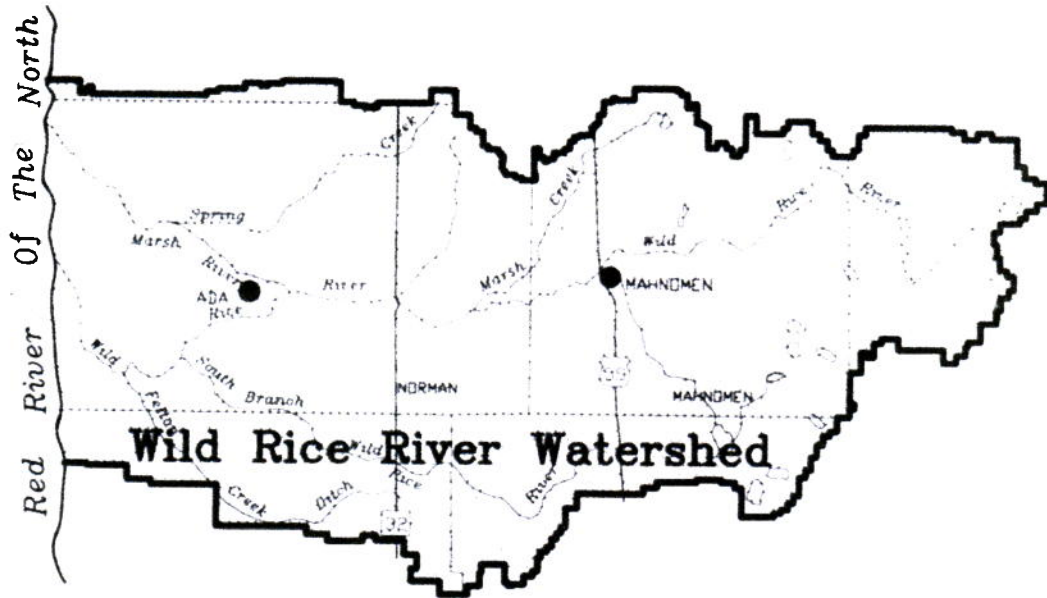
2009 Annual Report

(Including 2008 and 2009 Financials)

Wild Rice Watershed District

40th Annual Report

Year 2009



Cover Photo: Filling sandbags in Hendrum - March 2009

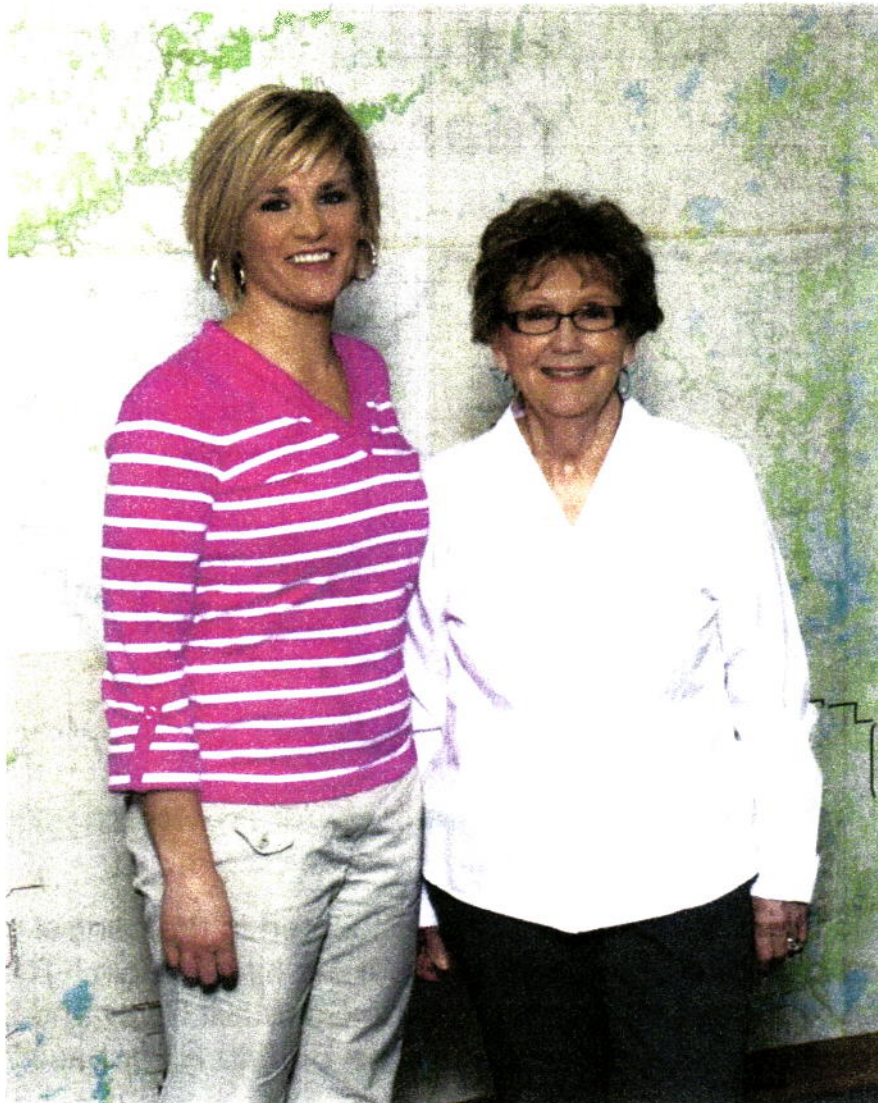
The Wild Rice Watershed District is located in the central part of the Minnesota portion of the Red River of the North basin. The Watershed District is bordered by the Sand Hill River and the Red Lake River basins to the north and the Buffalo River basin to the south.

The Wild Rice Watershed District occupies a land area of approximately 2,085 square miles. The territory of the District is in parts of Norman, Clay, Mahnomen, Becker, Clearwater and Polk counties, which includes the watershed of the Wild Rice River and the Marsh River.

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Please note: The 2008 and 2009 Audits performed by the State of Minnesota Office of the State Auditor are in this section. A letter from the Office of the State Auditor dated April 23, 2009 is also included.

The Table of Contents does not reflect the numbering system for **Section VI. Financial and Audit Reports** because these are separate files sent by the State.

I. Executive Summary

Pursuant to Minnesota Statutes Section Chapter 103D of the Minnesota Watershed Act, the Board of Managers hereby submits the 40th Annual Report of the Wild Rice Watershed District (WRWD), which covers the period of January 1 to December 31 of 2009. The report includes the District's members, technical and citizen advisors, summaries of the plans, goals, water management projects, and communication programs of the District as well as a summary of the District's financial condition.

The District distributes its Annual Activity Report to the Minnesota Department of Natural Resources and the Board of Soil and Water Resources as provided by law. Copies of the report or audit may be obtained from the District's Managers or through www.wildricewatershed.org.

The Annual Report reflects the Board of Managers' commitment toward serving the residents of the watershed in its mission to provide efficient management of our water resources for the future. The Wild Rice Watershed District is focused on providing the leadership and resources needed to fulfill its water management goals and objectives.

The Wild Rice Watershed District has developed a comprehensive implementation program to accomplish its goals and objectives. Authority for implementation is provided by the legislature under Section 103D of the Minnesota Statutes.

This legislation gives the watershed districts the authority to establish rules, require permits, construct and finance improvement projects and perform other activities which contribute to the purpose for which the District is organized. The Watershed District will use this authority granted by the legislature to implement its long term goals and objectives.

Within the Annual Report you will find evidence of these commitments. The report also reflects the Board of Managers' recent accomplishments while mapping out plans for the upcoming year. The Managers invite comments and suggestions concerning this report.

**Respectfully submitted by
Wild Rice Watershed District
Board of Managers**

**Mike Christensen
2009-2010 Chairman**

II. Introduction

After the record flood of 1997, it didn't seem like it could ever get that bad again. However, 2009 was a year of record-breaking events with changes outside of and within the Wild Rice Watershed District.

A heavier than normal snowpack in the winter of 2008 followed by a rapid warm-up beginning in mid-March of 2009, then rain on frozen soils from March 22 through March 24, resulted in record to near-record flooding in the upper Red River of the North basin and some tributaries in the upper Minnesota River basin.

On March 26, the Red River exceeded the 1997 crest of 39.57 feet at Fargo, which was the previous second-highest crest. The projected crest was 24 feet above flood stage and higher than the record-setting floods in 1997 and 1897.

On the morning of March 29, ice jams on the Red River north of Fargo-Moorhead caused a swift rise in water levels in Hendrum, MN. A call for volunteers went out to help raise the city's dike on the west side of town and residents from all over the Red River Valley responded, working feverishly through the night to hold back the rising waters from the Red and Wild Rice Rivers.

On March 31, the Red River was slowly subsiding in Fargo and Moorhead, but the river was still rising as it roared further north. People in Perley, Halstad and Shelly were still sandbagging. In their towns, the Red River wasn't expected to crest for a few days.

The US Geological Service measured a crest of 40.63 feet at the Halstad, MN gauge which compared to 40.74 feet in 1997. According to the National Weather Service, flood stage is at 26.0 feet at that location.

By April 30, more than \$1.4 million in financial assistance from FEMA had begun to flow to residents in Clay, Norman, Traverse and Wilkin counties who suffered damages from severe storms and flooding. Roads across North Dakota and northwestern Minnesota had been closed, some residents had been forced out of their homes and the flooding was linked to the deaths of at least three people and thousands of farm and ranch animals.

On May 20, the flood waters finally subsided, having lasted a record 61 days.

The situation within the Wild Rice Watershed District was also changing. In February 2009, Greg Holmvik was sworn in as a Manager, replacing Don Vellenga who had resigned effective January 31, because of a move to South Dakota.

In April, some managers were hoping to initiate a "reorganization" of office staff and voted to hire a consultant to make recommendations for such a move.

At a meeting on April 29, John Austinson and Duane Erickson were sworn in as new managers replacing Chairman Warren J. Seykora and Manager Robert Wright. Seykora had been appointed to the board in 1988 and served as a manager for 21 years. Wright was appointed to the board in 1985 and served as a manager for 24 years.

On April 29, the idea of a reorganization of the office staff was halted when the new managers rescinded the motion to hire a consultant for that purpose.

At that same meeting, the managers voted to terminate the employment of their Administrator, Steve Dalen. The board then appointed staff members, Loretta Johnson and Kari Kujava, to manage the District office until May 13, 2009, when the board would meet again.

In May, Dean Spaeth was sworn in as a manager to replace Dave Vipond. At that meeting, Mike Christensen was voted in as Chairman, a position previously held by Seykora for nearly as long as he'd been a manager. Diane Ista was voted in as Vice-Chair, the first change of Vice-Chair for many years as Wright held that position. John Austinson was approved by a unanimous vote as Secretary.

Diane Ista was appointed by the board as representative to the Red River Management Watershed Board, replacing Wright who had been the WRWD representative for many years.

With a renewed sense of purpose and energy, the board of managers began to regroup to make sense of what had happened within the district during the past several years. It felt like a new day, a new beginning, within the Wild Rice Watershed District.

III. Appointments

A. Board of Managers



Standing, L to R: Managers Mike Christensen, Diane Ista, and Duane Erickson
Seated, L to R: Managers Dean Spaeth, John Austinson, and Greg Holmvik
Not shown: Manager Joe Spaeth

The Wild Rice Watershed District is governed by a Board of Managers whose job is to preside over the business of the Watershed District as it pursues the conservation of natural resources and flood damage reduction through regulation and use of sound scientific principles. The Board of Managers is composed of seven managers appointed by County Commissioners for a three year term.

In 2006, area representation of the board changed because of a request from Mahnomen County for an additional representative. Following a public hearing that year, the Board of Watershed and Soil Resources (BWSR) gave their approval of board representation that now includes three managers from Norman or Polk County, two managers from Mahnomen or Clearwater County, and two managers from Clay or Becker County.

The Board of Managers meets regularly on the second Wednesday of each month at 8:30 a.m. at the District office in Ada, Minnesota.

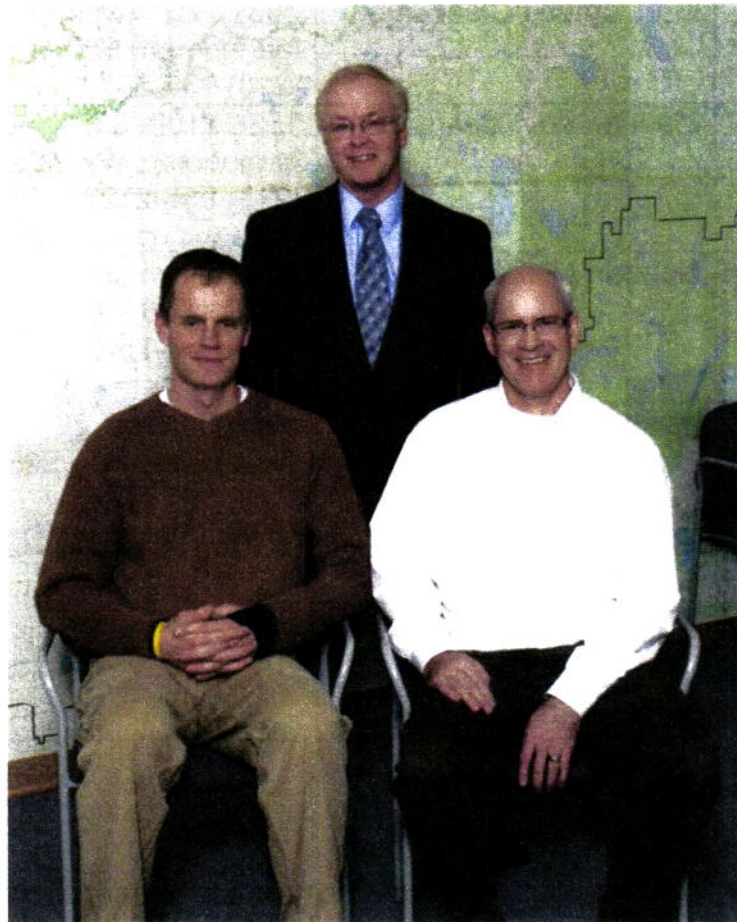
2009 saw a change of managers appointed to the board, as shown in the table on the following page.

Name and Office	Appointing County	Contact Information for Current Managers	Date of Term Expiration
Warren Seykora, Jr. <i>Chair until 04-25-09</i>	Clay / Becker		04-25-09
Robert E. Wright <i>Vice-Chair until 04-25-09</i>	Clay / Becker		04-25-09
Duane Erickson	Clay / Becker	11849 390th St Ulen MN 56585 (218) 567-8277 eeefarms@arvig.net	04-25-12
John Austinson	Clay / Becker	PO Box 224 Ulen MN 56585 (218) 596-8322 jdafarms@arvig.net	04-25-12
Dave Vipond	Mahnomen / Clearwater		04-25-09
Joseph Spaeth	Mahnomen / Clearwater	2087 170 th Avenue Mahnomen, MN 56557 (218) 935-5392	04-25-10
Dean Spaeth	Mahnomen / Clearwater	1526 210th ST Mahnomen MN 56557 (218) 935-2127 deanandjoann@hotmail.com	04-25-12
Diane Ista <i>Secretary from 01-31-09 to 04-25-09</i>	Norman / Polk	412 Daisy Lane Ada MN 56510 (218) 784-7542 djista@loretel.net	04-25-10
Mike Christensen <i>Treasurer until 04-25-09; Secretary/Treasurer from 04-25-09 to 05-25-09; Chair from 05-25-09 to 12-31-09</i>	Norman / Polk	4539 Co Hwy 29 Twin Valley MN 56584 (218) 584-5510 sunnybrookfarms@gmail.com	04-25-10
Don Vellenga <i>Secretary from 01-01-09 to 01-31-09</i>	Norman / Polk		04-25-11 Resigned effective 01-31-09
Greg Holmvik <i>Treasurer effective</i>	Norman / Polk	401 7th Ave W Ada MN 56510 (218) 784-7399 gholmvik@loretel.net	04-25-11

B. Consultants

The WRWD Board of Managers retains independent contractor consultants who provide all of the necessary engineering, accounting, auditing, legal and other services and serve at the pleasure of the Board. The District's independent consultants effectively fulfill its obligations, goals, and objectives within the approved finances and budget. The following consultants served the District in 2009:

Name	Service Provided	Company Name	Contact Information
Elroy Hanson	Legal services	Wambach and Hanson Law Office	P.O. Box 340 Mahnomen, MN 56557 Phone: (218) 935-2266
Jerry Bents	Engineer	Houston Engineering, Inc.	1401 21 st Ave N Fargo, ND 58102 Phone: (701) 237-5065
Doug Marcussen	Accountant	Marcussen Accounting	101 East Thorpe Ave Ada, MN 56510 Phone: (218) 784-4505



Standing: Attorney Elroy Hanson
Seated, From Left to Right: Engineer Jerry Bents and Accountant Doug Marcussen

C. Citizens Advisory Committee

To ensure public input, the managers have appointed a Citizens Advisory Committee to provide recommendations on matters affecting the Watershed District, including all contemplated projects and improvements. The Wild Rice Watershed District holds annual planning meetings with the Citizens Advisory Committee, as required under Minnesota Statute. The Committee met on April 6 but had no other meetings during 2009.

Name of Committee Member	Contact Information
Curt Jacobson, Chairman	1929 State Hwy 9, Ada, MN 56510 (218) 784-4748
Jerry Waller, Secretary Clay County Commissioner	8233 31st Ave N, Glyndon, MN 56547 (218) 233-2591
Barry Nelson Becker County Commissioner	12972 County Hwy. 11, Audubon, MN 56511 (218) 439-3275
Corey Hanson	2758 330th St, Gary, MN 56545 (218) 356-8678
Jim Skaurud	4268 170th Ave, Twin Valley, MN 56584 (218) 584-5251
Jerome (Joe) Slette	324 4th St NE, Mahnomen, MN 56557 (218) 936-7147
Ron Thorsrud	1649 410th St, Twin Valley, MN 56584 (218) 584-8448
Scott Balstad	33393 420th St SE, Fosston, MN 56542 (218) 435-2173

On **January 26, 2009**, Administrator Dalen distributed a list of candidates who indicated that they would be willing to serve on the Advisory Board for consideration by the Board as shown above. Manager Wright stated that Wayne Goeken, RRWMB Water Quality, indicated that he was interested in adding a student to the Advisory Board. The managers approved the list as presented and Dalen will contact Goeken in regards to adding a student. On **March 16, 2009**, the Consensus of the Managers was to send letter to perspective appointments to the Advisory Committee, along with a meeting notice scheduled for 7:00 p.m. on Monday April 6, 2009, at the District office.

An organizational meeting of the Citizens Advisory Committee was held at 6:00 p.m. on Monday April 6, 2009, at the Red Apple Café, Mahnomen, Minnesota. The following persons were in attendance: WRWD Manager Joe Spaeth, WRWD Administrator Steve Dalen, Jim Skaurud, Curt Jacobson, Ron Thorsrud, Jerry Waller, Joe Slette and Barry Nelson.

Election of Officers. Curt Jacobson was elected Chairman and Jerry Waller Secretary.

Review 103D331. Discussion items included a yearly meeting summary; project review of Upper Becker and C.D. #18; Expanded COE Study, with the goal being the largest project attainable; and discussion regarding main stem storage.

Flood Update. An update on Fargo/Moorhead problems was discussed.

Group to Promote Watershed Projects. J.D. #51 issues/cleanouts was discussed and the support of the re-evaluation. A motion was made by Joe Slette and seconded by Jim Skaurud to support the Re-evaluation of the Wild Rice River. Carried.

Fall Bus Tour. Discussed was a fall bus tour of the District and consensus was also to hold the next meeting in early fall of 2009.

D. Flood Damage Reduction (FDR) Project Team

The FDR Project Team in the Wild Rice Watershed District was established in 1999, as a result of the mediation process which began in 1997, in an attempt to resolve issues surrounding the development of flood damage reduction projects between different water management agencies and stake-holder groups.

A framework was organized to seek solutions to flooding problems, review new flood protection projects, and coordinate efforts early on in the planning process. The mediation process allows federal, state, and local agencies, as well as the public and private sectors, to provide input regarding flood damage reduction and environmental impacts.

Major discussions in 2009 included: Project #42; the Wild Rice River Feasibility Study including funding, beach-ridge erosion and assistance in local share; TMDL Implementation Plan; and wetland bounce.

The FDR Project Team in the Wild Rice Watershed District delegates included:

Name	Organization Represented	Contact Information
Mick Alm	Cities	814 East Main Street, Ada, MN 56510 218-861-6299 mick.alm@co.norman.mn.us
Don Vellenga	Citizens Group	501 West 2nd Street , Ada, MN 56510 218-784-2134
Jerry Dahl	Counties	PO Box 2104, Bejou, MN 56516 218-935-2658
Jerry Waller	Counties	8233 31st Avenue North, Glyndon, MN 56547 218-233-2591
Steve Bommersbach	Counties	PO Box 352, Twin Valley, MN 56584 218-584-5512
Duane Erickson	Landowner	11849 390th St, Ulen MN 56585 701-866-3935
John Austinson	Landowner	405 1st St NW, Ulen MN 56585 701-361-7115
Mark Harless	Landowner	1467 300th St, Borup MN 56519 218-582-3360
Paul Houghlum	Landowner	1539 County Hwy. #39, Perley, MN 56574 218-861-6464
Henry Van Offelen	Minnesota Center for Environmental Advocacy	50785 Bucks Mill Rd, Detroit Lakes, MN 56501 218-847-1817 hvanoffelen@mncenter.org
Brian Dwight	MN Board of Water and Soil Resources (BWSR)	3217 Bemidji Avenue N , Bemidji, MN 56601 218-333-8027 brian.dwight@bwsr.state.mn.us

Name	Organization Represented	Contact Information
Dave Friedl	MN Department of Natural Resources (DNR) Fisheries	14583 Co Hwy 19, Detroit Lakes, MN 56501 218-847-1579 david.friedl@dnr.state.mn.us
Michele Puchalski	MN DNR Wildlife	14583 Co Hwy 19, Detroit Lakes, MN 56501 218-847-1578 Michele.Puchalski@dnr.state.mn.us
Paul Wannarka	MN DNR	2115 Birchmont Beach Rd NE, Bemidji, MN 56601 218-755-4482 paul.wannarka@dnr.state.mn.us
Jack Fredrick	MN Pollution Control Agency (MPCA)	714 Lake Ave, Suite 220, Detroit Lakes MN 56501 218-847-1519 john.frederick@pca.state.mn.us
Mike Vavricka	MPCA	714 Lake Avenue, Detroit Lakes, MN 56501 218-847-1519 michael.vavricka@pca.state.mn.us
Clayton Schmitz	Natural Resources Conservation Services (NRCS)	10 East 2nd Avenue South, Ada, MN 56510 218-784-4000 clayton.schmitz@mn.usda.gov
Randy Tufton	NRCS/FSA	10 East 2nd Avenue South, Ada, MN 56510 218-784-4000 randall.tufton@mn.usda.gov
Wayne Goeken	Red River Watershed Management Board (RRWMB)	40048 160th Avenue SE, Erskine, MN 56535 Phone: (218) 280-0516 wrq@gvtel.com
Aaron Neubert	Soil and Water Conservation District (SWCD)	PO Box 381, Mahanomen, MN 56557 218-935-2987 acn@mn.nrcs.usda.gov
Ron Thorsrud	Sportsmen's Group	P.O. Box 111, Twin Valley, MN 56584 218-584-8448
Curtis Borchert	SWCD – Norman County	PO Box 60, Twin Valley, MN 56584 218-584-5169 borchert@arvig.net
Scott Kahan	US Fish and Wildlife Service (USFWS)	26624 N. Tower Rd, Detroit Lakes, MN 56501 218-847-4431 scott_kahan@fws.gov
Nan Bishoff	U.S. Army Corps of Engineers	190 5th Street East, St. Paul, MN 55101 651-290-5426 nanette.m.bischoff@mvp02.usace.army.mil
Mike Swan	White Earth Reservation	4044 South Ice Cracking, Ponsford, MN 56575 218-573-3007
Diane Ista	Wild Rice Watershed District (WRWD)	412 Daisy Lane, Ada, MN 56510 218-784-7542

NOTE: The list of alternate delegates is available from the Wild Rice Watershed District office.

Project Team meetings were scheduled for **January 28, March 25, June 24, September 23 and October 29**. In May, Managers Joe Spaeth, Mike Christensen and Duane Erickson were authorized to attend the Project Team Meeting scheduled for **June 24**. Erickson asked about the operating plan for Moccasin Creek and recommended putting it on the agenda for the Project Team meeting and scheduling a tour of the site.

On **October 14**, Manager Joe Spaeth withdrew his appointment to the Project Team as representative and Manager Erickson was authorized to attend as the representative from the WRWD.

E. Red River Watershed Management Board (RRWMB)

The Wild Rice Watershed District is a member of the Red River Watershed Management Board (RRWMB).

The RRWMB's jurisdiction and authority encompasses the area managed by the individual watershed districts that have membership on the Board. Eight watershed districts within the Red River Valley form the RRWMB including the Bois de Sioux, Joe River, Middle-Snake-Tamarac Rivers, Red Lake, Roseau River, Sand Hill River, Two Rivers, and Wild Rice.

The RRWMB was created by an act of the Minnesota legislature in 1976 to provide an organization with a basin-wide perspective concerning flooding. Funding is by ad valorem tax levies, as provided by Chapter 163 of the Minnesota Session Laws.

Managers participate in the annual RRWMB conference each spring, which focuses on a basin-wide approach to water management and flood damage reduction.

Manager Diane Ista was the District's delegate to this board effective May 13, 2009, replacing Robert Wright. In June, Manager Joe Spaeth was appointed as the alternate.

F. Minnesota Association of Watershed Districts (MAWD)

The Minnesota Association of Watershed Districts (MAWD) provides educational opportunities, information and training for watershed districts, managers and staff through yearly tours, meetings and newsletters. MAWD also represents state-wide watershed district interests at the legislature, before the executive branch, agencies and other policy makers at the local government level.

Diane Ista was the District's delegate to MAWD in 2009.

IV. Plan Performance

The Board of Managers of the Wild Rice Watershed District set the following District Goals for 2009:

- A. U. S. Army Corps of Engineers' Feasibility Study of the Wild Rice River
- B. South Branch Flood Reduction - Project #42
- C. Water Management District (WMD)
- D. Lower Wild Rice River Corridor Restoration Initiative

A. U. S. Army Corps of Engineers' Feasibility Study of the Wild Rice River

On **February 11**, the board authorized watershed staff to seek additional State and PCA matching dollars for the Feasibility Study and on **March 16** the managers were given a draft of a Resolution to Expand the Scope of the Wild Rice River Feasibility Study hoping to identify opportunities to address all water management problems throughout the entire Wild Rice River basin, as identified in the Red River Reconnaissance Report, dated April 2003. During their **April 29** meeting they again reviewed the verbiage but decided to table any action until the May meeting.

At the meeting on **May 13**, Engineer Bents distributed information and a brief outline of the COE WRRFS background plus four resolution options. Manager Ista stated that she hoped that Managers, now under a change in leadership, could be more involved with COE meetings to be better informed regarding the process. Manager Holmvik stated that downstream landowners will not agree to the project unless upstream storage is included and Ista agreed, stating that the water needs to be slowed down. Holmvik asked Bents if this is a decision that needs to be made quickly. The managers agreed to again table any action on the resolution, notified the COE to stop the process for now and not expend any more funds until further notice. However, Manager Ista was opposed.

At the **June 17**, meeting, Engineer Bents informed the managers that the DNR has given the District a \$50,000 grant which could be used as the local cost share for expanding the study. Bents stated that the District could specifically request that the COE study certain things with this money. The Board adopted a *"Resolution to Expand the Scope of the Wild Rice River Feasibility Study"* to identify project(s) capable of meeting the performance requirements for Effective Mainstem Storage as set forth in the Wild Rice Watershed District Watershed Water Management Plan, April 2003. The measures will be located in the Upper Wild Rice River Basin. Alternatives should be identified and evaluated that would be capable of providing between 20-70% reduction in the 10-year discharge on the Wild Rice River at Twin Valley. In addition, these project(s) shall reduce downstream peak discharges on the Red River and also provide a reduction in stream erosion through the beach ridge area of the Wild Rice River.

US Army Corps of Engineers (USACE) personnel Nan Bischoff, Randy Devendorf, Chris Erickson and Mike Wyatt joined the meeting via teleconference on **July 8**, to discuss a Project Management Plan update. They wanted to understand exactly what the District wanted from them and asked if the Managers are looking at projects that can be built with federal funds. If so the study would need to be a full-fledged study. Engineer Bents stated the WRWD needs to make sure that the outcome is clearly identified in a report. Nan Bischoff asked if the product the Managers want would be a report from the USACE that looks back at the Twin Valley Dam and all of the alternatives prior to 1987, an update on the economic benefits, benefits available downstream and to summarize those decisions in today's economics. She stated that she felt this report is doable and felt that they should write up a particular task and see how much it is going to cost. The board approved having the USACE proceed with the terrestrial survey.

On **August 12**, USACE personnel Nan Bischoff, Randy Devendorf and Mike Wyatt again joined the meeting via teleconference to discuss the status of the Feasibility Study. Handouts sent to the District by Mike Wyatt were distributed to Managers. They gave a report on the review that they had done regarding the study of the original Twin Valley Lake Project. Wyatt stated that there are concerns when changing a river system to a lake system. The issue would be the same upstream having smaller reservoirs. In the current authorization the project explicitly states \$20 Million total cost and the

assumption is that in today's dollars it would be well over \$40 Million. He also stated that in the current Obama administration, the President wants to see the Benefit to Cost (B/C) ratio changed to 2.5, causing extreme difficulty in obtaining the positive B/C ratio necessary to build a USACE project. Wyatt also stated that it also makes it more difficult unless you are in an urban area where the benefits are considered greater than protecting rural cropland. He stated that if the desire of the board is to manage flood damages on the lower Wild Rice River, he would recommend proceeding with the current study with the additional ecosystem enhancements.

Manager Ista commented that under the current study for the lower Wild Rice Feasibility Study, the setback levees would force additional water downstream and the recommendations have been to have flowage easements which the landowners are opposed to. Engineer Bents stated that it appears there are two thoughts, finding enough storage to be similar to the old Twin Valley Dam or getting enough storage to offset damages downstream as a result of the levees. Nan Bischoff asked if storage capabilities to offset impacts would be enough to garner support from landowners. Manager Holmvik stated that proposal would leave them exactly where they are now, and there would be no positive gain. Wyatt also stated that any on-stream storage sites would require wetland mitigation and asked if the District was prepared to purchase the necessary land for the mitigation. The consensus of Managers was to discuss this more prior to making any decisions on continuing to pursue the USACE WRRFS.

The matter was again discussed at the **October 14** watershed meeting. Manager Erickson wanted to drop the Feasibility Study and for the District not to spend any more funds on it. Managers felt that they should talk to Nan Bischoff first to determine if there could be repercussions from doing so. Manager Erickson felt the board should request that the USACE assist the District in coming to a solution in an area from County Road #2 to Faith, particularly six specific areas with an objective to have construction in 2010. Manager Ista expressed concerns that small project won't ever get enough flood damage reduction. Erickson also discussed help from the NRCS but Chairman Christensen stated that the NRCS doesn't assist with retention.

Nan Bischoff then joined the meeting via teleconference. She presented her monthly statement of total funds to date. Manager Erickson requested assistance for specific sites that would reduce erosion, head-cut and sediment control in the area. Bischoff stated that it is a possibility that a task could be added to the Feasibility Study for those areas. However, it would be for planning and investigation only since construction and acquisition costs are not considered part of study costs. Bischoff said the USACE can come up with recommendations and then take it local to build the projects.

Manager Ista asked if maybe the District should just stop the feasibility study and not continue to spend money. Manager Erickson stated that maybe the Managers should think about this for awhile and go to our legislators to get federal assistance. Engineer Bents suggested that the Board could ask for help from Ron Harnack at the RRWMB to see if he could assist in getting federal funding. Engineer Bents stated that if the District went to the Project Team and told them that the District cannot afford to spend \$1.1 Million to complete the feasibility study, they might be able to assist.

At the **October 26**, meeting, Manager Erickson discussed NRCS and their limitation with working on the mainstem because their primary focus is on conservation programs with farmers. The Board agreed to cease the District's cost share for working with the USACE on the Feasibility Study. The District would notify the USACE either by email or letter that no more federal dollars need to be spent by November 1, 2009. Consensus of the Managers was to wait until staff had discussions with Nan Bischoff, USACE, to make sure of the details.

On **December 9**, Nan Bischoff joined the meeting via teleconference. Bischoff stated that the District did receive a \$50,000 grant from the DNR to be applied to the USACE WRRFS for the terrestrial study and there were enough funds to complete the study. Manager Ista stated she would prefer to find storage sites upstream. Bischoff stated that on-stream storage is part of the Lower Wild Rice River Corridor Restoration Initiative, which includes ecosystem restoration, setback levees and creating less constriction on the channel. Flowage easements would also be included. Ista stated that landowners downstream have consistently stated that they do not want flowage easements until storage is obtained upstream. Engineer Bents commented that if the board does not want to construct the setback levee project, they may want to consider stopping the study. The Board agreed to begin an orderly termination of the Wild Rice River USACE Feasibility Study.

B. South Branch Flood Reduction – Project #42

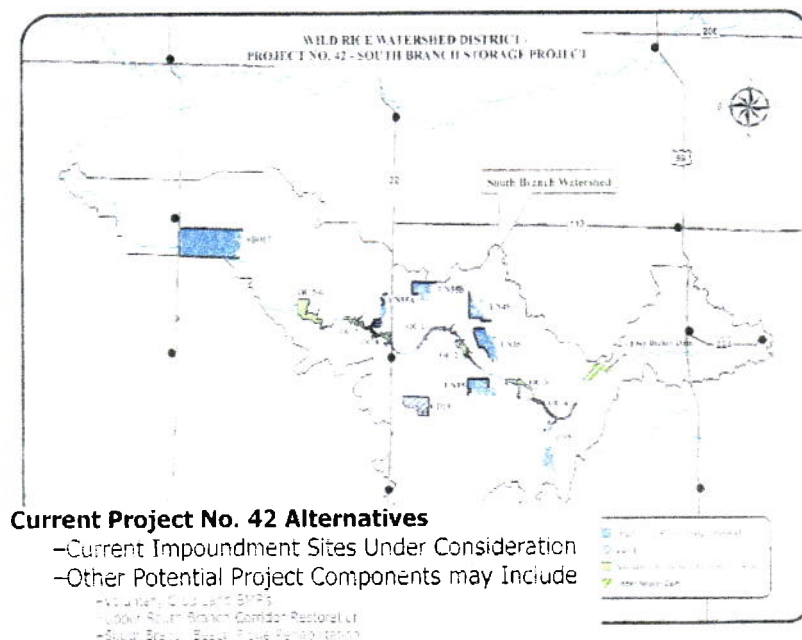
In June of 2005, the Wild Rice Watershed District completed a storage evaluation as part of the overall water management plan of the South Branch of the Wild Rice River. This evaluation was completed as a joint effort between the WRWD and the United States Army Corps of Engineers (USACE). The main goal of the evaluation was to identify groups of projects which would provide a 30 to 40% reduction in the 10-year discharge at the outlet of the South Branch of the Wild Rice River, reduce erosion through the beach ridge, could be funded, and would also be acceptable to the permitting agencies.

What developed was the initiation of the current South Branch Flood Reduction Project – Project #42. The components consisted of voluntary land use treatments, river corridor restoration east of Ulen, a series of flood control impoundments, and channel rehabilitation through the beach ridge area.

The proposed project would consist of the development of five or six flood water storage sites in the upper basin in combination with one large off-channel storage site in the lower basin. The upper basin sites would provide a total of 6,500 to 7,800 acre feet of storage, while the lower off-channel storage facility would provide approximately 15,500 to 18,000 acre feet of storage. The project would control flooding water from an approximate 250 square mile drainage area. As proposed, the planned sites would provide an approximate 40% reduction in the flow of the South Branch at the confluence of the Wild Rice River during a 10-year flood event.

Through 2007, the Board continued working on developing potential sites and meeting with area landowners. Project #42 continued to face a good deal of opposition from landowners in the proposed project areas. The District did receive some landowner interest in the **County Ditch (CD) #18** site in Clay County and approved working with landowners on possible land purchases/swaps and easements in the project area. The Board also approved working on expanding the flood water holding potential of the **Upper and Lower Becker Dams**.

As of 2009, the map shown below indicates the **Project 42** alternatives.



The following information is contained in Engineer's Reports presented by Jerry Bents of Houston Engineering to the Board of Managers of the Wild Rice Watershed District on January 23, 2009. It is provided in this document in an abbreviated form.

1. County Ditch (CD) #18

The County Ditch #18 Project is located about two miles east and two miles south of the City of Ulen, Minnesota. The proposed storage facility encompasses land in Sections 10 and 11 of Goose Prairie Township, Clay County, Minnesota. The storage facility is to be located approximately 2 miles southeast of the City of Ulen. The project covers an area of slightly less than 1 square mile.

Clay County Ditch # 18 is the main contributor of water to the site and controls runoff from a drainage area of 11.7 square miles. These flows then continue to Stiner Creek, which flows into the South Branch of the Wild Rice River, and into the Wild Rice River. The Wild Rice River is a tributary of the Red River of the North.

The CD18 project will involve the construction of a flood control reservoir so that floodwaters from the 11.7 square mile drainage area can be held until downstream channel conditions can accommodate the flows. The proposed project consists of approximately 2.3 miles of earthen embankment designed to contain runoff from the CD18 sub-watershed prior to discharging flows into Stiner Creek, the South Branch of the Wild Rice, and the Wild Rice River.

The flood pool will be maintained in a predominantly dry condition when flooding is not occurring. The storage area will have a total capacity of approximately 1,760 acre-feet (2.8 inches), of which 950 acre-feet (1.5 inches) will be gated to provide detention times in excess of 30 days if needed. The size of the flood pool will range from zero acres to approximately 370 acres at the emergency spillway crest.

The containment system will consist of the main flood pool dam around the north, east and west sides of the site. The dam along the north side will be the highest approaching a maximum of approximately 17 feet with an average height of 10 to 15 feet. The dam along the west and east sides will be highest at the north end, about 6 and 12 feet, respectively. A dam along the south side will not be necessary, since the existing ground is high enough to contain the flood pool.

The main dam is proposed to have a typical section with a 10 or 12-foot top width (depending on height), 4:1 side slopes on the inside of the dam and 3:1 side slopes on the outside. A ten foot wide bench will be constructed at the riser crest elevation (1186.5) on the inside of the dam. A 25' wide stability berm will be constructed on the outside of the dam to help control seepage in several locations.

The proposed outlet of the impoundment will be a two-stage gated culvert and riser and an emergency spillway for extreme flows. The principal spillway will be located along the north side of Section 11, Goose Prairie Township, approximately 400 feet west of the NE corner of Section 11. The emergency spillway is sized to protect the dam from overtopping. In the rare event that the emergency spillway will be utilized, flows will be conveyed out of the east side of the dam to a constructed ditch that directs water north to the NE corner of Section 11.

In addition to the flood control impoundment, the project will create a number of new wetland areas, enhance several existing wetlands basins, buffer the main contributing streams, and convert approximately 234 acres of land from tillable land to permanent vegetative buffer. This permanent vegetative buffer area will be available for potential prairie restorations and use as an educational or recreation area.

The properties affected by the project are primarily located in Sections 10 and 11 of Goose Prairie Township (T141N, R44W). Much of the land is currently used for agricultural purposes. These agricultural purposes consist generally of grain, beans, or sugar beet production and pasture. There are no existing building sites within the proposed pool area.

Approximately 234 acres of tillable land will be under permanent vegetative cover after construction of the project. The remaining 184 acres are comprised of wetlands, wooded areas, embankment and ditches. Most of the tillable acreage will be within the gated flood pool, however some will be outside of the pool and will be protected specifically for natural resource enhancement purposes. These areas will consist of restored wetland areas and uplands seeded into permanent grasses. The net result of the project will be a loss of tillable land and a gain of wetland and upland habitat.

The direct wetland impacts were calculated based on the mapped wetland polygons, the proposed dam footprint and adjacent internal ditch areas. Approximately 11.7 acres of direct wetland impacts were estimated.

Secondary wetland impacts are primarily due to floodwater inundation of existing wetland areas within the proposed flood pool. The methodology used for determining these qualitative impacts is generally based on research that has been accepted by the USCOE for quantifying wetland impacts in flood pools. This methodology divides the flood pool into three sections; a lower pool, middle pool and an upper pool. Wetlands within the lower pool area (inundated more frequently and at greater depths) will be impacted to a greater extent than those in the middle pool area. Wetlands within the middle pool area will be impacted to a greater extent than the upper pool area.

The project site was evaluated for wetland restoration/creation opportunities using LiDAR elevation data and aerial photography to identify potentially restorable wetland basins. Drained basins, partially drained basins and un-drained wetland areas that have been converted to cropland were identified and mapped for restoration purposes. The LiDAR elevation data was also used to identify locations of necessary structural modifications (i.e. ditch blocks).

Wetland credits from the proposed restoration/creation work were determined using the US Army Corps of Engineers – Board of Water and Soil Resources Interagency Memorandum of Understanding and Wetland Mitigation Guidelines (MOU). The MOU contains categories for restoring drained basins, restoring partially drained basins, wetland creations, cessation of cropping activities and the establishment of upland buffers.

In addition to the proposed wetland restorations/creations, approximately 234 acres of tilled uplands will be permanently seeded to native grass as part of the project. This area will provide upland buffers for the restoration/creation basins and also for the existing wetlands within the

flood pool. The wetland credits for the establishment of upland buffers surrounding existing wetland basins were calculated based on the guidance in the MOU described previously.

In some cases the existing basins are partly drained and consequently included within an identified restoration site. These existing wetland basins were not considered for credits in this category to avoid counting these buffers twice. The resulting acres of existing wetlands that will be protected by new upland buffers are 60.3 acres. The MOU indicated that 25% of the wetland area could be awarded for the buffers. As a result, approximately 15.1 acres of wetland credit will be gained by buffering the existing wetlands.

The Clay County Biological Survey and the State and Federal databases for Threatened and Endangered Species (T and E) were reviewed to determine if significant biological resources were present at the site. No biological resources were identified within the project site by either of these natural resource data sources, however T and E (vertebrate animal) occurrences are present within a mile of the project area according to the DNR Natural Heritage Database.

The project is expected to produce a net gain in biological resources due to the addition of over 230 acres of new permanent vegetative cover that will be seeded to native prairie species. In addition, the restored prairie at the project site will be connected to other ecologically significant parcels near the site. Specifically, buffer strips will be seeded along the ditch system that extends to the south, connecting the Waterfowl Production Area in Section 14 of Goose Prairie Township to the project site.

During the early planning stages of the project, a natural resource assessment of this and several other proposed storage sites was completed by the Minnesota Center for Environmental Advocacy (MCEA), with assistance from the project team. Information to complete the assessment was gathered through meetings and telephone conversations with Clay County SWCD/NRCS/FSA personnel and with MN DNR and USFWS personnel that cover Clay County. Also, in addition to assessing the current conditions and issues at the site, discussions were expanded to include potential design, operation, and mitigation conditions.

The assessment showed “no concerns” at the site under the categories listed below:

- Aquatic habitat quality and quantity
- Fish passage importance
- Stream flow characteristics
- Stream stability
- Upland habitat quality, quantity, and connectivity
- Water quality
- Threatened and endangered species
- Uncommon habitat concerns
- Cultural and historical resource concerns

The assessment showed “medium concern” at the site under the following two categories:

- Wetland habitat quality and quantity
- Potential to lose a viable NRE opportunity

The “Potential to lose a viable NRE opportunity” category was ranked “medium” based on the opportunity to restore wetlands at the site.

There has not been a reconnaissance survey of the archaeological resources in the project area. However, most of the project area has been disturbed by farming practices, and as a result it is considered unlikely that significant archaeological findings would be located in the project area.

No existing water quality data is available for Clay County Ditch No. 18. However, both the South Branch of the Wild Rice River and the Lower Wild Rice River below the South Branch are impaired for turbidity. Surface water flow to the project site comes from a fairly heavily farmed watershed.

It is anticipated that the majority of the impoundment area will be converted to permanent grass along with installation of buffers along Clay County Ditch No. 18 and the other major contributing drainage pattern. This should result in an overall improvement of the existing water quality leaving the site. In addition, the reduction in flood peaks on the downstream channels should also reduce bank erosion during flood events and subsequent downstream turbidity.

It is a generally accepted practice to classify dams according to their hazard potential downstream. Consideration is given to the damage that might occur to existing and future developments should the dam suddenly release large quantities of water downstream due to a breach, failure or landslide into the reservoir. The stability of the spillway materials, the physical characteristics of the site, downstream valley, and the relationship of the site to industrial and residential areas, including controls of future development, all have a bearing on the amount of potential damage in the event of a failure.

Minnesota Rules, parts 6115.0300 through 6115.0520 govern the state Dam Safety Program. The rules define which dams are subject to state jurisdiction, and establishes three dam hazard classes. Proposed dams are generally classified by the DNR commissioner into the following three hazard classes:

- **Low Hazard, Class III:** dams located in rural or agricultural areas where failure may damage farm buildings, agricultural land, or township and country roads.
- **Significant Hazard, Class II:** dams located in predominantly rural or agricultural areas where failure may damage isolated homes, main highways or minor railroads, or cause interruption of use or service of relatively important public utilities.
- **High Hazard, Class I:** dams located where failure may cause loss of life, serious damage to homes, industrial and commercial buildings, important public utilities, main highways, or railroads.

An early inspection of the downstream reaches from the proposed project indicated a rural or agricultural area where failure may damage agricultural cropland, township or county roads. In addition, there are farmsteads along the downstream projected watercourse. Most of these farmsteads appear to be well above any elevation, which would subject them to endangerment from a potential dam breach. Future development downstream of the project is considered to be minimal to non-existent. A downstream breach analysis will be performed and the potential for serious damage will be evaluated.

However, based on the preliminary analysis and consultation with Minnesota DNR Dam Safety Personnel, it appears the proposed structure would fall under Class II or Class III criteria.

An opinion of probable cost has been estimated to be \$4,285,000. This estimate is in 2009 dollars and would need to be increased for inflation if significant time passes before project implementation.

Funding has been secured in the amount of \$600,000 committed at a Step 1 level by the Red River Watershed Management Board. In evaluating the project's feasibility, based on typical funding patterns for similar projects, we have assumed the following: \$2,142,500 - State of Minnesota Flood Damage Reduction Program; \$750,000 - Red River Watershed Management Board; \$1,392,500 - Wild Rice Watershed District and Other Sources. The funding identified as from the Wild Rice Watershed District and Other Sources may come from WRWD assessments, water management district fees, natural resource agencies or other organizations.

The project is in conformance with the Wild Rice Watershed District Watershed Management Plan. The Wild Rice Watershed District Plan, prescribed by BWSR in April 2003, specifically lists South Branch Storage as an FDR strategy to be pursued.

The project supports the Red River Basin Flood Damage Reduction Work Group Agreement and Wild Rice Watershed District Project Teams goals for flood damage reduction and natural resources. A Natural Resource Site Assessment Worksheet has been completed by the Wild Rice Watershed District Project Team.

This project is in conformance with the Red River Watershed Management Board's mission statement, as well as the goals and objectives as listed in Chapter 1 of the Red River Watershed Management Board Governing Documents.

This project is in conformance with the Clay County Comprehensive Local Water Plan.

2. Upper Becker Dam Enhancement

Currently, the existing Upper Becker Dam only provides for short detention time of flood water because it is not gated and relies on automatic operation and drawdown. As a result, the existing dam is often nearly empty when flooding downstream near the confluence of the South Branch and Wild Rice River is still occurring.

For this reason, the more important benefit of the Upper Becker Dam Enhancement is that up to 7,940 ac-ft of flood water will not enter the flooding areas downstream if the gate is closed and the flood pool is full at Upper Becker Dam when the project is complete. We have estimated that flow reduction in the range of 20-40% at the outlet of the South Branch sub-watershed are possible following the peak on the South Branch during times when flooding on the Lower Wild Rice River is still occurring.

The Upper Becker Dam Enhancement Project is located about two miles south and five miles west of the City of Ogema, Minnesota. The South Branch of the Wild Rice River conveys runoff from a drainage area of 38.4 square miles to the existing Upper Becker Dam. These flows then continue down the South Branch of the Wild Rice River, and then into the Wild Rice River. The Wild Rice River is a tributary of the Red River of the North.

The proposed storage facility encompasses approximately 1,100 acres of land in Spring Creek and Riceville Townships, Becker County, Minnesota. The storage facility is located

approximately two miles south and five miles west of the Ogema, MN, or 25 miles northwest of Detroit Lakes, MN.

The Upper Becker Dam Enhancement Project will involve the construction of a flood control reservoir so that floodwaters from the contributing drainage area can be held until downstream channel conditions can accommodate the flows. The proposed project consists of a 6,100 foot long earthen dam designed to contain runoff from the upper 38.4 square miles of the South Branch Watershed prior to discharging flows into the South Branch of the Wild Rice River, and the Wild Rice River.

The storage area will have a total capacity of approximately 10,410 acre feet (5.1 inches), of which 7,940 acre-feet (3.9 inches) will be gated to provide detention times in excess of 30 days if needed. The size of the flood pool will range from 0 acres to approximately 900 acres at the emergency spillway crest elevation.

The containment system will consist of raising the existing roadway/dam by approximately 16 feet from elevation 1211.14 to 1227.2. The effective top of dam, or compacted clay, will be set at 1226.0, with an additional 1.2 feet of height resulting from the roadway construction to reach 1227.2. The dam will be nearly 1.2 miles long with a maximum height of approximately 32 feet.

The dam is designed to have a 30-foot top width with two-11 foot driving lanes and a four foot shoulder on either side. It will have 4:1 side slopes for the upper 1/3 and 3:1 side slopes for the lower 2/3 of the dam. Two ten foot wide benches will be constructed on both sides of the dam to intercept surface runoff.

The benches will be back-graded at a 10:1 slope and sloped longitudinally along the dam to convey surface runoff from the principal spillway location toward the east and west ends. This will help surface drainage and prevent erosion gullies from forming. The proposed outlet of the impoundment will be a two-stage gated culvert and riser and an emergency spillway for extreme flows. The principal spillway will be located in approximately the same location as the existing principal spillway, which will be removed. In the rare event that the emergency spillway will be utilized, flows will be conveyed out of the west end of the embankment through the constructed emergency spillway. Additional technical information related to the spillways is provided in the attached plans.

In addition to the flood control benefits, the project will provide the following Natural Resource Enhancements to the area:

- Create a temporary pool that will provide functional habitat for spring and fall migrating waterfowl, shorebirds, and related species.
- Provide low flow augmentation by providing a minimum flow downstream of the project site.
- Provide an over winter area that will serve as a refuge for amphibians and related aquatic dependent species.
- Provide upland habitat adjacent to the pool that is dominated by diverse native plant species with relatively low long term maintenance.
- Convert approximately 650 acres of land from tillable land to permanent vegetative buffer.
- Provide water quality improvements downstream primarily through sediment reduction.

The properties affected by the impoundment and flood pool are located in Sections 21, 22, 27, 28, 29, 31, 32, 33 of Spring Creek Township (T142N, R42W), and Sections 4, 5, and 6 of Riceville Township (T141N, R42W).

The existing land use within the project area is comprised primarily of agricultural and riparian wetland areas. The agricultural lands consist generally of pasture and hayland, small grain, beans, or sugar beet production. Approximately half of the land within the project seeding limits is currently tillable acres. The remaining (non-tilled) areas are comprised of pasture, wetlands and hayland. There are no existing building sites within the proposed pool area.

Approximately 650 acres of tillable land will be under permanent vegetative cover after project construction. Some of this area will be below the 100-year flood pool, however much of it will be above the pool and will be protected specifically for natural resource enhancement purposes. These areas will consist of uplands seeded into permanent grasses. The net change in land use will be a loss of tillable land and a gain of upland habitat cover.

In general, one large continuous wetland complex is present throughout the project area adjacent to the creek. This wetland complex primarily consists of three distinct plant communities. They include a deep marsh plant community, a shallow marsh plant community and a fresh-wet meadow plant community. The deep and shallow marsh communities are located adjacent to the existing dam structure within the deepest portions of the existing flood pool. The fresh-wet meadow plant community extends along the river channel to the upstream end of the project boundary. Some small areas of shrub-carr plant communities are also present within the project area. These areas are small in size and are mainly located along the periphery of the main flood pool.

The wetlands within the project area are currently inundated with floodwater and associated sediment on a regular basis. Consequently, most of the wetland resources contain a poorly diversified plant community. In addition, the quality of the vegetative cover is degraded in most of these wetland areas due to a presence of non-native species such as reed canary grass, hybrid cattail and Canada thistle.

The direct wetland impacts were calculated based on the mapped wetland polygon, and the proposed footprint of the dam and other constructed features. Approximately 9 acres of direct wetland impacts were estimated. Wetlands within the lower pool area (inundated more frequently and to greater depths) will be impacted to a greater extent than those in the middle pool area.

Wetlands within the middle pool area will be impacted to a greater extent than the upper pool area as summarized below.

- 80% impact to wetlands inundated within the lower pool
- 50% impact to wetlands inundated within the middle pool
- 20% impact to wetlands inundated within the upper pool

The establishment of permanent upland buffers is proposed as a wetland enhancement project feature to improve wetland resource value. Approximately 650 acres of existing cropland will be permanently seeded to upland buffers.

During the wetland field work significant levels of sediment were identified within the wetlands throughout the project boundary. In addition, the vegetative diversity of the wetland areas is very poor both within and outside of the existing flood pool. The wetland boundary generally corresponds with the agricultural field edges. The establishment of the buffers is expected to provide a significant improvement in wetland function for the existing resources.

The proposed area of wetlands protected by the upland buffers is approximately 318 acres resulting in 79.5 acres of wetland credits. The project results in a wetland resource increase of 15.7 to 36.0 acres.

During the planning phase of the project the available databases of Threatened and Endangered Species (T and E) were evaluated to determine if rare biological resources were present at the site. Rare biological resources were not identified at the project site, however T and E (vertebrate animal) occurrences are present within approximately one half mile of the project area according to the DNR Natural Heritage Information System.

The project is expected to produce a net gain in biological resources due to the addition of over 650 acres of new permanent vegetative cover that will be seeded to native prairie species. These prairie restoration areas will also serve as buffer strips to prevent sediment from entering the stream and riparian wetlands. This should provide water quality and wetland quality benefits within the project site and surrounding areas.

During the early planning stages of the project, a natural resource assessment of this general project area and several other proposed storage sites was completed by the Minnesota Center for Environmental Advocacy (MCEA), with assistance from the project team.

Information to complete the assessment was gathered through meetings and telephone conversations with Becker County SWCD/NRCS/FSA personnel and with MN DNR and USFWS personnel that cover Becker County. Also, in addition to assessing the current conditions and issues at the site, discussions were expanded to include potential design, operation, and mitigation conditions.

The assessment showed "low" or "no concerns" at the site under the categories listed below:

- Aquatic habitat quality and quantity
- Fish passage importance
- Stream flow characteristics
- Stream stability
- Upland habitat quality, quantity, and connectivity
- Water quality
- Threatened and endangered species
- Uncommon habitat concerns
- Potential to lose a viable NRE opportunity
- Cultural and historical resource concerns

The assessment showed "medium concern" at the site under the following category:

- Wetland habitat quality and quantity

There has not been a reconnaissance survey of the archaeological resources in the project area. However, most of the project area has been disturbed by farming practices, and as a result it is considered unlikely that significant archaeological findings would be located in the project area.

No existing water quality data is available for South Branch of the Wild Rice River at the projection location. However, both the South Branch of the Wild Rice River and the Lower Wild Rice River below the South Branch are impaired for turbidity. Surface water flow to the project site comes from a predominantly cultivated watershed. It is anticipated that the majority of the impoundment area will be converted to permanent grass providing buffers along channel.

This should result in an overall improvement of the existing water quality leaving the site. In addition, the reduction in flood peaks on the downstream channel should also reduce bank erosion during flood events and subsequent downstream turbidity.

The flood pool resulting from the proposed project will extend several miles upstream on the South Branch of the Wild Rice River and also up several other contributing unnamed drainage channels. Due to the increased flood pool elevation and extended storage duration, three upstream channel crossings will be modified to maintain similar access like that of the existing condition. The following provides a summary of the proposed modifications:

Site 1: Jirava Site

Township Road Between Sections 21 & 22 and Sections 27 & 28

Approximate Existing Road Overtopping Elevation: 1221.5

Existing Structure: 2-72" CMP Culverts (to be removed)

Proposed Road Overtopping Elevation: 1226.0

Proposed Structure: 2-10' x 5' RC Box Culverts

Site 2: Stalberger Site

Township Road Between Section 28 and Section 33

Approximate Existing Road Overtopping Elevation: 1212.3

Existing Structure: 1-72" & 1-84" CMP Culvert (to be removed)

Proposed Road Overtopping Elevation: 1223.0

Proposed Structure: 4-10' x 6' RC Box Culverts

Site 3: Zurn Site

Township Road Between Section 29 and Section 32

Approximate Existing Road Overtopping Elevation: 1217.0

Existing Structure: 1-36" CMP Culvert (to be removed)

Proposed Road Overtopping Elevation: 1226.0

Proposed Structure: 2-48" CMP Culverts

Due to the proposed height of the final road embankments, precaution was taken to prevent roadway overtopping for frequent events. Each of the three conveyance structures were designed to pass 100-year flows with minimal stage increase.

A comparison was made between existing conditions and worst case scenarios of rainfall events occurring with the flood pool full to the riser crest (1220), and full to the emergency spillway (1223.0) for County Road 18.

Refer to page 19 of this report for the three hazard classes of dams.

An early inspection of the downstream reaches from the proposed project indicated a rural or agricultural area where failure may damage agricultural cropland, township or county roads. In addition, there are farmsteads along the downstream projected watercourse. However, most of these farmsteads appear to be above any elevation that would subject them to endangerment from a potential dam breach.

Future development downstream of the project is considered to be minimal to non-existent. A downstream breach analysis will be performed and the potential for serious damage will be evaluated. However, based on our preliminary analysis and consultation with Minnesota DNR Dam Safety Personnel, it is our opinion the proposed structure would be determined a Significant Hazard, Class II.

It is recommended that the Wild Rice Watershed District coordinate with the Becker and Clay County Zoning Boards in establishing zoning requirements downstream from the project to limit the degree of development in the future. It is anticipated that this action would mainly involve the granting of building permits. The same type of controls should also be utilized upstream from the dam and adjacent to the maximum reservoir elevation.

A permanent seeding limit has been established within the flood pool. This permanent seeding limit generally consists of the constructed embankment along with approximately all lands inundated below the riser crest, elevation 1220.0. This land will be seeded upon construction completion and not allowed to be tilled in the future. Note that the boundary for this area has been adjusted ("squared-up") to allow for ease of farming the adjacent tracts. Some adjustments to this limit will likely be necessary during the land negotiation phase. This land may be acquired through fee title acquisition or permanent easement.

In addition to the permanent seeding limit, land above this boundary and below the top of dam elevation (1226.0) was identified to be obtained under flowage easement. Farming will be permitted on these areas, however the owner will accept all risk associated with crop or other related damages.

An opinion of probable cost has been estimated to be \$10,585,000. This estimate is in 2009 dollars and would need to be increased for inflation if significant time passes before project implementation.

Funding has not been secured from any source at this time. In evaluating the project's feasibility, based on typical funding patterns for similar projects, we have assumed the following:

- \$5,292,500 - State of Minnesota Flood Damage Reduction Program
- \$3,300,000 - Red River Watershed Management Board
- \$1,992,500 - Wild Rice Watershed District and Other Sources

The funding identified as from the Wild Rice Watershed District and Other Sources may come from WRWD assessments, water management district fees, natural resource agencies or other organizations.

The project is in conformance with the Wild Rice Watershed District Watershed Management Plan. The Wild Rice Watershed District Plan, prescribed by BWSR in April 2003, specifically lists South Branch Storage as an FDR strategy to be pursued.

The project supports the Red River Basin Flood Damage Reduction Work Group Agreement and Wild Rice Watershed District Project Teams goals for flood damage reduction and natural resources. A Natural Resource Site Assessment Worksheet has been completed by the Wild Rice Watershed District Project Team.

This project is in conformance with the Red River Watershed Management Board's mission statement, as well as the goals and objectives as listed in Chapter 1 of the Red River Watershed Management Board Governing Documents.

This project is in conformance with the Becker County Comprehensive Local Water Plan.

At their **January 26** meeting the managers authorized the following:

- Engineer Bents and Administrator Dalen to meet with Attorney Von Korff to discuss the next steps in the process of Project #42.
- The District to submit Step 2 Proposal for **CD #18** to the RRWMB for funding.
- The District to submit Step 1 and 2 Proposals on the **Upper Becker Site** to the RRWMB for funding.
- Engineer Bents to prepare and submit an Environmental Assessment Worksheet (EAW) for the **CD #18** site and the **Upper Becker** site.

During open microphone, Dave Stumbo stated that in the initial meeting with staff regarding **CD #18** and the sale of his property for this project, he indicated he was not interested in the sale of his property, and is again saying the same thing. After hearing the cost of the project today, the negative impact of taking land out of production, less than 1% benefit downstream on the river, the possibility of the necessity to use eminent domain and the opposition on a large front to the WMD, he felt the District should drop the multimillion dollar projects and go with smaller projects. Brian Borgen asked the maximum the District can borrow for projects, considering that the District currently has a \$600,000 loan from the RRWMB. The board authorized Attorney Hanson, in concert with Attorney Von Korff, to prepare a memorandum on the amount of loans the District can have. Duane Erickson asked that the Board focus more on **Upper Becker Dams** because of landowner acceptability, than **CD #18** where there is landowner opposition.

The Board approved a resolution prepared by Attorney Jerry Von Korff to formally approve transactions for the acquisition of property required for Project 42, exchanging the District's Georgetown Township Property for the Richards property; exchanging the Richards property for the Hogetvedt Property, and obtaining an option on the Read Property.

On **February 11**, Administrator Dalen discussed holding the final hearings on **CD #18** and **Upper Becker** and felt the Managers should begin to determine which site within Project #42 they would move forward on next. Manager Ista felt that **CD #18** and **Upper Becker** projects should be dealt with separately rather than at the same time, to not jeopardize either one. Manager Vipond stated that he had voted to combine the projects but they need to look at where they get the most project for the money being spent. He asked if the financial information regarding funding for these two sites would be available by March and Administrator Dalen replied "Yes." Administrator Dalen stated that financially it would be easier to move ahead with **CD #18** than **Upper Becker**, because the District has fee title to the necessary land in CD #18 except 67 acres. Dalen stated that major landowners on the **Upper Becker Dam** sites will be under option by March making it much clearer. Engineer Bents stated that before the District goes to a hearing they need to know how the local funding will be paid. Engineer Bents reported that in discussion with Scott Kahan, US Fish and Wildlife Service (USFWS), Kahan indicated that the USFWS might assist the District in funding for **CD #18**, by providing some additional wetlands. Bents

asked for authorization to work with Kahan and Manager Vipond asked for an approximate figure of costs to do this. Bents stated approximately \$3,500 and the Board authorized Engineer Bents to work with Scott Kahan, USFWS.

Engineer Bents discussed authorizing engineering to begin the development of the next sites in **Project #42**, which could be done by starting on the map and determining if there is public interest in any of the sites to see where the best site would be for the next one. Consensus of Managers was to bring this to the March meeting and Engineer Bents will provide additional information on each site. Dave Stumbo felt that the **Project Team** is overloaded with agency personnel with no landowners in the project area on it, and that is what caused the current problems with the proposed sites. After considerable discussion the board authorized the creation of a committee as a sub-advisory committee of the project team from representatives located on the South Branch Watershed District, with names to be brought back to the board for approval.

At the **March 16**, meeting, Engineer Bents reported that the District needs to petition the **Clay County Ditch #18** system and needs approval from the system to impound water on the drainage system. The Board authorized Attorney Von Korff to prepare the petition and bring it to the April 8, 2009, meeting. They also approved a motion to have the Engineer's Reports for **CD #18** and **Upper Becker Dams** submitted to BWSR and the DNR.

Engineer Bents reported that a Step II was submitted to the RRWMB on **CD #18**, and action will be taken at the March 17, 2009, RRWMB meeting. Both Step I and Step II for the **Upper Becker** will be submitted to the RRWMB on March 17, 2009, but no action will be taken. The Board authorized a project tour for the April meeting of the RRWMB which will be held at the District office. Bents also reported that the Environmental Assessment Worksheets (EAW) for both **CD #18** and **Upper Becker** have been published and are available for public comment.

Engineer Bents distributed information on the additional 14 sites that were investigated prior to beginning on **CD #18** and **Upper Becker**. Bents suggested, in deciding where the Managers go from here that this information be brought back to the April meeting agenda and maybe the District should bring this to the public for input.

During open microphone, David Larson stated that he felt the Managers should expand the Upper Becker on old Project #4 instead of adding Upper Becker to Project #42 and table the current projects as proposed, which he felt would provide more storage for the money. Kim Syverson stated that a lot of money has been spent in the last couple of years on **CD #18** and as Upper Becker seems to be somewhat acceptable, it would be better to move forward with Upper Becker. Dave Stumbo said that he felt threatened when Attorney Von Korff explained eminent domain. Manager Ista felt that **Upper Becker** and **CD #18** should be separated into two projects instead of both being a part of Project #42 but a motion to do so failed by a vote of 5 to 2.

Accountant Doug Marcussen reviewed the Red River Construction (RRC) budget as distributed, the District's cash flow and commitments to projects. Marcussen talked about not wanting to jeopardize the District's cash flow and has a comfort level of \$300,000. Administrator Dalen stated that he had thought about requesting an advance from the RRWMB, to continue with **Upper Becker**. Engineer Bents brought up the possibility of asking the RRWMB to transfer funds being held for **Upper Felton** to **Project #42**. Manager Wright stated that the RRWMB also does not have enough funds to do all of the projects that they have committed. Marcussen stated that he would have more financial information available at the March 25, 2009, meeting.

On **March 25**, the Board authorized the Watershed District to enter into an Option Agreement with James and Margaret Jirava for the Option Price of \$5,000. The Option Price shall be non-refundable, but if the WRWD exercises its option the price shall be credited against the WRWD's closing costs. The WRWD must exercise its option on or before March 15, 2010. The Purchase Price to be paid by the WRWD to the Seller shall be \$2,880 per tillable acre and \$420 per non-tillable acre, based on the Farm Service Agency measurements.

At the **April 8**, meeting, Administrator Dalen updated the Managers on the status of both **Upper Becker** and **CD #18**. Engineer Bents discussed what the next step could be in identifying future projects within **Project #42**. The Board approved mailing a questionnaire to every landowner in the 250 square mile area of the South Branch and the Citizens for Farmland Preservation to determine if there is interest in selling or providing easements of their property for a flood control project. Dave Stumbo recommended

payments to landowners over time rather than a lump sum payment. Manager Ista asked how many property owners had signed agreements on Upper Becker. Dalen stated that he was optimistic and felt there is a cooperative attitude with landowners but did not give the number of landowners who had signed agreements. Dalen recommended holding an informational meeting for landowners on Upper Becker in Ulen early in May. If the District decides to focus on one project at a time, it would be easier with the funding.

Engineer Bents stated that he has a meeting scheduled with Ron Ringquist on April 13 to assist in providing approximate costs for doing the older type assessment method on Project #42, to use as a comparison for costs associated with a WMD, but due to the amount of work involved and Ringquist's time schedule he didn't expect to have an answer until May. Dalen stated that if he were to vote on one choice, he would most likely vote for Upper Becker because it has more flood damage reduction for the cost. Manager Ista stated that maybe the District should be prepared to ask the RRWMB at their April 21, meeting, asking them to set aside funding for **Upper Becker**. Bents recommended that the District ask them about transferring the \$1.5 M funds set aside for **Upper Felton** to **Upper Becker**. Dalen stated that the District needs to continue to work with the Project Team on **Upper Becker**.

On **April 29**, Administrator Dalen stated that he is scheduled to meet with two landowners on April 30, and is ready to close on another and is trying to meet with Spring Creek and Riceville Townships within a short time. He stated that he felt that a couple of Board members should visit St. Paul and visit with legislators and agency personnel regarding funding. Attorney Hanson reminded everyone that they cannot hold a quorum of Managers outside of the physical area of the Watershed District. Consensus of Managers was to wait on this item until Dean Spaeth, Mahnomen County appointee, is sworn in on May

Engineer Bents distributed the **CD #18** Petition for Impoundment and stated that when water is stored on a ditch system it is necessary to petition the ditch system for authorization. The Managers agreed to table any action on the petition until the May meeting at which time all new Managers will be in place.

Administrator Dalen stated that he is scheduled to meet with landowners on **Upper Becker** and asked if Managers would like him to wait until the May meeting for a decision, with which the Board agreed. The Managers appointed Manager Erickson to act as contact for landowners on **Project #42**.

The Board adopted a resolution titled the "*Record of Decision - Findings of Fact, Conclusions, and Order on Upper Becker*" which states that the Wild Rice Watershed District determines that there are no potential significant environmental effects reasonably expected to occur from the **Upper Becker Dam Enhancement Project** and that there is no need for an Environmental Impact Statement.

The Board adopted a resolution titled the "*County Ditch 18 Goose Prairie Water Management Project Resolution*" which states that the Wild Rice Watershed District determines that there are no potential significant environmental effects reasonably expected to occur from the **County Ditch #18 – Goose Prairie Water Management Project** and that there is no need for an Environmental Impact Statement..

Administrator Dalen distributed a financial statement for **Project #42** which illustrated State Grant Dollars, funds received and spent to date along with disbursements by category. Consensus was to bring back for review at the May regular meeting.

Questions were raised regarding ownership of land, who is responsible for the real estate taxes, and if landowners had the option of receiving annual payments rather than a lump sum. Dalen stated that the Watershed District would retain ownership and after the first year, the real estate taxes would be taken off the tax role. Manager Erickson asked about an annual rental for those who do not want to sell their land. Administrator Dalen stated that he would prepare some information on that for the May meeting. Engineer Bents reported that Ron Ringquist will have an estimate of costs for viewing and appraising Project #42 to determine benefits at the May meeting.

At the **May 13** meeting, the Managers discussed correspondence received from Pat Lynch, Mn DNR, regarding **Project #42** funding. The question sent to Lynch was if **CD #18** was not built would the funds used for that project need to be returned to the state or could they be spent by the District on **Upper Becker**. Lynch replied that if there is no project, all of the state funds (\$860,000) must be returned and would not necessarily be awarded back to the District for **Upper Becker**. The State of Minnesota has other ongoing and pending projects statewide and reallocation of the funds would be where they felt

that they best belonged. Attorney Hanson recommended contacting Attorney Von Korff for information. Manager Ista agreed with gathering more information but felt that it might be good to do as Von Korff advised in not spending any further funds until the Board of Managers make decisions on direction to which the Board agreed.

Manager Erickson reported on discussion with Jiravas and Zurns who had land available for trade during the winter, but because no action has been recently taken, wanted to wait until next winter or until Thanksgiving. The Board approved having Manager Erickson, Attorney Hanson, Loretta Johnson and Engineer Bents to work together and contact landowners on Upper Becker to gather additional information on the Upper Becker land acquisition.

Discussion was held regarding the fact that landowners who were interested in land acquisition on **CD #18** and **Upper Becker** were authorized to seek legal advice from their private attorneys and the costs would be paid by the Watershed District. The Managers agreed to pay any existing private legal fees previously authorized by prior administration, but no future billings of this type will be accepted.

According to Engineer Bents, Ron Ringquist estimated that the determination of Benefits on the Upper Becker project would be between \$150,000 and \$240,000. This cost would include defining the lands in the assessment area, having viewers go out to actually view the lands and determine the area of benefits. Ringquist estimated that it would take approximate two years to complete the process. Manager Ista stated that this estimate proves the value of a Water **Management District (WMD)** and the ability to move forward more quickly.

On **June 10**, Adam Ripple, Rinke Noonan Law Firm, joined the meeting via teleconference at to discuss the Hogetvedt and Richards land acquisition. There are binding purchase agreement for the Richards and Hogetvedt properties. Von Korff stated that there are deadlines on the purchase agreements which are legally binding and the District needs to implement them. He stated that these agreements don't require a lot of money, approximately \$36,000. Jerry Von Korff stated that James Jirava has an executed binding option that has already been signed by the District and the District is obligated to pay the \$5,000. The Zurn property document is a non-binding letter of intent and not legally binding. Adam Ripple stated that George Read also has an executed signed option and an additional option that is not executed. Attorney Hanson recommended that someone is authorized to negotiate with Mr. Read. Ripple stated that the second option agreement is the same price per acre and the same option price of \$5,000. The first option with Read has been executed and the \$5,000 paid. The question was raised if the Richards property was tied to the CD #18 property owned by Hogtevedt. Ripple stated that a purchase agreement was executed with Richards in January for a land swap with property the District already owns. Richards have an additional 15 acres in the land that would be swapped; therefore the District would owe Richards approximately \$36,000. Richards have asked that the second purchase agreement be revised in order to divide the property between two families of Richards. Ripple recommended that Managers first view the document and then sign the agreement. The Board agreed to execute the second purchase agreement with Richards and pay the additional \$36,000 for the property and authorized Attorney Ripple to negotiate with Hogetvedt to rescind the current agreement with them and that Chairman Christensen be authorized to execute the agreement.

The Board approved the Five Year Bonding Plan as distributed with the removal of **C.D. #18**. Engineer Bents will submit this to the RRWMB.

Von Korff stated that with the new board in place, it is important for this board to provide the appropriate policy directions to the attorneys and "not keep the train rolling" if Managers want to change direction. Von Korff stated that there are some unclosed purchase agreements, binding agreements that the District has signed and executed but have not been closed. Landowners have contacted the law firm indicating that they would like revisions to their agreement and go in a different direction. Manager Ista stated that there is a lot of opposition to **CD #18**. Manager Austinson agreed with Ista on the opposition to CD #18, but indicated that there appears to be a lot of support for **Upper Becker**.

Manager J Spaeth stated that a lot of money has been spent on these projects and trying to complete them would create a lot less flood damages to Norman County. He felt that the District should stay on track. These are projects that are possible to be permitted and maybe the local share of the funding could be obtained through the DNR or NRCS.

Manager Ista asked about the five sites mentioned in the DNR Grant. Engineer Bents stated that each project of the five sites is a project in its own right. One or more of these sites could be removed.

Bents said that in the beginning the original intention was to do all of the sites as one project; however it was realized that wasn't going to work. Von Korff said if the board wants to go forward with just one then they needed to start the planning process and go to a plan change in the Water Management Plan. The statute is designed to force and encourage managers to do this in a correct and public way. But don't spend money on something that you don't intend to finish.

Engineer Bents stated that there are three possible funding options to pay for the local \$2M local share: 1) fund those with reserves from the Red River Construction Account; 2) set up a special assessment district, like the District's ditch systems; 3) establish a WMD, either for a small area or District wide.

Manager Erickson stated that he would like to move forward with something and wanted to get focused on **Upper Becker**. Von Korff and Ripple were asked their recommendation on what the District do next. Both agreed that first the Managers should have copies and access to all agreements, which they will provide, review them, and then make their decision on how to move forward. Von Korff stated that he will send all copies of these documents.

On **June 17**, the Managers authorized the District to enter into the Revised Purchase Agreement with the Richards and to have Chairman Christensen and Interim Administrator Johnson to execute the agreement, with a \$5,000 payment if required.

Engineer Bents reported that a meeting is scheduled for 1:00 p.m. on July 9, 2009, in St. Paul, with DNR personnel Pat Lynch and Kent Lokkesmoe for the purpose of discussing the grant funding on Project #42. Managers Erickson and Christensen were authorized to attend along with Engineer Bents.

Discussion continued regarding possible wetland banking credits that may be available with property owned by the District. The Board authorized staff to research the value of wetland banking on this property which Manager Erickson opposed.

The Board authorized a landowner informational meeting at the Callaway Community Center, with notification from the District office to all landowners, and township officers to enable the District to provide information to everyone on the project at the same time

Attorney Hanson reported that Hogetvedt had agreed to allow his contract to be cancelled with a payment of \$2,000 for fees and expenses incurred to date and the Board accepted the termination agreement with Chairman Christensen authorized to execute the agreement. Managers discussed the execution of an option to purchase the George Read property in Becker County for **Upper Becker** Project and agreed to execute Option #2 with George Read and pay the option price of \$5,000 with Chairman Christensen authorized to sign the agreement.

At a meeting on **July 8** with DNR officials Kent Lokkesmoe and Pat Lynch the Managers discussed the \$860,000 grant funding on Project #42 and the ability to use the funds for **Upper Becker**. Ronnie Guttormson, landowner, expressed the fact that he didn't like the DNR owning so much land that could not be used for water storage.

The Managers discussed hiring Dennis Ertelt, a consultant that worked with land acquisition on both the Maple River Dam and the Bald Hill Dam in North Dakota. Manager Erickson offered to meet with landowners on **Upper Becker** but felt the District needs a firm figure to use for negotiating land sales. He stated that what appeared to be used previously was \$2,800 per tillable acre and \$488 non-tillable. Attorney Hanson stated that the 20% over fair market value may be used to entire property owners instead of having to use a forced sale. Also discussed were appraisal proposals submitted by RL Hoefs at \$44,400 and Alerus at a not to exceed \$55,000. Concern was felt by Managers over the cost of the appraisals.

On **July 15**, Engineer Bents and Manager Erickson discussed the recent meeting in St. Paul with DNR personnel Pat Lynch and Kent Lokkesmoe. Both agreed, along with Chairman Erickson, that the meeting was a good one and they were pleased with the outcome. Engineer Bents stated that Lynch and Lokkesmoe requested that the District write up a proposal, laying out the logistics of how they District can maintain the value of the land that has been purchased with grant funding. In addition, Bents stated that Loretta Johnson will break down all costs on a spreadsheet between land acquisitions, legal, administrative, engineering, etc. to be submitted to the DNR, as requested.

Manager Erickson stated that he has met with township supervisors on the **Upper Becker** Project, and felt that the Board should pick a date that is convenient for all to meet with landowners and township supervisors. Discussion entailed on the need for property appraisals in the Upper Becker site.

Erickson stated that Kent Lokkesmoe, DNR, recommended having the properties appraised, and in following their directions felt that this needed to be done. The Board approved getting appraisals on all of the land in the **Upper Becker** Project along with the property that the District currently owns. The Board accepted the proposal submitted by Rose Hoefs of RM Hoefs and Associates, Inc. in the amount of \$44,400 to do the appraisals.

The Board authorized a special meeting to be scheduled with landowners on **Upper Becker** and Manager Erickson agreed to be lead person for this task. Consensus of Managers was to notify Dennis Ertelt that the District isn't interested in his services at this time. During this meeting, the Board will discuss the options for local share of the costs for **Upper Becker**.

The Managers authorized the termination of the agreement with Hogetvedt and payment of \$2,000 for his costs and expenses to date with Chairman Christensen was authorized to execute the termination agreement.

Jim Jirava, landowner and Spring Creek Township Board member, joined the WRWD meeting on **August 12**. Engineer Bents reported that the appraisals on **Upper Becker** are proceeding. The basic data book is near complete. Jirava recommended holding an evening meeting with landowners to update them on the status of the project but Manager Erickson questioned if the appraisals shouldn't be completed first. Jirava stated he didn't think the appraisals would be necessary to have an initial meeting because landowners would like to be informed of the project. The Staff was authorized to schedule a special meeting with landowners and township officials at 7:00 p.m. on Monday August 24, 2009, at the Callaway Community Center.

Funding the local cost share was discussed. Engineer Bents stated that there are probably three options which are 1) using the Red River Construction Account; 2) setting up a benefiting area and having viewers establish the area and the benefits; and 3) establishing a Water Management District (WMD). Manager Ista stated that the Managers have discussed a WMD for a long time and really would like to move forward with a smaller area to include the Upper Becker area only as a pilot project. Manager Holmvik preferred establishing a WMD throughout the entire Watershed District, but using only a designated portion for the **Upper Becker** project. Holmvik stated that the Citizens for Farmland Preservation (CFFP) sent a letter to the District stating that they would support the idea of a WMD, but only if substantial changes were made to the initial draft of the ordinance. The time frame of establishing an assessment area versus a WMD was discussed. Engineer Bents said that Ron Ringquist quoted the District \$190,000 plus to do the viewing and he estimated he couldn't start the project for at least two years.

At the **September 9**, meeting Loretta Johnson reported that Dirk Swanson and Jay Richards have contacted the District office requesting the opportunity to purchase the District owned land in Kragnes Township if or when it may be available. Consensus of Managers was for staff to notify both parties that the District is keeping the property and it will be available for trade on the **Upper Becker** Project.

Managers discussed moving the **Upper Becker** Storage Project ½ mile south/downstream, as was brought up by a landowner at the recent meeting. Managers discussed the amount of storage and the change in cost. The Board authorized Engineer Bents to prepare a report for the next meeting that will show the acre feet of storage that would be available by moving the dam and set at an elevation of 1215. However, consensus of Managers was to continue with the original design of the dam.

Engineer Bents distributed a copy of the "**Upper Becker** Dam Enhancement Project" which was given to Ron Harnack at the RRWMB and will be used for lobbying state bonding dollars. Manager Erickson also brought up the Lessard Grant Program which has a current grant application that is due November 3, 2009. Engineer Bents also agreed to ask Harnack if these dollars could be used to cost share State dollars or if they were considered State dollars. Engineer Bents stated that Appraiser Rose Hoefs would be better able to determine land values if she had the exact acres for tillable and non tillable land for each landowner. Consensus of Managers was to send letters to landowners requesting that they provide that information. The Board authorized staff to contact Dennis Ertelt and ask him to submit a contract to the District for approval at the October meeting. If accepted, Ertelt will work with landowners in negotiation for sale or trade of their property to the District for the project.

At the **October 14** meeting, Engineer Bents distributed information on the proposed bonding request for funds for **Upper Becker**, to be submitted to the Red River Water Management Board and the

State of Minnesota Flood Damage Reduction Program. The total project cost is estimated at \$10,585,000 and the state cost share is 50% and non-state 50% or \$5.29 Million. The request for bonding in 2010 would be \$3.3 Million with the watershed and RRWMB responsible for a cost share of \$3.3 Million.

Engineer Bents stated that a Project Readiness Form needs to be presented to the Red River Flood Damage Reduction Work Group, which meets on October 29, 2009. Bents stated that a subcommittee meeting to develop a monitoring plan is scheduled for 19th of October at the Becker County SWCD office in Detroit Lakes. Consensus of Managers was that Managers Erickson, Austinson and Christensen could attend.

Managers discussed holding a meeting at Ogema or Ulen with township officers, and landowners between the area currently designated for **the Upper Becker Project** and downstream to the Bergren farm. Consensus of Managers was that Manager Erickson agreed to do this. Managers discussed having Rose Hoefts attend the next meeting to discuss appraisals on property with a spreadsheet showing locations and appraisals results. on the **Upper Becker Project**.

A copy of a signed proposal submitted by Dennis Ertelt was distributed to Managers to review. Attorney Hanson recommended that he prepare an independent contract and provide it to Ertelt for a signature if the Board approved his proposal, which they did. Manager Erickson was opposed.

Discussion was held regarding the current 50/50 cost share that is the usual breakdown of funds. The Board authorized Engineer Bents to prepare a request and submit to the RRWMB for a 75/25 cost share for Upper Becker.

On **October 26**, Rose Hoefts discussed the appraisal spreadsheet that she prepared for the meeting. She suggested that she provide additional appraisals prior to the Managers getting too far into the negotiation process with landowners. She said that typically the negotiator is the one who goes out and discusses land negotiations with landowners, not Managers or someone from the board. She also stated that she has worked with Dennis Ertelt several times and he is very successful. Manager D Spaeth suggested that Managers do some research into being able to place land that they purchase into WRP, therefore they could receive some payments. Manager D Spaeth also asked whether the CRP was classified in the spreadsheet as tillable or non tillable. Hoefts stated that she cannot appraise the existing easements; rather she must appraise it as fee title. When doing appraisals she also considers motivation from the buyer or seller of comparison sales. Rose stated that she hoped to get out and complete the majority of the appraisals. However, weather conditions have not cooperated.

Managers continued to discuss options regarding the project. Manager Ista brought up the idea of including a board member in the negotiations.

Manager Erickson stated that he and Manager Christensen had visited with township officers and discussed the issue with roads. Erickson stated that it is a possibility that the watershed could have requested 75% state cost share, but doesn't know if that is worth pursuing. The township board wants to know if it is going to be 50 or 75% cost share.

Manager Erickson brought up moving the current project location three quarters of a mile south. Ista stated that she, Erickson and Christensen discussed this earlier and she felt that local managers know what the public in their area prefers. Erickson stated that he felt the overall thoughts of the township officers was to move it south. Manager Austinson stated that this subject was discussed by board members previously, a vote was taken and it was authorized to keep the project in the current location. Manager Ista felt that moving the dam at this time would set the project back at least a year and there would be added costs.

Engineer Bents stated that he would be giving a 15 minute presentation on October 27, 2009, at the Senate Bonding Committee tour. Bents questioned how the board wanted him to present the cost share to the bonding committee. Consensus of Managers was to give the presentation with a 50/50 cost share and then approach the next Project Team meeting requesting approval to request a 75/25 cost share. He said that he would give the information to the Townships that there would be no more moving the dam south. Manager Erickson requested that the record showed he did not agree with the Board's decision not to move the dam $\frac{3}{4}$ mile south.

On **November 18**, Manager Erickson stated that for the record he is withdrawing from work on the **Upper Becker Dam Project** and from now on he will be a landowners' representative. He stated when the motion was made and carried by the Board that they would not be relocating the dam, he disagreed and for that reason someone else can "take the ball and carry it." Erickson stated that Tom

Bergren will fight against the project as his home is downstream and below the elevation of the dam. Discussion was held regarding moving of the dam, the costs associated with moving and the fact that some board members felt that it would set the project back in time. The Board agreed to hold a special meeting for landowner information at 7:00 p.m. on November 30, 2009, at Ogema. The Managers authorized Engineer Bents to prepare additional information for the upcoming meeting related to the amount of storage at different elevations if the dam were moved.

At the Special Meeting on **November 30**, Engineer Bents provided a timeline for the board on the **Upper Becker** Dam Enhancement Project. Bents stated that all of the appraisals have been prepared except Jerald Jirava. Attorney Hanson stated that he will provide a sample easement for the 30th of November meeting at Ogema. Manager Erickson stated that it is necessary for the board to be precise on what percent over the appraisal will be used. Consensus of the Managers was to invite Negotiator Dennis Ertelt to the meeting to visit with landowners. The final appraisals were reviewed and consensus of Managers was for Ertelt to begin negotiations immediately. Ertelt also requested that appraisals be done on the property that the District already owns, to give him the value of the land that would be for trade. The Board authorized Hoefs to do the appraisals.

Engineer Bents reviewed a PowerPoint presentation and landowners asked questions. The budget, which is estimated at \$10.7 Million with \$2.3 Million land acquisition, \$7.4 Million construction and \$1.0 Million for Engineering, Legal and Administration, was discussed. The State of MN would contribute \$5.3 Million, the RRWMB, based on storage, would be \$3.3 Million and the District's local cost share would be \$2.1 Million.

The Riceville Township Board submitted a resolution against building the North Becker Dam at the proposed level. Tom Bergren also brought up a list of arguments he had regarding the District's operation and maintenance on the current Becker Dam Project.

On **December 9**, Engineer Bents reviewed the current status of the **Upper Becker** project and discussed some of the concerns brought up by landowners at the November 30, 2009, landowner meeting in Ogema. Manager Ista stated that she would like the District to address the issues listed by Tom Bergren at the meeting. Discussion was also held regarding landowners illustrated in the charging area who wanted their property removed. Manager Holmvik stated that this is not a project based on benefiting area but rather based on runoff. Landowners are paying to drain the water off their property. Manager Erickson brought up opening the whole Watershed District to pay for the project which would spread the cost to a minimum.

Engineer Bents distributed information on the project schedule and additional **Upper Becker** Dam drawings that also provided breach analysis. Managers concurred that a meeting should be held with landowners and township officials to provide this information to them. The staff was authorized to schedule a landowner and township official meeting as soon as possible.

Discussion was held regarding funding options for the **Upper Becker** Project. Consensus of the Managers was to talk to try to meet with State Congressman Langseth and request additional assistance with funding on **Project #42**.

December 10, 2009 – The Board authorized a landowner meeting with Riceville Township, Spring Creek Township and landowners to discuss the issues brought forth by Tom Bergren. The Managers also authorized a landowner meeting to discuss negotiations with Sharon Wright.

C. Water Management District (WMD)

As the Wild Rice Watershed District moves toward possible flood damage reduction project construction, there have been a lot of discussions with county commissioners about the development of a Watershed Management District (WMD) as a charging mechanism to collect funds for the local share of project costs. Managers approved moving forward with a draft ordinance for a district-wide WMD at their December 2008 meeting.

While managers agreed there is no true consensus of support among commissioners for a WMD, there is general agreement of conditions to allow the Board to update a draft ordinance.

Those points included:

- implement and maintain infrastructure that support the water quality, water quality, and natural resource goals listed in the WRWD Management Plan;
- to provide funding for construction and maintenance of only new projects;
- limiting the annual levy for a new project to \$1 million annually;
- funds collected will cover construction, land acquisition, and all other costs after a project is established;
- include the entire District in the WMD;
- fees will be determined on runoff contributions on both agricultural and in municipalities;
- funds collected through a WMD will be no more than 50% of the project cost;
- a WMD will sunset after 10 years (at which time the WRWD would be required to follow procedures in state statutes to extend the effective time;
- up to 100% of the local share of project funding could be paid using WMD funding;
- establish an advisory board consisting of one representative from each of the six counties in the District;
- create an appeals panel to hear recommendations on appeals related to charging practices;
- land use will be reviewed every five years or land owners can request that land use be reviewed each year by supplying the required supporting data.

On **January 26**, a memorandum from Attorney Von Korff regarding a recent meeting with BWSR staff to discuss the WMD was distributed to the Board for review. Von Korff stated that the major issue is whether to have single or multiple districts. BWSR preferred an option that would create multiple districts, along with a single District wide WMD. Von Korff stated that the meeting with BWSR staff didn't afford adequate time to provide the hydrological information that would support a single WMD, and therefore felt that the District needs to provide this information. The board authorized a meeting with BWSR staff on February 6, 2009, to provide the hydrological data that supports a single WMD. Attorney Von Korff stated this meeting is not subject to the open meeting law.

At the **February 11** meeting, Administrator Dalen reported on a recent meeting with the Clay County Commissioners who previously opposed the WMD concept, but agreed to step back and get updates on how the process is proceeding. On February 6, 2009, Dalen and Engineer Bents attended a meeting in St. Cloud with Julie Klocker and Brian Dwight of BWSR, and Attorney Jerry Von Korff. BWSR personnel strongly felt that the watershed should be split into smaller WMDs by individual sub-watersheds, but with the ability to charge more than one WMD for a project. Dalen stated that to gain BWSR support the WD would have to at least look at multiple option WMDs. The Board authorized Administrator Dalen and board members from each respective county to attend upcoming county board meetings to update the county commissioners on the multiple WMD sites rather than just one large WMD throughout the entire District.

On **March 16**, Attorney Jerry Von Korff joined the meeting via teleconference and discussion was held regarding the local cost share that is necessary to build projects. The two mechanisms discussed were the special assessments method which is based on viewing the project and the increased value to the land. The WMD evaluation process has the advantage of being less costly because contributing lands can be used and lands that have small benefits will have a fee where an appraiser would have a tough time valuing benefits because the parcel is so small. He also stated that if the board would advocate more weight to some parcels due to the benefits from the drainage protection that could also be factored into the charging authority.

Engineer Bents displayed a map of the District being broken down into five sub-watersheds, Lake Bed North; Lake Bed South; South Branch; Central and Lakes. Chairman Seykora stated that the State of Minnesota has made it very plain that the Districts are going to need the local cost share in order to obtain funds from the State. Manager Vipond stated that the multiple sub-watersheds seem to be more palatable than one overall, but the biggest fear that people have is it would give the district more taxing authority. Von Korff stated that the taxing authority from a WMD comes from a plan amendment that goes through a hearing process and then is presented to the Board of Water & Soil Resources (BWSR). BWSR then would give the district the taxing authority and provides the techniques that can be used, the most that the District can charge and the length or term of the WMD.

Manager Ista stated that the board will have to make some tough decisions and go forward, but with the lack of trust of the Watershed District managers, the Board may need to establish an oversight committee for the WMD. Attorney Von Korff stated that the plan amendment that is being considered calls for an oversight committee. Manager Wright felt that prior to moving forward, the district should include a rate to show that a benefiting area may pay more to the WMD due to the benefits derived from the system. The Board authorized Engineer Bents to prepare information regarding the charging of a benefiting area within the WMD.

At the **March 29**, meeting, Manager Ista stated that it may be helpful when explaining a WMD if the District did a specific project comparison that would illustrate the expenditure for a Viewers' Redetermination of Benefits and also illustrate the costs to establish a WMD. Manager Spaeth stated that Mahnommen County is especially against the WMD. Manager Dalen stated that the chances of the **Upper Becker** Project being charged against the entire district are highly unlikely. Manager Christensen stated it may be a good idea to establish costs on paper that would specify the funding necessary to establish charges by both methods. The Managers agreed to contact Ron Ringquist and request that he prepare a cost estimate for determining benefits on Project #42 for staff to prepare a cost estimate for a WMD on Project #42. Manager Ista was opposed.

Discussion continued during the **August 12** meeting regarding funding the local cost share for the Upper Becker Project. Manager Holmvik stated that he supported the plan to divide the district into the individual watersheds, but using charges against only the affected lands. Manager Ista stated that it should be the affected areas only. Engineer Bents stated that to come up with a plan amendment the following items will need to be decided: boundary of the area from which to collect; how much to collect; how the determination of charges will be calculated, i.e. land, runoff, soils; length of time it stays in effect; then all of these items will be put in an amendment to the plan and submitted to BWSR and they will hold a hearing. The time factor was discussed. Engineer Bents stated that it would probably take up to about six months to set a WMD up and felt that the hardest part of the discussion by the Board of Managers may be to decide what areas to include. Mark Habedank asked if the local cost share could be reduced if the NRCS assisted with the project. Consensus of Managers was that it may reduce the local cost share. The Board authorized Attorney Hanson to prepare two options of a Watershed Plan Amendment for the September 9, 2009, Regular Meeting. Option #1 will be to include all sub-watershed districts as included on map distributed; Option #2 will be to include only the Lake Bed South and the South Branch, (orange and green on the map).

On **August 19**, Attorney Hanson reported that he conferred with Attorney Von Korff regarding the process of establishing a WMD. Von Korff recommended that the District first change the amendment to establish a WMD to the Board of Water and Soil Resources. Hanson stated that he could provide a draft copy to the Board at the September meeting. He stated that he could also provide a draft ordinance for the Board and leave the rates per acre blank for the present time. Brian Dwight stated that the District would petition the BWSR and they would hold a public hearing and take testimony. Their approval would

be based on the feedback from the public at the hearing. He also reminded Managers that the current Water Management Plan needs to be updated in 2013. Manager Erickson stated that he was concerned with the cost of the Upper Becker Project and how it should be approached. Providing an informational packet was discussed for the upcoming landowner meeting to be held on August 24, but the consensus of Managers was to wait until more information is available and a larger meeting is scheduled.

At the **October 26**, meeting, Attorney Hanson distributed a Board of Water and Soil (BWSR) draft Plan amendment for Board Review, which the Board approved. Attorney Hanson stated that this will now come before a further hearing and BWSR will provide a decision. This would give the District authorization to amend their plan. Hanson then distributed the ordinance. Engineer Bents joined the meeting via phone at 10:35 a.m. He was asked the question as to the cost of moving the dam $\frac{3}{4}$ of a mile south. Bents stated that he had staff run some calculations and the same storage could be available but the pool could be lowered. Dean Spaeth stated that they would need to know the cost for the road relocation. Bents stated that currently the Gerald Jirava road needs to be raised, and even moving the dam location south the road would still need to be raised, however, just not as much. Manager Ista asked how much cost and time for engineering would it take to move the dam. She raised concerns with obtaining the bonding funds if the dam is moved. Bents stated that currently the engineering costs are at \$125,000 at the present location. Some of the time and calculations could be utilized, however much would have to be redone and it could not be completed by bonding time. He estimated that the District would have to respond approximately one half of the funds and be set back several months. Manager Christensen stated that he felt if we can't eliminate working on the roads he doesn't think the board should consider moving the dam south. Manager Erickson questioned the 1,000 acres of farmland being changed to grasslands and asked if it would give the District additional funding. Bents replied that he didn't think that there was any threshold when applying with the state. The Board agreed to move forward with the current plan.

On **November 18**, the board discussed the charging area and the method of charging for the WMD for Upper Becker. Manager Holmvik stated he agreed with the WMD and would stand behind the board on this, but felt that landowners downstream on the western edge should not be charged more than the eastern side and felt the time frame for holding the water should be factored into the formula for payment. Engineer Bents stated that at this time the charging is based on runoff only. Manager Erickson stated that at one time the WMD had a clause in it with a fixed number that wasn't ongoing but that isn't included at this time. He stated that he is against any WMD at this time. The Managers authorized Attorney Hanson to submit the Watershed Management Plan amendment to BWSR as distributed with the runoff sub-basin boundaries to include Lake Bed South and South Branch sub-basins as included in attached map and authorized Chairman Christensen to execute the document. Manager Erickson was opposed.

On **November 20**, Brian Dwight stated that he didn't think BWSR would have the Water Management District approved before the end of April due to the hearing and scheduling of their board meetings. Manager Spaeth asked if the District could move forward with the WMD without notifying counties. Attorney Hanson stated that the Board must notify the counties, but the District cannot move forward without authority from BWSR. Engineer Bents stated that all of the appraisals have been prepared except Jerald Jirava. Attorney Hanson stated that he will provide a sample easement for the 30th of November meeting at Ogema. Manager Erickson stated that it is necessary for the board to be precise on what percent over the appraisal will be used. Consensus of the Managers was to invite Negotiator Dennis Ertelt to the meeting to visit with landowners.

At the **December 9**, meeting, the Board approved the *PROJECT #42 Upper Becker Dam Enhancement Project Water Management District Utility Charge Ordinance* contingent on approval from the Board of Water and Soil Resources (BWSR). Manager Holmvik seconded the motion. Attorney Hanson reminded Managers that this ordinance couldn't be adopted until approved by BWSR, however they are voting on what will be presented. A copy of that Ordinance can be obtained from the Wild Rice Watershed District office.

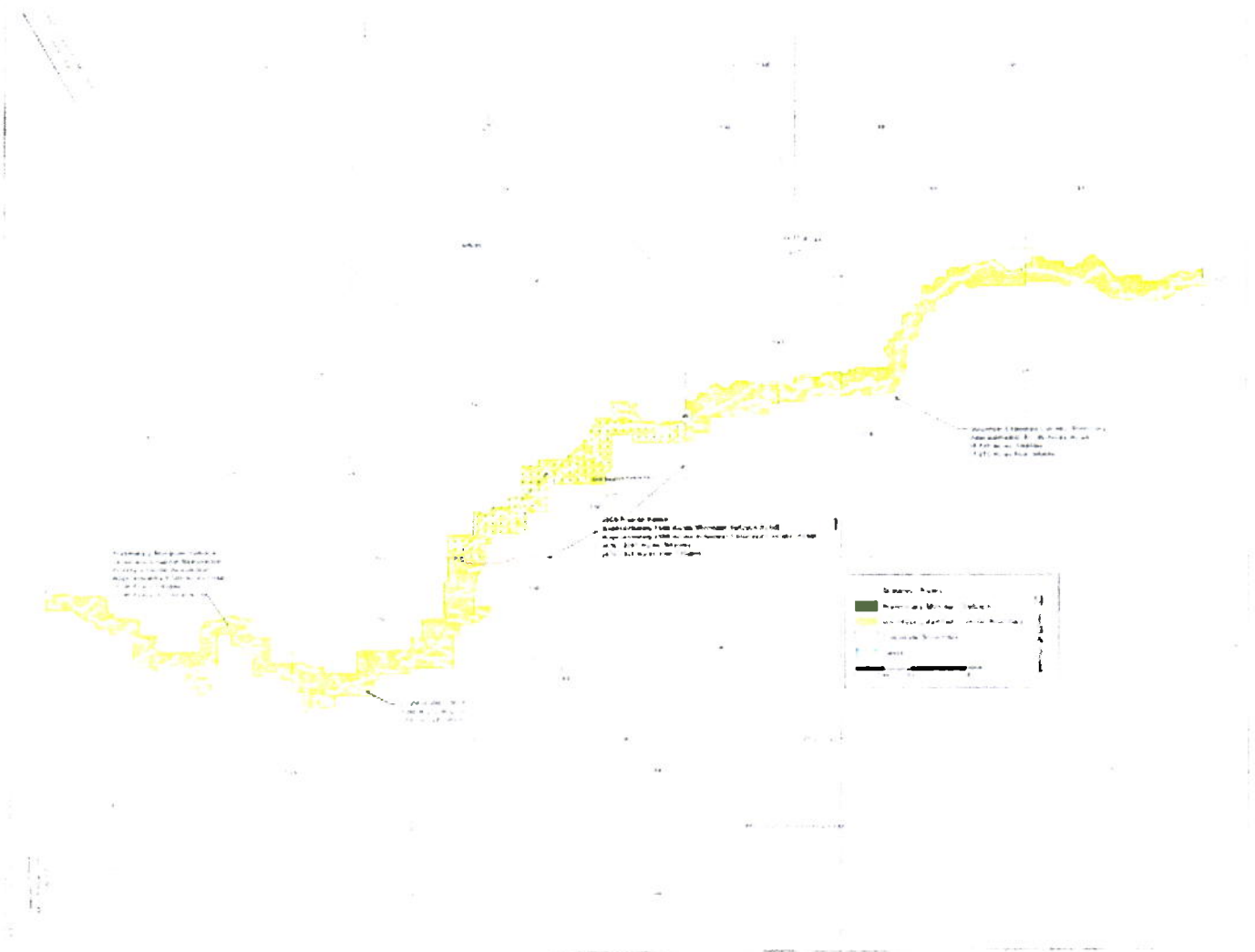
D. Lower Wild Rice River Corridor Restoration Initiative

The Lower Wild Rice River Corridor Restoration Initiative is a comprehensive initiative to restore the natural corridor and provide additional flood control along an approximately 23 mile reach of the Wild Rice River. This extends from Norman County Road 4 (about 4 miles southeast of Hendrum) to Norman County Road 2 (about 6 miles east of Ada.)

The Lower Wild Rice River has undergone a history of human manipulation (i.e. straightening, clearing and snagging, diversions, etc.) from 1895 through the early 1950's. The result of this manipulation has been excessive erosion on the east end and sediment deposition on the west end.

The corridor restoration will involve the following five basic components:

1. Voluntary Land Acquisition
2. Upstream Storage / Downstream Impact Mitigation
3. Erosion / Sedimentation Control Measures
4. Setback Levees / Remaining Land Acquisition
5. Channel Restoration



During open microphone at the **January 26** meeting, Brian Borgen asked if the grant for the \$400,000 from BWSR for the Wild Rice River Corridor Project has been brought to stakeholders. Administrator Dalen distributed information on the Lower Wild Rice River Corridor Restoration Initiative and stated that the District did designate a 4-mile priority area located between County Road #20 and County Road #103 on the Wild Rice River southwest of Ada. The \$400,000 funding would be available for property owners in that area if they voluntarily agreed to participate in the RIM program. Brian Borgen and Duane Erickson felt that landowners in the Heitman Coulee area were not interested in RIM, due to the lower land payment, tax issues and permanent easement. Manager Vipond stated that the Board would not expect landowners to accept just the RIM payment but was hoping that other funding sources would be utilized to add funds to the payment to landowners. The Board approved having Ron Harnack from BWSR submit a request for funding to the Lessard Outdoor Heritage Council.

On **February 11**, Administrator Dalen stated that he will be meeting with BWSR personnel on the 19th of February on the allocation of funding for the area of the Vik permit and violation. Dalen stated that the real question is "Will people be buying into the corridor project without having upstream storage?" Curtis Borchert stated that the SWCD will continue to be involved with the setbacks and the RIM program even though the permit as submitted was denied.

At the **March 16** meeting, Administrator Dalen reported that in discussions with Curtis Borchert, Norman County SWCD, Borchert indicated that from his perspective, landowners do not feel that funding from the RIM program at approximately \$1,500 per acre and the potential for CRP funds, which may add another \$500 to \$600 per acre is enough payment for landowners to sign up for the program. Dalen requested that the District consider adding another 20% above the appraised value. The question was raised as to what account the funding would be taken from. Administrator Dalen indicated that it would be the Red River Construction (RRC) account. The managers agreed that the District would add an incentive payment of 20% over the appraised value in this troubled area, if needed, and if the combined RIM and CRP funding payments do not equal 20% over the appraised value.

E. Other On-going Projects and Programs

1. Farmstead Ring Dike Program



Many rural people in the Wild Rice Watershed District were experiencing flood damages to the homes, out-buildings and equipment nearly every spring. After the 1997 flood, with help of the State of Minnesota Legislature, the Rural Farmstead Ring Dike Program began within the WRWD as well as other watershed districts within the Red River Basin on the Minnesota side of the river. Under this program, the State of Minnesota provides 50% of the costs, the Red River Watershed Management Board provides 25%, the Wild Rice Watershed District provides 12.5% and the landowner is responsible for the remaining 12.5% of the costs.

Ring dikes were completed in 2009 for the following four individuals: Jonathan Grothe, George Kane, Rob Myers, and Myron Pallum.

Contracts were awarded in 2009, and construction began that Fall for the following individuals: Steve Brammer, Mike Borgen, Terry Guttormson, Colin Hendrickson, Leon Miller, Jack Nyberg, Donald Pingree, Ruth Steen, Tom Carlson, Ryan Gilbertson, Jeff Hoff, Dave Scherfenberg, and Rick Prussia.

On **January 26**, the Managers approved a time extension for completion of the **ring dikes** to D. & J. Excavating until June 15, 2009.

At the **March 16** meeting, Engineer Bents gave a current status report on the Farmstead Ring Dike Program. He stated that the grant expires 6/30/09 and when completing the balance of the four remaining dikes, there will be approximately \$21,000 (\$10,500 DNR) available funding in the grant. Managers discussed what to do with the remaining funds. The Board agreed to return the balance of District cost share grant funding to the DNR contingent on the funds being used for another project in the valley.

On **March 25**, the Managers gave consideration to the District purchasing a high volume trailer Crisafulli pump because of calls from **ring dike** owners who were having problems with flooding inside of the dikes. Consensus of Manager was to not purchase a pump.

At the **April 8**, meeting, Discussion was held regarding area landowners wanting to raise the height of their ring dikes and the request for new ring dikes as a result of the spring 2009 flood event. The Board rescinded their earlier motion to return the balance of the DNR ring dike funds to be used by other Watershed Districts in need of ring dikes and use the funds for WR projects.

On **May 13**, Engineer Bents presented a financial summary of the Farmstead Ring Dike program and estimated that there would be \$7,905 remaining funds which could be used for new applicant review. Uncompleted ring dikes from year 2008 are Grothe, Kane, Myers and Christianson. Also presented was

a change order for Grothe. The Managers authorized Change Order #1 for the Jonathon Grothe ring dike in the increased amount of \$13,983.45 and to complete the other projects.

During the **June 10**, meeting, Engineer Bents submitted and the Board approved the following pay requests:

- D.J. Construction for the Kane ring dike in the amount of \$3,013.20;
- D.J. Construction for the Grothe ring dike in the amount of \$9,638.66;

On **June 17**, Engineer Bents updated the Managers on the status of the ring dike funding in the Watershed District and distributed a list of the current ring dike applicants along with a map of the locations. Bents stated that it appears that Watershed Districts will get \$200,000 from the State bonding bill, which matched would be a total of \$400,000 to work with. In addition to that the Red River Watershed Management Board (RRWMB) will be submitting for grant funding for ring dikes through the Minnesota Recovers Task Force and also that funding will be available from the EQUIP program through the NRCS for landowners who are currently active in the farm program. The Managers authorized the WRWD to move forward on the farmstead ring dikes, with the cost share at 12.5% as in prior agreements.

At the **July 8** meeting, the Managers approved the following pay requests from D. J. Excavating for Farmstead Ring Dikes:

- \$1,865.30 for the Kane Ring Dike;
- \$1,154.38 for the Christianson Ring Dike;
- \$2,439.18 for the Myers Ring Dike and
- \$1,473.97 for the Grothe Ring Dike.

Engineer Bents reported that at the current time the District has received 30 new farmstead ring dike applications.

The Ring Dike Committee composed of Managers Ista, Holmvik and Austinson, along with Loretta Johnson and Engineer Bents met on **August 3, 2009**, to review the list of applicants for prioritization for the State funded ring dikes. The following six applications were prioritized for 2009 construction: Steve Brammer, Ruth Steen, Leon Miller, Jack Nyberg, Don Pingree and Collin Hendrickson with alternate #1 as Elmer Sorenson and Alternate #2 as John Aas. The Board approved the committee's recommendations.

On **August 12** Kim Hess, rural homeowner, gave a presentation on their need for a farmstead ring dike, and the inability to be approved due to the buildings being very close to the Red River and the bank failure as a result of this. Engineer Bents stated that the District has three other applicants who have the same situation. Hess asked what they could do to obtain assistance in moving homes and outbuildings. The Managers agreed that staff should seek outside funding for moving and elevating homes that fall into this category. Engineer Bents noted that additional Federal funding for ring dikes is available through the NRCS; however the NRCS prioritizes the applicants and forwards that information to the District. Regarding the farm ring dikes funded by the NRCS, Glen Kajewski stated that he had received a call this morning from Mr. William Hunt, NRCS, stating that an additional \$2 Million in funding has been available for ring dikes on the Minnesota side.

At the **August 19** meeting, the Board approved advertising for bids on Tuesday, September 8, 2009, for the following ring dike constructions. Brammer, Hendrickson, Miller, Nyberg, Pingree, Steen, Borgen, Carlson, Gilbertson, Guttormson, Hoff and Scherfenberg. The Managers also authorized approval of the ring dike construction to borrow from the District's Tarazon property purchased through the 1997 FEMA acquisition program for the Carlson ring dike. Loretta Johnson reported that one farmstead ring dike applicant requested additional time and/or payments to come up with the total cost share of their funding. Consensus of Managers was to table the request at this time. The Managers accepted the payment proposal submitted by Millers and notified them of such.

On **September 9**, Engineer Bents distributed a tabulation for the 12 ring dike projects that were bid on September 8, 2009, stating that six are Watershed District and six NRCS. The Board of Managers chose not accept the Geray Dozing and Excavating bid due to problems associated with previous jobs. The Managers awarded the bids to the following contractors:

- Project A Steve and Sandra Brammer, Avery Bros. Dirt Works \$26,393.74
- Project B Collin Hendrickson, Avery Bros. Dirtworks, \$15,213.36

- Project C Leon Miller, Roger Hennen, \$38,849.50
- Project D Jack Nyberg, Avery Bros. Dirtworks, \$18,388.52
- Project E Donald & Katherine Pingree, Custom Earth, Inc. \$17,263.25
- Project F Peter and Ruth Steen, Ziegler Construction, Inc. \$30,581
- Project G Mike Borgen, Avery Bros. Dirtworks, \$47,163.58
- Project H Tom Carlson, Custom Earth Inc., \$30,601.55
- Project I Ryan Gilbertson, Custom Earth, Inc., \$38,307
- Project J Terry Guttormson, Roger Hennen, \$30,428
- Project K Jeffery Hoff, Ziegler Construction, Inc. \$18,101.75
- Project L Dave Scherfenberg, Custom Earth Inc., \$43,865.25

Engineer Bents reported that the Dave Scherfenberg ring dike will have 0.2 acres of wetland impacts and suggested purchasing them from Bruce Paakh and the Board agreed. The Managers also authorized payment of the \$400 fee for the MPCA permit for each ring dike.

On **October 14**, the Board approve the following ring dike payment requests:

- Avery Brothers, Pay Request #1 in the amount of \$5,929.59 for the Jack Nyberg project;
- Ziegler Construction, Pay Request #1 in the amount of \$16,155 for the Ruth Steen project;
- Avery Brothers Dirtworks, Pay Request #1 in the amount of \$12,313.39 for the Collin Hendrickson project; and
- Custom Earth, Inc. Pay Request #1 in the amount of \$21,666.60 for the Ryan Gilbertson project.

The Managers authorized: 1) award of the Prussia ring dike to Ziegler Construction in the amount of \$84,610 contingent on approval by landowner or the RRWMB to pay the overage not covered by the NRCS program, and 2) Engineer Bents to submit a request to the RRWMB to pay up to 25% of the cost of the Mike Roesch ring dike which is currently partially funded by the NRCS. The RRWMB pays 25% of the state funded ring dike projects.)

At the **October 26** meeting, Manager Erickson asked Attorney Hanson if the District should be the applicant on the wetland mitigation for the Roesch and Scherfenberg ring dikes. Hanson stated that he should get the information and he would look at it.

On **November 18**, the Board approved the following ring dike contractor payments:

- Avery Brothers Dirtworks, Pay Request #2, Jack Nyberg Ring Dike, \$11,181.26
- Avery Brothers Dirtworks, Pay Request #1, Steve Brammer Ring Dike \$17,368.15
- Custom Earth, Inc. Pay Request #2, Ryan Gilbertson Ring Dike \$17,994.78
- Ziegler Construction, Pay Request #1, Jeff Hoff Ring Dike \$13,005
- Ziegler Construction, Pay Request #2, Ruth Steen Ring Dike \$3,442.50

Engineer Bents reported that Avery Brothers originally was awarded contracts for four ring dikes and are asking to be voluntarily released from their contract without penalty for the Mike Borgen Ring Dike. The Board authorized the release of Avery and agreed that the contract be awarded to the next bidder, Ziegler Construction, in the amount of \$47,698. Manager Erickson brought up wetland issues on the Roesch and Scherfenberg ring dikes and felt that landowners should have been invited to the TEP meeting. Erickson also stated that he told the SWCD not to allow the application to be processed without the landowner signing the application rather than the District engineer, which has been the previous procedure. Erickson stated that whoever is responsible for the wetlands should sign the application. Manager Ista stated that she did not feel it was an issue. Engineer Bents stated that the wetland costs were factored into the cost of the ring dike.

On **November 18**, the Managers approved payment to Custom Earth for Pay Request #1 on the Donald Pingree Ring Dike.

At the **December 9** meeting, Attorney Hanson reported that Attorney Kaler, representing Fargo Parts contacted him with a lien notice regarding a payment owed Fargo Parts by Avery Brothers on the farmstead ring dikes. The Board approved the following ring dike payments but place a hold on any payment to Avery Brothers at this time.

Custom Earth

- \$26,351.55 for the Dave Scherfenberg Ring Dike;
- \$351 for the Donald Pingree Ring Dike;

Zeigler Construction

- \$2,511 for the Ruth Steen Ring Dike;
- \$16,096.50 for the Rick Prussia Ring Dike
- \$2,837.70 for the Jeff Hoff Ring Dike;

Avery Brothers, Inc.

- Pay Request #2 in the amount of \$1,364.22; Pay Request #2 in the amount of \$978.08 for the Collin Hendrickson Ring Dike.

2. Small Projects Requests for Funding

On **April 29**, Loretta Johnson presented small project requests submitted by Mahnommen County SWCD. Consensus of Managers was to table the requests for funding until the May meeting.

At the **July 8** meeting, Managers discussed requesting assistance for small projects from the NRCS and the SWCD. Manager Ista questioned if the District would be giving up their authority. Manager Erickson stated that he felt the District wouldn't be giving their authority to anyone. Attorney Hanson questioned if the motion would be authorizing any money layout. The Board decided to request assistance in doing some small projects from the NRCS and the SWCDs within our District.

On **July 15**, Loretta Johnson presented the following requests by Aaron Neubert, Mahnommen County SWCD for funding assistance:

- Greg Syverson shoreline protection project in the amount of \$1,817.50;
- James Nelson shoreline protection project in the amount of \$2,412.25 and
- Dean Walz water and sediment control basin in the amount of \$3,000.

Discussion was held regarding funding these projects for the SWCDs. Engineer Bents reminded Managers that Soil and Water Conservation Districts have the ability to petition the District to levy an ad valorem tax for such projects. Attorney Hanson stated that this is possible and that the funding mechanism would be at a rate of .00798 percent of the taxable market value. Manager Austinson stated that he would prefer funding the sediment control basins rather than the shoreline protection. The Board approved the Walz sediment basin cost share of \$3,000. Manager Erickson reported he had discussions with Curtis Borchert and Aaron Neubert, Norman and Mahnommen County SWCD, District Managers and both were comfortable with the District tabling the lakeshore repair projects. The Managers tabled the requests for funding of the lakeshore repairs at this time. Manager Ista discussed the proposal prepared by Manager Erickson requesting small project assistance from the NRCS and SWCD. Ista stated that she felt that it should be submitted from the Watershed District.

At the **August 12** meeting, John Beckwith, NRCS in St. Paul, joined the meeting via teleconference. He discussed a PowerPoint presentation that he sent prior to the meeting time. Discussion items included: PL 566-Small Watershed Program; Eligible Purposes; Sponsor Requirements; Financial Assistance Available Through PL-566; Planning Process/Application; USDA/NRCS Water Resources Wet Page; Watershed Operations; Watershed Planning; Potential in the Wild Rice River WS; Watershed Planning Considerations; Watershed Planning Multi-Disciplinary; Estimated Cost; Should be Permit Ready; Possible Next Steps; and the NRCS Probable Response.

Beckwith stated that the District's next possible steps could be to consider the information given today, determine whether the NRCS can assist and prioritize where they could be the most assistance. Then make a request to Mr. William Hunt for assistance. Engineer Bents asked Beckwith about the consideration of having a positive Benefit to Cost (B/C) ratio on agricultural land and the difficulty associated with that. He replied that the Kittson and Two Rivers Project was on agricultural land and did have a positive B/C ration; however, the cost of the project was not exceptionally high. He also recommended that if the District has a primary project that is their highest priority, they resubmit the request to Beckwith with copies to the area regional offices of the NRCS.

The Board authorized submission of a letter of request to William Hunt, NRCS, for assistance on the South Branch Watershed, in studying small storage sites, with copies sent to Colleen Oestreich, Ed Musielewicz, Glen Kajewski, Clayton Schmitz and Curtis Borchert.

On **August 19**, Aaron Neubert, MCSWCD met with Managers and again requested funding assistance for the Greg Syverson shoreline protection project in the amount of \$1,817.50 and the James

Nelson shoreline protection project in the amount of \$2,412.25 for a total of \$4,229.75. Manager Erickson felt that the District should consider this request and pay the funds. Discussion ensued. Engineer Bents and Attorney Hanson brought up the fact that Soil and Water Conservation Districts may petition the watershed district to assess a special ad valorem tax if funds are needed for special projects. A motion was made to pay for the two requests with Managers D Spaeth, J Spaeth and Christensen opposed and Managers Erickson, Holmvik and Ista in favor. Motion failed due to lack of a majority. The Managers authorized Attorney Hanson to provide a copy of a petition to the Soil and Watershed Districts for the purpose of petitioning the District for an ad valorem tax for projects.

During the **October 26** meeting, Curtis Borchert, SWCD gave a presentation on the Small project report and presented a map showing areas of small projects. He stated that they need representation from the Board and consensus was for Manager Erickson and staff to work with Borchert. Manager Erickson stated that he wanted to withdraw from projects on the mainstem discussions, stand back on the Becker Dam and focus on small projects as he would be working with Borchert on small SWCD projects.

On **November 20**, Curtis Borchert met with Managers to discuss the details of the Project Incentive Program. Manager Holmvik stated that there was a lot of discussion earlier of where the water could be stored for this program and originally it was for water on the ground only. The Board agreed to include land conversion in the program.

At the **December 10** meeting, the Board approved the request for funding for small projects for the Billy Stalboerger in the amount of \$3,000.

3. Improvement of Community Dikes / Levees



Many of the communities within the WRWD experienced record flood levels during the Spring of 2009 flood. This resulted in the need for significant emergency measures (i.e. emergency levees, sandbagging, etc.) to be completed by the cities, U. S. Army Corps of Engineers and hundreds of volunteers.

These projects will provide a higher level of permanent flood protection for the communities of Perley, Hendrum, Shelly, Borup and Felton within the westerly portion of the

Wild Rice Watershed District and should minimize future flooding impacts.

This will primarily involve construction of flood control levees, storm water pumping stations and equipment, land acquisition and project design. The cities are partnering with the State of Minnesota Flood Damage Reduction Program for funding.

On **May 13**, the Board authorized Engineer Bents and Manager Ista to continue visiting the cities of Hendrum, Perley, Shelly, and Halstad offering post flood recovery assistance from the Watershed District for possible future flood damage prevention to their current dikes and cities.

At the **June 17** watershed meeting, Engineer Bents and Manager Ista discussed recent meetings that they have attended with area cities, including Hendrum, Perley, Shelly and Halstad. Bents explained the fact that there may be funding available from the State of Minnesota for a grant to assist in updating the communities' flood protection. The Board authorized the District to move forward with Minnesota Recovers work with cities and will notify cities that they must submit a resolution to the District requesting assistance. Chairman Christensen is authorized to execute the document. The Managers also authorized staff to submit the grant application to Minnesota Recovers for assistance to local cities.

On **July 8**, Engineer Bents reported that Manager Ista and he have met with the cities of Shelly, Perley, Hendrum, and Halstad to determine city interest in assistance from the District in requesting funding from the State of Minnesota for levee improvements for each city following the spring flood of

2009. The Board authorized the District to submit a request for assistance for Community Levee Repairs from the Minnesota Recovers Funding.

At the **July 15** meeting, Engineer Bents reported that the State of Minnesota has agreed to fund levee improvements for local communities. Bents stated that Hendrum, Shelly, Borup, Perley, Felton, Halstad and Ada have been contacted. Manager Ista stated that no commitments have been received from Halstad and Ada. The communities however, due to the high costs of flood protection the spring of 2009, are very short of funds and are concerned about funding their cost share which would be 2% per median household income. Manager D Spaeth asked if the District had the ability to loan the cities funds. Bents stated that the Communities could set up an assessment area, buy a bond over a 15 year period and pay for the project in that way, or they could request that the District do that for them. The Managers authorized Bents and Manager Ista to contact the small local communities, meet with them, and determine if they are interested in bonding.

On **August 12**, it was reported that a meeting is scheduled for 6:00 p.m. on Thursday, August 9, 2009, at Hendrum and at 7:30 p.m. at Shelly.

August 19, 2009 - Engineer Bents reported on meetings that he and Manager Ista have attended with local city councils including Hendrum, Shelly, Borup and Perley to assist them with additional flood protection. To have more information distributed and for purpose of saving time and funds, it was decided to hold monthly meetings on the fourth Wednesday evening at 7:00 p.m. at Hendrum Community Center for all cities together. This would give the opportunity to distribute information to everyone at the same time. Engineer Bents stated that discussions were held regarding the cities each petitioning the District for assistance in funding their local share of the project. Bents stated that the District would do this in the form of a loan to the cities and that the District would ask the State of Minnesota for two individual grants, one for land acquisition and final design and one to do the actual construction of the project. This would safeguard the grant agreement funds, on completing each portion, if the construction weren't moved forward in the necessary time. Bents stated that the District could require verbiage in the petition that would stipulate that the cities would have to pay the District back funds if each city decided well into the project that they were not going to continue. The Board authorized Attorney Hanson to prepare a sample petition for cities that are requesting assistance with the program. Consensus of Managers was that each city could have representation from a Manager in their county to attend meetings along with Engineer Bents and Manager Ista.

At the **September 9** meeting, Manager Ista reported that she and Engineer Bents met with Perley, Hendrum and Borup communities. The City of Perley approved the levy for the project, Hendrum will have another meeting. Pat Lynch agreed to limit the community cost to \$5,000 per community up to Final Design.

On **November 18**, discussion was held regarding the Perley and Hendrum Community Projects and the Board adopted resolutions in response to petitions filed for Community Flood Control Levee Project by the City of Perley and the City of Hendrum.

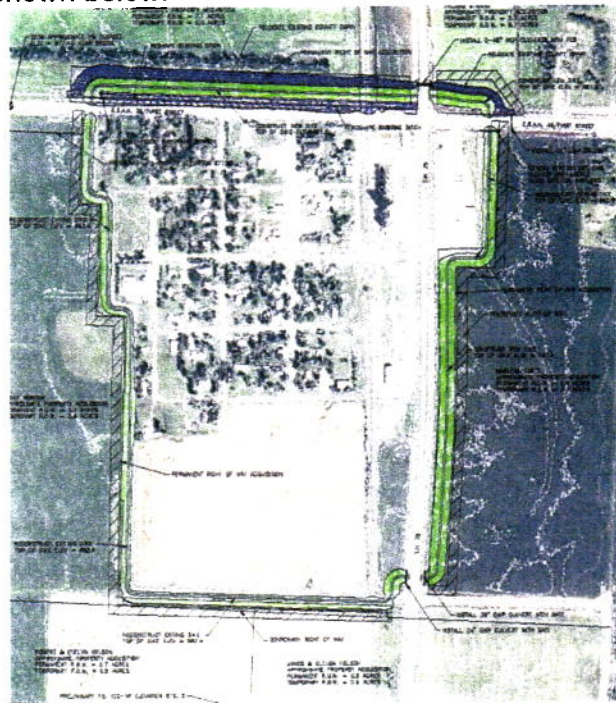
In the *Resolution Of Wild Rice Watershed District Board Of Managers Re Perley Community Flood Control Petition* the Board agreed to work with the State of Minnesota toward agreements to provide that Perley's local share of the final design costs not exceed 1/2% of the median household income of the city, and for Perley's local share of the total project costs not to exceed 2% of the median household income of the City of Perley; that if the Perley Levee Project is designed, but not constructed within the funding parameters stated above, that the project be stopped until or unless funding is located; the District will pay costs toward the design of the project up to \$5,000.00 up front, but said costs will be reimbursed to the District by petitioner upon completion or termination of the project. The Board agreed that this project conforms to the district's Water Management Plan. The board further resolved that the bond required by Minn. Stat. § 103D.705 is waived.

In the *Resolution Of Wild Rice Watershed District Board Of Managers Re Hendrum Community Flood Control Petition* the Board agreed to work with the State of Minnesota toward agreements to provide that Hendrum's local share of the final design costs not exceed 5% of the median household income of the city, or \$5,000.00, whichever is less, and for Hendrum's local share of the total project costs not to exceed 2% of the median household income of the City of Hendrum; if the Hendrum Levee Project is designed, but not constructed within the funding parameters stated above, that the project be stopped until or unless funding is located; the District will pay costs toward the design of the project up to

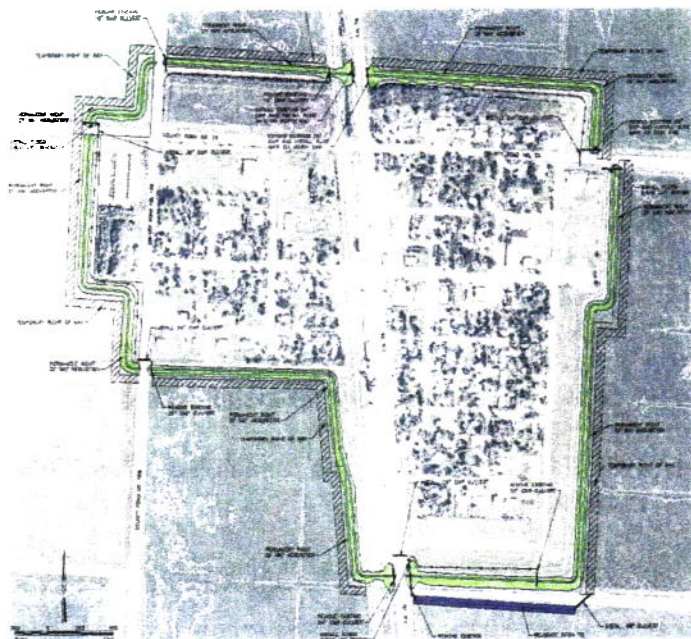
\$5,000.00 up front, but said costs will be reimbursed to the District by petitioner upon completion or termination of the project. The Board agreed that this project conforms to the District's Water Management Plan. The board further resolved that the bond required by Minn. Stat. § 103D.705 is waived.

On **December 10**, Engineer Bents stated that the Hendrum and Perley Levee Projects are proceeding well, but Shelly and Felton are still in the decision phase.

Perley Levee Project plans shown below:



Hendrum Levee Project plans shown below:



4. Permit Applications

January 26, 2009

Tabled

MN Dept of Transportation, resurfacing in Minerva and Rice Townships, Clearwater County and will notify affected landowners.

February 11, 2009

Approved

Permit Application #2-11-09-1 of Minnesota Department of Transportation to replace culverts in Minerva and Rice Townships, Clearwater County.

Denied

Permit Application # 2-11-09-2 Eugene Vik, Sections 35-36, Hegne Township to modify an existing dike, install new ditches and dikes and a flood control structure on the Heitman Coulee

March 16, 2009

Approved

Permit Application #3-16-09-1 of MN Dot, to resurface parts of Highway #32, Install Culverts and Change Type of Culvert, Sundal and Strand Townships, Norman County with the condition that the pipes are replaced at the same elevation and same size as existing pipes.

March 25, 2009

Denied

- Permit Application #3 25-09-1 Eugene Vik, Section 36, Hegne Township to modify an existing dike to an elevation of 891.7 Neighboring landowners were notified that the District would take action on this permit and a response was received from Arlo D Paxton from Stockton, IL opposing "any structure that allows water from another landowner to be drained on to my property." The Board authorized a time extension be granted to Eugene Vik until May 15, 2009, to remove the dike located in Section 36 of Hegne Township. The extension was requested by Vik due to the spring flooding.

April 8, 2009

Approved

- Permit Application # 4-8-09-1 of the Natural Resource Group to renew of previously approved permit to construction a 24" diameter crude oil pipeline through the eastern part of the District in Clearwater County;
- Permit Application #4-8-09-2 of Fossum Township, to extend an existing 36" CMP in Section 12 of Fossum Township, with the condition that the culvert size and elevation will not change;
- Permit Application #4-8-09-4 of Mahnomen County to extend the runway and replace a crushed drain tile with a 24" RCP in Section 30 of Rosedale Township with the following additional information. The runway work will cause some additional runoff to go through the pipe instead of around the end of the runway. The adjacent landowner, Mark Amberg in a phone conversation with Mark Aanenson dated April 3, 2009, approved the permit;
- Permit Application #4-8-09-5 of Mark Hanson to install a field approach with a 30" culvert. 24.

Tabled

- Permit Application #4-8-09-3 of Roger Kurpius to install a culvert in Section 2 of Mary Township, until a field review can be done.

April 29, 2009

Approved

- Permit Application #04-29-09-01 of Mark Harless to clean a ditch and level spoil in Section 34 of Winchester Township (Norman County Ditch #37) with the following conditions: 1) Work is completed in accordance with the gradeline listed in the 10-23-08 Houston Engineering plans with the exception of the westerly 300-feet where the gradeline should be adjusted as necessary to daylight into the existing ditch bottom profile at the north ¼ line of Section 34. 2) Ditch bottom should be constructed with 5-foot bottom width and slopes from excavation blended to match existing slopes. 3) Applicant should be responsible for all necessary erosion and sediment control measures. 4) Applicant should obtain necessary land rights for spoil disposal.
- Permit Application #4-29-09-7 Mark Habedank, Section 31 Fossum Township. to install a water and sediment control basin in cooperation with the Norman County Soil and Water Conservation District with the condition that the applicant provides adequate erosion control measures at the outlet of the tile line;
- Permit Application #4-29-09-8 Mark Habedank, Section 31, Fossum Township. to install a water and sediment control basin in cooperation with the Norman County Soil and Water Conservation District with the condition that the applicant provides adequate erosion control measures at the outlet of the tile line;
- Permit Application #4-29-09-10 Felton Telephone Company, Section 26, Viding Township. to conduct a directional bore under Ditch #45 to install a fiber optic cable with the condition that the ditch cross-section will not be altered and that the minimum depth under the ditch bottom to the fiber optic line is 30 inches;
- Permit Application #4-29-09-12 The Christian Outpost, Section 16, Wild Rice Township. to install a drainage tile around the church and outlet to the Highway #32 roadway ditch, with the condition that the applicant gets MNDOT approval to outlet into the Highway 32 roadway ditch, Sundal Township, Section 28, Sundal Township.
- Permit Application #4-29-09-4 of Sundal Township to increase a centerline 24" CMP to a 36" CMP through a township road.

Tabled

- Permit Application #4-29-09-2 Highway Grove Township, Sections 11 and 12 Highland Grove. to increase a centerline 18" CMP to a 30" CMP through a township road. Landowners in the NW1/4 and the W1/2 of the NE1/4 of Section 12 will be notified that the permit will be acted on at the May 13, 2009, meeting;
- Permit Application #4-29-09-3 Warren Lee, Section 33, Hegne Township. to install an 18" culvert through a field approach that is currently a dry block. Landowners in Section 33 of Hegne Township will be notified that the permit will be acted on at the May 13, 2009, Meeting;
- Permit Application #4-29-09-9 Loren Eken, Sections 25/30 Lake Ida/Wild Rice Township to increase a 24" CMP in a field approach and install a tile line from Norman County Ditch #30 to the Coon Creek. The line will have a surface inlet located in the ditch bottom. Managers will proceed with the permit once Norman County (the ditch authority) approves the tile outlet;
- Permit Application #4-29-09-11 Erik Rockstad, Section 14, McDonaldsville Township. to build up the driveway approximately 1-2 feet on the east side of his farmstead and also build up the berm along the south side of the Marsh River at the junction with the Wild Rice River just north of his farmstead. Landowners in the west ½ of Section #14 and the south ½ of Section 15 of McDonaldsville Township will be notified that the permit will be acted on at the May 13, 2009, Meeting.

Denied

- Permit Application #4-29-09-5 McDonaldsville Township, Section 26, McDonaldsville Township to increase a centerline 18" CMP to a 36" CMP through a township road due to possible downstream impacts.
- Permit Application #4-29-09-6 McDonaldsville Township, Section 26, McDonaldsville Township to increase a centerline 30" CMP to a 36" CMP through a township road due to possible downstream impacts.

May 13, 2009

Approved

- Permit Application #5-13-09-10 Erik Rockstad, Section 14, McDonaldsville Township to build up a driveway approximately 1-2 feet on the east side of the farmstead and build up the berm along the south side of the Marsh River at the Junction with the Wild Rice River just north of his farmstead.
- Permit Application #5-13-09-11 Highland Grove Township, Section 11, 12 Highland Grove Township to increase a centerline 18" CMP to a 30" CMP through a township road.
- Permit Application #5-13-09-1 Leland Bentley, Section 36, Hagen Township to construct six wildlife ponds for NRCS on WRP easement;
- Permit Application #5-13-09-2 Cornelius Brommenschenkel, Section 7, McDonaldsville Township to construct a field approach with a culvert with the condition that the culvert is either 24" or 30" in diameter; Permit Application #5-13-09-3 Dean Waltz, Section 30, 31 Beaulieu Township to install five water and sediment control basins with the condition that the project is constructed according to the plans submitted with the permit application;
- Permit Application #5-13-09-4 Felton Township, Section 23 of Felton Township to replace a 24" culvert with a new 24" culvert with the condition that the pipe is the same diameter and at the same elevation as the old pipe;
- Permit Application #5-13-09-5 Felton Township, Section 13 of Felton Township to replace a 36" culvert with a new 36" culvert with the condition that the pipe is the same diameter and at the same elevation as the old pipe;
- Permit Application #5-13-09-8 McDonaldsville Township, Section 34, 35 of McDonaldsville Township to replace a centerline 30" CMP with a 30" CMP through a township road with the condition that the pipe is installed at the same elevation as the old pipe.

Tabled

- Permit Application #5-13-09-12 Warren Lee to install an 18" culvert through a field approach that is currently a dry block and notify downstream landowners.
- Permit Application #5-13-09-6 of Good Hope Township Section 29, 30 to replace an 18" CMP with a 48" CMP through a township road. Notice landowners in Section 30 of Good Hope Township.
- Permit Application #5-13-09-9 Roger Kurpius, Section 2, Mary Township. to install a driveway and a crossing across a drainage-way. Notice landowners in the E1/2 of Section 2 Mary Township. McDonaldsville Township, Section 26.

Denied

- Permit Application #5-13-09-7 of McDonaldsville Township to increase a centerline 18" CMP to a 30" CMP through a township road.

June 10, 2009

Approved

- Permit Application #6-10-09-13N City of Perley, Section 25, Lee Township to install an approach and a 24" CMP and construct a seepage ditch surrounding the City's lagoons. Install an 8" centerline pipe that outlets to Norman County Ditch #62, with the condition that the ditch authority approves of the outlet to Norman County Ditch #52.
- Permit Application #6-10-09-18N Warren Lee, Section 33, Hegne Township to install an 18" culvert through a field approach that is currently a dry block.

Tabled

- Permit Application #6-10-09-15N Del Schnable, Sections 12, 13, Hendrum Township to raise the level of the dike approximately 4 feet in Section 12 and 13 of Hendrum Township. Plans showing the proposed work including cross sections and plan views will be requested. (It was also noted that there is an ongoing litigation and property dispute regarding a property boundary line.)
- Permit Application #6-10-09-17N Roger Kurpius, Section 2, Mary Township to install a culvert and crossing across a drainageway and give notice to Dick Ambuehl.

Denied

- Permit Application #6-10-09-16N Good Hope Township, Section 29, 30 Good Hope Township to replace a centerline 18" CMP with a 48" CMP through a township road due to possible downstream impacts.

June 17, 2009

Manager Austinson was contacted by Atlanta Township regarding cleaning up gravel that had been washed into the ditch, creating a small dam and asked if they needed permission from the Watershed District or DNR. Engineer Bents said that they don't need anything from the District but may want to contact Earl Johnson of DNR.

Approved

- Permit Application #6-10-09-3 Fossum Township, Sections 5, 8 to remove a 47" x 71" arch pipe from Norman County Ditch #7 and replace it with a Texas crossing on a township road with the condition that the old permit from Norman County is attached.
- Permit Application #6-10-09-2 Fossum Township Section 25, 36 of Fossum Township to install a centerline 24" CMP and replace with an 18" Culvert.
- Permit Application #6-10-09-4 Fossum Township, Section 5, 6 of Fossum Township to replace an 18" culvert with the condition that the culvert is the same size and installed at the same location and elevation.
- Permit Application #6-10-09-5 Fossum Township, Section 11 of Fossum Township to replace a 24" culvert with condition that the culvert is the same size and installed at the same location and elevation.
- Permit Application #6-10-09-6 Fossum Township, Section 8 of Fossum Township to replace an 18" culvert with condition that the culvert is the same size and installed at the same location and elevation.
- Permit Application #6-10-09-7 Fossum Township, Section 15/16 of Fossum Township to replace a 30" culvert with condition that the culvert is the same size and installed at the same location and elevation.
- Permit Application #6-10-09-8 Fossum Township, Section 11 of Fossum Township to replace an 18" culvert with condition that the culvert is the same size and installed at the same location and elevation.
- Permit Application #6-10-09-9 Matthew Borgen, Section 31, Hegne Township to move a field approach approximately 650 feet to the property line with the condition that the applicant acquire approval from the Ditch Authority on Norman County Ditch #17 and that the applicant gets approval from both landowners adjacent to the new location of the field approach.
- Permit Application #6-10-00-11 Duane Brendemuhl, Section 2, Flowing Township to install pattern tile in two areas in the north half of Section 2 with two outlets to Clay County Ditch #8, with the condition that the outlets will be installed no more than 24" above the ditch bottom and the applicant is responsible for erosion control measures at the outlet.
- Permit Application # 6-17-09-1 Lloyd Jirava, Section 11, Spring Creek Township, Becker County to install drain tile and dump water into the creek bottom in Section 11 of Spring Creek Township.
- Permit Application #6-17-09-2 Tom Teiken, Section 24, Spring Creek Township, Becker County to install drain tile and dump water into ditch bottom that runs across road and onto his property in Section 13 of Spring Creek Township.

Tabled

- Permit Application #6-10-09-12 Todd Kjos, Section 15/22 Goose Prairie Township to replace a 30" CMP with a larger pipe until board consideration is given of a Hydraulic Capacity Report under 103E.721.
- Permit Application #6-10-09-1 Dan Guenther, Section 24, LaGarde Township to install a crossing with two 5' culverts over Twin Lake Creek. Pending approval from the MN DNR protected water permit.

- Permit Application #6-10-09-10 Wayne Borgen, Section 13, Hendrum Township West to raise the level of the dike approximately 2.5 feet. Adjacent landowners in the SE1/4 of Section 12 and the NE ¼ of Section 13, Hendrum Township West will be noticed and plans requested of the proposed working including cross sections and plan views.

Denied

- Permit Application # 6-10-09-17N Roger Kurpius, Section 2, Mary Township to install a culvert and a crossing across a drainage-way. Dick Ambuehl met with Managers to discuss the permit application of Roger Kurpius. Ambuehl felt that this permit would cause adverse impacts downstream.

July 8, 2009

Approved

- Permit Application #7-8-09-2 Lake Ida Township, Section 35 of Lake Ida Township to replace two 5 foot culverts (approximately 39.2 square feet) with a 69" x 98" CMPA (approximately 38 square feet) in Section 35 of Lake Ida Township.
- Permit Application #7-8-09-3 Spielman Farms, Section 18, Popple Grove Township to move a driveway and replace the 18" pipe with a 24" pipe.
- Permit Application #7-8-09-4 Erik Grieve, Section 24, Green Meadow Township to replace a damaged 24" CMP with the same size culvert with the condition that the pipe is replaced with the same size culvert at the same elevation in the same location.
- Permit Application #7-8-09-5 Oxley Hereford, Section 23, Rosedale Township to install subsurface tile lines in the Northwest Quarter of Section 23 with the condition that the applicant is responsible for adequate erosion control measures at the outlet and with a recommendation that the applicant gets approval from the NRCS regarding wetland regulatory issues.
- Permit Application #7-8-09-6 Oxley Hereford Ranch, Section 22, Rosedale Township to install subsurface tile lines in the Northeast Quarter of Section 22 of Rosedale Township with the condition that the applicant is responsible for adequate erosion control measures at the outlet and with a recommendation that the applicant gets approval from the NRCS regarding wetland regulatory issues.
- Permit Application #7-8-09-8 Eric Dyrdaahl, Section 8, Mary Township to construct a field approach with a culvert in Section 8 of Mary Township with the condition that the pipe size matches the adjacent 24" CMP pipe.
- Lloyd Jirava, Section 13 Spring Creek Township. Managers approved the permit pending Engineer's review.

Tabled

- Eugene Vik Permit Application, Section 36, Hegne Township.
- Permit Application #7-8-09-7 Bill Stalboerger, Section 1, Popple Grove Township to lower a centerline culvert to match the elevation of the upstream railroad culvert (approximately 10 inches) for landowner to get approval from downstream landowner.

Denied

- Permit Application #7-8-09-1 of Andrew Borgen to install a 24" CMP and lower another 24" CMP and construction ditch work in the Northwest corner of Section 12 and the Northeast corner of Section 11 of Georgetown Township. Paul Borgen met with Managers regarding the permit for Andrew Borgen. Ronnie Guttormson expressed concern for downstream landowners and Adam Schmidt called and stated that he opposed the permit. Various alternatives were discussed including compromises that may be accepted.

July 15, 2009

Approved

- Permit Application #7-15-09-1 Nolan Underlee, Section 7, 18 Hendrum Township to raise his existing ring dike in Sections 7 and 18 of Hendrum Township with the following conditions and recommendations. Install the proper erosion and sediment control best management practices; obtain a NPDES Stormwater Permit from MPCA if total disturbance exceeds one acre; contact the Norman County Floodplain Coordinator (Kevin Ruud) to obtain the necessary floodplain zoning approvals; recommended that applicant contact the SWCD and USACE to determine any compensatory mitigation required if wetland areas will be filled and recommended that application consults with a geotechnical engineer to insure adequate soil stability for placement of additional material.
- Permit Application #7-15-09-2 Eugene Vik, Section 36, Hegne Township to modify an existing dike in Section 36 of Hegne Township. Engineer Bents reported that neighboring landowners were noticed and Arlo Paxton and Roger Kurpius expressed opposition to the permit. Manager Spaeth opposed. Attorney Hanson stated that the Managers will wait until the 30 day appeal period for the permit ends prior to withdrawing the violation order.

July 28, 2009

The Managers returned Permit Application #7-28-09-9 to Wild Rice Township in which they were asking to clean a ditch approximately ¼ mile in Section 33 of Wild Rice Township. The applicant was notified that a permit is not required for ditch cleaning and that portions of the ditch are MN DNR Protected Waters and it is recommended that they get MN DNR approval.

Managers discussed a permit application by Todd Kjos to increase pipe sizes on two culverts along Clay County Ditch #18 due to overtopping the roads. The Managers agreed to schedule a landowner meeting in Ulen to discuss the drainage issues along CD #18.

Approved

- Permit Application #7-28-09-1 Bob Brandt, Section 9, Lake Ida Township to install tile. Bob Brandt and Kirk Strand met with Managers regarding the application Strand stated that the water would run across his land and that due to a stream needing cleaning there would be no outlet for it. Brandt stated that he felt he should be allowed to tile his field. Approved with the condition that the coulee in Section 8 of Lake Ida Township be cleaned prior to the installation of the drain tile.
- Permit Application #7-28-09-16 MN DOT, Section 8 & 17 of Shelly Township to replace bridges with box culverts.
- Permit Application #7-28-09-2 David Lee, Section 14, Lee Township to raise a ring dike around two feet with the conditions that 1) install proper erosion and sediment control best management practices; 2) obtain a NPDES Stormwater Permit from MPCA if total disturbance exceeds 1 acre; 3) contact Norman County Floodplain Coordinator, Kevin Ruud to obtain the necessary floodplain zoning approvals; 4) recommendation to contact the SWCD and the USACE if any wetland areas will be filled.
- Permit Application #7-28-09-3 Doug Kramer, Section 31, Gregory Township to install a water and sediment control basin.
- Permit Application #7-28-09-5 Lagarde Township, Section 29, Lagarde Township to replace a 12" culvert with a 24" culvert in Section 29 of Lagarde Township.
- Permit Application #7-28-09-6 Lagarde Township, Section 8, Lagarde Township to replace two 18" culverts with one 24" culvert.
- Permit Application #7-28-09-7 Lagarde Township, Section 8, Lagarde Township to replace a 15" centerline culvert with a longer 24" culvert with the condition that the new culvert size is 18" and that the new pipe is installed at the same elevation as the existing pipe.
- Permit Application #7-28-09-8 Lagarde Township, Section 5, Lagarde Township to replace a 24" culvert with a longer 24" culvert.

- Permit Application #7-28-09-13 Ken Jirava, Section 21, Beaulieu Township to install a drainage tile with the condition that the applicant is responsible for adequate erosion control measures at the outlet and with a recommendation that the applicant gets approval from the SWDE/NRCS office regarding wetland regulatory issues.
- Permit Application #7-28-09-14 Lloyd Jirava, Section 13, Spring Creek Township to install drainage tile in with the condition that the applicant is responsible for adequate erosion control measures at the outlet and with a recommendation that the applicant gets approval from the SWCD/NRCS office regarding wetland regulatory issues.
- Permit Application #7-28-09-17 Bill Stalboerger, Section 1, Popple Grove Township to lower a centerline culvert to match the elevation of the upstream railroad culvert (approximately 10 inches).
- Permit Application #7-28-09-18 Bill Stalboerger, Section 1, Popple Grove Township to renew a permit approval for a water and sediment basin.
- Permit Application #8-12-09-1 evin Anderson, Section 18, Rockwell Township to install a field approach and a 24" culvert.
- Permit Application #8-12-09-3 Randy Borgen, Section 33, Mary Township to install a culvert and grade the ditch to the south in Section 33 of Mary Township with the condition that the pipe outlet is set at a maximum of 2 feet from the ditch bottom and that the spoil bank is restored to the current elevation and that the applicant is responsible for adequate erosion control measures associated with the project.
- Permit Application #8-12-09-5 Mark Habedank, Section 17, Fossum Township to install a field approach and an 18" culvert.
- Permit Application #8-12-09-7 Mark Habedank, Section 31, Fossum Township to install subsurface drainage tile with the condition that the applicant is responsible for installing adequate erosion control measures at the outlet of the tile system.
- Permit Application #8-12-09-8 Mark Habedank, Section 5, Fossum Township to install subsurface drainage tile with the condition that the applicant is responsible for installing adequate erosion control measures at the outlet of the tile system and a recommendation that the applicant get approval from the ditch authority for the project.
- Permit Application #8-12-09-9 Mark Habedank, Section 22, Fossum Township to install subsurface drainage tile with the condition that the application is responsible for installing adequate erosion control measures at the outlet of the tile system.
- Permit Application #8-12-09-11 Danny Moore, Section 16, Walworth Township to install a 24" culvert in an existing field approach in Section 16 of Walworth Township, with the recommendation that the applicant gets approval from the road authority for any work within the road right-of-way.
- Permit Application #8-12-09-12 Kevin Ackerman, Section 12, Good Hope Township to extend inlet culverts to stabilize ditch banks with the recommendation that the applicant get approval from the road authority and that the applicant is responsible for installing adequate erosion control measures at the outlets.
- Permit Application #8-12-09-13 Nick Aldrich, Section 2, Pleasant View Township to install a field approach with a 36" culvert.
- Permit Application #8-12-09-14 David Lee, Section 35 of Georgetown Township to install a dike around his farm.

Tabled

The Board agreed to table the following USFWS permit applications pending engineering plans for each site including top elevations, outlet works type, location of seepage barriers, drainage areas, piped outlet sizes and inverts (where required), overflow locations and elevations and to encourage that flood storage is incorporated.

- Permit Application #7-28-09-10 USFWS, Sections 7/18 White Earth Township to restore wetlands, block ditches and dig out ponds.
- Permit Application #7-28-09-11 USFWS, Section 14 Goose Prairie Township to restore wetlands, block ditches and dig out ponds.

- Permit Application #7-28-09-12 USFW, Section 29 Beaulieu Township to restore wetlands, block ditches and dig out ponds.
- Permit Application #8-12-09-1 Paul Borgen, Section 11/12/ Georgetown Township to replace a 24" culvert with a 30" culvert, replace a 48" culvert with a 36" culvert, replace a 36" culvert with a 42" culvert approximately 2.5 feet lower in elevation; also reset the new 30' driveway culvert lower to provide grade; re-grade roadway ditches to match new culvert elevations. Paul and Andrew Borgen and Mr. and Mrs. Anderson met with Managers discuss the permit application. Engineer Bents stated that due to the late change in the application, landowners downstream had not had a chance to be notified. Tabled until September 9, 2009, meeting to notify downstream landowners of the changes.
- Permit Application #8-12-09-4 John Brandt, Section 18, Green Meadow Township to widen the roadway ditch to keep the runoff water in the ditch. Landowners in the North half of Section 13, Green Meadow Township will be notified.
- Permit Application #8-12-09-6 Mark Habedank, Section 2, Ulen Township to install subsurface drainage tile. Landowners in the NE1/4 of Section 2 of Ulen Township will be notified.
- Permit Application #8-12-09-10 Mattson Farms, Section 4, Riceville Township to install subsurface drainage tile. Landowners in the NW1/4 of Section 4 of Riceville Township will be notified and the application will need to get Wetland Conservation Act approval and notify the USFWS.
- Permit Application #7-28-09-4 Lagarde Township, Section 33, Lagarde Township to remove a 36" CMP and replace another 36" damaged culvert with a 42" culvert. The upstream landowner will be noticed and it is recommended that the applicant obtain approval from the MN DNR.

Denied

- Permit Application #7-28-09-16 Home Lake Township, Section 7/12 Home Lake/Rockwell Township to extend a township road and construct two field approaches with 24" culverts due to landowner concerns regarding downstream impacts. Interested landowners and Home Lake and Rockwell Township officials met with Managers to discuss the permit application. Downstream landowners raised issues regarding the fact that increased water would be sent downstream into an area where there was too much water already, stating that there was just no place for the water to go. Proponents argued that the drainage pattern had been changed some years ago and wanted it returned to the previous condition.

August 19, 2009

Approved

- Permit Application #8-19-09-1 Wayne Stevenson, Section 8, Viding Township to install subsurface drainage.
- Permit Application #8-19-09-2 Mark Habedank, Section 2, Ulen Township to install subsurface drainage tile.
- Permit Application #8-19-09-3 Mark Habedank, Section 30, Flom Township to install a dry block field approach and install another field approach with a 48" culvert, clean out and slope ditches.
- Permit Application #8-19-09-4 Mattson Farms, Section 4, Riceville Township to install subsurface drainage tile and fill in the ditch with the condition that the permit meets with the approval of the DNR, NRSC and Becker County SWCD. Written approval must be received by the Watershed District from these agencies prior to any work being done.
- Permit Application #8-19-09-5 LaGarde Township, Section 33 to remove a 36" CMP and replace another 36" damaged culvert with a 42" culvert.
- Permit Application #8-19-09-6 John Brandt, Section 18, Green Meadow Township to widen the roadway ditch to keep the runoff in the ditch in Section 18 of Green Meadow Township.

Tabled

The Managers agreed to table the following permit applications and bring them to the Project Team for the purpose of working on establishing a two foot bounce on these two projects:

- Permit Application #8-19-09-8 USFWS, Section 14, Goose Prairie Township to restore wetlands, block ditches and dig out ponds.

- Permit Application #8-19-09-9 USFWS, Section 29, Beaulieu Township to restore wetlands – block ditches and dig out ponds.

Denied

- Permit Application #8-19-09-7 Goodhope Township, Sections 29/30 to replace a centerline 18" CMP with a 36" CMP through a township road in Sections 29/30 of Good Hope Township, due to downstream impacts.

September 9, 2009

The Board approved a Permit Policy in which a notice will be sent to the SWCD and NRCS agencies for all tiling permits, effective retroactive to January 1, 2009, to insure the applicant does not effect his compliance with the USDA Farm Program or the Wetland Conservation Act.

Approved

- Permit Application #9-9-09-4 Landstad Cemetery Association, Section 15, Lee Township to remove two 30" culverts with traps through the cemetery dike in Section 15 of Lee Township.
- Permit Application #9-9-09-1 Lloyd Jirava, Section 18, Spring Creek Township, Becker County to install subsurface tile and a lift station with the recommendation that the applicant contact the NRCS and SWCD offices to insure work does not affect compliance with the USDA Farm Program or the Wetland Conservation Act.
- Permit Application #9-9-09-2 Circle E Farms, Section 7, Spring Creek Township, Norman County. to construct a new ditch, straighten an existing ditch along the property line with the condition that the adjacent landowner in the NE1/4 of Section 7, approves of the work and a recommendation that the applicant contact the NRCS and SWCD offices to insure work does not affect compliance with the USDA Farm Program or the Wetland Conservation Act. Carried.
- Permit Application #9-9-09-5 Rick Borgen, Section 2, Lee Township to remove a field approach and a 24" culvert and construct a new field approach and a 24" culvert 509 feet north on the field edge.
- Permit Application #9-9-09-7 Keith Chisholm, Section 15, Strand Township to install subsurface drain tile with the condition that the applicant contact the Norman County Highway Department for work inside the Right-of-Way. Also a recommendation that the applicant contact the NRCS and the SWCD offices to insure work does not affect compliance with the USDA Farm Program or the Wetland Conservation Act.
- Permit Application #9-9-09-8 Keith Chisholm, Section 36, Spring Creek Township, Norman County to install subsurface drain tile.
- Permit Application #9-9-09-9 Keith Chisholm, Section 13, Strand Township to install subsurface drain tile with the condition that the landowners in the SE1/4 of Section 13 approve the work and a recommendation that the applicant contact the NRCS and SWCD offices to insure work does not affect compliance with the USDA Farm Program or the Wetland Conservation Act.
- Permit Application #9-9-09-10 Keith Chisholm, Section 31, Sundal Township to install subsurface drain tile with the condition that the adjacent landowner in the NW1/4 of Section sign on the renewed permit application.
- Permit Application #9-9-09-11 Jason Keller, Section 20, Heier Township to construct a water and sediment control basin.
- Permit application #9-9-09-12 Dave Arends, Section 14, 15 of Mary Township to remove a field approach and 18" culvert and construct a new field approach and 18" culvert on the property line.

Denied

- Paul Borgen, Sections 11/12 Georgetown Township, Clay County. Landowners met with Managers at 10:30 a.m. to discuss the permit application in Sections 11/12 of Georgetown Township, to replace a 24" culvert with a 30" culvert, replace a 48" culvert with a 36" culvert, replace a 36" culvert with a 42" culvert approximately 2.5 feet lower in elevation, also reset the new 30" driveway culvert lower to provide grade, re-grade roadway ditches to match the new culvert elevations. Several landowners including Nelsons discussed their concerns and

opposition to the permit application. The Managers denied the permit application based on the comments.

October 14, 2009

Attorney Hanson discussed the District's current policy of landowners' ability to appeal the permit decisions. Hanson stated that he did compare verbiage of ten other watershed districts and they all read identical to the current verbiage of the District regarding the landowner permit appeals process. Consensus of Managers was to table any action at this time and Attorney Hanson will contact BWSR on this item to determine their recommendation.

Steve Airhart met with the Board to discuss several complaints that he had filed regarding his flooding problem and a ditch block that he previously installed in Section 23 of Green Meadow Township. Airhart stated that he didn't want all of his trees killed from standing water and would like a ditch cleaned. However the ditch is not along a township road and is a private ditch on property owned by Randy Chisholm. Chisholm will allow Airhart to clean the ditch, but Airhart doesn't want to pay the costs and neither does Chisholm. The Board agreed to table the requests and permit application and give Airhart time to get some of the issues resolved prior to the board taking any action.

Regarding the complaint involving Section 36, Spring Creek Township, Everett Hanson and Keith Chisholm met with Managers to discuss the complaint filed by Hanson stating that Chisholm entered his property and removed his trees when installing and extending a crossing. The Managers tabled action on the complaint and Chisholm will file a permit after the fact to do the work. Attorney Hanson stated that the land trespassing and tree removal are a civil issue not a Watershed District issue.

Approved

- Permit Application #10-14-09-16 Keith Chisholm, Section 13, Green Meadow Township to install subsurface drain tile in Section 13 of Green Meadow Township. Carried.
- Permit Application #10-14-09-18 USFWS Section 14, Goose Prairie Township to restore wetlands, block ditches and dig out with the condition that if any problems arise from the construction of these restorations and creations the applicant will be responsible for the necessary repairs and corrections actions as may be determined necessary by the WRWD Board of Managers.
- Permit Application #10-14-09-19 USFWS Section 19, Beaulieu Township to restore wetlands, block ditches and dig out ponds with the condition that if any problems arise from the construction of these restorations and creations the applicant will be responsible for the necessary repairs and corrections actions as may be determined necessary by the WRWD Board of Managers.
- Permit Application #10-14-09-3 Ed Scherping/Dale Pazdernik, Section 34/35 Pembina Township to install culverts, tile lines, fill in ditches, and install a 24" culvert and move a culvert in Sections 34/35 of Pembina Township.
- Permit Application #10-14-09-1 Floyd Hanson Section 2, Green Meadow Township with the recommendation that the applicant obtain approval from the NRCS and SWCD regarding any wetland drainage issues.
- Permit Application #10-14-09-4 David Kirsch, Section 15, Lake Grove Township to construct a rock crossing across the White Earth River with the condition that the applicant acquire MN DNR approval.
- Permit Application #10-14-09-5 Lake Grove Township, Section 26/35 to install a centerline culvert between with the condition that the downstream landowners in the NE4NE4 of Section 34 and the NW4NW4 of Section 35 approve the permit and that the Mahnomen SWCD approve of the elevation of the culvert regarding wetland issues on the north side of the road.
- Permit Application #10-14-09-7 David Schneiderman, Section 18, Walworth Township to replace a 12" centerline culvert with a 15" culvert with the condition that the size is either a 15" or an 18" and that the township approves the permit and that the pipe is installed at the same elevation as the existing pipe.

- Permit Application #10-14-09-8 Glen Brandt, Section 20, Green Meadow Township to install a field approach with a culvert in Section 20 of Green Meadow Township with the condition that the pipe has a minimum size of 24" and does not have a flap gate.
- Permit Application #10-14-09-9 Mike Roesch, Section 29, McDonaldsville Township to replace an 18" CMP with a longer 18" CMP and replace a 24" CMP with a longer 24" RCP.
- Permit Application #10-14-09-11 Dan Krogstad, Section 33, Lee Township to replace a buried 15" or 18" culvert with a new longer 18" culvert with the condition the culvert is 18".
- Permit Application #10-14-09-14 Blair Hoseth, Section 14, Fossum Township to install a field approach with a 24" culvert.
- Permit Application #10-14-09-22 Joe Kroshus, Section 19, Mary Township to raise low areas on his dike and replace flap gates with screw gates.
- Permit Application #10-14-09-21 Norman County Highway Department, Section 23, Anthony Township to remove a bridge.

Tabled

- Permit Application #10-14-09-15 Erickson Family Trust, Section 28, Popple Grove Township to fill in an old ditch and construct a new ditch along the property line until landowner obtains approval from the NRCS and the District gets additional information. Manager Erickson abstained.
- Permit Application #10-14-09-6 Roy Pinkse, Section 33, White Earth Township to construction two wetland restorations. The permit was tabled to determine if a two foot bounce would be considered and request that they provide hydraulic data if available.
- Permit Application #10-14-09-10 Andrew Borgen, Section 1, Lee Township to remove a field approach with an 18" culvert and install a new field approach with an 18" or larger culvert. Landowners in the W ½ of Section 1 and the W ½ of Section 12 will be notified.
- Permit Application #10-14-09-12 Doris Lomsdal, Section 35 Goose Prairie Township to fill in two ditches and replace them with tile lines, and install a new tile line that provides an outlet to a large wetland complex. Landowner USFWS in the SW ¼ OF Section 36 will be noticed and the permit will be revisited once the NRCS/SWCD approval is provided.
- Permit Application #10-14-09-13 Norman County Highway Department, Section 14, Waukon Township to construction a containment dike and replace a culvert in Norman County Ditch #9. Landowners in the S ½ of Section 14 and Section 23 of Waukon Township will be noticed.
- Permit Application #10-14-09-20 Norman County Highway Department, Section 24, Lee Township to install a culvert and outlet structure as part of a FEMA repair. Upstream landowner will be notified.

Denied

- Home Lake Township, Section 1/12 of Home Lake and Rockwell Townships. Landowners and township officers were at the meeting to discuss the permit application to install a new field approach with an 18" CMP, install a new field approach with a 24" culvert and extend a township road. Curtis Reardon represented the permit application and stated that he had noticed some landowners. Russell Olson stated that he did not approve of the 24" culvert being installed but agreed with two 18" culverts. The Managers denied the permit based on the fact that it would result on additional water on neighbors and downstream. Carried with Manager Erickson opposed.

October 14, 2009

Approved

- Permit Application #10-26-09-14 Dean Spaeth, Section 18, Chief Township to install drain tile in Section 18, Chief Township.
-

October 26, 2009

Scott Visser met with Managers regarding a permit for a field road into his property. Consensus of Managers was to allow him a temporary field approach for farming purposes and then to submit a permit application that they would act on.

Approved

- Permit Application #10-26-09-3 Norman County Highway Department, Section 24, Lee Township to install a culvert and outlet structure.
- Permit Application #10-26-09-5 Norman County SWCD, Section 13, Home Lake Township to lower the outlet pipe for Home Lake, clean out the outlet channel, install an inlet structure and lower the water surface on Home Lake.
- Permit Application #10-26-09-1 Andrew Borgen, Section 1, Lee Township to remove a field approach with an 18" culvert and install a new field approach with an 18" culvert or larger culvert. The permit was approved with an 18" culvert and no larger.

Tabled

- Permit Application #10-26-09-4 Norman County Highway Department, Sections in Sundal and Bear Park Township to resurface County Road #1 and change and add culverts at different locations. Landowners affect by the project will be notified.

Denied

- Permit Application #10-26-09-2 Norman County Highway Department, Section 14, Waukon Township to construct a containment dike and replace a culvert in Norman County Ditch #9 due to downstream impacts.

November 18, 2009

Approved

- Permit Application # 11-18-09-1 Todd Kjos, Sections 15/22, Goose Prairie Township to increase culvert size to a 24" in Sections 15/22 of Goose Prairie Township.
- Permit Application #11-18-09-2 Del Schnabel, Sections 12/13, Hendrum Township to raise the level of a ring dike approximately four feet with the recommendation that the applicant seek input from a professional engineer on the design and construction of the project, the applicant install adequate erosion control measures during construction and that the applicant seek approval from adjacent landowners for any work done on the adjacent landowners' property.
- Permit Application #11-18-09-3 Norman County Highway Department, Sections in Sundal and Bear Park Township to resurface Norman County Road #1, and change and add culverts at different locations, with the condition that the project is construction in accordance with the revised culvert installation table provided by the applicant.
- Permit Application #11-18-09-4 Erickson Family Trust, Section 28, Popple Grove Township to fill in an old ditch and construct a new ditch along the property line with the condition that the application gain approval for the project from the NRCS. Manager Erickson abstained.
- Permit Application #11-18-09-5 Charles Balstad, Section 16, Gregory Township to install an erosion control project.
- Permit Application #11-18-09-6 Charles Balstad, Section 16, Gregory Township to install an erosion control project in Section 16, Gregory Township.
- Permit Application #11-18-09-7 Vig Farms, Section 7, 18 Heier Township to install an erosion control project.
- Permit Application #11-18-09-9 Roy Pinske, Section 33, White Earth Township to construct two wetland restorations, with the condition that Pinske install a draw down and trickle pipe that would allow water storage to include a 2 foot bounce.
- Permit Application #11-18-09-10 Doris Lomsdal, Section 36, Goose Prairie Township to fill in two ditches and replace them with tile lines, install a new tile line that provides an outlet to a large wetland with the condition that the applicant gains approval of the project by the NRCS and the SWCD.
- Permit Application #11-18-09-11 Scott Visser, Section 5, Lockhart Township to construct an approach with the condition that the south spoil bank remains a minimum of 0.5 feet lower than the corresponding north spoil bank.

Denied

- Permit Application #11-18-09-8 Keith Chisholm, Section 36, Spring Creek Township to remove a field approach, backslope the road ditch and extend a crossing on the property line so that both landowners can use the crossing due to the neighboring landowner, Everett Hanson not allowing Chisholm onto his property. Manager Holmvik opposed.

November 20, 2009

Approved

- Permit Application #11-30-09-1 Mattson Brothers, Section 31, Riceville Township, Becker County to install drain.
- Permit Application #11-20-09-2 Dave Scherfenberg, Section 34, Hendrum Township to widen an existing crossing and extend culvert in Section 34 of Hendrum Township, contingent on not widening, lowering or changing the sizes of the culvert and determining ownership of the property.
- Permit Application #11-20-09-1 Russell Olson, Section 12, Rockwell to install a 24" culvert with the recommendation that the applicant coordinate with the town board.

Denied

- Permit Application #11-20-09-1 Russell Olson, Section 12, Rockwell Township. A motion was made by Manager Holmvik and seconded by Manager D Spaeth to deny the permit application for an 18" culvert. Carried. Olson asked if he could amend the permit to a 24" which Managers consented to.

December 9, 2009

Tabled

- Permit Application #12-9-09-1 MNDOT, Section 19, Shelly Township to replace an existing bridge over the Marsh River and notice affected landowners and cities.
- Permit Application #12-9-09-3 Jonathon Chisholm, Section 15, Sundal Township to deepen an existing ditch in Section 15 of Sundal Township, and request Chisholm to provide approval from the NRCS and SWCD for wetland issues.
- Permit Application #12-9-09-4 Roger Kurpius, Section 27, Spring Creek Township to install subsurface drain tile due to concerns regarding wetland impacts. Permit will be considered once approval for the project by the NRCS and SWCD is provided to the District.

Denied

- Permit Application #12-9-09-2 Jonathan Chisholm, Section 2, Green Meadow Township to deepen and widen an existing ditch in Section 2 of Green Meadow Township because it does not include any provision for erosion control on the north end.

5. Mahnomen Flood Control / Drainage Project

The project is a north/south aligned ditch system with a berm which will provide drainage and protection during excess water on the west side of Mahnomen.

The Board had been working with county and city officials to develop a funding package for the project and in December 2007 the Red River Watershed Management Board approved funding 25% of the \$166,000 project cost, with grant funds of 50% of the cost approved by legislative appropriation through the DNR.

In January, 2008, the project went to final design and construction preparation. That same month, both Mahnomen County and City of Mahnomen officials noted budget difficulties making it difficult for the county or city to make a cash contribution to the project. At that time, the Managers decided to provide the final funding required for the project.

On **June 17, 2009** Attorney Hanson reported that Fliceks plan to execute the easement document with an agreed upon price of \$3,000. The Board authorized Chairman Christensen to execute the agreement and authorized payment of \$3,000.

At the **July 8** meeting, the Managers approved a 30 day time extension to Nanik Construction and Pay Request in the amount of \$13,306.65 for work completed on the Mahnomen Drainage Project.

On **August 12**, the Board approved the Final Pay Request in the amount of \$10,361.39 to Nanik Construction for the Mahnomen West Side Drainage Project. Attorney Hanson will develop an agreement between either the City of Mahnomen or Mahnomen County to turn the project over to them for future care and maintenance.

During the **August 19** meeting, Mahnomen City Clerk Mitch Berg expressed his thank you to the board for the consideration they have given to the City of Mahnomen and the funds spent on the Mahnomen Flood Control Project. Berg stated that often times, no one takes the time to thank someone, and he wanted to make sure that they thanked the Watershed District for the flood control project.

On **September 9**, the Board authorized an easement payment be paid for the Bisek and Wickstrom land. The payment in the amount of \$7,500 to each will be made to the Wambach & Hanson Trust Account.

During the **December 10** meeting, Engineer Bents reported that the City of Mahnomen and Mahnomen County are in the process of deciding who should be owner of the project upon completion and responsible for maintenance. Bents stated that there will be a Mahnomen County Board meeting and it would be a good idea for Managers Joe and Dean Spaeth to be in attendance.

6. 2009 FEMA Rural Home Acquisition Program

At the **May 13** meeting, the Managers received a list of applicants who are requesting assistance from the District to work with FEMA in the buyout of their homes damaged as a result of the 2009 spring flood. The Board authorized the District to continue working with the applicants on this FEMA program.

On **June 17**, Loretta Johnson reported on the current program by FEMA and the State of Minnesota, as a result of the 2009 flood event for the buyout of rural homes. The board authorized the execution of the Sub Grant Agreement for FEMA DR #1717, the letter of commitment of funds and letter of maintenance statement. The Managers approved the Time Extension Grant Agreement until December 31, 2009, with the DNR for the buyout of rural homes.

During the **August 19**, meeting the Managers authorized Ken Buchanan to contract with the Wild Rice Watershed District to do substantial damage determinations, square footage, replacement value and year built on the homes to be submitted to the State of MN for the FEMA grant application.

On **September 9**, the Board authorized Chairman Christensen to execute the Acquisition 2006 Rural Buyout agreement.

During the **December 10** meeting, Kelly Kukowski and family and Tim Magnusson of Clay County met with Managers to request funding assistance in the amount of approximately \$20,000 or 12.5% of the total amount in the acquisition of her rural home as a result of the flood of 2009. Kukowski was flooded in the spring of 2009 and is in the HSEM program; however the federal government pays 75% and the state 12.5% of the total amount. After considerable discussion, it was the consensus of Managers that due to the financial condition of the Red River Construction Account they did not feel comfortable funding this program. The Managers agreed to request assistance from the Red River Watershed Management Board.

7. Clay County Ditch #4

On **May 13**, the Managers authorized a survey and preparation of a cost estimate for the repair of Clay County Ditch #4 outlet.

8. Project #14 – Clay County Ditch #14

At the **September 9** meeting, Manager Austinson reported on a site visit to the N1/2 of Section 7, Sundal Township, for a maintenance request by Verdell Olson. The Board agreed to investigate the request and if repair is less than \$3,500 move ahead with repair.

On **November 18**, the Board authorized payment of \$4,805 to Ziegler Construction for work/

9. Project #16

In March 2008, the Board approved going forward with a repair to Project 16 (Sections 19 and 30, Anthony Township, Norman County) following a hearing on the project at their March regular meeting. The repair project involved the installation of a culvert and a 40-foot rock rip rap channel at the outlet. Also, the spillway was to be lowered to return the 100-year water surface elevation to the original design elevation. Engineer Jerry Bents commented the repair will cause the ditch to work as it was originally designed. The cost of the repairs was estimated to be between \$17,000 and \$19,000. In September, the Board awarded the outlet repair and clean out to low bidder, Lyle Wilkens, Inc. with a bid of \$19,984.

On **January 26, 2009** the Board approved a time extension until June 30, 2009, to Contractor Lyle Wilkens, Inc.

At the **July 8** meeting, the Managers approved the final pay request for Project #16 from Lyle Wilkens Construction in the amount of \$5,094.20.

10. Clay County Ditch #18

At the **May 13** meeting, Manager Austinson asked about having a backhoe cleanout floating boughs on Clay County Ditch #18. Consensus of Managers was to have the contractor contact the District office prior to doing any work.

On **June 17**, Manager Austinson discussed the maintenance issues on the ditch system, the fact that the ditch system has a minimum available funds and discussed specific issues in Section 22 of Goose Prairie Township. The Board authorized Engineer Bents to investigate the problem in Section 22, using the available LIDAR data.

During the **September 9** meeting, the Managers discussed a permit application by Todd Kjos to increase pipe sizes on two culverts along Clay County Ditch #18 due to overtopping the roads. The Board agreed to provide a landowner list to Curtis Borchert to schedule a landowner meeting for September 23, 2009, in Hitterdal to discuss the drainage issues along CD #18.

11. Project #20

On **January 26**, the Board approved a time extension until June 30, 2009 to All Seasons, Inc.

12. Project #29

At the **February 11** meeting, David Larson, Lake Park, requested authorization to remove snow and ice in the spring of 2009, on Project #29, if necessary. The Board gave Larson the authority for snow and ice removal on Project #29. This will remain in effect until either Larson does not want the job or the Managers decide a change is necessary. Larson was asked to contact the District office prior to the job.

13. Project #30 – Anthony Township

At the **December 9** meeting, Manager Ista reported that there is a repair site in Section 21 of Anthony Township on the road side of the Project. Discussion ensued and consensus of Managers was that typically the ditch side repairs of District projects are the responsibility of the District and road side either the County or township. Staff will notify Norman County Engineer Mick Alm that the Board feels it is the responsibility of Norman County to repair the road side.

On **December 10**, Managers again discussed the damages to the road in Section 21, Anthony Township, along Norman County Road #147. Engineer Bents stated that the District currently is working with FEMA on repair of the ditch side, and historically the road side is the responsibility of the ditch authority, in this case, Norman County Highway Department. The Board agreed to notify Norman County Engineer Mick Alm by written correspondence of this decision by the Board.

14. Project #31 (Heitman Coulee)

On **May 13**, the Board authorized contracting for the repair of Project #31 for a not to exceed cost of \$6,000.

At the **June 10** meeting, landowners Dwight Heitman and Bruce Tufte discussed the continued problems associated with the outlet of the Heitman Coulee into the Wild Rice River and the recurrent flooding of the cropland due to this. They expressed frustration in seeking a resolution. The Board agreed to schedule a meeting for 8:00 a.m. on June 23, 2009, at the office of Houston Engineering with landowners invited and Managers Ista, Erickson and Engineer Bents to work on a solution to the problem.

15. County Ditch #45

In September 2008, the board awarded a bridge removal and culvert replacement project on County Ditch #45, Lateral 1, in Sections 26 of Felton Township to All Seasons Contracting with a low bid of \$49,450. The engineer's estimate on the project was \$45,550.

On **July 8**, the Managers approved the final pay request from All Seasons, Inc for, County Ditch #45, Lateral #1 in the amount of \$50,260.

16. J.D. #51 Upper Reaches

In May, 2008 the Board decided to go forward with the repair request on JD #51 to clean the channel back to the original grade. Engineer Jerry Bents explained that under current conditions, the river had washed out about seven feet of its bottom behind the weir in the Wild Rice River where water enters JD #51 and the Marsh River. This meant that the water had to be seven feet deeper in the Wild Rice River before any water began travelling up JD #51.

This project had been put "on hold" following a request from the City of Ada to have their engineering firm review downstream effects of the cleaning. That review confirmed the original hydraulic report that the maintenance would not create significant downstream problems. The board had been waiting until the U. S. Army Corps of Engineers finished their review of hydraulic capacity as part of the proposed 2005 flood protection feasibility study in Ada.

In June, 2008 the Board accepted the low bid from D & J Excavating of \$18,000 to do the cleaning and maintenance at the JD #51 outlet. In August, the managers were informed that ditch cleaning at the JD #51inlet had been completed and approved payment to the contractor for additional negotiated dirt removal.

At the **March 16, 2009** meeting, Manager Holmvik asked for information on **J.D. #51**, why it doesn't work, and why the District doesn't fix it to work. He stated that he sees summer flooding for landowners southwest of Ada when there is no water running down the Marsh River via J.D. #51. Engineer Bents discussed the District's recent attempts to repair **J.D. #51** and the controversy surrounding this.

On **April 8**, the Board approved payment to Eric Rockstad in the amount of \$800 for crop damages related to work on **J.D. #51**, east of Ada.

At the **April 29** meeting, landowner Glen Ramstad submitted a request for repair in Section 27 of McDonaldsville Township. Request #1 was to clean an outlet and repair a washing of river bank; Request #2 was to fix area of washout and repair problem. Engineer Bents recommended to hold off on action on request #2 as this would be discussed later on Upper Reaches Maintenance Policy. Washout #1 would be the landowner responsibility to repair and project funds would not be used. Ramstad stated that he wanted to bring both of these areas of damages to Managers' attention.

Arvid (Hap) Ambuehl updated the Managers regarding 2009 debris cleanup that he is working on for the Upper Reaches Project. Ambuehl stated that he does have the insurance required by the District. The Managers authorized Ambuehl to continue working under his 2008/09 Contract.

Engineer Bents stated that with damages on the levees of the Upper Reaches along with the complaint filed by Brian Borgen, it may be a good idea to develop a maintenance policy for the Upper Reaches Project. The Board appointed Managers Holmvik and Ista as representatives to work on the policy along with Engineer Bents, and Attorneys Von Korff and Hanson to work at setting up a specific policy for the Upper Reaches Project.

On **May 13**, Arvid Ambuehl presented a proposal on flood damage debris removal on the Upper Reaches Project. Engineer Bents stated that the District has an obligation as part of routine maintenance to remove debris on the Upper Reaches Project. The Board authorized Arvid Ambuehl to clean up the debris.

A copy of a Levee Maintenance Policy on the Upper Reaches prepared by Attorney Jerry Von Korff and a memorandum regarding the complaint filed by Brian Borgen prepared by John C Kolb of Rinke Noonan Law Firm was distributed to Managers for review. Chairman Christensen recommended that no action be taken on either document until Managers have time to review the documents and the Managers agreed to table discussion on these items until the June meeting.

On **June 10**, Attorney John Kolb, Rinke Noonan, joined the meeting via teleconference. Kolb answered questions regarding the Upper Reaches Maintenance Policy that was distributed. After considerable discussion, the Board adopted the *Findings and Repair Policy to the Upper Reaches Project*. A copy of the policy can be obtained from the WRWD office. Norman County Commissioner Steve Jacobson requested that a copy of the Findings and Repair Policy be mailed to all townships that are affected.

Also discussed was a complaint filed by Brian Borgen regarding maintenance on the Upper Reaches Project. As recommended by Attorney Kolb, the Board agreed to provide a copy of the correspondence to Borgen in response to his complaint regarding maintenance of the levees on the Upper Reaches Project.

At the **July 15** meeting, levee repairs were discussed. Engineer Bents stated that FEMA representatives were taken to all damaged sites for review. FEMA however, will not cover the repairs until the USACE provides a letter stating that the repairs are not eligible from the USACE. In the meantime, a meeting was held with the NRCS to determine eligibility from EWP funding if they are not FEMA eligible either. The Board authorized staff to submit a letter of request to Mr. Bill Hunt of the NRCS to request funding under the EWP Program for the levee repairs on the Upper Reaches Project and authorized correspondence to the USACE to request a letter stating that the current levee repairs on the Upper Reaches Project are not eligible for funding assistance from the USACE.

On **September 9**, Ronnie, Carolyn, Bill and Tom Baker met with Managers to discuss the history of flooding and damages along J.D. #51 from County Road #24 to Ada along Baker's property. Bill Baker gave a complete history and background of flooding on their property, including a lawsuit during the 1970s. Baker stated that action is needed now and he is looking for recognition from the Board. He stated that he would like a comprehensive flood management plan. Baker stated that what is needed is to release some of the water on the south side of the Wild Rice River. Manager Ista stated that the District needs a holding area upstream, but the District doesn't have the funds right now. Engineer Bents explained the current USACE Study that the District has been working on. Manager Holmvik suggested bringing this to the Project Team. Manager Erickson felt that it was up to the Board to ask the USACE for erosion and sedimentation control and for water retention east of Highway #2. After considerable discussion the Bakers left the meeting.

17. J.D. #53 Main

A public hearing was held in April 2008 concerning the repair of Judicial Ditch 53 Main in Shelly Township. The existing ditch within Section 29 had approximately 600 feet of bank failure of varying degrees on both the north and south slopes. The suggested repair consisted of realigning and re-sloping the ditch for an approximate 800-foot reach to prevent future deterioration and to restore the effectiveness of the drainage system. The re-sloping would provide a 6:1 slope on both sides of the ditch. Total cost of the repair was estimated at \$45,000 which did not include any costs associate with engineers or required right-of-way acquisition.

In September, 2008 the Board awarded a repair project in Judicial Ditch #53 in Section 29, Shelly Township to the low bidder, All Seasons Construction of Blackduck, with a bid of \$40,192. The engineer's estimate was \$45,520.

At the **January 26, 2009** meeting, the Board approved a time extension until June 30, 2009, to All Seasons, Inc.

During the **June 10**, meeting, Engineer Bents submitted and the Board approved the a pay request to All Seasons for the repair of J.D. #53, including a Change Order in the amount of \$3,230 for \$11,345

On **July 8**, the Managers approved the final pay request from J.D. #53. All Seasons Contracting in the amount of \$2,169.10.

At the **July 15** meeting, the Board agreed to pay the revised Final Pay Request for the repair of J.D. #53 to All Seasons, Inc. in the amount of \$3,015.10.

18. 2009 Flood Damages – FEMA Assistance

At the **April 29** meeting, Engineer Bents distributed a spreadsheet and map illustrating damages and estimates for repair to projects in the Watershed District as a result of the spring flood of 2009. Bents explained that the District could do the emergency repairs with costs less than \$3,800 prior to being reviewed with FEMA and wait with the more costly repairs until review with a FEMA representative. The Board adopted a resolution authorizing emergency repair work as a result of the 2009 spring flood. A copy of the resolution can be obtained from the WRWD office. The Managers authorized Engineer Bents to proceed with repair of sites that FEMA approves. If not approved by FEMA, Engineer Bents will bring the information to the Board for review.

On **June 17**, Engineer Bents reviewed the FEMA repairs for 2009 along with work completed to date. Bents discussed the damages by the Billy Lee Bridge and noted that FEMA will be reviewing the site on June 18, 2009, to determine if that location is eligible under FEMA. Bents will also be meeting with Clayton Schmitz from NRCS to determine if this site is eligible under the NRCS, EWP program, if not covered by FEMA.

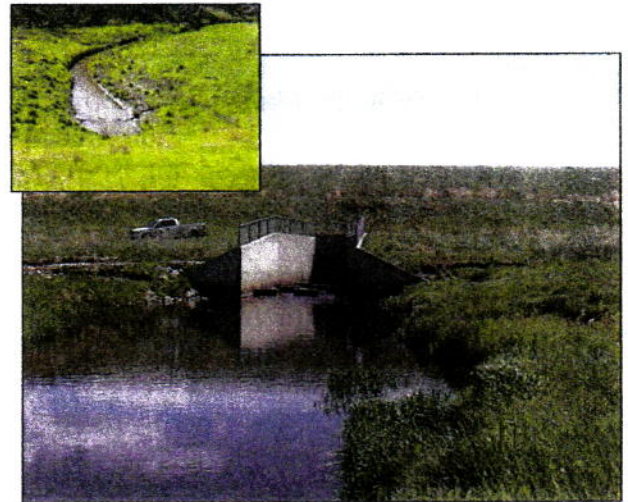
At the **August 19** meeting, Engineer Bents distributed information illustrating the FEMA repair sites, amounts approved by FEMA, Houston Engineering estimated costs and the difference.

- Site #10, Section 25 Viding Township, South Branch Wild Rice River - The Board approved the proposed repair with the riprap.
- Site #13, Section 16, Mary Township, Project #9, South Branch – The Board approved Site #13 and work with landowner regarding the necessary land acquisition.
- Site #32, Project #12, Wild Rice Township Ditch Outlet – The Board approved the less costly repair.
- Site #34, Project #1, Norman County Ditch #1 – The Board approved Site #34 and acquire right of way.
- Site #36, Section 7, Green Meadow Township, Project #30 – The Board approved Site #36 and authorize negotiations with neighboring landowner for a setback to the south.
- Site #41, Section 3, Mary Township; Site #45, Section 23, McDonaldsville Township; Site #49, Section 14, McDonaldsville Township – The Board approved Site #s 41, 45, and 49.
- Site #40, Section 3, Mary Township – The Board approved Site #40 with the 50 foot setback.
- Site #52, Section 18, Lake Ida Township - Engineer Bents reported that since this is a large project it may be well to have an informational meeting for landowners. The Board authorized preparation of plans and specifications and an informational meeting for landowners.

At the **December 10** meeting, Engineer Bents stated that the amount that FEMA approved for the repair on Project #30 is \$171,400. Bents stated that to rebuild the repair site to good condition would cost far more, but with this amount approved, Bents requested direction from the Board of Managers. The Board authorized Bents to try to appeal to FEMA, and if that fails to move forward with the repair as approved by FEMA.

19. Moccasin Creek Dam

Construction of the Moccasin Creek Dam was started in 1982 and was completed in 1984. The structure has a capability of holding approximately 1,000 acre feet of water until downstream conditions allow for the discharge of the impounded water. Additional flood water storage of 800 acre feet, with automatic draw down, has been incorporated into the project.



During the **July 8** meeting, Manager Erickson discussed possible changes to the Moccasin Creek Operating Plan allowing summer storage, which he felt would create 1,800 acre feet of water storage without too much cost to the District. Engineer Bents stated that the BWSR recommended that Dan Shaw, BWSR, Native Vegetation Specialist, come and review the plants to determine what affect storage could have on the plant life. On August 5, Managers Erickson, Christensen and Ista, along with Engineer Bents, Brian Dwight, BWSR and Dr. Phil Gerla, UND, will accompany Shaw at the site.

On **August 12**, the Managers approved the submission of a request to Clayton Schmitz, NRCS, requesting SWAT modeling be done on Moccasin Creek with copies sent to Glen Kajewski, Colleen Oestreich, William Hunt and Curtis Borchert.

At the **August 19** meeting, Manager Erickson updated the Managers on the site visit by Dan Shaw. Erickson felt the feedback that he heard was positive and there may be the possibility that District could operate the structure during the summer. Dan Shaw hopes to have a response by October 1.

On **December 10**, Engineer Bents stated that the District is waiting for a response from the DNR regarding a request by the District for a change in the Operation Plan for Moccasin to include summer floods. Manager Erickson stated that Aide to Collin Peterson, Wally Sparby, wanted an update on the status of the project.

V. 2009 Meeting Minutes in Review

All meeting minutes from 2009 have been reviewed. The items pertaining to a certain project or program have been moved to the section titled **IV. Plan Performance** of this report. Consent agenda items (approval of agendas, minutes, payment of per diems, and bills, etc) have been deleted. All other items have been abbreviated under the monthly headings shown below.

A. January Regular Meeting

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Monday, January 26, 2009. Managers in attendance include Diane Ista, Bob Wright, Warren Seykora, Mike Christensen, Dave Vipond and Joe Spaeth. Absent: Don Vellenga. In addition the following persons were in attendance: Administrator Dalen, Engineer Jerry Bents, Attorney Elroy Hanson, Tim Halle, Loretta Johnson, Duane Erickson, Brian Borgen, Randy Pallum, David Larson, Brent Kappes, Dave Stumbo, Kim Syverson, Richard Smith, John Austinson, Bob Klemetson and Attorney Jerry Von Korff and Bonnie Ewert via teleconference.

Administrator Dalen stated that he would schedule a committee meeting with Managers Christensen, Wright and Ista soon.

Open Microphone. Kim Syverson asked the status of the new appointment to the Board of Managers by Norman County Commissioners. He was informed the appointment was postponed until February 3, 2009.

The Board closed the meeting for the purpose of exercising attorney/client privileges and discuss pending litigation against Administrator Dalen, Chairman Seykora and the Wild Rice Watershed District, with Attorney Chris Albright of the Dorsey Whitney Law Firm. The meeting was closed pursuant to Minnesota Statutes 13D05, subd. 3(b) and will be tape recorded. The meeting was closed at 9:50 a.m. The meeting was reconvened at 10:45 a.m.

Administrator Dalen distributed the Wild Rice Watershed District Step I Peer Assessment update prepared by Bonnie Ewert from Customer Connections. Ms. Ewert reviewed the results of the survey with Managers. Ewert also gave an update of how Step II of the assessment is proceeding along with two possible completion dates. (Copies of the reports are on file at the District office.) Consensus of the Board was that Ewert has the authority to call Managers for further discussion.

Administrator Dalen distributed correspondence from Consultant Bruce Watkins that included policies to be considered by the Managers for vehicle, credit card, aircraft use for transportation, consultants' use and Managers' tasks. Dalen stated that the board should review the information. Watkins will be on the February 11, 2009, agenda to discuss these policies.

Attorneys Jerry Von Korff and Adam Ripple are on teleconference. The Board closed the meeting at 1:30 p.m. to consider offers and counter offers for the land acquisitions regarding the Hogetvedt, Richards and Read parcels in Clay and Becker Counties, Minnesota, and relating to **Project #42**. The meeting is being closed pursuant to Minnesota Statutes Section 13D.05, subd. 3(c)(3). The meeting will be tape recorded. The meeting was reconvened at 2:05 p.m.

Managers to review the list of 2009 goals and add ideas they would like for the next regular meeting scheduled for the 11th of February discussions.

Accountant Marcussen distributed the financial report dated December 31, 2008, but stated that end of year transfers will be added. The Board tabled the financial report and add the transfers. The report will be presented at the February 11, 2009, meeting.

Manager Wright reported on the recent Red River Basin Commission meeting stating that the most interesting presentation was on the condition of Lake Winnipeg. Warren Seykora was elected delegate at large from Minnesota.

Manager Vipond stated that he would give a Personnel Committee report in February regarding approved 4% increase for staff.

B. February Regular Meeting

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday, February 11, 2009. Managers in attendance include Diane Ista, Bob Wright, Warren Seykora, Mike Christensen, Dave Vipond, Greg Holmvik 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, Duane Erickson, Brian Borgen, Randy Pallum, David Larson, Brent Kappes, Dave Stumbo, Marijo Vik, Ronnie Guttormson, Bruce Tufte, Curtis Borchert, Kristy Albrecht and Bruce Watkins.

Manager Christensen stated that due to weather, the Norman County SWCD meeting was postponed. Manager Spaeth gave a brief report on the Mahnomen SWCD meeting, stating that Peter Revier would be the new chairman of the board.

Greg Holmvik, the new board member, took the oath of office from Attorney Hanson.

Manager Ista stated that the Minnesota Delegation of legislators will be at the Dekko Center at 9:30 a.m. on Saturday, February 21, 2009, and at the Mahnomen School Auditorium at 4:00 p.m. on the same day. The Board authorized attendance at the meetings.

Manager Ista recommended that the District contact the Northwest Minnesota Foundation for possible grant funding. Manager Christensen stated that Curt Borchert, NCSWCD, will be discussing this at today's meeting.

The Board closed the meeting to discuss pending litigation with Ms. Kristy Albrecht, Dorsey & Whitney Law Firm and exercise the attorney-client privilege regarding pending litigation against the District. The closed meeting shall be tape recorded by the district. The meeting was closed at 10:40 a.m. The closed meeting concluded at 11:30 a.m. and the regular meeting was re-opened at 11:30 a.m.

The Managers appointed Manager Ista as secretary until the May Reorganizational meeting.

Tim Halle suggested using Goal Setting as a future news article.

The Board authorized Tim Halle to prepare the 2008 Annual Report.

Administrator Dalen stated that Ms. Bonnie Ewert, Customer Connections indicated that Bob Braseth of the Citizens for Farmland Preservation (CFFP) requested that she attend one of their meetings. However, she felt that she should have compensation. Consensus of Managers was that the CFFP would be responsible for payment to Ms. Ewert if she speaks to their group.

Administrator Dalen stated that there had been board discussion regarding mailing the financial information out prior to the meeting. Manager Vipond stated that there are a lot of boards that have everything available ahead of the meeting to make the meeting go quicker. The Board authorized the financial report be prepared and mailed out the Friday prior to the board meeting. Administrator Dalen will also do a weekly informational mailing.

Attorney Hanson reviewed a statement of claim and summons filed by Roger Kurpius in Conciliation Court. The plaintiff's statement of claim is for \$7,500 plus the filing fees of \$62.70 for a total of \$7,562 and reads as follows: "I filed a complaint on July 5, 2007, for a illegal dike Gene Vik made prior to that date which diverted water across County Road 132 unto my land causing property damage. The Watershed did not act in a timely manner." The hearing is scheduled for 10:30 a.m. on Wednesday, February 25, 2009. Marijo Vik stated that Kurpius is also suing Eugene Vik for the same amount. Attorney Hanson stated that the District should ask the Court Administrator that the date be moved out 30-60 days as the District is a political subdivision and only meets monthly. The District's insurance administrator should also be contacted. The Board authorized staff to contact the insurance carrier and the court system.

Bruce Watkins met with Managers to present his report to the Board of Managers dated February 2009. Manager Vipond stated that he (being on the Personnel Committee) recommended hiring a consultant regarding evaluating the staff to determine if the District is staffed at the right levels and if they function the way we need to function. Vipond stated that he recommended hiring Mr. Watkins. The report consisted of the following categories: The Report; Findings; Recommendations for the Wild Rice Watershed District Managers. Subcategories of the recommendations are: The Mission; Direction to the Administrator; Create Policy Manual; Policy Review; Realign Staffing; Update Job Descriptions and Organization Chart; Secure Electronic Copies of Data; Annual Calendar; Staff Development; Staff Evaluation; Board In-Service and Orientation; Consent Agenda Items; and Continue to Increase Transparency. Manager Wright asked if the governance committee would be the place to start and

Watkins agreed. Watkins also asked if Administrator Dalen would be too busy as administrator to implement the recommendations and indicated that he could assist.

Bruce Watkins reviewed the policies that were distributed at the previous board meeting. Policies under consideration were distributed to the Managers for review. The policies reviewed today will be considered a first reading. 1) District Vehicle Use Policy. The vehicle use policy will be amended to include that Managers use the vehicle when available, no private use and that the log book is kept in the vehicle. 2) Credit Card Policy. The credit card policy shall be amended to include that all receipts and documentation needs to be itemized. If there is not documentation, card user must pay for purchases. Records will be kept with the District accountant and at the Watershed District office, consistent with Drees, Risky & Vallager regarding the credit card which states that the policy should identify the employees and officers who are authorized to make purchases on behalf of the District, identify the particular purchases that are to be made with the credit card and establish a review process of all purchases made with the credit card, this review process should include examining supporting invoices or related documentation. The District should require supporting documentation for all purchases made with the credit card. 3) Wild Rice Watershed District Aircraft Use for Transportation Policy. The air policy shall be edited to remove all verbiage except that aircraft use for Wild Rice Watershed District business will be allowed, delete balance of sentence, and add when preapproved by the Board. In addition the verbiage will include private use of aircraft will be reimbursed to the Manager as being paid the government rate for miles driven if a private vehicle was used. 4) Wild Rice Watershed District Consultant Use Policy was stricken from the policies under consideration and new verbiage will be brought to the Board regarding access to consultants going through Watershed District Management. 5) Tasks by Board Members will be Authorized on a Day to Day Basis. After discussion Watkins recommended that the policy be removed and brought back to the board by a resolution written by Attorney Hanson that clearly defines the roles, responsibilities, per diem and mileage rates used when Managers do work for the District. The Managers agreed to consider the first three policies for first reading with changes as recommended.

Accountant Marcussen distributed the billing sheets and indicated that in addition to the bills listed that checks in the amount of \$5,000 for the Read Property and \$10,000 Earnest Money for the Hogetvedt/Richards land transactions are included. The Board approved the billings as presented along with Managers per diems and expenses, holding the SWCD check until the District receives the Wetland Management Report.

The Board approved the program transfers dated year ending December 31, 2007, to the Red River Construction Account in the amount of \$484,274.49, Project #9 in the amount of \$13,936.54; Survey and Data in the amount of \$19,675.26; Section 205 Mitigation in the amount of \$59,992.42 and Works of Common Benefit in the amount of \$13,667.24. A copy can be obtained at the WRWD office.

The Board authorized Manager attendance at an upcoming seminar on February 19, 2009, with representatives of the BWSR, to gain information on the RIM funding. The Board authorized attendance at the February RRWMB meeting.

The Board authorized purchase of a plaque for former Board Members Jim Wagner, Don Vellenga and Jim Skaurud for their years of service on the Watershed District.

C. March Regular and Reconvened Meetings

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Monday, March 16, 2009. Managers in attendance include Diane Ista, Bob Wright, Warren Seykora, Mike Christensen, Dave Vipond and Greg Holmvik. Absent: Joe Spaeth. In addition the following persons were in attendance: Administrator Dalen, Engineer Jerry Bents, Attorney Elroy Hanson, Loretta Johnson, Duane Erickson, Brian Borgen, David Larson, Lowell Anderson, Dave Stumbo, Kim Syverson, Ronnie Guttormson, Steve Green, MN Township Association and Attorney Jerry Von Korff and Attorney Kristy Albrecht via teleconference.

Administrator Dalen reported that during the recent snowstorm, he hit a snowdrift causing some damage to the front skin on the bumper; indicated he had contact the insurance agent and is in the process of obtaining estimates.

Manager Christensen stated that the Norman County SWCD is scheduled for Thursday, March 19, 2009; Manager Spaeth was not in attendance, but Manager Seykora stated the

Mahnomen County SWCD meeting is scheduled for Thursday, March 19, 2009, also.

The Board agreed to reconvene the regular meeting at 8:00 a.m. on Wednesday, March 25, 2009, with WRWD agenda items at 8:00, followed by the Vik permit and violation at 9:00 a.m. and the Lower Wild Rice Priority Area meeting with landowners at 1:00 p.m. The Board approved changes to the meeting agenda to be reconvened at 8:30 a.m. on Wednesday, March 25, 2009, with the Vik permit scheduled for 1:00 p.m. followed by the RIM Lower Wild Rice River Corridor meeting scheduled immediately following the Vik permit.

The Board closed the meeting to discuss pending litigation with Ms. Kristy Albrecht, Dorsey & Whitney Law Firm and exercise the attorney-client privilege regarding pending litigation against the District. The closed meeting shall be tape recorded by the district. The meeting was closed at 9:30 a.m. The closed meeting concluded at 9:40 a.m. and the regular meeting was re-opened at 9:40 a.m.

Attorney Hanson reported that Eugene Vik has requested that the Board take action on his permit prior to the end of the month. The Board tabled action on the permit application and the request for an extension until Wednesday, March 25, 2009, at the reconvened regular meeting.

Attorney Hanson reported that he appeared in Conciliation Court on February 25, 2009 and both he and Kurpius gave arguments. Hanson stated that the court is taking it under advisement and thinks the decision should be made by the next board meeting.

Engineer Bents reported that the Drainage Modernization Grant that the District applied for was approved at a 2:1 match. The work needs to be completed by 12/31/2010. Manager Vipond stated that this is an extremely important tool to use and all information will be scanned into a PDF file. Administrator Dalen recommended that not action be taken at this immediate time and that it be tabled.

Manager Vipond presented the possibility of hiring Bruce Watkins as a consultant to work at office reorganization. Watkins report considered hiring technical expertise for the District office. Manager Holmvik felt that the Board needs to go through all policies and procedures first, and maybe develop a committee to go through and rewrite some of these documents. Vipond stated that we need a policy manual brought about by Watkins. Manager Vipond made a motion to go ahead with realigning staff according to Bruce Watkins recommendations. Manager Vipond withdrew the motion. Manager Ista stated that she felt we need an in-house engineer to realign the office and is not ready to do as Watkins is stating. Manager Christensen asked if the board shouldn't have a special meeting and go through these things. Manager Holmvik asked if staff had job descriptions. Administrator Dalen stated that he is too busy right now and with the current workload is sapped. Also discussed was a mission statement. The Board agreed to hire Bruce Watkins to help implement the policy changes, create and update and implement the policy manual and evaluate how to implement any staffing changes. Manager Ista opposed.

Administrator Dalen placed the 2008 Goals set by the Managers as the following: 1) WMD; 2) Project #42; 3) Felton; 4) Mainstem Reevaluation; 5) COE Study and Goals for 2009 as the following: 1) FDR Plan for Mainstem Upper Reaches; 2) WMD; 3) Project #42; 4) Felton. Dalen stated that Accountant Marcussen would be in later to discuss the District's ability to fund projects. He also stated that Robin Goracke indicated that there would be no funding for the WRDA bill for the District. In recent funding, however, the USACE was approved for \$271,000 for the expansion of the COE Feasibility Study. The Board approved *The Resolution to Expand the Scope of the Wild Rice River Feasibility Study*.

Chairman Seykora stated that a couple of Managers and staff from the Watershed District should travel to Washington, D.C. to address funding issues with Congressman Collin Peterson and Senator Amy Klobuchar from Minnesota. The Board authorized Managers Vipond and Christensen and Administrator Dalen to schedule and attend a meeting in Washington, D.C. with Congressman Collin Peterson the week of March 30, 2009, for the purpose of obtaining support for funding. Carried.

The Board approved the District Administrator's Employment Agreement effective February 15, 2008, as presented to the Board of Managers. A copy of the agreement is on file at the District office.

The Board authorized Jim Wagner and Arvid Ambuehl to monitor the river, dikes and ditches during the spring flooding season at a rate of \$20 per hour in addition to mileage at the current IRS rate.

Manager Holmvik asked if Managers had previously discussed the decrease of culvert sizing upstream of a culvert washout, following storm/flood events when roads and culverts are washed out and

historically, county and townships request larger culverts. Holmvik asked if there was a way to tell counties or townships to replace a smaller size culvert a mile upstream of the washed out culvert. Chairman Seykora stated that very seldom does the District allow them to change culvert sizes when replacing existing culverts due to storm events.

March 25, 2009, Reconvened Meeting Minutes

Chairman Seykora reconvened the Regular Meeting at 9:05 a.m. on Wednesday, March 25, 2009. The following Board Members were in attendance: Joe Spaeth, Warren Seykora, Greg Holmvik, Mike Christensen and Diane Ista. Members absent were: Dave Vipond and Bob Wright. In addition the following persons were in attendance: Engineer Jerry Bents, Attorney Hanson, Administrator Dalen, Tim Halle, Loretta Johnson, Curtis Borchert, Brian Borgen, Diane Green, DuWayne Gilbertson, Duane Erickson and Arvid Ambuehl.

Manager Ista presented a report from the recent RRWMB meeting.

Manager Ista reported on a MAWD training session that is available.

Maple River Dam Tour. Manager Ista presented a letter from the Concerned Citizens in which the Board of Managers, Project Team and the Citizens Advisory Committee are invited to attend a tour of the Maple River Dam south of Casselton.

At 10:00 a.m., Chairman Seykora advised that the meeting would be closed to consider offers and counteroffers for the purchase of certain real property relating to Project #42, said closed meeting permissible under Minn. Stat. section 13D.05, subd. 3(3). The real property being discussed was identified on the record as follows: Parcel #1: Approximately 157.35 acres in the Southeast Quarter of Section 19, Township 142 North, Range 42 West (Spring Creek Township, Becker County.) Parcel #2: Approximately 78 acres located in the East Half of the Northeast Quarter of Section 30, Township 142 North, Range 42 West (Spring Creek Township, Becker County). Parcel #3: Approximately 160.74 acres located in the South Half of the Northwest Quarter and the West Half of the Southwest Quarter in Section 29, Township 142 North, Range 42 West (Spring Creek Township, Becker County.) LESS The South two rods of the Southeast Quarter of the Northeast Quarter of Section 30, Township 142 North, Range 42 West (Spring Creek Township, Becker County), being a strip of land two rods in width and eighty rods in length, and containing approximately 1 acre of land. (Approximately 396.09 Acres). The closed meeting will be recorded. A list of the board members and all other persons present at the closed meeting is as follows: Managers Seykora, Spaeth, Christensen, Ista, Holmvik and Engineer Bents, Administrator Dalen and Attorney Hanson via teleconference.

Chairman Seykora re-opened the meeting at 10:10 a.m.

Chairman Seykora recessed the meeting at 10:15 a.m. to be reconvened at 1:00 p.m.

Chairman Seykora reconvened the meeting at 1:05 p.m.

Attorney Hanson stated that the closed meeting held this a.m. was not recorded, due to confusion in the taping. Hanson stated that he did not see any reason why the meeting should not have been open. Following is what Attorney Hanson recited to the public. Consideration was given at the closed meeting whether the board should authorize the administrator to execute the option in consideration for \$5,000. The motion to authorize the execution of the option and the land description is written into the minutes in Paragraph #43.

D. April Regular and Reconvened Meetings

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday April 8, 2009. Managers in attendance include Diane Ista, Bob Wright, Warren Seykora, Mike Christensen, Dave Vipond, Joe Spaeth and Greg Holmvik. Absent: None. In addition the following persons were in attendance: Administrator Dalen, Engineer Jerry Bents, Attorney Elroy Hanson, Loretta Johnson, Duane Erickson, Brian Borgen, David Larson, Dave Stumbo, Kim Syverson, Shane Syverson, Ronnie Guttormson, Paul Wannarka, Marijo Vik, Raymond Hanson, Randy Pallum, John Austinson and Attorney Kristy Albrecht via teleconference.

The Board agreed to advertise for consultants and mowing and spraying of ditch systems and projects and to reconvene the regular board meeting at 8:30 a.m. on Wednesday April 29, 2009.

The Board agreed to have staff assemble an information packet for new board members to include RRWMB, projects, Project #42, overall plan and fun information at the May 13th regular meeting for new Board members.

The Board accepted the proposal submitted by Jim Wagner, for beaver and beaver dam removal on District projects and ditches. A copy is on file at the District office.

The Board authorized Administrator Dalen to plan and schedule a Leadership Summit Conference, for the purpose of discussing the Flood of 2009, and establishing methods to control future flooding; inviting Mayors, County Commissioners and legislative personnel.

Brian Borgen asked when his complaint regarding the levee system on the Wild Rice River would be reviewed. Administrator Dalen stated that he would try to have it on the April 29th Agenda.

The Board closed the meeting to discuss pending litigation with Ms. Kristy Albrecht, Dorsey & Whitney Law Firm and exercise the attorney-client privilege regarding pending litigation against the District. The closed meeting shall be tape recorded by the district. The meeting was closed at 9:25 a.m. The closed meeting concluded at 9:55 a.m. and the regular meeting was re-opened at 9:55 a.m.

Managers Vipond and Christensen and Administrator Dalen reported on their recent meetings in Washington D.C. with Senator Klobuchar, Congressman Peterson and Staff Robin Goracke, Colonel Christianson and Judy De Harnais, COE and Bill Murphy and Tim Witt, Federal Crop Insurance. Vipond stated that Congressman Peterson arranged the meetings and discussed the possibility of the Twin Valley Dam, indicating that his thoughts were more on a dry dam. Discussion was held and draft verbiage was distributed for a resolution by the District to expand the COE WRR Feasibility to include upstream investigation of alternatives including on stream storage. Vipond felt that Congressman Peterson who supported moving upstream and felt that there would be a need for dry dams and alternatives needs to be in the forefront, especially in getting the verbiage right, in order to get this done. Peterson and the COE are supportive of this effort and want to move ahead quickly. Dalen also asked for authorization in setting up a scoping meeting with the COE in St. Paul. Considerable discussion was held regarding the verbiage in the resolution. Manager Holmvik stated that the District could get bogged down in a study and reevaluation of the current study would seem to be faster than a new study. Consensus of Managers was for Administrator Dalen, Engineer Bent and Attorney Hanson to prepare draft versions of the resolution and bring back to the Managers for review. Dalen stated that the goal of the request would be to identify in one year's time the biggest project that can be placed on the mainstem and it would be necessary for Congressman Peterson to use special consideration for this project to move quickly. Raymond Hanson asked if the setback levee wasn't identified as the solution, by the COE in the current study. Engineer Bents explained that the current study did not extend upstream on the mainstem. The Board authorized Administrator Dalen to schedule a scoping meeting with the COE as soon as possible. Duane Erickson asked about the meeting in Washington D.C. with agents for Federal Crop Insurance. Dalen stated that the discussion centered around building impoundments on farmland and landowners having the opportunity to plant crops but be covered by Federal Crop Insurance. Vipond stated that it could save future payments in savings downstream of the project. Agents stated that maybe makes sense, but it doesn't fit into their guidelines at this time and they would get more information and get back to the District.

The Board approved the following 2009 District Goals: 1) Mainstem Plan of the Wild Rice River (COE Expanded Study); 2) Project #42; 3) WMD; 4) Felton Creek; 5) LWR Corridor Initiative.

Doug Marcussen distributed a spreadsheet that illustrated the current balance of the Red River Construction Account along with the majority of commitments to other programs and projects that will be closed out to RRC. Marcussen stated that subtracting the obligation to other accounts makes the RRC balance pretty small. Administrator Dalen discussed local funding options for a large project including a loan on the land that the District owns for up to \$700,000, a RRWMB loan for \$1,500,000 and a line of credit at Community Bank of the CBRRV for \$250,000. Engineer Bents recommended that Marcussen check into area counties to determine if they have the bonding capabilities for a \$2M bond.

Manager Vipond recommended that the District approve a contract with Consultant Bruce Watkins for the purpose of completing a formal policy manual, detailing out the process for future policy review and the main focus on assisting the Watershed District in the realignment of staff for efficiencies and hiring additional technical staff. Dalen stated that he wanted to add some technical assistance for

him in the office. Watkins rate is \$100/hr and \$50/hr for travel time with a not to exceed cost of \$6,000. Vipond stated that Dalen offered to include as a part of the cost the \$2,500 approved in his contract for professional development training. Manager Ista stated that she would like to see this issue tabled for another month with new Managers coming on board, and didn't think a decision should be made at the current time. Manager Holmvik stated that the quote by Watkins sounded good, but he would like to hear from the three new board members first and felt that this issue should be explained to them first. The Managers approved the contract for Bruce Watkins for a not to exceed cost of \$6,000 with Managers Seykora, Vipond, Wright, Spaeth and Christensen voting for and Managers Ista and Holmvik voting against.

Managers discussed the 360 Degree Survey Project Final Report by Bonnie Ewert of Customer Connections dated March 31, 2009. Administrator Dalen stated that he hadn't read the report but stated that this doesn't appear to be a good job for the money. His recommendation was to get back to her and tell her to get more feedback due to the fact that thirty three people were invited to participate in the survey and twelve or 36% responded with a completed survey along with two additional unsolicited surveys from landowners. Manager Holmvik asked what the average return on surveys is; this may be about average and felt that he doesn't see any reason to spend anymore money on it. Marijo Vik stated that participants were told that it would be anonymous and felt it was not; therefore people were not going to answer when they don't remain anonymous. Manager Wright asked why agency personnel did not answer the questions. Manager Spaeth stated that he did not want to spend anymore money on it. Consensus of Managers was for Administrator Dalen to contact Ms. Ewert to determine if additional participants could be contacted and a better assessment given.

Michael Gillis Complaint, Section 14, Lake Ida Township. Gillis filed a complaint alleging that neighboring landowner opened three inlet culverts on the south side of Project #6, Lake Ida Township Ditch, allowing runoff to travel south in Section 14 eventually entering the NE 1/4 of Section 23 of Lake Ida Township causing damages to the Gillis property located in the NE 1/4 OF Sec. 23. Based on a field review with Manager Seykora and conversations with Gillis and Brandt, Mark Aanenson did not find evidence of a violation of District rules. Aanenson further recommended that the Board of Managers authorize staff to send a letter to Gillis indicating that the Board is not going to proceed with this matter as a violation. The Board authorized staff to send the correspondence to Gillis.

Brad Fairbanks submitted a complaint for work done in Section 27 of White Earth Township alleging that wetland was plowed and a culvert installed under the road. Fairbanks requested that the culvert be removed and the wetlands restored. Fairbanks later stated that he wanted to drop the complaint. The Board agreed to notice Fairbanks and verify that he has dropped the complaint.

Brian Borgen submitted a complaint regarding the maintenance of the levees on the Upper Reaches Project in Sections 7 and 18 of Mary Township. The Board authorized Attorneys Von Korff and Hanson to review the complaint.

Tim Halle stated that he would do the lead story regarding the proposed District Leadership Summit.

Manager Holmvik asked if the Managers were approved to attend the Concerned Citizens Maple River Dam Tour on April 21, 2009. Consensus was authorization was previously given. It was noted that the RRWMB tour scheduled for Upper Becker and CD #18 is scheduled for April 21, 2009.

Manager Ista distributed a request from Curtis Borchert, SWCD, regarding the District's possible contribution of a 20% above appraised value for landowners who signed up for the RIM program in the Lower Wild Rice Priority Area. Administrator Dalen stated that he would get the information to Borchert.

Reconvened Meeting April 29, 2009

Chairman Ista called the meeting to order at 8:40 a.m. The following Managers were in attendance: Managers Seykora and Wright sat in the audience: Managers Ista, Holmvik, Christensen and Spaeth. Manager Vipond absent. In addition the following persons were in attendance. Attorney Hanson, Engineer Bents, Loretta Johnson and Tim Halle and Ron Guttormson, Ray and Margo Hanson, Mark Habedank, Marijo Vik, David Larson, Brian Borgen, Bob Wright, Warren Seykora, Shane Syverson, Kim Syverson, Ron Thorsrud and Erick Bakke.

John Austinson and Duane Erickson, two new board members, took the oath of office from Attorney Hanson. (They replaced Managers Seykora and Wright.)

Raymond Hanson distributed a Summary of Wild Rice Watershed District projects dated April 15, 2009, and reviewed them from the summary sheet. He opposed the addition of main stem dam to the WRDA bill and stated that the District should follow the Project Team approach. Mark Habedank felt this was an opportune time to apply for stimulus money that can come right to the local community.

The Board closed the meeting to discuss strategy on pending litigation and exercise the attorney-client privilege regarding pending litigation against the District with Ms. Kristy Albrecht, Dorsey & Whitney Law Firm. The closed meeting shall be tape recorded by the district. The meeting was closed at 10:15 a.m. The closed meeting concluded at 10:55 a.m. and the regular meeting was re-opened at 10:55 a.m.

Consensus was to review the 2009 goals at the May meeting.

The Board canceled Bruce Watkins contract immediately and pay the hourly rate and costs to date. Manager Christensen opposed. Administrator Dalen requested that he be able to use the \$2,500 in his contract for professional training for additional assistance from Watkins. Consensus of Managers was to table the request until the May meeting.

Warren Seykora, previous Board Member and Chairman, stated that he wished the District the best and indicated that there are opportunities for the District and hoped that the new board moves forward. Manager Ista thanked both Warren Seykora and Bob Wright for their years of dedication.

The Board appointed Manager Christensen as secretary/treasurer until the May meeting.

The Board appointed Manager Ista to be second signature on Wild Rice Watershed District checks until the May meeting.

Manager Wright, previous Board Member and Vice Chairman, stated that he had enjoyed working with the board, Administrator Dalen and staff over the years. Wright stated that he currently has two years left of his appointment to the Red River Watershed Management Board (RRWMB) and would be willing to continue for a year or two if the Managers approved. Wright stated that he is appointed from the RRWMB to be a delegate to the Flood Damage Reduction Work Group (FDRWG) and would therefore consider to be the appointee from the District. Chairman Ista stated that the Board would make a determination on May 13.

The Board approved the request from Minnesota Center for Environmental Advocacy (MCEA) to send a letter of support from the District to the Northwest Minnesota Foundation for a grant to MCEA for the purpose of continued participation in the Red River Mediation process, specifically in the Wild Rice Watershed District as well as the Two Rivers Watershed District. Staff will determine prior to any action that this funding request is not in competition with the Norman County SWCD and the NRCS. Engineer Bents commented that the work may be creditable as Work in Kind (WIK) for the District's U.S. Army Corp of Engineers (COE) Wild Rice River Feasibility Study (WRRFS).

Administrator Dalen stated that Congressman Collin Peterson has invited Managers and Administrator to Washington, D.C. to attend a flood summit conference. Dalen stated that City of Ada Mayor Jim Ellefson was also invited. The Board authorized Managers Ista and Christensen, and Administrator Dalen to attend the meeting.

Administrator Dalen reported that Bonnie Ewert of Customer Connections agreed to attend a meeting and review with Managers the report on the peer process. The Board agreed to contact Ms. Ewert and notify her that no further services and/or conference is necessary.

Managers discussed the process of scheduling a summit meeting with mayors and other township officers in the watershed district to discuss avenues for flood control in the District including cities, townships, etc. The Board appointed Manager Holmvik to contact city leaders and mayors to determine their interest in such a meeting.

Joel Peterson, BWSR, is asking for support on a grant they are submitting to the LCCMR to optimize side inlet design to improve water quality. The Board agreed to submit a letter of support, but indicate the District will not be dedicating any funding at this time.

Attorney Hanson stated that it was brought to his attention that four Managers including Vipond, Seykora, J. Spaeth and Christensen along with Administrator Dalen and Engineer Bents and new possible appointee from Mahnom County, Dean Spaeth, attended an unauthorized private meeting at Manager Vipond's office on April 6, 2009. Hanson stated that this is a violation of the open meeting law and something that board's cannot do. If violated three times, Managers may be sanctioned. Administrator Dalen agreed that it was a violation. Hanson stated that there should be acclimation for new board members and each one should also be given a Watershed District Manual.

Discussion was held regarding correspondence dated April 23, 2009 from Nancy Bode, Assistant Legal Counsel, for the Office of the State Auditor, by the District office; all individual Managers, Attorney Hanson, Accountant Marcussen and Drees, Risky & Vallager, Auditors for the District. The letter included information regarding the District's request for a State Audit, dated May 28, 2008. Ms. Bode indicated that the reason action has not been taken by the Auditor's office, is that they have not received the necessary documents to begin the process. The document is a resolution signed by the Board of Managers, which was requested by the State Auditor on August 11, 2008, upon direct conversation with Administrator Dalen along with an email confirming the same, dated August 11, 2008. A resolution as required by the State Auditor was signed and Staff will forward to the State Auditor's office. A copy of this letter is attached under Section VI – Financial and Audit Report.

Manager Holmvik expressed his frustration with Administrator Dalen regarding the issue of not providing the resolution to the State Auditor, as necessary. Holmvik stated that he has talked with farmers on the east and west sides of the District and there is absolutely no trust of the District. He felt that a clean slate is needed and the sooner a clean slate, the better it will be. Holmvik stated that this kind of thing can't continue and doesn't think that the District will get trust back for the community until the Board terminates the contract of the Administrator and starts over.

The Board agreed by a roll call vote to terminate the contract of Administrator Dalen, effective immediately. All items belonging to the District including keys, cell phones, lap top, etc. were turned in. Any personal items found by staff belonging to Dalen will be returned. Discussion followed. Attorney Hanson expressed concerns regarding possible recriminations and wanted to make sure that the District did not take on any additional liabilities. Upon a quick review of the contract and the Watershed District Manual, he acknowledged that it is a month to month contract, with or without cause. John Austinson stated that the county commissioners who appointed him make it clear that they wanted change.

The Board amended the previous motion to attend the Washington D.C. meeting to not include the Administrator.

The Board appointed staff Loretta Johnson and Kari Kujava to manage the District office until May 13, 2009. Staff is authorized to hire additional assistance if necessary.

E. May Regular Meeting including Re-organization

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday May 13, 2009. Managers in attendance include Diane Ista, Mike Christensen, Joe Spaeth, Duane Erickson, John Austinson and Greg Holmvik. Absent: None. In addition the following persons were in attendance: Interim Administrator Loretta Johnson, Engineer Jerry Bents, Attorney Elroy Hanson, Duane Erickson, Brian Borgen, David Larson, Dave Stumbo, Kim Syverson, Shane Syverson, Ronnie Guttormson, Paul Wannarka, Marijo Vik, Raymond Hanson, Randy Pallum.

Attorney Hanson administered the oath of office to Dean Spaeth.

Brent Kappes stated that there was a lot of debris along areas of the South Branch. Engineer Bents informed him that a FEMA representative will be reviewing that ditch system on Tuesday, May 19. Kappes also questioned why the township is assessed a portion of the costs to the repairs to Project #9. Bents explained the assessment process and the fact that townships may be charged if roads in that particular township were deemed to have been benefited by the project.

Wild Rice Watershed District Board Reorganization: Manager J. Spaeth nominated Mike Christensen for Chairman. Manager D. Spaeth nominated Diane Ista. Manager Erickson made a motion that nominations cease and called for a vote. Manager Austinson seconded the motion. Managers J. Spaeth, Erickson, Austinson and Christensen voted for Mike Christensen. Managers Ista, D. Spaeth and Holmvik voted for Diane Ista. Mike Christensen was approved by a majority vote as Chairman. Carried. Vice Chairman – Manager Austinson nominated Diane Ista for Vice Chairman. Manager J. Spaeth moved that the nominations cease and that the Secretary cast a unanimous ballot. Diane Ista was approved by a unanimous vote as Vice Chairman. Carried. Secretary – Manager Ista nominated John Austinson for Secretary. Manager Holmvik moved the nominations cease and a unanimous ballot is cast. John Austinson was approved by a unanimous vote as Secretary. Carried.

The Board tabled any action on rotation of officers at the present time.

The Board appointed Diane Ista as representative to the RRMWB.

The Board appointed Manager Holmvik and Manager Ista as employee liaisons.

Accountant Marcussen stated that staff anniversary date is May 5, and a meeting should be scheduled within the next month to review staff salary and benefits. Consensus of Managers was that since the Assistant Administrator and Executive Assistant/Project Coordinator, have assumed administrative duties during the interim, a compensation should be looked at in a different way during that time.

Managers discussed holding one or two monthly meetings, but no decision was made at this time.

Manager Holmvik stated in discussion with city leaders, they didn't want a leadership summit meeting at this time. Holmvik stated that a consensus was that if information became available or if Kevin Ruud, Norman County Environmental Services had a reason for a meeting, the District could join with him. Manager Ista felt that to begin work at better communications, it may be good to set an agenda discussion time for cities, townships, Concerned Citizens and Citizens for Farmland Preservation to bring items to the Board. Manager Ista and Jerry Bents reported on a Perley City Council meeting that they attended for the purpose of offering assistance to cities after the recent flood event.

Consensus of the Managers was to notify area cities, townships, Concerned Citizens (CC) and Citizens for Farmland Preservation (CFFP), that they are encouraged to attend Watershed District meetings and speak about their interests. A time will be scheduled on the agenda.

Manager Ista reported that Congressman Peterson and NRCS Chief White will be visiting the area possibly over the Memorial Day Weekend. Consensus was to have Kari Kujava contact Staff Robin Goracke to obtain a schedule.

Kari Kujava updated the Managers on a phone call from John Hoffman, ICS, regarding the District's insurance in which he stated that it was very important to update the policies and pay the insurance as this was not taken care of previously. Hoffman is now in the process of working on this.

Also discussed was preparing a Manager's Handbook binder for all Managers that would include policies, procedures, MAWD handbooks and any other pertinent information that would be a benefit for board members. The Board approved preparing the Managers Binder per recommendation of Accountant Marcussen.

The Board authorized final payment to Steve Dalen in the total amount of \$5,743.41 per Marcussen and Hanson's recommendation. A breakdown of costs is: PTO \$3,636.37; Medical Reimbursement \$1,414.28 and 3 Salary Days \$591.96.

The Board authorized Manager Holmvik, Loretta Johnson, Doug Marcussen, Quick Books Consultant Jon Schauer and Auditor Kim Durbin to work on setting up the Quick Books system to provide financial reports for board review.

The Board authorized Chairman Mike Christensen, Treasurer Greg Holmvik and Secretary John Austinson to execute a signature card at Community Bank of the Red River Valley for the purpose of District checks to be paid.

Attorney Tami Norgard from Vogel Law Firm gave a brief presentation on her qualifications and expertise in Watershed District law and representation for the District. Attorney Elroy Hanson from Wambach and Hanson, presented his proposal for legal services for the District. Manager Ista asked Attorney Hanson if there were areas that he saw were a conflict of interest for him. He stated that if/when that happens he is comfortable in seeking outside counsel. Discussion was held regarding general counsel and special counsel. Manager Holmvik stated that he didn't think the Board should make a decision today on special counsel. The Board accepted the proposal submitted by Attorney Hanson for legal services for the District.

There were no proposals submitted for publicity firms. Manager Ista felt that the District was paying too much money out yearly for Tim Halle and felt that there may be cheaper ways to do that. Alternatives were discussed. The Board tabled any action until more information was obtained.

Doug Marcussen, Marcussen Accounting, presented a proposal for accounting services which the Board accepted.

The Board authorized Treasurer Greg Holmvik to review staff time sheets and sign off on these documents.

Wes Carlsrud presented a proposal for spraying of District Projects and Ditches which the Board accepted. Arvid (Hap) Ambuehl submitted a proposal for mowing of District projects and ditches which

the Board accepted. Jon Peterson submitted a proposal for mowing the Lockhart Project which the Board accepted.

Jeff LeDoux and Jerry Bents, Houston Engineering, submitted a proposal for engineering services which the Board accepted.

Curtis Borchert, Norman County SWCD, met with Managers to discuss a joint meeting with the District SWCDs, WRWD and county commissioners. Brian Dwight, BWSR, also felt this would be a good idea and an attempt to accomplish the roles and responsibility of SWCD programs, District programs and augment the programs and projects of the Watershed District. The Managers approved the joint planning meeting with Manager Christensen to act as District representative in the planning process.

The Board tabled action on the Ditch Modification Grant until October.

Marijo Vik stated that there is a settlement offer on the table by Vik in which she would agree to drop the suit against the District, however continue the lawsuit against both Steve Dalen and Warren Seykora. The settlement agreement would include a \$35,000 payment. Attorney Hanson strongly recommended that the District and Board of Managers have no open discussion on this item until it can be discussed with the District's Insurance appointed attorney Kristi Albrecht of Dorsey Whitney. Vik stated that the offer would be off the table today. Hanson reiterated his statement recommending the same. The Board tabled any action or discussion pending consultation with Attorney Albrecht.

Manager Ista presented a written report and update on the recent meeting in Washington D.C. that she and Manager Christensen attended. Congressman Collin Peterson and staff invited representation from the Wild Rice Watershed District and also City of Ada. Various legislators and staff were in attendance including Congressman Peterson and staff, Senator Amy Klobuchar, Senator Byron Dorgan staff, Senator Conrad staff, Congressman Earl Pomeroy, Governor Tim Pawlenty, Colonel Christensen from the National Guard, USACE officials.

The Board appointed Kari Kujava as Data Practices Officer for the District. Kujava is also authorized to attend a seminar in St. Paul on Data Practices Act.

Brad Fairbanks submitted a complaint located in Section 27 Pembina Township, Mahanomen County, stating that water was diverted from a small pond towards his property, causing his basement to flood. Engineer Bents stated that Fairbanks has asked that the District assist in negotiating with neighbors. Consensus of the Board was that Managers J Spaeth and D Spaeth visit with Fairbanks.

The Board authorized Managers and staff attendance at the MAWD Summer Conference June 25-27, at the Shell Rock River Watershed District.

F. June Regular and Reconvened Meetings

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday, June 10, 2009. Managers in attendance included Diane Ista, Joe Spaeth, Greg Holmvik, Duane Erickson, John Austinson, Dean Spaeth and Mike Christensen. Absent: None. In addition the following persons were in attendance: Interim Administrator Loretta Johnson, Administrative Assistant Kari Kujava, Attorney Hanson, Engineer Bents and landowners and interested persons.

Mark Meister, Public Information Consultant for the Red River Watershed Management Board (RRWMB) gave a brief presentation on his qualifications and expertise in providing public information for member districts. Meister stated that he would assist the District, if requested, to inform landowners on District activities through the media. He explained that there are no costs to the District because this is funded by the RRWMB on behalf of member districts.

The Board appointed Manager J Spaeth as alternate representative to the Red River Watershed Management Board.

Curtis Borchert, NCSWCD and Brian Dwight, BWSR, met with Managers to discuss the RIM program which has \$400,000 that designated the area along the Wild Rice River near the confluence of Project #31 and the Wild Rice River as a priority area. Also discussed was a motion made earlier by the Managers in which they agreed to pay an additional 20% above appraised market value of the land after all other programs had been included. Brian Dwight stated that this would be an opportunity for the District to assist with the acquisition of property if this was intended to be used later for a project. Borchert stated that in discussions with landowners prior to the project they indicated that they didn't want to sign up for the program due to the perpetual easements. The Board rescinded the previous motion by the Board authorizing the additional 20%.

John Beckwith, State NRCS representative stated that he was asked by Dave White, Federal NRCS, to meet with Managers in an attempt to assist with some planning funds from the NRCS for projects. Beckwith stated he did not have any recommendations at this time.

Loretta Johnson stated that she had contacted Kim Durbin, Drees, Risky, and Vallager, to determine if their firm would agree to withdraw from their contract with the Watershed District to do the 2008 audit. Durbin agreed with the stipulation that the District pay the minimal costs incurred to date. The Board agreed to proceed with the State Audit and pay fees owed to Drees Risky Vallager Ltd.

Curtis Borchert met with Managers and presented a proposal for a joint administrator for the District and his current position at the NCSWCD. Borchert stated that he would also consider a six month proposal. Manager Ista stated that she wanted to hire an engineer and Manager Holmvik stated that he didn't feel it was necessary for the District to hire an engineer. Holmvik stated that at this time there were too many unanswered questions. Consensus of managers was to not take any action at this time.

Curtis Borchert and Brian Dwight discussed preparations for a joint meeting with WRWD, NRCS, BWSR, and County Boards to discuss coordination of projects with representatives from all agencies. Dwight stated that he envisioned approximately 50-60 attendees. Consensus was to proceed with the planning meeting.

The Board authorized all Managers to attend the Minnesota Pollution Control Agency meeting scheduled for the District office on June 19, 2009.

Loretta Johnson stated that Kristy Albrecht was unable to attend today's meeting and asked Board members if they would like to invite her to come to the reconvened meeting on June 17, 2009, to update the Managers and discuss strategy of the Vik Lawsuit. Consensus of Managers was for Johnson to contact Albrecht and invite her to the meeting.

Kari Kujava reported to Managers that John Hoffman ICS, just contacted her and informed her that no other carrier had picked up the District for insurance. Consequently the District will stay with AIG. The Board accepted the submittal by AIG and to make the payment of \$5,939 for the insurance.

June 17, 2009, Reconvened Meeting

The reconvened meeting of the Wild Rice Watershed District on Wednesday June 17, 2009, was called to order at 8:30 a.m. The following Managers were in attendance: Joe Spaeth, Mike Christensen, John Austinson, Greg Holmvik, Diane Ista, Dean Spaeth, Duane Erickson. Absent: None. In addition the following persons were in attendance: Loretta Johnson, Kari Kujava, Attorney Hanson, Marijo Vik, Dick Ambuehl and Mick Alm.

Attorney Hanson discussed the fact that the entire board cannot attend the same meetings and carry on discussion without that meeting being noticed by the District or the District will be violating the Open Meeting Law. He stated it is the safest if only three Managers attend any meeting having a non quorum. The Board authorized Managers Ista, Christensen and Erickson to attend the MPCA meeting.

The Board closed the meeting to discuss pending litigation and future strategy with Ms. Kristy Albrecht, Dorsey & Whitney Law Firm and exercise the attorney-client privilege regarding pending litigation against the District. The closed meeting shall be tape recorded by the district. The meeting was closed at 10:00 a.m. The closed meeting concluded at 9:55 a.m. and the regular meeting was re-opened at 11:00 a.m.

Engineer Bents reported that regarding the Vik violation, Eugene Vik submitted a new permit for work in the area of the violation. The Board tabled any action on the violation until which time the new permit can be acted on. The Board tabled action on the Vik permit and notify area landowners.

Managers discussed sending a request to the NRCS agency to determine if they have funding for projects to assist the Watershed District. Consensus of Managers was to send a letter of request to John Beckwith, NRCS, requesting funding assistance on the Upper Felton, Marsh Creek, Site #6, Site #1 East of Ulen, Moccasin Creek and Upper Becker.

The Board authorized Managers D Spaeth and Holmvik to attend the SWCD meeting in Twin Valley on June 23, 2009.

Consensus of Managers was to authorize Manager Ista to write and publish articles for the Ada Index with Watershed information from the meetings.

The Board agreed to send a letter to Marvis Thompson informing him he should take his complaint regarding a culvert to the Highway Department.

G. July Regular, Reconvened and Special Meetings

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday, July 8, 2009. Managers in attendance include Diane Ista, Duane Erickson, Joe Spaeth, Mike Christensen, John Austinson and Greg Holmvik. Absent: Dean Spaeth. In addition the following persons were in attendance: Interim Administrator Loretta Johnson, Engineer Jerry Bents, Attorney Elroy Hanson, Kari Kujava, Brian Borgen, Brent Kappes, Ronnie Guttormson, Marijo Vik and Wally Sparbe, Aid to Congressman Peterson.

Wally Sparbe, aid to Congressman Collin Peterson introduced himself.

John Pazdernik submitted a complaint in Sections 31 -32 of Rosedale Township, Mahnomen County, alleging that the water is high in the ditch system and the culverts are full of water all of the time. Attorney Hanson stated that he did not think this is a Watershed District issue, rather a private matter between landowners. The Board denied the complaint and will notify Pazdernik that he should contact the USFWS regarding his issue.

Loretta Johnson reported the status of the District Vehicle, a Chevrolet Tahoe, stating that it is a 2008, with approximately 36,000 miles, payment sat \$870 per month and an approximate \$22,000 left to pay on the loan. Johnson stated that in discussion with Accountant Marcussen he felt it would be much more cost efficient and practical for the District to reimburse Managers and a potential administrator the current rate of mileage than the costs related to owning a vehicle. No action was taken at this time.

Raymond Reading and Jim Stengrim each gave presentations on their applications for an Interim Administrator. Curtis Borchert, NC SWCD, who was also in attendance, had presented his application at a previous meeting. Manager Austinson question Reading on his time management as he indicated that he currently is doing consulting work and didn't want to quit that consulting work for a part time position. Managers discussed the fact that Dick Sundberg, another interested participant, hadn't received his notice for the meeting in time to attend. The Board stated they would like to have the opportunity to also meet with Sundberg prior to making any decisions.

Attorney Hanson updated the Managers on the Furuseth deed to transfer property on the Heiberg Dam. No motion was made as this deed transfer was prior authorized.

Engineer Bents reported that a draft TMDL (Total Maximum Daily Load) implementation plan will be ready to submit to the MPCA for #319 Funding on July 15, 2009. The Board authorized staff to submit the TMDL Implementation Plan to the MPCA.

Reconvened Regular Meeting - July 15, 2009

Chairman Christensen reconvened the meeting at 8:45 a.m. on Wednesday, July 15, 2009, at the District Office located at 11 Fifth Avenue East, Ada, MN. The following members were in attendance: Mike Christensen, Joe Spaeth, Duane Erickson, Diane Ista, Dean Spaeth, John Austinson and Greg Holmvik. Members absent: None. In addition the following persons were in attendance: Interim Administrator Loretta Johnson, Administrative Assistant Kari Kujava, Engineer Jerry Bents, Paul Wannarka, Marijo Vik and Dick Sundberg.

Dick Sundberg met with Managers to discuss the Interim Administrator's position. He previously sent his resume for Managers review. Manager Ista stated that she would like an Interim Administrator to take over the Upper Becker project, meet with landowners and keep the project moving forward. Manager Spaeth said he read the resume, and from Sundberg's previous work for the District felt he had done a good job. Manager Holmvik stated that the Upper Becker Dam Project would be the biggest job, but also felt that Sundberg, in being Interim Administrator could assist the District in seeing exactly what the District needs in a full time Administrator. After considerable discussion, Sundberg stated that he has been working for the USACE in New Mexico, but now has an opportunity to return to work for the USACE in St. Paul and felt it would be in his best interest to continue in that course. He thanked the Managers for their interest in him and stated that he appreciates the confidence that they have shown.

Curtis Borchert, NCSWCD, requested that the District prioritize the two requests for the RIM funding. The Board decided to rank Kurpius first due to the property being farmland and the Wagner property second.

The Board approved the latest version of the TMDL Implementation Plan.

Manager Erickson presented a list of proposed duties that he would recommend for the Interim Administrator and recommendations on hiring of a full time administrator. Discussion followed on hiring a full time Administrator. Manager Ista felt that the District should be advertising immediately. The Board authorized staff to prepare and submit an advertisement for full time Administrator for the following newspapers: Norman County Index, Fargo Forum, Grand Forks Herald, Twin Valley Times. The Shopper and the MAWD; League of Minnesota Cities and the District's web site.

Special Meeting July 28, 2009

A Special Meeting of the Wild Rice Watershed District Board of Managers was held on Tuesday July 28, 2009, at the office of the District located at 11 Fifth Avenue East, Ada, MN. The purpose of the meeting was to address permit applications and a violation. The following Managers were in attendance: Joe Spaeth, Dean Spaeth, Mike Christensen, Greg Holmvik, Duane Erickson, John Austinson and Diane Ista. Absent: None. Also in attendance were Interim Administrator Loretta Johnson, Executive Assistant/Project Coordinator Kari Kujava, Engineer Jerry Bents, Attorney Hanson, via teleconference, Wally Sparbe, Congressman Peterson's office and members of the audience. Chairman Christensen called the meeting to order at 8:45 a.m.

The Board authorized execution of a Quit Claim Deed to Furuseths, per recommendation of Attorney Hanson.

Eric Grieve met with the board at 10:00 a.m. to discuss a complaint he filed for a block put in the ditch in Section 23, Green Meadow Township. Steve Airhart, landowner as joined the meeting via teleconference and Brian Visser, renter of the land in question was also in attendance. Airhart admitted that he placed the block in the ditch and did so because he was getting additional water from the east. He also alleged that former Chairman Seykora told him to go ahead and put a block in. Attorney Hanson informed Airhart that this is a violation of Watershed Districts and a violation of MN law and the blockage needs to be removed. Upon Attorney Hanson's recommendation, the Board authorized the District to pursue the blockage in Section 23 of Green Meadow Township, placed there by Steve Airhart and appointed Chairman Christensen to notify the Norman County Sheriff and file a complaint with that office.

The Board authorized staff to contact Tim Halle to determine if he is willing to do the Annual Report for 2008.

Discussion was held regarding hiring of an Interim Administrator. Loretta Johnson proposed hiring Mark Aanenson, who was the Interim Administrator in 2005, to assist part time acting as Project Manager/Coordinator rather than an Interim Administrator. Manager Erickson stated that he opposed the approach of hiring Aanenson. The Board tabled any further discussion regarding an Interim Administrator at the present time and authorizing staff to notice Stengrim and Reading, applicants who had previously applied for the job of this action by the Board.

Loretta Johnson stated that Taylor Kujava has been assisting staff at the office part time. The Board authorized minimum wage be paid Kujava.

The Board authorized staff to take the District vehicle (Tahoe) to a cleaning facility and have it thoroughly cleaned. The Board authorized staff to place an ad in local papers to sell the District Vehicle. Manager Holmvik agreed to assist staff. Carried with Manager Ista opposed.

H. August Regular and Reconvened Meetings

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday, August 12, 2009. Managers in attendance included Diane Ista, Joe Spaeth, Greg Holmvik, Duane Erickson and Dean Spaeth. Absent: Mike Christensen and John Austinson. In addition the following persons were in attendance: Interim Administrator Loretta Johnson, Administrative Assistant Kari Kujava, Attorney Hanson, Engineer Bents and Marijo Vik, Jim Jirava, Brian Borgen, Mark Habedank, Raymond Hanson, Aaron Neubert, Curtis Borchert, Dave Stumbo, Borgens and Andersons.

The Board authorized Vice Chairman Ista to sign checks in the absence of the Chairman.

Engineer Bents stated that the Red River Basin Commission will be hosting the bonding tour and has requested that each Watershed District put together a one page summary of the projects that we have that will be looking for bonding in 2010. This will build off of the 5 year bonding assessment that the District did a couple of months. The Board authorized Bents to prepare the summary

Mark Aanenson, Houston Engineering, and Manager Christensen reviewed the status of the block in Section 23, Green Meadow Township, along with photos of the site, which indicated that although a small amount of dirt had been dug out the block was not totally removed. The Board authorized Attorney Hanson to notify Airhart that he must do a total removal of the blockage or the District will take whatever the appropriate steps are to either proceed with a criminal or civil complaint.

The Board authorized Attorney Hanson to notify Eugene Vik that he is to remove the dike to the proper elevation as soon as possible after August 15, 2009.

Kari Kujava distributed for Managers a draft Data Practices Policy Revision/Update to review. Managers agreed to review the policy and take any action on August 19, 2009.

Reconvened Regular Meeting August 19, 2009

The regular meeting of the Wild Rice Watershed District was reconvened at 8:40 a.m. on Wednesday, August 19, 2009, at the District office located at 11 Fifth Avenue East, Ada, MN. The following members were in attendance: Joe Spaeth, Dean Spaeth, Duane Erickson, Diane Ista, Greg Holmvik and Mike Christensen. Absent: John Austinson. In addition the following persons were in attendance: Interim Administrator, Loretta Johnson, Administrative Assistant, Kari Kujava, Engineer Jerry Bents, Attorney Elroy Hanson, Marijo Vik, Mark Habedank, Brian Borgen, Aaron Neubert, Mitch Berg, Brian Dwight. Chairman Christensen called the meeting to order.

Manager Ista questioned the status of the Vik Lawsuit. Attorney Hanson stated that the judge is deciding the summary judgment.

Manager Holmvik volunteered to do a field visit of the Airhart violation to determine if he had removed the blockage as determined necessary.

Manager Spaeth recommended that a project tour be held to show new Managers the projects that the District is and has worked on. He also suggested that staff contact Tom McCauley, Archaeologist for the White Earth Tribe and request that he be available for discussion on the tribe's project on Upper Rice Lake. The Board authorized a project tour to be scheduled for Monday, August 31, 2009, beginning at the District office.

Attorney Hanson stated that the question was raised determining if the funding in the amount of \$600,000 received from the Red River Watershed Management Board (RRWMB) was considered a loan. Hanson stated that he contacted the Attorney General's office and the Office of the State Auditor and they both concurred that it was not a loan, rather an advance of funding to come from the state or the DNR.

Attorney Hanson and Accountant Marcussen explained the unemployment laws regarding government organizations as the question had been raised at an earlier meeting.

Engineer Bents stated that Norman and Mahnommen County have set up a team of flood plain coordinators to work on floodplain maps that are due for release in 2012. The Board authorized District participation in the team.

The TMDL Study was completed by the MPCA and is awaiting approval from the EPA (we have since found out it has been approved.) The WRWD, SWCDs, and MPCA are working to complete the TMDL Implementation Plan. Once completed and approved by the MPCA, this will allow the WRWD and SWCDs to be eligible for additional Clean Water Legacy Act funding.

Loretta Johnson distributed an email from Brenda Elmer, who has been scheduling the Red River Basin Legislative Bonding Tour which will view projects for capital bonding in the Red River Basin. The Board authorized Engineer Bents and Manager Ista to attend the tour.

Loretta Johnson distributed copies of information regarding the Kuechle complaint received stating that a block had been put in Section 4 of Wild Rice Township. This item was previously discussed by the board and the action at that time was to notify Kuechle that the District did not have enough evidence to prove a violation existed. Consensus of Managers was to notify Kuechle that the action by the District remains the same, however if he would like assistance from a Manager in negotiating with the neighboring landowner, he may contact Manager Christensen and he will assist.

Engineer Bents discussed the five year grant that the District has with the USGS for studying sediment transport on the South Branch. Bents stated that the MPCA paid with a grant to the District for \$10,000 per year, for the first two years, however the District is obligated to pay the balance unless other

funding is obtained. The Board authorized staff to apply for a grant through the MPCA to fund for the balance of the application.

The Board approved the list of Project Special Levies for 2010. levies as distributed. The Board then amended approval of spreadsheet which includes an increase from 4-6% on Project #12, of levies for the District Projects for the year 2010. Manager Erickson was opposed.

The proposed 2010 Administrative Budget for consideration at the budget hearing in September was distributed for review. The Board approved (pursuant to Chapter 162, laws of 1976, as amended, and under the direction from the Red River Watershed Management Board,) the proposed levy of .0004836 times the taxable market value of the property in each county that lies within the District for the Red River Watershed Management Fund, one-half of which remains in the Wild Rice Watershed District for construction and maintenance of projects and one half provided to the Red River Watershed Management Board for projects and programs of common benefit to more than one member district and that the following proposed budget be adopted for consideration at the budget hearing scheduled for 10:00 a.m. on Wednesday September 9, 2009, at the office of the Wild Rice Watershed District located at 11 Fifth Avenue East, Ada, MN.

The Board submitted a request for support on the two foot bounce with a ten day draw down, agreed on by the Flood Damage Reduction Work Group for any State lands, USFWS, DNR, WRP and CRP and RIM Programs. Copies are to be mailed to William Hunt and the Fergus Falls NRCS office.

Manager Ista offered to continue speaking on Kaleidoscope the first Monday of every month until another Manager offers to do so.

The Personnel Committee reported that they were reviewing the hiring process with Marijo Vik and will be meeting on Thursday August 27, to be reviewing the applications. They intend to reduce the applications to four – six, send them a formal application and bring back to the Board of Managers and begin interviews. The Board authorized the Personnel committee to continue the process of the applications for Administrator.

The Finance Committee reported that the Administrator's laptop mother board quit and a new laptop was purchased for the new administrator.

The Board offered staff a 3% raise on salary and medical benefits retroactive to employment date and \$250 per week during the time of no administrator.

The Board approved all Managers attendance at the MAWD Leadership Workshop scheduled for September 11 and 12, 2009, at the Holiday Inn in Alexandria.

I. September Regular Meeting

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday, September 9, 2009. Managers in attendance included Diane Ista, Joe Spaeth, Greg Holmvik, Duane Erickson, John Austinson and Dean Spaeth. In addition the following persons were in attendance: Interim Administrator Loretta Johnson, Administrative Assistant Kari Kujava, Attorney Hanson, Engineer Bents and Marijo Vik, Joe Kroshus, Richard Pinsonneault, Mark Meister, Brent Kappes, Ronnie, Caroline, Bill and Tom Baker & Krogstad, Mark Habedank, Paul Borgen, Nelsons, Steve Jacobson and other interested landowners.

Chairman Christensen called the hearing to order on the proposed 2010 Administrative Budget. Loretta Johnson distributed copies of the proposed 2010 administrative budget that were published in the local newspapers in advance of the hearing. The Board approved the Administrative Budget for the year 2010.

Pursuant to Chapter 162, Laws of 1976, as amended, and under direction from the Red River Watershed Management Board, it is also proposed to levy .0004836 times the taxable market value of the property that lies within the District, in each county in the District for the Red River Watershed Management Fund, one-half of which remains in the Wild Rice Watershed District for construction and maintenance of projects of benefit to the District, and one-half of which is sent to the Red River Watershed Management Board for the construction and maintenance of projects of common benefit to more than one member district.

The Board approved the project and ditch levies as reviewed at the regular August 10, 2009, meeting. Carried.

Treasurer Manager Holmvik reported that in reviewing the bills he questioned if the administrative funds approved for the Soil and Water Conservation Districts was to be paid up front or after the work was completed. Consensus of Managers was that the administrative funds were to be paid immediately with the project funds to be paid upon completion. The Board approved the billings as distributed.

Mark Habedank met with Managers on behalf of Steve Airhart, regarding a ditch block Airhart installed in Section 23 of Green Meadow Township. Habedank stated that Airhart doesn't want all of his trees killed from standing water and would like a ditch cleaned, however the ditch is not along a township road and is a private ditch on property owned by Randy Chisholm. He also stated that Chisholm will allow Airhart to clean the ditch, but Airhart won't pay the costs and neither will Chisholm and that the simple issue is that no one wants to pay for it..

Attorney Hanson reported that Judge Remick issue his order regarding the Vik Lawsuit, which denied the plaintiff's motion and brought a successful resolution to the Board. There is a motion for reconsideration by Mr. Haik and the status of that isn't known at this time. A copy of the material will be available to Managers at the October meeting.

The Board authorized Attorney Hanson to prepare the language to amend the Watershed District's By-Laws to change the meeting notice time from five days to three days as stated in the Minnesota Statutes.

Attorney Hanson stated that he received a communication from Furuseths stating that they rejected a warranty deed recorded on property at the Heiberg Dam. Hanson stated that he corresponded with Furuseths asking them why they didn't agree, but no communication has been received from them at this time.

Attorney Hanson addressed the open meeting law and stated that any more than three board members at a committee meeting or other meeting constitutes a quorum and is in violation of the open meeting law, unless it is a properly noticed meeting. The Board authorized Attorney Hanson's request to contact the Department of Administration and obtain an advisory opinion regarding the recent bus tour.

It was reported that the Norman County SWCD did a survey of the Vik violation site at various points which show the elevation and provided a report to the District. The Board authorized copies to be sent to Dick Ambuehl and Roger Kurpius.

Managers discussed the District's lack of representation on the Red River Basin Board. Manager Erickson stated that Director Lance Yohe stated that the earliest a new member could be on the Board is January 1, 2011.

Engineer Bents distributed the final version dated September 4, 2009, of the Lower Wild Rice River Turbidity Total Maximum Daily Load Implementation Plan prepared by the Wild Rice Watershed District, Becker County SWCD, Clay County SWCD, Norman County SWCD and Mahnommen County SWCD. The Board agreed to submit the plan.

Manager Spaeth reported on the bus tour by the Board and stated that he felt it was a good tour.

The Board approved the following Data Practices Guidelines as in compliance with state guidelines: 1) The Public's Guide to Requesting Information - Wild Rice Watershed District; 2) Right to Access Public Data; 3) How to Make a Data Request; 4) How We Respond to a Data Request; 5) Data Practices Contacts - Responsible Authority

The Board authorized Kari Kujava to attend a Data Practice Workshop in St. Paul on October 2, 2009.

Manager Holmvik presented a bid from Lee Brothers in the amount of \$24,400 for the District Tahoe. The Board accepted the bid to sell the vehicle.

Engineer Bents updated the Managers on a meeting held regarding the Flood Insurance Study. Bents stated that there isn't mapping in areas of Mahnommen County and a meeting will be held there. The Board authorized Managers D Spaeth and J Spaeth to attend the Mahnommen meeting.

Discussion was held concerning the need to get the Work Plan completed and submitted to BWSR. The Board authorized Engineer Bents to compose the plan and submit to BWSR. Manager Erickson opposed.

Manager Holmvik reported on the status of the Personnel Committee's work on the administrator applications. Holmvik stated that the committee has used the grading system and reduced the application list to 21. These persons will receive an actual application to complete and return to the District office. Holmvik requested that Managers that had specific questions they would like used in the

interview process, to bring them into the office to be incorporated into the list of questions. Holmvik stated that up to this point the committee has not used names; rather they have been looking at skills, education and things of that nature.

J. October Regular and Reconvened Meetings

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday, October 14, 2009. Managers in attendance included Diane Ista, Joe Spaeth, Greg Holmvik, Duane Erickson, John Austinson and Dean Spaeth. In addition the following persons were in attendance: Interim Administrator Loretta Johnson, Administrative Assistant Kari Kujava, Attorney Hanson, Engineer Bents and Marijo Vik, Brian Borgen, David Geray and Dennis Schurman, Attorney Representing Geray, Steve Airhart and landowners interested in permits.

Manager D Spaeth reported on the status of the Personnel Committee's work on hiring an administrator. Spaeth requested authorization to fund background checks for the remaining eight applicants ranging from \$50-\$100 per applicant, which the Board approved.

David Geray on behalf of Geray Construction and his attorney met with Managers. Geray requested the rationale by the Managers for not awarding him the ring dike bids on the projects which he was low bidder. Attorney Hanson stated that the Uniform Municipal Contracting Law states that the bid be awarded to the lowest responsible bidder and that previously either the work was poor in quality or some of the work was not done properly. Engineer Bents stated that he recommended that the Board of Managers not accept the bids from Geray as a result of issues with two jobs being the Green Meadow Dam Construction Project and the Olson Ring Dike Project. Attorney Schurman stated that as a board you are supposed to take the lowest bid and he felt that this is something that has to be addressed. Attorney Hanson stated that the Board's decision was based on the fact that they believed that the contracting was not satisfactory. Geray expressed concerns about never again being able to get a job with the District if he bids again. Both Managers Ista and D Spaeth stated that this was not true. The Board authorized staff to prepare and provide documentation indicating why Geray did not receive the bid and that in the future Geray will be considered on the same basis as anyone else bidding the job.

Kevin Ruud, Norman County Environmental Services Director, met with Managers and discussed Norman County contracting with the Watershed District to do flood plain mapping with a FEMA grant. Ruud stated that if the Managers agreed, Norman County Commissioners will develop a legal contract. The Board approved Ruud's request to contract with the District for the FEMA grant flood plain mapping. Discussion was held regarding the necessity to change the regular meeting scheduled for November 11, 2009, due to it being a Federal Holiday, Veteran's day. The Board agreed to change the date to November 4, 2009. After discussion Attorney Hanson stated that according to statutes when the regular meeting date is changed it must be held the following Wednesday. The previous motion was rescinded and the Board set the November Regular Meeting for Wednesday November 18, 2009.

The Board scheduled a special meeting for 8:30 a.m. on Monday October 26, 2009, at the District office.

Attorney Hanson stated that the District prevailed in the Vik Lawsuit. Attorney Haik has filed an appeal with the MN Court of Appeals and that will proceed in accordance with the rules of the Minnesota appellate procedure.

The Board authorized correspondence be sent to Congressman Peterson, Senator Klobuchar, Senator Franklin and Senator Dorgan's offices requesting funding assistance for flood control projects in the WRWD. Erickson and Ista will prepare the letter.

Manager Ista reported that the Norman County Weed Inspector has retired and the commissioners are investigating options regarding the weed inspections. Ista stated that the supervision may be turned over to the Norman County SWCD.

The Board authorized attendance at the MAWD Annual Meeting, & Trade Show, December 3-5, 2009, Alexandria, MN.

The Board rescinded the prior motion scheduling a special meeting and recess the current meeting to be reconvened at 8:30 a.m. on Monday October 26, 2009.

The Board authorized attendance at the Senate Bonding meeting scheduled for October 27, 2009, at the Ada/Borup School Auditorium.

Reconvened Meeting Minutes - October 26, 2009

Chairman Christensen reconvened the meeting at 8:30 a.m. on Monday October 26, 2009. The following members were in attendance: Joe Spaeth, Dean Spaeth, Greg Holmvik, Diane Ista, John Austinson and Duane Erickson. In addition the following were in attendance: Interim Administrator Loretta Johnson, Rose Hoefs, Hoefs Appraisals, Attorney Hanson and Attorney Kristy Albrecht.

Dorsey-Whitney Attorney, Kristy Albrecht, met with Managers at 11:00 a.m. to discuss strategy for the Vik Lawsuit. The meeting was closed to discuss the strategy at 11:00 a.m. The meeting reopened at 11:50 a.m.

The Clay County SWCD scheduled a meeting for 6:00 p.m. on Thursday, November 12, 2009, at their Moorhead office. The purpose of the meeting is to discuss storage on the Todd Kjos property located in Sections 22, 23, 26 and 27 of Goose Prairie Township. Managers Erickson, Ista and Austinson were to attend the meeting.

Manager Ista brought up the Drainage Modernization Grant Application regarding the work plan and the tasks being assigned to Houston Engineering. This was a request for Curtis Borchert to do it. Now she is concerned regarding Houston Engineering doing it. Houston prepared the work plan which has been submitted, which was authorized at board meeting. Loretta Johnson explained that the work itself is mainly going to the court house, getting all of the records we have at the District, at Houston Engineering and scanning them into digital format that is available for whoever is decided. The grant is for \$45,000; \$30,000 is paid for by the District's ditch systems.

Engineer David Overboe submitted a request from Clay County Highway Department for a 50% cost share request for payment in the amount of \$800 on a bridge repair on Clay County Ditch #6, which is on of the District's ditch systems. Consensus of Managers was to contact Overboe and discuss concerns prior to the November meeting and bring back to the Board prior to payment.

K. November Regular, Reconvened and Special Meetings

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday, November 18, 2009. Managers in attendance included Diane Ista, Joe Spaeth, Greg Holmvik, Duane Erickson, John Austinson and Dean Spaeth. In addition the following persons were in attendance: Interim Administrator Loretta Johnson, Administrative Assistant Kari Kujava, Attorney Hanson, Engineer Bents and Marijo Vik and other interested landowners.

Doug Fugleberg met with Managers to discuss his allegations that he had crop loss and loss of income from his pumpkin sales due to the township road going by the Gilbertson ring dike being impassible. Fugleberg submitted a letter in which he asked for reimbursement for lost income due to the road conditions as a result of the Ryan Gilbertson, ring dike construction. Fugleberg stated that he would have delivered 3,350 pumpkins to Cashwise Fargo, Hornbachers, Cashwise Moorhead and Hugos for a total of \$7,925. Fugleberg stated that it is his contention that had the ring-dike construction not occurred at the time and manner it did their losses would not have occurred to this level and requested reimbursement. Engineer Bents provided a timeline of when the technician was notified by Fugleberg, when the road was made passable after the notice and some photos of the site. Attorney Hanson stated that it sounded to him like Fugleberg was alleging negligence and therefore could be sent to the District's insurance carrier for review and determination. The Board authorized staff to turn the issue over to the District's insurance carrier and Attorney Hanson agreed to take care of this.

Dean Heitman filed a complain in Section 36 of Hegne Township indicating that culverts located north of the Dwight Heitman Ring Dike were too small and causing runoff to travel north and west across the land owned by Dean Heitman. Technician Mark Aanenson investigated the site and determined that the 48" culverts were installed with a WRWD permit in approximately 1986 and as a result a violation of District rules is not evident and recommended that a letter to Dean Heitman should be sent based on these conclusions. A couple of alternatives or suggestions for change were included in the letter. The Board authored the letter and recommendation that Dean Heitman may also submit a maintenance request on Project #31.

Attorney Hanson stated that this is an unusual situation regarding Home Lake Township, Section 7 Home Lake and Section 12, Rockwell Township and David Mickelson same location. The claim is that there was a violation approximately 14 years ago, that work was done without a permit. Evidence is hard to get that long ago. The claim is that the violating party put in a road that is a township road. Both

complaints are the same. Dan Mickelson is not asking for access to his land which David Mickelson is the landowner. Russell Olson does not want any change because he claims that it causes additional problems downstream. The Managers approved Permit Application #11-18-09-12 of Home Lake Township to install a 24" culvert on the west side and an 18" culvert on the east side.

David Tangen and Gary Bergan representing the Clay County Association of Township Officials, invited Watershed District Managers and Administrator to their next annual meeting.

Manager Ista recommended support by the Board for the Red River Downstream Impact Workgroup to be established as a method of obtaining a voice on the Metropolitan Flood Management Work Group in Fargo, which is working on the diversion project for protecting cities of Fargo and Moorhead. The Board agreed to support the concept, adopted the *Red River Downstream Impacts Work Group* resolution and appointed Manager Ista to represent the District.

The Board canceled the cell phones and lines previously used and reestablished cell phones under new administrator. The Board now requires authorization prior to purchasing cell phones and systems.

Reconvened Regular Meeting - Friday, November 20, 2009

Chairman Christensen reconvened the meeting at 8:40 a.m. on Friday November 20, 2009, at the office of the District located at 11 Fifth Avenue East, Ada, MN. The following members were present: Joe Spaeth, Greg Holmvik, Duane Erickson, Dean Spaeth, Mike Christensen and Diane Ista. Absent: John Austinson. Also present were Engineer Jerry Bents, Attorney Hanson, Interim Administrator Loretta Johnson, Kari Kujava, Brian Dwight, Brian Borgen, Steve Jacobson, LeeAnn Hall and Curtis Borchert.

Manager D Spaeth reported that the personnel committee has received all of the background checks and intend to have a meeting and try to reduce the applicants to interview between 4 and 5. Spaeth stated that they would try to be ready for interviews by the 8th of December. If so a special meeting will be scheduled and everyone will be noticed.

Curtis Borchert distributed information on various BWSR grants that could be applied for. County Commissioners Steve Jacobson and Lee Ann Hall plus Brian Dwight, BWSR, recommended support by the District. Manager Holmvik expressed concerns due to the District's ability to fund the cost share associated with most grants. Hall stated that they could still apply for the grant and if accepted could then decide if the funds were available. Holmvik stated that he has a problem applying for a grant and then not accepting it, but would go along with the rest of the Managers on the decision. The Board authorized Borchert to proceed with applications for the grants with assistance from the District Engineer, Jerry Bents, when necessary and Chairman Christensen to sign the grant. Engineer Bents asked Dwight if there was a portion of the grant that could provide matching dollars for the Becker Dam project. Dwight replied, not within the dam itself, however there may be opportunities on the treatment component.

The Board authorized Managers D Spaeth and J Spaeth to attend a meeting on Tuesday, November 23, 2009 at 10:30 a.m. regarding the FEMA Insurance Mapping.

The Board authorized continued use of staff to work with Ditch Modernization Grant.

A meeting is rescheduled for 5:00 p.m. on December 10, 2009 at the Clay County SWCD office. Items on the agenda will include the potential flood control project in Goose Prairie Township. Managers Christensen, Ista and Erickson have been authorized to attend.

Everett Hanson filed a complaint for a driveway in Section 36, Spring Creek Township that was installed by Keith Chisholm, claiming that Chisholm was on his property. The Board agreed that Chisholm must restore the driveway installed to its preexisting condition within 30 days of receiving notification. Manager Holmvik opposed.

Special Meeting, November 30, 2009

A Special Meeting of the Wild Rice Watershed District Board of Managers was held on Monday November 30, 2009, at the Ogema Community Center, Ogema, MN. The purpose of the meeting was to discuss options for Upper Becker, along with a meeting with landowners. The following Managers were in attendance: Dean Spaeth, Mike Christensen, Greg Holmvik, Duane Erickson, John Austinson and Diane Ista. Absent: Joe Spaeth. Also in attendance were Interim Administrator Loretta Johnson, Executive Assistant/Project Coordinator Kari Kujava, Engineer Jerry Bents, Attorney Elroy Hanson,

Consultant Dennis Ertelt and members of the audience that included landowners on Upper Becker. Chairman Christensen called the meeting to order at 5:30 p.m.

L. December Special, Regular and Reconvened Meetings

A Special Meeting of the Wild Rice Watershed District Board of Managers was held on Tuesday December 8, 2009, at the office of the District located at 11 Fifth Avenue East, Ada, MN. The purpose of the meeting was to hold interviews for Administrator Applicants. The following Managers were in attendance: Joe Spaeth, Dean Spaeth, Mike Christensen, Greg Holmvik, Duane Erickson, John Austinson and Diane Ista. Absent: None. Also in attendance were Interim Administrator Loretta Johnson, Executive Assistant/Project Coordinator Kari Kujava. Chairman Christensen called the meeting to order at 8:15 a.m.

Managers used the following questions for all applicants to answer. Answers included information regarding their ability to be administrator. 1. Describe an unpopular decision someone else made that you had to implement. How did you handle the implementation? 2. Describe an example of when you had to convince a team to work on a project that they weren't thrilled about? How did you do it? 3. Give an example of a difficult situation you handled with a co-worker. How did you handle that situation? What was the outcome? 4. Give an example of an occasion when you used logic to solve a problem. 5. How do you raise the bar for yourself and others around you? 6. How do you typically deal with conflict? 7. Tell about a situation where you were told "No" and you took the initiative to look for a win/win outcome. 8. Tell us about a time when you took charge of a situation and made something positive happen. 9. What are the first five things you would do if you get this position? 10. Talk about a time you had to deal with a person or client who was difficult to get along with and tell how you handled the situation. 11. Do you have knowledge of Minnesota drainage laws and the legislative process, and if not, how will you gain this knowledge? 12. What is your perception of the difference between the roles of administrator versus board members? 13. What is your experience in grant writing? How much success have you had in this field? 14. Tell us about a time you had to work to come to a consensus and move forward.

Raymond Reading talked about his knowledge of NRCS and CRP rules as a result of his previous employment with USDA and felt that his knowledge of these programs would assist him in being the administrator. As Reading currently has his own business, he was asked if this would interfere with a job at the Watershed District. Reading answered that he would not be involved in private business if he became Administrator.

Blair Stoltman talked about his work experience at his current manufacturing position in which he works to coordinate and solve problems between sales, design and manufacturing of a particular product, getting it to the consumer in a timely fashion. Stoltman stated that his knowledge gained in working with employees would provide him with training for the job of Administrator. Special Meeting Administrator Interviews

William Reusch talked about his experience as a former school district superintendent dealing with a board as employers and as currently self employed and the abilities these brought to employment like the administrator of a watershed district.

Thomas Wollin stated that in his current position he works with legislators and government agencies, military contracts and owners and buyers, and from this he has learned to negotiate contracts and work agreements to make everyone satisfied. He felt these attributes would assist him well in the job of administrator.

December 9, 2009 – Regular Meeting

The regular meeting of the Wild Rice Watershed District Board of Managers was held on Wednesday, December 9, 2009. Managers in attendance included Diane Ista, Joe Spaeth, Greg Holmvik, Duane Erickson, John Austinson and Dean Spaeth. In addition the following persons were in attendance: Interim Administrator Loretta Johnson, Administrative Assistant Kari Kujava, Attorney Hanson, Engineer Bents and Marijo Vik and other interested landowners.

Attorney Hanson reported that in communications from Kristey Albrecht, Attorney for the lawsuit with Vik. Albrecht stated that Paul Haik, Attorney for Vik has rejected the proposed settlement by the District.

Manager Holmvik reported that he had been in contact with the State Auditors who discussed the possibility of doing both the 2008 and 2009 audit for the District. They felt that they could reduce the costs by completing one right after the other. The Board authorized staff to notify the Bob Johnson, at the State Auditor's office notifying him of this decision.

Joe Chisholm and Corey and Floyd Hanson met with Managers to discuss a complaint submitted by Corey and Floyd Hanson against Joe Chisholm for illegal ditching on the Hanson property in the West half of Section 2 of Green Meadow Township. Jonathon Chisholm did not apply for a permit to do the work from the Watershed District prior to doing the work, nor did he have permission to go on the Hanson property. A permit application was submitted after the fact by Joe Chisholm. Regarding the violation of the cut through the block on the quarter line the Board decided the District does not have enough information to prove that it is a violation but on the illegal ditching declared a restoration plan must be in the District office by March 1, 2010.

The Board agreed to change Article IV of the Bylaws from five (5) days to three (3) days notice for special meetings.

Borgen met with Managers to discuss his complaint that the levee in Section 3 of Mary is higher than it should be as a result of repairs completed following the spring flood of 2009. Engineer Bents reported that the repairs were completed in the fall of 2009 and the elevations were verified by engineering and the contractor. Elevations taken December 6, 2009, are at the same elevations as established by survey in 2005. Engineer Bents concluded that after all investigation and elevations were taken there is no violation of District rules.

Regular Reconvened Meeting - December 10, 2009

The regular meeting of the Wild Rice Watershed District was reconvened at 8:50 a.m. on Thursday December 10, 2009, at the office of the Wild Rice Watershed District in Ada, MN. The following members were in attendance: Greg Holmvik, Diane Ista, Mike Christensen, Joe Spaeth, Dean Spaeth, John Austinson and Duane Erickson. Also in attendance were Interim Administrator Loretta Johnson, Kari Kujava, Administrative Assistant and Steve Odegaard.

Steve Odegaard, applicant for the position of Administrator interviewed with the Managers. The same list of questions was used as on all of the previous applicants' interviews. Odegaard talked about his history of years with the U.S. Army Corps of Engineers working hands on operating flood control dams and dealing with the public, rules and regulations. He felt that his career with the U.S. COE, and dealings with landowners on the reservoir would be good experience to bring to the Watershed District as Administrator. Upon completion of the interview Odegaard left the meeting. Managers continued to discuss the applicants for a considerable amount of time.

Kevin Rude, Norman County Environmental Services, met with Managers to discuss the Flood Insurance Study that is funded by FEMA for Norman County and parts of Mahnomen County. Attorney Hanson drew up a contract with Norman and Mahnomen Counties to work with both counties and Rude. The Board approved the agreement as prepared by Attorney Hanson.

The Board authorized discussions with John Beckwith concerning NRCS Study on South Branch and provide them any information that he needs.

Discussion was held regarding the personnel committee meeting with Steve Odegaard to discuss options for employment and negotiate a contract for Administrator.

VI. Financial and Audit Reports

This section summarizes the District's financial activity for the period from January 1 through December 31, 2008 and January 1 through December 31, 2009. The information provided in this section is a summary of the activity for the year.

By law, the Wild Rice Watershed District is allowed to establish a number of funds for the purpose of carrying out their duties. To finance these funds, the District levies an "ad valorem" tax, meaning in "proportion to the value," over the entire District and is based on the property value, rather than benefits. The following is a brief summary of types of funds established and the ways they assist in carrying out the goals of the District. A detailed report of all activity within the respective fund accounts is available for review at the District's office.

The **Administrative Fund** is the general operating fund of the District. The fund is set up for the purpose of providing for the general administrative expenses and for the construction and maintenance of projects of common benefit to the District. The levy to fund the Administrative Fund may not exceed 0.02418 percent of the tax capacity or \$250,000, whichever is less.

The **Survey and Data Acquisition Fund** is established and used only if other funds are not available to the District to pay for surveying and/or obtaining additional data. The levy against the taxable market value of property in the District may not exceed 0.02418 percent. The balance of the fund is not to exceed \$50,000. When a project is proposed and there is surveying done prior to establishing the project, the newly established project shall repay the survey and data acquisition fund for such costs.

The **Works of Common Benefit Fund** is established to cover costs attributable to the basic management features of projects initiated by the District. This Works of Common Benefit Fund receives its support from the Administrative Fund.

The **Red River Watershed Management Board Construction Fund** is established and used for the development of programs and projects of benefit to the District. The levy to fund the Red River Water Management Construction Fund may not exceed .0486 percent of the taxable market value of the property in the District. One-half of the levied funds received are sent to the Red River Watershed Management Board for programs and projects that have common benefit in the Red River Basin.

Special Levies are collected on certain flood control and drainage projects that have an established benefiting area under Minnesota law. Each project is its own entity unto itself, managed by the District. Special levies are used to fund repair and maintenance of the individual projects. Each project maintains its own account, with surplus fund invested in interest bearing deposits. An annual review is conducted in August to review and determine if establishment of maintenance review is needed.

Other income sources that are received by the District include funds from grants and aids, as well as reimbursement from other government agencies.

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA

YEARS ENDED DECEMBER 31, 2008 AND 2009

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits of local governments;

Government Information - collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

Tax Increment Financing - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

Years Ended December 31, 2008 and 2009



**Audit Practice Division
Office of the State Auditor
State of Minnesota**

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

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**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

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**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**ORGANIZATION
2009**

<u>Board of Managers</u>	<u>Term Expires</u>
Mike Christensen, Chair	April 2010
Diane J. Ista, Vice Chair	April 2010
John Austinson, Secretary	April 2012
Greg Holmvik, Treasurer	April 2011
Joseph Spaeth	April 2010
Dean Spaeth	April 2012
Duane Erickson	April 2012
<u>District Administrator</u>	
Loretta Johnson, Interim	Indefinite



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
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1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Board of Managers
Wild Rice Watershed District

We have audited the accompanying financial statements of the governmental activities and each major fund of Wild Rice Watershed District as of and for the years ended December 31, 2008 and 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wild Rice Watershed District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1.C., Wild Rice Watershed District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position, on the modified cash basis, of the governmental activities and each major fund of Wild Rice Watershed District as of December 31, 2008 and 2009, and the respective changes in financial position, on the modified cash basis, for the years then ended in conformity with the basis of accounting described in Note 1.C.

The budgetary comparison schedules, on the modified cash basis, listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Wild Rice Watershed District has not presented a Management's Discussion and Analysis that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Wild Rice Watershed District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.C.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 30, 2010

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008 AND 2009**

	<u>2008</u>	<u>2009</u>
<u>Assets</u>		
Cash and pooled investments	\$ 1,500,999	\$ 1,321,109
Capital assets		
Non-depreciable	1,606,089	1,606,089
Depreciable - net of accumulated depreciation	<u>1,007,132</u>	<u>983,641</u>
Total Assets	<u>\$ 4,114,220</u>	<u>\$ 3,910,839</u>
<u>Liabilities</u>		
Long-term liabilities		
Due within one year	\$ 199,007	\$ 194,933
Due in more than one year	<u>193,098</u>	<u>2,319</u>
Total Liabilities	<u>\$ 392,105</u>	<u>\$ 197,252</u>
<u>Net Assets</u>		
Invested in capital assets - net of related debt	\$ 2,230,332	\$ 2,398,285
Unrestricted	<u>1,491,783</u>	<u>1,315,302</u>
Total Net Assets	<u>\$ 3,722,115</u>	<u>\$ 3,713,587</u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

		Program Revenues		Net (Expense)
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Revenue and Changes in Net Assets
	Expenses			
<u>Functions/Programs</u>				
Primary government				
Governmental activities				
General administration	\$ 274,725	\$ -	\$ -	\$ (274,725)
Allocated interest	81,991	-	-	(81,991)
Red River Water Management Board management and construction	368,525	-	-	(368,525)
Corps of Engineers feasibility study	11,399	-	-	(11,399)
Project development	210,144	-	652,313	442,169
Wetland banking program	2,373	-	-	(2,373)
Flood mitigation projects	163,918	-	215,723	51,805
Ditch systems	108,152	148,799	-	40,647
Federal Emergency Management Agency projects	14,063	-	4,000	(10,063)
Other projects and studies	526,576	274,043	666,010	413,477
Total Governmental Activities	\$ 1,761,866	\$ 422,842	\$ 1,538,046	\$ 199,022
General Revenues				
Property taxes				\$ 823,089
Grants and contributions not restricted to specific programs				81,743
Investment income				114,642
Total general revenues				\$ 1,019,474
Change in net assets				\$ 1,218,496
Net Assets - Beginning				2,503,619
Net Assets - Ending				\$ 3,722,115

The notes to the financial statements are an integral part of this statement.

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**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 3

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

		Program Revenues		Net (Expense)
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Revenue and Changes in Net Assets
<u>Functions/Programs</u>				
Primary government				
Governmental activities				
General administration	\$ 310,688	\$ -	\$ -	\$ (310,688)
Allocated interest	39,375	-	-	(39,375)
Red River Water Management Board management and construction	382,293	-	-	(382,293)
Corps of Engineers feasibility study	60,602	-	-	(60,602)
Project development	151,773	-	152,187	414
Wetland banking program	1,782	-	-	(1,782)
Flood mitigation projects	521,438	-	96,763	(424,675)
Ditch systems	81,687	292,783	-	211,096
Federal Emergency Management Agency projects	110,056	-	468,836	358,780
Other projects and studies	746,163	348,722	1,474	(395,967)
Total Governmental Activities	\$ 2,405,857	\$ 641,505	\$ 719,260	\$ (1,045,092)
General Revenues				
Property taxes				\$ 894,934
Grants and contributions not restricted to specific programs				86,008
Investment income				55,622
Total general revenues				\$ 1,036,564
Change in net assets				\$ (8,528)
Net Assets - Beginning				3,722,115
Net Assets - Ending				\$ 3,713,587

FUND FINANCIAL STATEMENTS
DECEMBER 31, 2008

GOVERNMENTAL FUNDS

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 4

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Assets</u>				
Cash and pooled investments	\$ (14,214)	\$ 145,678	\$ 1,369,335	\$ 1,500,799
Petty cash and change funds	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
Total Assets	<u>\$ (14,014)</u>	<u>\$ 145,678</u>	<u>\$ 1,369,335</u>	<u>\$ 1,500,999</u>
<u>Liabilities and Fund Balances</u>				
Modified Cash Basis Fund Balances				
Unreserved				
Undesignated	<u>\$ (14,014)</u>	<u>\$ 145,678</u>	<u>\$ 1,369,335</u>	<u>\$ 1,500,999</u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 5

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET - MODIFIED CASH BASIS -
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS--
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008**

Modified cash basis fund balances - total governmental funds (Exhibit 4)	\$ 1,500,999
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,613,221
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Contract for deed	\$ (382,889)
Compensated absences	(9,216)
	<u>(392,105)</u>
Net Assets of Governmental Activities (Exhibit 1)	<u>\$ 3,722,115</u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 6

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Receipts				
Taxes	\$ 221,610	\$ 300,252	\$ 301,227	\$ 823,089
Special assessments	-	-	359,507	359,507
Intergovernmental	23,187	49,733	1,546,869	1,619,789
Interest on investments	32,652	358	81,632	114,642
Miscellaneous	761	-	62,574	63,335
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Receipts	\$ 278,210	\$ 350,343	\$ 2,351,809	\$ 2,980,362
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Disbursements				
General administration	\$ 259,196	\$ -	\$ -	\$ 259,196
Allocated interest	33,905	275	47,811	81,991
Red River Water Management Board management and construction	-	352,766	15,759	368,525
Corps of Engineers feasibility study	-	-	11,399	11,399
Project development	-	-	210,144	210,144
Wetland banking program	-	-	2,373	2,373
Flood mitigation projects	-	-	163,918	163,918
Ditch systems	-	-	108,152	108,152
Federal Emergency Management Agency projects	-	-	20,909	20,909
Other projects and studies	-	-	1,671,177	1,671,177
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Disbursements	\$ 293,101	\$ 353,041	\$ 2,251,642	\$ 2,897,784
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	\$ (14,891)	\$ (2,698)	\$ 100,167	\$ 82,578
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Modified Cash Basis Fund Balance				
January 1	<u>877</u>	<u>148,376</u>	<u>1,269,168</u>	<u>1,418,421</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
December 31	<u><u>\$ (14,014)</u></u>	<u><u>\$ 145,678</u></u>	<u><u>\$ 1,369,335</u></u>	<u><u>\$ 1,500,999</u></u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 7

**RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS--
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Net change in fund balances - total governmental funds (Exhibit 6)	\$	82,578
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as cash is disbursed. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the assets disposed of.

Disbursements for general capital assets and infrastructure	\$ 1,538,655	
Current year depreciation	<u>(23,473)</u>	1,515,182

Issuing a contract for deed does not provide cash receipts or disbursements to governmental funds, while the repayment of debt is reported as a disbursement. Neither transaction, however, has any effect on net assets.

Debt issued - contract for deed	(584,705)
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Principal repayments	
Contract for deed	201,816

Some modified cash expenses reported in the statement of activities do not require the use of cash and, therefore, are not reported as disbursements in governmental funds.

Change in compensated absences	<u>3,625</u>
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Change in Net Assets of Governmental Activities (Exhibit 2)	\$	<u>1,218,496</u>
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**FUND FINANCIAL STATEMENTS
DECEMBER 31, 2009**

GOVERNMENTAL FUNDS

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 8

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Assets</u>				
Cash and pooled investments	\$ (61,187)	\$ 161,274	\$ 1,220,822	\$ 1,320,909
Petty cash and change funds	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
Total Assets	<u><u>\$ (60,987)</u></u>	<u><u>\$ 161,274</u></u>	<u><u>\$ 1,220,822</u></u>	<u><u>\$ 1,321,109</u></u>
<u>Fund Balances</u>				
Modified Cash Basis Fund Balances				
Unreserved				
Undesignated	<u><u>\$ (60,987)</u></u>	<u><u>\$ 161,274</u></u>	<u><u>\$ 1,220,822</u></u>	<u><u>\$ 1,321,109</u></u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 9

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET - MODIFIED CASH BASIS -
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS--
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009**

Modified cash basis fund balances - total governmental funds (Exhibit 8)	\$ 1,321,109
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,589,730
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	\$ (5,808)
Contract for deed	(191,444)
	<u>(197,252)</u>
Net Assets of Governmental Activities (Exhibit 1)	<u>\$ 3,713,587</u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 10

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Receipts				
Taxes	\$ 222,879	\$ 335,999	\$ 336,056	\$ 894,934
Special assessments	-	-	489,917	489,917
Intergovernmental	22,200	33,378	749,690	805,268
Interest on investments	16,246	152	39,224	55,622
Miscellaneous	-	2	151,586	151,588
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Receipts	<u>\$ 261,325</u>	<u>\$ 369,531</u>	<u>\$ 1,766,473</u>	<u>\$ 2,397,329</u>
Disbursements				
General administration	\$ 290,605	\$ -	\$ -	\$ 290,605
Allocated interest	17,693	11	21,671	39,375
Red River Water Management Board management and construction	-	353,924	28,369	382,293
Corps of Engineers feasibility study	-	-	60,602	60,602
Project development	-	-	151,773	151,773
Wetland banking program	-	-	1,782	1,782
Flood mitigation projects	-	-	521,438	521,438
Ditch systems	-	-	81,687	81,687
Federal Emergency Management Agency projects	-	-	110,056	110,056
Other projects and studies	-	-	937,608	937,608
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Disbursements	<u>\$ 308,298</u>	<u>\$ 353,935</u>	<u>\$ 1,914,986</u>	<u>\$ 2,577,219</u>
Net Change in Fund Balance	<u>\$ (46,973)</u>	<u>\$ 15,596</u>	<u>\$ (148,513)</u>	<u>\$ (179,890)</u>
Modified Cash Basis Fund Balance				
January 1	<u>(14,014)</u>	<u>145,678</u>	<u>1,369,335</u>	<u>1,500,999</u>
December 31	<u>\$ (60,987)</u>	<u>\$ 161,274</u>	<u>\$ 1,220,822</u>	<u>\$ 1,321,109</u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

EXHIBIT 11

**RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS--
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Net change in fund balances - total governmental funds (Exhibit 10)	\$	(179,890)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as cash is disbursed. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the assets disposed of.

Disbursements for general capital assets and infrastructure	\$ 726		
Current year depreciation	<u>(24,217)</u>		(23,491)

In governmental funds, the repayment of debt is reported as a disbursement. However, it has no effect on net assets.

Principal repayments			
Contract for deed			191,445

Some modified cash expenses reported in the statement of activities do not require the use of cash and, therefore, are not reported as disbursements in governmental funds.

Change in compensated absences			<u>3,408</u>
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Change in Net Assets of Governmental Activities (Exhibit 3)	\$	<u><u>(8,528)</u></u>
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**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**

1. Summary of Significant Accounting Policies

Wild Rice Watershed District's financial statements are prepared on the modified cash basis of accounting for the years ended December 31, 2008 and 2009. The modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, that have been applied, to the extent applicable, to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements.

A. Financial Reporting Entity

Wild Rice Watershed District (the "District") was established under the Minnesota Watershed Act as an agency of the State of Minnesota and abides under the provisions of Minn. Stat. ch. 103D; additional powers and duties are contained in Minn. Stat. chs. 103E and 103B.

The purpose of the District is to carry out conservation of the natural resources of the State of Minnesota through land utilization, flood control, and other needs upon sound scientific principles for the protection of the public health and welfare and the provident use of natural resources. The District serves an area in Northwestern Minnesota and includes all or parts of the following counties: Becker, Clay, Clearwater, Mahnommen, Norman, and Polk.

The District is governed by a Board of Managers composed of seven members appointed by the County Boards in accordance with Minnesota statutes.

The financial statements of the District include all organizations over which the District's Board exercises significant influence or is financially accountable, or organizations for which the nature and significance of their relationship with the District is such that exclusion would cause Wild Rice Watershed District's financial statements to be misleading. Currently, the District does not have any component units.

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about the District taken as a whole. The District shows all operations as governmental activities, because generally, governmental activities are financed through taxes, intergovernmental revenues, and nonexchange revenues.

In the government-wide statement of net assets, the governmental activities: (a) are presented on a consolidated basis; and (b) are reported on a full accrual, economic resource basis, within the limitations of the modified cash basis of accounting. The District's net assets are reported in two parts: (1) invested in capital assets, net of related debt; and (2) unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the District's governmental activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns.

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital projects) where the expenditures are legally restricted for purposes specified in the grant and project agreements.

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of capital projects.

C. Measurement Focus and Basis of Accounting

The District's financial statements are prepared on the modified cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The government-wide financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues, and expenditures when they result from cash transactions with provisions for long-term liabilities and depreciation.

Governmental fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues, and expenditures when they result from cash transactions. As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or unbilled services provided in current year) and certain liabilities and their related expense (such as accounts payables, unpaid goods and services received in the current year, and accrued expenses) are not recorded in these financial statements.

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the government-wide financial statements would be presented on the accrual basis of accounting.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities. All investment earnings are allocated to the respective funds on the basis of average cash balance participation by each fund. Funds with deficit averages are charged with the investment earnings lost in financing the deficits. Pooled investment earnings for 2008 and 2009 were \$32,651 and \$16,247, respectively.

2. Property Taxes and Special Assessments

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are levied in September with the first half payment due May 15 and the second half payment due October 15. The District levies the tax, while the respective counties collect and remit the tax collections to the District. Property taxes are recognized when received from the counties under the cash basis of accounting.

The District also levies special assessments through the counties against property owners who obtain direct benefits from projects or property owners who request, through the petition process, to have a project undertaken. The special assessment collections are recorded in a manner similar to that for property taxes.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than the capitalization threshold and

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

3. Capital Assets (Continued)

an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Infrastructure assets acquired prior to January 1, 2004, are not capitalized, but subsequent acquisitions are recorded at cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The District's capitalization threshold for capital assets is as follows:

<u>Assets</u>	<u>Capitalization Threshold</u>
Equipment and building improvements	\$ 500
Infrastructure	10,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	19 - 40
Infrastructure	25 - 70
Equipment, furniture, and fixtures	5 - 20

In governmental fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as disbursements of the governmental fund upon acquisition.

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated paid time off (PTO) balances. Compensated absences are accrued when incurred in the government-wide financial statements.

All full-time employees and part-time employees who work at least 23 hours a week receive PTO benefits, which may be accrued up to a maximum of 320 hours. PTO is earned at the end of each month of employment pursuant to the following schedule:

<u>Years of Continuous Employment</u>	<u>Rate Per Month</u>
0 - 1 year	6 hours
1 - 2 years	8 hours
2 - 3 years	10 hours
6 years and over	14 hours

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Any long-term obligation arising from cash transactions of governmental funds is not reported as a liability in the fund financial statements. Debt proceeds would be reported as other financing sources and the payment of principal and interest reported as disbursements.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change.

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The District's Board of Managers adopts an estimated receipts and disbursements budget for the General Fund.

The budgets may be amended or modified at any time by the Board. Comparisons of estimated receipts and disbursements to actual are presented as required supplementary information for the General Fund. The budget for the General Fund is prepared on the same method of accounting as the financial statements. The annual adopted budget is not legally binding on the District, with the exception of what is limited by state statute. State statute limits the budget for the General Fund to \$250,000, and it was set by the board for 2008 and 2009 at \$250,000.

B. Deficit Fund Equity

The General Fund had a deficit fund balance of \$14,014 and \$60,987 as of December 31, 2008 and 2009, respectively.

C. Excess of Expenditures Over Budget

For the years ended December 31, 2008 and 2009, disbursements exceeded budget in the General Fund by \$43,101 and \$58,298, respectively. Comparisons of budget to actual results can be found in Schedules 1 and 2.

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

The District's total cash and cash equivalents are reported as follows:

	<u>2008</u>	<u>2009</u>
Cash and pooled investments	\$ 1,500,799	\$ 1,320,909
Petty cash and change funds	<u>200</u>	<u>200</u>
Total Cash and Pooled Investments	<u>\$ 1,500,999</u>	<u>\$ 1,321,109</u>

a. Deposits

The District is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The District is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better or revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2008, \$333,253 of the District's bank balances of \$1,524,307 was exposed to custodial credit risk. As of December 31, 2009, the District's deposits were not exposed to custodial credit risk.

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

b. Investments

The District may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

During the years ended December 31, 2008 and 2009, Wild Rice Watershed District had no investments.

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 78,599	\$ 1,527,490	\$ -	\$ 1,606,089
Capital assets depreciated				
Building and improvements	\$ 75,002	\$ -	\$ -	\$ 75,002
Office equipment	32,265	11,165	199	43,231
Other equipment	43,885	-	466	43,419
Infrastructure	924,399	-	-	924,399
Total capital assets depreciated	\$ 1,075,551	\$ 11,165	\$ 665	\$ 1,086,051
Less: accumulated depreciation for				
Building and improvements	\$ 24,103	\$ 1,876	\$ -	\$ 25,979
Office equipment	15,209	2,169	199	17,179
Other equipment	3,593	312	466	3,439
Infrastructure	13,206	19,116	-	32,322
Total accumulated depreciation	\$ 56,111	\$ 23,473	\$ 665	\$ 78,919
Total capital assets depreciated, net	\$ 1,019,440	\$ (12,308)	\$ -	\$ 1,007,132
Total Capital Assets Depreciated, Net	\$ 1,098,039	\$ 1,515,182	\$ -	\$ 2,613,221

Depreciation expense for the year ended December 31, 2008, was \$23,473 and is included in general administration program costs.

Capital asset activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,606,089	\$ -	\$ -	\$ 1,606,089
Capital assets depreciated				
Building and improvements	\$ 75,002	\$ -	\$ -	\$ 75,002
Office equipment	43,231	726	1,725	42,232
Other equipment	43,419	-	-	43,419
Infrastructure	924,399	-	-	924,399
Total capital assets depreciated	\$ 1,086,051	\$ 726	\$ 1,725	\$ 1,085,052

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

2. Capital Assets (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Less: accumulated depreciation for				
Building and improvements	\$ 25,979	\$ 1,876	\$ -	\$ 27,855
Office equipment	17,179	5,437	1,725	20,891
Other equipment	3,439	149	-	3,588
Infrastructure	32,322	16,755	-	49,077
Total accumulated depreciation	<u>\$ 78,919</u>	<u>\$ 24,217</u>	<u>\$ 1,725</u>	<u>\$ 101,411</u>
Total capital assets depreciated, net	<u>\$ 1,007,132</u>	<u>\$ (23,491)</u>	<u>\$ -</u>	<u>\$ 983,641</u>
Total Capital Assets Depreciated, Net	<u>\$ 2,613,221</u>	<u>\$ (23,491)</u>	<u>\$ -</u>	<u>\$ 2,589,730</u>

Depreciation expense for the year ended December 31, 2009, was \$24,217 and is included in general administration program costs.

B. Liabilities

1. Construction Commitments

The District had active construction projects as of December 31, 2008. The projects include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental activities Capital projects	<u>\$ 75,601</u>	<u>\$ 89,556</u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

3. Detailed Notes on All Funds

B. Liabilities

1. Construction Commitments (Continued)

The District had active construction projects as of December 31, 2009. The projects include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental activities		
Capital projects	\$ 182,374	\$ 270,374

2. Contract for Deed

In 2008, the District purchased 228.08 acres of land to be used for a water management project. The purchase was made under a contract for deed. Terms of the purchase call for three annual installments, commencing in 2008, at an interest rate of six percent. In 2008 and 2009, the District paid \$201,816 and \$191,445, respectively, with the final installment being paid in March 2010 in the amount of \$191,444.

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Contract for deed	\$ -	\$ 584,705	\$ 201,816	\$ 382,889	\$ 191,445
Compensated absences	12,841	9,917	13,542	9,216	7,562
Governmental Activity Long-Term Liabilities	<u>\$ 12,841</u>	<u>\$ 594,622</u>	<u>\$ 215,358</u>	<u>\$ 392,105</u>	<u>\$ 199,007</u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

3. Detailed Notes on All Funds

B. Liabilities

3. Changes in Long-Term Liabilities (Continued)

Long-term liability activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Contract for deed	\$ 382,889	\$ -	\$ 191,445	\$ 191,444	\$ 191,444
Compensated absences	9,216	7,498	10,906	5,808	3,489
Governmental Activity Long-Term Liabilities	<u>\$ 392,105</u>	<u>\$ 7,498</u>	<u>\$ 202,351</u>	<u>\$ 197,252</u>	<u>\$ 194,933</u>

4. Pension Plans--Defined Benefit Plan

A. Plan Description

All full-time and certain part-time employees of Wild Rice Watershed District are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

4. Pension Plans--Defined Benefit Plan

A. Plan Description (Continued)

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Using Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

For Public Employees Retirement Fund members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for members hired prior to July 1, 1989, and is the age for unreduced Social Security benefits capped at age 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

B. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. Wild Rice Watershed District makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.0 percent, respectively, of their annual covered salary.

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

4. Pension Plans--Defined Benefit Plan

B. Funding Policy (Continued)

Wild Rice Watershed District is required to contribute the following percentages of annual covered payroll in 2008 and 2009:

	<u>2008</u>	<u>2009</u>
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	6.50	6.75

The District's contributions for the years ending December 31, 2009, 2008, and 2007, for the Public Employees Retirement Fund were:

<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 5,846	\$ 7,862	\$ 7,626

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. There were no significant reductions for the years ended December 31, 2008 and 2009, in insurance coverage for any major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

6. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities (Continued)

that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. The District is not aware of any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

B. Claims and Litigation

The District is involved in some legal actions relating to projects undertaken or attempted to be undertaken. Although the outcomes cannot be determined, the District believes any potential liability would not have a material impact on the financial condition of the District.

C. Project #42 Cost Share Advance

In 2008, the District received a \$600,000 advance payment from the Red River Water Management Board for Project #42. This amount is not included in the financial statements as an advance from other organizations due to the report being prepared on a modified cash basis of accounting. As of December 31, 2009, none of this money has been spent.

REQUIRED SUPPLEMENTARY INFORMATION

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Receipts				
Taxes	\$ 250,000	\$ 250,000	\$ 221,610	\$ (28,390)
Intergovernmental	-	-	23,187	23,187
Investment earnings	-	-	32,652	32,652
Miscellaneous	-	-	761	761
Total Receipts	\$ 250,000	\$ 250,000	\$ 278,210	\$ 28,210
Disbursements				
General administration				
Salaries and benefits	\$ 90,000	\$ 90,000	\$ 73,593	\$ 16,407
Utilities	12,000	12,000	11,385	615
Supplies, publications, and postage	18,000	18,000	14,201	3,799
Insurance and bonding	17,000	17,000	16,953	47
Engineering	22,000	22,000	15,512	6,488
Legal, accounting, and audit	25,000	25,000	36,740	(11,740)
Advisory board	1,000	1,000	-	1,000
Managers' per diem	25,000	25,000	48,970	(23,970)
Managers' expenses	18,500	18,500	15,279	3,221
Organization dues	2,500	2,500	2,000	500
Other	6,500	6,500	20,244	(13,744)
Capital improvements	12,500	12,500	4,319	8,181
Total general administration	\$ 250,000	\$ 250,000	\$ 259,196	\$ (9,196)
Allocated interest	-	-	33,905	(33,905)
Total Disbursements	\$ 250,000	\$ 250,000	\$ 293,101	\$ (43,101)
Net Change in Fund Balance	\$ -	\$ -	\$ (14,891)	\$ (14,891)
Modified Cash Basis Fund Balance				
January 1	877	877	877	-
December 31	<u>877</u>	<u>877</u>	<u>(14,014)</u>	<u>(14,891)</u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Receipts				
Taxes	\$ 250,000	\$ 250,000	\$ 222,879	\$ (27,121)
Intergovernmental	-	-	22,200	22,200
Investment earnings	-	-	16,246	16,246
Total Receipts	\$ 250,000	\$ 250,000	\$ 261,325	\$ 11,325
Disbursements				
General administration				
Salaries and benefits	\$ 86,000	\$ 86,000	\$ 67,458	\$ 18,542
Utilities	13,000	13,000	11,449	1,551
Supplies, publications, and postage	18,000	18,000	16,435	1,565
Insurance and bonding	17,500	17,500	20,316	(2,816)
Engineering	22,000	22,000	20,762	1,238
Legal, accounting, and audit	26,000	26,000	34,585	(8,585)
Advisory board	1,000	1,000	-	1,000
Managers' per diem	25,000	25,000	74,348	(49,348)
Managers' expenses	20,000	20,000	12,504	7,496
Organization dues	2,500	2,500	2,125	375
Other	6,500	6,500	29,460	(22,960)
Capital improvements	12,500	12,500	1,163	11,337
Total general administration	\$ 250,000	\$ 250,000	\$ 290,605	\$ (40,605)
Allocated interest	-	-	17,693	(17,693)
Total Disbursements	\$ 250,000	\$ 250,000	\$ 308,298	\$ (58,298)
Net Change in Fund Balance	\$ -	\$ -	\$ (46,973)	\$ (46,973)
Modified Cash Basis Fund Balance				
January 1	(14,014)	(14,014)	(14,014)	-
December 31	(14,014)	(14,014)	(60,987)	(46,973)

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**

1. Budgetary Information

An annual budget is adopted on the modified cash basis of accounting for the General Fund. Other governmental funds are not budgeted. All annual appropriations lapse at fiscal year-end unless specifically carried over to the next budget year by Board action.

The budget is adopted through passage of a resolution by the Board. Administration can authorize the transfer of budgeted amounts within the General Fund. The state imposed an administrative budget limit for all Minnesota watershed districts of \$250,000 for the years ended December 31, 2008 and 2009.

2. Excess of Expenditures Over Budget

For the years ended December 31, 2008 and 2009, disbursements exceeded budget in the General Fund by \$43,101 and \$58,298, respectively. Comparisons of budget to actual results can be found in Schedules 1 and 2.

SUPPLEMENTARY INFORMATION

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Fund Balance (Deficit) January 1
General Fund	\$ 877
Special Revenue Fund Job	
Red River Water Management Board (RRWMB) Management	\$ 148,376
Capital Projects Fund Jobs	
Works of Common Benefit	\$ 45,749
Federal Emergency Management Agency (FEMA) Funds Remainder '96	7,128
Permits	
General	(96,447)
Violations	(1,427)
Phase #5 - Pazdernik/Scherping	(42)
Phase #6 - Pederson Brothers	(926)
Phase# 7 - Larson/Visser	(440)
Phase #19 - Brian Borgen Complaint	(2,466)
Phase #20 - Cary Sip Violation	(723)
Phase #21 - Ueland Violation	(14,756)
Phase #22 - Hilde/Lee Complaint	(1,164)
Phase #23 - Scherping/Pazdernik Complaint	(1,232)
Phase #24 - B. Borgen vs. P. Borgen Complaint	(516)
Phase #25 - Sand Hill Watershed District Boundary Issues	(167)
Phase #26 - B. Borgen vs. Seykora	(826)
Phase #27 - Vik Dike	(109)
Phase #28 - Pazdernik & Lavoy	(1,352)
Phase #29 - Klemetson/Erickson	(433)
Phase #30 - Brandt Violation	(488)
Phase #31 - Conrad Wiger	(249)
Phase #32 - Lowell Brandt Violation	(378)
Phase #33 - Ambuch/Vik Violation	(192)
Phase #34 - Randy Chisholm Complaint	(87)
Phase #35 - Mark Chisholm Complaint	(87)
Phase #36 - Everett Darco Complaint	-
Phase #37 - Renner Complaint	-
Phase #38 - Terry Guttormson Complaint	-
Phase #39 - Joseph E. Kuechle Complaint	-
Flood Mitigation Corps of Engineers (COE) 205	59,993
Wild Rice River (WRR) COE Feasibility Study	
General	(282,322)
Hydraulic Analysis Marsh Creek	(465)
RRWMB Construction	1,986,180
Legislative Funding	(11,016)
Mediation FDR Work Groups	
July '05 - '06	(190)
July '06 - '07	8,816
July '07 - '08	4,473
Survey and Data	32,992

Schedule 3

Receipts		Disbursements		Fund Balance (Deficit) December 31
Revenue	Allocated Interest Earned	Direct	Allocated Interest Charged	
\$ 245,558	\$ 32,652	\$ 259,196	\$ 33,905	\$ (14,014)
\$ 349,985	\$ 358	\$ 352,766	\$ 275	\$ 145,678
\$ -	\$ 1,070	\$ 9,457	\$ -	\$ 37,362
-	34	6,846	-	316
-	-	(64,184)	-	(32,263)
50	-	(515)	1,370	(2,232)
-	-	(42)	-	-
-	-	(913)	-	(13)
-	-	(440)	-	-
-	-	(2,453)	-	(13)
-	-	(723)	-	-
-	-	(14,649)	-	(107)
-	-	(1,164)	-	-
-	-	(1,232)	-	-
-	-	(516)	-	-
-	-	(167)	-	-
-	-	(826)	-	-
-	-	2,207	-	(2,316)
-	-	(1,352)	-	-
-	-	(433)	-	-
-	-	(488)	-	-
-	-	(249)	-	-
-	-	(378)	-	-
-	-	218	-	(410)
-	-	254	-	(341)
-	-	145	-	(232)
-	-	875	-	(875)
-	-	206	-	(206)
-	-	45	-	(45)
-	-	268	-	(268)
-	1,303	59,762	3	1,531
-	-	(270,635)	6,302	(17,989)
-	-	-	-	(465)
329,531	48,528	504,813	-	1,859,426
-	-	(1,818)	382	(9,580)
-	-	-	-	(190)
-	-	-	-	8,816
-	-	-	-	4,473
974	765	19,675	-	15,056

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs (Continued)	
Project Development	
Upper Felton Ditch	
Storage Investigation	(19,154)
Phase #1 - '02 Administration, Legal, and Engineering	(12,946)
Phase #2 - '02 Engineering Grant	(30,593)
Wiger Flood Storage Investigation	(189)
Upper Moccasin Creek Flood Storage	(378)
Data Practices	(1,590)
Phase #2 - Bennett	(1,455)
Phase #3 - Borgen	(612)
South Branch - Off Channel Investigation	(23,269)
Riverwatch Stream Gauge Monitoring	(403)
Public Information/Media	(10,011)
Heiraas Lawsuit	(13,936)
Board of Water and Soil Resources - Ditch Mapping Grant	(22,758)
United States Geological Survey (USGS) - #264 South Branch Gauge Station	(48)
Flood Storage Investigation	(813)
2006 Water and Resource Development Account	(7,849)
USGS Sediment Investigation	(18,373)
Twin Valley (TV) Dam Reevaluation	(8,708)
Mahnomen Drainage Issues	(9,449)
Home Lake Department of Natural Resources Permit	(3,182)
Home Lake Storage #266	-
Soil and Water Conservation District Storage Sites #265	-
Wastweet Storage	(1,302)
Upper Felton - Alternative	(29,462)
Hendrum City Flood Insurance Studies Review	(762)
Total Maximum Daily Load Study WRR	(1,920)
Water Management Investigation	(22,835)
Lakeman Culvert Issue	(113)
Heitman Project	(1,850)
Minnesota Pollution Control Agency Grant	10,000
Hydraulic Analysis - Marsh Creek	(1,696)
Upper Marsh Creek Storage	(497)
Vik Lawsuit	-
Felton Subwatershed Plan	-
Special Meetings #328	-
2009 Drainage System Modernization #334	-
Geographic Information Systems Wild Rice Watershed District (WRWD) Mapping #277	-
Data Request #280	-
South Branch Storage #284	-
Wetland Banking Program	-
Anderson Wetland Restoration	(3,314)

Schedule 3
(Continued)

Receipts		Disbursements		Fund Balance (Deficit) December 31
Revenue	Allocated Interest Earned	Direct	Allocated Interest Charged	
-	-	(62,691)	1,368	42,169
-	-	-	-	(12,946)
-	-	-	-	(30,593)
-	-	(189)	4	(4)
-	-	(378)	8	(8)
-	-	-	-	(1,590)
-	-	-	35	(1,490)
-	-	-	15	(627)
-	-	-	-	(23,269)
-	-	(403)	9	(9)
-	-	(2,120)	96	(7,987)
-	-	(13,936)	304	(304)
-	-	-	-	(22,758)
-	-	-	-	(48)
-	-	(537)	21	(297)
-	-	1,835	181	(9,865)
20,000	-	15,500	341	(14,214)
-	-	5,854	435	(14,997)
14,787	-	80,039	593	(75,294)
-	-	403	78	(3,663)
-	-	(119)	10	109
-	-	14,071	297	(14,368)
-	-	(1,302)	28	(28)
-	-	(22,896)	721	(7,287)
-	-	(762)	17	(17)
-	-	148	73	(2,141)
-	-	16,259	664	(39,758)
-	-	351	10	(474)
-	-	3,473	119	(5,442)
-	-	-	-	10,000
-	-	-	40	(1,736)
-	-	-	12	(509)
-	-	20,352	62	(20,414)
-	-	2,307	9	(2,316)
-	-	2,896	52	(2,948)
-	-	-	119	(119)
-	-	-	423	(423)
50	-	1,962	64	(1,976)
-	-	-	557	(557)
-	-	(941)	111	(2,484)

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs (Continued)	
Flood Mitigation Projects	
Acquisition/Demolition - DR 1175, Kesselberg	(3,029)
Norman County Rural Acquisition DR 1479	23,326
Acquisition - Digital Elevation Model 1333 General	7,818
Acquisition - DR 1370 - '02	(28,505)
Farm Ring Dikes	(164,589)
Acquisitions '06	(35,911)
WRWD Projects	
Upper Reaches	(64,264)
Upper Reaches COE PL 84-99 - '02	(89)
Phase #6 - Judicial Ditch (JD) #51	(32,391)
2006 Slide Repairs JD #51	(36,397)
Marsh River Analysis	(28,473)
Northern Improvement Dam	(3,241)
Lake Ida Detention	322
Project #1 - Norman County Ditch (CD) #1	9,346
Project #2 - Heiberg Dam	39,912
Project #3 - Norman CD #20	11,330
Project #4 - Becker Dams	59,514
Project #5 - Norman Polk	189,596
Project #6 - Lake Ida	8,596
Project #8 - Moccasin Creek	(18,772)
Project #9	
South Branch	1,095,458
Hagen Township	(242,697)
Winchester Township	(576,360)
2006 Cleanup	(12,820)
Repairs Sec. 24	(24,388)
Project #10 - Mashaug Creek	(795)
Project #12 - WR Township Ditch	(19,975)
Project #13 - Olson Agassiz	8,404
Project #14 - Norman CD #45	13,126
Project #16 - Anthony Township	32,589
Project #17 - Lockhart Township	25,874
Project #18 - Norman CD #64	71,306
Project #19 - #35, 10 & 16	52,053
Project #20 - Clay JD #45, Lat. #1 & 2	88,354
Project #23 - Norman CD #34, Lat. #1	37,876
Project #25 - Norman CD #38	42,631
Project #27 - Lat. A Mahnomen #3	5,852
Project #29 - Atlanta Township	231
Project #30	
Anthony/Pleasantview/Green Meadow	212,072
Geotechnical Engineering	(68,728)
Upper Basin Storage Investigation	(11,195)
Green Meadow Dam Construction	(244,883)

Schedule 3
(Continued)

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
-	-	-	72	(3,101)
-	555	-	-	23,881
-	186	-	-	8,004
25,004	-	22,960	734	(27,195)
197,222	-	127,664	1,914	(96,945)
-	-	13,294	1,019	(50,224)
117,798	-	132,934	4,026	(83,426)
-	-	136	-	(225)
-	-	(19,943)	-	(12,448)
-	-	(35,480)	-	(917)
-	-	(12,754)	-	(15,719)
-	-	512	95	(3,848)
3,669	15	2,535	-	1,471
3,874	181	7,597	-	5,804
5,630	981	2,018	-	44,505
536	273	20	-	12,119
8,756	1,409	6,537	-	63,142
16,895	4,620	4,585	-	206,526
27	200	306	-	8,517
-	-	(14,428)	441	(4,785)
21,934	5,727	901,027	-	222,092
-	-	(242,697)	-	-
-	-	(576,360)	-	-
-	-	(12,820)	-	-
-	-	(24,388)	-	-
-	-	(795)	17	(17)
5,686	-	422	425	(15,136)
7,698	263	310	-	16,055
2,054	324	1,160	-	14,344
-	652	22,198	-	11,043
-	612	1,796	-	24,690
4,102	1,722	2,993	-	74,137
-	1,174	6,282	-	46,945
4,582	2,090	4,204	-	90,822
-	901	61	-	38,716
-	1,012	1,042	-	42,601
3,092	149	891	-	8,202
3,726	27	789	-	3,195
53,493	-	341,504	2,396	(78,335)
-	-	(68,728)	-	-
-	-	(10,236)	-	(959)
-	-	(245,842)	-	959

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs	
WRWD Projects (Continued)	
Project #31 - Hegne Township Ditch	21,607
Project #32 - Hegne Anthony Cutoff	12,667
Project #34 - Lat. B Mahnomen #3	18,228
Project #35 - Sande Detention	(3,008)
Project #36 - Marsh Creek #3	(2,153)
Project #38 - Rockwell Dam	(10,113)
Project #39 - Mashaug Dam	(636)
Project #40 - Dalen Coulee	12,789
Project #42	
South Branch Storage	(133,934)
Phase #1 - Wetland Review	(66)
Phase #2 - Channel Alt.	(1,416)
Phase #3 - Final Design and Construction	(1,376)
Phase #4 - Land Acquisition Assistance	-
Phase #5 - Richards Property Survey	-
Phase #6 - Richards Data	-
#329 - Upper Becker	-
#330 - Upper Becker Design	-
#331 - CD #18 Geotech and Design	-
#01 Cost Share Funds - RRWMB	-
Ditch Systems	
Norman CD #11	6,007
Norman CD #12	9,831
Norman CD #15	1,326
Norman CD #18	29,185
Norman CD #18, Lat. #1	1,007
Norman CD #21	(11)
Norman CD #22	1,913
Norman CD #37	(5,994)
JD #53 - Main	(49,198)
JD #53, Lat. #1	12,612
JD #53, Lat. #2	23,038
JD #56	9,133
JD #56, Lat. #1	19,706
Clay CD #6	1,806
Clay CD #7	2,565
Clay CD #8	(695)
Clay CD #14	(4,602)
Phase #3 Design and Construction	(48,691)
Clay CD #18	(2,638)
Clay CD #42	58
Clay CD #44	6,825
Clay CD #52	8,205

Schedule 3
(Continued)

Receipts		Disbursements		Fund
	Allocated		Allocated	Balance
Revenue	Interest	Direct	Interest	(Deficit)
	Earned		Charged	December 31
37	315	22,454	-	(495)
5,538	335	1,452	-	17,088
1,424	443	225	-	19,870
-	-	(2,542)	72	(538)
-	-	307	55	(2,515)
-	-	5,868	261	(16,242)
-	-	238	18	(892)
2,268	324	538	-	14,843
720,276	-	1,165,500	1,448	(580,606)
-	-	13,695	-	(13,761)
-	-	3,110	-	(4,526)
-	-	18,552	-	(19,928)
-	-	3,774	-	(3,774)
-	-	4,124	-	(4,124)
-	-	3,997	-	(3,997)
-	-	32,127	-	(32,127)
-	-	81,412	-	(81,412)
-	-	84,708	-	(84,708)
600,000	-	-	-	600,000
-	142	69	-	6,080
8,268	294	1,735	-	16,658
50	31	232	-	1,175
-	660	3,843	-	26,002
-	24	-	-	1,031
359	1	200	-	149
-	-	-	7	1,906
5,002	-	4,783	72	(5,847)
30,446	-	77,187	1,407	(97,346)
5,984	354	3,404	-	15,546
-	542	2,659	-	20,921
18,437	378	1,804	-	26,144
-	471	281	-	19,896
1,563	49	2,650	-	768
-	61	-	-	2,626
1,782	-	272	2	813
8,323	-	50,166	1,189	(47,634)
-	-	(48,691)	-	-
4,527	-	6,685	84	(4,880)
701	7	446	-	320
22	161	408	-	6,600
-	195	20	-	8,380

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs (Continued)	
FEMA 2000	
FEMA 2000	1,279
TV Outlet PW 385 - '00	7,807
Project #2 - '00 PW #374	6,194
Project #6 - '00 Lake Ida	(3,920)
Project #9 - Reimbursements	7,022
'00 Heiraas Tree Removal	3,145
Phase #10 - '00 PW #143	(5,695)
Phase #9 - '00 PW #347	(519)
Phase #8 - '00 PW #350	(222)
Phase #7 - '00 PW #363 Heiraas Bank Repair	54,011
Phase #6 - '00 PW #375	19,435
Project #16	(766)
Project #20 - PW #351 - '00	(379)
Project #30 - PW #340 - '00	(5,207)
Project #36 - PW #333 - '00	(3,324)
JD #53 Main - PW #373 - '00	5,082
JD #53 Main - PW #357 - '00	(3,223)
JD #53, #1 - PW #358 - '00	1,844
JD #53, #2 - '00	(586)
JD #56, Lat. #1 - PW #421 - '00	4,906
2000 Administration	(2,421)
FEMA 2002	
FEMA 2002	19,697
Project #34 - '02	(688)
Project #27 - '02	(451)
Phase #13 - '02	(47)
#0 Administration	(6,987)
#1 PW #079, JD #56	(387)
#2 PW #079, JD #37	(336)
#3 PW #079, JD #51	(877)
#4 PW #080, JD #56, Lat. #1	935
#5 PW #028, Project #31	(5,344)
#6 PW #081, Project #9 Se	7,169
#7 PW #016, Project #9 Sk	(31,816)
#8 PW #027, CD #12	(590)
#9 PW #032, CD #18a	2,570
#10 PW #033, CD #18b	303
#11 PW #053, Project #9 Heiraas	(4,728)
#12 PW #076, JD #51	15,206
#13 PW #082, JD #53, Lat. #1	693
#14 PW #082, JD #53, Lat. #2	812
#15 PW #083, JD #53	(13,048)
#16 PW #084, JD #56 A, B, Prev	(3,715)

Schedule 3
(Continued)

Receipts		Disbursements		Fund
	Allocated		Allocated	Balance
Revenue	Interest	Direct	Interest	(Deficit)
	Earned		Charged	December 31
-	1,952	-	-	3,231
-	-	-	-	7,807
-	-	-	-	6,194
-	-	-	-	(3,920)
-	-	-	-	7,022
-	-	-	-	3,145
-	-	-	-	(5,695)
-	-	-	-	(519)
-	-	-	-	(222)
-	-	-	-	54,011
-	-	-	-	19,435
-	-	-	-	(766)
-	-	-	-	(379)
-	-	-	-	(5,207)
-	-	-	-	(3,324)
-	-	-	-	5,082
-	-	-	-	(3,223)
-	-	-	-	1,844
-	-	-	-	(586)
-	-	-	-	4,906
-	-	-	-	(2,421)
-	-	-	14,967	4,730
-	-	-	-	(688)
-	-	-	-	(451)
-	-	-	-	(47)
-	-	3,779	-	(10,766)
-	-	-	-	(387)
-	-	-	-	(336)
-	-	-	-	(877)
-	-	-	-	935
-	-	-	-	(5,344)
-	-	-	-	7,169
-	-	-	-	(31,816)
-	-	-	-	(590)
-	-	-	-	2,570
-	-	-	-	303
-	-	-	-	(4,728)
-	-	-	-	15,206
-	-	-	-	693
-	-	-	-	812
-	-	-	-	(13,048)
-	-	-	-	(3,715)

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs	
FEMA 2002 (Continued)	
#17 PW #085, Lockhart	(1,927)
#18 PW #054, Lockhart	(4,031)
#19 PW #086, Project #19	813
#20 PW #087, Project #20, Lat. #1 & 2	(2,318)
#21 PW #050, Project #25, CD #38	1,009
#22 PW #088, Project #27	(1,841)
#23 PW #089, Project #30	(20,702)
#24 PW #090, Project #34	2,048
#25 PW #091, Project #9 Fa-f	4,905
#26 PW #092, Project #9 Sa,a,b,c,g,h	(3,343)
#27 PW #092, Project #9 Sd	7,280
#28 PW #092, Project #9 Si	(1,301)
#29 PW #092, Project #9 Sl	(25,683)
#30 PW #092, Ditch #37	83
#31 PW #093, TV 01a	(5,631)
#32 PW #093, TV 01b	(2,504)
#33 PW #094, Ditch #6	(7,985)
#34 PW #065, Northern Improvement Dam A	1,981
#35 PW #066, Northern Improvement Dam D	73
#36 PW #067, Moccasin Dam - A	(419)
#37 PW #068, Moccasin Dam - D	(24,111)
#38 PW #070, Mashaug Dam - A	8,961
#39 PW #070, Mashaug Dam - D	(1,824)
#40 PW #072, Marsh Creek 3 - D	(10,160)
#41 PW #073, Sande Detention	(3,884)
#42 PW #075, Green Meadow Dam	504
#43 PW #069, Heiberg Dam	(29,998)
2002 Heiberg Dam repair	(114,060)
Phase #2 - Construction	(341,912)
Phase #3 - Construction	(29,494)
FEMA - '00 Flood Recovery, PW #335	(3,749)
FEMA - '02 Emergency Flood Operation	(14,189)
FEMA - '02 Dam Site Investigation	4,940
FEMA 2006	
Administrative	(663)
Project #5	(77)
Project #9	(8,705)
Project #12	(806)
Project #19	(361)
Project #20	(167)
Project #30	(1,132)

Schedule 3
(Continued)

Receipts		Disbursements		Fund Balance (Deficit) December 31
Revenue	Allocated Interest Earned	Direct	Allocated Interest Charged	
-	-	-	-	(1,927)
-	-	-	-	(4,031)
-	-	-	-	813
-	-	-	-	(2,318)
-	-	-	-	1,009
-	-	-	-	(1,841)
-	-	-	-	(20,702)
-	-	-	-	2,048
-	-	-	-	4,905
-	-	-	-	(3,343)
-	-	-	-	7,280
-	-	-	-	(1,301)
-	-	-	-	(25,683)
-	-	-	-	83
-	-	-	-	(5,631)
-	-	-	-	(2,504)
-	-	-	-	(7,985)
-	-	-	-	1,981
-	-	-	-	73
-	-	-	-	(419)
-	-	-	-	(24,111)
-	-	-	-	8,961
-	-	-	-	(1,824)
-	-	-	-	(10,160)
-	-	-	-	(3,884)
-	-	-	-	504
4,000	-	147	-	(26,145)
-	-	-	-	(114,060)
-	-	-	-	(341,912)
-	-	-	-	(29,494)
-	-	-	86	(3,835)
-	120	-	324	(14,393)
-	-	-	7	4,933
-	-	1,459	1,740	(3,862)
-	-	-	-	(77)
-	-	-	-	(8,705)
-	-	-	-	(806)
-	-	-	-	(361)
-	-	-	-	(167)
-	-	-	-	(1,132)

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs	
FEMA 2006 (Continued)	
Norman CD #11 - Site #17	(207)
JD #53, Lat. #2 - #13, 14, & 17	(1,031)
JD #56 - Site #4	(77)
JD #56 - Site #5	(201)
JD #56 - Site #6	(96)
JD #56, Lat. #1 - Site #3	(83)
JD #53 Main - Site #16	(326)
JD #53, Lat. #1 - Site #13	(291)
JD #53, Lat. #1 - Site #15	(399)
	<hr/>
Total Capital Projects Fund Jobs	\$ 1,269,168
	<hr/>
Total	\$ 1,418,421
	<hr/>

Schedule 3
(Continued)

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund Balance (Deficit) December 31</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	
-	-	-	-	(207)
-	-	-	-	(1,031)
-	-	-	-	(77)
-	-	-	-	(201)
-	-	-	-	(96)
-	-	-	-	(83)
-	-	18	-	(344)
-	-	8,660	-	(8,951)
-	-	-	-	(399)
<u>\$ 2,270,177</u>	<u>\$ 81,632</u>	<u>\$ 2,203,831</u>	<u>\$ 47,811</u>	<u>\$ 1,369,335</u>
<u>\$ 2,865,720</u>	<u>\$ 114,642</u>	<u>\$ 2,815,793</u>	<u>\$ 81,991</u>	<u>\$ 1,500,999</u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Fund Balance (Deficit) January 1
General Fund	\$ (14,014)
Special Revenue Fund Job	
Red River Water Management Board (RRWMB) Management	\$ 145,678
Capital Projects Fund Jobs	
Works of Common Benefit	\$ 37,362
Federal Emergency Management Agency (FEMA) Funds Remainder '96	316
Permits	
General	(32,263)
Violations	(2,232)
Phase #6 - Pederson Brothers	(13)
Phase #19 - Brian Borgen Complaint	(13)
Phase #21 - Ueland Violation	(107)
Phase #27 - Vik Dike	(2,316)
Phase #29 - Klemetson/Erickson	-
Phase #33 - Ambuch/Vik Violation	(410)
Phase #34 - Randy Chisholm Complaint	(341)
Phase #35 - Mark Chisholm Complaint	(232)
Phase #36 - Everett Darco Complaint	(875)
Phase #37 - Renner Complaint	(206)
Phase #38 - Terry Guttormson Complaint	(45)
Phase #39 - Joseph E. Kuechle Complaint	(268)
Phase #43 - Marv Thompson Complaint	-
Phase #46 - Airhart Violation	-
Phase #47 - Home Lake Complaint	-
Phase #48 - Dean Heitman	-
Phase #49 - Chisholm/Hanson Violation	-
Flood Mitigation Corps of Engineers (COE) 205	1,531
Wild Rice River (WRR) COE Feasibility Study	
General	(17,989)
Hydraulic Analysis Marsh Creek	(465)
RRWMB Construction	1,859,426
Legislative Funding	(9,580)
Mediation FDR Work Groups	
July '05 - '06	(190)
July '06 - '07	8,816
July '07 - '08	4,473
Survey and Data	15,056
Project Development	
Upper Felton Ditch	
Storage Investigation	42,169
Phase #1 - 2002 Administration, Legal, and Engineering	(12,946)
Phase #2 - 2002 Engineering Grant	(30,593)
Wiger Flood Storage Investigation	(4)

Schedule 4

Receipts		Disbursements		Fund Balance (Deficit) December 31
Revenue	Allocated Interest Earned	Direct	Allocated Interest Charged	
\$ 245,079	\$ 16,246	\$ 290,605	\$ 17,693	\$ (60,987)
\$ 369,379	\$ 152	\$ 353,924	\$ 11	\$ 161,274
\$ -	\$ 298	\$ 15,553	\$ -	\$ 22,107
-	4	-	-	320
-	-	12,304	244	(44,811)
150	-	144	82	(2,308)
-	-	-	-	(13)
38	-	38	-	(13)
-	-	(62)	-	(45)
-	-	1,157	-	(3,473)
-	-	(3,542)	-	3,542
-	-	(141)	-	(269)
-	-	(341)	-	-
-	-	(232)	-	-
-	-	(875)	-	-
-	-	(206)	-	-
-	-	(45)	-	-
-	-	(133)	-	(135)
-	-	25	-	(25)
-	-	727	-	(727)
-	-	538	-	(538)
-	-	441	-	(441)
-	-	263	-	(263)
-	18	(147)	-	1,696
-	-	49,030	463	(67,482)
-	-	-	-	(465)
368,316	21,683	464,045	29	1,785,351
-	-	16,204	282	(26,066)
-	-	-	-	(190)
-	-	-	-	8,816
-	-	-	-	4,473
57	206	-	-	15,319
-	-	43,538	19	(1,388)
-	-	(12,946)	-	-
-	-	(30,593)	-	-
-	-	-	-	(4)

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs	
Project Development (Continued)	
Upper Moccasin Creek Flood Storage	(8)
Data Practices	(1,590)
Phase #2 - Bennett	(1,490)
Phase #3 - Borgen	(627)
South Branch - Off Channel Investigation	(23,269)
Riverwatch Stream Gauge Monitoring	(9)
Public Information/Media	(7,987)
Heiraas Lawsuit	(304)
Board of Water and Soil Resources - Ditch Mapping Grant	(22,758)
United States Geological Survey (USGS) - 264 South Branch Gauge Station	(48)
Flood Storage Investigation	(297)
2006 Water and Resource Development Account	(9,865)
USGS Sediment Investigation	(14,214)
Twin Valley (TV) Dam Reevaluation	(14,997)
Mahnomen Drainage Issues	(75,294)
Home Lake Department of Natural Resources Permit	(3,663)
Home Lake Storage #266	109
Soil and Water Conservation District Storage Sites #265	(14,368)
Wastweet Storage	(28)
Upper Felton - Alternative	(7,287)
Hendrum City Flood Insurance Studies (FIS) Review	(17)
Total Maximum Daily Load Study WRR	(2,141)
Water Management Investigation	(39,758)
Lakeman Culvert Issue	(474)
Heitman Project	(5,442)
Minnesota Pollution Control Agency Grant	10,000
Hydraulic Analysis - Marsh Creek	(1,736)
Upper Marsh Creek Storage	(509)
Vik Lawsuit	(20,414)
Felton Subwatershed Plan	(2,316)
Special Meetings #328	(2,948)
2009 Drainage System Modernization #334	(119)
Geographic Information Systems Wild Rice Watershed District (WRWD) Mapping #277	(423)
Data Request #280	(1,976)
South Branch Storage #284	(557)
City of Ada Levee Project #198	-
Lower WR RIM Project #337	-
Natural Resource Conservation District Small Projects #338	-
Norman/Mahnomen FIS Grant #339	-
Downstream Impact WG #340	-
Lower WRR Corridor Project	-
WRWD Projects	-

Schedule 4
(Continued)

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund Balance (Deficit) December 31</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	
-	-	-	-	(8)
-	-	-	-	(1,590)
-	-	(1,455)	1	(36)
-	-	(612)	-	(15)
-	-	-	-	(23,269)
-	-	-	-	(9)
-	-	-	1	(7,988)
-	-	-	4	(308)
-	-	(4,965)	-	(17,793)
-	-	9,950	34	(10,032)
-	-	(276)	-	(21)
-	-	(7,754)	3	(2,114)
10,000	1	18,313	-	(22,526)
-	-	(14,130)	9	(876)
47,092	-	22,561	330	(51,093)
-	-	(3,477)	2	(188)
-	-	(203)	1	311
-	-	16,290	121	(30,779)
-	-	-	-	(28)
-	-	(6,330)	12	(969)
-	-	-	-	(17)
-	-	3,828	32	(6,001)
-	-	22,666	757	(63,181)
-	-	(464)	-	(10)
-	-	(5,014)	2	(430)
-	-	-	-	10,000
-	-	(1,696)	1	(41)
-	-	(285)	3	(227)
-	-	107,158	1,232	(128,804)
-	-	(2,239)	1	(78)
-	-	-	40	(2,988)
15,000	16	1,789	-	13,108
-	-	(17,724)	6	17,295
621	-	217	23	(1,595)
-	-	(22,789)	9	22,223
-	-	212	2	(214)
-	-	36	-	(36)
-	-	650	-	(650)
-	-	268	-	(268)
-	-	260	-	(260)
-	-	36	-	(36)
-	-	3,412	19	(3,431)

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs (Continued)	
Wetland Banking Program	
Anderson Wetland Restoration	(2,484)
Flood Mitigation Projects	
Acquisition/Demolition - DR 1175, Kesselberg	(3,101)
Norman County Rural Acquisition DR 1479	23,881
Acquisition - Digital Elevation Model 1333 General	8,004
Acquisition - DR 1370 - '02	(27,195)
Farm Ring Dikes	(96,945)
Acquisitions '06	(50,224)
Community Ring Dikes #336	-
Acquisitions '09	-
WRWD Projects	
Upper Reaches	(83,426)
Upper Reaches COE PL 84-99 - '02	(225)
Phase #6 - Judicial Ditch (JD) #51	(12,448)
2006 Slide Repairs JD #51	(917)
Marsh River Analysis	(15,719)
Northern Improvement Dam	(3,848)
Lake Ida Detention	1,471
Project #1 - Norman County Ditch (CD) #1	5,804
Project #2 - Heiberg Dam	44,505
Project #3 - Norman CD #20	12,119
Project #4 - Becker Dams	63,142
Project #5 - Norman Polk	206,526
Project #6 - Lake Ida	8,517
Project #8 - Moccasin Creek	(4,785)
Project #9 - South Branch	222,092
Project #10 - Mashaug Creek	(17)
Project #12 - WR Township Ditch	(15,136)
Project #13 - Olson Agassiz	16,055
Project #14 - Norman CD #45	14,344
Project #16 - Anthony Township	11,043
Project #17 - Lockhart Township	24,690
Project #18 - Norman CD #64	74,137
Project #19 - #35, 10 & 16	46,945
Project #20 - Clay JD #45, Lat. #1 & 2	90,822
Project #23 - Norman CD #34, Lat. #1	38,716
Project #25 - Norman CD #38	42,601
Project #27 - Lat. A Mahnomen #3	8,202
Project #29 - Atlanta Township	3,195
Project #30	
Anthony/Pleasantview/Green Meadow	(78,335)
Upper Basin Storage Investigation	(959)
Green Meadow Dam Construction	959

Schedule 4
(Continued)

Receipts		Disbursements		Fund
Revenue	Allocated Interest Earned	Direct	Allocated Interest Charged	Balance (Deficit) December 31
-	-	1,782	53	(4,319)
-	-	(3,029)	32	(104)
-	247	23,326	-	802
-	83	7,818	-	269
24,740	62	(1,721)	284	(956)
167,726	-	297,484	523	(227,226)
14,513	-	17,884	760	(54,355)
-	-	102,060	251	(102,311)
-	-	16,649	88	(16,737)
118,242	-	103,237	1,765	(70,186)
-	-	(225)	-	-
-	-	(1,283)	-	(11,165)
-	-	-	-	(917)
-	-	(27,339)	-	11,620
-	-	(3,192)	5	(661)
3,990	24	1,757	-	3,728
3,878	89	3,551	-	6,220
5,616	627	1,039	-	49,709
532	167	61	-	12,757
14,175	932	3,552	-	74,697
14,267	2,819	13,228	-	210,384
53	117	-	-	8,687
-	-	3,077	56	(7,918)
40,244	2,950	106,030	-	159,256
-	-	(1)	-	(16)
4,827	-	2,475	209	(12,993)
7,520	245	1,526	-	22,294
2,034	202	491	-	16,089
-	94	7,805	-	3,332
2,472	346	469	-	27,039
8,527	1,042	1,311	-	82,395
7,216	618	9,194	-	45,585
33,096	1,009	58,083	-	66,844
-	529	62	-	39,183
-	582	82	-	43,101
1,977	122	265	-	10,036
3,398	57	950	-	5,700
54,401	-	14,579	938	(39,451)
-	-	-	-	(959)
-	-	-	-	959

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs	
WRWD Projects (Continued)	
Project #31 - Hegne Township Ditch	(495)
Project #32 - Hegne Anthony Cutoff	17,088
Project #34 - Lat. B Mahnomen #3	19,870
Project #35 - Sande Detention	(538)
Project #36 - Marsh Creek #3	(2,515)
Project #38 - Rockwell Dam	(16,242)
Project #39 - Mashaug Dam	(892)
Project #40 - Dalen Coulee	14,843
Project #42	
South Branch Storage	(580,606)
Phase #1 - Wetland Review	(13,761)
Phase #2 - Channel Alt.	(4,526)
Phase #3 - Final Design and Construction	(19,928)
Phase #4 - Land Acquisition Assistance	(3,774)
Phase #5 - Richards Property Survey	(4,124)
Phase #6 - Richards Data	(3,997)
#329 - Upper Becker Geotech	(32,127)
#330 - Upper Becker Design	(81,412)
#331 - CD #18 Geotech and Design	(84,708)
Upper Becker Project Costs	-
#01 Cost Share Funds - RRWMB	600,000
Ditch Systems	
Norman CD #11	6,080
Norman CD #12	16,658
Norman CD #15	1,175
Norman CD #18	26,002
Norman CD #18, Lat. #1	1,031
Norman CD #21	149
Norman CD #22	1,906
Norman CD #37	(5,847)
JD #53 - Main	(97,346)
JD #53, Lat. #1	15,546
JD #53, Lat. #2	20,921
JD #56	26,144
JD #56, Lat. #1	19,896
Clay CD #6	768
Clay CD #7	2,626
Clay CD #8	813
Clay CD #14	(47,634)
Clay CD #18	(4,880)
Clay CD #42	320
Clay CD #44	6,600
Clay CD #52	8,380

Schedule 4
(Continued)

Receipts		Disbursements		Fund
Revenue	Allocated Interest Earned	Direct	Allocated Interest Charged	Balance (Deficit) December 31
9,576	20	3,767	-	5,334
5,545	257	176	-	22,714
1,473	277	164	-	21,456
-	-	7,467	15	(8,020)
-	-	297	37	(2,849)
-	-	(15,850)	6	(398)
-	-	(681)	2	(213)
5,664	238	1,397	-	19,348
120,244	-	270,760	6,310	(737,432)
-	-	-	-	(13,761)
-	-	-	-	(4,526)
-	-	2,706	-	(22,634)
-	-	9,763	-	(13,537)
-	-	-	-	(4,124)
-	-	646	-	(4,643)
-	-	12,271	-	(44,398)
-	-	48,872	-	(130,284)
-	-	51,221	-	(135,929)
-	-	28,836	-	(28,836)
-	-	-	-	600,000
-	83	49	-	6,114
5,351	250	186	-	22,073
2,758	383	110	-	4,206
276	-	298	-	25,980
-	14	-	-	1,045
1,793	8	44	-	1,906
-	-	-	4	1,902
9,309	-	2,416	29	1,017
37,471	-	28,986	1,424	(90,285)
3,844	194	5,219	-	14,365
-	275	1,838	-	19,358
27,716	534	4,475	-	49,919
7,886	287	2,849	-	25,220
4,503	22	4,367	-	926
-	36	-	-	2,662
4,021	37	357	-	4,514
23,396	-	792	496	(25,526)
8,601	-	28,335	133	(24,747)
2,561	20	-	-	2,901
1,082	89	766	-	7,005
625	113	601	-	8,517

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs (Continued)	
FEMA 2000	
FEMA 2000	3,231
TV Outlet PW 385 - '00	7,807
Project #2 - '00 PW #374	6,194
Project #6 - '00 Lake Ida	(3,920)
Project #9 - Reimbursements	7,022
'00 Heiraas Tree Removal	3,145
Phase #10 - '00 PW #143 Bridge Repair	(5,695)
Phase #9 - '00 PW #347	(519)
Phase #8 - '00 PW #350	(222)
Phase #7 - '00 PW #363	
Heiraas Bank Repair	54,011
Phase #6 - FEMA '00 PW #375	19,435
Project #16	(766)
Project #20 - PW #351 - '00	(379)
Project #30 - PW #340 - '00	(5,207)
Project #36 - PW #333 - '00	(3,324)
JD #53 Main - PW #373 - '00	5,082
JD #53 Main - PW #357 - '00	(3,223)
JD #53, #1 - PW #358 - '00	1,844
JD #53, #2 - '00	(586)
JD #56, Lat. #1 - PW #421 - '00	4,906
2000 Administration	(2,421)
FEMA 2002	
FEMA 2002	4,730
Project #34 - '02	(688)
Project #27 - '02	(451)
Phase #13 - FEMA '02	(47)
#0 FEMA Administration	(10,766)
#1 PW #079, JD #56	(387)
#2 PW #079, JD #37	(336)
#3 PW #079, JD #51	(877)
#4 PW #080, JD #56, Lat. #1	935
#5 PW #028, Project #31	(5,344)
#6 PW #081, Project #9 Se	7,169
#7 PW #016, Project #9 Sk	(31,816)
#8 PW# 027, CD #12	(590)
#9 PW #032, CD #18a	2,570
#10 PW #033, CD #18b	303
#11 PW #053, Project #9 Heiraas	(4,728)
#12 PW #076, JD #51	15,206
#13 PW #082, JD #53, Lat. #1	693
#14 PW #082, JD #53, Lat. #2	812
#15 PW #083, JD #53	(13,048)
#16 PW #084, JD #56 A, B, Prev	(3,715)

Schedule 4
(Continued)

Receipts		Disbursements		Fund
Revenue	Allocated Interest Earned	Direct	Allocated Interest Charged	Balance (Deficit) December 31
-	868	133,829	-	(129,730)
-	-	-	-	7,807
-	-	4,643	-	1,551
-	-	(5,061)	-	1,141
-	-	4,911	-	2,111
-	-	2,449	-	696
-	-	(69,061)	-	63,366
-	-	(1,350)	-	831
-	-	(480)	-	258
-	-	5,960	-	48,051
-	-	15,615	-	3,820
-	-	(736)	-	(30)
-	-	(583)	-	204
-	-	(5,279)	-	72
-	-	(3,595)	-	271
-	-	3,363	-	1,719
-	-	(3,470)	-	247
-	-	90	-	1,754
-	-	(563)	-	(23)
-	-	3,535	-	1,371
-	-	(2,214)	-	(207)
-	-	-	3,778	952
-	-	(688)	-	-
-	-	(451)	-	-
-	-	(47)	-	-
-	-	8,931	-	(19,697)
-	-	(387)	-	-
-	-	(336)	-	-
1,775	-	898	-	-
1,714	-	2,649	-	-
23,550	-	18,206	-	-
21,178	-	28,347	-	-
-	-	(31,816)	-	-
868	-	278	-	-
2,974	-	5,544	-	-
3,167	-	3,470	-	-
-	-	(4,728)	-	-
14,460	-	29,666	-	-
-	-	693	-	-
17,791	-	18,603	-	-
25,443	-	12,395	-	-
6,773	-	3,058	-	-

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs	
FEMA 2002 (Continued)	
#17 PW #085, Lockhart	(1,927)
#18 PW #054, Lockhart	(4,031)
#19 PW #086, Project #19	813
#20 PW #087, Project #20, Lat. #1 & 2	(2,318)
#21 PW #050, Project #25, CD #38	1,009
#22 PW #088, Project #27	(1,841)
#23 PW #089, Project #30	(20,702)
#24 PW #090, Project #34	2,048
#25 PW #091, Project #9 Fa-f	4,905
#26 PW #092, Project #9 Sa,a,b,c,g,h	(3,343)
#27 PW #092, Project #9 Sd	7,280
#28 PW #092, Project #9 Si	(1,301)
#29 PW #092, Project #9 Sl	(25,683)
#30 PW #092, Ditch #37	83
#31 PW #093, TV 01a	(5,631)
#32 PW #093, TV 01b	(2,504)
#33 PW #094, Ditch #6	(7,985)
#34 PW #065, Northern Improvement Dam A	1,981
#35 PW #066, Northern Improvement Dam D	73
#36 PW #067, Moccasin Dam - A	(419)
#37 PW #068, Moccasin Dam - D	(24,111)
#38 PW #070, Mashaug Dam - A	8,961
#39 PW #070, Mashaug Dam - D	(1,824)
#40 PW #072, Marsh Creek 3 - D	(10,160)
#41 PW #073, Sande Detention	(3,884)
#42 PW #075, Green Meadow Dam	504
#43 PW #069, Heiberg Dam	(26,145)
2002 Heiberg Dam Repair	(114,060)
Phase #2 - Construction	(341,912)
Phase #3 - Construction	(29,494)
FEMA - '00 Flood Recovery, PW #335	(3,835)
FEMA - '02 Emergency Flood Operation	(14,393)
FEMA - '02 Dam Site Investigation	4,933
FEMA 2006	(3,862)
Administrative	(77)
Project #5	(8,705)
Project #9	(806)
Project #12	(361)
Project #19	(167)
Project #20	(1,132)
Project #30	(207)
Norman CD #11 - Site #17	(1,031)
JD #53, Lat. #2 - #13, 14, & 17	

Schedule 4
(Continued)

Receipts		Disbursements		Fund
Revenue	Allocated Interest Earned	Direct	Allocated Interest Charged	Balance (Deficit) December 31
3,335	-	1,408	-	-
19,252	-	15,221	-	-
6,116	-	6,929	-	-
6,821	-	4,503	-	-
1,515	-	2,524	-	-
1,849	-	8	-	-
22,890	-	2,188	-	-
2,299	-	4,347	-	-
11,168	-	16,073	-	-
48,103	-	44,760	-	-
-	-	7,280	-	-
-	-	(1,301)	-	-
-	-	(25,683)	-	-
-	-	83	-	-
20,746	-	15,115	-	-
-	-	(2,504)	-	-
7,620	-	(365)	-	-
2,325	-	4,306	-	-
6,221	-	6,294	-	-
1,080	-	661	-	-
30,050	-	5,939	-	-
8,963	-	17,924	-	-
2,870	-	1,046	-	-
30,383	-	20,223	-	-
1,524	-	(2,360)	-	-
1,285	-	1,789	-	-
-	-	(139,887)	-	113,742
-	-	-	-	(114,060)
33,062	-	(308,896)	-	46
-	-	(29,767)	-	273
-	-	(3,601)	38	(272)
6,014	30	(2,579)	144	(5,914)
6,351	-	6,060	2	5,222
-	-	60	363	(4,285)
-	-	-	-	(77)
-	-	-	-	(8,705)
-	-	-	-	(806)
-	-	-	-	(361)
-	-	-	-	(167)
-	-	57	-	(1,189)
-	-	-	-	(207)
-	-	-	-	(1,031)

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Fund Balance (Deficit) January 1
Capital Projects Fund Jobs	
FEMA 2006 (Continued)	
JD #56 - Site #4	(77)
JD #56 - Site #5	(201)
JD #56 - Site #6	(96)
JD #56, Lat. #1 - Site #3	(83)
JD #53 Main - Site #16	(344)
JD #53, Lat. #1 - Site #13	(8,951)
JD #53, Lat. #1 - Site #15	(399)
FEMA 2009	
FEMA 2009	-
#350 - '09 FEMA & Flood Fight	-
#1, PW #5	-
#2, PW #6	-
#3, PW #7	-
#4, PW #8	-
#5, PW #9	-
#6, PW #10	-
#7 - Site #52	-
#8 & 9	-
#10	-
#11 - Project #12	-
#12	-
#13	-
#15 - Site #40	-
Total Capital Projects Fund Jobs	\$ 1,369,335
Total	\$ 1,500,999

Schedule 4
(Continued)

Receipts		Disbursements		Fund
Revenue	Allocated Interest Earned	Direct	Allocated Interest Charged	Balance (Deficit) December 31
-	-	-	-	(77)
-	-	-	-	(201)
-	-	-	-	(96)
-	-	-	-	(83)
-	-	-	-	(344)
-	-	-	-	(8,951)
-	-	-	-	(399)
-	-	-	162	(162)
67,301	-	27,105	-	40,196
-	-	338	-	(338)
-	-	57	-	(57)
-	-	57	-	(57)
-	-	1,322	-	(1,322)
-	-	2,217	-	(2,217)
-	-	22,936	-	(22,936)
-	-	2,254	-	(2,254)
-	-	255	-	(255)
-	-	1,802	-	(1,802)
-	-	37,012	-	(37,012)
-	-	213	-	(213)
-	-	697	-	(697)
-	-	13,393	-	(13,393)
<u>\$ 1,727,249</u>	<u>\$ 39,224</u>	<u>\$ 1,893,315</u>	<u>\$ 21,671</u>	<u>\$ 1,220,822</u>
<u>\$ 2,341,707</u>	<u>\$ 55,622</u>	<u>\$ 2,537,844</u>	<u>\$ 39,375</u>	<u>\$ 1,321,109</u>

**WILD RICE WATERSHED DISTRICT
ADA, MINNESOTA**

Schedule 5

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**

I. INTERNAL CONTROL OVER FINANCIAL REPORTING

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

07-1 Segregation of Duties

Due to the limited number of office personnel, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Wild Rice Watershed District; however, the District's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

We recommend that the District's Board and management be aware of the absence of segregation of the accounting functions and implement oversight procedures and monitor those procedures to ensure that internal control policies and procedures are effective.

Client's Response:

We have become more aware of this and are consciously trying to make sure that we work on this issue. With deposits, expenses, checks, payments, and bills especially, the Administrator and/or the Chairman or Treasurer review them.

07-2 Preparation of Financial Statements

The District's management is responsible for the preparation of the District's financial statements. Financial statement preparation requires internal controls over both: (1) recording, processing, and summarizing accounting data (maintaining internal books and records); and (2) preparing and reporting appropriate government-wide and fund financial statements, including the related notes to the financial statements.

As is the case with many small and medium-sized entities, however, the District has relied on its independent external auditors to assist in the preparation of the basic financial statements, including notes to the financial statements, as part of its external financial reporting process. Accordingly, the District's ability to prepare financial statements is based, at least in part, on its reliance on its external auditors, who cannot by

definition be considered part of the government's internal control. This condition was caused by the District's decision that it is more cost effective to have its auditors prepare its annual basic financial statements than to incur the time and expense of obtaining the necessary training and expertise required to prepare the financial statements internally. As a result of this condition, the government lacks internal controls over the preparation and reporting of financial information.

We recommend the District obtain the training and expertise to internally prepare its annual financial statements. If the District still intends to have its external auditor assist in preparation then, at a minimum, the District must identify and train individuals to obtain the expertise that can sufficiently review, understand, and approve the District's financial statements, including notes. As an alternative, the District could consider using an independent outside consultant to assist in preparing its basic financial statements.

Client's Response:

This has been discussed internally and with the Chairman of the Board. A goal is to have an outside consultant come in, or we send reports to him once a month or bi-monthly, to review and assist us.

ITEMS ARISING THIS YEAR

09-1 Documenting and Monitoring Internal Controls

The District's management is responsible for the District's internal control over financial reporting. This responsibility requires performing an assessment of existing controls over significant functions used to produce financial information for the Board, management, and for external financial reporting. The risk assessment is intended to determine if the internal controls that have been established by District management are still effective or if changes are needed to maintain a sound internal control structure. Changes may be necessary due to such things as organizational restructuring, updates to information systems, or changes to services being provided. Although the District may informally assess risks and adjust internal control procedures to address those risks, there are no formal procedures or documentation of those procedures in place.

At a minimum, the following significant internal control areas should be documented:

- cash and investment activities;
- capital assets (capitalization process and related depreciation);

- major funding sources (taxes, special assessments, intergovernmental receipts, charges for services, and miscellaneous items); and
- disbursement processing.

We recommend the District's management document the significant internal controls in its accounting system, including an assessment of risk and the processes used to minimize the risks. We also recommend that a formal plan be developed that calls for monitoring the internal control structure on a regular basis, no less than annually. The monitoring activity should also be documented to show the results of the review, any changes required, and who performed the work.

Client's Response:

Within our disbursement processing, we now have two staff doing the billings. It is a good management practice as someone is always here who can do it if the other is gone, and it is a way to track each other's work. Also in the future, the Administrator would like to become knowledgeable regarding this.

09-2 Audit Adjustments

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. One control deficiency that typically is considered significant is identification by the auditor of a material misstatement in the financial statements not initially identified by the entity's internal controls, even if management subsequently corrects the misstatement.

During our audit, we identified material adjustments in the General Fund, Special Revenue Fund, and the Capital Projects Fund. Material adjustments were necessary in both 2008 and 2009 to properly classify receipts for taxes, special assessments, and intergovernmental.

- An entry was made in the 2008 General Fund to reclassify \$174,524 from intergovernmental receipts and \$47,086 from general administration disbursements to tax receipts. An entry was made in the 2009 General Fund to reclassify \$222,879 from intergovernmental to tax receipts.

- An entry was made in the 2008 Special Revenue Fund to reclassify \$236,062 from intergovernmental receipts and \$64,190 from Red River Water Management Board (RRWMB) management and construction disbursements to tax receipts. An entry was made in the 2009 Special Revenue Fund to reclassify \$335,999 from intergovernmental to tax receipts.
- Entries were made in the 2008 Capital Projects Fund to reclassify \$237,018 from intergovernmental receipts and \$64,190 from RRWMB management and construction disbursements to taxes, and to reclassify \$254,690 from intergovernmental receipts, \$4,564 from project development disbursements, \$24,808 from ditch system disbursements, and \$75,445 from other projects and studies disbursements to special assessments receipts. Finally, the 2008 Capital Projects Fund was adjusted to reclassify \$3,678 from project development disbursements, \$21,061 from flood mitigation project disbursements, and \$645,555 from other projects and studies disbursements to intergovernmental receipts for grants received from the Minnesota Department of Natural Resources. Entries were made to the 2009 Capital Projects Fund to reclassify \$336,056 from intergovernmental to tax receipts and reclassify \$489,917 from intergovernmental to special assessments receipts.

Proposed audit adjustments are reviewed and approved by the appropriate staff and are reflected in the financial statements. By definition, however, independent external auditors cannot be considered part of the government's internal control.

We recommend the District establish policies and procedures to ensure all revenues are properly recorded in the District's general ledger system.

09-3 Capital Asset Records

The District's management has established policies relating to thresholds, depreciation method, and the estimated useful lives of their capital assets; however, they have not established a system for recording the purchase, disposal, depreciation, and year-end balances of those assets. To report the appropriate balance in the Statement of Net Assets, the previous auditor provided us with their working papers listing the capital assets and accumulated depreciation through December 31, 2007. Additions, deletions, and other adjustments were determined for 2008 and 2009 by review of the general ledger and discussions with District staff.

The District's management should establish an ongoing system for identifying acquisitions, disposals, and depreciation of the District's capital assets that meet its capital asset policies. To ensure all changes to capital assets are recorded in the system, District staff should conduct a periodic physical inventory and adjust the capital asset records accordingly.

Client's Response:

We will be working on this.

09-4 Controls Over Collections

The District does not use pre-numbered receipts to document all collections and direct deposits at the time of collection. The District provides receipts for cash collections at the front desk, but the receipts are not pre-numbered. No review process is in place for reviewing the bank reconciliations prepared by the outside accountant.

Controls over collections would be improved if the District used pre-numbered receipts and prepared receipts for all collections. The use of pre-numbered receipts for all collections provides for a much better trail for management to verify that all collections were deposited timely and that all collections were properly posted to the accounting system. Copies of the voided receipts should be retained to document the reason for the break in the sequence. In addition to verifying collections are deposited timely and properly posted to the accounting system, District management should review the bank reconciliations prepared by the outside accountant. Reviewed procedures should be signed or initialed signifying the review was completed and no discrepancies were noted.

We recommend the District improve controls over collections by using pre-numbered receipts for all collections. We further recommend the Board consider the need for additional review procedures over the collection process after considering any risks associated with the collection process.

Client's Response:

We have purchased a numbering receipt book. Along with that, copies of all the income is put in a binder folder along with the deposit copy. In addition, we add copies of the direct deposits to the bank.

09-5 Controls Over Disbursements

During our review of the controls over disbursements, we noted the following:

- Of the 40 disbursements selected for testing for each year of the two years, District files were missing supporting documentation for 1 disbursement in 2008 and 3 disbursements in 2009.
- In 2008, a disbursement for a monthly lease was made in the amount of \$11,229.31 that should have been \$1,129.31. The error was subsequently found by the District, and the difference was refunded from the vendor.
- The District does not have review and approval procedures in place for verifying new vendors added to the disbursement system are legitimate vendors.

Controls should be in place to ensure all claims paid are supported with appropriate documentation, and they should be signed or initialed by the Administrator and the Board signifying approval of the claim and the accuracy of the amount. There should be an approval process in place for establishing new vendors to ensure only legitimate vendors are added to the system.

We recommend the District review its policies and procedures over disbursements to ensure that internal controls are in place and being followed so that disbursements made are supported with valid claims, are for the proper amounts, and are only to vendors approved by someone outside the disbursement process.

Client's Response:

We will address the issue of supporting documentation. Rarely do we have new vendors, and when we do, they have usually been previously approved by the Board. However, when the Treasurer and/or Chairman review the bills, they would also notice the new vendor.

II. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

ITEMS ARISING THIS YEAR

09-6 Offsite Board Meals

It appears Board members go to restaurants around the time of their Board meetings, and the District pays for their meals.

When Board members go to eat at a restaurant together, at least two compliance issues arise. First, whenever a quorum of the Board gets together, there are potential Open Meeting issues. While Board members are in a restaurant, they cannot be observed by the public as required by the Open Meeting Law. Any discussion of matters related to District business may result in a violation of the Open Meeting Law. Second, since Board members are not in travel status and the meals are not being provided on the District's premises, the value of these meals is taxable income to individual Board members.

We recommend that the Board discontinue going to restaurants as a group. If a Board meeting must be held during a meal time, food can be provided to Board members on site, avoiding both Open Meeting Law and taxability issues.

09-7 Retroactive Salary Increases

On August 13, 2008, the District's Board approved a four percent cost of living increase for District staff retroactive to their anniversary dates. On October 8, 2008, the motion was amended approving the staff increases be applied towards increasing medical benefits. On August 12, 2009, the District's Board approved a three percent raise in salary and medical benefits retroactive to employment date and a \$250 per week increase during the time of no Administrator. The Administrator left employment on April 29, 2009.

In the State of Minnesota, public funds may be expended if "the purpose is a public one for which tax money may be used, and there is authority to make the expenditure, and the use is genuine. . . ." *Tousley v. Leach*, 230 N.W. 788, 789 (Minn. 1930). Minnesota courts generally construe "public purpose" to mean "such an activity as will serve as a benefit to the community as a body and which, at the same time, is directly related to the functions of government."

Visina v. Freeman, 89 N.W. 2d 635, 643 (Minn. 1958). The public purpose requirement applies to all funds expended by a public entity, not just revenues derived from taxation (Op. Atty. Gen. 107a-3, January 22, 1980).

The application of the public purpose doctrine to the granting of retroactive pay has been discussed at length in the previous opinions of the Attorney General (Op. Atty. Gen. 270-D, August 12 1977; 174E, March 24, 1970; 161b-4, December 3, 1965; 270-D, October 17, 1956). The key issue discussed in the Attorney General's opinions is whether there was consideration given in return. To have consideration in return, there must be an agreement with the employees or an established policy in advance of the effective date of the increase to apply any subsequently agreed-upon increase retroactive to that date. Without the agreement or policy, any retroactive pay is considered a gift, which serves no public purpose.

We recommend that, in the future, the District's Board settle on all employee increases in advance to the effective date of those increases; or the District could amend its employee handbook to expressly provide that changes in compensation will be effective on the employees' anniversary dates.

09-8

"A Time to Build" Lunch and Dinner

The District paid for a catered dinner on Wednesday, January 28, 2009, at a cost of \$1,905. It paid for a catered lunch on Saturday, April 5, 2008, at a cost of \$1,723. The lunch and dinner each preceded presentations to the public called "A Time to Build." Flyers urged, "Please join us for lunch [dinner] and do your part as a landowner to support Flood Damage Reduction in the Wild Rice Watershed District."

A public entity must have the authority (statutory or charter) to make an expenditure, and the expenditure must be for a public purpose. *See* Minn. Const., art. X, § 1 ("Taxes . . . shall be levied and collected for public purposes."). Op. Atty. Gen. 59a-22 (Dec. 4, 1934) (regardless of how desirable or commendable the purpose may be, public funds cannot be expended unless there is statutory or charter authority to do so). In Op. Atty. Gen. No. 59A-22 (Jan. 8, 1957), the Attorney General found that there was no authority for a city to spend money on refreshments.

We recommend the District discontinue paying for catered meals for the public.

Client's Response:

In the future, if this type of thing is brought forward, we will remind the Board of your findings.

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM NOT RESOLVED

07-3

Credit Card Policy

The District does not have a credit card policy. Watershed districts' use of credit cards is authorized and restricted by Minn. Stat. § 103D.325. Pursuant to the language of the statute, district credit cards should be used only by those officers and employees of the District otherwise authorized to make purchases on behalf of the watershed district. The statute further provides that if officers and employees make a purchase by credit card that is not approved by the managers, they become personally liable for the amount of the purchase.

The bills received from a credit card company lack sufficient detail to permit audit by the governing board. In order to pay these bills, the District must also have the invoices and receipts to support the items charged in the bill from the credit card company.

We recommend the District's Board develop a comprehensive credit card policy providing other safeguards for the District. A comprehensive policy should:

- identify the officers and employees who are authorized to make purchases on behalf of the District and are eligible to use the card,
- identify the particular purchases that are to be made with the credit card,
- set up a review process for all purchases made with the credit card,
- prohibit the use of a District credit card for personal purposes, and
- require supporting documentation.

The District's Board may also want to restrict the total amount of charges that can be made on District credit cards. This will help limit the District's exposure to theft or other improper use.

Client's Response:

This has already been addressed. Our new administrator has chosen not to even have the credit card in his name; he will turn in invoices for reimbursement.

ITEMS ARISING THIS YEAR

09-9

Outstanding Checks

The District does not have a policy in place to provide guidance on steps that should be taken to address old outstanding checks. During our review of the District's bank reconciliations, we noted several older checks that had been outstanding dating back to 2004. At December 31, 2008, the District had eight checks amounting to \$2,568.84 that had been outstanding for over a year, and at December 31, 2009, the District had ten checks amounting to \$3,976.84 that had been outstanding over a year.

The District should have a policy in place providing instructions on how and when staff should follow up on outstanding checks, at what point staff should request approval from the Board to write off the outstanding checks, and guidance to ensure compliance with Minn. Stat. §§ 345.37 and 345.41, which provides that unclaimed property is considered abandoned after three years and requires reporting and submitting the unclaimed property to the State Commissioner.

We recommend, for all checks outstanding more than one year, the District contact the payees to find out why the check has not been cashed and determine if the original check should be voided and a new check issued. For any of those checks that cannot be cleared up, we recommend the Board approve writing off the checks and, as necessary, the District should comply with Minn. Stat. §§ 345.37 and 345.41.

Client's Response:

We will be taking care of this.

09-10 Accounting System

The District uses Quick Books Pro 2007 to account for its daily transactions. The District reports activities for the General Fund, Special Revenue Fund, and the Capital Projects Fund in its annual financial statements. Although Quickbooks Pro 2007 provides for separate classes within the system, which allows them to track receipts and disbursements by fund category, the system does not provide separate year-end “balance sheet” balances for those funds.

As defined by the National Council on Governmental Accounting, “A fund is a separate, self balancing set of accounts used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations.”

The District should have a general ledger system that will allow them to have a complete fund structure consisting of assets, liabilities, fund balance, receipts, and disbursements for each of its funds. In the case of the Capital Projects Fund, the system should provide for separate departments for each project.

The current system does not allow the Managers to get the data needed to make informed decisions.

Client’s Response:

The Chairman of the Board is assisting the office staff in finding a replacement that is not too costly for the District.

09-11 General Fund Deficit Balances

The General Fund had cash and fund balance deficits of \$14,014 at December 31, 2008, and \$60,987 at December 31, 2009.

These deficits resulted from the District incurring several years of disbursements in excess of receipts in the General Fund. Receipts have been limited to the collections of taxes and market value credit based on a \$250,000 levy and investment earnings, which have not been sufficient to cover disbursements. Maintaining a fund in a deficit condition is not good management practices.

We recommend the District Board monitor the financial activities of the General Fund and provide the resources necessary to maintain positive balances within the fund.

Client's Response:

We have cut back considerably within the last year, and all of the costs related to the District vehicle have been cut, including the vehicle payment and the large amount of fuel costs related to that. In addition, the three outside consulting firms that were hired in 2008, which set us back considerably, approximately \$30,000, will not happen again. In addition, frivolous items in the office are not being purchased.



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND MINNESOTA LEGAL COMPLIANCE

Board of Managers
Wild Rice Watershed District

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Wild Rice Watershed District as of and for the years ended December 31, 2008 and 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Wild Rice Watershed District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies listed in the Schedule of Findings and Recommendations as items 09-2 and 09-3 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in the District's internal control over financial reporting, identified as items 07-1, 07-2, 09-1, 09-4, and 09-5 in the Schedule of Findings and Recommendations, to be significant deficiencies.

Minnesota Legal Compliance

We have audited the financial statements of the governmental activities and each major fund of Wild Rice Watershed District as of and for the years ended December 31, 2008 and 2009, which collectively comprise the District's basic financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, Wild Rice Watershed District complied with the material terms and conditions of applicable legal provisions except as described in the Schedule of Findings and Recommendations as items 09-6 through 09-8.

Also included in the Schedule of Findings and Recommendations are management practices comments. We believe these recommendations to be of benefit to Wild Rice Watershed District, and they are reported for that purpose.

Wild Rice Watershed District's written responses to the internal control, legal compliance, and management practices findings identified in our audit have been included in the Schedule of Findings and Recommendations. We did not audit the District's responses and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the Board of Managers, management, and others within Wild Rice Watershed District and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 30, 2010