

MEETING MINUTES

Riley-Purgatory-Bluff Creek Watershed District

December 1, 2015, Board of Managers Monthly Meeting

PRESENT:

Managers: Mary Bisek, Vice President

Richard Chadwick

Jill Crafton, Treasurer

Perry Forster, President

Leslie Yetka, Secretary

Staff: Claire Bleser, RPBCWD Administrator

Michelle Jordan, RPBCWD Water Quality & Outreach Coordinator

Joshua Maxwell, RPBCWD, District Technician & Compliance Officer

Scott Sobiech, Engineer (Barr Engineering Company)

Michael Welch, Attorney (Smith Partners)

Other attendees: Bob Adomaitis, CAC; LRIA; SWMLC Peter Iversen, President, Timber Lake HOA

Paul Bulger, CAC

Larry Koch, CAC

Dan Cavanaugh, JMISC

Reg Ploovman, Chapel Hill; RJ Marco

Lee Elfering, Chapel Hill

Laurie Susla, CAC, LLCA

Laurie Hable, CAC

1. Call to Order

President Forster called the Tuesday, December 1, 2015, Board of Managers Monthly Meeting to order at 5:06 p.m. at the Chanhassen American Legion, 290 Lake Drive E, Chanhassen, MN 55317.

2. Approval of the Agenda

Manager Crafton moved to approve the agenda as presented. Manager Yetka seconded the motion. Upon a vote, the motion carried 5-0.

3. Reading and Approval of Minutes

a. November 4, 2015, RPBCWD Public Hearing and Monthly Meeting

Manager Bisek noted a correction to be made on page 5, second paragraph from the bottom to replace the word "it" with "is." Attorney Welch stated that on page 1 under item 3, the name Jerry should be corrected to Jim and on page 3 the spelling of Xcel Energy needed correcting. He requested that the roll call vote table starting on page 6 be revised to include a column to indicate vote abstention and a row to indicate Manager Chadwick's action. Administrator Bleser noted a change on page 8, first paragraph to correctly reflect the discussion and to change the sentence to read, "President Forster discussed the possibility for Engineer Sobiech to pull together that information." Manager Crafton moved to approve the November

4, 2015, minutes as amended. Manager Chadwick seconded the motion. Upon a vote, the motion carried 5-0.

4. Hearing and Discussion of Matters of General Public Interest

Larry Koch of 471 Bighorn Drive in Chanhassen commented that one of the items on the consent agenda is the permit for the sand blanket for 480 Bighorn Drive. He stated that the property owner is his neighbor and said that many people don't know about the sand blanket rules. Mr. Koch asked the Board to consider sending postcards to lakeshore owners in the watershed to educate them about this issue.

5. Citizen Advisory Committee (CAC)

President Forster said that the Board received all five pages of the CAC's minutes. Manager Yetka questioned if, in the minutes under New Business regarding budgeting format, the reference to "a revised budget" is actually a reference to a revised budget template. Ms. Laurie Hable said yes. Manager Yetka asked if that could be clarified in the minutes. Ms. Hable said yes. Manager Bisek recommended that the draft template prepared by the CAC be labeled as such so it is clear what the document represents. President Forster suggested that the CAC add a watermark to the document.

There was a brief discussion about the CAC revisiting its meeting schedule. Ms. Susla said that the CAC will revisit the meeting schedule topic early in 2016 once the new CAC members are on board.

6. Treasurer's Report

Manager Crafton introduced Dan Cavanaugh, and she noted that the financial statements prepared for the District are separate from the audit and review, which is why the District's financial statement has the disclaimer on it. She said that Mr. Cavanaugh will speak more on this topic later in the agenda.

Manager Crafton moved to accept the financial statement as submitted. Manager Bisek seconded the motion. Upon a vote, the motion carried 5-0.

Manager Crafton moved to approve paying the bills. Manager Yetka seconded the motion. Upon a vote, the motion carried 5-0.

6a. JMSC Futurity Presentation

Mr. Dan Cavanaugh said that accounting firm JMSC Futurity has been working with this watershed district for a number of years and also works with Nine Mile Creek Watershed District. He said that the issue that is continually addressed is how to give the managers a set of reports that gives the managers the tools they need. Mr. Cavanaugh said that the purpose of the Treasurer's report is to give the Board a snapshot of what is going on, but it is not designed to give every detail. He said that everything is tracked so additional information beyond what is captured in the Treasurer's report is available.

Mr. Cavanaugh talked about the opinion letter, which is on the last page of the District's financial statement. He explained that in the accounting profession, in order for the firm to issue financial statements, the firm is required to issue an opinion letter. He added that the firm doesn't have much leeway in the wording of the opinion letter and that failure to issue the letter and even making modifications to the opinion letter can cause the firm and himself to lose their licenses.

Mr. Cavanaugh explained that the District's Treasurer's report is a special purpose report because the report is designed for the Board and is not an audit report or a review. He said that once a year the District has an audit conducted and the auditor does a full blown audit and goes through the accounting files.

Manager Chadwick raised his concern that the disclaimer on the District's Treasurer's report states that the financial statement is presented in accordance with the requirements of the watershed district, which differ from accounting principles generally accepted in the United States of America. He asked if there is any way to get the District's financial statements in line with generally accepted principles. Mr. Cavanaugh said that he doesn't believe there is a way because the Treasurer's report is a special purpose report, but he said that he would look into it further. He stated that he will look into whether the opinion letter language can be modified to indicate that the District is following generally accepted accounting principles but the report is not in fund accounting financial statement format.

Mr. Cavanaugh said that the challenge with developing the Treasurer's report is to create a format that meets the needs of everyone using it, including the Board members and committees and so on. He explained that JMSC Futurity has a peer review coming up that will look at the firm's policies and practices. Mr. Cavanaugh said that he can bring up the opinion letter language and discuss what flexibility the firm might have in clarifying the language in a way that addresses the Board members' concerns.

Mr. Cavanaugh responded to questions. He explained that on the expense side the accounting is basically an accrual basis but it is modified on the revenue side due to the manner in which the District receives taxes. Mr. Adomaitis remarked that the CAC has a hard time distinguishing in the report which funds are budgeted over multiple years such as for projects that are budgeted for one year, funds are collected for the project, and then the project is bumped to a later year or divided over multiple years. There was discussion about how this is currently reflected in the financial statement, and Administrator Bleser remarked that format changes can be considered for the new fiscal year. She noted that the Board would need to take action to direct changes to the financial statement.

President Forster stated that it would be good to add to the Board's January or February meeting time to go through the Treasurer's report page by page so that everyone understands it. Administrator Bleser suggested that the Board hold a workshop prior to one of the upcoming meetings and that she work with Mr. Cavanaugh on the workshop information. The Board indicated consent.

There was a short discussion about the Board packet PDFs posted on the District's website, the Board packet hard copy distributed to managers, and staff's process of putting those packets together.

7. Engineer's Report

Manager Crafton moved to approve the Engineer's Report as submitted. Manager Bisek seconded the motion. Upon a vote, the motion carried 5-0.

8. Administrator/Staff Report

Manager Yetka asked for elaboration on the report's information about the November 17 Eden Prairie City Council workshop regarding how the City fits in with the rule making and enforcing process of watershed districts. Mr. Maxwell had attended the workshop and reported that the biggest concern raised by the City Council was the timing of issuing permits. Administrator Bleser added that at this point the City has not contacted the District to follow up on the topic. She said that it is her understanding through what was discussed at the

workshop that the City isn't planning to take on the role of administering District rules internally and that extends to the rules of all three watershed districts in which the City is located. Attorney Welch stated that the next step in that process is that if the City follows through on such a decision, the City would revise its plan to reflect that decision and then send the plan back to watersheds for approval.

Administrator Bleser announced that Ms. Jordan has a brief presentation to update the group on the District's Cost-Share program. Ms. Jordan displayed a PowerPoint presentation about the program. She reminded the Board that the program has multiple purposes including to improve and protect water quality and to provide education and outreach to the community. Ms. Jordan explained that the program is three-years old and that there are three tiers in the program:

- Tier 1: Single-family residential
- Tier 2: Lake associations; Homeowner associations; and Non-profits
- Tier 3: Commercial; Local government

Ms. Jordan reported that in 2015 staff, including herself and Seth Bossert of the CCSWCD, conducted 26 site visits in the Tier 1 category. She said that the site visits had a nice geographical disbursement in the watershed. She noted that four of the visits were regarding rain garden projects, 17 were for buffer projects, and the rest were for miscellaneous projects. Ms. Jordan stated that five of the 26 site visits resulted in District-funded cost-share projects. She explained that some of the projects received enough technical information through the site visit process that the homeowners could complete the projects on their own and some of the site visits likely will result in cost-share applications in 2016.

Ms. Jordan added that as a result of the large interest in the program by single-family homeowners, in 2016 staff plans to update the application to make it more streamlined, to clarify information in it, and to facilitate homeowners doing more on their own.

She noted that even though Seth Bossert has left the Carver County Soil and Water Conservation District, the RPBCWD plans to continue contracting with the CCSWCD for technical assistance.

Manager Bisek said that it would be helpful to include information about this program in the District's annual report and to include information about site visits that resulted in projects being completed due to the technical assistance provided even though they did not participate in the cost-share fund program.

Ms. Jordan responded to questions. Mr. Koch commented that if the District sends out a postcard to residents regarding sand blankets the District could add information about the cost-share program. President Forster suggested that the District also should think about running ads.

9. Board Action

- a. **Consent Items: i. Consent Permit 2015-051 Chapel Hill Academy; ii. Consent Permit 2015-052 Pond Maintenance Project; iii. Consent Permit 2015-054 480 Bighorn Drive Sand Blanket**
Manager Crafton moved to approve the consent items as a group. Manager Bisek seconded the motion with the stipulation that the permits meet the requirements stated by the Engineer in the report. Upon a vote, the motion carried 5-0.
- b. **Master Water Steward: Authorize Administrator to Enter Contract with Freshwater Society**

Administrator Bleser said that staff is working to modify the contract so that it gives the District more flexibility year-to-year and so that after the first year the District will have the flexibility of modifying it. She said that right now the District has six applicants and there may be up to two more after the information session on December 8. She noted that eight stewards is the maximum the District planned to support. President Forster asked about the cost. Attorney Welch replied that the cost per steward is \$2,300 up to a maximum of eight stewards plus \$200 to the Fresh Water Society, so the District would need to authorize a not-to-exceed amount of \$18,400.

There was discussion about the types of projects that the Master Water Stewards complete. There was discussion about the agreement. Attorney Welch explained that the District received a template agreement from the Freshwater Society and then he drafted the agreement that is now front of the Board. Manager Yetka volunteered to review the contract through the lens of what she has learned from the contract process of the Master Gardener program. Attorney Welch said that Legal Counsel and the Administrator can work with Manager Yetka to finalize the contract and that a copy of the final contract can be included in the Board's next meeting packet.

President Forster moved to authorize Administrator Bleser to enter into contract with the Freshwater Society for an amount not to exceed \$18,400 and at the same time to work with Manager Yetka on the final contract on the advice and consent of Legal Counsel. Manager Chadwick seconded the motion. Upon a vote, the motion carried 5-0.

c. Permit Fee Schedule

Administrator Bleser reminded the Board that at the last few monthly Board meetings the Board has been discussing permit fee schedules. She handed out a proposed revised permit fee schedule, noting that in this proposed schedule the fees are cumulative. She also explained that this fee schedule proposes adding a not-to-exceed concept, meaning that the applicant would have to reimburse the District for the additional costs of reviewing the permit if the costs exceed the set amount. Administrator Bleser went through the proposed revised permit fee schedule, noting that the fee does not change for the single-family home permit but does change for redevelopment and new development. She went through the fees for the different acreage sizes.

Administrator Bleser pointed out that a lot of the Engineer's review time in 2015 has been spent on government projects. There was a brief discussion on the engineer's costs and time spent on reviews.

Attorney Welch stated that the schedule proposed here is a hybrid between what other watersheds do. He talked about how some watersheds track costs to the dollar and charge on a dollar-to-dollar basis. Attorney Welch commented that staff noticed that this year there were some outlier projects in terms of the extensive amount of review needed. He explained that the proposed fee schedule revisions, which include the excess cost recovery system, is an effort to not charge on a dollar-to-dollar basis for each permit review but to set a threshold after which the District charges those projects that reach and go over that threshold on a dollar-to-dollar basis. Attorney Welch said that it is not fair for those costs to go to the watershed taxpayers. Attorney Welch and Administrator Bleser responded to questions.

Mr. Koch remarked that he doesn't think this issue was brought to the CAC but he thinks it would have been appropriate for it to have come to the CAC. He also commented that he thinks there should have been more analysis completed. Manager Bisek asked when the fees would become effective if the Board were to adopt the new schedule tonight. Attorney Welch said that staff's and Legal Counsel's proposal is

that the new schedule takes effect for applications submitted on or after December 16, 2015.

Manager Yetka moved to approve Resolution 2015-08. Manager Bisek seconded the motion. Upon a roll call vote, the motion carried 5-0.

Manager	Aye	Nay	Abstain
Bisek	X		
Chadwick	X		
Crafton	X		
Forster	X		
Yetka	X		

10. Upcoming Events

- CAC Meeting, December 14, 2015
- Board Meeting, January 6, 2015

11. Adjourn

Manager Chadwick moved to adjourn the meeting. Manager Crafton seconded the motion. Upon a vote, the motion carried 5-0. The meeting adjourned at 6:47 p.m., and the District planned to begin the Evening with the Watershed at 7 p.m.

Respectfully submitted,

Leslie Yetka, Secretary