

elm creek Watershed Management Commission

ADMINISTRATIVE OFFICE
3235 Fernbrook Lane • Plymouth, MN 55447
PH: 763.553.1144 • email: judie@jass.biz
www.elmcreekwatershed.org

June 7, 2023

Representatives **and** Members
Elm Creek Watershed Management
Commission Hennepin County, MN

*The meeting packets for these meetings may
be found on the Commission's website:
[http://www.elmcreekwatershed.org/minutes--
meeting-packets.html](http://www.elmcreekwatershed.org/minutes--meeting-packets.html)*

A regular meeting of the Elm Creek Watershed Management Commission will be held on **Wednesday, June 14, 2023, at 11:30 a.m.** in the Plymouth Community Center, 14800 34th Avenue North, Plymouth MN.

The Commission will suspend its regular meeting at 11:30 a.m. for the purpose of conducting a public meeting on a proposed Minor Plan Amendment to adopt revisions to its Capital Improvement Program. The regular meeting will resume immediately after the public meeting concludes.

The Technical Advisory Committee (TAC) will meet prior to the meetings, at 10:30 a.m.

Please email me at judie@jass.biz to confirm whether you or your Alternate will be attending the regular meeting.

Thank you.



Judie A. Anderson
Administrator
JAA:tim

Encls: Meeting Packet

cc:	Alternates	Erik Megow	James Kujawa	Rebecca Carlson	Ed Matthiesen
	TAC Members	Karen Galles	Kris Guentzel	Kevin Ellis	Diane Spector
	City Clerks	Brian Vlach	BWSR	Met Council	MPCA
	Official Newspaper		DNR		

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5171 elm creek Watershed Management Commission

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AGENDA Technical Advisory Committee June 14, 2023 | 10:30 a.m.

1. Call to Order.
 - a. Approve agenda.*
 - b. Approve minutes of last meeting.*
2. 2023 CIP - presentations.
 - a. Exhibit A – Rush Creek Stream Restoration – Rush Hollow.*
 - b. Exhibit A – Rogers Downtown Pond Project.*
3. Fund Balances.*
4. Opportunity Grant.*
 - a. Exhibit A - Dayton River Road Ravine Stabilization.*
5. Project Review Fees.*
6. Other Business.
7. Next TAC meeting – _____.
8. Adjournment.

5171Z:\Elm Creek\TAC\2023\June 14 2023 agenda.docx

*in meeting packet
**available at meeting

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Minutes Technical Advisory Committee Meeting May 10, 2023

I. A meeting of the **Technical Advisory Committee (TAC)** of the Elm Creek Watershed Management Commission was called to order at 10:42 a.m., Wednesday, May 10, 2023, in the Plymouth Community Center, 14800 34th Avenue North, Plymouth, MN, by Vice Chair Ben Scharenbroich.

Present: Heather Nelson, Champlin; Nico Cantarero, Dayton; Mark Lahtinen, Maple Grove; Rebecca Haug, WSB, Medina; Ben Scharenbroich, Plymouth; Andrew Simmons, Rogers; Diane Spector and Erik Megow, Stantec; James Kujawa, Surface Water Solutions; Brian Vlach, Three Rivers Park District; Kris Guentzel and Roz Davis, Hennepin County Environment and Energy (HCEE); and Judie Anderson, JASS.

Not represented: Corcoran.

Also present: Ken Guenther, Corcoran, and Catherine Cesnik, Plymouth.

II. Motion by Cantarero, second by Simmons to approve the **Agenda** as presented. *Motion carried unanimously.*

III. Motion by Simmons, second by Cantarero to approve the **Minutes of the March 8, 2023, meeting**. *Motion carried unanimously.*

IV. **2023 CIP.*** The preliminary CIP was considered by the Commissioners at their April meeting, following which it was circulated to the cities, who proposed revisions and requested one addition. The Commission's Third Generation Plan provides for certain types of revisions to the CIP to be done without formally amending the plan, such as moving projects between years or deleting projects. However, adding a new project to the CIP does require that the Commission proceed with a Minor Plan Amendment.

The City of Maple Grove has requested that one new project be added to the CIP for 2024: Rush Creek Stabilization-Rush Hollow. This is a proposed restoration of about 4,000 LF of Rush Creek between Orchid Lane and Fernbrook Lane, just upstream of the Elm Creek Park Reserve. The estimated cost of this project is \$1,600,000, with the Commission's share being \$400,000. Exhibit A* describes the project in more detail. Derek Asche will be at the June TAC meeting to answer members' questions regarding this project.

If the TAC recommends to the Commission that it moves forward with the Minor Plan Amendment, Staff recommend setting June 14, 2023, as the **public meeting** at which it would be discussed. At that meeting, the Commission would discuss the proposed 2023 CIP and establish a maximum levy for 2023. The Minor Plan amendment and maximum levy would then be forwarded to Hennepin County for consideration by the County Board.

Included in Staff's May 2, 2023, memo* is the proposed Notice of Minor Plan Amendment. The Commission must send a copy of the proposed minor plan amendment to the member cities, Hennepin County, Met Council, and the state review agencies for review and comment, and must hold a public meeting to explain the amendment. This meeting must be public noticed twice, at least seven and 14 days prior to the meeting.

elm creek Watershed Management Commission

TAC Meeting Minutes | May 10, 2023

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This revision would not impact the proposed 2023 CIP. The draft 2023 CIP shown below includes the second half of the South Fork Rush Creek Restoration Project initiated by Maple Grove last year; the Commission's contribution toward work on two major ravines along CSAH 12; and a pond expansion project in downtown Rogers. The Commission has previously received feasibility projects for the first two projects, and Rogers will present findings prior to the Public Hearing later this year.

Proposed 2023 CIP and levy

Project	City	Commission Share	Levy
S Fork Rush Creek Stream Restoration	Maple Grove	\$406,250	\$430,828
CSAH 12/Dayton Rd Ravine Stabilization	Dayton	110,000	116,655
Downtown Pond Expansion and Reuse	Rogers	101,500	107,640
City Cost Share	Various	100,000	106,500
Partnership Cost Share	Various	50,000	53,250
TOTAL		\$767,750	\$814,873

The table below shows the current proposed Capital Improvement Program as amended and revised:

Table 1. Elm Creek Third Generation Plan CIP as of May 2023.

CAPITAL IMPROVEMENT PROGRAM	Location	2022	2023	2024	2025	Future	Comments
<i>Cost Share Program</i>	Varies	200,000	200,000	200,000	200,000	200,000	
Commission Contribution		100,000	100,000	100,000	100,000	100,000	
Local Contribution		100,000	100,000	100,000	100,000	100,000	
<i>Partnership Cost-Share BMP Projects</i>	Varies	50,000	50,000	50,000	50,000	50,000	
Commission Contribution		50,000	50,000	50,000	50,000	50,000	
Local Contribution		0	0	0	0	0	
<i>S Fork Rush Creek Restoration</i>	Maple Grove		3,250,000				
Commission Contribution		406,250	406,250				
Local Contribution			2,437,500				
<i>CSAH 12/Dayton River Rd Ravine Stab</i>	Dayton		1,329,400				
Commission Contribution			110,000				
Local Contribution			1,219,400				
<i>Downtown Pond Expansion & Reuse</i>	Rogers		406,000				City is just starting feasibility
Commission Contribution			101,500				
Local Contribution			304,500				
<u>Rush Creek Resto- Rush Hollow</u>	<u>Maple Grove</u>			<u>1,600,000</u>			<u>Orchid Ln to Fernbrook Ln</u>
<u>Commission Contribution</u>				<u>400,000</u>			
<u>Local Contribution</u>				<u>1,200,000</u>			
<i>Fox Cr, South Pointe</i>	Rogers			90,000			Potentially a cost share project
Commission Contribution				22,500			
Local Contribution				67,500			
<i>Lowell Pond Rain Garden</i>	Champlin			400,000			
Commission Contribution				100,000			
Local Contribution				300,000			
<i>The Meadows Playfield</i>	Plymouth			5,300,000			
Commission Contribution				250,000			
Local Contribution				5,050,000			
<i>Brockton Ln WQ Improv</i>	Plymouth			150,000			
Commission Contribution				37,500			Potentially a cost share project
Local Contribution				112,500			

Scharenbroich proposed that the Brockton Lane improvement should be moved to 2025. Nelson indicated that the Lowell Pond Rain Garden project should be moved to a future year.

elm creek Watershed Management Commission

TAC Meeting Minutes | May 10, 2023

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CAPITAL IMPROVEMENT PROGRAM	Location	2022	2023	2024	2025	Future	Comments
Reconstruct Bridge@ Cartway/Elm Cr	Champlin			950,000			
Commission Contribution				237,500			
Local Contribution				712,500			
Oxbow Tr Rush Ck Stabil (3 Rivers)	Maple Grove			100,000			Eastman Nature Ctr
Commission Contribution				25,000			Potentially a cost share project
Local Contribution				75,000			
Ranchview Wetland Restoration	Maple Grove					2,500,000	
Commission Contribution						250,000	
Local Contribution						2,250,000	
Goose Lake Rd Area Infiltr Improv	Champlin					200,000	
Commission Contribution						50,000	
Local Contribution						150,000	
Mill Pond BMPs Water Quality Proj Area	Champlin					200,000	
Commission Contribution						50,000	
Local Contribution						150,000	
Lemans Lake Water Quality Impr	Champlin					100,000	
Commission Contribution						25,000	
Local Contribution						75,000	
TOTAL PROJECT COST		250,000	5,235,400	7,150,000	250,000	3,250,000	
TOTAL COMMISSION SHARE		556,250	767,750	800,000	150,000	525,000	
TOTAL CITY SHARE		100,000	4,061,400	6,350,000	100,000	2,725,000	

Motion by Simmons, second by Cantarero to recommend to the Commission that it proceed with the Minor Plan Amendment process and set June 14, 2023, as the public meeting date. *Motion carried unanimously.*

It was further recommended that the BMP projects identified in the Diamond Creek and Headwaters Rush Creek SWAs be brought forward through the Cost Share program, rather than the CIP, and be sponsored by the appropriate member cities.

Staff will also update the Exhibit A form .

V. 2024 Operating Budget.

The members discussed the 2024 operating budget proposed by Staff. The overall budget as proposed is a continuation of the programs and activities undertaken in 2022 with some slight modifications and is about a \$5,000 increase over the 2023 budget. General operating expenses total \$494,067 and include a proposed \$2,000 increase in the contract amount with Hennepin County to provide outreach and technical services.

Staff are continuing to review the adequacy of the project review fees to recapture the cost of administering the new fee structure. It is likely the nonrefundable administration fee will need to be increased in 2024 to better capture those costs. Members queried the status of outstanding review fees. Administrative and technical staff will continue to work to receive these fees, with the advice to member cities that the projects are not considered to be approved until the fees are reconciled and paid.

One source of revenue that has helped to subsidize the member assessments is investment interest. A combination of higher interest rates and a significant fund balance has resulted in several thousands of dollars in interest income in past years. This will not continue as projects are completed and the Commission pays out levy and grant funds for those projects. However, in 2024 Staff recommend no increase in member assessments.

The 2024 proposed budget will be considered at today's Commission meeting and must be accepted at either the May or June meeting.

VI. Reserve/fund Balance Policy. The draft policy will be considered by the Commission at its meeting today.

VII. The **next meeting** of the Technical Advisory Committee is scheduled for 10:00 a.m., Wednesday, June 14, 2023, preceding the Commission's regular meeting.

There being no further business, the meeting was adjourned at 11:39 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Judie A. Anderson". The signature is fluid and cursive, with the first name "Judie" being more prominent.

Judie A. Anderson
Recording Secretary
JAA:tim

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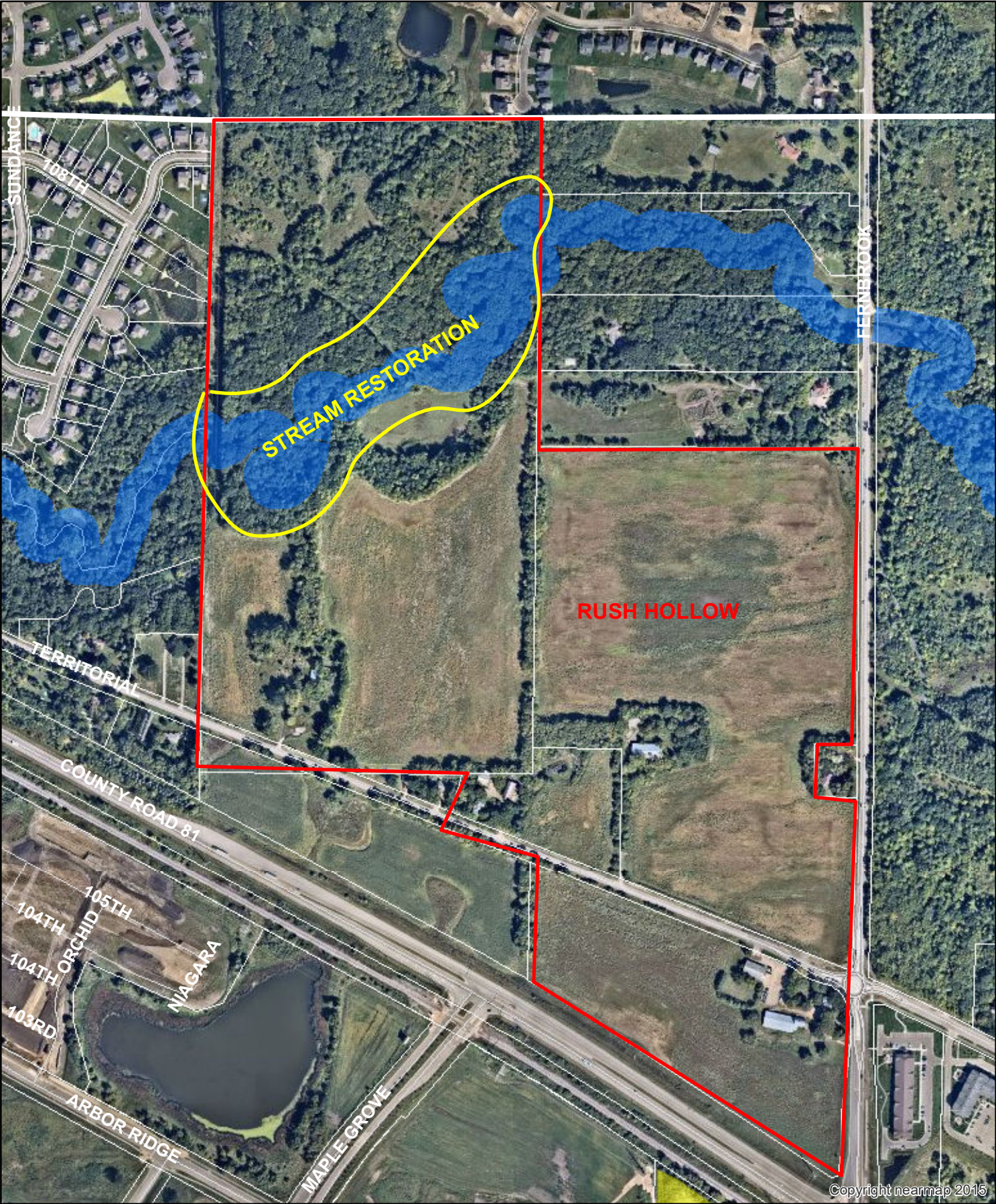
EXHIBIT A

Elm Creek Watershed Management Commission
Capital Improvement Project Submittal

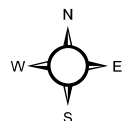
*(This submittal will be rated on its completeness and adherence to the goals of the Commission.
A second page may be used to provide complete responses.)*

City	Maple Grove	
Contact Name	Derek Asche	
Telephone	763.494.6354	
Email	dasche@maplegrovern.gov	
Address	12800 Arbor Lakes Parkway, Maple Grove, MN, 55369	
Project Name	Rush Creek Stream Restoration – Rush Hollow	
Project Location	Rush Creek between Orchid and Fernbrook Lanes	
	1. Is project in Member's CIP? () yes (X) no	Proposed CIP Year = 2024
	2. Has a feasibility study or an engineering report (circle one) been done for this project? (X) yes () no	
		Amount
	Total Estimated Project Cost	\$1,600,000.00
	Estimated Commission Share (up to 25%, not to exceed \$250,000)	\$400,000.00
	Other Funding Sources (name them) City of Maple Grove and other grant programs	\$1,200,000.00
		\$
	3. What is the scope of the project? Stream restoration and erosion repair adjacent to the Rush Hollow development between approximately Orchid Lane and Fernbrook Lane for 4,000 linier feet.	
	4. What is the purpose of the project? What water resource(s) will be impacted by the project? The MPCA has identified altered hydrology, altered physical habitat, and excess phosphorus as primary stressors in this reach. Improvements benefit the 4,000 LF of stream, riparian area and downstream resources.	
	5. What is the anticipated improvement that would result from the project? (Include size of area treated and projected nutrient reduction.) Estimated phosphorus reduction of 200 lbs per year, improved riparian environment, improved floodplain connectivity, improved recreation and access to the creek, improved education.	
	6. How does the project contribute to achieving the goals and programs of the Commission? The Commission has long supported projects in communities that will improve water resources to reduce or prevent impairments and to reach goals of Total Maximum Daily Load Plans.	
0/10	7. Does the project result from a regulatory mandate? (X) yes () no How? Water quality improvements based on approved TMDL's and MS4 mandates	
0/10/20	8. Does the project address one or more TMDL requirements? (X) yes () no Which? This stretch of Rush Creek is impaired for aquatic life & aquatic recreation. Stream restoration will improve both.	
0/10/20	9. Does the project have an educational component? (X) yes () no Describe. A proposed Three Rivers Park District Regional Trail will cross this segment of creek allowing for public access to the newly restored creek. Additional education components can be added.	
0/10	10. Do all the LGUs responsible for sharing in the cost of the project agree to go forward with this project? (X) yes () no Identify the LGUs. Maple Grove	
10/20	11. Is the project in all the LGUs' CIPs? () yes (X) no Only because Maple Grove has not historically developed capital improvement programming for water resources.	
1-34	(For TAC use) 12. Does project improve water quality? (0-10) 13. Prevent or correct erosion? (0-10) 14. Prevent flooding? (0-5)	15. Promote groundwater recharge? (0-3) 16. Protect and enhance fish and wildlife habitat? (0-3) 17. Improve or create water recreation facilities? (0-3)
TOTAL (poss 114)		Adopted April 11, 2012 Revised May 2019

RUSH CREEK STREAM RESTORATION



Disclaimer
This [map/data] (i) is furnished "AS IS" with no representation as to completeness or accuracy; (ii) is furnished with no warranty of any kind; and (iii) is not suitable for legal, engineering or surveying purposes. Maple Grove shall not be liable for any damage, injury or loss resulting from this [map/data].



4.2 Sanitary Sewer

Eight-inch and 10-inch sanitary sewer mains are proposed throughout the Rush Hollow development and will connect to the existing Met Council main line paralleling County Road 81. There will also be a portion of the development north of the creek that will connect to a sanitary sewer stub from the Enclave on Rush Creek development. Four-inch sanitary sewer services will be installed for each single-family unit. Eight-inch sanitary stubs will also be provided for future development within the area. A stub will be provided in multiple locations for future development in the area.

The proposed sanitary improvements are shown on **Figure 3** in **Appendix A**.

4.3 Watermain

Eight-inch watermain will be extended throughout the development south of Rush Creek with 8-inch and 16-inch watermain north of Rush Creek. The 16-inch watermain extension will complete the primary water connection from the Enclave on Rush Creek development to the Sundance Greens development in Dayton. A 1-inch water service will be provided for each single-family unit and townhome. Hydrants will be spaced appropriately to provide fire protection to the development and allow for watermain flushing. A stub will be provided in multiple locations for future development in the area.

The proposed watermain improvements are shown on **Figure 3** in **Appendix A**.

4.4 Stormwater

The overall drainage patterns will remain largely unchanged for the Rush Hollow area. The proposed storm sewer improvements will meet the Elm Creek Watershed Management Commission (ECWMC) requirements, the City of Maple Grove stormwater requirements, and the MPCA NPDES Construction Permit for the improvements related to the development.

The stormwater improvements can be found on **Figure 2.1** in **Appendix A**.

4.4a. Lateral Improvements

Storm sewer will be constructed to collect and convey stormwater from the Rush Hollow Development. This storm sewer will convey water to regional BMPs that are planned for construction that will provide stormwater treatment for the development as well as portions of Territorial Road and Maple Grove Parkway.

Multiple stormwater basins are being proposed to achieve the stormwater management requirements as well as help reduce flood potential in the project area. All overflow structures from the storm water ponds are proposed to discharge to Rush Creek or wetlands in the area.

The proposed storm sewer improvements are shown on **Figure 2.1** in **Appendix A**.

4.4b. Rush Creek Streambank Stabilization

Stabilization improvements are proposed on Rush Creek, which runs through the northern portion of the proposed development. The proposed improvements will be needed along the 3,500 feet of Rush Creek that is within the project boundary. In the spring when the snow has melted, a site visit will be completed in order to confirm and refine the areas along the creek where restoration is needed. Rush Creek is a DNR public waterway, so stabilization of the creek will require DNR permitting as noted in a later section.

Proposed improvements along this tributary consist of hard armoring, soft armoring, and hybrid techniques. Hard armoring techniques include riprap along the toe of slope and streambanks. The in-stream stabilization of rock riffles may be used to increase dissolved oxygen and distribute flow across the channel in a consistent manner. Soft armoring of the creek and the ravine will include vegetated reinforced soil slopes and bank shaping with installations of tree trunks anchored into the toe of the slope, root wads and toe wood in eroding areas. Plantings for the ravine will be live stakes, willow stakes, and natural vegetation seed mixes. Hybrid techniques will include a combination of these improvements. The improvements will result in a stabilized channel that restores many of the natural characteristics and habitat of this area. It will also help reduce sedimentation to the currently impaired Rush Creek.

Rush Creek is proposed to be within multiple outlots throughout the development. Some tree removal is anticipated to be needed to allow for construction of the streambank stabilization. High-value trees will be avoided as much as feasible.

EXHIBIT A

Elm Creek Watershed Management Commission
Capital Improvement Project Submittal

*(This submittal will be rated on its completeness and adherence to the goals of the Commission.
A second page may be used to provide complete responses.)*

City	ROGERS		
Contact Name	ANDREW SIMMONS		
Telephone	(763) 428-8580		
Email	asimmons@ci.rogers.mn.us		
Address	22350 South Diamond Lake Road, Rogers, MN 55374		
Project Name	Downtown Rogers Pond Expansion and Reuse		
	Is project in Member's CIP? (x) yes () no	Proposed CIP Year = 2018	
			Amount
	Total Estimated Project Cost		\$ 406,000
	Estimated Commission Share (not to exceed \$250,000) \$101.500		\$ 210,000
	City of Rogers Storm Water Utility, Grants		\$ 196,000
			\$
	1. What is the scope of the project? This project will expand the current capacity for stormwater in downtown Rogers. The project will alleviate future redevelopment of downtown and provide an opportunity for water reuse for landscaping.		
	2. What is the purpose of the project? What water resource(s) will be impacted by the project? This project will address water quantity and quality issues the downtown area of Rogers will be facing as redevelopment continues per our 2030 Metropolitan Council approved plan.		
	3. What is the anticipated improvement that would result from the project? Major water quality improvements are anticipated with this project for TP and TSS reductions. The pond expansion will also feature a stormwater reuse for the irrigation of nearby parks. The additional storage area will reduce flooding within the Downtown Rogers Area.		
	4. How does the project contribute to achieving the goals and programs of the Commission? This project will reduce erosion, conserve water, and improve water quality.		
0/10	6. Does the project result from a regulatory mandate? () yes (x) no How?		
0/10/20	7. Does the project address one or more TMDL requirements? (x) yes () no Which? North Fork Crow River Turbidity and Dissolved Oxygen TMDL		
0/10/20	8. Does the project have an educational component? () yes (x) no Describe.		
0/10	9. Do all the LGUs responsible for sharing in the cost of the project agree to go forward with this project? (x) yes () no Identify the LGUs. City of Rogers		
10/20	10. Is the project in all the LGUs' CIPs? (x) yes () no		
1-34	(For TAC use) 11. Does project improve water quality? (0-10) 12. Prevent or correct erosion? (0-10) 13. Prevent flooding? (0-5)	14. Promote groundwater recharge? (0-3) 15. Protect and enhance fish and wildlife habitat? (0-3) 16. Improve or create water recreation facilities? (0-3)	
TOTAL (poss 114)			

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To: Elm Creek WMO Commissioners

From: Erik Megow, PE
Diane Spector
Judie Anderson

Date: June 7, 2023

Subject: 2022 Year End Fund Balances

**Recommended
Commission Action**

For review and discussion.

While there may be a few adjustments as the 2022 audit is finalized, the 2022 preliminary year-end balances for non-operating accounts are the following:

Restricted for Capital Projects

These are funds levied for specific capital projects. The Commission holds these funds until such time as the member cities have completed the work. They then request reimbursement for their costs incurred.

Table 1. Elm Creek funds restricted for capital improvements.

Project	Amount Held
Rogers Fox Creek Creekview Phase 2 (2016)	\$80,206
Rogers Fox Creek Hyacinth Phase 3 (2017)	112,500
Champlin Downs Road Trail Rain Gardens (2018)	74,989
Corcoran Downtown Regional Stormwater Pond (2019)	28,013
Livestock Exclusions, Buffers, Stabilizations (2020)	53,006
Agricultural BMPs Cost Share (2020)	53,006
Elm Rd Area/Everest Ln Strm Restoration* (2021)	63,854
Champlin EC Strm Rest Ph V Hayden Lake Outfall (2021)	159,251
2022 admin costs for 2023 levy	-532
Account Balance YE 2022	\$624,293

*Final payment was made 5/23

Cost Share Projects

The Commission operates two cost share projects, one for city projects and one for partnership projects on private property. As noted below, there are two outstanding city cost share projects for which member cities have not yet requested reimbursement, and no outstanding partnership cost projects.

Table 2. Elm Creek city cost share projects.

Project	Balance
Year End 2022*	\$-
Encumbrances-none	-0

Project	Balance
Encumbered Account Balance YE 2022	\$0
Levy funds expected 2023	+100,000
Encumbrances 2023 YTD	-0
Estimated 2023 available balance	\$100,000

*First levy approved in 2022 for collection in 2023.

Table 3. Elm Creek partnership cost share projects.

Project	Balance
Year End 2022*	\$-
Dayton CSAH 12 Ditch	-50,000
Encumbered Account Balance YE 2022	\$-50,000
Levy funds expected 2023	+50,000
Encumbrances 2023 YTD	-0
Estimated 2023 available balance	\$0

*First levy approved in 2022 for collection in 2023.

Closed Projects Account

The Commission's Closed Projects Account houses levy funds that exceed final project costs. In addition, on occasion a project is cancelled, and the levy funds are then transferred to this fund. These funds are intended to be used for other capital improvement projects, including the cost of undertaking feasibility studies to preliminarily scope a future project. These funds may also be used to limit future capital levies for new projects.

Table 4. Elm Creek closed project account funds.

Project	Balance
Year End 2021	\$62,034
Maple Grove Rush Creek Main Ste Phase 3	74,949
Maple Grove Rush Creek Main Ste Phase 3	26,444
Champlin Elm Creek Resto Ph IV	9,180
Plymouth Stret Sweeper	1,727
Account Balance YE 2022	\$174,334

Unassigned Funds Balances

The Commission has also in past years acted to segregate or assign some of its unrestricted reserves to be held for a specific purpose, for example to fund the 4th Generation Plan. These unassigned funds may continue to be set aside to be used for these purposes or the Commission may elect to unassign the funds and transfer them to Unrestricted Reserves. From time to time the Commission has budget funding for projects or special studies and set that aside in an Assigned For Projects and Studies Account. It has rarely been used, but in 2023 the Commission encumbered just under \$10,000 to

provide matching funds for the Watershed-Based Implementation Fund grant supporting the Rush Creek SWA and the North Fork Rush reek remeandering study.

Table 5. Elm Creek assigned accounts balances.

Assigned Account	Balance
Fourth Gen Plan	\$10,000
Assigned For Projects or Studies YE 2022	\$181,817
-Encumbered 2023: match to WBIF funds	9,468
Estimated 2023 available balance	\$172,349

Unrestricted Reserve

The last category of funds is the Commission's Unrestricted Reserves, which is cash on hand that has not been designated for a particular use. This helps with monthly cash flow and is a "rainy day reserve" in the event something unusual occurs, or one of the member cities withdraws from the JPA and no longer is contributing its share of expected revenues. The newly adopted policy to maintain a cash reserve equal to either 50% of annual operating revenues or five months of operating expenses. Using the 2022 year-end figures, that minimum reserve balance would be the greater of the amounts in Table 6.

The nearly-final year-end 2022 Unrestricted Balance of \$141,927 is much less than the 2021 year-end balance of \$279,332. A very significant factor in that drop is the increase in the liability for project review fees from \$11,739 in 2021 to \$78,161 in 2022. Those are expenses the Commission has already incurred but for which additional review fee has not yet been collected. That escrow balance will vary from year to year. (See the separate discussion regarding the project review fees for more detail.)

Table 6. Unrestricted reserve desirable balance calculation using 2022 year-end amounts.

Component	Operating Expenses	Operating Revenues
2022 Budget	\$496,371	\$472,371
Less project reviews	188,032	190,442
Net Amount	308,339	285,929
5/12ths of yearly expenses	\$128,475	
50% of yearly revenues		\$141,464
YE 2022 Unrestricted Balance	\$141,927	\$141,927

To: Elm Creek WMO Commissioners
Elm Creek TAC

From: Erik Megow, PE
Diane Spector

Date: June 7, 2023

Subject: Dayton River Road Ravine Stabilization

**Recommended
Commission Action**

Authorize preparation of a Hennepin County Opportunity Grant application for the proposed Dayton River Road Ravine Stabilization project.

In fall 2022 the city of Dayton and Commission staff investigated a concern posed by residents of adjacent homes on Dayton River Road regarding ongoing erosion in a channel from a culvert under CSAH 12/Dayton River Road to the Mississippi River. Their concern was that this culvert was proposed to be modified as part of the ongoing CSAH 12 county road project, and that the modifications would exacerbate that erosion, with no improvement proposed by the county as part of that larger project.

City and Commission staff agreed that this was potentially the case and recommended that the city of Dayton apply for a Hennepin County Good Steward grant to fund stabilization, to be supplemented from the Commission's Partnership Cost Share Program for projects on private property. The City applied for the grant in November 2022, but unfortunately, was not selected for funding.

The Hennepin County Natural Resources Opportunity Grants program is now taking applications through July 20th, 2023. Applications may be for up to \$50,000, There is no specific match requirement, however, greater weight is given to applications that leverage other funds. The estimated project cost is \$75,000, and the Commission had previously approved an application from Dayton for \$50,000 from Partnership Cost Funds to match the \$25,000 requested from the County.

Staff recommends preparing a grant application in the amount of \$37,500, to be matched by \$37,500 from the Partnership Cost Share Program. Much of the application text that was prepared last year for the Good Steward grant can be reused in this new application. If you approve preparation of the application, we will provide a draft for review at the July 13, 2023 Commission meeting prior to submitting by the July 20 deadline,

EXHIBIT A

Elm Creek Watershed Management Commission**Capital Improvement Project Submittal**

*(This submittal will be rated on its completeness and adherence to the goals of the Commission.
A second page may be used to provide complete responses.)*

City	City of Dayton	
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Address	12260 S Diamond Lake Rd, Dayton, Mn, 55327	
Project Name	CSAH 12/Dayton River Road Ravine Stabilization Project	
	1. Is project in Member's CIP? (X) yes () no	Proposed CIP Year = 2023
	2. Has a feasibility study or an engineering report (circle one) been done for this project? (X) yes () no	
	Total Estimated Project Cost	Amount \$1,329,408.86
	Estimated Commission Share (up to 25%, not to exceed \$250,000)	\$110,000
	Other Funding Sources (Three Rivers Park District)	\$182,000
	Other Funding Sources (Hennepin County)	\$1,037,408.86
	3. What is the scope of the project? The project proposes to complete drainage and stabilization improvements along CSAH 12 while considering future development and resilient design. Hennepin County will stabilize two ravines that drain to the Mississippi River as part of a culvert replacement project on CSAH 12. The ravines are located on Three Rivers Park District Property that are planned for future construction of the West Mississippi River Regional Trail from Dayton to Champlin. The ravines have severe/significant erosion that will need stabilization prior to the construction of the regional trail.	
	4. What is the purpose of the project? What water resource(s) will be impacted by the project? The project proposes to stabilize the channels of two ravines that will significantly reduce sediment and nutrient loading to the Mississippi River.	
	5. What is the anticipated improvement that would result from the project? (Include size of area treated and projected nutrient reduction.) The anticipated water quality improvements for the project are the following: Site 6: Ravine receives drainage from 18.8 acres on the south side of CSAH 12. The ravine stabilization will reduce sediment loading by 514 tons/year and phosphorus loading by 277 pounds/year. Site 7: Ravine receives drainage from 125 acres on the south side of CSAH 12. The ravine stabilization will reduce sediment loading by 630 tons/year and phosphorus loading by 315 pounds/year. Total loading reduction for both ravine sites: 1,144 tons/year of sediment; 592 pounds/year phosphorus	
	6. How does the project contribute to achieving the goals and programs of the Commission? The project is located within the Upper Mississippi River watershed of the Elm Creek Watershed Management Commission's jurisdictional boundary. The project is aligned with the Commission's purpose set forth in Minnesota Statutes 103B.210 identified in the 3 rd Generation Watershed Management Plan: (1) Identify and plan for means to effectively protect and improve surface and groundwater quality. (2) Prevent erosion of soil into surface water systems. (3) Minimize public capital expenditures needed to correct water quality problems. (4) Protect and enhance fish and wildlife habitat and water recreation.	
0/10	7. Does the project result from a regulatory mandate? () yes (X) no How?	
0/10/20	8. Does the project address one or more TMDL requirements? (X) yes () no Which? The project fully accomplishes the desired outcome of reducing excess sedimentation and nutrients contributed to the Mississippi River from the erosion of these two ravines. The project design adds resiliency by stabilizing the ravine to withstand the erosive effects of future more intense runoff events. (1) South Metro Mississippi River TSS TMDL – sets a goal of 20% reduction in TSS from the Upper Mississippi River basin to improve water quality in the river and reduce sedimentation in Lake Pepin.	

	(2) The Lake Pepin and Mississippi River Eutrophication TMDL – sets a goal of reducing non-permitted sources of nutrients to the estimated natural background rate.	
0/10/20	<p>9. Does the project have an educational component? (X) yes () no Describe.</p> <p>The project area is planned for future development of the Three Rivers Park District West Mississippi River Regional Trail from Dayton to Champlin. Native pollinator-friendly planting will be used to help stabilize the slopes of the ravines. The area adjacent to portions of the future regional trail will also be managed as a small pollinator prairie that will provide further educational opportunities such as interpretive signage. There will be the opportunity to educate the public about the project's nutrient and sediment reduction to the Mississippi River and how that is part of the State's overall reduction and improvement strategies.</p>	
0/10	<p>10. Do all the LGUs responsible for sharing in the cost of the project agree to go forward with this project? (X) yes () no Identify the LGUs. City of Dayton & Three Rivers Park District & Hennepin County</p>	
10/20	<p>11. Is the project in all the LGUs' CIPs? (X) yes () no</p>	
1-34	<p>(For TAC use)</p> <p>12. Does project improve water quality? (0-10)</p> <p>13. Prevent or correct erosion? (0-10)</p> <p>14. Prevent flooding? (0-5)</p>	<p>15. Promote groundwater recharge? (0-3)</p> <p>16. Protect and enhance fish and wildlife habitat? (0-3)</p> <p>17. Improve or create water recreation facilities? (0-3)</p>
TOTAL (poss 114)		Adopted April 11, 2012

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To: Elm Creek WMO Commissioners
Elm Creek TAC

From: Erik Megow, PE
Diane Spector
Judie Anderson

Date: June 7, 2023

Subject: Project Review Fee Discussion

**Recommended
Commission Action**

For discussion and staff direction.

Technical and administrative staff have spent considerable time over the past few months reviewing the adequacy of the existing project review fee structure at recovering the costs of performing those reviews. The review fees will not recover all the costs of operating a project review program; there will always be costs such as working with developers on projects that never come to fruition or doing non-fee project review-like work such as reviewing environmental review documents (i.e. – EAWs). However, both engineering and administrative staff do track their time and expenses for numbered projects, so we can review those costs against the fees that were charged for them.

Background

For a number of years, the Commission charged a review fee per project that was a flat fee based on the size of the project. It was assumed that larger projects with more residential units would be more complicated and require more effort to review than smaller projects. This was true to an extent. There were always large projects that were very straightforward and required a basic level of effort to review, and the actual cost of performing that review was less than the review fee. There were also smaller projects that were more complicated or where the applicant went through several iterations of plans that had to be reviewed each time. Those actual costs exceeded the review fees.

Setting the review fee structure was an attempt to balance those projects so the bottom-line net effect was close to zero. In practice, that was very hard to do. A few years ago, the Commission adopted a project review fee policy that required the applicant to pay the actual cost of performing the review, so that those that were done more efficiently were no longer subsidizing the more complicated projects.

The current review fee structure (see attached) consists of four components: a flat amount based on which rules are being triggered; a 10% contingency on that total; a 10% non-refundable administrative fee; and a 15% nonrefundable technical fee. The flat fee plus contingency are, in essence, an escrow. If the actual cost of reviewing the project is less than that amount, the applicant is refunded the balance. If the cost exceeds that amount, the applicant is invoiced the balance, which must be paid prior to final approval and release of the project review. The non-refundable fees are intended to recover the cost prior to an application being submitted and accepted, and any costs that might come up after, such as a file closeout, or review of documents for issues that may come up later.

2021 and 2022 Experience

The new fee structure was ramped up in 2021, so 2021 and 2022 are the first full years of experience. The following are staff's observations:

- Administering the fee structure is very staff intensive. The costs and fees for each individual project review are tracked monthly, as are outstanding invoices for increases in the review escrow. Administrative costs associated with an active project are tracked and are billed to that project, but all other tasks are not. In addition, there are administrative costs for inquiries and correspondence with applicants before and after the project review that are not recorded against a specific project but are tracked as a category. These generalized costs are what the Non-Refundable Administrative Fee are supposed to recoup. Table 1 shows the nonrefundable administrative fees collected in 2021 and 2022 compared to the cost of administering the project review program. The fees collected did not fully fund the program. ***This suggests that the current admin fees should be adjusted.***

Table 1. Non-billable administrative review fees in 2021 and 2022.

	2021	2022
Non-refundable Admin Fee collected (10%)	\$13,800	\$13,150
Total non-billed admin costs	-\$15,076	-\$16,918
Unrecovered admin costs	-\$1,276	-\$3,768

- In 2021 and 2022 *more than half* of the project reviews (32 of 56 in 2021 and 25 of 49 in 2022) required additional fees to be collected. These additional fees were an estimated \$83,600 compared to an estimated \$63,400 that was refunded. The average additional fee required was \$2,280 in 2021 and \$1,900 in 2022, while the amount to be refunded was about \$1,400 and \$1,300 respectively. ***This suggests that the current fees should be adjusted.***
- It can take several months+ between project review submittal and review by the Commission and when the applicant is reimbursed for any excess funds, or more importantly, when the Commission is able to invoice for the final costs and collect that additional fee. This lag between submittal of a project review and fee and collection of the final fee owed is impacting the Commission's balance sheet. On the 2022 financial audit, the Commission carried a liability of \$78,161 in outstanding project review fees compared to \$11,739 at the end of 2021. In other words, the Commission had expended \$78,161 in project review costs it had paid for but had not yet collected the additional fee. This directly reduces the Unrestricted Fund Balance. ***This argues for increasing the base rates in the fee schedule to collect additional fees up front.***

Discussion

The Commission made a policy choice with the adoption of the new schedule to charge the actual cost rather than a flat amount intended to on average recover the actual cost. Neither the previous fee schedule nor the current fee schedule work perfectly to accomplish the Commission's and TAC's goals that the fees adequately reimburse the Commission for the costs of performing project reviews.

- The schedule can be tweaked to be sure the admin costs are fully-covered, or the Commission can accept the admin time spent as the cost of running a project review program.
- Staff can review the 2021 and 2022 projects to see if there are commonalities in the projects for which the review cost exceeded the initial fee to see if there might be modifications to the fee schedule, for example, a tiered base fee based on project size. The proposed 2024 budget does assume some increase in fees.
- Staff would appreciate guidance and input from the TAC and Commission.

**Elm Creek WMO Project Review Schedule
Effective 2021**

I.	Project Review	Required Escrow	Amount Due
	Rule D - Stormwater Management	\$2,000	
	Rule E - Erosion and Sediment Control	\$500	
	Rule F - Floodplain Alteration	\$1,000	
	Rule G - Wetland Alteration	NA	
	Rule H - Bridge & Culvert Crossings	\$1,000	
	Rule I - Buffer Strips	\$500	
	Rule K - Variance	\$500	
PROJECT REVIEW TOTAL			\$0.00
II.	Contingency (10% Project Review Total)		\$0.00
III.	Non-refundable Administration Fee (10% of Project Review Total)		\$0.00
IV.	Non-refundable Technical Services Fee (15% of Project Review Total)		\$0.00
Note: If project review expenditures exceed escrow submitted, additional escrow fees will be required.		TOTAL ESCROW	\$0.00