

elm creek Watershed Management Commission

ADMINISTRATIVE OFFICE
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www.elmcreekwatershed.org

May 3, 2023

Representatives

and

Technical Advisory Committee Members
Elm Creek Watershed Management Commission
Hennepin County, Minnesota

The meeting packet for this meeting may be found on the Commission's website:
<http://www.elmcreekwatershed.org/minutes-meeting-packets.html>

Dear Representatives and Members:

A regular meeting of the Elm Creek Watershed Management Commission will be held on **Wednesday, May 10, 2023, at 11:30 a.m.** in the **Aspen** Room at Plymouth Community Center, 14800 34th Avenue North, Plymouth, MN.

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

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	Diane Spector	James Kujawa	Rebecca Carlson
	TAC Members	Karen Galles	Kris Guentzel	Kevin Ellis	Brian Vlach
	City Clerks	DNR	BWSR	Met Council	MPCA
	Official Newspaper				

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

1. Call to Order.
 - a. Approve agenda.*
 - b. Approve minutes of March 8, 2023, meeting.*
2. 2023 CIP.
 - a. Exhibit A – Rush Creek Stream Restoration – Rush Hollow.*
 - b. Exhibit A - BMPs in Diamond Creek and Headwaters Rush Creek SWAs.*
 - c. Initiate Plan Amendment Process.*
3. Proposed 2024 Operating Budget.*
4. Fund Balances.*
 - a. Reserve/Fund Balance Policy.*
5. Other Business.
6. Next TAC meeting – _____.
7. Adjournment.

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*in meeting packet
**available at meeting

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Technical Advisory Committee Meeting Minutes | March 8, 2023

I. A meeting of the **Technical Advisory Committee (TAC)** of the Elm Creek Watershed Management Commission was called to order at 10:05 a.m., Wednesday, March 8, 2023, in the Plymouth Community Center, 14800 34th Avenue North, Plymouth, MN, by Chair Derek Asche.

Present: Heather Nelson, Champlin; Kevin Mattson, Corcoran; Nico Cantarero, Dayton; Derek Asche, Maple Grove; 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 Kevin Ellis, Hennepin County Environment and Energy (HCEE); and Judie Anderson, JASS. Not represented: Medina.

Also present: Doug Baines, Dayton.

II. Motion by Scharenbroich, second by Simmons to **approve the Agenda** with the addition of item 4.a. Consider CIP – CSAH12/Dayton River Road Ravine Stabilization. *Motion carried unanimously.*

III. Motion by Scharenbroich, second by Simmons to **approve the Minutes of the December 13, 2022, meeting.** *Motion carried unanimously.*

IV. **Water Quality.**

A. **Elm Creek TMDL 10-Year Review.*** The Commission and Technical Advisory Committee (TAC) are interested in reviewing progress toward achieving the goals of the Elm Creek Watershed TMDL (Total Maximum Daily Load) study. Staff's March 1, 2023, memo provides a summary of the TMDL findings and introduces a framework for potential approaches to such a review. The goals of today's meeting are to: 1) familiarize TAC and Commissioners with the TMDL and the recommended actions; 2) consider options for inclusion in the proposed review of progress; and 3) obtain input and 2023 guidance from the TAC and Commissioners on how to proceed with a more defined proposal at the April meeting.

A TMDL is a diagnostic study undertaken when waters do not meet one or more water quality standards. The federal Clean Water Act requires the states to establish such standards and to assess their waters to determine which comply. Those that do not meet standards are added to the Environmental Protection Agency's (EPA) List of Impaired Waters, known as the 303(d) List after the relevant section of the law, and a TMDL must be prepared to evaluate the sources of pollutants and causes of the impairment, estimate the amount of pollutant reduction necessary (*load reduction*), and identify potential actions that could be taken to improve conditions in the waters.

The Elm Creek Watershed-wide TMDL process was completed in phases over several years, starting with additional monitoring and data gathering in 2009-2010, analysis and development of the TMDL in 2012-2014, and completion of the TMDL document and accompanying Watershed Restoration and Protection Strategies (WRAPS) report in 2015. The final reports were approved by the Minnesota Pollution Control Agency (MPCA) and EPA in 2016.

The Elm Creek TMDL study addresses multiple impairments, including:

1. Fish, Rice, Diamond, Goose, Cowley, Sylvan, and Henry Lakes, which are all impaired by excess nutrients (*total phosphorus, or TP*).
2. S Fork Rush Creek, Rush Creek main stem, Diamond Creek, and Elm Creek, which are impaired by high levels of *E. coli bacteria*.
3. Rush Creek main stem, Diamond Creek, and Elm Creek, impaired by *low dissolved oxygen (DO)* concentrations necessary to support aquatic life.
4. The upper and lower reaches of S Fork Rush Creek, Rush Creek main stem, Diamond Creek, and Elm Creek, where the fish and macroinvertebrate communities are impaired for *biotic integrity*.

In addition, during the development of the TMDL for the fish and macroinvertebrate impairments, the following factors were identified as probable stressors to the biotic community, and TMDLs:

5. Upper and lower reaches of S Fork Rush Creek, Rush Creek main stem, Diamond Creek, and Elm Creek, excessive nutrients (*total phosphorus, or TP*).
6. Elm Creek and Diamond Creek, excessive *total suspended sediment (TSS)*.

Since completion of the Watershed TMDL, additional impairments have been designated or are pending in the watershed:

7. Elm Creek and the lower reach of S Fork Rush Creek are impaired for excess *chloride*. TMDLs for the streams were completed as part of the Twin Cities Metro Chloride TMDL.
8. Fish Lake and Weaver Lake are impaired for *mercury* in fish tissue. TMDLs were completed as part of the statewide mercury TMDL.
9. The MPCA is processing two new impairments: *TSS* in Elm Creek and *fish biotic integrity (F-IBI)* in Fish Lake.
10. The nutrient impairment for Fish Lake is proposed for “delisting” as the lake now meets state standards.

The MPCA does not have a formal process or guidance for undertaking reviews of progress toward meeting TMDLs. Entities such as cities and counties that are MS4s are required to annually report certain TMDL implementation activities that they take in the watershed, but that is not a comprehensive assessment, and does not include actions taken within the waterbodies such as stream restorations, lake alum treatments, or rough fish management. When they have undertaken other TMDL reviews of progress, Staff have considered the following analytical steps:

1. Update watershed runoff and pollutant loading and lake response modeling to reflect most current land use information and monitoring data.
2. Collect new monitoring and other data to fill data gaps.
3. Collect data on BMPs undertaken since the TMDL baseline year(s) to estimate progress toward meeting the identified pollutant load reductions and non-numeric requirements.
4. Evaluate monitoring data to determine water quality trends and progress toward meeting the standards.
5. Review implementation strategies and recommend any course corrections for the coming period.

Updating the various models used to quantify pollutant loading can range from simple to very detailed. Generally, this step is considered only when there has been significant land use change or where new data is available; for example, updating a lake response model to use measured sediment phosphorus release rates rather than literature values. While there has been development in the watershed, Staff don't think it is

significant enough to warrant the expense and effort to update the watershed pollutant loading models. Following review of the lake water quality and BMP data, there may be some lakes where lake response modeling might be helpful, such as Laura Lake, which was not included in the original TMDL.

1. Lakes. The Commission has been annually monitoring four sentinel lakes – Fish, Weaver, Diamond, and Rice – and occasionally monitoring other lakes on a rotating basis. While the sentinel lakes have a good set of data available, it would be helpful to obtain more data on Henry, Jubert, Dubay, Laura, and French, where there is very little data. The cost of monitoring those lakes for two consecutive years would be about \$8,000 per year. The 2023 budget includes \$12,617 for lake monitoring, including the sentinel lakes and two additional lakes, which in 2023 will likely be Sylvan and either Henry or Cowley. If two of the “additional” lakes were completed as part of the annual lake monitoring budget, then the additional cost would be about \$4,500 per year.

2. Streams. In addition to the partnership with the USGS to monitor flow and water quality on Elm Creek in the regional park, the Commission currently routinely monitors flow and water quality at three sites in the watershed: Elm Creek at its crossing of the Medicine Lake Regional Trail in Maple Grove; Rush Creek at Territorial Road; and Diamond Creek. Some data is available at other sites in the watershed. It may be helpful to collect additional data to help with the trend analysis. The Commission currently budgets \$10,020 annually for stream monitoring; adding another site would be an estimated \$3,500 annually.

The estimated cost to add additional lakes and one additional stream site in 2024-2025 would be about \$8,000 per year, or \$16,000 total.

3. Biological. The Commission has completed a minimal amount of biological (fish and macroinvertebrates) monitoring in the streams. There is some data at a few sites completed by the MPCA, and the 2023 budget includes funding to undertake sampling at a few sites. It is Staff’s recommendation that the Commission focus this review on quantifying chemical parameters and in the review develop a plan for more systematically undertaking biological monitoring for evaluation during the next progress review.

4. BMP Data. This task is compiling information about the BMPs undertaken in the watershed and estimating the pollutant load reductions achieved by each. Cities have been collecting and reporting watershed load reductions, including any structural BMPs or nonstructural such as enhanced street sweeping. In addition, load reduction data is estimated for development and redevelopment activity that requires a Commission project review. This data could be collected, assembled, and geolocated to document and summarize load reductions by receiving water. For example, the TMDL established TP load reductions for the entire length of Elm Creek; the individual cities through which Elm Creek flows are reporting data just for what occurs in their city.

There are also other types of actions taken that the cities are not required to report on in the NPDES permit annual reports. These may include lake internal load reductions from an alum treatment, or habitat improvements achieved through stream restoration. These should also be documented as progress toward achieving the goals established in the TMDL. Depending on how much data is available and how it is organized, and the number of BMPs for which removals would need to be calculated, this could be a simple GIS exercise, or it may be more extensive. Staff estimate the level of effort to be in the \$5,000-8,000 range.

5. Evaluating Monitoring Data. Three Rivers Park District has been collecting and maintaining data for many years, and the annual report includes figures and tables showing water quality by year. It may be interesting to run some trend analysis statistics where there is a good data set to determine if there are any statistically significant trends. This might be a \$2,000-3,000 effort.

6. Review Implementation Strategies and Report. This task would include compiling the information developed in the previous tasks to provide an overall summary of actions taken and progress made to date. The WRAPS report, which is the “implementation plan” of the TMDL, identified a universe of potential

actions the various stakeholders could take to make progress toward the TMDL. This task would identify what has been successful and what not so successful and develop a prioritized action plan for the next several years. This would be rolled into the Commission's Fourth Generation Watershed Management Plan as an appendix. It is likely that this would be an \$8,000-10,000 effort.

7. Summary. It is likely that this TMDL 10-year Progress Review would be a \$35,000-40,000 effort, depending on how much additional monitoring is desired. The TAC and the Commission will discuss this review process with an anticipation, if they decide to proceed, of budgeting for the 10-year review as part of the upcoming 2024 operating budgeting process.

Motion by Scharenbroich, second by Cantarero to table further discussion and a recommendation to the Commission to the April meeting. *Motion carried unanimously.*

Asche requested that Staff also provide a figure showing where monitoring is currently being conducted as well as where monitoring occurs as part of a subwatershed assessment.

B. Preliminary Scope – South Fork Rush Creek SWA.*

Staff have been working to define the proposed scope of work for the three studies proposed for potential funding from the Watershed-Based Implementation Funding grant. The Commission allocated \$92,774 for "Priority Assessments," identifying the (1) South Fork Rush Creek Subwatershed assessment requested by the City of Corcoran, (2) the North Fork Rush Creek Remeander Feasibility Assessment for the reach adjacent to Stieg Woods in Rogers, and (3) a remeander feasibility study for the Diamond Lake outlet channel to Diamond Creek in Dayton. Corcoran Commissioner Guenther has requested that any decision about this project be put on hold until April since he will be unable to attend the March meeting.

Staff propose to proceed in a similar manner to the Rush Creek Headwaters SWA. The general items of work include:

1. Data Collection and Review. This task includes identifying collecting, and compiling available data and information including but not limited to:

- a. Land cover and land use
- b. Sites of ecological diversity or significance
- c. Soils and topography
- d. NWI Wetlands, probable wetlands, and drained wetlands
- e. Individual Sewage Treatment System locations
- f. Registered feedlots and allowable animal units
- g. Nonregistered animal operations and estimated animal units

2. Summarize Existing Conditions. Like the Headwaters SWA, this data will be used to create a series of maps that will depict:

- a. Location and extent of intact natural cover (forest/wetland)
- b. Hydrologic soil group, soil erodibility, and estimated soil loss rate
- c. Mean slope
- d. Location and extent of potentially tiled drained agricultural land
- e. Location and relative impact of failing septic systems, where applicable
- f. Location of feedlots and other animal operations

3. BMP Identification. Using the Agricultural Conservation Planning Framework (ACPF) toolbox, Stantec will identify up to ten potential projects that could yield the greatest benefit toward reducing sediment and phosphorus input to the South Fork Rush Creek. Staff will work with Hennepin County

conservationists and City staff to “ground truth” those locations, ruling out those that may seem on paper to be feasible, but which may be difficult to actually implement.

4. BMP Prioritization. Using the ground-truthed ACPF outputs, Staff will estimate the cost of each BMP using unit prices and rank them by magnitude and cost-effectiveness of the estimated load reductions.

5. Technical Summary. The Rush Creek Headwaters SWA broke down the subwatershed into six smaller Management Units. Staff would expect to do something similar for the South Fork Rush Creek SWA. The final report will present individual prioritized lists of BMPs by Management Unit. In addition, they will compile all the geospatial data, including the prioritized BMP locations, into an interactive online map.

6. Meetings. Staff would expect to have at least three “small group” meetings with the affected cities: Corcoran, Medina, and Maple Grove, and potentially one Open House with the public.

At this time the estimated cost to undertake this project is \$60,400. An open question that may add to that cost is whether a recent windshield or aerial survey of small animal operations has been completed or whether that would need to be added to this cost. The grant requires a 10% match, or about \$5,600. Under the Commission’s SWA policy, the Commission would contribute 75% of that, about \$4,200, from its budget, and the local participants the other 25%. When they finalize the cost, Staff will present the breakdown by funding partner and confirm that the participants have agreed to their shares.

C. Preliminary Scope – North Fork Rush Creek Remeander.* This scope of work is less advanced than the SWA. Based on a scope Stantec recently completed for a feasibility study and conceptual design of a natural channel restoration of similar length in Brooklyn Park, Staff estimate the cost to be about \$28,000 for data collection and review and field work and alternatives development and an additional \$11,000 for 30% design.

1. Data Collection and Review. This task would start with assembling previous studies, planning documents, and publicly available soils, hydrology, wetland, vegetation, and historical aerial imagery of the creek area, available utility information, and modelling, water quality, and flow data. Staff would also review existing hydraulic model data, features, and results. In this task they would visit the site to note potential constraints, current channel conditions, eroded banks, hydrogeologic factors like springs and seeps, vegetation quality, storm sewer outfalls and infrastructure, and opportunities for habitat improvement. Staff will also perform a site topological survey and a tree survey.

2. Alternatives Assessment and Basis of Design. Staff will work with the city of Rogers, Hennepin County, and Three Rivers Park District to refine design alternatives that meet Commission goals for water quality and ecological improvements, and which will work with the Stieg Woods Master Plan, upcoming extension of CR 117 and the future extension of the Rush Creek Regional Trail. These alternative designs will address bank stabilization, erosion and sediment control practices, water control practices, infrastructure impacts, visual quality and ‘fit’ within the surrounding area. The conceptual design alternative work will be presented in a Basis of Design memo describing and summarizing the desktop and field data collection and analysis, design alternative elements and impacts to the surrounding areas, project cost estimates, pollutant reduction estimates, and a comparison table of each alternative focusing on cost and pollutant reduction/water quality improvement potential.

3. 30% Preliminary Design of Selected Alternative. Should the stakeholders be able to select and commit to a design alternative, Staff will prepare preliminary plans and opinion of probable cost and the final basis of design memorandum.

Staff plan to bring the final scopes for these projects back in April for formal consideration. Based on their initial scoping work, the \$92,774 may not be sufficient to undertake all three identified assessments.

V. CSAH12/Dayton River Road Ravine Stabilization.* This project appears on the Commission's 2023 CIP at a cost of \$382000, the Commission's share being \$95,500. The project is located along Hennepin County CSAH12 on Three Rivers Park District property that will provide future access to the West Mississippi River Regional Trail from Dayton to Champlin. This stabilization of the ravines will reduce excessive sediment and nutrients discharged directly to the Mississippi River as well as provide stability to adjacent roadway infrastructure. The project will be funded by the Park District, Hennepin County, and the Commission through the CIP County tax levy.

Vlach has informed Commission Staff that there was a pre-construction meeting for this project on March 1, 2023, and that construction will likely be completed mid-summer 2023. He is currently seeking to set up a contract agreement with the Commission to secure funding for the project. Hennepin County does not want to enter into a multi-agency agreement, rather they want the Park District to set up an agreement with the Commission to be reimbursed for the Commission's contribution toward the project, which is now calculated to be \$110,000. He is aware that, while the CIP funds will not be available until 2024, the project can move forward and be paid for after completion.

The project meets all CIP-eligibility requirements, pending approval of the Commission, except that the proposing city (Dayton) must provide a revised "Exhibit A" with the updated costs and any revisions to the project description.

Staff will work with the Commission's attorney to revise the language of the draft agreement* and return it to the April meeting.

VI. The **next meeting** of the Technical Advisory Committee is scheduled for 10:00 a.m., Wednesday, April 12, 2023, preceding the commission's regular meeting.

There being no further business, the meeting was adjourned at 11:16 a.m.

Respectfully submitted,



Judie A. Anderson
Recording Secretary
JAA:tim

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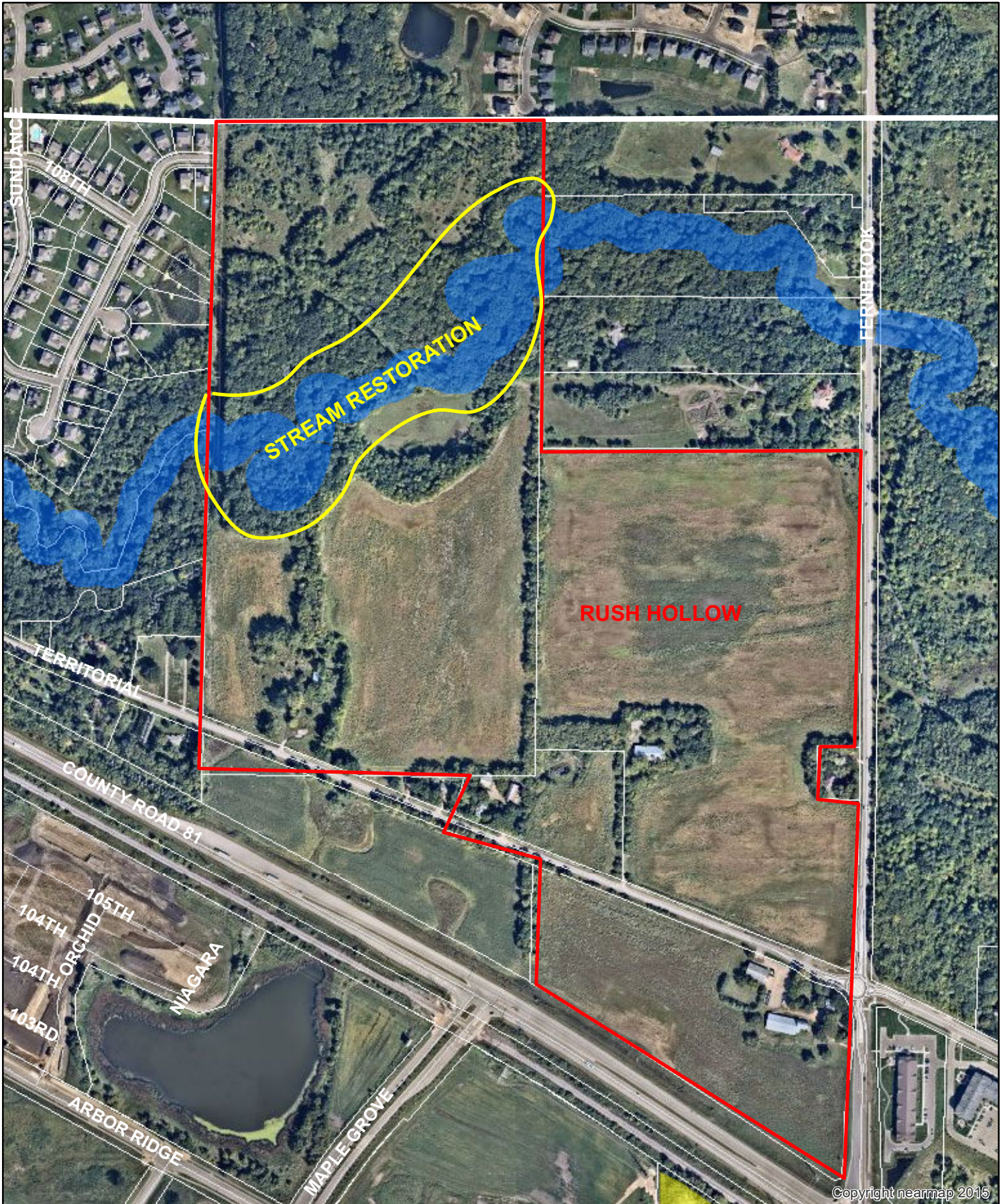
EXHIBIT A

**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.)*

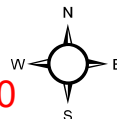
City	Maple Grove	
Contact Name	Derek Asche	
Telephone	763.494.6354	
Email	dasche@maplegrovern.gov	
Address	12800 Arbor Lakes Parkway, Maple Grove, MN, 55369	
Project Name	Rush Creek Stream Restoration – Rush Hollow	
Project Location	Rush Creek between Orchid and Fernbrook Lanes	
	1. Is project in Member's 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	Hennepin County	
Contact Name	Kris Guentzel	
Telephone	612-596-1171	
Email	Kristopher.guentzel@hennepin.us	
Address	701 4 th Avenue South, Minneapolis 55415	
Project Name	BMPs in Diamond Creek and Headwaters of Rush Creek Priority Subwatersheds	
Project Location	Cities of Corcoran, Dayton, and Rogers	
	1. Is project in Member's CIP? () yes (X) no	Proposed CIP Year = 2023
	2. Has a feasibility study or an engineering report (circle one) been done for this project? (X) yes () no	
		Amount
	Total Estimated Project Cost	\$103,527
	Estimated Commission Share (up to 25%, not to exceed \$250,000)	\$20,000
	Other Funding Sources (name them): WBIF Grant (amount not yet encumbered)	\$56,940
	Hennepin County (installation + design contribution)	\$20,000
	Landowners (cash or in-kind)	\$12,000
	3. What is the scope of the project? Install cost-effective best management practices (BMPs) to improve water quality of two impaired watercourses: Headwaters of Rush Creek and Diamond Creek. Subwatersheds assessments have been completed for both of these project areas and county staff are conducting outreach to determine which landowners would be interested in implementing BMPs identified in the reports. CIP request is ONLY for covering additional costs once the existing agricultural BMP CIP projects (2020-01 and 2020-02) are fully drawn down, up to the full amount we can match on the watershed-based implementation fund (WBIF) grant and through county and landowner funds.	
	4. What is the purpose of the project? What water resource(s) will be impacted by the project? This project seeks to address total maximum daily load (TMDL) allocations set for watercourses and waterbodies listed as impaired by the MN Pollution Control Agency (MPCA), and to improve water quality for all receiving waters in these priority subwatersheds. Installed BMPs will be chosen based on effectiveness for reducing sediment and nutrient loading to either the Headwaters of Rush Creek or Diamond Creek. Depending on the location of the BMP, sediment and nutrient loading could be reduced to other impaired waterbodies including Diamond Lake and French Lake.	
	5. What is the anticipated improvement that would result from the project? (Include size of area treated and projected nutrient reduction.) Overall water quality benefit will depend on the BMPs that are installed, which is not yet determined as outreach is ongoing. BMPs will be considered favorable if cost-benefit, as estimated in the subwatershed assessment for each subwatershed, is on par with the highest ranking BMPs in the assessment. Projects currently being developed and implemented have averaged \$385/lb-phosphorus and \$502/ton-sediment over the estimated life cycle of the project. Overall phosphorus and sediment reductions may approach the benefit achieved from implementation of the Rush Creek Headwaters Clean Water Fund Grant: 111 lbs-phosphorus/year.	
	6. How does the project contribute to achieving the goals and programs of the Commission? By implementing BMPs that address sediment erosion, reduce nutrient loading, and detain runoff to better attenuate stormwater flow to water resources this project addresses several goals in the Commission's 3 rd generation planning, including: (1) Goal A.4 to reduce peak flow rates in Elm, Diamond, and Rush Creeks...; (2) Goal B.1 to improve total phosphorus concentration in the impaired lakes by 10%...; (3) Goal D.2 to promote the enhancement or restoration of wetlands in the watershed; and (4) Goal F.2 to foster implementation of priority TMDL and other implementation projects by sharing in their costs.	
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? Diamond Creek TMDL for low dissolved oxygen (DO), e Coli, Fish & Macroinvertebrate Index of Biotic Integrity (IBI), Rush Creek Headwaters TMDL for low DO, Fish & Macroinvertebrate IBI, Diamond Lake TMDL for nutrients	

0/10/20	<p>9. Does the project have an educational component? (X) yes () no Describe. Education components are largely, but not exclusively, in-person one-on-one instruction with landowners and operators about strategies for addressing erosion and nutrient loading. Many interactions don't lead to partnership-funded implementation but may lead to landowner-driven implementation or behavior change that also provides a positive environmental outcome. Hennepin County is also planning for and conducting in-person events in these areas that may be attended by landowners and operators in these subwatersheds.</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. Hennepin County, Commission and cities (Corcoran, Dayton, and Rogers) through previous direction provided during Commission meetings.</p>	
10/20	<p>11. Is the project in all the LGUs' CIPs? () yes (X) 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)	<p>Adopted April 11, 2012 Revised May 2019</p>	

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To: Elm Creek WMO Commissioners
Elm Creek TAC

From: Erik Megow, PE
Diane Spector

Date: May 2, 2023

Subject: Initiate Plan Amendment for CIP Revisions

**Recommended TAC/
Commission Action**

Staff recommends that the Commission authorize proceeding with the attached Minor Plan Amendment and set the date for the required public meeting as the June 14, 2023, regular meeting.

The preliminary CIP considered at the April meeting 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 (see attached).

If the Commission chooses to go forward with the Minor Plan Amendment, we 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 Hennepin County Board.

Attached 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, the Met Council, and the state review agencies for review and comment, and must hold a public meeting (not a hearing) to explain the amendment. This meeting must be public noticed twice, at least seven and 14 days prior to the meeting.

This revision would not impact the proposed 2023 CIP. The draft 2023 CIP shown in Table 1 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.

Also for reference is Table 2, the current proposed Capital Improvement Program as amended and revised.

Table 1. Potential 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

**Notice of Minor Plan Amendment
Elm Creek Watershed Management Commission**

The Elm Creek Watershed Management Commission proposes to amend its *Third Generation Watershed Management Plan* to adopt a revision to Table 4.5 of that document - the Capital Improvement Program (CIP) – to add one project and to revise Appendix G, to add a description of that project.

The proposed minor plan revision is shown as additions (underlined) or deletions (~~strike outs~~).

Table 4.5. Elm Creek WMC Third Generation Plan Capital Improvement Program is hereby revised to add the following:

<u>Description</u>	<u>Location</u>	<u>Priority</u>	<u>Project Cost</u>	<u>Partners</u>	<u>Funding Source(s)</u>	<u>Commission Share</u>
						<u>2024</u>
<u>Rush Creek Stream Restoration-Rush Hollow</u>	<u>Maple Grove</u>	<u>H</u>	<u>\$1,600,000</u>	<u>Maple Grove</u>	<u>City, levy</u>	<u>\$400,000</u>

Appendix G, CIP Descriptions is hereby revised as follows:

Rush Creek Stream Restoration-Rush Hollow. Stream restoration and erosion repair from Orchid Ln to Fernbrook Ln, approximately 4,000 linear feet. Estimated phosphorus reduction of 200 lbs per year, improved riparian environment, improved floodplain connectivity, improved recreation and access to the creek, and improved education.

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><i>Rush Creek Resto- Rush Hollow</i></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			

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			
<i>Ranchview Wetland Restoration</i>	Maple Grove					2,500,000	
Commission Contribution						250,000	
Local Contribution						2,250,000	
<i>Goose Lake Rd Area Infiltr Improv</i>	Champlin					200,000	
Commission Contribution						50,000	
Local Contribution						150,000	
<i>Mill Pond BMPs Water Quality Proj Area</i>	Champlin					200,000	
Commission Contribution						50,000	
Local Contribution						150,000	
<i>Lemans Lake Water Quality Impr</i>	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	

To: Elm Creek WMO Commissioners/TAC
From: Budget Committee
Date: May 2, 2023
Subject: Proposed 2024 Budget

**Recommended
Commission Action**

Review and discuss. You may move adoption of the proposed 2024 budget with any proposed revisions from the floor or hold over for action at the June 14 meeting.

According to the Joint Powers Agreement, the Commission must on or before June 15 of each year adopt a budget for the coming year. Typically, the Commission considers a preliminary budget in May of each year, either adopting it at the May meeting or holding over action to the June meeting. The budget must be transmitted along with notice of the apportionment of costs to each city by July 1. Member cities then have until August 15 to comment on or raise objections to the budget. If no objections are submitted, the budget proceeds as adopted. If objections are submitted in writing, then the Commission must hold a public hearing to consider modifying the budget or proceeding with no change.

The draft budget is presented to you for your review and discussion. If you are comfortable, you may elect to adopt the budget with any revisions agreed to at the May 10 meeting, or you may hold over approval until the June 14 meeting. The proposed budget shown in Table 1 is reformatted from what you have considered in previous years in that it separates out the operating expenses from the capital and other non-operating expenses and revenues. This will allow you to more clearly determine if your assessments and project review fees are adequately funding operating expenses, or whether you are operating a deficit or surplus. It is analogous to a General Fund budget rather than an all funds, balance sheet style used in previous years.

The 2024 budget as proposed is a continuation of the programs and activities undertaken in 2022, with some slight modifications. Figure 1 shows the proposed operating budget by expenditure category, while Table 1 shows the proposed operating and projects budget by line item. The overall proposed 2024 operating budget is about a \$5,500 increase over the 2023 budget. However, some budget modifications are proposed:

1. The budget includes a proposed increase in the contract amount with Hennepin County to provide outreach and technical services, largely to agricultural and large-lot residential property owners but generally and across the watershed. The requested increase to \$22,000 compared to the approved 2023 contract amount of \$20,000 would allow for an increased commitment toward this work and is offset by the elimination of the Wetland Health Evaluation Program, for which the Commission had been budgeting \$4,000 annually.
2. We continue to review the adequacy of the project review fees to recapture the cost of administering the new fee structure. It is likely that we will need to increase the nonrefundable administration fee for 2024, and we will bring a more complete review of project review costs

and fees to a later meeting. There will always be some project review related expenses that are not recoverable through review fees. This budget assumes 50 project reviews in 2024, and that the fee structure will be revised to better capture the cost of administering the program.

3. In 2023 the Commission budget for biological monitoring on streams in the watershed as a follow up to stream restoration projects. That funding was not included in the 2024 budget, pending a review of monitoring needs as part of the proposed TMDL ten-year review.
4. Some adjustments have been made to individual line items based on past experience and based on the increasing cost of doing business.
5. One source of revenue that has in the past helped to subsidize the member assessments is investment interest. A combination of higher interest rates and a significant fund balance resulted in several thousand dollars of interest income in past years. As projects are completed and the Commission pays out levy and grant funds for those projects, interest earnings will fall.

The 2024 budget as proposed includes no increase in city assessments (Table 3). Last year, following several years of no or minimal assessment increases, they were increased by 5.4%. As can be seen on the bottom line of Table 1, in previous years the operating budget was running at a deficit, subsidized by contributions from the cash reserves. The proposed 2024 budget assumes a small surplus, assuming the Commission continues to benefit from interest earnings.

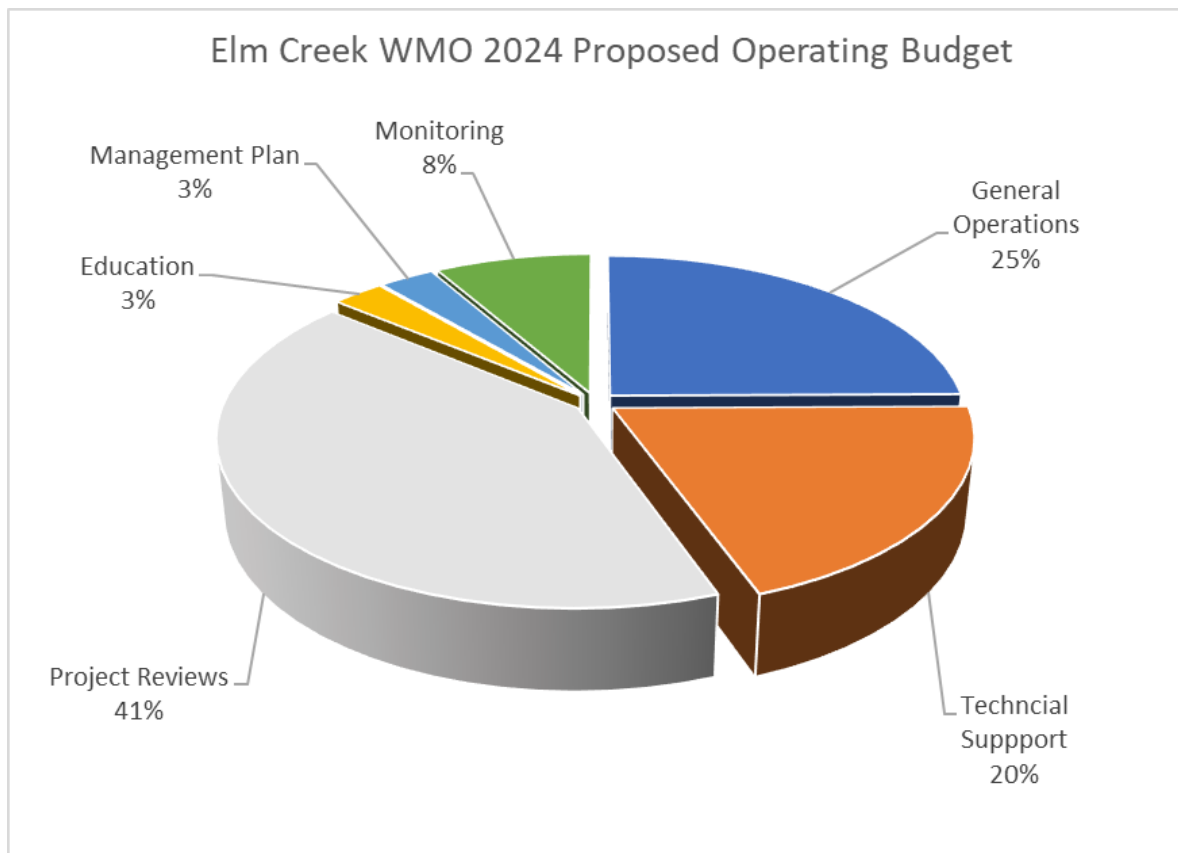


Figure 1. Proposed 2024 operating budget by expenditure category.

Table 1. Proposed 2024 budget.

Line	Category	2022 Budget	2022 Pre-Audit	2023 Budget	Proposed 2024 Budget
EXPENSES					
GENERAL OPERATING EXPENSES					
1	Administrative	95,000	117,893	100,000	100,000
2	Grant Writing	500	0	0	3,000
3	Website	3,000	731	2,000	2,000
4	Legal Services	2,000	744	2,000	2,000
5	Audit	6,000	6,700	6,500	7,000
6	Insurance	3,800	2,978	4,000	4,000
7	Meeting Expense	0	1,250	0	4,800
8	Contingency	1,000	0	0	0
	Subtotal General Operating Expenses	\$111,300	\$130,296	\$114,500	\$122,800
TECHNICAL SUPPORT					
9	Tech support - HCEE	12,000	17,000	20,000	22,000
10	Generation Technical Services	77,500	82,590	70,000	75,000
	Subtotal Technical Support	\$89,500	\$99,590	\$90,000	\$97,000
PROJECT REVIEWS					
11	Technical Reviews	107,500	188,032	184,000	184,000
12	Administrative Support	15,000	22,703	16,000	21,250
13	WCA	0	505	0	0
	Subtotal Project Reviews	\$122,500	\$211,240	\$200,000	\$205,250
EDUCATION					
14	Education - City/Citizen Programs	2,500	1,262	2,000	2,000
15	West Metro Water Alliance	11,500	7,000	11,500	11,500
	Subtotal Education	\$14,000	\$8,262	\$13,500	\$13,500
WATERSHED MANAGEMENT PLAN					
16	Plan Amendments	2,000	1,158	2,000	2,000
17	Contribution to 4th Generation Plan	12,500	12,500	12,500	12,500
	Subtotal Watershed Management Plan	\$14,500	\$13,658	\$14,500	\$14,500
WATER MONITORING PROGRAMS					
	<i>Stream Monitoring</i>				
18	USGS Site Share	24,000	12,500	24,000	12,500
19	TRPD-Routine Monitoring	9,345	9,345	10,020	10,020
20	Biological Monitoring			4,500	0
21	DO Longitudinal Survey	1,200	0	2,400	2,400
22	Partnership Biomonitoring			2,000	0
23	Gauging Station - Electric Bill	420	368	440	480
	Subtotal Stream Monitoring	\$34,965	\$22,213	\$43,360	\$25,400
	<i>Lake Monitoring</i>				
24	CAMP	840	0	840	840
	TRPD				
25	Sentinel Lakes + Additional Lake	9,812	9,812	10,412	10,412
26	Aquatic Vegetation Surveys	1,300	1,300	1,365	1,365
	Subtotal Lake Monitoring	\$11,952	\$11,112	\$12,617	\$12,617

Line	Category	2022 Budget	2022 Pre-Audit	2023 Budget	Proposed 2024 Budget
	<i>Other Monitoring</i>				
27	Macroinvertebrate Monitoring-River Watch	3,000	0	0	3,000
28	Wetland Monitoring - WHEP	4,000	0	0	0
	Subtotal Other Monitoring	\$7,000	0	\$0	3,000
	Subtotal Monitoring Expense	\$50,917	\$33,325	\$55,977	\$41,107
SPECIAL PROJECTS, STUDIES, SWAs					
29	Special Projects, Studies, SWAs -	\$ 0	\$0	\$0	\$0
TOTAL GEN OPERATING EXP		\$405,717	\$496,371	\$488,477	\$494,067
REVENUE					
GENERAL OPERATING REVENUE					
30	Membership Dues	237,300	237,300	250,000	250,000
31	Interest Income	5,000	26,636	500	10,000
32	Dividend Income	250		250	0
33	TRPD Cooperative Agreement	6,000	4,165	6,500	6,500
	Subtotal General Operating Revenue	\$248,550	\$268,101	\$257,250	\$266,500
PROJECT REVIEW REVENUE					
34	Project Review Fees	107,500	169,720	184,000	184,000
35	Contingency	10,750			
36	Nonrefundable Admin	15,000	13,800	16,000	21,250
37	Nonrefundable Tech	16,125	20,700	17,000	27,600
	Subtotal Project Review Revenue	\$149,375	\$204,220	\$217,000	\$232,850
SPECIAL PROJECTS, STUDIES, SWAs REVENUE					
38	Special Projects, Studies, SWAs	0	0	0	0
TOTAL GEN OPERATING REVENUE		\$397,925	\$472,321	\$474,250	\$499,350
OPERATING SURPLUS OR (DEFICIT)		(\$7,792)	(\$24,050)	(\$14,227)	\$5,283

2024 Budget Explanation

Line	Comment
EXPENSES	
1	This line item is to provide administrative support (scheduling, minutes, etc.) for regular Commission and TAC meetings and any Commission, TAC, or other meetings that require support, as well as general administrative duties such as notices, mailings, and correspondence.
2	The cost of writing grants and doing grant reporting.
3	The annual cost of hosting the Commission’s website and general content updates.
4	The legal cost of reviewing, drafting policies and variances, reviewing contracts and agreements.
5-6	The cost of the required annual financial audit and insurance.
7	The cost of room rental and lunch for the monthly meetings.
8	A line item for unexpected expenses. Was discontinued in 2023 as the Commission’s unrestricted fund reserves are adequate to provide for those unanticipated costs.
9	The annual contract cost for education and outreach activities provided by Hennepin County Environment and Energy (HCEE) staff working with landowners to address erosion issues and implement conservation. Public engagement, answering landowner’s general land and water resource

Line	Comment
	management questions, and best management practice (BMP) project development, design, and construction. Proposed to increase from the 2023 contracted amount of \$20,000 to \$22,000.
10	This line item is for general engineering support, including preparation for and attendance at Commission and TAC meetings, general technical and engineering assistance, special projects, assistance with the budget and CIP, etc.
11	This line item is for project reviews, review of Local Water Management Plans and Comprehensive Plan amendments and updates, and general inquiries about past and upcoming projects. It is difficult to predict what the expense for a coming year will be, as it is based on the number of project reviews, inquiries, etc. received. The proposed budget is based on the increasing number of project reviews each year. This expenditure is mostly offset by the project review fees.
12	This line item is for administrative support of project reviews, including correspondence, tracking, bookkeeping, and invoicing. This expenditure is mostly offset by the project review fees.
13	The Commission no longer acts as the Wetland Conservation Act (WCA) administrator for wetland impacts, so these line items simply show previous years' expenses.
14	Ongoing outreach and education costs not undertaken through WMWA.
15	The Commission participates in the West Metro Water Alliance (WMWA), and contributes to funds to support coordinated messaging, workshops, classroom activities, and special projects on a regional basis.
16	The cost of undertaking periodic minor plan amendments, usually to revise the CIP or adjust the development rules and standards. Cost is typically publication costs and staff time to develop the amendment documents.
17	The Commission's 3 rd Generation Plan expires on October 23, 2025. Work on the 4 th Generation Plan should commence by early 2024. Funds are set aside annually in a restricted account for this purpose.
18	The Commission jointly funds the operation of the USGS gauging station in Elm Creek Park near Elm Creek Road.
19	The Commission contracts with Three Rivers Park District (TRPD), who provides flow and water quality monitoring at three locations in the watershed.
20	The Commission has undertaken minimal biological sampling on the streams in the watershed.
21	The Commission will contract with TRPD to undertake two longitudinal surveys of dissolved oxygen in impaired streams, which include taking a sequence of DO readings along points in the stream very early in the morning when DO is at its lowest, from an upstream point to a downstream point of interest. This shows a gradient of DO in the stream.
22	This funding would be available to cost share in post-construction stream biological monitoring undertaken by one or more city partners.
23	The Commission is responsible for the cost of electricity to the USGS gauging station.
24	Volunteer lake monitoring through the Met Council's Citizen Assisted Monitoring Program (CAMP). One lake is monitored per year.
25-26	The Commission contracts with TRPD to perform water quality monitoring and aquatic vegetation surveys on six lakes per year. The data is summarized in an annual report.
27	Volunteer macroinvertebrate monitoring coordinated by HCEE. The County is reconfiguring the program and we hope it will be back on track in 2024.
28	Volunteer wetland monitoring coordinated by HCEE through the Wetland Health Evaluation Program (WHEP). Hennepin County discontinued the program in 2022.
29	Most special projects or studies are now completed through a separate account and not tracked as part of the operating budget.
REVENUES	
30	Annual assessments to the member cities to pay the operating expenses of the Commission. Assessments are apportioned based on taxable market value of land within the watershed. Assessments did not increase 2020-2022 and went up 5.4% in 2023. No increase is proposed for 2024.
31	The amount of interest earnings varies based on interest rate and the balance carried by the Commission in its 4M Fund.

Line	Comment
32	Income received as dividends. Sometimes is shown as offsetting insurance costs.
33	The Commission's contract with TRPD includes reimbursement from the Park District to the Commission for the value of services provided.
34	The application fee structure is intended to recover the cost of completing current project reviews. While the fees do not fully fund that activity, they are set and periodically reviewed and adjusted to recover a majority of the cost. It is difficult to predict and budget for project review revenues and fees because it varies based on the economy.
35	The Commission's project review fee is calculated as a baseline escrow amount for each rule section that is triggered, plus an additional 10% of the total as a contingency. Unused funds are refunded to the applicant, while shortages are invoiced.
36	The Commission's project review fee includes a nonrefundable fee of 10% of the total review fee to cover the costs of administration.
37	The Commission's project review fee includes a nonrefundable fee of 15% of the total review fee to cover the costs of general technical services.
38	Most special projects or studies are now completed through a separate account and not tracked as part of the operating budget.

Table 3. Proposed 2024 member city allocations compared to previous years.

2022	2021 Taxable Market Value	2022 Budget Share		Increase over Prev Year	
		%age	Dollars	%age	Dollars
Champlin	603,102,432	3.940	9,349	-0.05	-452
Corcoran	1,053,101,089	6.880	16,325	0.03	522
Dayton	1,000,693,347	6.537	15,513	0.08	1,138
Maple Grove	7,344,495,742	47.979	113,855	-0.03	-3,242
Medina	1,187,298,004	7.756	18,406	-0.02	-282
Plymouth	1,887,099,770	12.328	29,254	0.07	1,918
Rogers	2,231,809,062	14.580	34,598	0.01	398
Totals	15,307,599,446	100.000	237,300	0.00%	0
2023	2022 Taxable Market Value	2023 Budget Share		Increase over Prev Year	
		%age	Dollars	%age	Dollars
Champlin	807,005,389	3.942	9,854	0.05	505
Corcoran	1,544,836,780	7.546	18,864	0.05	2,539
Dayton	1,644,909,207	8.034	20,086	0.05	4,573
Maple Grove	9,535,464,544	46.575	116,436	0.05	2,581
Medina	1,515,134,760	7.400	18,501	0.05	96
Plymouth	2,517,439,300	12.296	30,740	0.05	1,486
Rogers	2,908,759,834	14.207	35,519	0.05	921
Totals	20,473,549,814	100.000	250,000	0.00%	12,700
2024	2023 Taxable Market Value	2024 Budget Share		Increase over Prev Year	
		%age	Dollars	%age	Dollars
Champlin	898,761,000	3.999	9,998	0.01	144
Corcoran	1,808,292,200	8.046	20,116	0.07	1,252
Dayton	2,031,786,500	9.041	22,602	0.13	2,516
Maple Grove	10,043,624,100	44.690	111,726	-0.04	-4,711
Medina	1,680,727,800	7.479	18,697	0.01	195
Plymouth	2,671,442,700	11.887	29,717	-0.03	-1,023
Rogers	3,339,194,100	14.858	37,145	0.05	1,627
Totals	22,473,828,400	100.000	250,000	0.00%	0

To: Elm Creek WMO Commissioners
Elm Creek TAC

From: Budget Committee

Date: May 3, 2023

Subject: Adopt Reserve and Fund Balance Policy

**Recommended
Commission Action**

Review and discuss the attached Reserve and Fund Balance Policy. By motion adopted the Policy with any desired changes or hold over to the June 14 meeting.

The draft Reserve and Fund Balance policy (attached) is presented to you for your discussion and review.

The Policy as written would require that the Commission maintain a cash reserve equal to either 50% of annual operating revenues or five months of operating expenses. Using the 2023 budget, that minimum reserve balance would be the greater of the following:

Table 1. Fund balance calculation using 2023 budget figures.

Component	Operating Expenses	Operating Revenues
2023 Budget	\$488,477	\$474,250
Less project reviews	184,000	184,000
Net Amount	304,477	290,250
5/12ths of yearly expenses	\$126,865	
50% of yearly revenues		\$145,125

According to the annual audit, the Unrestricted Fund Balance at the **end of 2021** was **\$279,332**. While the 2022 year-end balance is still under audit, it appears the Commission currently maintains more than adequate cash reserves.

Other funds available at the end of 2021 were:

Table 2. Unassigned fund balances as of the end of 2021.

Account	2021 Audited Year End	2022 Expected Year End	2023 Funds Encumbered	Notes
Assigned for Projects/Studies	\$181,817	↑	\$9,468	Match for WBIF studies
Closed Projects Account	\$62,034	↑		
4 th Generation Plan	\$10,000	\$22,500		Budgeted \$12,500 in both '22 and '23



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To: Elm Creek Commissioners
From: Diane Spector, Stantec
Judie Anderson, JASS
Date: April 5, 2023
Subject: Reserve and Fund Balance Policy

Last May, Staff were asked to begin the process of developing a *Financial Reserves and Fund Balance Policy*. This topic arose as the Commissioners were developing their 2023 operating budget, They queried, *What amount of money is sufficient to maintain an adequate unrestricted/unreserved fund balance, maintaining financial integrity, while at the same time not holding an inordinate amount of undedicated funds?*

A committee was formed to develop a draft policy. Members of the committee are Ken Guenthner, Treasurer; Doug Baines, Chair; Diane Spector, Stantec; Judie Anderson and Beverly Love, JASS; and Tom Opitz, Johnson and Company, Ltd., the Commission's auditor. In turn, Opitz recommended that the Commission engage Jim Eichten, CPA, Mallory Montague, Karnowski, Radosevich & Co., as an outside advisor.

The group was also referred to *the Office of the State Auditor's (OSA) Statement of Position: Fund Balances for Local Governments Based on Governmental Accounting Standards Board's (GASB) Statement No. 54, Reviewed February 2014*, which the Commission currently uses for guidance.

Upon adoption of this policy, the italicized and bracketed comments will be removed from the policy.

I. Comprehensive Fund Balance Policy.

[OSA recommends that each local government establish/approve a formal comprehensive fund balance policy relating to accounting and financial reporting of governmental fund balances.]

A. The Elm Creek Watershed Management Commission's (Commission) Fund Balance Policy (Policy) shall address the following areas:

1. Minimum fund balance
2. Order of resource use

3. Stabilization arrangements
4. Committing fund balances
5. Assigning fund balances

B. The Commission only classifies fund balances at year end for financial reporting purposes. Only current, and not future, net resources are classified. The fund balance classifications used by the Commission shall include:

1. Nonspendable Fund Balance – amounts that are not in a spendable form. The Commission does not have any items that fit this category.

2. Restricted Fund Balances – amounts constrained to specific purposes by their providers (entities other than the Commission).

a. Restricted for CIPs. One example would be ad valorem levy funds received from the County for capital improvement projects.

b. Restricted for Closed Projects. The unused portion of the ad valorem funds must be set aside in a restricted account for similar projects (the Restricted for Closed Projects account.).

c. Restricted for Grant Proceeds. Another example would be BWSR Legacy Grants which are funded 50% before work begins, 40% progress payment, and 10% upon completion of the work and final report. Any unused portion is returned to the grantor.

Most other grants are funded quarterly, upon submittal of “work completed to date” reports. In some cases, a retention percentage is withheld until completion of the project.

3. Committed – amounts assigned for specific purposes by the Commission itself.

a. Assigned for Capital Projects, Studies. An example would be residual funds carried over from one year to the next for such purposes as Studies, Project Identification, and Subwatershed Assessments.

b. Assigned for Fourth Generation Plan. Another example would be setting aside monies over a period of years to develop the next generation Watershed Management Plan.

4. Assigned – amounts the Commission intends to use for specific purposes. Most line items in the Commission’s Operating Budget fall under this

category. If unused, monies assigned in this category are moved to the unassigned fund at year-end unless carried over by majority consent of the members at a regular meeting of the Commission.

5. Unrestricted/Unassigned – amounts available for any purpose. These amounts are reported only in the general fund.

[Add] **6. Unspecified Reserves.** – amounts available for future unnamed expenditures. These funds would be moved into this account from the Unrestricted/Unassigned account and would be taken out of this account and returned to the Unrestricted/Unassigned account if unused. *[During the committee's discussions, Eichten informed the group of this fund, which lends itself to more flexibility than the above-named accounts. This fund might be used to encumber monies for a specific purpose midway through the budget year. Staff recommend that this fund be added to the Commission's Financial Statement.]*

From time to time Staff may request, or the Commission's auditor may recommend, Commission approval to add a designated fund to the Commission's Financial Statement so as to segregate monies related to specific Commission activities. This would be done by majority consent of the members at a regular meeting of the Commission.

II. Minimum Fund Balance.

[OSA recommends that local governments determine and establish in their fund balance policy a desired minimum level of unrestricted fund balance to maintain in their general fund and other significant governmental funds. The local government's governing body should keep revenue streams in mind when determining a minimum level of fund balance for their policy.]

A. The Commission shall maintain an unrestricted fund balance of approximately 50 percent of operating revenues (~~or no~~ but not less than five months of operating expenses in its general fund.

1. Operating revenues are defined as monies derived from
 - a. Annual member assessments, which are collected in January and June.
 - b. Interest earned from monies residing in the Commission's bank accounts, which are received monthly.

2. Operating expenses are those expenditures related to routine business activities.

B. *[After establishing a minimum level of unrestricted fund balance, the policy should provide for both a time frame and a specific plan for increasing or decreasing the level of unrestricted fund balance. The fund balance policy should include a provision for a regular review of the sufficiency of the minimum fund balance level.]* Commission Staff will review the sufficiency of the unrestricted fund balance as part of the development of the following year's budget, which occurs annually in April/May, and make a recommendation to the Commission as part of that process.

If, while preparing the monthly Treasurer's Report, Staff determine that the level of unrestricted funds is likely to fall below the five months' level cited above, they shall so advise the Commission, providing a recommendation on how to address that shortfall.

III. Order of Resource Use/Fund Balance Flow Assumption.

[OSA recommends that local governments include in their fund balance policy the normal order of resource use. The policy should identify which fund balance resources (restricted or unrestricted) are normally used first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, for unrestricted fund balance, the local government should identify the order in which committed, assigned, or unassigned amounts are spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.]

A. The monies the Commission receives are very specific and purposed and **no "ordering" is recommended**. The funds the Commission has designated include

1. The ad valorem-related capital projects and studies.
2. The closed project account which holds the unused portion of the previously named fund.

3. Capital projects and studies **not** funded by ad valorem taxation. These projects and studies

a. Receive funds from local, state and federal grant programs, or
b. Are designated during the development of the Commission's annual budgeting process

4. Unrestricted/Unassigned. In the case of grants and such sources, the Commission’s “match” portion comes from unrestricted funds.

B. Stabilization Arrangements.

[OSA also recommends that local governments consider establishing a stabilization arrangement for emergency situations in their comprehensive fund balance policy.] Staff do not foresee a need for this process.

IV. Committing Fund Balance.

[The Office of the State Auditor recommends that a local government’s governing body identify its process for committing a fund balance to a specific purpose. The policy could identify the local government’s highest level of decision making authority, what formal action is required to commit fund balance, and what specific purposes normally will require committing resources.]

A This process is self-defining, i.e., funding sources are determined by the action/activity that is occurring. Approval to move forward with approval and acceptance of a grant, certification of an ad valorem levy, etc., are made by a majority vote of the Commission. The Commission may vote to authorize Staff to perform such actions on their behalf.

B. It is a policy of the Commission that the unused portion of completed ad valorem-related capital projects and studies be moved to the Closed Project Account.

C. During the annual Audit, the Commission’s auditor makes appropriate adjustments to the various funds upon review of the monthly meeting minutes and Staff consultation.

Elm Creek Watershed Management Commission
Reserve and Fund Balance Policy
April 5, 2023

Exhibit A – for Reference
Elm Creek Watershed Management Commission
Governmental Fund Balance Sheet
December 31, 2021 | December 31, 2020

NOTE: Line 16 shows the monies that would be the subject of the Fund Balance Policy. Lines 21 and 26 are the revenue items that fund the Line 16 balance, as impacted by surpluses or deficits in routine business operations. Lines 28-37 are the expense items that comprise routine business operations.

Line		Dec. 31, 2021	Dec. 31, 2020
	ASSETS		
1	Cash and Temporary Investments	1,275,084	1,231,058
2	Restricted Cash	228,085	76,351
3	Due from other governments	6,169	0
4	Accounts Receivable	<u>46,955</u>	<u>52,193</u>
	Total Assets	<u>1,556,293</u>	<u>1,359,602</u>
	LIABILITIES AND FUND BALANCES		
5	Accounts Payable	102,597	101,811
6	Financial and administrative guarantee fee deposits	8,105	9,108
7	Project review fee escrow	11,739	0
8	Unearned income	<u>208,241</u>	<u>67,243</u>
	Total Liabilities	330,682	178,162
9	Restricted Fund Balances/Net Position		
10	Restricted for CIPs	692,428	729,149
11	Restricted for Closed Projects	<u>62,034</u>	<u>16,217</u>
12	Total Restricted Fund Balances/Net Position	754,462	745,366
13	Assigned Fund Balances/Net Position		
14	Assigned for Capital Projects, Studies	181,817	187,134
15	Assigned for fourth generation plan	<u>10,000</u>	<u>0</u>
		191,817	187,134
16	Unrestricted/Unassigned Fund Balances/Net Position	<u>279,332</u>	<u>248,940</u>
17	Total Assigned/Unrestricted Fund Balances/Net Position	471,149	436,074
18	Total Fund Balances/Net Position	1,225,611	1,181,440
19	Total Liabilities/Fund Balances/Net Position	<u>1,556,293</u>	<u>1,359,602</u>

Elm Creek Watershed Management Commission
Reserve and Fund Balance Policy
April 5, 2023

Lines

- 1 4M Fund
- 2 Grant payments received prior to work performed
- 3 Accounts receivable - TRPD, County, State
- 4 Accounts receivable - -- grant revenue earned, unreceived
- 5 2021 expenses paid in 2022
- 6 WCA Monitoring and Administrative Fees
- 7 Project review escrows invoiced
- 8 Grant prepayment
- 10 Ad Valorem CIPs
- 11 Unused portion completed Ad Valorem CIPs - can be used only for other capital projects
- 14 Stream Assessments, SWAs, Studies - designated funds may be carried over from year to year
- 15 Set aside for fourth generation plan development, may be carried over from year to year
- 16 Unrestricted monies available for any purpose

Line		Dec. 31, 2021	Dec. 31, 2020
	REVENUE		
21	Member Assessments	237,300	237,300
22	Property Taxes – Ad Valorem	138,249	295,954
23	Project and Wetland Fees	218,801	101,374
24	Reimbursements	5,230	4,808
25	Grants	23,488	83,452
26	Interest Income	<u>179</u>	<u>5,339</u>
27	Total Revenue	<u>623,247</u>	<u>728,227</u>
	EXPENDITURES		
28	Administration	130,494	112,490
29	Education	6,304	8,535
30	Grant Program	29,385	85,043
31	Insurance	2,599	3,182
32	Professional Fees	7,155	6,419
33	Technical support	224,492	134,306
34	Water Monitoring	41,837	38,462
35	Watershed Programs	5,317	15,000
36	Watershed Plan	642	1,410
37	Capital Outlay – Improvement Projects	<u>130,851</u>	<u>319,021</u>
38	Total Expenditures	<u>579,076</u>	<u>723,868</u>
39	Net change in fund balances/net position	44,171	4,359
	Net fund balances/net position		
40	Beginning of year	<u>1,181,440</u>	<u>1,177,081</u>
41	End of year	<u>1,225,611</u>	<u>1,181,440</u>