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BIENNIAL PLAN – FY 2014 & 2015

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WORK PLAN NARRATIVE- PAGES 3 & 4

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FY 2014 TECHNICAL OFFICE BUDGET - PAGE 7

ATTACHMENTS:

A – SUMMARY OF 2012 BONDING PROJECTS AND FY2013 COMPLETED PROJECTS
B – FY 2013 ADMINISTRATIVE SERVICES GRANT REPORT

AREA II MINNESOTA RIVER BASIN PROJECTS, INC.
BROWN COUNTY
DENNIS POTTER
ANDREW LOCHNER (ALTERNATE)

MURRAY COUNTY
ROBERT MOLINE – CHAIR
JOHN GIESE (ALTERNATE)

COTTONWOOD COUNTY
NORMAN HOLMEN
JIM SCHMIDT (ALTERNATE)

PIPESTONE COUNTY
LUKE JOHNSON
BRUCE KOOIMAN (ALTERNATE)

LAC QUI PARLE COUNTY
ROY MARIHART
TODD PATZER (ALTERNATE)

REDWOOD COUNTY
JOHN SCHUELLER – VICE CHAIR
AL KOKESCH (ALTERNATE)

LINCOLN COUNTY
CURT BLUMEYER - SECRETARY/TREASURER
DON EVERS (ALTERNATE)

YELLOW MEDICINE COUNTY
LOUIS SHERLIN
RON ANTONY (ALTERNATE)

LYON COUNTY
RODNEY STENSRUD
RICK ANDERSON (ALTERNATE)

AREA II MINNESOTA RIVER BASIN PROJECTS, INC.
Area II, formed in 1978 as a non-profit organization, works to alleviate the recurrent flood problems which plague this area of southwestern Minnesota. This organization is recognized as a leader in flood damage reduction by the installation of dams, reservoirs, grade stabilizations and road retentions. Area II assists its member counties with the engineering design, hydrologic and hydraulic modeling, construction and inspection, and finance of flood damage reduction projects. Due the unique landforms of this region, particularly the Coteau de Prairies (the Buffalo Ridge), Area II receives a 75/25 cost-share rate for office administration and project implementation. Oversight of this grant-in-aid program is provided by the Minnesota Board of Water & Soil Resources.

This Biennial Plan provides direction for a 2-year period while the Technical Office Budget is for one fiscal year. By May 30, 2014, updates to the Biennial Plan as well as to the Technical Office Budget for FY2015 will be provided for BWSR staff review.

1) Initiative: FY 2014 – ADMINISTRATIVE SERVICES

Description: Provide administrative and coordination oversight for the AREA II Minnesota River Basin Projects, Inc. Board of Directors. Provide financial reports and records that meet State accounting and auditing standards, prepare budgets, provide supervision and management of staff, evaluate employee job performance, draft agenda and minutes of monthly board meetings. Conduct local government and citizen outreach and education.

Actions:
- Maintain a complete Board of Directors of 9 delegates and 9 alternates.
- Maintain adequate staffing to address the goals of AREA II. Evaluate job performance of all employees yearly.
- Conduct 10 monthly board meetings, 2 Executive Board teleconferences and 1 Annual Legislative Gathering.
- Utilize engineering consultant services to assist with engineering, hydrologic and planning/prioritization issues.
- Maintain policies and procedures. Review Operating Policies, Joint Powers Agreement and Articles of Incorporation annually.
- Maintain a public outreach and information program. Accomplish by maintaining the AREA II web site; conduct tours as necessary to highlight projects completed; prepare an annual report. Complete website reporting requirements by March 15 of each year.
- Strive for fiscal accountability. Accomplish by preparing and adopting an annual budget; reviewing monthly financial reports, conducting an annual audit of the financial records.
- Actively pursue new funding sources with local partners through Clean Water Fund and federal programs (EQIP, MRBI, WHIP).
- Continue administrative/operational efficiency discussions with RCRCA. Schedule board meetings for the same day and same location to lessen per diems and expenses paid to board members. Future discussions may include sharing technical resources.
- Meet and communicate with member county commissioners, engineers, water planners, watershed districts, SWCD/NRCS, watershed project staff regarding technical services and potential projects.
- Serve on technical committees (as requested) for watershed projects, TMDL project assessment and implementation efforts. Provide input to USDA Environmental Quality Incentive Program (EQIP) local work group committees.
2) Initiative: FY 2014 – ENGINEERING SERVICES
Description: Employ senior engineering technician and consultant registered engineer to provide design services which include planning, hydrologic and hydraulic design, construction and inspection of flood damage reduction projects to the member counties of AREA II.
Provide engineering services for projects funded through outside sources involving USDA Environmental Quality Incentive Program (EQIP), Clean Water Funds acquired by SWCDs, RCRCA and counties.

Actions:
- Continue contracting professional engineering services through Bolton & Menk, Inc.
- Schedule and complete annual inspections and reports for 9 reservoirs.
- Ensure annual inspection of road retention projects by owners and keep inspection reports on file. Follow up on noted concerns.
- Provide wetland monitoring and annual reporting for mitigation sites associated with constructed project.
- Provide project management and coordination with local/state/federal permitting authorities.
- Process payment requests in a timely manner and provide as-built plans and construction documentation.
- Assist in securing the local matching funds for projects which may include: owner(s), township(s), counties, watershed district, or special interest groups (Ducks Unlimited, Minnesota Waterfowl Association, Wild Turkey Federation and others).

3) Initiative: FY 2014 – OPERATIONAL & SUPPORT EXPENSES
Description: Use funding for operational and support expenses of AREA II Minnesota River Basin Projects Inc., for such things as: payroll, consultant engineering fees, field and office supplies, telephone / internet and computer services, training and certification, vehicle and equipment expenses, liability / business / auto insurance, and general business expenses.

4) Initiative: FY 2014 – PROJECT IMPLEMENTATION VIA ADMINISTRATIVE GRANT

5) Initiative: FY2012 BONDING APPROPRIATION
Description: Provide project management and engineering services to construct flood damage reduction structures to meet the 3:1 match requirement and provide the most floodwater storage as practicable. Highest priority will be given to Road Retention structures which lack other funding resources which dams and grade stabilizations can secure.

Actions:
- Administer the $1,000,000 appropriation and report project outcomes annually to BWSR Board.
- Complete fiscal expenditure report due at end of grant period listing total costs and cost-sharing by all partners.
- Facilitate wetland mitigation/creation if required for proposed projects.
- Provide project management and coordination with local/state/federal permitting authorities.
- Process payment requests in a timely manner and provide as-built Plans and construction documentation.
- Assist in securing the local matching funds for projects which may include: owner(s), township(s), counties, watershed district, or special interest groups (Ducks Unlimited, Minnesota Waterfowl Association, Wild Turkey Federation and others).
**OTHER PROJECT ENDEAVORS**

**Biennial Plan – FY 2014 & 2015**

- **LAKE YANKTON FLOODWATER RETENTION PROJECTS** *(Des Moines River Watershed)*

**ISSUE:** This 400-acre lake located in southern Lyon County is a recreational and aesthetic asset, offering great fishing and boating opportunities. Fluctuating water levels are problematic and solutions to stabilize the fluctuations have been sought for many years. After a significant rainfall event in September 2010, the lake level rose over 2' above the ordinary high water level causing shore erosion and flooding of buildings in the City of Balaton. This high water level persisted through the winter and for several months into 2011. Significant flows from the southern watershed in Murray County causes water to flow backwards into Lake Yankton and creates an impediment for the lake to discharge after significant events. Water levels have continued to be problematic annually since 2010.

**ACTION:** A coalition of Lyon County, Murray County, and the City of Balaton funded a study of the hydraulic connections between these watershed systems and to determine if floodwater storage could effectively reduce backflows into Lake Yankton and aid in discharge.

**RECOMMENDATION:** The engineering analysis found positive impacts of upstream retention in terms of downstream flow reductions and water quality improvements. Installation of a pump would be cost prohibitive to construct as well as maintain and operate.

**PLAN:** Two landowners have voluntarily offered their lands for two of the seven retention structures identified. The 2013 Minnesota Legislature considered a request for $425,000 in bonding, to be matched 25% by the local funds. This legislation would allow Area II to provide the engineering design services and construction inspection. The request was heard in the Senate, but not in the House. No funding was included in the 2013 Bonding Bill.

- **EARLY WETLAND COORDINATION FOR PROJECTS**

**ISSUE:** Permits and approvals are needed on most projects to comply with regulations of the Wetland Conservation Act (WCA) and Section 404 of the Clean Water Act overseen by the U.S. Army Corps of Engineers. These rules are inconsistent and are causing lengthy permitting delays, increased design and construction costs, resulting in frustration from the landowners and Area II staff.

**ACTION:** Discussion has been held between BWSR and Area II to identify methods to address wetland issues early in planning stages.

**PLAN:** Area II staff will meeting jointly with representatives from BWSR/WCA staff and U.S. Army Corps of Engineers on project sites to discuss potential issues that may arise in the permitting process. It is hoped that early coordination will lead to better communications, early decisions and possible alternatives if regulations require different outcomes. Early project review and agency comment will be sought before technical assistance and/or funding are committed to a project.
COTTONWOOD COUNTY
- Ann 22 Grade Stabilization
- Storden 10 Grade Stabilization Repairs (3)
- Germantown 17 Streambank Stabilization

LINCOLN COUNTY
- Royal 10 Road Retention
- Limestone 11 Grade Stabilization Repair

LYON COUNTY
- Amiret 27 Grade Stabilization Repair
- Coon Creek 11 Grade Stabilization Repair
- Lynd 33 Grade Stabilization Repair
- Custer 10 SE Grade Stabilization
- Monroe 17 Grade Stabilization Repair
- Nordland 15 Grade Stabilization
- Monroe 2 Grade Stabilization Repair
- Sodus 21 Grade Stabilization Repair
- Sodus 22 Grade Stabilization
- Lynd 17 Grade Stabilization
- Custer 10 NE Grade Stabilization
- Monroe 17 Road Retention
- Nordland 6 Road Retention
- Sodus 24 Grade Stabilization

MURRAY COUNTY
- Holly 22 Road Retention
- Lowville 36 Dam Repair

REDWOOD COUNTY
- Charlestown 28 Grade Stabilization
- Charlestown 29 Grade Stabilization
- Lamberton 19 Grade Stabilization Repair
- Honner 32 Grade Stabilization
- North Hero 25 Grade Stabilization Repair
- Redwood Falls 18 Grade Stabilization Repair
- Sherman 9 Grade Stabilization
- Springdale 28 Grade Stabilization
- Charlestown 30 Grade Stabilization
- Lamberton 16SW Grade Stabilization Repair
- Springdale 21 Road Retention
- North Hero 34 Road Retention
- Redwood Falls 10 Grade Stabilization
- Redwood Falls 7 Grade Stabilization Repair
- Springdale 24 Grade Stabilization
- Swede’s Forest 28 Grade Stabilization

YELLOW MEDICINE COUNTY
- Norman 10 Grade Stabilization
- Sioux Agency 3 Grade Stabilization Repair
OFFICE OPERATIONS
PERSONAL SERVICES:
*Directors' Compensation................................. $ 2,250.00*
*Directors' FICA........................................... 172.12*
Employees' Salaries.................................. 100,132.50
Employees' FICA............................................ 7,660.14
Employees' Medical Insurance....................... 20,000.00
Employees' Retirement................................. 7,259.61
Employee’ FlexPlan........................................ 420.00
Total Personal Services................................. $ 137,894.37

SUPPLIES:
Office.......................................................... $ 2,000.00
Field.................................................................... 500.00
Capital Outlay................................................... 0.00
Total Supplies.................................................. $ 2,500.00

OTHER SERVICES AND COSTS:
*Directors' Expenses........................................ $ 1,000.00*
Employees' Expenses................................. 1,750.00
Continuing Education..................................... 0.00
Professional Services................................. 30,000.00
Maintenance & Repairs............................... 2,200.00
Telephone....................................................... 950.00
Postage......................................................... 2,100.00
Vehicle Expense............................................. 3,548.95
*Director's Insurance..................................... 2,005.00*
Other Insurance............................................. 10,540.00
Rent............................................................... 9,511.68
Utility Expenses......................................... 1,000.00
Miscellaneous Expenses............................. 2,000.00
Total Other Services and Costs....................... $ 66,605.63

TOTAL OFFICE OPERATIONS............................. $ 207,000.00
Total Ineligible for Cost-Share by the State......... $ 5,427.13*
Total Eligible for Cost-Share by the State............ $ 201,572.87
* These items not cost-shared by the State

STATE SHARE OF ELIGIBLE OFFICE COSTS............ $ 120,000.00
Local Share of Eligible Office Costs.................... $ 81,572.87

AREA II MINNESOTA RIVER BASIN PROJECTS, INC.
ATTACHMENTS
BIENNIAL PLAN – FY 2014 & 2015

ATTACHMENT A – SUMMARY OF FY2012 BONDING & FY2013 COMPLETED PROJECTS
ATTACHMENT B – FY2013 ADMINISTRATIVE GRANT SUMMARY

AREA II MINNESOTA RIVER BASIN PROJECTS, INC.
ATTACHMENT A

SUMMARY OF FY2012 BONDING PROJECTS

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>AMIRET 18/19 ROAD RETENTION – Lyon</td>
<td>$ 94,490.81</td>
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<tr>
<td>AMIRET 32/33 ROAD RETENTION – Lyon</td>
<td>$ 71,605.55</td>
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<tr>
<td>LYND 17 GRADE STABILIZATION – Lyon County</td>
<td>$ 22,995.07</td>
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<tr>
<td>HOLLY 4 DAM REPAIR -- Murray County</td>
<td>$ 4,547.38</td>
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<tr>
<td>LAKE MARSHALL 31 DAM REPAIR – Lyon County</td>
<td>$ 6,790.51</td>
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<td>LYND 8 GRADE STABILIZATION – Lyon County</td>
<td>$ 24,390.29</td>
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<tr>
<td>NORDLAND 15 GRADE STABILIZATION – Lyon County</td>
<td>$ 20,015.84</td>
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<tr>
<td>COON CREEK 11 DAM REPAIR – Lyon County</td>
<td>$ 30,558.83</td>
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<tr>
<td>ISLAND LAKE 4 DAM -- Lyon County</td>
<td>$ 994.24</td>
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<tr>
<td>LIMESTONE 1 ROAD RETENTION – Lincoln County</td>
<td>$117,118.93</td>
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<tr>
<td>SPRINGDALE 29 DAM REPAIR – Redwood County</td>
<td>$ 25,815.08</td>
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<tr>
<td>LAMBERTON 18 DAM REPAIR – Redwood County</td>
<td>$ 1,421.25</td>
</tr>
<tr>
<td>GERMANTOWN 1 DAM REPAIR – Cottonwood County</td>
<td>$ 690.00</td>
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<tr>
<td>STORDEN 4 GRADE STABILIZATION – Cottonwood Co.</td>
<td>$ 1,981.88</td>
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<tr>
<td>AMIRET 27 DAM REPAIR – Lyon County</td>
<td>$ 15,837.42</td>
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NOTE: $1,000,000 grant expires 6/30/14

TOTAL $ 439,253.08

GRANT SUMMARY

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<td>Total Project Costs</td>
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<td>Local Match Provided</td>
<td>$ 190,017.74</td>
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<td>Federal Funds Provided</td>
<td>$193,309.44</td>
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<td>State/Local Cost-Share Ratio</td>
<td>2.31 : 1</td>
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<td>Acre-Feet of storage created</td>
<td>302.8</td>
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<tr>
<td>Total Acre-Feet of storage</td>
<td>403.4</td>
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FY2013 COMPLETED PROJECTS

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<th>Project Description</th>
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<tr>
<td>Storden 4 Dam - Cottonwood</td>
<td>$ 52,410.20</td>
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<td>2012 Bonding Funds</td>
<td>$ 1,981.88</td>
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<tr>
<td>Landowner</td>
<td>$ 1,137.49</td>
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<td>EQIP Federal Funds</td>
<td>$ 48,630.20</td>
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<td>Area II Counties</td>
<td>$ 660.63</td>
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<td>Lynd 8 Dam Repair - Lyon</td>
<td>$ 98,933.39</td>
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<td>2012 Bonding Funds</td>
<td>$ 24,390.29</td>
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<td>Landowner</td>
<td>$ 8,771.10</td>
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<td>Area II Counties</td>
<td>$ 1,214.00</td>
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<td>EQIP Federal Funds</td>
<td>$ 64,558.00</td>
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<td>Germantown 1 Repair – CW</td>
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<td>2012 Bonding Funds</td>
<td>$ 690.00</td>
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<td>Landowner</td>
<td>$ 5,366.17</td>
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<td>EQIP Federal Funds</td>
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<td>RCRCA</td>
<td>$ 3,032.53</td>
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<tr>
<td>Area II Counties</td>
<td>$ 230.00</td>
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<td>Limestone 1 Road Retention – Lincoln</td>
<td>$ 156,158.57</td>
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<tr>
<td>2012 Bonding Funds</td>
<td>$ 117,118.93</td>
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<tr>
<td>Lincoln &amp; Lyon Counties</td>
<td>$ 19,090.38</td>
</tr>
<tr>
<td>Alta Vista &amp; Eidsvold Townships</td>
<td>$ 12,726.92</td>
</tr>
<tr>
<td>Yellow Medicine River Watershed District</td>
<td>$ 7,222.33</td>
</tr>
<tr>
<td>Amiret 27 Dam Repair - Lyon</td>
<td>$ 21,116.56</td>
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<tr>
<td>2012 Bonding Funds</td>
<td>$ 15,837.42</td>
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<tr>
<td>Landowner</td>
<td>$ 5,009.14</td>
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<tr>
<td>Area II Counties</td>
<td>$ 270.00</td>
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TOTAL $ 478,384.89

SUMMARY OF FY2013 COMPLETED PROJECTS

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<th>Project Description</th>
<th>Amount</th>
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<tr>
<td>2012 Bonding Funds</td>
<td>$ 198,789.11</td>
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<tr>
<td>EQIP Federal Funds</td>
<td>$ 143,464.20</td>
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<td>Clean Water Funds</td>
<td>$ 30,122.85</td>
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<td>RCRCA Cost-Share</td>
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<tr>
<td>Counts</td>
<td>$ 19,090.38</td>
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<tr>
<td>Townships</td>
<td>$ 12,726.92</td>
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<tr>
<td>Watershed District</td>
<td>$ 7,222.33</td>
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<tr>
<td>Area II Counties</td>
<td>$ 5,350.01</td>
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<tr>
<td>Landowners</td>
<td>$ 58,586.55</td>
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<tr>
<td>TOTAL</td>
<td>$ 478,384.89</td>
</tr>
</tbody>
</table>

Alta Vista & Eidsvold Townships       $    12,726.92
Watershed District $ 7,222.33
Area II Counties $ 5,350.01
Landowners $ 58,586.55
TOTAL $ 478,384.89
ATTACHMENT B

AREA II
MINNESOTA RIVER BASIN PROJECTS, INC.

GRANT PERIOD:
(incl. extensions)
From: July 1, 2012
To: June 30, 2013

AREA II STATUTORY AUTHORITY:
MN Statutes, Sections
103F.171-103F.187

Administrative Services Grant Expenditures

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<td>Personal Services</td>
<td>$137,184.03</td>
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<tr>
<td>Other Services</td>
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<tr>
<td>Supplies</td>
<td>$3,112.00</td>
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<tr>
<td>Investigation &amp; Testing</td>
<td>$4,685.00</td>
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<tr>
<td>Capitol Outlay</td>
<td>$8,148.23</td>
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<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td><strong>$237,951.30</strong></td>
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<tr>
<td><strong>year to date</strong></td>
<td></td>
</tr>
</tbody>
</table>

Member Counties:
Brown
Cottonwood
Lac qui Parle
Lincoln
Lyon
Murray
Pipestone
Redwood
Yellow Medicine

Area II Minnesota River Basin Watershed Boundary

Overall Project Description

Minnesota Statutes establish a grant-in-aid program administered by BWSR for providing financial and technical assistance to local government units (counties, SWCDS, and watershed districts) located in Area II for project and construction costs of floodwater retarding and retention structures within a general plan for floodplain management.

Nine counties within Area II have entered into a Joint Powers Agreement since 1978 to coordinate the implementation of such floodwater retarding and retention projects, and for this purpose, established Area II Minnesota River Basin Projects, Inc.

Statute authorizes BWSR to supervise the program and provide individual project grants not to exceed 75% of total project costs where federal funds are not utilized, or 50% of the nonfederal costs where federal funds are utilized.

Area II has an established office which houses Area II personnel and equipment to provide the engineering and other technical services of projects cost-shared through this program.

Costs eligible for cost-sharing under this Grant Agreement include technical office costs and associated costs, but do not include Area II Directors’ compensation, expenses, insurance and bonding costs. The combination of the nine member counties provide $87,000.00 to the Administrative Services Grant of $120,000. This is well beyond the required 25% local match.

PROJECT CONTACT:
Kerry Netzke, Executive Director
(507) 537-6369
area2@starpoint.net