

# AREA II

## AREA II / RCRCA

### June 11, 2018 Boards of Directors Meeting Redwood County Courthouse - Basement Meeting Room, Redwood Falls, MN

**AREA II Members Present:** Dean Simonsen, Norman Holmen, John Maatz, Corey Sik, Rick Anderson, Lori Gunnink, Luke Johnson, Lon Walling and Glen Kack.

**RCRCA Members Present:** Dean Simonsen, Jeff Nielsen, Norman Holmen, Clark Lingbeek, Corey Sik, John Boulton, Rick Anderson, Mark Meulebroeck, Lori Gunnink, Paul Posthuma, Luke Johnson, Lon Walling, Ed Carter, Glen Kack and Tom Remmele.

**Others Present:** Kerry Netzke – Executive Director, Joy Bruns – RCRCA Office Manager, and Ron Antony – Yellow Medicine County Commissioner.

The meeting was called to order at 9:00 AM by Area II Chairman Johnson and RCRCA Chairman Holmen. Introductions were made.

**ADOPT AGENDA.** Chairman Johnson asked for any additions to the Agenda. It was noted that the November 1 meeting date conflicts with the AMC regional meeting. A change of the meeting date or time will be addressed under Other Business. Walling requested that the Dam Liability Insurance issue be discussed early as he needed to leave early for another meeting. Motion by Gunnink, seconded by Walling, to approve the Agenda as amended. Motion carried unanimously.

#### **AGENCY AND MEETING REPORTS.**

**MASWCD** – Supervisor Lingbeek announced the next Area V MASWCD meeting will be June 21 at Granite Falls. There are currently 3 resolutions presented dealing with MDA’s nitrogen fertilizer rule.

**MINNESOTA RIVER CONGRESS** – The annual meeting was held May 19 at the Kato Ballroom in Mankato. It was reported that the event was not well attended due to various conflicts and planting season.

**AMC** – Commissioner Anderson reported that the next meeting is June 21-22.

**YMRWD** – Manager Boulton reported 33 tiling permits this month and 3 retention projects in the works with Area II.

**COTTONWOOD SWCD** - Supervisor Lingbeek reported that the SWCD employee plead guilty to embezzlement and received 60 days in jail and a repayment schedule.

**AREA II Dam Liability Insurance.** Upon the request of Walling, the Agenda was taken out of order to address this issue before his early departure.

*Netzke refreshed the board of directors: Area II Minnesota River Basin Projects was incorporated since 1978 and needed to dissolve the corporate status and remain a JPA in order to become a member of MCIT and obtain insurance coverage, giving the organization considerable insurance savings. The legal fees to dissolve the corporation were \$16,820. MCIT provided all coverage except for dam liability which remained with Western National Insurance. On June 30, 2017, Western National Insurance dropped Area II’s mono-line (single) policy, stating they required all the insurance coverage or none. Netzke, MCIT, and insurance brokers have sought other carriers that offer dam liability insurance, however they also do not carry mono-line policies. League of MN Cities Insurance Trust (LMCIT) does offer dam liability coverage to their members. Several watershed districts are members as LMCIT does include Special Purpose Districts; however the LMCIT eligibility requirements specifies that the organizational structure of the Special Purpose District must be detailed. LMCIT’s staff has determined that Area II is not eligible for membership without a city member in the JPA. While researching insurance*

possibilities, Netzke found that several counties do not carry dam liability insurance, though some do have reserves for a dam failure. Netzke contacted the Red Lake Watershed District regarding their dam liability coverage through LMCIT and obtained a copy of their coverage document. The board of directors had requested that Netzke contact Rinke Noonan to obtain an opinion of Area II's risk and whether dam liability insurance is necessary.

Netzke received an opinion of risk from Rinke Noonan with the letter authored by Roger Justin. Considering a worst case scenario, Justin identified that Area II could be held liable up to the \$1.5 million statutory limit in the event of a catastrophic dam failure. If Area II didn't have the funds in reserve, the member counties would need to pool these funds. With this in mind, Justin's opinion is that it would be more cost effective to purchase the dam liability coverage from Western National Insurance than to expect the nine member counties to scramble to pool up to \$1.5 million. Area II's risk is minimal and it will not likely face this situation given the annual inspection schedule. Justin additionally reviewed LMCIT's eligibility requirements and agrees with the LMCIT staff determination that Area II does not qualify currently.

Western National Insurance has estimated a quote of \$13,385 for Area II's coverage (\$7,462 for Commercial General Liability). MCIT coverage for FY18 was \$4,083 (without dam liability insurance).

Ron Antony, Yellow Medicine County Commissioner and Area II Alternate member, and Charles Enter, Brown County Administrator, both serve on the MCIT Governance Committee. In January, the dam liability issue was brought to the MCIT Board of Directors meeting and assigned to the Governance Committee for determination of whether this line of coverage should be offered by MCIT. Antony reported that a preliminary meeting was held recently looking into new lines of coverage. At that meeting, it was noted that the dam liability insurance is needed more by the SW area of Minnesota versus state-wide. If MCIT offers the coverage, it would be offering coverage to all 81 counties in Minnesota. Netzke clarified that there are dams all throughout Minnesota, and many cities, counties, or watershed districts do not realize that their existing insurance coverage does not include dam failure. Antony requested a copy of Justin's letter to Area II, and the LMCIT coverage document to get a better idea of what MCIT would need to cover if changes were to be made. The MCIT Governance Committee meets again in July and by November 2018 will make a recommendation to the MCIT Board of Directors on coverage changes.

Area II performing yearly maintenance inspections is one area that puts Area II at risk. Rinke Noonan recommends continuing the practice, but including a disclaimer on the inspection form clearly stating that the interior of the dam structure is not inspected. It was asked why DNR doesn't perform the inspections. Netzke clarified that the DNR performs inspections once every 8 years for low hazard dams. Although there is no existing policy that enforces Area staff to conduct the inspections, it is something that has always been done in the 25 years that Netzke and DeSchepper have worked for Area II. DNR Dam Safety permits do require inspection after any large storm (50 or 100-year) event. The annual inspections are provided to DNR Dam Safety for their review and file. Several additional questions were raised:

- 1) *Should Area II cease conducting inspections to eliminate exposure? Owners would need to contract to have the annual inspections done.*
- 2) *Is there dam inspection certification needed for Area II staff?*
- 3) *What would it take to bring a "City" into the JPA?*
- 4) *Should a quote from Bolton & Menk be obtained to perform inspections?*

Consensus of the board is to wait to see what action MCIT takes in the fall regarding offering dam liability coverage. Staff should continue to perform the dam inspections for 2018 and add the disclaimer to the inspection forms.

**APPROVE RCRCA MINUTES of May 3, 2018 Monthly Board Meeting.** Motion by Johnson, seconded by Meulebroeck, to approve the May 2018 Minutes as presented. Motion carried unanimously.

**APPROVE AREA II MINUTES of May 3, 2018 Monthly Board Meeting.** Motion by Maatz, seconded by Anderson, to approve the May 2018 Minutes as presented. Motion carried unanimously.

**APPROVE RCRCA TREASURER'S REPORT – May 2018.** Netzke reviewed the financials with the Board. Motion by Nielsen, seconded by Lingbeek, to approve the May 2018 Treasurer's Report as presented and for payment of the bills. Motion carried unanimously.

**APPROVE AREA II TREASURER'S REPORT – May 2018.** Netzke reviewed the financials with the Board. Revenue received: \$5,062.68 Contract Services Income, \$28.69 Interest Income and \$17,793.10 County Levy. Expenses were routine. Bills were presented for approval: \$8,417.00 Professional Services and \$7,045.00 Project Expense (Nordland 6 Easements). Motion by Holmen, seconded by Gunnink, to approve the May 2018 Treasurer's Report as presented and for payment of the bills. Motion carried unanimously.

**Revenue as recorded:**

|                                 |             |                       |              |
|---------------------------------|-------------|-----------------------|--------------|
| Contract Service Income (RCRCA) | \$ 5,062.68 | Projects-Bonding      | \$ -0-       |
| Interest Income                 | \$ 28.69    | County Levy           | \$ 17,793.10 |
| State of MN-Administrative      | \$ -0-      | 1WIP Grant Funds      | \$ -0-       |
| SWCD Tech Assistance            | \$ -0-      | 1WIP-Contract Service | \$ -0-       |
| Miscellaneous Income            | \$ -0-      | Other Income          | \$ -0-       |

**Paid bills are summarized below:**

|                                  |              |                       |             |
|----------------------------------|--------------|-----------------------|-------------|
| 1WIP Grant Expenses (cash basis) | \$ -0-       | Office Supplies       | \$ 0.10     |
| Administration                   | \$ 20,538.31 | Other Insurance       | \$ -0-      |
| Bonding Project Funds            | \$ -0-       | Postage               | \$ -0-      |
| Contract Services - RCRCA        | \$ 780.05    | Professional Services | \$ 4,387.50 |
| Directors' Expense               | \$ -0-       | Project Expenses Paid | \$ 1,196.00 |
| Directors' Insurance             | \$ -0-       | Project Permit Fees   | \$          |
| Employee Expense                 | \$ 59.72     | Rent                  | \$ 837.00   |
| Field Supplies                   | \$ 4.99      | Telephone             | \$ 20.82    |
| Investigating & Testing          | \$ -0-       | Utilities             | \$          |
| Maintenance & Repair             | \$ 210.18    | Vehicle Expense       | \$ 225.01   |
| Miscellaneous Expense            | \$ 7.48      | Capital Outlay        | \$ -0-      |

**Approved bills for payment are summarized below:**

|                       |             |                 |             |
|-----------------------|-------------|-----------------|-------------|
| Professional Services | \$ 8,417.00 | Project Expense | \$ 7,045.00 |
|-----------------------|-------------|-----------------|-------------|

**RCRCA - APPROVE NEW COST SHARE APPLICATIONS:**

**REDWOOD WATERSHED:**

**RW CWP 09-2015**

**Eunice Herrick**

**Lyon – Lynd 33**

**410 Dam Repair**

Motion by Meulebroeck, seconded by Lingbeek, to approve the new cost share contract for Lyon-Lynd 33 Dam Repair. Motion carried unanimously.

**RCRCA CONTRACTS FOR PAYMENTS:**

**REDWOOD WATERSHED:**

**RW CWP 09-2015**

**Eunice Herrick**

**Lyon – Lynd 33**

**410 Dam Repair**

Motion by Meulebroeck, seconded by Lingbeek, to authorize payment up to \$10,511.78 contingent on the project completion by June 30, 2018. Motion carried unanimously.

**AREA II AMENDMENT COST SHARE CONTRACTS: None**

**AREA II CONTRACTS FOR PAYMENT: None**

**EXECUTIVE DIRECTOR'S REPORT.**

- **Bonding Bill** – During the last hours of the legislative session, the Senate bonding bill was reconsidered and was sent to conference committee. HF1226 contained \$700,000 for Area II and \$7.3 million for the Lake Redwood Reclamation Project. Governor Dayton signed the bill into law on May 30. No work can begin until the funds have been received. Thank you cards have been drafted for the Board members' signatures.
- **Adopt-a-Highway** – St. Matthew Lutheran Youth Group completed "spring cleaning" of the RCRCA/Area II stretch of Hwy 19 on June 12. Their previous attempts were always rained out, and trash in the standing water was left for the fall cleaning.

**AREA II**

- **Hauschild-Thange Reservoir** – The trees cut by the upstream landowner were washed up against the embankment and pool fringes during the last snowmelt. This landowner had been asked to remove the trees in 2017, but he did not. It appears that some debris is caught in the trash rack as the outflow pipe is not flowing as full as it should be. A contractor has been contacted to remove the trees. YMRWD is contacting their attorney to see if the upstream landowner can be held accountable for the cost of the tree removal.
- **FY2018-2019 Biennial Plan Update** – The BWSR Southern Region Water Plan Committee will meet via teleconference on June 21 to review/approve the Update. This is too close to the June 27 BWSR Board meeting to be added to the agenda. With no July BWSR Board meeting, it will be reviewed/approved at the August meeting. Release of administrative funds (\$140,000) will follow the approval.

## RCRCA

• **Cottonwood and Redwood WRAPS/TMDL** – The Local Work Group (LWG) will meet on June 28 at Sleepy Eye where a lake sediment core collection and fish shocking will be demonstrated. The public informational meetings are scheduled:

|         |   |         |
|---------|---|---------|
| July 18 | Walnut Grove - Community Center             | 1:00 PM |
| July 19 | Sleepy Eye - REA Building                   | 7:00 PM |
| July 24 | Lake Benton – Chalet (Hole in the Mountain) | 1:00 PM |
| July 25 | Marshall – Marshall/Lyon County Library     | 3:00 PM |
| July 26 | Redwood Falls – Community Center            | 7:00 PM |

• **Cottonwood River Dam Removals** – May 10, 2018 – A meeting was held in Lamberton with options presented which included removing the existing dam vs. leaving the dam in place. Consensus of the group was to remove the dam and choose a series of riffles throughout the length of Kuhar Park. The City of Lamberton adopted a resolution stating the decision made. Houston Engineering Inc. will proceed with engineering design of the three sites (Lamberton and Sanborn) where the dams will be removed.

• **SWAG Sampling** – The 2<sup>nd</sup> year of sampling has begun. Once per month lake samples will be collected May–September from Clear Lake (Lyon Co.), Lake Laura, Wellner-Hageman Dam, North Double Lake and Sleepy Eye Lake. 24 stream sites will be collected June–August twice per month for E.coli, and 9 sites in early September for phosphorus and chlorophyll A.

• **RCRCA 2018 Annual Canoe Trips** – The trips are scheduled for June 19 on the Cottonwood River and June 21 on the Redwood River.

**AREA II/RCRCA LEGISLATIVE GATHERING DATE AND LOCATION.** In 2017, hosting this meeting on the normal board meeting day turned out well and did not interfere with hunting, caucuses and weekend plans. Chairman Johnson noted that the AMC regional meeting is November 1 from 8:00-12:00 in Jackson, which is also Area II/RCRCA's normal meeting date. The board prefers an afternoon meeting/early evening meal in Redwood Falls on November 1; alternate date would be Monday, November 5 in Redwood Falls. With the recent award of funding for the dredging of Lake Redwood, a presentation of the project by Houston Engineering/City of Redwood Falls is desired. Netzke and Bruns will make the arrangements.

## **AREA II ENGINEER'S REPORT.**

***EQIP Funded Projects, Redwood County.*** The following projects will be funded by EQIP or Disaster Relief Funds through the Redwood SWCD/NRCS: *Charlestown 34 Small Dam, Sheridan 1 Small Dam and Tile, and Dehli 5 Grade Stabilization.* ***Nordland 20 Small Dam, Lyon County.*** We have received the Corps permit for this project. Bidding will be scheduled later in the summer once the new bonding funds are available. ***Nordland 6 Road Retention, Lyon County.*** Work on this project will be started after June 1. Slope, right-of-way and flowage easements have been obtained. ***Shetek 23 Grade Stabilization, Murray County.*** Initially, work on this project was to start this summer after the small grain is harvested. The landowner decided to coincide this project with some 638's paid by other cost-share, and decided to start the project now. Nooman Excavating was the low bid. ***Lake Marshall 32 Small Dam Repair, Lyon County.*** This dam repair is located on property owned by the DNR. The DNR has secured \$2,000 from the MN Waterfowl Association-Tracy Chapter as a local sponsor and additional local funds from the Lyon SWCD were approved. Bonding funds will be used once available. ***Willow Lake 10 Grade Stabilization Repair, Redwood County.*** Work on this project is scheduled to begin by Schmidt Construction in late June. A preconstruction meeting will be held soon. ***Alta Vista 18 Small Dam Repair, Lincoln County.*** Plans for this project are completed and funding is being secured. ***Charlestown 34 Small Dam, Redwood County.*** Work on this project will start later this year. Wetland credits will be purchased prior to construction. It is not yet determined whether Area II's bonding or Redwood SWCD Disaster Relief Funds will be utilized for the 75% cost-share. ***Hansonville 27 Small Dam Repair, Lincoln County.*** The DNR has waived the dam safety permit fee for this project. Work may start as soon as soil conditions allow. ***Springdale 19 Dam, Redwood County.*** We are working on the preliminary design of one or two dams in the area of the Tracy Golf Course. Recurrent flooding along this stream has caused damage, both at the golf course and on the downstream agricultural properties. We will be further researching the best options for dams on this stream and providing more information to the group in July. Fish passage on the public waters of Lone Tree Creek may be an obstacle with the DNR. ***Birch Cooley 19 Small Dam Repair, Renville County.*** The contractor for this project, Schmidt Construction, has started some tree removal and draining of the project site. Once the project is completed, Area II will invoice Renville SWCD for the engineering services and expenses. ***Sodus 36 Road Retention, Lyon County.*** Preliminary design work on this road retention has been started. The project is interesting, in that there are two low dips in the township road which need to be filled to prevent overtopping. ***Lynd 33 Small Dam Repair, Lyon County.*** After receiving word from the landowner that water was going over the emergency spillway, we resurrected repair plans which were completed 9 years ago. Since the cost of the project quite nicely fit the available RCRCA funds which expire June 30, it was quickly bid and will be completed by the end of June. ***Lynd 28 Small Dam Repair, Lyon County.*** The design work for this project is nearly completed. A recent indication from the landowner is that they may want to delay the project.

**AREA II – DRAFT FY19 BUDGET** – Netzke presented a draft budget to the Board including options for 2% COLA and 2% COLA+1% merit, and included an additional option for insurance from Western National. Motion by Holmen, seconded by Maatz, to accept Option #2, with a 2% COLA and 1% merit increase. Motion carried unanimously.

**AREA II BIENNIAL PLAN UPDATE.** Netzke will insert the approved FY19 Budget into the Area II Biennial Plan Update and incorporate the results of the legislative session. The update will be discussed during the BWSR Southern Region Water Plan Committee teleconference on June 21. The BWSR Board will act upon the update at their August meeting.

**AREA II FY’18 AUDIT ENGAGEMENT.** – Netzke received an engagement letter from Richard Holmberg, LLC regarding Area II’s annual audit; price not to exceed \$3,850. This price is \$200 more than the previous year as GASB rules regarding reporting the pension liability is likely the reason for the increase. Motion by Maatz, seconded by Simonsen, to accept the quote and authorize signature of the engagement letter. Motion carried unanimously.

**ADJOURNMENT.** With no other business to address, Chairman Johnson and Chairman Holmen declared the meeting adjourned at 10:45 AM.

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**UPCOMING MEETINGS.**

|                         |                             |   |
|-------------------------|-----------------------------|---|
| July Board Meeting      | MONDAY, July 9, 2018        | Marshall, MN – BWSR Conference Room – 9:00 AM |
| August Board Meeting    | Thursday, August 2, 2018    | Redwood Falls – 9:00 AM                       |
| September Board Meeting | Thursday, September 6, 2018 | Marshall, MN – BWSR Conference Room – 9:00 AM |

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Luke Johnson, Chairman

Date