1. **Call to Order**
Meeting was called to order by the Board Chair at 1:07 p.m. Commissioners Slavik and Holberg were in attendance.

2. **Audience Comments on Items Not on the Agenda**
There were no comments from the audience.

3. **Approval of Agenda**
*Motion by Commissioner Holberg, Second by Commissioner Slavik, and passed on a unanimous vote to approve the agenda.*

4. **Approval of Minutes from the October 26, 2017, Meeting**
*Motion by Commissioner Slavik, Second by Commissioner Holberg, and passed on a unanimous vote to approve the minutes of the October 26, 2017, meeting, as presented on December 7, 2017.*

5. **Approval of Expenses**
Mark Zabel discussed invoices that were not routine monthly expenses. The Dakota County Soil and Water Conservation District invoice is for regular services. The Scott Soil and Water Conservation District invoice was for regular services. The Hamline University invoice is for a table-top pollution prevention educational display. The Wenck invoice is for fish monitoring. The Friends of the Mississippi River invoice is for support for the Vermillion River Stewards volunteer program. The four Pcard purchases are for staff attendance at the MN Water Resource Conference, Goodcents catering for a road salt
workshop, ice for the Vermillion River Watershed Tour refreshments, and a new digital voice recorder for meeting minutes. 

Res. No. VRW 17-56: Motion by Commissioner Holberg, Second by Commissioner Slavik, and passed on a 2-0 roll call vote to approve the expenses totaling $98,128.03 that occurred between October 20, 2017, and November 30, 2017, as submitted on December 7, 2017.

6. Acceptance of Treasurer’s Report
Mark Zabel provided an overview of the Treasurer’s Report. Balances are in the positive. Note that the Capital Improvement Projects (CIP) balance stands at $797,524.01 but with approval today of the wetland bank, $500,000 will be withdrawn from this line item. There will also be a $100,000 invoice from the City of Lakeville for the completion of the 205th Street Stream Stabilization project, creating a significant drawdown from the remaining balance.

Res. No. VRW 17-57: Motion by Commissioner Holberg, Second by Commissioner Slavik, and passed on a 2-0 roll call vote to accept the Treasurer’s Report from December 7, 2017.

7. Business Items

7a. Approval of Dates for the 2018 VRWJPO Meetings
Jen Dullum shared with the Commissioners the meeting date schedule for 2018 which will follow the same schedule as 2017. Commissioners made sure that the Association of Minnesota Counties Annual Conference would not conflict with the December 2018 meeting date. Commissioner Slavik also made note that staff and Commissioners will have discretion to cancel meetings if there is a conflict or light agenda. Also, all meetings are posted on the VRWJPO website and abide by open meeting laws.

Res. No. VRW 17-58: Motion by Commissioner Holberg, Second by Commissioner Slavik, and passed on a unanimous vote to approve the dates for the 2018 VRWJPO meetings.

Mark Zabel referred to the draft budget and levy impacts for Dakota and Scott counties and noted that no significant changes have been made to budget categories or amounts since August. The only change has been the removal of fiscal disparity money that was already included in the levy amount. Removal of the duplicate fiscal disparity money from the original 2018 draft budget of $2,306,500 brings the final 2018 draft budget to $2,196,500. There has been no change to the levy request. Commissioner Slavik asked where the expenses had been cut. Those funds were cut as follows: $5,000 from Vermillion River Watershed Staff for Research and Planning; $10,000 from Coordination and Collaboration; $5,000 from Regulation for Staff and Local Projects; $40,000 from Capital Improvement for Buffer and Floodplain Easement; and $50,000 from Capital Improvement for Cost Share Competitive Grants.


Mark Zabel stated that this will now go before the Dakota County Board of Commissioners on December 12 and the Scott County Board of Commissioners on December 19 for approval.

7c. Approve a Joint Powers Agreement with the County of Dakota for Participation in Creating a Wetland Bank in the Vermillion River Watershed
Mark Zabel began by explaining that the Vermillion River Watershed Joint Powers Organization (VRWJPO) has allocated $500,000 in Capital Improvement Project funds to develop a wetland bank within the Vermillion River Watershed (Watershed). The Joint Powers Agreement (JPA) before the Joint Powers Board (JPB) today is for the transfer of funds and setting the responsibilities for the parties involved. The VRWJPO will provide the funds to
Dakota County and in-turn Dakota County will obtain credits and hold those credits in trust for the VRWJPO. When those credits are sold, there will be an acknowledgement of payment from Dakota County to the VRWJPO for the sale of those credits that were allocated to the VRWJPO. A separate JPA will need to be developed for the sale of credits. We recommend the VRWJPO provide funds to Dakota County to accomplish the wetland restoration. It is expected that of the 121 acres of wetland that will be created, about 100 acres will be certified for wetland credits.

Commissioner Holberg asked how many years this has been in the works. Brian Watson explained that this has been about a five year process. Commissioner Slavik asked: in addition to the monetary amount, how much else will be spent in staff time? Mark Zabel explained that there will probably be a very small amount of time spent in the transaction process. Staff will not spend much time in the restoration process, except for some inspection. Restoration will be contracted through BWSR. The State will take on engineering and oversight.

Helen Brosnahan stated her concerns about the JPA related to the transfer of money for acquisition. Dakota County has a wetland banking policy; the VRWJPO does not. A wetland banking policy should be developed posthaste, with VRWJPB input, with respect to the purpose of a wetland bank, what the VRWJPO’s purpose is in acquiring a bank and banking credits is, disposition of those credits, so it is in place before a JPA is developed between Dakota County and the VRWJPO with respect to the share attributed to the VRWJPO contribution and how those credits will be handled by the VRWJPO. The concern is the more the VRWJPO looks like a profitmaking entity, the more problems we are likely to encounter in our statutory duties.

Mark Zabel stated that the estimated total cost for the easement and restoration of the wetland bank is $1.6 million. The VRWJPO can expect to receive access to about 30 acres of certified wetland credit based on its portion of the overall funding. For the VRWJPO to come out even, the VRWJPO will need to sell credits at around $17,000 per acre. In southern Minnesota, the current rate in the Wetland Bank Service Area that the VRWJPO is in, credits are typically selling between $15,000 and $20,000 per acre. In the metro, wetland bank credits are selling around $45,000 per acre or more. The purpose we are pursuing is for the VRWJPO to put recouped funds from the sale of wetland credits into a revolving fund for the purpose of doing more wetland banks and continuing to restore wetlands in the watershed in the process. This will be memorialized in the policy. Both the policy and procedure will be included in the transaction. Commissioner Slavik asked if staff was able to keep track of their time. Counsel does and VRWJPO staff is able but does not track time for the wetland bank currently.

Res. No. 17-60: Motion by Commissioner Holberg, Second by Commissioner Slavik, and passed on a unanimous vote to approve a Joint Powers Agreement with the County of Dakota for participation in creating a wetland bank in the Vermillion River Watershed.

7d. Presentation on the One Watershed - One Plan Program and Its Status

Mark Zabel introduced this new initiative created to drive watershed-based planning in greater Minnesota that still involves the Twin Cities metro area. Brian Watson presented on One Watershed – One Plan Program (1W-1P) which aims to “align local water planning on major watershed boundaries with state strategies towards prioritized, targeted and measurable implementation plans”. As watershed based plans are approved across the state, funding allocations from the Clean Water Fund should be provided to implement the plans. $9.75 million will be appropriated to the MN Board of Water and Soil Resources (BWSR) in a “pilot year” of this new 1W-1P funding approach. Funding relies on legislative approval every biennium. It is anticipated that around $5.5 million will be allocated to the metro area. There are two options for watershed organizations within the metro area counties to obtain the funding. The first option is to avoid a condition where water management organizations and local organizations/governmental units are applying competitively with each other for all Clean Water funds. This funding policy option tries to get organizations to work collaboratively to spend funds from a County-wide pot for cleaner water knowing that consistent and reliable funding will be provided. Organizations within a County must agree to participate in the collaborative funding approach and decide how the funding will be allocated. The second option is a competitive grant process where the money from County funding pots which are not disbursed via a collaborative agreement is then returned to a metro area pool in which organizations from all metro area
Counties compete for funding. Brian believes that Dakota County is well-suited for a collaborative watershed effort and the Dakota County Soil and Water Conservation District (SWCD) is willing to lead this collaborative approach.

Commissioner Holberg mentioned that the VRWJPO has been very good historically at securing grants and questioned why we would not want to stay that course. Brian Watson responded that, yes, both the VRWJPO and the SWCD have been successful. The collaborative approach could lead to more grants and more funding opportunities and stable funding. Brian would anticipate that Dakota County’s biennium funding could be around $750,000 -$850,000. Mark Ryan brought up funding allocations. 70% of the funds are planned for projects on the ground. 15-20% of the funds are planned for administrative costs, research, and inventory. Currently, funds likely cannot be used for monitoring, and monitoring cannot match. Commissioner Holberg asked about the ramifications of the competitive route. Those would include more uncertainty and competition with, potentially, six other metro counties (and up to about 40 water management organizations). Collaboration will lead to stable, consistent funding, but that funding may be less than what the VRWJPO has been used to receiving.

Upon adoption of the BWSR policy in December, the SWCD will facilitate a meeting with staff from each watershed management organization located within Dakota County, and possibly local cities, to evaluate the two options for distribution of the 1W-1P funds: creation of a collaborative prioritized targeted measurement plan to present to BWSR by the June 30, 2018 deadline, or allow for funding to go back to the metro-wide pool and complete competitive grant applications. Funds will be available in fiscal year 2019. Commissioner Holberg would look to staff for a recommendation between collaboration and competitive funding. Commissioner Slavik mentioned that the VRWJPO capital is dwindling but that we still want to keep a handle on the Watershed Plan and the levy. He would appreciate an update of pros and cons when all Commissioners are present.

8. **Staff Reports**
   a. Melissa Bokman gave an update on the Vermillion River bacterial impairment. There have been no responses from the letters that were sent. A second round of mailings will go out in the spring. One lot that is being split has no septic records. A lot split will trigger an inspection, and Melissa envisions that a septic system replacement will be likely with this split.

   b. Helen Brosnahan has the contracting policy on the back burner for the moment.

   c. Paula Liepold told the Commissioners that staff is considering going out for request for proposal (RFP) for the Vermillion River Stewards program. Friends of the Mississippi River (FMR) have been implementing the program since 2005. The last time that an RFP was put out was in 2008 for 2009. Commissioner Slavik believes there is value in occasionally reviewing services. Both Commissioners agreed to go out for RFP.

   d. Travis Thiel discussed issues with Etter Creek in Ravena Township in Goodhue County. There is an area where a concrete box culvert replaced a round metal culvert approximately five years ago to alleviate several issues. This area is still experiencing sand and sediment build-up plugging the culverts and water flooding over the road. Accumulated sand is removed and placed just beyond the banks of the creek. One potential option for improvement would be to cut down the spoil pile banks of the creek so that the water could spread out over its floodplain. However, the root issue with the Etter Creek area has been the amount of water, and solutions need to focus creating detention areas upstream to capture and slow down water. Upstream retention practices have been tried in the past in Etter Creek by the VRWJPO and Dakota SWCD and produced limited projects primarily due to a lack of landowner cooperation. Many of the practices would have to take place outside of the watershed in Goodhue County. Unfortunately, this area is not identified as a high priority area in the Watershed Plan which makes funding less likely. Brian Watson did note that this area is identified in the Cannon River One Watershed-One Plan draft which could allow for the allocation of funding.

   e. Travis Thiel discussed upcoming and potential projects:
      i. The County 50-23/Aronson Park Stormwater Reuse project is in conjunction with a Dakota County Transportation project. The City of Lakeville and the VRWJPO are considering reusing
water from adjacent stormwater ponds to water fields at Aronson Park. This would reduce volume and municipal consumption and be similar to the reuse systems at King Park.

ii. The Dakota County Ag Society Easement Wetland Restoration would be adding more wetland at the restored prairie at the Fairgrounds for increased nitrate removal in the South Branch.

iii. The East Lake Fish Barrier in Lakeville would address where carp are coming from and stop the movement of carp into East Lake which causes water quality issues in the lake.

iv. Buddy’s Kitchen/Lakeville Stream Habitat Restoration in Lakeville is looking to be prepared for future expansion. The City of Lakeville may be interested in a land-swap with Buddy’s Kitchen. Lakeville would get land adjacent to tributary areas and Buddy’s Kitchen would get developable land to the south of the existing building. The benefit to the VRWJPO would be a stream restoration on South Creek within the City of Lakeville land.

v. Johnny Cake Ridge Road Reconstruction Stormwater Improvements was submitted as a project for grant funding from the Clean Water Fund with the VRWJPO as a partner with the City of Apple Valley. It is still yet to be known if we have been selected for that grant.

vi. The Alimagnet Lake Stormwater Improvement Project could turn into two projects in Burnsville and/or Apple Valley which are currently being explored.

vii. Alignment for Dakota County 78-10 is currently in the process of being identified. Alignment will most likely avoid the nearby floodplain. A nitrate treatment practice will be evaluated with implementation potentially similar to the current County Road 78-06 project.

f. Mark Ryan discussed the local Standards review. All townships and cities have submitted information on 2016 activities or have met with staff. Mark is waiting on a couple review forms to be returned and a couple cities will also be revising and updating their ordinances with their comprehensive plan updates. Mark saw good implementation from the cities and a varying degree of implementation from the townships. Mark noticed that there is not a lot of consideration for the Standards from township building officials. Documentation is also lacking, even for sites greater than one acre, which has been in the Standards since the 2005 plan and was adopted by the Townships (through the rural collaborative Water Resources Ordinance) for years. Mark provided two examples, one commercial and one residential, of sites greater than one acre for which no documentation was available related to construction site controls or stormwater management. Moving forward Mark will likely send an official notice to the townships and cities that they have 180 days to update their ordinances after their local comprehensive plans are approved. Mark could also develop a model ordinance to share with local communities. Also, an outreach meeting or workshop to gather feedback can be setup to assist in further implementation, either with supervisors and/or building inspectors. Commissioner Slavik sees three distinct groups that all need to be on the same page: elected supervisors, planning commission members, and building officials. This may entail three different conversations. Perhaps a breakout session, for elected officials, could be considered at the March 17, 2018 Township Officers meeting.

g. Mark Zabel mentioned a positive conversation he had with Randy Ellingboe, Environmental Health Manager of the Drinking Water Protection Section in the Environmental Health Division of the Minnesota Department of Health (MDH) about a potential to work together on a three-level approach to the Hastings area nitrate issue. This approach would include looking at facilities, practices, and the nitrogen balance for the aquifer and could lead to long-term work with MDH.
Adjourn

The meeting was adjourned at 2:42 p.m.

Next Meeting Date: January 25, 2018 – Western Service Center, Room 334 at 1 p.m.

Respectfully submitted:
Jen Dullum
Vermillion River Watershed Joint Powers Organization

Mark Zabel
Administrator for the Vermillion River Watershed Joint Powers Organization

Attest

[Signature]
Commissioner Mary Liz Holberg

[Signature]
Secretary/Treasurer

12-25-2018
Date