

RED LAKE WATERSHED DISTRICT
Board of Manager's Minutes
September 12, 2013

Present were: Managers Gene Tiedemann, LeRoy Ose, Albert Mandt, Lee Coe, Dale M. Nelson, Orville Knott and Les Torgerson. Staff Present: Myron Jesme and Tammy Audette and Legal Counsel Delray Sparby.

The Board reviewed the agenda. A motion was made by Coe, seconded by Tiedemann, and passed by unanimous vote that the Board approve the agenda. Motion carried.

Motion by Mandt, seconded by Knott, to dispense reading of the August 22, 2013 Board meeting minutes and approve them as printed. Motion carried.

The Board reviewed the Financial Report and Investment Summary dated September 11, 2013. Motion by Knott, seconded by Torgerson, and passed by unanimous vote that the Board approve the Financial Report dated September 11, 2013. Motion carried.

Francesca Wojciechowski, Northern State Agency was present at the meeting to discuss the District's General Liability Insurance through Western National Mutual Insurance Company. Wojciechowski stated that due to a insurance audit of the District's General Liability Insurance, the District's rates will increase based on the findings of the audit. The Audit pulled together funding that the District distributed for projects. Premium class codes were based on risks for what we paid to contractors to complete work. An increase in premium is due to the excess exposure for the District if someone would get hurt they would go after the contractor for liability and then the District. Wojciechowski stated that based on the audit, Western National can go back one year to adjust previous premiums paid by the District. An appeal of the insurance premiums has been made through a formal dispute process. Discussion was held on applying for liability insurance through the League of Minnesota Cities. Engineer Jeff Langan stated that in all projects engineered by Houston Engineering, Inc. there is a provision about hold harmless agreements in the contract specifications. The Board discussed adjusting the 2014 General Fund Budget in lieu of a potential increase in the General Liability insurance premiums. It was the consensus of the Board that the District proceeds with a formal dispute process, and to proceed with applying for liability insurance through the League of Minnesota Cities.

At 9:30 a.m., President Nelson recessed the general meeting and called the 2014 General Fund Budget Hearing to order. The hearing was properly advertised and is on videotape and available for viewing at the RLWD office. The Board reviewed the proposed General Fund Budget. Discussion was held on adjusting the proposed 2014 General Fund Budget to include a potential increase in the District's Liability Insurance. Staff member Arlene Novak stated that Proposed General Fund Budget can be increased at this time. The final levy for the General Fund Budget amount is due to the Counties by December 30, 2103. That amount may be decreased but cannot be increased, after today's hearing. A motion was made by Torgerson, seconded by Tiedemann, to increase the 2014 General Fund Budget to \$209,912.50. Managers Torgerson, Tiedemann and Mandt voted aye, with Managers Ose, Coe and Knott voting nay. President Nelson broke the tie voting nay. Motion defeated. A motion was made by Knott, seconded by Ose, and passed that the Board approve the 2014 General Fund Budget in the amount of \$168,912.50. Motion carried with Manager Mandt opposed. Hearing no public comment, the hearing closed at 9:45 a.m. The 2014 General Fund Budget is listed below:

	2014 BUDGET
Manager's fees and salaries	\$20,000.00
Board of managers' expense	19,000.00
Staff salaries	400,500.00
Payroll taxes	36,045.00
Employee benefits	94,117.50
Travel and meetings (inc. mileage & exp.)	5,000.00
Audit	10,000.00
Legal	13,500.00
Office supplies	12,000.00
Office equipment	15,000.00
Appraisers and Viewers	3,000.00
Professional services (inc. Eng. Fees)	4,000.00
Dues and subscriptions	4,000.00
Insurance and bonds	32,000.00
Repairs and maintenance-building	30,000.00
Utilities	9,000.00
Advertising and publications	2,500.00
Telephone	13,000.00
Vehicle expense & maintenance	14,000.00
Engineering supplies	3,000.00
Engineering equipment	30,000.00
TOTAL	\$769,662.50
ESTIMATED OVERHEAD	(600,750.00)
2014 GENERAL FUND LEVY	\$168,912.50

The regular meeting reconvened.

Engineer Jeff Langan, Houston Engineering, Inc. updated the Board on construction progress for the Grand Marais Creek Channel Restoration Project, RLWD Project No. 60F. Langan stated that he had met with several landowners in regard to channel alignment. Administrator Jesme suggested minimizing the spreading of extra topsoil onto the RIM seeded area. Jesme stated that at this point he is not particularly satisfied with the progress of construction to date. Jesme also indicated that it should be noted that conditions have been very favorable for construction this fall with very little progress being made.

Langan discussed additional work on the north bank of the Grand Marais Creek Cut Channel, RLWD Project No. 60FF. Langan stated that the installation of tile and rock clay barrier and rock outlets appears to have stabilized the south bank of the channel and recommended completing the same thing on the south side to prevent bank sloughing at an estimated cost of \$22,161.25. Polk County has agreed to a 50/50 cost share. R.J. Zavoral Construction, Inc. has agreed to complete the work at the same unit price as the previous construction. Motion by Coe, seconded by Mandt, to approve the repairs to the south side of the Grand Marais Creek Cut Channel, RLWD Project No. 60FF at an estimated cost of \$22,161.25. Motion carried.

Don Buckout, Minnesota Board of Water and Soil Resources (BWSR) reviewed the Level II Performance Review and Assistance Plan (PRAP). PRAP is set up to systematically review the performance of local units of government to ensure effective operation. The PRAP report documents the results of the review. PRAP was set up as part of the Minnesota Legislative Audit to track the effectiveness of funding received from the state. Buckout stated that the District should be commended for the efforts of the Board and staff for good working relationships with various partners in making the District a very successful organization in delivering high quality water management projects and programs to the District's partners and producers. Buckout stated that written comments should be submitted to him by September 30, 2013. After comments are received, Buckout will make a final copy of the PRAP and then a summary page will be presented to the Legislature.

The Board reviewed a cost share request from the Red Lake County SWCD for the Randy Huot Grade Stabilization Project located in Section 23, Louisville Township, Red Lake County. Administrator Jesme stated that the project area contributes sediment into the Black River every year during spring runoff and heavy rainfall events. The total project cost is \$12,478.40. The Red Lake County SWCD is requesting \$1,119.60 cost share from their 2013 Erosion Control Funds, RLWD Project No. 164. Motion by Tiedemann, seconded by Ose, to approve the request of the Red Lake County SWCD for cost share in the amount of \$1,119.60 for the Randy Huot Grade Stabilization Project from the 2013 Erosion Control Funds, RLWD Project No. 164. Motion carried.

Administrator Jesme stated that Tanya Hanson, Red Lake County SWCD had contacted him in regard to Phase I and Phase II funding for the Flage Erosion Control Project, RLWD Project No. 174. Jesme stated that the BWSR E-link program had been down, but funding should be coming shortly.

Administrator Jesme discussed cattail management at the Parnell Impoundment, RLWD Project No. 81. The District burnt the cattails several years ago and now they have come back pretty strong. Jesme stated that he received a quote for \$22.75 per acre and felt it would take approximately \$4,400 to complete an aerial spray of the cattails. Motion by Tiedemann, seconded by Mandt, to approve aerial spraying for cattails on the Parnell Impoundment, RLWD Project No. 81 at an approximate cost of \$4,400. Motion carried.

The Board reviewed a MnDNR Dam Inspection Report for the Seeger Dam. Low hazard dams, such as the Seeger Dam, are inspected every eight years by the MnDNR. The dam was given a satisfactory condition rating with minor repairs and maintenance needed.

Administrator Jesme stated Roger Hagen is re-enrolling land into CRP along the Brandt Channel, RLWD Project No. 60E. Jesme recommended increasing the rental rate to be set at 25% of the rate per acre as shown in the CRP contract. Motion by Tiedemann, seconded by Knott, to set the rental rate at 25% of the payment rate per acre as listed in the CRP contact. Motion carried. The Board reviewed a three year Audit Proposal from Drees, Risky & Vallager, Ltd. in the amount of \$10,100 for 2013, \$10,290 for 2014 and \$10,450 for 2015. It was the consensus of the Board to authorize Administrator Jesme to seek Audit Proposals from additional accountants and report back to the Board.

The Board reviewed the 2013 MAWD Resolution Process.

The Board reviewed the City of Red Lake Falls Wellhead Protection Plan, Part 2. Written comments to the Wellhead Protection Plan are due by October 14, 2013.

The Board reviewed the permits for approval. Motion by Knott, seconded by Ose, to approve the following permits with conditions stated on the permit: No. 13093, Mike Tiedemann, Belgium Township, Polk County; No. 13094 and 13097, Mike Tiedemann, Wylie Township, Polk County; No. 13095, Mike Tiedemann, Euclid Township, Polk County; No. 13096, Mike Tiedemann, Sanders Township, Pennington County; No. 13098, Garrett Novak, Rocksbury Township, Pennington County; No. 13099, Garrett Novak, Black River Township, Pennington County; No. 13100, Gary Novak, River Falls Township, Pennington County; No. 13101, Gary Novak, Black River Township, Pennington County; No. 13102, Craig Sander, Queen Township, Polk County; No. 13103, Ron Weiss, Lake Pleasant Township, Red Lake County; No. 13104, Erick Nymann, Poplar River Township, Red Lake County; No. 13105, 13106, 13107, and 13108, Joe Stroot, Belgium Township, Polk County; and No. 13110, Gary Novak, River Township, Red Lake County. Motion carried.

Administrators Update:

- Jesme and Manager Nott will attend the RRWMB meeting held in Fertile on September 17, 2013. Jesme participated in a telephone conference for the RRWMB Finance Committee. Various items were discussed such as submission of yearly budgets and changing the Governing Documents to allow District's the opportunity to reduce their portion of the Red Board levy. It appears that will be difficult and may not proceed.
- Included in the packet is a notice from the Minnesota Department of Ag listing locations for various upcoming listening sessions for a Nitrogen Fertilizer Management Plan.
- Jesme and staff members Hanson and Blix met with two representatives from RESPC. This firm has been hired by the MPCA to complete modeling for Watershed Hydrology and Water Quality. The subwatersheds they are presently working on are Clearwater, Thief and Red Lake Rivers.

Legal Counsel Sparby discussed that any possible increase in the liability insurance premium due to audit cannot be billed to completed District projects that have had a final hearing and vote, but monies could properly be used from the Construction Fund if necessary.

Motion by Coe, seconded by Mandt, to adjourn the meeting. Motion carried.



LeRoy Ose, Secretary