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**MINUTES OF
THE REGULAR MEETING OF
THE MINNEHAHA CREEK WATERSHED DISTRICT
OPERATIONS AND PROGRAMS COMMITTEE
May 26, 2016**

CALL TO ORDER

The regular meeting of the Minnehaha Creek Watershed Operations and Programs Committee was called to order at 4:47p.m. in the Board Room at the Minnehaha Creek Watershed District offices.

OPC MEMBERS PRESENT

William Olson, Bill Becker

OTHER BOARD MEMBERS PRESENT

Sherry White, Richard Miller, Kurt Rogness

OTHERS PRESENT

MCWD staff – Lars Erdahl, Eric Fieldseth, Craig Dawson, Darren Lochner, David Mandt, Jennifer Scharlow, Becky Christopher, James Wisker, Kelly Dooley, Darren Lochner, Michael Hayman, Anna Brown, Matt Cook, Tiffany Schaufler, Brett Eidem, Yvette Christianson, Roma Rowland

APPROVAL OF AGENDA

The agenda was approved.

INFORMATION ITEMS/CORRESPONDENCE

STAFF UPDATES

5.1 AIS Spotlight Presentation – Fieldseth/Dawson

Eric Fieldseth and Craig Dawson presented an abridged version of the AIS Spotlight event held April 21, 2016. Invitations were sent to 500 people, with about 40 in attendance. The spotlight highlighted the District’s work over the past five years and noted that there has been only one new infestation in that time.

There has been an increased interest in AIS. In 2012 and 2014 the District held an AIS symposium in St. Paul. The spotlight this year was focused on MCWD’s initiatives and sharing these with residents and partners.

AIS began in the District with common carp in late 1800s, followed by milfoil and curly leaf pondweed. Then, in 2010 zebra mussels were discovered in Lake Minnetonka. The District began to allocate money for AIS research in 2012 and soon after began inspections.

46 AIS Management Plan was developed by a District task force and focused on programming for
47 AIS outcomes. The Goal of the AIS Program is to prevent the introduction and spread of AIS to
48 waters where they are not present and serves to guide the MCWD in the management of AIS

- 49 • Through Education and Awareness
- 50 • Prevention Measures
- 51 • Applied Research

52

53 All this working with state and local partners to protect the District's water resources from this
54 environmental threat. Prevention, containment and control are the elements of the program.
55 Knowledge about AIS is always improving so the MCWD implements an adaptive management
56 program to adjust for new findings. Currently, prevention is needed until science can step up to
57 management and eradication.

58

59 The District has to rely heavily on partners due to the small size of the AIS staff. The District has
60 also implemented an Early Detection Program, which has led to discovery of Eurasian
61 Watermilfoil in Saunders Lake and zebra mussels in Christmas Lake. The Early Detection
62 Program is a key way for the District to prevent AIS with its current staffing and budget
63 situations.

64

65 The AIS Spotlight also highlighted partners. MCWD work is getting recognition in the region
66 and nationally.

67

68 The District is working to prevent the establishment of new aquatic invasive species through
69 watercraft inspections, early detection and implementing a rapid response. Fieldseth shared a
70 map showing the locations of the watercraft inspections which occur at 21 of the 26 public
71 access points in the District. Some sites had District funding (through cost-share or direct
72 funding) as well as DNR-funded inspection sites.

73

74 Fieldseth shared another map showing the partnership with Carver County's and Three Rivers
75 Park District's sites. To date, they've stopped nine watercraft with zebra mussels from entering
76 the lake. No new infestations have been observed.

77

78 2014 was a year of a lot of interceptions of AIS at boat launches. There was an increase in
79 number of boats going in and out of Lake Minnetonka probably due to no-wake restrictions on
80 Lake Minnetonka for much of the boating season.

81

82 The MCWD has a blue boat which is designated for infested waters. Other crafts include one
83 boat designated for Lake Minnetonka, another for other lakes, and a third for infested lakes. The
84 AIS team has separate gear for non-infested and AIS infested waters.

85

86 Lake Minnetonka inspections are done by multiple agencies: DNR, Three Rivers Park District,
87 Lake Minnetonka Conservation District and MCWD (through funding assistance). The Lake is
88 viewed as an exporter of AIS to lakes across the state. Inspections at the lake focus on incoming
89 and exiting watercraft at prime times of use. No new infestations were observed and there were
90 113,649 inspections on the lake since 2012.

91

92 On the Minnehaha Creek and Minneapolis lakes, Zebra mussels spread down the creek and have
93 infested Lake Hiawatha. The Minnesota AIS Research Center has reported that they often attach
94 to debris and are washed downstream and that's how they get there. The Nokomis Weir has been
95 effective at keeping zebra mussels out, and despite being listed as having them, MCWD hasn't
96 found any in Nokomis. In Minneapolis, MPRB inspections are present at all boat launches. They
97 stop a variety of watercraft types and no new infestations have been observed.

98
99 The District is involved in AIS Research focusing on:

- 100 -evaluating the effectiveness of control strategies
- 101 -determining the ecological impact of an AIS

102
103 The following projects are District research initiatives since 2012:

- 104 •Lake Minnetonka Zebra Mussel Study
- 105 •Hybrid Milfoil Project
- 106 •Six-Mile Creek Carp Assessment
- 107 •Milfoil Weevil Study
 - 108 •Flowering Rush Hand Removal
- 109 •Spring Phenology of Aquatic Plants/Curly leaf Pondweed
- 110 •Assisted organizations such as MAISRC and USGS with their research that occurs in District
111 waterbodies
- 112 •USGS tested Zequanox Lake Minnetonka

113
114
115 The District is involved in AIS Monitoring:

116 Annual monitoring for early detection (mussel sampling, plant surveys). The goal of annual
117 monitoring is also to assess all the lakes in the District to inform management and planning
118 efforts. Early detection is the key to an effective rapid response. Example: Christmas Lake Zebra
119 mussel infestation in 2014. Early detection worked to find the infestation early, and allows the
120 District to assemble and form rapid partnerships.

121
122 The District is focusing on high-risk areas which include those that have public accesses,
123 developed shoreline and high use areas. The AIS Early Detector Program provides tools and
124 training for the public to monitor for new AIS infestations. This volunteer program expands each
125 year and is targeted towards lake residents. MCWD developed a guidebook for identifying AIS
126 and coaching on how to report possible AIS to MCWD.

127
128 AIS Baseline Monitoring:

129 -What is the distribution and abundance of AIS across District lakes? This is a multiple year
130 effort and now feeds into the E-Grade program. There will still be other AIS monitoring, but
131 AIS-specific monitoring will also be rolled into E-Grade monitoring in order to use staff
132 resources wisely.

133
134 MCWD AIS Program is a resource providing technical expertise to District, Partner
135 Communities and Public; Financial assistance with prevention programs; AIS boat launch
136 signage templates; AIS Early Detector handbook & supplies; Education materials

137

- 138 The AIS program will move forward with:
139 •The Continuation of Hybrid Milfoil Study
140 •Zebra Mussel Control Research Projects
141 •Early Detection for AIS that are on the horizon
142 •Starry Stonewort
143 •Spiny Water Flea
144 •Continue AIS monitoring activities –incorporated into E-Grade
145 •Further understanding of AIS Framework –when does it become invasive
146

147 Manager White said Fieldseth and Dawson’s presentation was great. Manager Miller asked at
148 what level the MCWD will delve into research in AIS- How deep the District will go. Dawson
149 said that submitting research grant proposals would augment what the District has done and
150 continues to do and hopefully supply dollars to further the District’s research. Manager Becker
151 asked about the costs associated with each stage of the District’s prevention of new AIS work.
152 Fieldseth responded with figures:

153 **Watercraft Inspections**- budgeted for \$230,000 however the actual cost has been
154 \$221,000

155 **Early Detection**- absorbed by staff time and seasonal help for monitoring

156 **Rapid Response**- Case-by-case/opportunistic, but budgeted at \$35,000
157

158 So far, \$30,000 was invested in research this year for the Lake Minnetonka zebra mussel study.
159 Funding came from Hennepin County for two grants. Similarly, the partnership with USGS for
160 \$20,000 from MCWD yielded a \$185,000 grant.
161

162 Manager Becker responded saying that inspections were to slow the spread of AIS until research
163 presented a solution and suggested the District should make sure it has the right balance between
164 spending money on research and inspections. It could possibly cost more for inspections if
165 research waits too long.
166

167

168 **6. DISCUSSION ITEMS**

169

170 **6.1 2017 Budget Progress – Erdahl**

171 James Wisker shared a spreadsheet presentation that which were the updated budget spreadsheets
172 presented at the Board Retreat. Many staff were in attendance because they were all part of the
173 budgeting process for the carry-forward numbers, as well as the calendar year of 2017 budget.
174

175 Wisker gave a brief recap of the April 2016 retreat budget discussions and how there was no
176 carryover from 2016 to 2017. In addressing the levy, Wisker presented the reductions that would
177 be necessary if there were a 5% increase in the levy. Board resolved to postpone capital
178 improvement plan (CIP) dollars which reduced the gap to \$1.5M. After looking at the spending
179 reductions necessary for 2016 and 2017, reductions has brought the need of a levy for \$9.9M,
180 which is a 15% increase over the 2016 budget.
181

182 **Overview of budget revision progress - 2015 carryover analysis**

183 Manager Miller asked what the issue was with the carryover. During the retreat there were
184 assumptions built in from monies coming from 2015 into 2016. Program staff estimated how
185 much carryover money they'd end with. This analysis looked at the amount projected versus the
186 amount audited/spent. The goal of the exercise was to ensure the District wasn't banking on
187 carryover reduction.
188

189 Manager Miller asked why the general operations line item was a large number. Erdahl
190 explained that this was a cash fund which is not for programming but rather a cash flow account
191 for the District to pay for expenses between levy collection. Miller asked why cash flow was
192 even in the budget. This carryover reflects cash and not budget. Carryover cash is not available,
193 necessarily, but assigned for debt service. Manager Becker clarified that the cash flow reflects
194 how the levy is collected and paid to the District (mid-June and mid-December). The \$1.2M for
195 the general fund is reflected in the audit and isn't part of the budget. Mandt suggested that
196 perhaps a policy may be necessary to address these issues to develop an understanding of cash
197 flow. Mandt also stated that the current \$1.2M cash-flow general operations line item has been
198 higher in the past, but the number has decreased. Miller was concerned that the auditor may be
199 telling the District what its cash flow is, rather than the District establishing it itself.
200

201 Both Mandt and Wisker said that subsequent meetings could address the expectations of the
202 Board and staff and these specific points. Mandt also said that this budget process and the policy
203 meetings would attempt to set up a base set of assumptions in order to assist with setting the
204 budget.
205

206 Wisker walked through each program summary which focused on each program's reductions.
207 Reductions were presented by division (i.e.: Operations and Support Services, Education and
208 Communications, Research and Monitoring, Planning and Permitting). He listed the 2016 budget
209 and the revised budget recommended for each line item within the division to show the amount
210 of carryover generated from 2016. Finally, each division spreadsheet also showed the proposed
211 2017 budget and the percentage of the budget's reduction for 2017. These all included debt-
212 service on capital projects.
213

214 **Operations and Support Services**

215 General Operations, Information Technology, Government Relations.
216

217 Mandt presented that staff will work with Redpath and the auditor to develop a recommendation.
218 Staff also found expenditures going over the past five years that had not been accounted for
219 within the general operations. One item, for example, was that the District doesn't collect all the
220 taxes it has certified. The District can account for uncollected taxes in two ways, one is to use a
221 percentage similar to other Watershed Districts as recommended by Redpath of 2.75 percent of
222 the total levy which would be approximately \$250,000, the second is to review historical
223 numbers provided in the audit which range from \$50,000 to \$80,000. The uncollected taxes have
224 never been budgeted for, but are reflected in the audit. The second category of unaccounted
225 expenses is "miscellaneous legal." The General operation legal line items has historically only
226 accounted for the retainer, however other expenses such as Human Resource items, Data Practice
227 requests, litigation and policy work have been billed to the general fund. Manager Miller was
228 concerned that the District was asking the vendors to do the budget by explaining the separate

229 line items and that Operations were being expanded when other programs were being scaled
230 back. Four years ago there was one person in Operations working part-time, whereas there are
231 currently five people on the Operations team. Erdahl mentioned that the legal budget has
232 operated in the red for many years and that the line item here works in a similar way of the cash
233 flow account. Mandt explained several of the recent changes included moving staff from other
234 departments and informed that Board that a full staff history would be part of the Department
235 Strategic Review.

236 Manager Rogness asked what it takes, legally, to spell out an easement; that these documents are
237 extremely expensive for a lawyer to prepare. He asked whether these expenses were tabulated in
238 the Operating legal fees. Staff responded saying that each project generally has its own legal fee
239 line item and it is not rolled into the general operating budget.

240
241

242 **Education, Communications & Grants**

243 Eidem presented that staff looked at what the programs are spending this year in order to
244 determine the amount to budget for going forward. The most obvious areas for quick reductions
245 would be the grants programs, and as such, big reductions were proposed: \$25K reduction to
246 Cynthia Krieg Grants (going back to 2012); reducing the cost-share program 29%. There's also a
247 program evaluation process right now to reevaluate the programs in general which could lead to
248 further reductions.

249

250 Lochner presented on how education costs could be scaled back further. The biggest change in
251 2017 would be scaling back the District's support of the Master Water Stewards, sponsoring only
252 10 stewards (down from 15)

253

254 Communications improvements relating to the website will be held at the staff level and with the
255 Board. Other major changes are in the media and government relations. Staff proposes to scale
256 back the consulting services of Himly Rapp and only using their services for crisis
257 communications. The stakeholder audit and 50th anniversary planning is being completed in
258 current 2016 year and expenses wouldn't show up on the 2017 budget. Manager Miller asked if
259 staff could break down the staff numbers and costs for each line item as staff costs were rolled
260 into each line item. Staff presented an overall reduction of 23% for communications.

261

262 **Research and Monitoring**

263 Dawson presented that work may be restructured to improve greater efficiencies. Reductions can
264 be done in both this fiscal year and the next. The budget presented showed a \$135k reduction for
265 the AIS program as the District would no longer fund certain AIS activities and implement
266 staffing changes related to AIS work- reducing the amount of non-benefitted staff and
267 discontinuing a building inspection program. The AIS roaming inspection has been 100% funded
268 by the District could be discontinued, which reduces the budget by \$55,000. Similarly, the E-
269 grade contract with Wenck will be reduced and the project will be completed the next year, and
270 wouldn't require continued funding into 2018.

271

272 **Planning, permitting, debt services**

273 Wisker presented on what was dedicated in 2016, what is proposed for 2017, and reminding the
274 Board what it has already committed through executed contracts. Planning and projects only

275 generate about \$10k in carryover. Staff is recommending an increase in debt services for the Six
276 Mile Creek project. Staff would like recommendations and a policy discussion for how/when to
277 take action. Manager Miller thought that building debt services into a line item wouldn't be
278 helpful. This issue of debt-service will be flagged for further discussion. Planning and project
279 costs, including maintenance, were previously paid for out of a capital fund out of a capital
280 budget, however now these costs are being put within the Planning division. Wisker would like
281 to further discuss the merging of these capital costs with the planning department at a future
282 Policy and Planning Committee meeting because, budget-wise, this shows as an increase in the
283 planning budget, but a decrease in capital budget.

284
285 Wisker also explained that the soft costs of planning and land acquisition hasn't ever been
286 budgeted because there's been enough cash within a project's budget, however The District has
287 been financing the cost of appraisals, environmental assessments, surveys, closing costs, because
288 they have gotten rolled into capital costs. As the District gets more involved and active in
289 easement development, it makes sense that these are not capital costs but now absorbed by the
290 Planning department. Wisker said he would provide the PPC and Board a breakdown of
291 engineering and legal fees used for conservation easements to better decide on how to budget for
292 future easements.

293
294 A new line item that has appeared for the 2017 budget relates to infrastructure maintenance. The
295 District owns buildings, a boardwalk and bridges. The budget line was based on the O&M plan,
296 however it is possible that some of these costs of maintenance could be deferred. Additionally,
297 the Six Mile Creek subwatershed project hasn't previously shown up on previous budget
298 discussions. Its carp study, planning and project development are all new line items.

299
300 With regards to project maintenance and land management, a recent survey came back showing
301 that less maintenance was needed on the District's stormwater facility.

302
303 Manager Becker asked for an explanation of the engineering, legal and technical services line
304 and what this was in relation to. Staff explained that the legal section relates to contracts,
305 engineering relates to engineering advice regarding maintenance, and technical services is related
306 to the District receiving technical expertise on management. Wisker offered to break out legal
307 line items and give more detail to programmatic legal fees.

308
309 Manager Miller commented that this format of spreadsheet doesn't fit with the strategic
310 framework and asked whether the budget would be revisited within the strategic framework,
311 which in turn would help facilitate a lot of the policy discussions and analysis. Wisker will revisit
312 this in June.

313
314 Erdahl handed out a schedule which breaks down board meetings and all pre-board meeting staff
315 work. Wisker said the OPC and Board could look ahead to 2nd quarter budget first. At the June
316 16th joint committee meeting, the committees will delve deeper into how the budget adjustments
317 will play out and how it will impact partners or other programs. The work plan and budget
318 development will be addressed in July. In August, the committee will refine and finalize the
319 work plans. The public notice for the levy increase will go out at the end of August with the hard
320 deadline being in September.

321
322 Managers Olson and Miller commended the hard work of all the District's staff and said the
323 review this evening was terrific and comprehensive. Wisker stated he will distribute hardcopies
324 of each of the spreadsheets viewed on the evening's PowerPoint to the full board.

325
326 **6.2 Bi-annual Salary Survey Update – Mandt**
327 Mandt updated the OPC saying that in 2003 that there was a governance policy implemented to
328 review employee salary to see if employees were paid according to the wider market. He is
329 working with a contractor, Springstead, on a 2016 salary survey to test the environment in
330 comparison with the system the MCWD has implemented. Staff has set a goal of completion by
331 August or September. Manager Miller supported the salary survey but said this shouldn't be only
332 a staff-driven analysis but some Board members could contribute their experience and expertise
333 to focus and direct staff. He recommended that the OPC develop a task force of Board members
334 to work with staff on this initiative. This task force wouldn't just focus on comparing the District
335 to what others are doing on salaries, but also focus on what the District wants to do in terms of
336 larger goals. Erdahl suggested that part of the design the Board task force could be written into
337 the contractor's proposal scope. Manager Miller thought Managers Olson and Becker would be
338 excellent fits for the task force as having extensive experience in both public and private sectors.

339
340 Mandt suggested that this could also go to the executive committee as opposed to a separate task
341 force. Manager Olson asked how pay raises were conducted at MCWD and Erdahl responded
342 that there was an annual market rate adjustment plus an opportunity for pay for performance
343 increase. Staff has had a lot of discussion about the staff salary structure. The outcomes of this
344 study and these discussions also impacts the District's hiring (whether to hire someone above or
345 below the grade).

346
347 Mandt said the consultant would bring back information on wages looking at comparable
348 employee roles with comparable organizations. Manager Miller thought the Board was too
349 distracted in 2014 to review the salary survey then and looks forward to this new survey.
350 Manager White countered by saying she was thoroughly invested and thoroughly reviewed the
351 previous survey.

352
353 Mandt asked that the task force meet with staff and Springstead to develop the initial scope of
354 the survey.

355
356 **7. Adjournment**

357 The OPC meeting was adjourned at 6:31pm.