



524 4th St South, Sauk Centre, MN 56378
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Meeting Minutes
Sauk River Watershed District Regular Meeting
Tuesday, December 13, 2011

5:00 PM – Regular Meeting – Sauk River Watershed District Office, Sauk Centre, MN

Managers Present:	Jim Kral, John Harren, Bob Mostad, Tim Lunsford, Virgil Rettig, Vern Vangsness, Todd Foster, Jason Scherping
Staff Present:	Holly Kovarik, Administrator; John Kolb, Attorney (Rinke-Noonan) Mike Hayman, Adam Hjelm, Tara Ostendorf, and Heather Lehmkuhl
Guests Present:	Kip Kovarik and Bev Rettig
Manager's Absent:	Larry Kuseske

1. **The meeting was called to order at 5:05 p.m. by President Foster and the Pledge of Allegiance was recited.**
2. President Foster asked for additions or corrections to the agenda. The proposed agenda was reviewed and items were added by Administrator Kovarik. By general consent of the board the agenda was approved.
3. **Consent Agenda (*approved by one motion*)-President Todd Foster**
 - a. **November 1-30, 2011 Financial Report**
 1. Cost Share Funds Log Report
 2. Loan Funds Log Report
 3. Check Register for General Fund 101
 - b. **November 15, 2011 Board Meeting Minutes**
 - c. **Permits recommended for approval-None**
 - d. **Contracts for Approval-**
(1) None
 - e. **Resolutions for Approval-**

37-11	Update to the Declared Public and Office Holidays Policy
38-11	Update to the Sick, Vacation, and Personal Leave Policies
39-11	Adoption of the Committing of Revenues Related to GASB 54 Policy
41-11	Adoption of the Investment Policy
42-11	Adoption of the Capitalization Policy
43-11	Updates to the Incentive Program Policies and Procedures Handbook
44-11	Approval of the 2012 Calendar of Events
45-11	2012 Goals and Objectives

f. **Board Action Items for Approval-**

21-11	Fees for Document Recording with Respective Counties
22-11	Project Earth Bussing Fees

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23-11	Lab Services for 2012
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g. **Loans, Grants, Appropriations**

• **Loans-**

<u>Landowner:</u>	<u>Project Installed:</u>	<u>Action Required</u>	<u>Amount Encumbered/ Paid:</u>	<u>Fund Code:</u>	<u>Pay to:</u>
Ronald and Sherry Rolfes	Septic System	Payment	\$7,350.00	224	Hagemeier Excavating
Tim and Rebecca Krueger	Septic System	Payment	\$6,875.00	224	Kraemer Trucking
Tim and Rebecca Krueger	Septic System	Payment	\$1,510.15	224	Larson Plumbing

• **Grants-**

<u>Landowner:</u>	<u>Project Installed:</u>	<u>Action Required:</u>	<u>Amount Encumbered/ Paid:</u>	<u>Fund Code:</u>	<u>Pay To:</u>
Stearns County	Permeable pavers	Payment	\$17,293.45	322	Stearns County Auditor
Teals Supermarket	Raingardens and Stormwater Retention	Payment	\$4,000.00	325	Anything Outdoors
Geri Winter	Shoreland/Riparian Restoration	Payment	\$3,000.00	322	Anything Outdoors
Geri Winter	Shoreland/Riparian Restoration	Payment	\$1,500.00	326	Anything Outdoors

• **Appropriations**

1.	Health Partners	Premium Payment	\$1,542.50	General Fund (GF)
2.	Banyon	Payment Request Module Annual Support	\$1,561.20	GF
3.	Wenck	CD15/26	\$7276.81	CD15/26
4.	Wenck	General Engineering	\$490.50	GF
5.	Wenck	Overall Plan	\$1,583.00	Overall Plan
6.	Wenck	Backyard BMP	\$3,309.67	Backyard BMP Project
7.	Wenck	Cold Spring Project	\$1,174.50	Cold Spring Project
8.	Wenck	Lower Sauk Project	\$8,058.80	Lower Sauk

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				Project
9.	Rinke Noonan	Retainer/General	\$1,099.50	GF
10.	Rinke Noonan	CD15/26	\$782.00	CD15/26
11.	Rinke Noonan	Weed Harvester Project	\$2,257.00	Weed Harvester Project

Manager Harren pulled resolutions 38-11, 39-11, 41-11, and Board Action Form 23-11. Administrator Kovarik pulled Appropriation #1 Health Partners payment for clarification. **Manager Harren made a motion to approve the remaining items on the consent agenda. Manager Kral seconded the motion. The motion passed with all in favor.**

Manager Harren wanted to make sure that the Board was comfortable with the dollar values and indicated he was not comfortable with the accrual amounts associated with the Sick, Vacation, and Personal Leave Policies highlighted in Resolution 38-11. **Manager Lunsford moved to approve resolution 38-11 Sick, Vacation, and Personal Leave Policy and Manager Kral seconded the motion. The motion passes with Manager Harren abstaining from the vote.**

Manager Harren wanted to address resolution 39-11 and wanted staff to get clarification on the policy to indicate that the policy should read 50% of fund balance at year end. This is found on page 3, item III bullet number 1. **Manager Harren made a motion to include this language within the policy and Resolution 39-11 to have the 50% of fund balance at year end. Manager Lunsford seconded the motion. The motion passed with all in favor.**

Manager Harren wanted to comment on the investment policy Resolution 41-11 and bring this to everyone's attention from Section. 4 #2 last sentence). *"Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District."* The board discussed the intent of this sentence in Resolution 41-11. **Manager Foster moved to approve resolution 41-11 and direct staff to gain clarification on the interpretation of this sentence but to approve the resolution as written. Manager Harren seconded the motion. The motion was approved.**

Manager Harren questioned the RMB length of contract and location. Administrator Kovarik stated that RMB is located in Detroit Lakes, MN. Manager Harren discussed using local labs whenever feasible. Manager Harren understood that there is history with RMB but stated that DHIA is certified and would like to see the District utilize local labs. Manager Mostad indicated that there were some issues with DHIA in the past. Administrator Kovarik reported on recent discussions with DHIA and lab visits.

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Manager Mostad discussed the importance of a reputable lab to keep us in good standing with state agencies and to aid the organization in receiving grant funding. Manager Lunsford clarified that DHIA is certified but not used by MPCA. MPCA has to have confidence in the lab results. Manager Foster asked for clarification that this resolution would approve RMB for lab services through 2012 and asked if there were other projects that would come up in between that would require lab services. Administrator Kovarik indicated that if new grants were awarded then the District would be discussing those contracts. Administrator Kovarik shared that the District would address lab services every two to three years as indicated in a standing motion by the board made previously. Administrator Kovarik suggested a clarification to the Board Action Form to list the additional words *through 2012*. Manager Scherping asked if all the monitoring would be grant funded and Administrator Kovarik indicated that a major shift was made to monitoring in 2012. Approximately \$12,000 of the monitoring budget will be paid for by the general fund the remainder will be paid by grant. Administrator Kovarik shared that the bids were put out in 2010 for lab services. Administrator Kovarik shared that she would get Manager Scherping a copy of the bid packet. **Manager Harren suggested leaving the grant contract open with which company would provide the lab services and made a motion to approve Board Action Form 23-11 Lab Services for 2012. Manager Foster seconded the motion. Heather Lehmkuhl indicated that the District is required to list the lab that will be doing the lab services in the work plan. She indicated an amendment may be needed at that time. The motion passed with all in favor.**

Administrator Kovarik stated that Appropriation #1 Health Partners should be \$1,775.40. **Manager Foster made a motion to approve Appropriation #1 Health Partners in the amount of \$1,775.40. Manager Lunsford seconded the motion. The motion passed with all in favor.**

4. Old Business

(a) The board discussed the Minnesota Association of Watershed District's conference held the first weekend in December. The general consensus of the board was that the meeting was good and the information was very useful.

(b) Administrator Kovarik gave an update on the Conservation Marketplace of Minnesota project which has been in progress for about four years. She indicated that there are three project areas in the state working on the framework for this project. Administrator Kovarik shared that there are a group of interested individuals that wish to continue searching for grants and moving the project forward. In addition, she indicated that TMDL's did not get to the point of being finalized, MPCA did not adopt the rules for water quality trading, and the project has been very labor intensive. Administrator Kovarik asked the board how they wish to proceed and the intent of the SRWD's future participation in the projects efforts. Manager Lunsford commented that the District has invested a lot of time for very little return on this project. In addition, Manager Lunsford feels that the District should work on other projects that are higher priority. Manager Rettig

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agreed that the District should limit our participation in the program moving forward. Attorney Kolb shared that whatever this program does in the future it will be a highly regulated activity. He also shared that a regulatory framework will be needed for such a project. Attorney Kolb commented that adding a rule to our administrative rules will be necessary in the future to recognize these trades. **Manager Rettig made a motion to direct Administrator Kovarik to send a letter to CMM in support of the efforts but indicating that the District is unable to participate in future grants and the District does not have staff time to dedicate to working on this project moving forward. Manager Lunsford seconded the motion. The motion passed with all in favor.**

(c) Manager Lunsford gave a presentation on the **Year End Projections** to the District's finances. The information contained in the presentation is approximate and projections are based on information as of 12/13/11. The year end projection would be \$9,500 under budget with a projected reserve amount of \$448,000. The 50% policy states that \$347,000 would be needed in the fund to cover us through six months of 2012. This will leave about a \$100,000 above the 50% at year end policy for our reserves. Manager Lunsford made the following recommendations:

- Use a portion of the Reserve in excess of the minimum to immediately fund:
 - 3% COLA for all Staff - \$8,500 (effective the pay period including January 1, 2012)
 - \$3,000 additional contribution to HSA in lieu of Dental and Vision plan
 - Bring total HSA contribution to \$1,500 per eligible staff
 - Make this amount a regular part of the compensation plan
 - Adopt these recommendations immediately
 - COLA effective for 2012
 - HSA additional contribution for 2011, new amount effective for 2012
 - After these actions SRWD Reserve in excess of the minimum is projected to be \$89,000
- After final financial accounting for 2011 is complete, use a portion of the Reserve in excess of the minimum to fund:
 - HSA increase for 2012 - \$3,000
 - fixed amount if we make the \$1,500 HSA contribution part of the compensation plan
 - Reserve to pay out Compensated Absences - \$20,000
 - Covers 100% of current liability (\$16,152) plus additional funds to cover a percentage of 2012 accrual so this could be adjusted
 - Building Fund - \$10,000
 - Can be adjusted
 - Capital Equipment Replacement Fund - \$10,000

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- Can be adjusted
 - After these actions SRWD Reserve in excess of the minimum is projected to be \$46,000
 - Defer action on this recommendation until after the books have closed on 2011 and we know the exact amount of the General Fund Reserves (January or February Board meeting)

In addition the contributions to the Health Savings Account would be added to the Health Insurance Policy as an annual budgeting requirement and to approve the recommendations as of 12/13/11 to make it effective for this calendar year.

After the fiscal accounting for this year the board would look at putting \$3,000 added to the budget for the H.S.A. and start reserving funds for compensated absences, create a building fund, and a capital replacement fund.

There was discussion about these policy recommendations by the board. Taking into consideration all of the recommendations we would be at 56% of the recommended fund balance per our policy.

Manager Kral shared that he pays on 500 acres in taxes \$612 for the township, \$1,200 for school district, \$4,700 to county and state, \$41.60 to the watershed district.

Manager Mostad asked questions about contributions to the building fund and that this would be a good starting point as the District has had space concerns for some time. **Manager Lunsford made a motion to approve all the recommendations as presented effective as suggested. Manager Foster seconded the motion. The motion passed with all in favor.**

(d) Official Orders establishing projects for Sauk River Major Watershed Project and Sauk River Watershed District Aquatic Habitat Grant Program ***Provided later*** Attorney Kolb gave an update and the official forms were already approved and this was the final order as presented at the public hearing. The document needs a signature.

5. New Business

- (a) 2011 Monitoring Program Report-Presentation by *Heather Lehmkuhl****TABLED***
- (b) Resolution 40-11 Receipt and Deposit of Funds Policy****Policy has one paragraph that is being worked on******Manager Harren moved to approve the Resolution 40-11 Deposit of Funds policy as presented and Manager Rettig seconded the motion. The motion passed with all in favor.**

6. (a) Reports

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a. Administrator's Report-Administrator Kovarik

1. **Overall Plan-**Administrator Kovarik gave a brief update on the meetings and the first phase of meetings has been completed. The managers expressed that the staff put in a considerable amount of time revising the PowerPoint's and that the managers expressed that our consultants bill should reflect this change. Administrator Kovarik shared that she is discussing this concern with the consulting firm.
2. **Battlepoint Park-**Administrator Kovarik shared the status at Battlepoint Park and that there was a meeting held by the Park Board. The County and the Park Board are going through some concerns. The County Board has to authorize changes to the contract on the shoreline restoration since the agreement with the District is currently with the County. There has been multiple trees cut down, multiple trees marked for cutting, and spraying of chemical at the park that has not been authorized by the county and that is within the restoration area under contract. Administrator Kovarik sent a letter cautioning the county and park board about work being done in the shoreline area that is under contract. Administrator Kovarik shared that Commissioner Neumann and a Park Board member has requested time on the District's January agenda. Several managers cautioned that the District should not be pulled into this issue unless the directive came from the County Board itself. The board agreed by general consensus that the Park Board could come and speak to the board under the public comment section of the January board meeting agenda. Administrator Kovarik shared that pictures and documentation has been obtained on this issue already and there is concern about continued cutting and destruction of vegetation. **Manager Kral made a motion to direct staff to work with legal counsel to draft a letter to the County about the concerns with the vegetation destruction within the restoration area at the park. Manager Lunsford seconded the motion. The motion passed with all in favor.**
3. **Judicial Ditch #2 Sediment Ponds Proposed Property Tax for 2012-FYI ONLY**
4. **Training Plan/Budget-**Administrator Kovarik shared that she is working on a training plan and budget which will be presented at a later meeting. Administrator Kovarik asked for approval for human resources certification training starting the end of January for 12 weeks in the amount of \$949 which would be included in the Training Plan Budget. Manager Harren asked how training needs were presented to the board in the past. Administrator Kovarik expressed that these were individually brought before the board in the past. However moving forward a yearly training plan budget will be presented for approval.

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Manager Harren made a motion to approve the expenditure and training and Manager Mostad seconded the motion. The motion passed with all in favor.

5. **Grants Updates**-Administrator Kovarik explained that staff are working on year end reporting. The annual audit is scheduled for the week of February 21, 2011. Staff are working on plans for 2012 work load including the necessity of interns and additional consulting work. The District did not get funding through the Clean Water Fund this cycle. Staff is working on the grant applications for the MPCA grants which are due the end of this month.
6. **Conflict of Interest Disclosure Forms**-Administrator Kovarik asked for approval for the Conflict of Interest and Disclosure Forms and the submittal of the following grant applications to the Minnesota Pollution Control Agency. The applications were named SRWD Mill Creek Water Quality Protection Project, SRWD Lower Sauk /St. Cloud Water Quality Protection Project, and SRWD Watershed Wide Protection Project. **Manager Kral made a motion to approve the conflict of interest forms and applications submittals for the applications named SRWD Mill Creek Water Quality Protection Project, SRWD Lower Sauk /St. Cloud Water Quality Protection Project, and SRWD Watershed Wide Protection Project. Manager Lunsford seconded the motion. The motion passed with all in favor.**
7. **Seasonal Staffing**-TABLED
8. **Payment Approvals-**

<u>Landowner:</u>	<u>Project Installed:</u>	<u>Action Required</u>	<u>Amount Encumbered /Paid:</u>	<u>Fund Code:</u>	<u>Pay to:</u>
Teals Supermarket GRANT	Raingardens	Payment Approval	\$4,000	325	Anything Outdoors
Central MN Federal Credit Union GRANT	Raingardens	Payment Approval	\$1,611	325	Anything Outdoors
Vaughn Glaser LOAN	Septic System Loan	Payment Approval	\$7,396	223	Ilgen Excavating

Manager Foster moved to approve the payments and Manager Kral seconded the motion. The motion passed with all in favor.

9. **Grants Discussion**-Administrator Kovarik shared that there may be some federal grant funds in jeopardy that will affect seven projects. She will keep the board informed as this issue progresses. There is about \$86,000 of funds in jeopardy.
10. **Resolution 46-11 Delegation of Melissa Roelike as Deputy Treasurer-** **Manager Harren made a motion to approve Resolution 46-11 to designate Melissa Roelike as the Deputy Treasurer.**

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Manager Rettig seconded the motion. The motion passed with all in favor.

b. Attorney's Report—*John Kolb*

1. **County Assessment Fees**-Legal Counsel opinion initially is that no fees should be paid by the District to the county auditor. There is no obligation to pay the bill. More information will come later once the county attorney offers an official opinion.

2. **Weed Harvester Funds Opinion**-A memo document was distributed for action at a later meeting date.

c. Ditch/Permit Inspector Report-*Mike Hayman*

(1) **Permits**- There were no permits for Board approval

(2) **Ditches**

County Ditch #9 Additional Work: Inspector Hayman discussed vegetative removal for the tile portion of Branch 1, Stearns County Ditch No. 9. Larson tree service can complete the work immediately at a cost estimate of \$700. The work to be completed is considered routine maintenance to be paid by the SCD 9 ditch fund. **Manager Rettig made a motion to approve the repair work for Stearns County Ditch No. 9. Manager Lunsford seconded the motion. The motion passed with all in favor.**

(3) **Assessments progress:** Inspector Hayman gave a brief update on the current ditch assessment progress. Pope County systems have been completed and that a portion of the Stearns systems will likely be complete prior to year end. Due to discrepancies within the ditch file additional research is required prior to submitting final assessment totals to the County. Attorney Kolb discussed the prior motion was to apply assessment roles as they are completed and that no further action is required.

d. Calendar Items Addressed: Approve current bills, Approve minutes. Review fund balances and budget. Approve agreements. Holly Kovarik-Anniversary date & personnel review. 3 years. Review personnel policy handbook. Approve calendar of events for 2012. Approve Goals & Objectives for 2012. MAWD State Convention held. Discuss Program Outcomes on 2011 Grants received. Discuss seasonal staffing. Staff written reports Other reports. Review Calendar of Events

e. Board Member Meeting Reports

- Manager Harren reported on the Clean Water Council meeting he attended. He mentioned the conflict of interest form, legislative auditor findings, and the supplement vs. supplant discussion.
- Manager Foster commented on the BWSR grants committee.
- Manager Lunsford asked for a clarification on the Administrator's contact and Attorney Kolb indicated no additional changes were necessary for the contract on this item.

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f. Open Discussion for the Public-None

- 7. Items for Next Meeting Agenda-None**
- 8. Adjourn-The meeting was adjourned by President Foster at 6:30 p.m. The Board and staff met at JT's Bar and Grill after the meeting for the annual Holiday gathering.**

NEXT MEETING: Regular Meeting– January 18, 2011 (Tuesday) - Sauk River Watershed District Office Sauk Centre, MN

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