

BUFFALO-RED RIVER WATERSHED DISTRICT

BARNESVILLE, MINNESOTA 56514

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DATE: Thursday, December 13, 2018
TO: Clay County Board of Commissioners
FROM: Bruce E. Albright, BRRWD Administrator
RE: 2019 Petitions for Taxing Authority Per M.S.A. 103D.905, Subd. 3

Attached, please find two (2) separate petitions for use of the above referenced taxing authority by the Buffalo-Red River Watershed District (BRRWD) in 2019. The funding was discussed at our 2019 Budget Hearing held in Barnesville on 08/27/18. In accordance with said Statute, use of the funds must be petitioned for by a political subdivision.

Watershed Funding History.

The BRRWD was created in 1960, enlarged in 1976, and enlarged again in 2012. In 1981, the BRRWD joined the Red River Watershed Management Board (RRWMB) which was formed in 1976. Under this joint powers legislation, the BRRWD was able to tax up to a 2 mil levy (now determined as a percentage of the taxable market value). The BRRWD retained half the funds to be used for local projects/programs. The other half was sent to the RRWMB. In 1981, the total taxation for the RRWMB funding was approximately \$190,000. By 2002, the total RRWMB taxation had grown to approximately \$1.4 million. In 2002, the BRRWD made a decision (for a variety of reasons) to no longer belong to the RRWMB. During the years we were a member of the RRWMB, the funding half retained by the BRRWD was used to support a variety of projects/programs, including the development of four detention sites: Stony Creek, Hay Creek, Spring Creek, and Stinking Lake. For 2019, the RRWMB set their levy at 100% (0.0004836) based on their proposed budget, and the status of projects they are funding. The taxable market value for the BRRWD in 2019 is \$8,371,757,685. If we were a RRWMB member in 2019, their total taxation would amount to \$4,048,582. Of this amount, one half of the proceeds (\$2,024,291) would be kept by the BRRWD for projects/programs, and the other half remitted to the RRWMB for them to redistribute back to MN Watershed Districts with flood control projects that meet their criteria.

RRWMB Policies.

The funding that member districts send to the RRWMB is eligible to be returned to them for projects/programs that benefit the Red River of the North. During our tenure with the RRWMB, the BRRWD remitted \$6,102,024, and received \$2,185,455, or about a 36% return on our investment.

There were several factors that led to the BRRWD's resignation. One issue involved a local flooding problem on Turtle Lake and a request made to the RRWMB to help the people on Turtle Lake develop a project. Other concerns include the return on our investment and some of the expenditures made by the RRWMB. Recent meetings have been held with the RRWMB to discuss the possibility of rejoining that organization. Those discussions continue today. In fact, we recently took time to complete their Strategic Planning Input questionnaire and will be submitting our responses to hopefully guide and improve their organization. The BRRWD realizes that we are part of the Red River Basin, and therefore need to be involved if we are ever

going to address the overall problems on a comprehensive basis for the Red River of the North. The BRRWD is aware of your interest regarding the RRWMB. We also need support from the other three (3) Counties in that regard.

Back on 6/12/12, Clay County sent a letter to the BRRWD, suggesting that we hold a meeting with the other Counties to discuss possible RRMWB membership. In 2015, we did meet with all four County Boards to discuss this issue. Several suggested that we hold informational meetings to inform and evaluate landowners' positions regarding this issue. In March of 2016, the BRRWD held meetings near Rothsay, in Barnesville, and Lake Park to discuss flood damage reduction (fdr) projects/funding. Close to 100 landowners attended. In general, they thought the BRRWD was doing a good job, and that if future fdr funding is needed, perhaps one source of funding might be the continued use of the petition process (local).

Things are changing with the BRRWD with the addition of new Managers. Board members continue to educate themselves regarding Basin issues by attending Basin meetings. We participated in the Red River Basin Commission's meeting on the Halstad Upstream fdr goals. Locally, we also continue to work on our Revised Watershed Management Plan (RWMP) fdr goals through the Mediation Project Team (PT) process. Plus, we are currently implementing a One Watershed, One Plan (1W1P) effort with our partners to strengthen water management activities in the BRRWD. We also have a role to play regarding development of the F-M Diversion Project.

As most of you probably know, the RRWMB has been undergoing some reorganization. Ron Harnack retired and Rob Sip was hired as the Executive Director. They've also eliminated the administrator position, and hired Nikki Swenson as the Executive Assistant. As they continue to go through reorganization, we look forward to hearing from them what has changed with their organization and what they have to offer the BRRWD.

For the past 10-15 years, we have been extremely busy with flood issues, large projects (Oakport, Manston, Georgetown, for example), and emergency projects. Now that some of this work is nearing conclusion, the recent focus has been on new fdr projects, which we continue to discuss with our Mediation Project Team (PT). In fact, informational meetings were held in the past year with affected landowners to discuss three potential new projects (Barnesville Township, Stony Creek, and the South Branch of the Buffalo River). Large scale fdr projects cost money (est. \$1,000-\$1,500/acre-foot). In my opinion, if anyone of these projects were to move forward, the Board will need to identify a secure funding source. Just a point of fact, in the past five years, the BRRWD has secured or worked with our partners to get over \$20 million in state and federal grants for local conservation.

M.S.A. 103D.905, Subd. 3 Funding.

Watershed Law allows the Managers to make an annual levy for the general fund in an amount not to exceed 0.00798 percent of the taxable market value for a period not to exceed 15 consecutive years to pay the cost attributable to the basic water management features of projects initiated by petition of a political subdivision within the Watershed District, or by petition of at least 50 resident owners whose property is within the Watershed District. After resigning from the RRWMB, the BRRWD was faced with a funding problem to continue the needed flood damage reduction (fdr) and natural resource enhancement (nre) work, along with a variety of other programs. In 2006, the BRRWD worked with the Legislature to increase the taxing authority under M.S.A. 103D.905, Subd. 3 to three times the amount listed in Statute, or equivalent to an approximate 1 mil levy, equaling the local share had we belonged to the RRWMB. That increased taxing authority was in effect for a three-year period (2007/2008/2009). Work with our local Legislators since 2009 has not resulted in the continued use of that increased general taxing authority. However, the Minnesota Board of Water and

Soil Resources (BWSR) has an opinion that the use of the annual levy taxing authority (0.00798%) can be used for multiple concurrent projects.

2019 Taxing Authority.

At our 08/27/18 annual budget hearing, we discussed two (2) separate petitions for use of the M.S.A. 103D.905, Subd. 3, taxing authority in 2019. The first petition (\$668,066), which is the maximum allowable by law (0.00798%), will be used for a variety of projects/programs, as listed on the attached budget. The second petition (\$500,000) will provide funding to help finance local costs associated with the construction of Project No. 79, Wolverton Creek Restoration. Phase I is currently under construction with startup of Phases II and II in 2019. In 2018, the total BRRWD general taxation was \$1,422,797. For 2019, the total proposed BRRWD general fund taxation is \$1,439,066, or a 0.114% increase from 2018. This total will be spread over an increased TMV because of the newly added areas in Wilkin and Otter Tail Counties since 2016. For 2019, a \$100,000 market value would pay \$17.19 for the BRRWD's "General" tax.

Summary.

We truly want to thank the Clay County Board of Commissioners for your past support regarding our use of the M.S.A. 103D.905, Subd. 3, taxing authority. We again request your support for the use of these funds in 2019. As noted, discussions **will continue** with representatives from the RRWMB regarding the possibility of rejoining that organization. Until then, we need to use these types of levies on an annual basis to continue the valuable project/program work in the BRRWD.

If you should have questions or comments concerning the above or attached, please feel free to contact this office.

BEA/jj

Attch: 2019 Draft General Levy Petitions (2)/2019 Budget/Annual Levy Comparison/Revenue-Expenditure Summary

Buffalo-Red River Watershed District
 2019 M.S.A. 103D.905, Subd. 3, Tax Levy Summary #1-General
 December 18, 2018
Proposed Budget

Payable 2019 Taxable Market Value	\$	8,371,757,685
Current Balance (12/12/18)	\$	568,585
2018 Receivables	\$	67,282
2019 Levy Not to Exceed 0.00798 percent	\$	668,066
	\$	1,303,933

2019 Programs

West Ottertail SWCD-Conservation Marketing	\$	12,000
Clay SWCD-Conservation Marketing	\$	12,000
Wilkin SWCD-Conservation Marketing	\$	12,000
Wilkin SWCD-Technical Assistance	\$	10,000
Becker SWCD-Landowner Incentive Programs	\$	20,000
River Keepers (1-year levy)	\$	55,000
Red River Basin Commission (1-year levy)	\$	25,000
Survey & Data Acquisition	\$	24,000
Soil Health	\$	25,000
Water Quality (IWI, River Watch, RMB)	\$	30,000
Mediation PT	\$	15,000
1W1P	\$	50,000
CWF Match	\$	75,000
TMDL/WRAPS	\$	25,000
Total 2019 Payments	\$	390,000

Balance for Projects

\$ 913,933

2019 Possible project/program levies

RIM/WRP	\$	100,000
S. Branch Buffalo River	\$	100,000
Barnesville Township	\$	100,000
Stony Creek	\$	100,000
Whisky Creek	\$	100,000
Lower Otter Tail River	\$	100,000
Hawley-Buffalo River Restoration	\$	6,000
Log Jam Removal	\$	50,000
Ring Dikes	\$	6,000
Projects w/o benefit areas	\$	25,000
Manston Slough (bond sale payment)	\$	170,000
	\$	857,000

2020 Carryover \$ 56,933

Buffalo-Red River Watershed District
Annual Levy Comparison
August 27, 2018

2014

Administrative	\$ 250,000
Insurance	\$ 23,000
Survey & Data Acquisition	\$ -
M.S.A. 103D.905, Subd. 3 #1	\$ 460,665
M.S.A. 103D.905, Subd. 3 #2	\$ 375,000
TOTAL 2014 Levy	\$ 1,108,665
2014 Projects/Ditch Systems	\$ 980,500

2015

Administrative	\$ 250,000	
Insurance	\$ 20,000	
Survey & Data Acquisition	\$ -	
M.S.A. 103D.905, Subd. 3 #1	\$ 522,822	
M.S.A. 103D.905, Subd. 3 #2	\$ 450,000	
TOTAL 2015 Levy	\$ 1,242,822	(+0.0122)
2015 Projects/Ditch Systems	\$ 1,843,500	

2016

Administrative	\$ 250,000	
Insurance	\$ 20,000	
Survey & Data Acquisition	\$ 75,000	
M.S.A. 103D.905, Subd. 3 #1	\$ 626,927	
M.S.A. 103D.905, Subd. 3 #2	\$ 450,000	
TOTAL 2016 Levy	\$ 1,421,927	(+0.011)
2016 Projects/Ditch Systems	\$ 2,040,500	

2017

Administrative	\$ 250,000	
Insurance	\$ 14,000	
Survey & Data Acquisition	\$ -	
M.S.A. 103D.905, Subd. 3 #1	\$ 661,162	
M.S.A. 103D.905, Subd. 3 #2	\$ 500,000	
TOTAL 2017 Levy	\$ 1,425,162	(+0.010)
2017 Projects/Ditch Systems	\$ 1,593,000	

2018

Administrative	\$	250,000	
Insurance	\$	22,000	
Survey & Data Acquisition	\$	-	
M.S.A. 103D.905, Subd. 3 #1	\$	650,797	
M.S.A. 103D.905, Subd. 3 #2	\$	500,000	
TOTAL 2018 Levy	\$	<u>1,422,797</u>	(-0.0099)
2018 Projects/Ditch Systems	\$	1,975,000	

2019

Administrative	\$	250,000	
Insurance	\$	21,000	
Survey & Data Acquisition	\$	-	
M.S.A. 103D.905 Subd. 3 #1	\$	668,066	
M.S.A. 103D.905 Subd. 3 #2	\$	500,000	
TOTAL 2019 Levy	\$	<u>1,439,066</u>	(+0.114)
2019 Projects/Ditch Systems	\$	1,292,407	

Buffalo-Red River Watershed District
BWSR Performance Standards
Total Revenue/Expenditures
December 13, 2018

YEAR	General Levy		ADMIN		%
	Revenue	Expenditures	Revenue	Expenditures	
2001	\$ 2,022,222	\$ 2,678,034	\$ 115,000	\$ 224,214	1.95
2002	\$ 2,168,898	\$ 1,899,915	\$ 125,000	\$ 226,575	1.81
2003	\$ 893,704	\$ 2,247,577	\$ 250,000	\$ 207,426	0.83
2004	\$ 1,456,783	\$ 1,638,717	\$ 250,000	\$ 233,478	0.93
2005	\$ 1,318,174	\$ 1,918,703	\$ 250,000	\$ 237,044	0.95
2006	\$ 3,503,636	\$ 3,517,947	\$ 250,000	\$ 255,410	1.02
2007	\$ 5,354,263	\$ 5,007,278	\$ 250,000	\$ 262,537	1.05
2008	\$ 4,325,757	\$ 3,544,445	\$ 250,000	\$ 299,889	1.20
2009	\$ 10,325,469	\$ 8,732,269	\$ 250,000	\$ 303,642	1.21
2010	\$ 14,092,374	\$ 14,871,541	\$ 250,000	\$ 311,009	1.24
2011	\$ 7,246,474	\$ 8,829,942	\$ 250,000	\$ 303,067	1.21
2012	\$ 8,303,302	\$ 6,022,850	\$ 250,000	\$ 337,305	1.35
2013	\$ 9,089,914	\$ 7,924,996	\$ 250,000	\$ 366,188	1.46
2014	\$ 6,348,589	\$ 6,724,785	\$ 250,000	\$ 392,530	1.57
2015	\$ 5,273,097	\$ 4,649,596	\$ 250,000	\$ 359,647	1.44
2016	\$ 11,114,715	\$ 9,946,898	\$ 250,000	\$ 394,712	1.58
2017	\$ 3,959,089	\$ 4,116,840	\$ 250,000	\$ 486,349	1.95

RESOLUTION 2018-40

**APPROVING 2019 GENERAL TAX LEVY PETITION #1-
BUFFALO-RED RIVER WATERSHED DISTRICT**

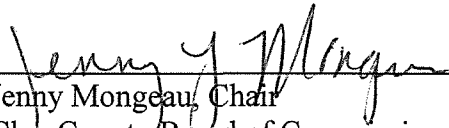
WHEREAS, pursuant to Minnesota Statutes Annotated (M.S.A.) 103D.905, Subd. 3, and any other applicable statutes, the Clay County Board of Commissioners hereby petitions for a one-year (2019) annual tax levy in an amount not to exceed 0.00798 percent of the taxable market value (\$668,066) to pay the costs attributable to the basic water management features of project/programs within the Buffalo-Red River Watershed District (BRRWD); and

WHEREAS, the BRRWD per M.S.A. 103D.905, Subd. 3, will use these funds for a variety of projects/programs, including: financial support for the Red River Basin Commission (\$25,000) and River Keepers (\$55,000), development and implementation of total maximum daily load (TMDL) and Watershed Restoration and Protection Strategies (WRAPS) for water quality, waterway log jam removal, flood damage reduction (fdr) projects, farmstead ringdikes, retention studies, development of the One Watershed, One Plan (1W1P), and a variety of other fdr and natural resource enhancement projects.

NOW, THEREFORE, BE IT RESOLVED by the Clay County Board of Commissioners that the Board does hereby petition for the use of said levy by the Board of Managers, BRRWD, in 2019, as discussed at their August 27, 2018, annual budget hearing.

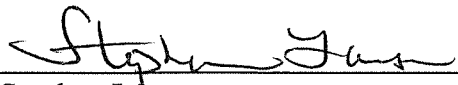
Passed by the Clay County Board of Commissioners this 18th day of December 2018.

APPROVED BY:



Jenny Mongeau, Chair
Clay County Board of Commissioners

ATTEST:



Stephen Larson
County Administrator

RESOLUTION 2018-41

**APPROVING 2019 GENERAL TAX LEVY PETITION #2-
BUFFALO-RED RIVER WATERSHED DISTRICT**


WHEREAS, pursuant to Minnesota Statutes Annotated (M.S.A.) 103D.905, Subd. 3, and any other applicable statutes, the Clay County Board of Commissioners hereby petitions for a one-year (2019) annual tax levy in an amount not to exceed 0.00798 percent of the taxable market value (\$500,000) to pay the costs attributable to the basic water management features of project/programs within the Buffalo-Red River Watershed District (BRRWD); and

WHEREAS, the BRRWD per M.S.A. 103D.905, Subd. 3, will use these funds for the costs associated with the restoration and construction of Project No. 79, Wolverton Creek Restoration.

NOW, THEREFORE, BE IT RESOLVED by the Clay County Board of Commissioners that the Board does hereby petition for the use of said levy by the Board of Managers, BRRWD, in 2019, as discussed at their August 27, 2018, annual budget hearing.


Passed by the Clay County Board of Commissioners this 18th day of December, 2018.

APPROVED BY:



Jenny Mongeau, Chair
Clay County Board of Commissioners

ATTEST:



Stephen Larson
County Administrator