

## 5.2.2.1 Establishment of MS 103D.729 Water Management Districts

### 5.2.2.1.1 Overview

At the May 9, 2018 meeting in Grygla, MN, the Policy Committee, at the request of the Red Lake Watershed District, authorized the establishment of eight Water Management Districts (WMD) through this plan. This funding option can only be used to collect charges to pay costs for projects initiated under MS 103D.601, 103D.605, 103D.611, or 103D.730. To use this funding method, Minnesota law (MS 103D.729) requires that the area to be included in the WMD be described, the amount to be charged identified, the methods used to determine the charges described, and the length of time the WMD is expected to remain in force specified.

### 5.2.2.1.2 Description of Water Management Districts

This plan establishes the eight planning regions (**See Section 1**) as the Water Management Districts. The District may create different Water Management Districts under future plan amendments.

### 5.2.2.1.3 Annual Charge Amount

The maximum WMD revenue limit within each WMD is based on 0.10% of the taxable market value within each planning region. This value will change each year as property values increase or decrease over time.

### 5.2.2.1.4 Method to Determine Charges

The methods proposed to establish the charges will be based upon the proportion of the total annual runoff volume and/or solids load contributed by a parcel or may be based on the drainage area of the parcel, within a Water Management District.

**Option 1:** The runoff volume method will:

- Use soils and land use data to determine the existing curve number for each parcel within a Water Management District;
- Use the curve number for each parcel and the annual average precipitation depth to compute the annual runoff volume for each parcel;
- Sum the annual average runoff volumes for all parcels within a Water Management District to determine the total annual runoff volume;
- Compute the percentage of the annual runoff volume from each parcel as the ratio of the annual average runoff volume from the parcel and the total annual average runoff volume for the Water Management District (i.e., the “runoff ratio”).

**Option 2:** The solids load contribution method:

- Use the Revised Universal Soil Loss Equation and a sediment delivery ratio representing the portion of the solids and sediment reaching a watercourse, to compute the annual average sediment and solids load for each parcel;

- Sum the annual average solids and sediment loads for all parcels within a Water Management District to determine the total annual average sediment and solids load;
- Compute the percentage of the annual average sediment and solids load from each parcel as the ratio of the annual average sediment and solids load from the parcel and the total annual average sediment and solid load for the Water Management District (i.e., the “sediment ratio”).

**Option 3: The combination runoff volume and solids load method.** The method used to consider both runoff volume and solids load contribution would follow the methodologies listed above for both solids contribution and runoff volume.

Calculation of charges for **Options 1 through 3** would be determined as follows:

- Add the runoff ratio and/or the sediment ratio to compute the “charge ratio” for each parcel within the Water Management District. The amount charged to a specific parcel is the sum of the runoff ratio and the sediment ratio for the parcel, divided by the sum of the runoff ratio and the sediment ratio for all parcels within the Water Management District.
- Apply the charge ratio to the total amount of revenue needed for the Water Management District to carry out the storm water related projects, programs, and activities describe by the plan to achieve the storm water related goals within that Water Management District.

**Option 4:** The drainage area method will:

- Determine the drainage area of each parcel of land within the planning region.

Calculation of charges for **Option 4** would be determined as follows:

- The amount charged to a specific parcel is determined based on the charge ratio. The charge ratio is determined by taking the drainage area of that parcel within the planning region divided by the total area of the planning region.
- Apply the charge ratio to the total amount of revenue needed for the Water Management District to carry out the storm water related projects and programs described by the plan to achieve the storm water related goals within that Water Management District.

Selection of the appropriate process of determining charges will be determined and further refined in Step 3 of the process described in **Section 5.2.2.1.7**.

#### Section 5.2.2.1.5 Duration for Existence of the Water Management Districts

The Policy Committee anticipates that the Water Management Districts will provide funding to assist with the implementation of a variety of storm water (runoff and/or water quality) related projects. The Water Management Districts will remain in existence in perpetuity. Annual assessment of charges could vary from no charges to the maximum WMD revenue limit of the planning region.

#### Section 5.2.2.1.6 Use of Funds

The primary use of the funds collected from charges within Water Management Districts will support stormwater runoff and water quality projects that help achieve the goals of the planning regions which benefit residents within a Water Management District(s).

#### Section 5.2.2.1.7 Process to be Used to Create Water Management Districts

BWSR has provided guidance as to the process of creating a WMD. The process involves eight steps. The first two steps are addressed through this Comprehensive Watershed Management Plan developed according to the BWSR One Watershed, One Plan Operating Procedures (March 23, 2016). The remaining steps 3 through 8 must be completed prior to any collection of charges in any WMD.

**Step 1.** Amend Comprehensive Watershed Management Plan to create a water management district.

Amendment must include:

- Description of area to be in the water management district
- The amount to be raised by charges (total amount is necessary if fixed time for water management district to be in force, otherwise annual maximum (cap) amount)
- The method that will be used to determine the charges
- The length of time the water management district will be in force (perpetuity is acceptable)

**Step 2.** Approval of Plan amendment under M.S. § 103D.411 or as part of a revised Plan under M.S. § 103D.405.

- Revised Plan, or petition and amendment, sent to BWSR
- BWSR gives legal notice, and holds hearing if requested
- BWSR orders approval or prescribes plan or amendment
- BWSR notifies WD managers, counties, cities, SWCDs

**Step 3.** Watershed District establishes project(s) in the water management district.

- Project implemented must be ordered by the Watershed District managers
- Order for "Project" must specify funding method(s)
- Watershed District must notify counties, cities and towns within the affected area at least 10 days prior to hearing or decision on "Projects" implemented under this section of statute

**Step 4.** Watershed District refines methodology for computing charges based on final "Project" scope.

**Step 5.** Watershed District determines and sets charges for all properties within the water management district after identifying scope of "Project" and deciding method(s) of funding "Project".

**Step 6.** Watershed District develops collection mechanism.

- Request County or Counties to collect,
- Contract with a private vendor (e.g. electric cooperative), or
- Billing and collection by Watershed District.

**Step 7.** Watershed District establishes a separate fund for proceeds collected from the fee or stormwater utility charges.

**Step 8.** Resolution of Disputes. Local governments may request BWSR to resolve disputes pursuant to M.S. § 103D.729, Subd. 4, except a local appeal process must be completed first for disputes involving water management districts established in perpetuity.

#### Section 5.2.2.1.8 Local Appeal

Local Appeal Procedure: Because WMDs established under this plan are proposed to be perpetual, the following local appeal procedure is established from the resolution adopting the plan establishing a WMD:

1. Upon receipt of the Order of the BWSR approving the plan establishing a WMD, the Watershed District shall publish notice of its resolution adopting the plan in a newspaper in general circulation in the 1W1P area.
2. Any landowner affected by the WMD may, within 30 days of first publication of notice of the resolution, appeal the establishment of the WMD to the Watershed District by filing a letter stating the basis for the appeal.
3. Within 30 days of receiving a letter of appeal, the Watershed District shall hold a hearing on the appeal, giving the appellant an opportunity to be heard and to present evidence why the WMD should not be established. The hearing shall be noticed as required for a special meeting under statutes chapter 103D.
4. The hearing shall be recorded in order to preserve a record for further review. The record of the appeal shall include the recording, any documentary evidence provided by the appellant and all records related to the establishment of the WMD.
5. Within 30 days of the hearing, the Watershed District shall adopt and mail findings and an order on the appeal to the appellant and the BWSR.
6. Further appeal, if any, shall be as provided in Statutes Chapter 103D and existing authorities and procedures of the BWSR Board.