
7. Watershed District Administration

7.1 Plan Implementation Procedure

7.1.1 Overview

This Plan is intended to extend through 2017. Compliance with Plan implementation is the responsibility of the member cities once the cities have adopted the necessary official controls and completed their Local Plan. The SWWD will annually assess the success of the Plan, and will periodically review municipal controls and permits to ensure consistency with the WMP. If necessary, based on the assessment or review, the SWWD will take steps to ensure the WMP is successfully implemented. The District may seek to enforce its standards, update its Guidance Documents and/or Rules, initiate additional engineering and administrative studies, revise the annual or long term work plan program, or initiate corrective construction activities to address any deficiencies in the implementation of SWWD standards, projects, and programs.

7.1.2 Role of Guidance Documents

7.1.2.1 General Intent

The SWWD intends for the WMP to be actively utilized in guiding annual and long term work efforts for the District. As discussed in Chapter 1, the WMP will act as one leg of a three-legged stool which supports the District; the other two legs being the District Rules, and annual evaluation tools used by the District.

This WMP provides the structure and rationale for development and utilization of Guidance Documents which will integrate with District Rules and overall District administration. Thus this WMP has been structured to afford the District the highest degree of long term flexibility to develop or modify technical details in the face of emerging issues and regulations, while maintaining clarity as to management intentions and expectations.

Given the existing and emerging issues discussed in this WMP, the SWWD recognizes that much work remains in the watershed to manage water related issues. The WMP provides the framework to implement this work by identifying issues, action items, and project areas. Products and outcomes of the work efforts are not considered significant changes to the WMP; they are results that will be incorporated into District administration as Guidance Documents.

7.1.2.2 Criteria and Incorporation Process

Not all studies or publications by the SWWD will be considered Guidance Documents for supporting the WMP. Because of the anticipated significance of a Guidance Document in providing long-term assistance towards addressing an issue or topic, such studies, publications, or similar work products are expected to meet certain criteria:

- ❖ The product should have a direct relationship with the WMP content. The relationship may be identified as an overlap with issues, policies / actions, programs, or more broadly, a management area.
- ❖ The product should follow due diligence during development to include some form of input and / or review by one or more member cities, or other similar public input process. This will depend on the level of technical content within the product, with which the public may not be familiar.
- ❖ The product content should provide adequate specificity in describing desired processes, outcomes, or recommendations so that implications of the proposed Guidance Document are clear to the Board and others.

Any products proposed as Guidance Documents must be formally accepted by the SWWD Board at a regularly scheduled meeting. When requesting acceptance by the Board, the SWWD Administrator will make the Board aware that the product is intended to serve as a Guidance Document, and generally state conformance with the criteria. Similarly, updates or adjustments to established Guidance Documents are anticipated to have Board acceptance.

Capital improvement projects proposed in a Guidance Document and, if necessary, approved as a plan amendment, shall be programmed into the Annual Work Plan and Budget for implementation. The SWWD Board shall determine the priority of any proposed projects based on data specific to the issue provided in the Guidance Document, and the policies of the WMP.

Access to established Guidance Documents will be provided through the District's Internet site. Member cities will receive formal written notice (electronic or mailed) regarding updates or availability of new materials. The SWWD will maintain a distribution list of agencies and individuals who have received a copy of the notice and will distribute notices within 30 days of Guidance Document update or availability.

7.2 Plan Revisions and Amendments

7.2.1 General Approach

The District has carefully considered its long term goals and needs extending through the effective date of this Plan. Should an amendment be required by an agency based on perceived significant changes involving goals, policies, standards, administrative procedures, or capital improvements, it will require a thorough review process as described in Minnesota Rule 8410.0140 and presented below.

The SWWD may revise its Plan through an amendment prior to a Plan update if either minor changes are required or if problems arise that are not addressed in the Plan. However, this Plan, authorities, and official controls of the SWWD will remain in full force and effect until a Plan revision is approved by BWSR.

All amendments to this Plan will follow the procedures set forth in this section, or as required by Minnesota laws and rules (as revised). Plan amendments may be proposed by any person, City or County to the SWWD board, but only the SWWD Board may initiate the amendment process. All recommended plan amendments must be submitted to the SWWD in writing, along with a statement of the problem and need, the rationale for the amendment, and an estimate of the cost.

The SWWD recognizes that the District's Plan may need to be periodically amended to remain useful as a long-term planning tool. However, the structure and intent of this Plan provides flexibility to respond to short-term emerging issues and opportunities. The structure is provided by the use of Guidance Documents, concise identification of broad issues in Chapter 3, and related goals and actions in Chapter 5 (which are captured in the LRWP). The SWWD will review and revise its long range work plan/implementation program through the SWWD annual budget and work plan (described in Section 2.2) as well as through evaluation of the long range work plan.

Technical information (especially water quality data) will require frequent updating, such as when new site specific data are generated by state, federal, and regional agencies, counties, cities, the District, individuals, or developers. The SWWD intends to post this updated information on the SWWD website (www.swwdmn.org), with hard copies available upon request. Technical information produced through studies and contained in reports will be incorporated as an extension of the overall Plan through the acceptance of the report as a Guidance Document, also to be posted to the SWWD website. An electronic notification system will be developed to inform relevant and interested parties of such updates. Generally these technical updates and studies are considered part of the normal course of District operations consistent with the intent of this Plan and not a trigger for a Plan amendment. However, when a Guidance Document results in an action or policy that is a significant change of direction from the WMP, or implementation of a capital improvement project not identified in the WMP (or not in sufficient detail), a plan amendment may be required.

The SWWD will keep records of all changes and supplemental data and will, as required for clarity, republish the Guidance Documents or portions thereof from time to time to provide an updated document for referral by the cities and others.

7.2.2 Amendments to Plan

7.2.2.1 Criteria and Format

The SWWD recognizes that much work remains in the watershed to manage water related issues. The WMP provides the framework to implement this work by identifying issues, action items, and project areas. Neither a minor nor a general plan amendment will be required for the following situations:

1. The estimated cost of an activity/study (i.e., non-capital project) is different than shown in the long range work plan; and
2. The SWWD adds or deletes activities and/or studies to/from the long range work plan. Such additions or deletions must be consistent with the goals and policies of the Plan, and will be proposed, discussed and adopted as part of the SWWD's annual budgeting process which involves public input.

If an amendment is needed, the SWWD will prepare plan amendments in a format consistent with Minnesota Rule 8410.0140, Subp. 4, unless a different format is approved by BWSR. The rule requires that, unless the entire document is reprinted, all amendments adopted must be printed in the form of replacement pages for the Plan, each page of which must:

- (a) Show deleted text as stricken and new text as underlined (for draft amendments being considered);
- (b) Be renumbered as appropriate; and
- (c) Include the effective date of the amendment.

The SWWD will maintain a distribution list of everyone who receives a copy of the Plan. Within 30 days of adopting an amendment, the SWWD will distribute copies of the amendment to everyone on the distribution list. Generally, the SWWD will provide electronic copies of the amendment or make the documents available for public access on the SWWD website. Printed copies will be made available upon written request, and printed at the cost of the requester.

7.2.2.2 Minor Plan Amendments

The minor plan amendment process is more streamlined than the general plan amendment process. Although no comprehensive criteria are set forth for what constitutes a minor amendment, Minnesota Rule 8410.0020, Subpart 10 gives the following examples of minor plan amendments:

“...items such as recodification of the Plan, revision of a procedure meant to streamline administration of the Plan, clarification of the intent of a policy, the inclusion of additional data not requiring interpretation, or any other action that will not adversely affect a local unit of government or diminish a water management organization’s ability to achieve its Plan’s goals or implementation program.”

A minor plan amendment will be required for the following situations:

1. When the SWWD initiates a capital project based on an action listed in the long range work plan **and** the SWWD proposes a new financing approach or method other than an SWWD ad valorem levy, SWWD cost share, SWWD stormwater utility, or SWWD bonding;
2. Addition of new goals or actions or revision of existing goals or actions that will require revision of the SWWD rules and regulations;
3. Changes to the goals and/or actions that directly affect the programs or budgets of other local units of government within the District; and
4. Establishment of a water management district (or more than one district) to collect revenues and pay for projects initiated through MS 103B.231, MS 103D.601, 605, 611 or 730. To use this funding method, Minnesota law (MS 103D.729) requires that the watershed district prepare an amendment to its watershed management plan. The amendment must describe the area to be included in the water management district, the amount to be charged, the methods used to determine the charges, and the length of time the water management district will remain in force; and

5. Implementation of a project (non-capital or capital) discussed in the Plan, but not currently listed in the long range work plan.

6. When the SWWD initiates a capital project listed in the LRWP (summarized in Table 2.2) and the updated cost estimate is:

(a) \$500,000 or less, and the increase is more than \$200,000 higher than the estimated costs in the LRWP (as annually adjusted); **or**

(b) More than \$500,000, and the increase is more than 60% higher than the estimated costs shown in the LRWP (as annually adjusted).

In addition, the SWWD will consider certain changes (beyond those changes listed in Section 7.2.2.1) to its itemized program of actions contained in the long range work plan to be minor plan amendments if both of the following conditions are met, as based on criteria from Minnesota Rule 8410.0140, Subpart 3:

1. The original Plan setting forth the itemized program of actions did not provide enough specificity or information needed for one, some, or all actions to meet the definition of “capital improvement program” as provided in Minnesota law.
2. The affected county does not object to the SWWD’s at least biennial work plan. County approval is needed only if the SWWD proposes to use county bonding to fund projects.

The SWWD deems that the itemized program of actions listed in the long range work plan meets the definition of a “capital improvement program.”

The SWWD deems that the itemized program of actions listed in the long range work plan, as revised by the annual SWWD budget and work plan process, along with the supporting sections of this Plan describing the need for the actions and the financial impact of the actions or projects on local units of government, meets the definition of a “capital improvement program” as given in statute (Minnesota Statutes, Section 103B.205, and subdivision 3).

The SWWD will follow the following review process for minor plan amendments:

1. The SWWD will send copies of the proposed minor plan amendment to the affected cities and townships, the Metropolitan Council, Washington County, the state review agencies, and BWSR for review and comment.
2. The SWWD will hold a public meeting to explain the amendments and publish a legal notice of the meeting twice, at least 7 days and 14 days before the date of the meeting. The SWWD will also post the notice of the public meeting on the SWWD website and mail the notices to each affected city, township and county.
3. If the proposed amendment is a minor amendment to the SWWD capital improvement program and the project proposes county bonding as the funding method, Washington County must approve the minor amendment (see Washington County bonding procedure).
4. BWSR must either agree that the amendment is minor or fail to act within 45 days of receipt of the amendment.

7.2.2.3 General Plan Amendments

If SWWD or BWSR decide that a general plan amendment is needed, the SWWD will follow the general plan amendment process described in Minnesota rules and laws (Minnesota Rule 8410.0140, Subp. 2 and Minnesota Statutes 103B.231, Subd. 11). The general plan amendment process is as follows (and is the same as the Plan review process):

1. The SWWD must submit the amendment to the SWWD cities, Washington County, Washington Conservation District, the state review agencies (the DNR, MPCA, Minnesota Department of Agriculture, and MDH), the Metropolitan Council, and BWSR for a 60-day review;
2. The SWWD must respond in writing to any concerns raised by the reviewers;
3. The SWWD must hold a public hearing on the proposed amendment;
4. The SWWD must submit the revised amendment to the Metropolitan Council, the state review agencies and the BWSR for a 45-day review; and
5. The SWWD must submit the final revised amendment to the BWSR for approval.

The SWWD will consider sending drafts of proposed general plan amendments to all plan review authorities to receive input before beginning the formal review process.

Examples of situations where a general plan amendment may be required include:

- ❖ Addition of a capital improvement project that is not included in the long range work plan and is not identified in the Plan's discussion of issues, policies, or goals; and
- ❖ Addition of new SWWD programs or other initiatives that have the potential to create significant financial impacts or controversy.

7.3 Local Government Units

7.3.1 Local Water Management Plans

7.3.1.1 General Requirements

Upon completion and adoption of the WMP and amendments, each municipality must amend an existing Local Water Management Plan (Local Plan) to conform to the requirements of the WMP or prepare a new Local Plan which is in conformance with the WMP. The Local Plan must include all the requirements of the WMP and the legal requirements of Minnesota Rule 8410. Local plans should address the expanded list of requirements as set by the Metropolitan Council's "2030 Regional Development Framework." The Local Plan must be submitted timely to the SWWD for approval so that the Local Plan can be officially adopted within two years of the adoption of the SWWD WMP. Member cities are encouraged to engage in early dialogue and coordination with the SWWD in developing their plan, and to submit a draft Local Plan to the SWWD six months prior to when formal adoption is required.

7.3.1.2 Specific Requirements

In addition to the statutory requirements of Minnesota Rule Chapter 8410, the SWWD stresses including the following information in each city's Local Plan for consistency with the intent of this WMP:

1. Problems and Issues:

- ❖ Jointly work with the SWWD to identify existing or future flooding problems, and discuss how the local government unit can effectively coordinate with the District to address the problem.
- ❖ Jointly work with the SWWD to identify existing or future water quality problems, and discuss how the local government unit can effectively coordinate with the District to address the problem.
- ❖ Jointly work with the SWWD to identify existing or future natural resource problems, and discuss how the local government unit can effectively coordinate with the District to address the problem.

2. Local, Regional, State, and Watershed District Controls:

- ❖ Adopt and include copies of DNR approved Floodplain and Shoreland ordinances.
- ❖ Adopt a regional water quality protection strategy that is consistent with the SWWD water quality and waterbody standards.
- ❖ Include a groundwater protection component consistent with Washington County's Groundwater Management Plan or method to adopt measures.
- ❖ Adopt a wellhead protection plan.
- ❖ Develop methods to address flooding, water quality, and natural resource problems.
- ❖ Adopt standards consistent with Minnesota Rule Chapter 7080 for septic system construction and maintenance.
- ❖ Establish 100-yr high water levels and peak flow rates for all waterbodies in the drainage system.
- ❖ Plan for a ponding and drainage system that meets the SWWD allowable peak flow rates and regional assessment location criteria.
- ❖ Establish a minimum 3 foot freeboard standard for ponding areas in the drainage system.

3. Methods for Evaluating Proposed Controls:

- ❖ Acknowledge the SWWD's Measures of Success as an annual evaluation tool and how local units of government can cooperate.

7.3.2 Regulatory Controls and Enforcement

Upon adoption of the WMP, the SWWD will initiate its rule-making process. The rules of the SWWD shall detail the regulatory controls necessary to implement the programs outlined in the WMP. The goal for the implementation of the programs is to work through the cities existing programs and to encourage the cities to adopt new controls as necessary to adopt the WMP standards. Based on the WMP standards, Table 7.1 summarizes updates to local controls required by member cities in order to achieve conformance with the WMP. It is generally assumed that local controls are inadequate to conform with WMP standards given that member cities, with the exception of Woodbury,

did not provide copies of local ordinances during preparation of the WMP. If local city controls are at least as restrictive as the District's rules, then it will not be necessary for the SWWD to review development plans in addition to city review.

For interim enforcement of the SWWD standards (until Local Plans and/or local controls are in place) the SWWD will develop rules and review procedures to enforce the standards. The rules may include administrative fines for violations of standards to be used during the interim enforcement of the standards.

A review of SWWD programs and implementation of standards will be carried out annually by District staff. Staff will make recommendations to the SWWD Board of Managers on the adequacy of the present regulatory controls and implementation thereof. If during the annual review, the Board concurs that programmatic changes are necessary, the Board can amend the WMP to reflect the needed changes and/or adopt new rules that require the cities to amend their ordinances to effect the needed changes. If implementation of standards consistent with the WMP is a problem, the SWWD will take administrative or legal action to ensure that the standards are being implemented.

7.3.3 Financial Impact

Many unfunded regulatory programs are presently creating a financial impact on local units of government. The impaired waters program (see Section 5.1.1) may create a financial impact to local government units. The NPDES Phase II program (see Section 5.1.2) requires municipalities to implement minimum control measures as well as other actions to protect water resources. The SWWD has established several programs and specific action items to help local units of government meet these requirements. Examples include funding of a monitoring program to collect data, cost-sharing and disseminating educational materials, and developing a design standards manual to help streamline modeling efforts and problem-solving. In this manner, the District is providing a financial benefit to its member communities.

The standards put forth in the WMP are intended to be implemented by the cities. The cities must adopt the necessary controls to be solely responsible for implementing the standards. The emphasis on implementation by the cities is in conformance with the SWWD's desires for efficient implementation of the WMP and the cities' desires to maintain local control in day-to-day operations affecting their city. An important part of cities taking control of the implementation standards is the City's adoption of the SWWD approved Local Water Plan.

As local units of government maintain control of implementing programs at the local level, there will also be a greater affect on the local units to implement the policies of this WMP. The major areas of impact to local governments will be likely water quantity and quality standards, wetlands management standards, and regional assessment locations.

The water quantity standards refer to volume control and allowable pre-development conditions (annual infiltration and Curve Number) which must be addressed in the cities Local Plans. The water quality standards refer to maximum allowable load allocations in order to accomplish the receiving water (lake, river, and wetland) standards outlined in the WMP. The lake, river, and wetland standards encourage better site design for development and redevelopment. The standards also allow appropriate use of BMP's (e.g. on-site infiltration) to limit water quality impacts. The implementation of site design and BMP's is most effectively done during the process of land development and is best financed through the development process. In this way, the controls needed to minimize

the impacts of development are financed by the developments that create the need for the controls. In this case, the impact to the cities is minimal since it can be incorporated into their existing building controls and addressed in their Local Water Management Plans.

Regional assessment review and analyses will be performed by the SWWD so no impact is expected to member communities. However, the establishment of regional assessment locations may have financial impact to member communities in that the standard may result in additional site design or runoff mitigation (e.g. maintaining critical storage areas).

7.4 Financing and Funding

7.4.1 Funding Approach and Rationale

The SWWD intends to distribute costs for programs and improvements as equitably as possible. At the same time the SWWD strives to maintain an efficient and effective implementation process that does not include unnecessarily high administrative costs. Therefore the financing of the various watershed programs and projects is carried out using the various funding methods available to provide a balance between equity in paying for activities and an effective process that does not create unduly high administrative costs to implement. In order to serve the watershed as a whole as well as address specific issues, the SWWD will use a variety of funding mechanisms that are available to the watershed through Minnesota Statutes 103B and 103D. Funding from Washington County is another available mechanism and is governed by the county's Financial and Budget Policy #2403 setting forth guidelines for capital projects financing.

Table 7.1 – Status of local controls compared to Plan requirements

<i>Matrix indicates relevant local control (e.g. Local Water Management Plan (LWMP) or ordinance) which the member city is required to update, or otherwise confirm, is in conformance with the SWWD WMP.</i>	
PLAN REQUIREMENT	RELEVANT LOCAL CONTROL
Stormwater Peak Runoff Rate (Section 6.6.2)	Ordinance
Stormwater Runoff Volume (Section 6.6.3)	Ordinance
Allowable Total Phosphorus Load (Section 6.6.4)	Ordinance
Wetland Protection Standard (Section 6.4.3)	Ordinance
Critical Storage Areas (Section 6.7)	LWMP
Regional Assessment Locations (Section 6.8)	LWMP
Utilization of Infiltration (Section 6.9)	LWMP
Open Channel Stability (Section 6.10)	LWMP
Bluff Buffers (Section 6.11)	Ordinance

Various programs are needed in the watershed (see Section 5.3) to address the water and natural resource issues. The programs typically provide non-structural approaches to watershed issues and problems and prevent the need for costly corrective actions in the future. The programs are usually implemented at the watershed level and therefore will be financed by the entire watershed. Watershed-wide collection of funds is also generally less costly administratively which makes sense for the smaller costs typical of the programs implemented by the watershed.

The SWWD must carry out various non-capital projects (primarily studies) and plans and capital projects (primarily structural projects) to address watershed issues. The non-capital projects are implemented in order to identify potential problems, identify reasonable alternatives, and propose necessary actions. Capital projects are needed at times to prevent or correct problems that arise in the watershed or address opportunities that exist. The projects are a necessary part of the watershed's activities which serve to provide effective management of the watershed and its resources.

The SWWD projects will serve all or parts of the watershed directly, depending on the project, as well as provide secondary benefits to all the residents of the watershed. The projects provide direct service to the contributing area. The nature and purpose of the projects vary, but generally fall within one of three categories:

- ❖ Preventing flooding;
- ❖ Managing surface water quality that would effect downstream waterbodies; and
- ❖ Protecting natural areas.

In addition to the service for the contributing area, all residents of the watershed will gain a common benefit from an effective watershed district that can respond to issues before costly corrective actions are needed.

The common benefits to all residents of the watershed include maintaining property values in the community by resolving and preventing flooding and water quality problems. In addition, SWWD projects are intended to be integrated projects in their approach, including flood control, water quality protection, groundwater protection, and natural resources protection. Therefore, even with flood control projects that serve and protect specific areas, there will also be water quality, groundwater, and natural resource aspects included. The water quality, groundwater, and natural resource aspects have benefits that transcend or do not coincide with the flood control service areas, therefore the watershed district as a whole should contribute to the project. Lakes, wetlands, streams, rivers, groundwater, and natural areas are regional resources whose protection provides an enhanced community with a higher quality of life, thus benefiting the entire watershed.

Flood prevention rationale. Water quantity or flood control projects serve specific areas and protect areas and resources that might be damaged by flooding. For water quantity projects, the SWWD will distribute the majority of the costs of the project to the land owners of the subwatershed served. However, due to the common benefit to all those in the watershed as discussed above some portion of the project cost will also be shared by the entire watershed.

Surface water quality rationale. Water quality projects serve to protect water quality within the drainage system and to protect specific downstream waterbodies. For water quality projects the areas that drain to the improvement or waterbody being protected will be responsible for funding a portion of the project since they are impacting the waterbody. The entire watershed will also pay a portion of the project costs since the waterbody

protected is typically a "public water." State and federal regulations designate the majority of waterbodies to be "public waters" that should be managed and protected for the public good. For instance lakes are public waters that are important recreational and natural habitat areas that are extensively managed for the public good. Likewise wetlands, streams, and rivers are public waters that provide valuable public benefits such as recreation, plant and wildlife habitat, transportation, and other benefits.

Natural area protection rationale. Natural resource projects are resource-oriented projects that protect or manage natural areas that are valuable habitat and recreational areas. The areas close to the resource within the subwatershed benefit from their proximity to the resource by increased property values and easy access to recreational amenities. However, all residents in the watershed benefit from the visual, ecological, and recreational amenities of the areas addressed by a SWWD natural resources project. Thus the entire watershed will pay all of the project costs. The ecological stability maintained or created by natural resource projects will increase the visual and wildlife integrity of the region, providing watershed-wide benefits. For instance, many wildlife species use a variety of areas to sustain themselves. Therefore wildlife such as birds seen in a resident's back yard or neighborhood park may be using habitat from another area as well to survive, transcending subwatershed boundaries. Similar interrelations exist for native plants species whose seeds can be spread by wind or wildlife between different areas.

7.4.2 Funding Process

7.4.2.1 Overview

The SWWD's cost-sharing method for funding projects presented here is a slightly modified version of the method presented to the watershed by BWSR staff as a model for funding different types and sizes of projects. The cost-sharing method was also reviewed and endorsed by the SWWD's 1997 Citizens Advisory Committee.

The watershed will fund its general operations and administration through the funds authorized under Minnesota Statutes 103B.241 and 103D.905. Watershed programs will be funded through a district-wide ad valorem levy. The levy authority for watershed programs is under 103B.241.

To allocate costs to the contributing areas for capital projects, the SWWD will use the project subwatershed to divide the project costs between the service area and the entire watershed. The subwatershed approach for contributing waters is used under authorities of 103D.729 and Minnesota Chapter 444.

7.4.2.2 Stormwater Utility Fee

Watershed Districts have the authority by State law to levy a property tax to implement projects and programs within the watershed. The SWWD has collected tax revenue since its formation in 1993, for the purposes outlined under State law. The Washington County Tax statement shows a charge to residents of the SWWD. The SWWD uses a watershed wide levy (ad-valorem) for watershed general fund and annual programs, however, the SWWD collects a majority of its project fund revenue using a stormwater utility fee (SUF). The SUF is labeled "SWWatershed" under special assessment in the property tax system on Washington County Tax statements. Stormwater utility authority for watershed programs is under 103D.729 and Minnesota Chapter 444.

Watershed districts and Cities both have the authority to establish stormwater utilities. The SWWD stormwater utility operates on the same principals as a city stormwater utility. However, the watershed constructs regional scale projects, outside of city responsibility.

A stormwater utility fee is a property charge based on stormwater characteristics for a type of land use. The SWWD calculates the SUF based on computed runoff volumes for a typical single family residential property. The computed runoff volume defines a unitless Residential Equivalency Factor (REF). The REF values are assigned to individual parcels based on their computed runoff volumes compared to a typical single family residential property.

There are two elements to the SWWD SUF funding process. The elements include:

- ❖ Subwatershed project financing; and
- ❖ Separation of annual project implementation financing.

The financing for the two elements is predicated on the basis of three “management units,” driven by the consolidation with the East Mississippi WMO area (May, 2003) and Lower St. Croix WMO area (September, 2010) which required the SWWD to collect some tax revenue differently. The three management units are shown in Map 7.1. The member cities under the original SWWD jurisdiction (Afton, Cottage Grove, Lake Elmo, Oakdale, and Woodbury) were administratively organized as the South Washington Watershed Management Unit. The former EMWMO member cities (Grey Cloud Island, Newport, and St. Paul Park) and small portions of Cottage Grove and Woodbury were administratively organized as the East Mississippi Watershed Management Unit. The former LSCWMO member cities (Hastings and Denmark Township) and small portions of Afton and Cottage Grove were administratively organized as the Lower St. Croix Watershed Management Unit.

In accordance with the SWWD petition for boundary change, dated March 11, 2003, the East Mississippi Management Unit is, through this Plan, established as a water management district, according to Minnesota Statute 103D.729, for the purpose of collecting revenues and paying the costs of projects initiated under section 103B.231, 103D.601, 103D.605, 103D.611, or 103D.730. In addition the East Mississippi Management Unit is responsible for 100% of the cost of any projects in that Unit, and shall not pay for any projects in the other two Management Units (see Map 7.1).

The SWWD Board adopted a Plan Amendment, dated November 12, 2002, establishing the South Washington Management Unit as a water management district, according to Minnesota Statute 103D.729, for the purpose of collecting revenues and paying the costs of projects initiated under section 103B.231, 103D.601, 103D.605, 103D.611, or 103D.730. In addition the South Washington Management Unit is responsible for 100% of the cost of any projects in that Unit, and shall not pay for any projects in the other two Management Units (see Map 7.1).

In accordance with the SWWD petition for boundary change, dated May 11, 2010, the Lower St. Croix Watershed Management Unit is, through this Plan, established as a water management district, according to Minnesota Statute 103D.729, for the purpose of collecting revenues and paying the costs of projects initiated under section 103B.231, 103D.601, 103D.605, 103D.611, or 103D.730. In addition the Lower St. Croix Management Unit is responsible for 100% of the cost of any projects in that Unit, and shall not pay for any projects in the other two Management Units (see Map 7.1).

Subwatershed project financing relates to the Central Draw Overflow project as discussed in Section 3.2.1.4. A weighted allocation of financing is achieved by distributing 25% of the total Overflow project cost across the entire South Washington Watershed Management Unit. The remaining 75% of the total Overflow project cost is assigned to the Northern subwatershed which is the contributing area. The 2002 Plan Amendment also established the boundaries of the 25% and 75% water management districts for the purpose of cost allocation of the Central Draw Overflow project. This WMP confirms the 2002 establishment of the South Washington Management Unit and the Central Draw Overflow 25% and 75% subwatershed financing areas as water management districts according to Minnesota Statute 103D.729. The sum of all individual SUF parcel charges is the total charge per member city. This provides the city with maximum flexibility for payment of charges.

For annual projects which are implemented in a Watershed Management Unit, SUF revenue is directly obtained from that Management Unit. No SUF revenue collected from one Watershed Management Unit shall fund projects in another Watershed Management Unit. Uses for collected revenue include, but are not limited to, pay for capital projects, pay for the operation and maintenance of regional stormwater/flood control systems, payment of debt service, and to pay for projects to improve stormwater runoff quality. The Water Management Units are set to maintain subwatershed financing authorities in perpetuity. The SWWD Board has targeted a maximum annual fee of \$100 per REF, or less as warranted. Each year the SWWD Board adjusts the utility fee rates based on the proposed budget to implement watershed projects.

The SWWD Board of Managers shall, ten days prior to a hearing or decision on projects implemented with SUF revenue, provide notice to the city, town, or county within the affected area. The city, town, or county receiving notice shall submit to the managers concerns relating to the implementation of the project. The managers shall consider the concerns of the city, town, or county in the decision on the project.

7.4.2.3 Financing and Project Categorization

Funding for watershed activities can come from a variety of statutory authorities granted by Minnesota. Available types of financing mechanisms and related statutory authority are presented in Figure 7.1. The discussion in this section provides details on how the SWWD relies on these authorities to fund different types of expenditures (i.e., projects).

For administrative purposes the SWWD projects are divided into three categories:

- ❖ Non-capital projects
(Studies / evaluations / assessments, and technical framework development)
- ❖ Small capital projects
(On-the-ground watershed improvements, generally small)
- ❖ Large capital projects
(On-the-ground watershed improvements, generally large)

Non-capital projects, which are typically studies or plans, do not include construction of large capital-intensive facilities. The non-capital projects may lead to capital projects in the future. Small capital projects are typically structural projects that do not include significantly large expenditures. In order to prevent administrative costs from becoming too large for non-capital projects and small capital projects, ad valorem tax levies will be used rather than a stormwater utility approach.

A cost threshold ranging from \$500,000 to \$1,000,000 will be used to distinguish between small and large capital projects. Each project within this range is evaluated with regards to the issue of equity of funding the project and maintaining low financial administration costs. The goal for watershed projects is to maintain financing administration costs below 5% of the total project cost. The threshold range presented here may be re-evaluated in the future to determine if another framework is better suited to maintain low project administrative costs while providing equity in project funding.

Non-capital projects or studies will be funded through watershed-wide ad valorem taxes under 103B.241 and/or 103D.729 and Minnesota Chapter 444. The watershed-wide levy allows pertinent studies to proceed forward without undue administrative delay and collecting the necessary information with which to make informed decisions. The studies will then identify any necessary improvements, the costs of those improvements, and the appropriate subwatershed boundaries for financing if a capital project must be implemented.

Small capital projects will be funded through a combination of watershed-wide and subwatershed ad valorem taxes. Small capital projects are funded under the authority granted by 103B.241 and/or 103D.729 and Minnesota Chapter 444.

Large capital projects will also be funded through a combination of funds from the watershed as a whole and the project's subwatershed. The collection of funds will be done through a stormwater utility approach and water management district as provided for in 103D.729 and Minnesota Chapter 444 or with ad valorem taxes and the authorities granted under 103B.241.

The SWWD will continually coordinate with member cities to fairly and equitably allocate costs by entering into agreements with the cities to collect project funds through area charges on new development or redevelopment. The SWWD will also consider accumulating funds for specific projects in advance of expenditures for the project as authorized in 103B.241. The funds collected before a project is implemented will be used to reduce the total project cost by reducing interest costs incurred when issuing bonds.

As discussed in Section 7.4.1, the nature and purpose of projects vary, but generally fall within one of three categories: water quantity, water quality, and natural resources. The distribution of funding varies for these projects as shown in Table 7.2

Table 7.2 – Distribution of Funding for Projects

<i>Nature of Project</i>	<i>Portion Paid by the Subwatershed</i>	<i>Portion Paid by the Entire Watershed</i>
Water Quantity	75%	25%
Water Quality	50%	50%
Natural Resources	0%	100%

The percentages presented in Table 7.2 are guidelines for the watershed and can be altered if the nature of a specific project requires a different approach or distribution of costs. In some cases, such as with natural resources projects considered by the District, the contributing subwatershed may encompass the entire watershed and therefore the subwatershed would be defined as the entire watershed.

In the case of the watershed overflow, several financing alternatives will be investigated as part of the study. The financing options to be considered include but are not limited to:

- ❖ Ad-valorem taxing by subwatershed and watershed;
- ❖ Stormwater utility;
- ❖ Bonding scenarios, including escalating payment schedules;
- ❖ Joint powers agreements with cities or other units of governments;
- ❖ Grants; and
- ❖ Special legislation to provide other funding or financing methods.

While many variables still must be defined on funding large projects, it is estimated that for the first few years, the average home in the watershed will pay around \$100 per year. Once capital projects begin and a watershed overflow project is fully defined, the costs will increase in the project subwatersheds and may decrease in areas outside the project subwatersheds.

7.5 Administration of Legal Boundary

The current legal boundary of the SWWD is shown on Map 7.1. Procedures for adjusting the legal boundary were established with the consolidation of the SWWD and the East Mississippi Watershed Management Organization. Legal descriptions of watershed boundaries are cumbersome to develop and adjust. Instead, the SWWD uses geospatial data established with Geographic Information System (GIS) to convey the legal boundary. Washington County upholds this established process for adjusting watershed legal boundaries. The SWWD annually reviews parcel data to verify existing properties and incorporate any new properties affecting the watershed, thus updating the legal boundary.

At times projects are proposed or issues occur within the legal boundary of the SWWD, but are outside of the hydrologic drainage area. These projects are approached on a case-by-case basis. Typically, the SWWD will assume the lead role on projects or issues which are within the legal boundary. Generally, the SWWD will coordinate with the appropriate adjacent watershed entity to ensure effective administration and project oversight.