

**COON CREEK WATERSHED DISTRICT
Request for Board Action**

MEETING DATE: May 13, 2019
AGENDA NUMBER: 10
ITEM: Annual Report

AGENDA: Policy

ACTION REQUESTED

BACKGROUND

**Coon Creek Watershed District
2018 Annual Report and
2019 Work Plan**

Board of Managers

President	Anthony Wilder
Vice-President	Warren Hoffman
Treasurer	Michael Kreun
Secretary	Matt Herbst
At Large	Dwight McCullough

District Administrator

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Approved by Board of Managers **May 13**, 2019

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Reporting Requirements

The Coon Creek Watershed District (District) is required to annually report on a variety of activities. These requirements and the state and federal laws that mandate the reporting are:

1. The Minnesota Watershed Act (M.S. 103D.351)
2. The Metropolitan Water Management Act (M.S. 103B.231)
3. The Minnesota Wetland Conservation Act (M.S. 103A)
4. The National Pollution Discharge Elimination System (NPDES) Program.

NOTE: A review and audit of the District's finances is provided in the District's Annual Financial Report and Audit of 2016 performed by the Minnesota State Auditor. The Audit of 2018 has been ordered by the Board of Managers on December 10, 2018

REPORT and REVIEW OBJECTIVES

Additionally, the objectives of this report and management review are to:

1. Monitor the implementation of the 2013 – 2023 Comprehensive Watershed Management Plan as a whole and of its component projects in relation to changes in the context, operating environment and circumstances of their implementation.
2. Provide a method of evaluating District management and operations.
3. Validate the goals, priorities and program focus areas in the Comprehensive Watershed Management Plan.
4. Evaluate the progress towards long term results and identify barriers to achieving those results.
5. Identify and adopt new ways to improve capabilities for accomplishing results and remove barriers.
6. Adjust management direction to reasonably assure achievement of the District's mission and strategic goals.

COON CREEK WATERSHED DISTRICT AT A GLANCE

District Mission

To manage ground water and the surface water drainage system to prevent property damage, maintain hydrologic balance and to protect water quality for the safety and enjoyment of citizens and the preservation and enhancement of wildlife habitat.

To carry out its mission, the District:

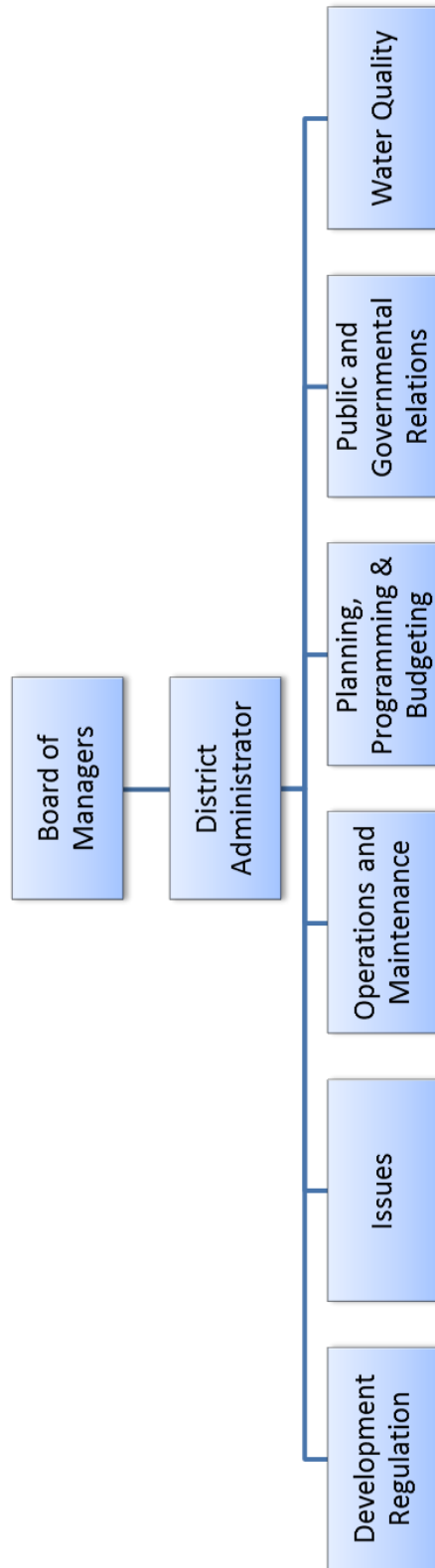
1. Advocates a conservation ethic in promoting the health, productivity, diversity, and beauty of water and related land resources.
2. Listens to citizens and responds to their diverse needs in making decisions.
3. Protects, restores, and manages the watershed's water and related resources for sustainable multiple-use management of water resources.
4. Provides educational, technical and financial assistance to Cities, Anoka County and private landowners, encouraging them to practice good stewardship and quality land management in meeting their specific objectives and improve their water resources.
5. Help communities to wisely use the water and related resources to promote economic development and a quality environment.
6. Develops and provides scientific and technical knowledge and educational programs aimed at improving the capability to protect, restore, manage, and use water and related resources.

District Roles

The Coon Creek Watershed District serves the following specific and required statutory roles:

- (1) **Drainage Authority** over all public drainage ditches within the watershed under M.S. 103E
- (2) **Comprehensive Surface Water Management Organization (WMO)** for Coon Creek Watershed and select adjacent subwatersheds under the Metropolitan Water Management and Watershed Acts (M.S. 103B & MS 103D)
- (3) **Local Governmental Unit (LGU)** administering the Wetland Conservation Act (WCA) except for the City of Spring Lake Park where the District provides assistance and oversight when and where needed.
- (4) **Municipal Separate Storm Sewer System (MS4)** permittee to the Minnesota Pollution Control Agency under the Federal Clean Water Act NPDES program.

Coon Creek Watershed District 2016-17 Organizational Chart



District Goals

The District has adopted five mission goals and three issue goals. Pursuit of these goals is articulated in the District Comprehensive Watershed Management Plan.

Mission Goals

1. To prevent property damage from flooding, erosion or degraded water quality
2. To ensure balance between inflow, outflow and storage of water
3. To protect and enhance water quality
4. To provide for multiple beneficial uses including the safety and enjoyment by the watershed's residents
5. To preserve and enhance wildlife

Issue Goals

Aquatic Invasive Species

6. To be proactive in aquatic invasive species management through education and projects that improves lake and stream water quality and/or reduces the risk of entry of invasive species.

Weather and Climate

7. To gather and disseminate weather data and climatic information and provide meteorological expertise in support of water and related resource management decisions and weather-related management activities.

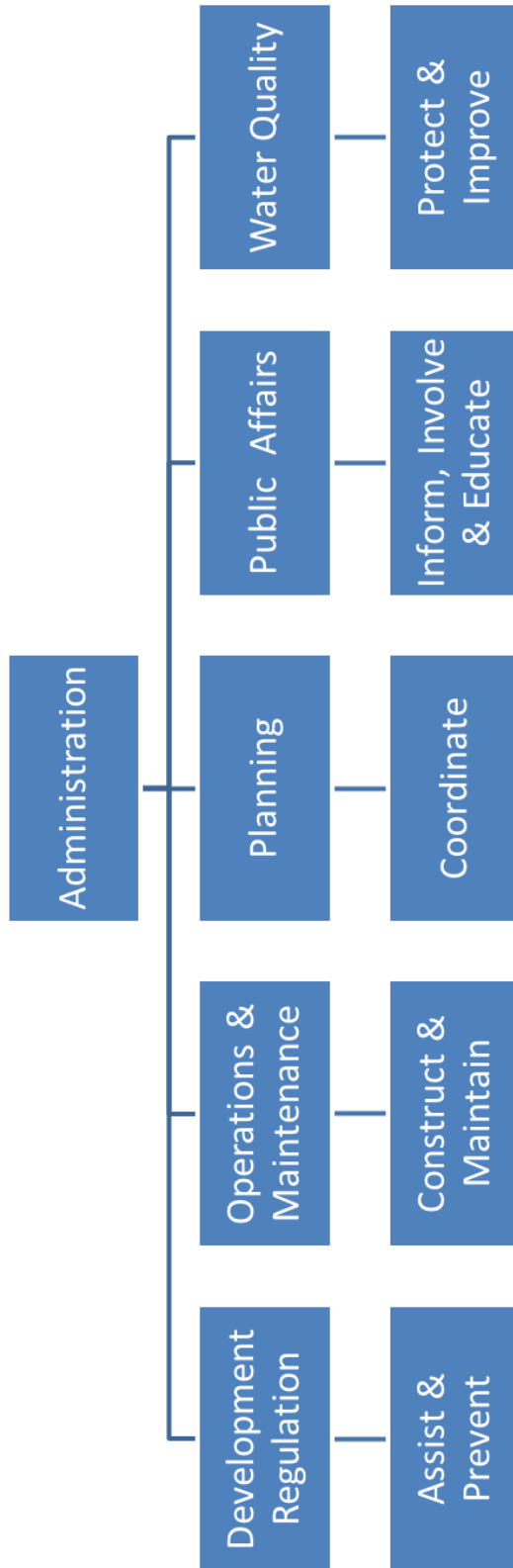
Surficial Ground Water

8. To manage groundwater dependent ecosystems under the principles of multiple use and sustainability, while emphasizing protection and improvement of soil, water and vegetation, particularly because of effects upon aquatic and wildlife resources.

Management Priorities

1. Protect Drinking Water Supplies
2. -Prevent Flooding and Drainage
-Improve water quality in impaired or impacted waters
-Maintain and enhance water quality in waters that are not impaired.
3. Groundwater Recharge
4. Aquatic Life
5. Recreation
6. Hunting & Fishing
7. Irrigation
8. Watering: Livestock & Wildlife
9. Aesthetics
10. Industrial Use and Cooling

Program Lines of Operation and Effort



Financial Report

At the August 28, 2017 meeting the Board approved a draft budget for notice for public hearing.

The budget was also reviewed by members of the Anoka County Board of Commissioners on Wednesday September 6. On September 11, 2017 the Board of Managers unanimously adopted the following budget for 2018. Also shown is the performance of both revenues and expenditures through out 2018.

The largest variance in 2018 is in program costs where nearly \$3.7 million was budgeted and spent. This 3.7 million is associated with the building and resides in a fund balance held for purchase of new office building. The District purchased a building in December 2018, the balance is being used in 2019 to alter the structure to better accommodate the public and District operations.

Revenue Source	2018 Budget	YTD Budget	YTD Actual	Variance	Pct Var
Property Taxes	2,405,941	2,460,873	2,381,782	(79,091)	
Special assessments	-	-	-	-	
Fees & Charges	210,830	245,011	230,426	(14,585)	-6%
Interest Income	1,500	-	75,615	75,615	
Bonds/Loans	2,000,000	-	-	-	
Grants	469,099	172,800	186,492	13,692	8%
Fund Balances	1,029,425	996,895	264,635	(732,260)	
	6,116,795	3,875,579	3,138,949	(736,629)	-19%
Expenditure Sources	2018 Budget	YTD Budget	YTD Actual	Variance	Pct Var
Salaries & Wages	757,628	757,628	554,718	(202,910)	-27%
Benefits	255,467	255,467	172,940	(82,527)	-32%
Professional Services	626,557	626,557	596,597	(29,960)	-5%
Operating Expenses	167,737	163,830	106,707	(57,123)	-35%
Program Costs	4,947,706	1,103,600	1,185,461	81,861	7%
Capital Equipment	31,206	36,350	34,198	(2,152)	-6%
	6,786,301	2,943,432	2,650,620	(292,812)	-10%

2018 Activities in Review

Significant Events and Accomplishments

Administration

- The Board of Managers met 23 times between January and the end of December.
- The Board considered a total of 470 items during those meetings. An increase of 10%.
- 354 of those business items (75%) pertained to either policy items or permit reviews. An increase of 4% over 2017 and a 16% increase in past four years.
- In spring the District saw the retirement of one employee after 10 years of service, one manager after 12 years of service and the departure of one employee to be with her family after 2 years of service
- The Board added one new member, Dwight McCullough. Dwight started his 3-year term at the end of May and was sworn in at the June 11 meeting
- The District welcomed 3 new employees in the areas of development regulation, Outreach and finance/accounting
- Purchased an office building in December 2018 which will serve as the District headquarters and base of operations.

Development Regulation

- In 2018 the District received 184 applications for use or impact to water resources and assistance. This was a 16% decrease from the 2017 record year, which involved 218 applications.
- 62 permits appeared on the Board agenda
- 96 permits were issued

Issues

- The District addressed 196 separate issues, such as flooding, water quality, and various wetland related concerns. This was a 5% increase from 2017.

Operations and Maintenance

- Completed 7 bank stabilization projects
- Conducted repairs on ditches 11, 23, 54-4 and 60-2
- Conducted channel tree clearing and obstruction removal on 17 sites
- Inspected and conducted a condition assessment 28.8 miles (27%) of the public ditch system consistent with the District's NPDES permit and 7.5 miles of ditch under public easement owned by a city that primarily provides storm water conveyance.
- Conducted 87 routine or follow-up inspections.

Planning

- The District initiated a process of amending its Comprehensive Water Management Plan by updating or revising

- Reviewed 6 local water plans. Three plans were approved in 2018 (Andover, Blaine and Coon Rapids). One local plan was tabled

Public Affairs

- Implemented an awareness program on chemicals of emerging concern
- Developed signage and displays for the Springbrook Creek biochar filter and the sand creek restoration
- Expanded District presence through 5 new outreach events reaching approximately 250 directly and another estimated 2,000 indirectly through printed materials

Technical Assistance

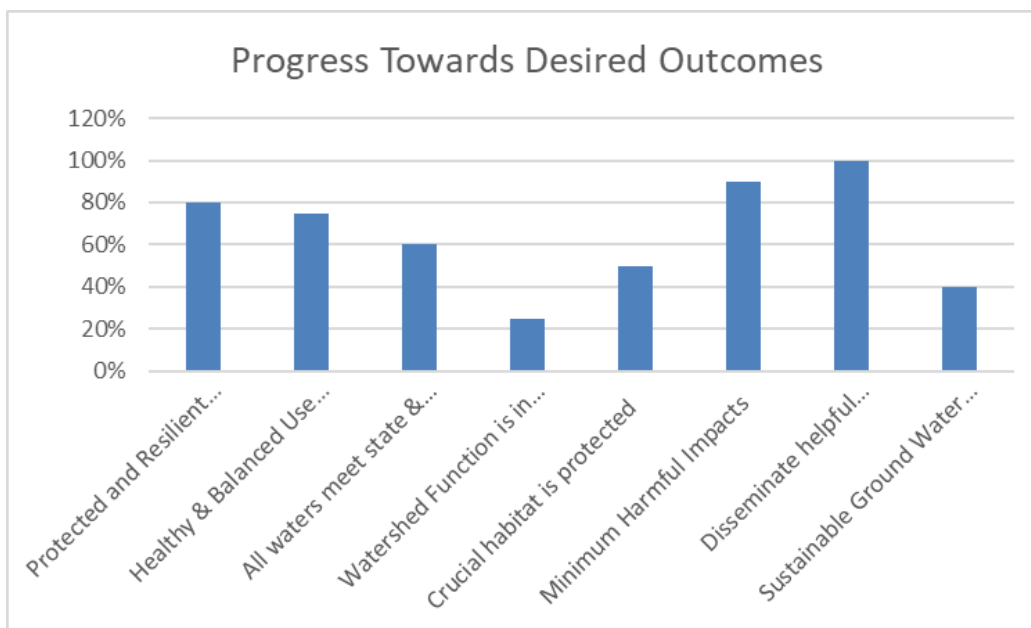
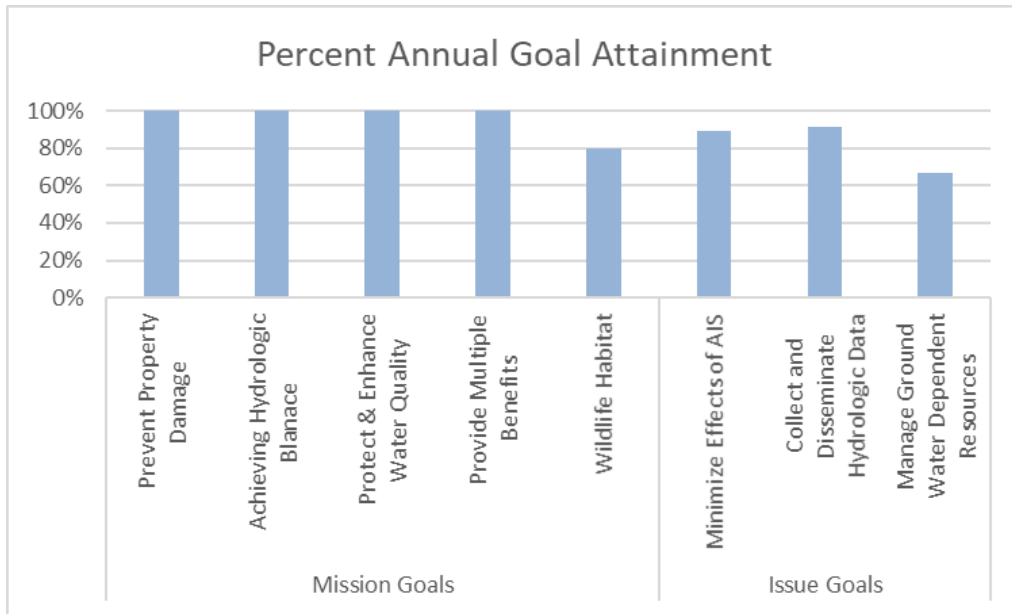
- In 2018 the District responded to 100 requests for technical assistance.
- Approximately 50% of these requests involved site planning or assessment which often involves modeling for volume, timing and a host of other hydrologic and hydraulic considerations.
- 30% involved the implementation of various management practices.

Water Quality

- Was awarded \$1.2 million in grant funding for water quality improvement projects
- Presented to the Upper Midwest Invasive Species Conference the District led successful control of hybrid Eurasian milfoil in Crooked Lake.
- Completed first year of monitoring on the innovative biochar-enhanced filter and the reduction of E coli in Springbrook creek by over 80%
- Launched a District wide chloride study to evaluate winter chloride concentrations
- Detected a new infestation of invasive phragmites in Ham Lake through the District's early detection monitoring and successfully initiated the District's rapid response plan in partnership with the Anoka Conservation District.

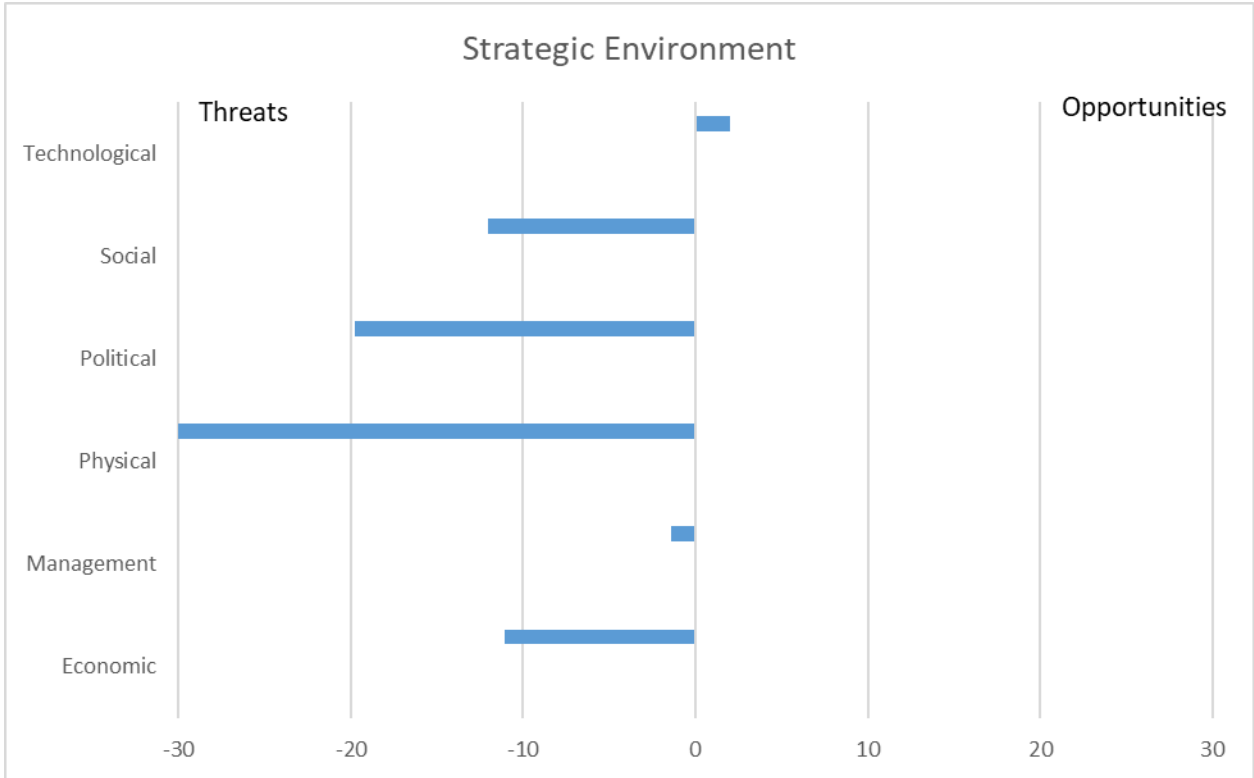
Evaluation of Progress in Implementing the 2013–2023 Comprehensive Watershed Management Plan

Implementation of the 2013 – 2023 Comprehensive Watershed Management Plan is progressing well. The District has successfully implemented approximately 86% of its management objectives. The sections below address the degree to which the District has accomplished the management objectives supporting each mission and issue goal in the District’s Comprehensive management plan.



Evaluation of Opportunities and Threats Facing District

The evaluation of the District’s external environment (those things the District has no direct control over) using the Rowe and Mason Environmental Analysis Model (1982). The model focuses on macro trends in six areas that affect an organization (economic, management, physical, political, social and technological). Each general trend was synthesized from one to five identifiable trends. A general representation of the District’s external operating environment is below:



Our Greatest Opportunities

Our greatest opportunities appear to be the following

Opportunity	Explanation
Demographic shifts or changes in stakeholder perceptions and values that result in unanticipated shifts in expectations from water resources	Changes in the demographics of the District particularly in the areas of age, education and income offer an opportunity for the District to make its case to a new audience.
Green Infrastructure	While this is a trend that has arrived and presents an opportunity for more citizen involvement, its long-term efficacy and cost effectiveness remains to be tested.

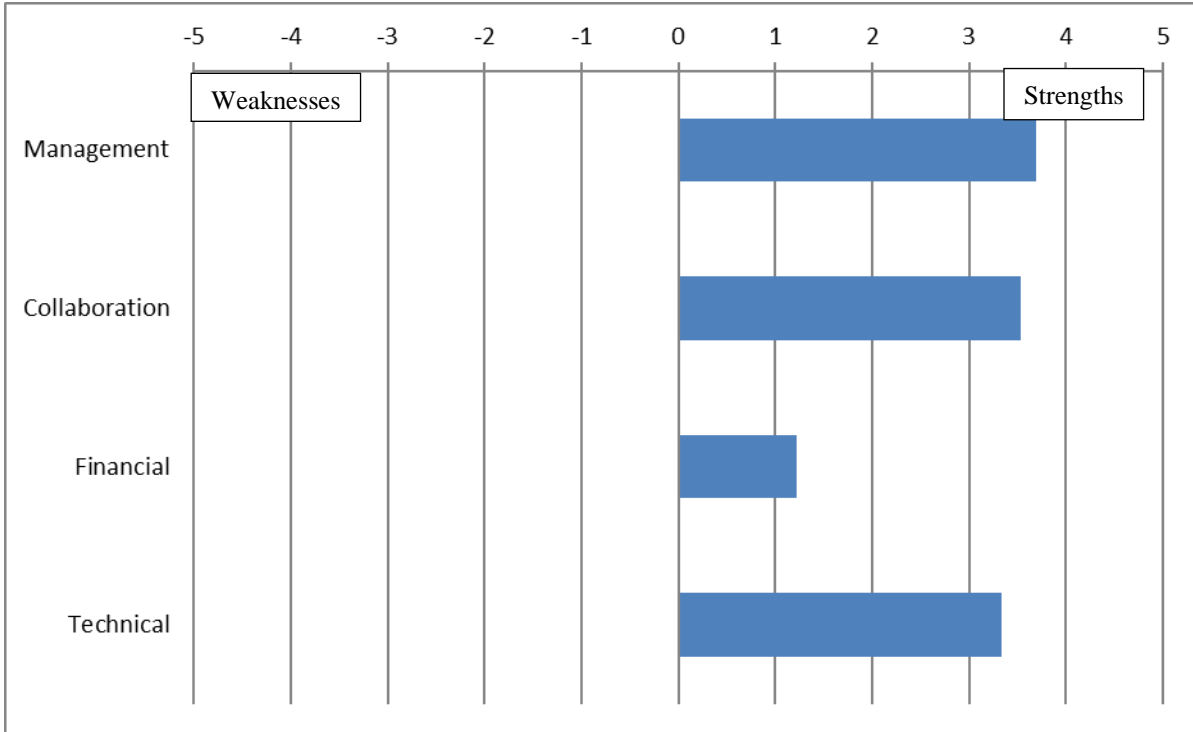
Opportunity	Explanation
Big Data	Advances in the access to and application of big data for information and practical technical assistance to the public is a trend to monitor.

Problems and Challenges the District needs to Watch

Problem/Challenge	Explanation
Decrease or hesitance of collaborators to invest in water management	While the District has excellent relations with our collaborators, there are discussions within the District and metro wide that the construction and maintenance and the continual delegation of mandates and requirements by the State and Federal governments is at a minimum too-much-too-quickly or simply exceed the willingness to pay of some. The Direct investment in water resources by the cities within the District is about the same as the District, the majority of which is contributed by Blaine and Coon Rapids. Three cities (43%) is \$0. Water management is typically handled in conjunction with street or other projects.
Weather Volatility and Increase in Extreme Events	This is a trend that has arrived and appears to be increasing in area and intensity. The number and size of super-cells occurring within the District and within the immediate area has steadily increased each year since approximately 2003.
Population Growth and Accompanying land use change	The District has annually added three to five square miles of impervious surface each year for at least the past three years.

Evaluation of Operating Environment

Evaluation and profile of District capability was evaluated using four strategic factors (Management, Collaboration, Financial and Technical). The evaluation assesses the District’s strengths and weaknesses in dealing with opportunities and threats/problems/challenges in its external environment. Each strategic factor was evaluated using twelve to eighteen variables considered in Rowe’s Four Factor model (1982)



Strengths

Our greatest strengths lie in management and collaboration followed closely by technical abilities

Strength	Explanation
Management	Our greatest managerial strengths are: <ul style="list-style-type: none"> • Our ability to attract and retain exceptionally talented people (avg tenure is 6.3 years) • Our sense of social responsibility • Our continual use of planning and evaluation
Collaboration	Our greatest collaborative strengths are: <ul style="list-style-type: none"> • Our close involvement with collaborators • Our focus on roles and responsibilities unique to the

Strength	Explanation
	District
Technical	<p>Our greatest technical strengths are:</p> <ul style="list-style-type: none"> • Our specific technical skills • The level of technology used in products and services has practical application • The processes we use are evidence based • Our role and contribution add value to projects and proposals

Specific Things We Need to Be Aware of and Work on

The weaknesses we need to be aware of and work on are:

Specific Weaknesses	Explanation
1. Ease of Exit from Responsibilities	<p>The District cannot turn away from its mandates and responsibilities. If the District was a private entity, its ability to exit a market could have huge financial benefits. The District does not have the ability to withdraw from its responsibilities other than to solve the problems in a manner that ensures they will no reoccur.</p>
2. Degree of Financial Capacity Utilized	<p>Coon Creek ranks eight in taxable market value (TMV) out of the 12 metropolitan watershed districts. On a TMV per acre basis it ranks ninth out of 12.</p> <p>In addition, 23.1% of the District’s land, which contribute an estimated 20% of the flow and water quality loadings is exempt from property taxes.</p> <p>The District’s budget per acre and its levy per acre have ranked the District 10th out of 12 in the Metro Area in its use of fiscal capacity.</p> <p>The significance of the District’s approach is \$65.24/acre less than average, \$35.24/acre less compared to the median and \$16/acre less than Rice Creek. For a total addition of \$2.4 to \$4.4 million in revenue.</p>
3. Capital Investment in meeting demand & need	<p>The District was found to be weak in this area because of the age of District water management infrastructure and the District’s overarching roll in coordinating sound water</p>

Specific Weaknesses	Explanation
	management. While no estimation of the size or time period for the capital investment has been done the need to prepare overshadows the traditional run-to-failure capital management philosophy so prevalent in water management.
4. Adequacy of taxes & fees being charged	The District's levy per Taxable Market Value the past three years averages 0.022%. It is the third lowest (10 of 12) in the Metropolitan Area. The average within the Metropolitan area is .032%, the median is .031%.

Constraints to & Options for Achieving Long Term Results

Strategic/ Contextual Issues	Need	Potential Action
Decrease or hesitance of collaborators to invest in water management	Public and officials need to understand the direct and indirect costs of neglect or deferment of construction, maintenance and repair of natural and hard water assets and infrastructure	Focus on demands, life-cycle costs & needs of hard and natural infrastructure and sensitive lands.
Water management is increasingly complex	Requires multiple organizations acting collaboratively to address problems	Increase TAC meetings, providing a dial-in on-screen option
Broader leadership teams	Combine political awareness, technical expertise and management acumen	Increase staff training beyond technical expertise
	Collective consideration of how to address political and financial problems at the root of most water management problems	Consider establishment of regular operations and information briefings with all collaborators and staffs
Weather Volatility and Extreme Events	In house staff trained and able to rapidly deploy and inspect for damages or issues that may adversely	Additional staff Cross training of District staff

Strategic/ Contextual Issues	Need	Potential Action
	affect the public health and safety	
Population Growth and Accompanying land use change	Staff to address Water quality, increased permit load and need to more closely monitor capacity and condition of the conveyance system	Hire three FTEs 1 Water quality specialist 2 Technicians

Operational Issues	Need	Potential Action
Degree of Financial Capacity Utilized	Increased utilization of financial capacity and more equitable method of collection	Bring rates more in line with demands and support costs of meeting operating and maintaining the system
		Consider switching or exploring a change to a storm water utility or runoff method of funding
Adaptiveness & speed of response to changing conditions	Steersman model where technical staff are more broadly trained	Cross-train all program specialists and technicians
Resource and personnel utilization	More staff & more staff with broader base and diverse skill sets	Increase staff Cross train new and existing specialist and technical staff in core knowledge, skills and abilities to work across programs.
Ability to differentiate and prioritize so that capital, operation, maintenance and replacement investments are more efficient and effective	Better financial planning for evaluation and budget purposes	Begin using life-cycle costing in the acquisition and construction of assets