

AREA II

AREA II / RCRCA

January 2, 2025- Board of Directors Meeting
Lyon County Government Center, Marshall, MN/Hybrid
Roll Call Votes on all motions – *attended via Zoom

AREA II Members Present: Jeff Veerkamp, Larry Anderson, John Maatz*, Gary Crowley, Lori Gunnink*, Rick Wakefield, Luke Johnson and Glen Kack.

RCRCA Members Present: Jeff Veerkamp, Bill Eckstein, Larry Anderson, Clark Lingbeek*, Gary Crowley, John Lanoue, Lori Gunnink*, Paul Posthuma, Luke Johnson, Brad Kruisselbrink, Rick Wakefield, Brian Timm* and Glen Kack.

Others Present: Kerry Netzke – Executive Director, Joy Bruns – RCRCA Office Manager.

The meeting was called to order at 9:02 AM by RCRCA Chairman Johnson and Area II Chairman Anderson.

ADOPT AGENDA. Netzke requested that 1W1P delegate appointments be delayed until the next meeting and add a change to the February 6, 2025 meeting. **RCRCA** - Motion by Anderson, seconded by Posthuma, to approve the agenda as amended. Motion carried unanimously. **Area II** - Motion by Veerkamp, seconded by Johnson, to approve the agenda as amended. Motion carried unanimously.

PLEDGE OF ALLEGIANCE.

AGENCY AND MEETING REPORTS.

DNR. Netzke requested ‘off the record’ comments from DNR and USACE concerning a necessary stream relocation due to raising of the roadway. DNR divisions are having internal discussions of the proposed stream mitigation. It has been reported that the discussions have been productive, and it appears decisions will be forthcoming.

MASWCD. Along with AMC, the organizations are dealing with legislative leadership uncertainty of the Minnesota Legislature. Many expect a difficult session.

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AMC. Commissioner Johnson reported that discussions with MPCA regarding solid waste are ongoing.

APPROVE RCRCA MINUTES of December 2024 Board Meeting. Motion by Eckstein, seconded by Kack, to approve the December 2024 Minutes as corrected. Motion carried unanimously.

APPROVE AREA II MINUTES of December 2024 Board Meeting. Motion by Johnson, seconded by Crowley, to approve the December 2024 Minutes as corrected. Motion carried unanimously.

RCRCA TREASURER’S REPORT – December 2024. Financials were reviewed by the Board. Motion by Wakefield, seconded by Kruisselbrink, to file the December 2024 Treasurer’s Report subject to audit and approve payment of the bills. Motion carried unanimously.

AREA II TREASURER’S REPORT – December 2024. Financials were reviewed by the Board. Revenue received: \$6,947.56 Contract Services Income, \$20,662.23 MMB Grant Funds, \$4,237.16 Interest Income, and \$1,536.00 Miscellaneous Income (Engineering Reimbursement from YM 1W1P). Returned \$4,158.43 to BWSR from RWF 8/9 Water Quality & Storage Grant due to unplanned EQIP funding for the project. Bills for approval: \$4,702.50 Bolton & Menk, \$7,642.50 Bolton & Menk (stream assessments) and \$5,926.00 MCIT annual insurance. Motion by Veerkamp, seconded by Crowley, to file the December 2024 Treasurer’s Report subject to audit and to approve payment of the bills. Motion carried unanimously.

Revenue as recorded:

Contract Service Income (RCRCA)	\$ 6,947.56	Projects-MMB General Fund	\$ 20,662.23
Interest Income	\$ 4,237.16	County Levy	\$ 0.00
State of MN-Administrative	\$ 0.00	SWCD Tech Assistance	\$ 1,536.00
Water Quality & Storage Grants	\$ -4,158.43	Miscellaneous Income	\$ 0.00

Paid bills are summarized below:

Administration	\$ 25,627.52	Office Supplies	\$ 22.53
Bonding Project Funds	\$ 0.00	Other Insurance	\$ 0.00
Capital Outlay	\$ 16,345.00	Postage	\$ 0.00
Contract Services - RCRCA	\$ 2,104.92	Professional Services	\$ 8,635.50
Directors’ Expense	\$ 0.00	Project Expenses Paid	\$ 29,670.00
Directors’ Insurance	\$ 0.00	Project Permit Fees	\$ 0.00
Employee Expense	\$ 295.47	Rent	\$ 837.00
Field Supplies	\$ 0.00	Telephone	\$ 166.36

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Investigating & Testing	\$ 0.00	Utilities-Web Hosting	\$ 0.00
Maintenance & Repair	\$ 234.17	Vehicle Expense	\$ 61.02
Miscellaneous Expense	\$ 245.60	Continuing Education	\$ 0.00
Insurance	\$ 0.00	Investigation/Testing Exp.	\$ 0.00

Bills for approval:

Professional Services	\$ 8,365.50	Investigation/Testing Exp.	\$ 0.00
Project Costs	\$ 0.00	Insurance	\$ 5,926.00

DESIGNATE 2025 Banking Institution – RCRCA. RCRCA has been with HomeTown Bank of Redwood Falls for over 10 years as there are no fees for direct deposit for payroll and the checking is interest bearing. It is recommended to continue doing business here. Motion by Posthuma, seconded by Eckstein, to designate HomeTown Bank as the 2025 banking institution. Motion carried unanimously.

DESIGNATE 2025 Banking Institution – Area II. Area II has been with HomeTown Bank of Redwood Falls for over 10 years as there are no fees for direct deposit for payroll and the checking is interest bearing. It is recommended to continue doing business here. Motion by Crowley, seconded by Wakefield to designate HomeTown Bank as the 2025 banking institution. Motion carried unanimously.

AUTHORIZE RCRCA Office Manager to Execute Electronic Funds Transfers for RCRCA. Motion by Eckstein, seconded by Kruisselbrink, to authorize the RCRCA Office Manager to execute electronic funds transfers for RCRCA. Motioned carried unanimously.

AUTHORIZE RCRCA Office Manager to Execute Electronic Funds Transfers for AREA II. Motion by Wakefield, seconded by Johnson, to authorize the RCRCA Office Manager to execute electronic funds transfers for AREA II. Motioned carried unanimously.

DESIGNATE Executive Director as RCRCA Grant Signatory. Motion by Kruisselbrink, seconded by Veerkamp, to designate the Executive Director as RCRCA's Grant Signatory. Motion carried unanimously.

DESIGNATE Executive Director as AREA II Grant Signatory. Motion by Crowley, seconded by Veerkamp, to designate the Executive Director as AREA II's Grant Signatory. Motion carried unanimously.

AUTHORIZE Executive Director to sign Documents on behalf of AREA II. Motion by Johnson, seconded by Kack, to authorize the Executive Director to sign documents on behalf of AREA II. Motion carried unanimously.

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AUTHORIZE Executive Director to sign Documents on behalf of RCRCA. Motion by Posthuma, seconded by Eckstein, to authorize the Executive Director to sign documents on behalf of RCRCA. Motion carried unanimously.

CONFLICT OF INTEREST DISCLOSURES. Board members and staff are required annually to sign the disclosures. Board members who were present turned them in. The forms will be emailed to the board members that joined via zoom or were not present.

RCRCA – COST SHARE CONTRACTS – Cancellation

CWF-2021-21 *PLUM CREEK*

David Freeburg	Springdale 34 - Redwood	638 WSCB
EST Cost: \$23,977.20	EST Cost Share: \$17,982.00 (75%)	
	<u>CWF C/S: \$ 3,596.58 (15%)</u>	
	Federal 319: \$14,386.32 (60%)	

Netzke presented one cost share contract for cancellation: Plum Creek CWF Grant – Springdale 34 - Redwood. The project was funded through EQIP, and this funding is no longer needed. Motion by Veerkamp, seconded by Kruisselbrink, to approve cancellation of Plum Creek Springdale 34 – Redwood Cost Share Contract. Motion carried unanimously.

EXECUTIVE DIRECTOR’S REPORT

- **Annual Reports.** All BWSR and MPCA grants are required to submit annual financial and progress reports by February 1. These reports will be completed in January.

AREA II

- **Florida Creek Restoration Project – Garfield 32/33.** A meeting was held 12/18/2024 between Area II staff, LWP-YB WD, and several DNR division staff to discuss the Scope of Work and Cost Estimate provided by Area II/Bolton & Menk. A few days of survey work is needed to supplement the data collected by LQP SWCD and DNR. Joe took advantage of warmer temps and surveyed on 12/26/2024 to gather what he could without assistance from the locals. The Cost Estimate will be revised when survey data has been compiled and a better understanding of engineering needs is clarified.

- **Bonding Bill Request.** The Capital Investment Committee has requested appropriation requests for the 2025-2026 Legislative Sessions. Despite not receiving much direction with regard to requesting bonding and returning the General Funds (MMB), a request for \$1.5 million will be made.

RCRCA

• **Cottonwood-Middle MN 1W1P Update.** The BWSR Southern Region Committee met virtually 12/9/2024 to review/approve the Comprehensive Watershed Management Plan. Netzke did the presentation which was followed by a few questions. Committee members felt the presentation and the Plan were very well prepared. The committee recommended Plan approval to the full BWSR Board for their January 22, 2025 meeting.

Attorneys Ann Goering and Jordan Soderlind (Ratwik, Roszak & Maloney) provided draft revisions to RCRCA's joint powers for Plan implementation and draft Bylaws. Netzke provided comments/corrections back, however the requested revisions have not yet been received for today's meeting.

Planning Grant Work Plan Revisions – The Policy Committee approved expenditures for the remaining grant dollars (~\$70,000) including development of the BEAST (Benefits Estimator and Spreadsheet Tool), MS4Front Tracking System, and a Hydrologic Model (dividing the entire watershed into 100 subwatersheds) to focus floodwater storage efforts. Netzke has revised the Work Plan in eLINK to designate the remaining planning grant funds.

The Policy Committee will meet on Wednesday, February 19 at 1:00 PM.

The Steering Team will meet remotely January 15, 2025.

• **Redwood CWMP Update.** The Policy Committee will meet Monday, January 13, 2025 at 1:00 PM with the Steering Team meeting that morning at 10:30. Remote links will be provided in case of inclement weather conditions.

• **Possible IRS Repayment.** Netzke has been trying to clarify a situation stemming from June 2020 when RCRCA qualified for Employee Retention Credits relating to Covid-19 and the 5-week stay-at-home order. \$3,587.40 was received from the IRS. In February 2021, the IRS proposed a change to the employer credits and requested more information (nonprofit status and JPA) which was provided to IRS. No correspondence had been received since, until March 11, 2024 when a request of repayment in the amount of \$4,255.69 was received. A call was made to the IRS where they again requested proof of RCRCA's non-government status (joint powers organization), and non-profit status be provided. Since then, about every 60 days IRS letters arrived asking for more time for them to review the file. On December 23, 2024, no explanation was provided with the request for repayment of \$4,723.21 including interest and fees. Netzke has spent hours on the phone trying to get an explanation of why RCRCA is no longer eligible. IRS computer systems are down until after January 2 for end-of-the-year updates. If resolution of the eligibility cannot be made by January 6, 2025, a payment of \$4,723.21 will be necessary to prevent additional interest and fees. Motion by Eckstein, seconded by Kack, to approve payment of \$4,723.21 and to

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continue work on the clarification of RCRCA's non-profit status. **Ayes** - Eckstein, Anderson, Lingbeek, Crowley, Lanoue, Gunnink, Johnson, Kruisselbrink, Wakefield, Timm and Kack. **Nayes** – Veerkamp and Posthuma. Motion carried.

AREA II ENGINEER'S REPORT.

Alta Vista 27 Road Retention, Lincoln County. Final plans and a cost estimate have been completed and the project is progressing towards a meeting with all parties involved to discuss any changes, flowage easements, borrow sites, wetland delineation and permitting needs. We are currently waiting for feedback from DNR and USACE regarding stream mitigation for a segment of natural channel that will be impacted by the raised roadway. 2025 construction is anticipated. ***North Hero 34 Road Retention, Redwood County.*** Drone survey data has been received and used to finalize the Plans which are nearly complete. Once this is completed, a meeting with all parties involved will be held to discuss any changes as well as borrow areas and flowage easements. Stream mitigation may also be necessary for this project and will await the decisions made by DNR and USACE with the Alta Vista 27 project before finalizing these Plans. 2025 construction is anticipated. ***Limestone 25 WASCBS, Lincoln County.*** This project is a series of WASCBS with a subsurface tile outlet system. The contractor has completed the bulk of the work with finish work to be completed in the spring. Payment is being processed with Lincoln SWCD and federal RCPP funds. ***Amiret 20 Dam Repair, Lyon County.*** This is a small dam repair on a grade control structure at the edge of a field. The majority of a preliminary design has been completed. ***Norman 35 Pond Sediment Removal, Yellow Medicine County.*** The Contractor has completed work on the sediment removal. Payment is being processed utilizing Yellow Medicine WBIF. ***Florida Creek Restoration, Yellow Medicine County.*** MN DNR is interested in restoring approximately 1,000 feet of natural channel on DNR-owned ground. The Lac qui Parle-Yellow Bank Watershed District is administering the grant which includes securing engineering. The WD has asked Area II to provide the engineering for the restoration project with the understanding that all the engineering costs would be reimbursed by the DNR grant. A kickoff meeting was held earlier this month to discuss the survey needs as well as the immediate availability of survey staff. It was agreed to begin sharing technical information so that a refined cost estimate can be submitted. ***Holly 20 Small Dam, Murray County.*** This is a grade control structure that has a working preliminary design that had to be altered to minimize impacts to the existing wetlands. A preliminary cost estimate is being finalized based on the new preliminary design, and a meeting with the landowner is expected to discuss the alterations. This project is in the Plum Creek watershed and would be eligible for the Clean Water Fund grant.

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RCRCA – POLICY CHANGES. Netzke reviewed policy changes to update dates, increase daily meal reimbursement to \$68/day, ESST changes by the State, recommended changes from the auditor to raise asset thresholds to \$2,500 (from \$1,000) and add a GASB 34 policy to the document. Posthuma noted that many SWCD supervisors are paid \$125 per meeting; currently RCRCA's policy is \$75 per executive board meeting. Discussion followed. Motion by Veerkamp, seconded by Posthuma, to raise the RCRCA per diem to \$125 for Executive Board members. Motion carried unanimously. Motion by Veerkamp, seconded by Eckstein, to approve the proposed changes to the RCRCA Operating and Employee Policies. Motion carried unanimously.

AREA II – POLICY CHANGES. Netzke reviewed policy changes to update dates, increase daily meal reimbursement to \$68/day, ESST changes by the State, and recommended changes from the auditor to raise asset thresholds to \$2,500 (from \$1,000). Motion by Johnson, seconded by Wakefield, to raise the Area II per diem for Executive Board members to \$125 to be consistent with RCRCA. Motion carried unanimously. Motion by Johnson, seconded by Wakefield, to approve the proposed changes to the Area II Operating Policy. Motion carried unanimously.

RCRCA FY2024 AUDIT ENGAGEMENT. Netzke presented the board with a proposal from Peterson Company Ltd. to perform the FY2024 audit for RCRCA in the amount of \$5,000. The auditor has shared that tracking unearned revenue from the prepaid grants is the justification for the \$500 increase from the prior fiscal year. Supervisor Lingbeek added that most accounting firms do not want to deal with SWCDs and JPOs, making Peterson Company one of the few who still do. Motion by Crowley, seconded by Wakefield, to accept the proposal to engage Peterson Company Ltd. for the FY2024 audit. Motion carried unanimously.

RCRCA Joint Powers Agreement Revisions & Bylaws discussion. Netzke reviewed with the board the marked-up document of her changes to be made to the Joint Powers and Bylaws. Netzke hopes to have a document ready for board approval in February.

Along with approval of the document changes to include the added watershed areas (orphan areas) to RCRCA's watershed boundary, an increase to the county appropriations is recommended as the \$80,000/year is no longer covering administration costs not covered by grant programs. Netzke provided a spreadsheet detailing the county appropriations at \$85,000 and \$90,000 funding levels.

As the One Watershed, One Plans begin implementation, county dues will be needed to cover Plan expenses that cannot be paid by the Watershed Based Implementation Funds (WBIF) which include audit services and insurance. Netzke compiled a map and

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spreadsheet that detailed the percentage of the counties within the watersheds (Cottonwood-Middle Minnesota and Redwood) which would be used to determine the dues collected from the counties.

Discussion was held as to whether these new dues percentages should be used for the Joint Powers Agreement. In this situation, Brown County would increase from 13.4% to 21.9% and Redwood County would increase from 33.1% to 34.2%. All other counties would see small decreases as the majority of the orphan areas are added to Brown County and Redwood County. Discussion followed. The Board asked Brown County to discuss these percentages to determine if the percentage would be applied to the JPA, or just for calculation of dues for the 1W1Ps. Commissioner Veerkamp asked Netzke to draft a short memo explaining these percentages which he would present to the Brown County Commissioners at their second meeting in January. If Brown County wishes for the appropriation percentage to remain the same, the only implication it would have is that those orphan areas would not be eligible for RCRCA programs or cost-share. For the near future, the vast majority of conservation funding will be through WBIF. Some competitive grants still exist for areas outside Plan priority areas. Netzke will work on the memo and provide to Commissioner Veerkamp.

OTHER BUSINESS:

FEBRUARY 2025 BOARD MEETING. Several commissioners plan to attend the AMC Drainage Conference on February 6 and would like to reschedule Area II/RCRCA's meeting. Possible dates included the afternoon of February 10 or morning of Friday, February 7. Consensus of the Board was for February 10 at 1:00 PM at Marshall to make an afternoon meeting easier for staff. Netzke returned to the office and discovered that the Redwood River 1W1P meeting is already scheduled for that day and time. Netzke emailed the Boards with the conflict and rescheduled the meeting for Friday, February 7, 2025 in Marshall at the Lyon County Government Center at 10:00 AM/Hybrid. Executive Board elections are planned for the February meeting in addition to normal business.

ADJOURNMENT. Chairman Anderson and Chairman Johnson declared the meeting adjourned at 10:49 AM. The next meeting will be at the Lyon County Government Center on February 7, 2025 at 10:00 AM.

UPCOMING MEETINGS:

February Board Meeting	Friday, February 7, 2025	Lyon County Government 10 AM
March Board Meeting	Thursday, March 6, 2025	Lyon County Government 9 AM

Larry Anderson, Area II Chairman

Date