



## Meeting Minutes

### Vermillion River Watershed Joint Powers Board (JPB) Meeting

Thursday, May 23, 2024, 1 p.m., in-person at the Dakota County Extension and Conservation Center and virtual via Microsoft Teams

#### Board Members in Attendance

Dakota County Commissioner Mike Slavik

Dakota County Commissioner Bill Droste

#### Watershed Planning Commission (WPC) Members in Attendance

Brad Blackett

Sandra Weber

#### Others in Attendance

Nikki Stewart, Dakota County, Environmental Resources Department Director

Brian Watson, Dakota County Soil & Water Conservation District, Manager

Travis Thiel, Dakota County, Vermillion River Watershed Joint Powers Organization (VRWJPO) Administrator

Melissa Bokman Ermer, Scott County, VRWJPO Co-Administrator (virtual)

Kelly Perrine, Dakota County, VRWJPO Senior Watershed Specialist

Jeff Dunn, Dakota County, VRWJPO Water Resources Engineer

Brita Moore-Kutz, Dakota County, VRWJPO Communications & Outreach Specialist

Brian Wisdorf, Dakota County, Assistant County Attorney, VRWJPO legal counsel

Valerie Neppi, Dakota County, Groundwater Protection Unit Supervisor (virtual)

Terence Ruane, RES (virtual)

#### 1. Call to Order

Meeting was called to order at 1 p.m.

#### 2. Roll Call

Commissioners Slavik and Droste were in attendance.



### **3. Audience Comments on Items Not on the Agenda**

Sandra Weber brought up the data centers planned for Castle Rock Township/Farmington. She is concerned about the centers' potential water use's effect on the Vermillion River and groundwater, as well as how the water use will be monitored since the centers do not have to apply for water appropriations permits from the Minnesota Department of Natural Resources.

### **4. Approval of Agenda**

*Res. No. VRW 24-17: Motion by Commissioner Droste to approve the agenda, seconded by Commissioner Slavik. Motion carried on a 2-0 voice vote.*

### **5. Approval of Minutes from the April 25, 2024, Meeting**

*Res. No. VRW 24-18: Motion by Commissioner Droste to approve the minutes, seconded by Commissioner Slavik. Motion carried on a 2-0 voice vote.*

### **6. Approval of Consent Agenda**

#### **a. Acceptance of Treasurer's Report**

*Res. No. VRW 24-19: Motion by Commissioner Droste to approve the consent agenda, seconded by Commissioner Slavik. Motion carried on a 2-0 vote.*

### **7. Approval of Expenses**

Travis Thiel presented the expenses submitted between April 11 and May 13, 2024, total \$72,054.47.

*Res. No. VRW 24-20: Motion by Commissioner Droste to approve the expenses, seconded by Commissioner Slavik. Motion carried on a 2-0 roll call vote.*

### **8. Business Items**

#### **a. Authorization to Execute a Joint Powers Agreement with Partners for Water Conservation Marketing and Landscaping for Clean Water Marketing**

Kelly Perrine presented the proposed Joint Powers Agreement, which is with Dakota County, Dakota County SWCD, and other watershed organizations in Dakota County to initiate the collaborative marketing campaign.

*Res. No. VRW 24-21: Motion by Commissioner Droste to authorize executing the Joint Powers Agreement, seconded by Commissioner Slavik. Motion carried on a 2-0 voice vote.*



**b. Authorization to Execute a Master Services Agreement with Tunheim for Water Conservation and Landscaping for Clean Water Marketing**

Kelly presented the proposed Master Services Agreement with Tunheim, the selected consultant for the marketing campaign. Tunheim will provide an integrated communication and marketing campaign with videos to encourage residents to use less water and participate in the Landscaping for Clean Water program.

*Res. No. VRW 24-22: Motion by Commissioner Droste to authorize executing the Master Services Agreement, seconded by Commissioner Slavik. Motion carried on a 2-0 voice vote.*

**c. Direction on Wetland Bank Credit Price Establishment for Revised Vermillion River Watershed Joint Powers Organization Wetland Banking Policy**

Travis Thiel presented options on how VRWJPO could update its policy around wetland bank credit sale prices, seeking Board direction on which they'd like to pursue. The goal is to set a policy that doesn't have to be revised often.

Currently, for wetland impactors inside the Vermillion River Watershed, the credits sell for 4.5 times the estimated average market value per acre for class 2A agricultural lands graded A, B, or C in Dakota County, up to the \$37,000 maximum. This is below average compared to other wetland banks in the region, according to the Minnesota Board of Water and Soil Resources (BWSR). The price of credits sold for replacement of wetland impacts occurring outside the Vermillion River Watershed is set at 5.5 times the estimated average market value for class 2A agricultural lands graded A, B, or C in Dakota County up to a maximum of \$45,000 per credit. There have been no credits sold to impactors outside the watershed so far.

The options presented:

1. Keep the 4.5 land value multiplier and increase the maximum to \$50,000 per credit. Each year, the price for credits would be updated based on the Dakota County Assessor's Office establishment of class 2A agricultural land values.
2. Set the price per credit based on the most recent available data from BWSR for average cost per credit in Bank Service Area 8, the region in which the Vermillion River Watershed lies, with a maximum of \$50,000 per credit.

Travis said that the advantage of using BWSR's valuation would mean less effort on VRWJPO staff's end to figure out a pricing scheme and would be consistent with the average credit prices in Bank Service Area 8, which the VRWJPO is in; however, at the time of this meeting, BWSR had not released averages from 2023 and therefore using the 2022 averages as a guide would put VRWJPO behind compared to actual values as of today. He spoke with BWSR prior, and they estimated that 2023 averages for Bank Service Area 8 were around \$48,000 per credit, compared to \$40,466 in 2022.



Commissioner Droste asked how BWSR and County values compare to the market values of actual land sales. Travis said that BWSR bases their average values on transactions voluntarily provided to them. He had heard from BWSR that in 2023, 39% of transactions were reported back to them.

Commissioner Slavik said he had spoken with people who know about or bought credits in other watersheds and confirmed that VRWJPO's credit prices were lower than banks elsewhere. The purpose of this discount was possibly to encourage impactors within the watershed to purchase credits inside the watershed, which were not available previously. His idea was to create a third option, a hybrid between Options 1 and 2 appropriate for the watershed, increasing the multiplication factor up from 4.5 times the land value, and bring the price to around \$48,000 per credit. Commissioner Droste said he'd support 5.5 as the multiplier.

Travis said that when the policy was originally created, the JPB was not looking to compete with private wetland banks, while still charging enough to recoup the costs of the restoration projects. There are no private banks in the watershed currently.

Commissioner Slavik said he'd prefer not to use tax levy dollars as part of future wetland bank projects. The program is meant to be self-sustaining.

Brian Watson suggested focusing on the maximum dollar amount for the credit prices rather than the multipliers. He said it should be a reasonable amount, but not too high as to remain competitive.

Commissioner Droste asked if VRWJPO received the numbers on how much developers pay for land.

Commissioner Slavik asked if there are any credit sales planned currently. Travis shared that VRWJPO has made one sale in 2024 and has another one with a purchase agreement being drafted. These will be sold at \$37,000 per credit maximum. Commissioner Slavik responded that VRWJPO should pause credit sales until the new policy with a higher price is set. Travis said that the prices are still high enough to recoup costs on what was spent on the Braun wetland bank.

Brian advised against any sort of "moratorium" on credit sales because VRWJPO could lose the sales that are already in process. Commissioner Slavik responded that he didn't mean a hard stop but would like to make a motion to amend the policy at this meeting, and to proceed with the sales in process.

The agreed-upon update is to set the multiplier at 5.5 times the average cost of A-C 2A agricultural lands in Dakota County with a maximum of \$50,000 per acre credit price. Since this item was listed on the agenda as informational, the formal motion to approve this policy will take place at the June 27, 2024, VRWJPB meeting.

*Information only.*

#### **d. Direction on Watershed Planning Commission Membership Requirements and Terms**



Travis reviewed the recommendation of the WPC to eliminate the residency requirement for joining the WPC. Commissioner Slavik asked if there was any discussion on having some kind of requirement of a connection to the watershed. Brad Blackett said he believed staff would vet candidates based on these characteristics and knowledge of water resource issues. There would be no formal requirements otherwise.

The Commissioners suggested adding a stipulation that candidates for the WPC should live in Dakota or Scott County, which still extends the pool of people who could join.

The other recommendation from the WPC regarded terms for members. Members are appointed for 3-year terms and can serve a maximum of two consecutive terms. The change recommended is to allow an expiring term member of the WPC to continue to serve in an interim capacity if a new member is not found right away. The interim would expire when a new member is appointed.

Commissioner Droste asked why the WPC has term limits while County Commissioners do not. Commissioner Slavik asked him if his city commissions have term limits, which Droste said that they do. Commissioner Slavik said he thought that the term recommendation made sense. Legal Counsel Brian Wisdorf said that the worst-case scenario is that there could be demands that somebody step down, and term limits could mitigate that issue. There is also still the option for someone who's completed two terms to return after a year off the committee.

This item is part of the direction on revising the two-county Joint Powers Agreement establishing the VRWJPO.

*Information only.*

## **9. Staff Reports**

### **Brian Watson**

Brian is retiring on June 14. The Dakota County SWCD Board of Supervisors has appointed Ashley Gallagher as the next District Manager, who has been serving as a Resource Conservationist with the district. Other staff changes at the SWCD are Resource Conservationist John Stelzner's departure, the addition of a new soil health position, and a new Administrative Specialist with Diane Schmidtke's retirement on May 24.

### **Kelly Perrine**

Kelly has been leading the Watershed Plan development process internally, drafting issue statements, goals, objectives, and actions based on stakeholder input.



### **Jeff Dunn**

Jeff has been working on updating the budget for Capital Improvement Projects, assisting at the Byllesby Dam, and working with Vermillion Township on grading and erosion control permits and fees. The township would like to have a work session in June, and Jeff would like to train their building officials on what they're supposed to be doing and keeping their costs down. Commissioner Slavik asked Jeff to send him the date of that work session.

Commissioner Droste asked if the recent heavy rains have damaged any of VRWJPO's projects. Jeff said there was a problem at the Ravenna Trail Ravine Stabilization with one of the gabions. Water got through a puncture hole and it will need to be fixed.

### **Brian Wisdorf**

Brian is working with staff on revising the VRWJPO JPA. He hopes to bring the proposed revised JPA to the Board at the June 27 meeting. He is also working on approving contracts and agreements as they arise.

### **Nikki Stewart**

The Environmental Resources Department has been responding to questions regarding per- and poly-fluoroalkyl substances (PFAS) in Hastings and the new Environmental Protection Agency standards.

### **Valerie Neppi**

The new EPA standards for PFAS in water are 4 parts per million for PFOA and PFOS. The City of Hastings has municipal wells that exceed that standard. Dakota County Groundwater staff are attending meetings with the city and workgroups in the East Metro. Most actions are being conducted by cities and the Minnesota Department of Health. There is an ongoing investigation to figure out the sources of PFAS in Hastings. Dakota County has posted a web page about PFAS recently, with tips to reduce exposure at home such as carbon water filters.

### **Brita Moore-Kutz**

The Minnesota Department of Natural Resources recently stocked some brook trout in the South Creek and South Branch Vermillion River tributaries. Brita shared some photos from that day. The strain of trout stocked is called Minnesota Driftless, a native brook trout to streams in southeast Minnesota. The goal is to build a self-sustaining population. Projects that have improved stream water quality and coldwater habitat conditions made this possible.



**Travis Thiel**

The Treasurer’s Report and Expense Report may look different next month. Travis has been working with Finance on a new format for some time and is ready to test it out.

Within the last month, Travis has been hearing from SWCD about a number of soil health-related landowner contracts. Since many of these are multi-year contracts, the VRWJPO’s annual one-year contract for services with Dakota SWCD complicates their ability to know whether there will be consistent funding for these contracts. The organization is considering switching to five-year agreements with both Dakota and Scott SWCDs.

**10. Adjourn**

*Motion by Commissioner Droste to adjourn the meeting, seconded by Commissioner Slavik. Motion carried on a 2-0 voice vote.*

Next Meeting Date: Thursday, June 27, 2024, at 1 p.m. in Conference Room A at the Dakota County Extension and Conservation Center, 4100 220<sup>th</sup> Street West, Farmington, MN and via teleconference on Microsoft Teams.

Respectfully submitted by

Brita Moore-Kutz

Communications & Outreach Specialist for the Vermillion River Watershed Joint Powers Organization

Attest

Commissioner

Secretary/ Treasurer

Date