

APPENDIX B: City Funding Policies

City of Minnetonka Water Resources Management Plan

Policy Number 5.1 Water Resource Development

Purpose of Policy: This policy establishes the conditions under which the city will permit or perform aesthetic alteration of holding basins, marshes, ponds, lakes and other bodies of water within its jurisdiction, and outlines the instances when the city will perform the work and how projects will be funded.

Introduction

This policy applies to all requests for aesthetic treatments of holding basins, marshes, ponds, lakes and other bodies of water within the city's jurisdiction.

City Involvement

The following guidelines will be followed in determining the extent of city involvement in such improvements:

- The city will consider altering a holding basin, marsh, pond, lake or other body of water only to the extent that it is consistent with the capacity for that body of water as determined by the Water Resources Management Plan. Such improvements will be funded consistent with council policy relating to storm water improvements.
- The city will consider altering bodies of water when consistent with an approved park development plan for city-wide benefit. In such instances, funding will be from the Capital Improvement Fund or other appropriate source, other than assessments.
- The city will consider correcting or mitigating changes to pre-existing conditions when caused by city actions. In such instances, funding will be from the Capital Improvement Fund or other appropriate source, other than assessments.
- The city will consider alterations not included in the above categories when petitioned by individuals, groups, or homeowners associations. In such instances, the projects must receive approval from the city and will be privately financed. The city urges the formation of neighborhood associations of those living near such bodies of water to provide the funding. Such work must be consistent with all applicable laws and regulations and commenced only after all necessary permits have been secured.

Other Provisions

The city has many maintained parks and therefore, will not provide mowing or maintenance around or chemical treatment of bodies of water, unless the city council determines it to be in the city's interest. Adjacent property owners or homeowners associations may maintain the areas around or chemically treat such bodies of water consistent with all applicable regulations and laws and only after all necessary permits have been secured.

The city will not install or permit the installation of fences around bodies of water, unless

the city determines such installation to be in the public's interest.

Adopted by Resolution No. 85-7743
Council Meeting of May 6, 1985

Amended by Resolution No. 2003-077
Council Meeting of August 25, 2003

**Policy Number 12.2
Storm Water Improvements**

Purpose of Policy: This policy establishes standards for the construction of storm water improvement projects identified in the Capital Improvements Program.

Introduction

This policy is applicable to all storm water improvements that have been included in the Capital Improvements Program.

The following policies will be observed in the city council's consideration of funding for storm water improvement projects:

Capital Improvements Program

Unless necessary for emergency purposes, only those storm water improvement projects contained in the city's Capital Improvements Program will normally be considered. Projects will be constructed in the year designated in the Capital Improvements Program.

Water Resources Management Plan

The Water Resources Management Plan will serve as the city's guide in defining the nature of storm water alternatives. While recommended improvements need not necessarily be totally consistent with the system defined in the Water Resources Management Plan, those alternative solutions that do not conflict with or that are more compatible with the plan will normally receive preference.

Selection of Projects

In determining whether to include a project in the Capital Improvements Program, the council will consider the following:

- Whether the project is designed to remedy storm water problems which have previously caused, or have the potential to cause, damage to residences or other private use buildings;
- Whether the project is designed to remedy storm water problems which previously caused, or have the potential to cause, damage to any other improvements to real estate;
- Whether the project, when compared with other projects, is designed to remedy storm water problems that cause or have the potential of causing greater property damage.
- The total cost of the project;
- The availability of financing for the project;

- The area which would contribute drainage to the improvement;
- Whether the city has received a petition for construction of the improvement;
- Whether the petitioners have agreed to grant easements required for the project at no cost to the city; and
- The impact the project will have on adjacent wetland or floodplain.

Method of Financing

It is the city's policy that the cost of storm water improvement projects be funded by the city's storm water utility.

Procedure

The following procedure will be used in developing storm water improvement projects:

- Petitions from property owners will be received until January 1 and referred to the engineering department for review. The engineering department will consider such requests, along with projects which have not been petitioned, for inclusion in the annual Capital Improvements Program. The city manager will evaluate such recommendations by the engineering department in preparation of his recommended annual Capital Improvements Program.
- When the Capital Improvements Program is presented to the city council, a listing of all petitioned storm water improvement projects, including estimated costs and funding recommendations, along with any other information desired by the city council, will be submitted.
- Following adoption of the Capital Improvements Program, the engineering department is authorized to perform feasibility studies for the storm water improvement projects being considered for the first year of the Capital Improvements Program. As a part of the feasibility process, informational meetings will be held with affected property owners to explain the nature of the petition, suggest possible solutions, and request input from the area residents to help arrive at an ultimate solution to the problem.
- If the project is found to be feasible by the city council, the council may authorize the preparation of plans and specifications.
- Upon approval of plans and specifications, the council may direct notice to bidders. Upon receipt of the bids, the council may award the contract or may continue action on the bids until such later specified date as may be determined by the council.

Adopted by Resolution No. 82-6870
Council Meeting of April 26, 1982

Amended by Resolution No. 82-6941
Council Meeting of July 19, 1982

Amended by Resolution No. 85-7660
Council Meeting of January 21, 1985

Amended by Resolution No. 86-7992
Council Meeting of January 6, 1986

Amended by Resolution No. 89-8832
Council Meeting of March 20, 1989

Amended by Resolution No. 2003-008
Council Meeting of January 27, 2003

Amended by Resolution No. 2003-077
Council Meeting of August 25, 2003

Policy Number 12.6 Storm Water Utility

Purpose of Policy: This policy establishes a storm water utility system pursuant to Minnesota Statute Section 444.075, from which revenues will be derived subject to the provisions of this policy, applicable city ordinances, and Minnesota Statutes.

Introduction

This policy is applicable to all parcels of land within the city of Minnetonka.

The following guidelines set forth the procedures for calculating storm water fees for individual parcels.

Guidelines

- Rates and Charges
Fees for the use and availability of the storm sewer system will be determined through the use of a "Residential Equivalent Factor" ("REF"). A REF is the ratio of the volume of runoff generated by one acre of a particular land use to the volume of runoff generated by one-half acre of single/two/three-family residential land use, assuming Soil Conservation Service (SCS) "Type B" soil conditions, during a standard one-year rainfall event, as determined by the engineering director.
- Determination of REF's for Land Uses
The REF's for the following land uses within the city are as follows:

- Open Space, Golf Courses, Undeveloped	0.45
- Single-Family, and Two/Three-Family Residential	1.00
- Churches, Schools, and Government Buildings	2.70
- Apartments, Condos, and Railroad R/W	3.00
- Commercial and Industrial	7.56
- Other Land Uses
Other land uses not listed in the foregoing subsection will be classified by the engineering director by assigning them to the most similar classes from the standpoint of probable hydrologic response.
- Establishing Basic Rate
In determining charges, the council will, from time to time, by resolution establish a basic system rate to be charged against one-half acre of single/two/three-family residential land having a REF of one. The charge to be made against each parcel of land will then be determined by multiplying the REF for the parcel's land use classification times the parcel's acreage times the basic system rate.
- Standardize Acreage
For the purpose of simplifying and equalizing charges against property used for single/two/three-family residential purposes, each of such properties will be

considered to have an acreage of one-half acre and will not be eligible for an acreage adjustment.

- Adjustments of Charges

The city council may by resolution, from time to time, adopt policies providing for the adjustment of charges for parcels or groups of parcels, based upon hydrologic data supplied by affected property owners, demonstrating an actual hydrologic response substantially different from the REF being used for the parcel or parcels. Such adjustment will be made only after receiving the recommendation of the Engineering Director and will not be made effective retroactively. If the adjustment would have the effect of changing the REF for all or substantially all of the land uses in a particular classification, such adjustment will be accomplished by amending the REF table in subsection (b).

- Exceptions

The following land uses are exempt from storm water utility fees: (a) public rights-of-way; (b) private roads (c) wetlands and public waters as defined by state law; (d) city owned property, and (e) conservation easements.

- Adjustments of Acreage

The total parcel acreage will be used to calculate the parcel charge. It is the responsibility of the owner of any premises to supply the city with any necessary information required to determine if a parcel or portion of a parcel qualifies as an exception and is eligible for an acreage adjustment. The city will review the proposed adjustments upon receipt of a complete submittal package. The adjustment must be approved by the engineering director and will become effective at the beginning of the next billing cycle.

- Supplying Information

For the purpose of evaluating acreage adjustment requests, the owner, occupant, or person in charge of any premises will supply the city with such information as the city may reasonably request related to the use, development, and the area of the premises. If the owner, occupant, or person in charge of any premises fails or refuses to provide the information requested, the charge for such premises will be billed in accordance with information available to the city.

- Billing Method

Storm water utility fees will be computed and collected by the city along with other utilities such as sewer and water. Payment will be required on or before the due date established for such other billing. Delinquent accounts will be treated the same as sewer and water accounts.

Adopted by Resolution No. 2003-0006
Council Meeting of January 27, 2003

Amended by Resolution No. 2003-077
Council Meeting of August 25, 2003

Amended by Resolution No. 2003-077
Council Meeting of August 25, 2003

City Council Agenda Item #14
Meeting of August 14, 2017

Brief Description: Resolution adopting the proposed Pond and Lake Management Policy

Recommended Action: Adopt the resolution

Introduction

At the October 17, 2016 and March 20, 2017 study sessions, the city council discussed the history and practices regarding water quality regulation and management, water quality and aquatic vegetation management options, and reviewed partnerships with various governmental agencies. Staff presented this information to seek council direction and input on what changes to current practices, if any, are desired. As a result, the proposed Pond and Lake Management Policy will allow council to consider potential funding for organized lake associations wanting to pursue water quality and aesthetic improvement projects by means of a fair and systematic approach.

Background

The city of Minnetonka has a strong history of protecting surface waters. The city's first iteration of a water resources management plan was developed in 1959, 13 years prior to the inception of the Clean Water Act by the federal government in 1972. Since that time, the city's water resources management plan, which includes stormwater, wetland, floodplain and shoreland protections, has continued to evolve to make certain water quality in the city is a primary focus for protection, while balancing the infrastructure and development goals of the city.

Water Quality/Aquatic Vegetation Management

The city has historically defined water quality based on overall health, function and value (pollutant load, clarity, aquatic communities and wildlife benefit). The city has not typically defined water quality based on aesthetic appeal or recreational opportunities. Nearly all lakes within the city do not provide for public access, with the exception of Lake Minnetonka. The city has continually monitored select water bodies throughout the city since 1993 with the primary focus being approximately 24 lakes and wetlands.

While the city has historically defined water quality based on overall health, function and value, the city does receive concerns from residents of water quality directly related to aesthetic appeal and recreational capability. These residents have requested the city increase its standards for protecting surface waters and provide a role in undertaking lake management strategies, which include vegetation removal.

Council and staff discussed the importance of protecting lakes currently identified with moderate to good water quality as a high priority, and then to address those with poorer water quality. Lakes designated as having poor water quality will likely require significant investment in trying to improve their health. Improvements to water quality are not instantaneous, and sometimes may not be achieved. Realistic expectations of concerned residents should be clearly reviewed and discussed prior to implementation of improvement projects.

Proposed Policy

Council identified a need to consider potential funding for organized groups that promote water quality through a fair and systematic process. The attached *Lake and Pond Management Policy* provides organized groups the means to petition the city for improvements funded through the city's Capital Improvements Program (CIP) or through special assessments after demonstrating all other public grant funding sources have been explored, are not feasible or do not cover full cost of the improvements.

Prior to a petition being brought before city council, the petitioner will need to meet the following criteria:

- Meet with city staff to discuss available city technical resources and data to determine if additional feasibility report is necessary.
- Set realistic expectations and determine if desired improvements are achievable based on technical resources and/or feasibility report.
- Establish a lake association.
- Develop a lake management plan in conjunction with city staff. Plan should include but not be limited to efforts for education, enforcement, communication, signage, improvement projects and planned funding related to grants, assessments and city funding. Plan shall also include a written statement of need and reasonableness, and additional documentation outlining the expectations and responsibilities that must be adopted, signed, and recorded by each party.

Further, this policy provides a distinction between water quality improvements and those improvements specifically related to aesthetics. Those projects scientifically proven to provide water quality benefits would be eligible for city grant funding and those projects with primary goals involving aesthetic only benefit would be eligible for assessment funding.

Pond and Lake Management – Focus Group

Since the March 20, 2017 study session, city staff reached out to lake associations/groups that had previously been in contact with the city regarding water quality and improvements related to aesthetics, to request feedback on the content of

the proposed policy. A meeting was held at city hall on June 15, 2017 in which representatives of Grays Bay (Lake Minnetonka), Lake Minnetoga, Lake Rose, Lake Windsor, and Wing Lake were in attendance. Two lake associations issued comments on the proposed policy, which can be found attached to this document; however, no changes were requested to the policy as written. Overall, responses to the policy's structure and content have been supportive and positive in nature and no additional meetings as offered by city staff were requested for further understanding or comment on the proposed policy.

Recommendation

Adopt the resolution adopting the new city council policy 12.11 regarding Pond and Lake Management.

Submitted through:

Geralyn Barone, City Manager
Will Manchester, City Engineer
Brian Wagstrom, Public Works Director

Originated by:

Jo Colleran, Natural Resources Manager
Tom Dietrich, Water Resources Engineering Coordinator

Resolution No. 2017-

Resolution adopting council policy 12.11 regarding pond and lake management

Be it resolved by the City Council of the City of Minnetonka, Minnesota as follows:

Section 1. Background.

- 1.01. The city desires to consider potential funding for organized Lake Associations wanting to pursue water quality and aesthetic improvement projects by means of a fair and systematic approach.
- 1.02. The policy provides organized groups the means to petition the city for improvements funded through the city's Capital Improvements Program (CIP) or through special assessments after demonstrating all other public grant funding sources have been explored, are not feasible or do not cover full cost of the improvements.
- 1.03. The policy provides a distinction between water quality improvements and those improvements specifically related to aesthetics. Those projects scientifically proven to provide water quality benefits would be eligible for city grant funding and those projects with primary goals involving aesthetic only benefit would be eligible for assessment funding.
- 1.04. The city council has reviewed the pond and lake management policy as prepared by the city engineer and finds the policy appropriately provides organized groups the means to petition the city for city funded water quality and aesthetic improvements.

Section 2. Council Action.

- 2.01. The city council hereby adopts council policy 12.11 regarding pond and lake management.

Adopted by the City Council of the City of Minnetonka, Minnesota, on August 14, 2017.

Terry Schneider, Mayor

Attest:

David E. Maeda, City Clerk

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on August 14, 2017.

David E. Maeda, City Clerk

Policy Number 12.11
Lake and Pond Management

Purpose of Policy: This policy establishes guidelines and criteria for lake and pond management for aquatic vegetation and water quality to which the city council will consider petitions for improvements.

Introduction

This policy is applicable to property owners, by formation of a lake association, seeking improvements to lakes or ponds where a future, attainable improvement can be systematically and technically shown obtainable through prior review.

Improvement Requests

Lake associations in the city of Minnetonka may request improvements to lakes and ponds, in writing, for city council consideration prior to February 1 for the 5-year Capital Improvements Program (CIP). Prioritization of projects will be weighed against other city projects and petitions received, and planned as budget and schedule allow. In the event multiple petitions are received in a year, projects will be prioritized based upon the quantifiable water quality benefit and as determined by the city engineer. Petitions received after February 1 may be brought before the city council for consideration if, in the opinion of the city engineer, it is feasible to include such projects in the construction schedule for the following year. Petitions must be signed by the lake association president or authorized representative. All petitioners must waive any rights to a public hearing and any appeal of the special assessments associated with the petition as adopted by the city council. Petitions will be reviewed annually as received for the next review cycle.

Lake Association

For purposes of this policy, a lake association is defined as an organization of residents owning property on or in the vicinity of a lake or pond shoreline which has:

- Established official non-profit status
- Adopted bylaws and a mission statement
- Membership of at least 60% of the residents owning shoreline property
- Appointed officers
- Elected a board of directors to act in an official capacity
- Published articles of incorporation

Lake associations are communal organizations of private property owners surrounding a priority waterbody which uphold a unified interest and remain active in improving the function and value of water resources, or aesthetics. Associations meeting the above criteria are eligible to petition the city for improvements.

Consideration of Petitions

Prior to a petition being brought before city council, the petitioner must:

- Meet with city staff to discuss available city technical resources and data to determine if additional feasibility report is necessary.

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- Set realistic expectations and determine if desired improvements are achievable based on technical resources and/or feasibility report.
- Establish a lake association.
- Develop a lake management plan in conjunction with city staff. Plan should include but not be limited to efforts for education, enforcement, communication, signage, improvement projects and planned funding related to grants, assessments and city funding.

A feasibility review may be necessary to determine if the proposed improvements will obtain the desired outcome of the petitioner, and provide realistic expectations for all parties involved. The feasibility report must be coordinated by engineering staff at the direction of the city engineer, or by a licensed professional obtained by the petitioners as approved by the city engineer. In order for a petitioner to request city council reimbursement of a feasibility report, a lake association must be established prior to the request. An escrow or cash deposit may be required based on the city engineer's estimate for this work.

The city of Minnetonka will consider improvements for lake associations adhering to the above criteria only in those circumstances in which the proposed project addresses one or more of the following scientifically proven goals:

- To promote water quality improvements and revitalization of natural conditions through the installation or implementation of best management practices with a demonstrated benefit.
- To address sources of pollution or contamination for the betterment of the natural environment.
- To maintain or restore ecological stability.
- To prevent harm to the intended use of the lake.
- To establish association wide initiatives aimed at reducing the impact land-use has on water quality.

Projects with primary goals involving aesthetic only benefit will not undergo consideration for city participation funding, however, may be considered for assessment funding.

Funding, Grants, Assessments, and Assistance

The city will assist all interested parties in identifying available federal, state, and watershed grant opportunities and programs available for their particular project during technical resource sharing and support. Additional technical assistance is also available as outlined further in the city's Water Resource Management Plan. Any and all assistance is subject to the adherence of city code and policy for all parcels around a particular waterbody. No funding or assistance will be provided should illegal dumping or other nuisance violations persist in a given area.

If a petitioner demonstrates all other public funding sources have been explored and are not feasible, or do not cover the entirety of the costs associated with a particular project, the city council may consider improvements to be 100% financed through special assessments to the lake association members, or all properties receiving a public benefit as determined by the city council. Further evaluation will occur as necessary to determine the applicability of the assessment to specific properties. The city will coordinate with the petitioner(s) to

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develop a workable assessment applied to participants within a given project. The maximum financing term will be for 20 years and at an interest rate determined by the city's finance director, unless an alternate term or rate is otherwise approved by the council. The petitioner(s) must enter into an agreement with the city, including a specific statement of need and reasonableness, and additional documentation outlining the expectations and responsibilities that must be adopted, signed, and recorded by each party.

City Participation

Upon demonstration that non-city grant opportunities have been explored, the city council may consider city participation grant funding awards in amounts not to exceed 50% of the project cost or as designated by the 5-year CIP funding per association, for those projects that fulfill a proven, scientific water quality management benefit of a particular priority waterbody. This city funding shall only be considered by city council for those lake associations that have independently pursued and implemented two lake management plan action items deemed to be beneficial by the city engineer. Examples of such action items may include, but are not limited to, education-based initiatives, outreach programs, structural best management practices, and organized clean-up efforts. The improvements completed by the lake association must be in line with the goals identified in the city's Water Resource Management Plan and other applicable state standards. An education and outreach program designed to engage neighbors and citizens must be incorporated as part of an application for funding through the city. Details of an effective outreach program are further defined in the city's Water Resource Management Plan. All projects funded by the city council must be coordinated through the city engineer.

Adopted by Resolution No. 2017-XXX
Council Meeting of August 14, 2017