

Aitkin County Board of Commissioners
Request for County Board Action/Agenda Item Cover Sheet



To: Chairperson, Aitkin County Board of Commissioners Date: 7-25-12

Via: Patrick Wussow, County Administrator

From: Patrick Wussow, County Administrator

Title of Item:

Discussion – Developing a Lake Improvement (LID) Policy

Requested Meeting Date: 8-7-12 Estimated Presentation Time: _____

Presenter: Patrick Wussow, County Administrator

Type of Action Requested (check all that apply)

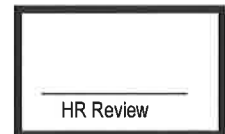
- For info only, no action requested Approve under Consent Agenda
- For discussion only with possible future action Adopt Ordinance Revision
- Let/Award Bid or Quote (attach copy of basic bid/quote specs or summary of complex specs, each bid/quote received & bid/quote comparison)
- Approve/adopt proposal by motion Approve/adopt proposal by resolution (attach draft resolution)
- Authorize filling vacant staff position
- Request to schedule public hearing or sale Other (please list) _____
- Request by member of the public to be heard
- Item should be addressed in closed session under MN Statute _____

Fiscal Impact (check all that apply)

- Is this item in the current approved budget? Yes _____ No _____ (attach explanation)
- What type of expenditure is this? Operating Capital Other (attach explanation)
- Revenue line account # that funds this item is: _____
- Expenditure line account # for this item is: _____

Staffing Impact (Any yes answer requires a review by Human Resources Manager before going to the board)

- Duties of a department employee(s) may be materially affected. Yes No
- Applicable job description(s) may require revision. Yes No
- Item may impact a bargaining unit agreement or county work policy. Yes No
- Item may change the department's authorized staffing level. Yes No



Supporting Attachment(s)

- Memorandum Summary of Item
- Copy of applicable county policy and/or ordinance (excerpts acceptable)
- Copy of applicable state/federal statute/regulation (excerpts acceptable)
- Copy of applicable contract and/or agreement
- Original bid spec or quote request (excluding complex construction projects)
- Bids/quotes received (excluding complex construction projects, provide comparison worksheet)
- Bid/quote comparison worksheet
- Draft County Board resolution
- Plat approval check-list and supporting documents
- Copy of previous minutes related to this issue
- Other supporting document(s) (please list) _____

Provide (1) copy of supporting documentation NO LATER THAN Wednesday at Noon to make the Board's agenda for the following Tuesday. (If your packet contains colored copies, please provide (4) paper copies of supporting documentation as we do not have a color printer or copier.) Items WILL NOT be placed on the Board agenda unless complete documentation is provided for the Board packets.

AITKIN COUNTY ADMINISTRATION

Aitkin County Courthouse
217 Second Street N.W. Room 130
Aitkin, MN 56431
218-927-7276
Fax: 218-927-7374

TO: Aitkin County Commissioners

FROM: Patrick Wussow, County Administrator

RE: Discussion - Developing a Lake Improvement District (LID) Policy

DATE: July 25, 2012

Creating a Lake Improvement District (LID) Policy was discussed at the July 24, 2012 County Board meeting. At that time, staff was directed to bring this topic back before the Board at the August 7, 2012 Board meeting for further discussion and direction.

Attached are items that were either included in the July 24, 2012 Board packet or handed out at the meeting - Minnesota Statutes related to LIDs, Crow Wing County's policies and checklists, and a Question and Answer sheet about LIDs.

A copy of this packet will be forwarded to Jim Ratz, Mark Jacobs, and Terry Neff.

If you have any questions, please contact me.

Creating a Lake Improvement District



A [Lake Improvement District \(LID\)](#) is a taxing district formed around a lake in accordance with Minnesota Statutes, sections [103B.501-103B.581](#). A lake improvement district is a local unit of government established by resolution of appropriate county boards and/or city governing bodies, or by the commissioner, for the implementation of defined lake management projects and for the assessment of the costs thereof. The overall goal of establishment of the LID program ([103B.511](#)) is to preserve and protect the lakes of the state and to increase and enhance the use and enjoyment of the lakes.

Below is a summary of the requirements for creating a LID (from statute and rule)

LID Requirements if created by County Board (103B.515)

- Specify the boundaries of the district
- Prescribe the water and related land resource management problems to be undertaken in the district
- State how the programs will be financed
- Designate the county officer or agency that will be responsible for supervising the programs
- Set a date for a hearing on the resolution
- Provide proper notice to commissioner, town board, citizens
- Hold a public Hearing
- Make order establishing the LID with appropriate findings demonstrating that public welfare will be promoted, that property in the district will benefit, and that the district will not contribute to any long-range environmental pollution
- Provide proper notice of its decision

LID Requirements if created by Petition (103B.521)

- Name and purpose of the LID
- Necessity of the district to promote public health or welfare and which management programs will be undertaken
- Benefits to property from the establishment of the LID
- Boundaries of the LID (including a map)
- The number of directors proposed (from 5 to 9)
- Request for establishing the district as proposed
- Petition must be signed by a majority of the property owners within the proposed LID (must include county/city land)
- Petition must be filed with the county auditor and addressed to the board, auditor must verify signatures
- Notice must be provided to commissioner, town board, citizens
- The petition is reviewed by the public and the Commissioner of Natural Resources (and they prepare advisory report)
- County Board must hold a public hearing with 30 days and then make a decision within 30 days of the public hearing
- If County Board has disapproved a petition, a petition may be submitted to the Commissioner of Natural Resources

Additional Requirements (MN Rule 6115.0970)

- Written statement of lake problems and objectives
- Proposed type(s) of water and related land resource management programs to be undertaken
- Information indicating the degree of local interest and commitment to future management
- Identification of any lands and waters which may be adversely affected by the implementation of district purposes (with an assessment of)
- Statement outlining the adequacy and ownership of public accesses, including public lands and beaches
- An estimate of the total equalized valuation of the property within the LID

Types of lake improvements allowed (MN Rule 6115.0950)

- ◆ Studying the sources of and solutions to lake problems;
- ◆ Preserving and improving water quality by means of water and related land management, excluding land use zoning authority; and in-lake water treatment;
- ◆ Sedimentation and siltation control;
- ◆ Shoreline erosion control;
- ◆ Aquatic nuisance control;
- ◆ Preserving and improving fish and wildlife habitat;
- ◆ Preserving and improving recreational potential;
- ◆ Any other purposes approved by the county board pursuant to Minnesota Statutes [103B.551](#) & [103G.605](#).

Questions???

Contact Mitch Brinks, Environmental Services (218) 824-1128, mitch.brinks@co.crow-wing.mn.us



Local / State LID Contacts

Crow Wing County

Primary Contact:

Environmental Services:

Mitch Brinks: coordinates meetings, maintains communication with LIDs
218-824-1128, mitch.brinks@co.crow-wing.mn.us

Financial / Tax Information:

Auditor-Treasurer's Office:

Mike Carlson: signs approval to pay bills, maintains accounts
218-824-1000, ext. 4037, mike.carlson@co.crow-wing.mn.us

Jeanie Kuebelbeck: verifies signatures on petitions, places assessment on the tax rolls
218-824-1000, ext. 4033, Jeanie.kuebelbeck@co.crow-wing.mn.us

Jeanne Aske: pays bills, maintains accounts
218-824-1120, Jeanne.aske@co.crow-wing.mn.us

Roberta Vickerman: downloads
218-824-1000, ext. 4034, Roberta.vickerman@co.crow-wing.mn.us

Stephane Eversen: downloads
218-824-1000, ext. 4029, stephane.eversen@co.crow-wing.mn.us

Laureen Borden: County Auditor-Treasurer
218-824-1045 or 218-824-1300

State of Minnesota

Minnesota Pollution Control Agency
Paul Eger, Commissioner
520 Lafayette Road
St. Paul, MN 55155
Paul.eger@state.mn.us
651-757-2016

Minnesota Department of Natural Resources
Rebecca Wooden
Division of Waters
500 Lafayette Road
St. Paul, MN 55155-4032
Rebecca.wooden@dnr.state.mn.us
651-259-5717

LID information is on the Crow Wing
County website:
www.co.crow-wing.mn.us
under the Environmental Services section

Note: A certified petition must be sent to above state agencies within 5 days after officially filing petition with Crow Wing County.



Lake Improvement District (LID) CROW WING COUNTY POLICIES

In addition to the established rules and regulations by the state of Minnesota, Crow Wing County has adopted the following policies for Lake Improvement Districts (LIDs):

1. LID Voting Procedures

Voting for directors will be by secret ballot. Ballots shall be mailed to each property owner within the district at least three (3) weeks prior to the annual meeting. Ballots may be sent or delivered to the clerk of the board prior to or on the date of the annual meeting. Please refer to item #9 of this policy for information on eligible voters.

This is in addition to the statutory requirement of 2 weeks. Contact the Auditor-Treasurer's office for assistance with obtaining current addresses.

2. Liability Coverage

The LID shall maintain general liability insurance in the amount of tort limits established by Minnesota Statute 466 and shall name Crow Wing County as an additional insured on such insurance policy. A copy of the insurance policy shall be filed annually with the Crow Wing County Auditor-Treasurer.

For questions on insurance, please contact Crow Wing County Water Protection Specialist Mitch Brinks.

3. Financial Records

The County Auditor-Treasurer, or their designee, shall handle the financial transactions of the LID.

A list of appropriate contact people in the Auditor-Treasurer's office is available at www.co.crow-wing.mn.us.

4. Annual Administrative Fee

MN Statute 103B.555 subd. 3 states that "the county board or county boards forming the joint county authority shall include appropriate provisions in their budget for the operation of a lake improvement district." Accordingly, the application fee for a new LID shall be \$500. An annual fee of \$250 shall be required to cover county costs related to the administration of the LID.

The amounts listed above shall be subject to any updates to the county fee schedule as approved by the County Board of Commissioners. Any additional staff time necessary for processing a late or incomplete annual report will be added to the annual fee of the LID for the following year. These additional expenses will be billed at the administrative rate according to the county fee schedule.

5. Annual Reporting Deadline

MN Statute 103B.571 subd. 4 requires LIDs to provide an annual report to the proper entities no later than 4 months after the annual meeting. Crow Wing County has set an annual reporting deadline of November 1st (not to exceed the 4 month requirement). Annual reports shall meet the reporting requirements set forth in 103B.571, and clearly identify the objectives the LID is attempting to achieve, the activities during the year to achieve those goals and the results of those activities in achieving the objectives. In addition, annual reports shall identify the goals for the upcoming year and actions the LID proposes to take to achieve them. A template and checklist for the annual report will be provided by the Land Services Department, which LIDs shall follow in preparing and submitting the annual report.

Reports should be submitted to Mitch Brinks. A brief meeting may be required to make sure all information has been submitted.

6. Herbicide Application

Herbicide treatment authorizations, consistent with Minnesota Department of Natural Resources permit application requirements, shall be on file as required by the Minnesota Department of Natural Resources

For questions on herbicide, please contact the Department of Natural Resources.

7. Super Majority

A 60% 'Super Majority' of property owner support is intended for the establishment of an LID.

This is above and beyond the statutory requirement of a simple majority (50% + 1).

8. Duration of LIDs to be 5 Years

LIDs shall initially be established for a period of 5 years. After the 5th year, a comprehensive report shall be prepared that details the results, analysis, and conclusions from LID activities conducted during the previous 5 years. This report should include measurable data regarding the impact of LID activities and current state of the lake with respect to invasive species and water quality. In addition the report shall outline goals and action steps for the next 5 years. A template and checklist for the 5 year report will be provided by the Land Services Department, which LIDs shall follow in preparing and submitting the 5 year report. This report shall be presented to the Land Services Department for review by the County Board of Commissioners. Upon consent of the County Board, no other petitions, signatures, or public hearings would be required to continue the LID.

For questions on the 5 year report, please contact Crow Wing County Water Protection Specialist, Mitch Brinks.

9. Clarification of Eligible Landowners within Boundaries of LID

Riparian property owners per taxable parcel identification are eligible to sign the petition and vote on LID matters. Riparian, contiguous lots in common ownership shall be allowed 1 vote if the lots are un-improved. All improved riparian, contiguous lots in common ownership shall be allowed 1 vote for each improved lot. If the LID is approved, the number of assessments per property owner shall be consistent with the number of votes per property owner as listed above. For the purpose of this policy, an improved lot shall be defined as having a structure that meets the requirements of a dwelling per the land use ordinance.

Common interest communities, PUDs, campgrounds, and resorts have one vote. Flexibility for unique situations can be granted if agreed to by the LID and Crow Wing County (and within statutory guidelines).

10. Public Hearing for establishment of a LID

The public hearing to establish an LID should be conducted in a timely manner according to all applicable statutes and rules, with a strong preference for being held during the summer months as to allow maximum participation by property owners.

Given local and statutory timelines, in order to get the assessment for approved LIDs on the tax roles for the following year, LIDs should plan to apply by no later than June 15.

11. Pre-petition Meeting

A pre-petition meeting with the Land Services Department is required to discuss the submittal requirements, timeline, and other information relating to the establishment of a LID. This meeting and subsequent hearings shall be held on a timeline conducive to promoting landowner participation while meeting administrative and statutory deadlines.

Any lake association interested in LIDs should contact Crow Wing County Water Protection Specialist Mitch Brinks.

12. Designate a staff person to administer and coordinate the LID's in the County (other than where designated by Statute/Rule, such as the Auditor-Treasurer)

Water Protection Specialist Mitch Brinks of the Land Services Department is delegated the responsibilities of coordinating LID duties.

13. Aquatic Invasive Species

Minnesota Statutes 84D.02 Subdivision 1 states that the Department of Natural Resources (DNR) is responsible for controlling invasive species in public water.

- **Subdivision 1 Establishment.** The [DNR] commissioner shall establish a statewide program to prevent and curb the spread of invasive species of aquatic plants and wild animals. The program must provide for coordination among governmental entities and private organizations to the extent practicable. The [DNR] commissioner shall seek available federal funding and grants for the program

However, this is not effectively being accomplished. Therefore, some lakeshore property owners view Lake Improvement Districts as an alternative to achieve this statutory responsibility of the DNR.



Lake Improvement District (LID)
EVALUATION CRITERIA for
ESTABLISHING LIDs (from MN Rule 6115.0960)

Proposals for the establishment of lake improvement districts shall be evaluated based on the extent to which they demonstrate the following:

1. Local need for district

The proposal shall demonstrate the need for the district and why another unit of government with similar powers, or a voluntary lake association, cannot or will not satisfactorily accomplish the district's proposed purposes.

2. Statement of proposed boundaries.

The proposed boundaries shall be consistent with district boundaries as defined in part 6115.0920. The proposed boundaries shall include all lands and waters within the lake's direct drainage basin, unless justification is provided for including a lesser area and approved in writing by the commissioner. The proposed boundaries shall include a sufficient amount of the lake's watershed and related land to develop and implement feasible solutions to the identified problems. The proposed boundaries shall include those lands and waters which can reasonably be considered adversely affected by the proposed actions of the district. The proposed boundaries shall be delineated so as to provide appropriate public representation and the equitable distribution of benefits and levying of costs.

3. Statement of proposed purposes.

The proposed purposes shall be consistent with existing state, federal, regional, and local laws, policies, objectives, and plans pertaining to water and related land management, fish and wildlife habitat, surface and ground water quality, natural beauty and unique scientific values, economic and recreation values, and the quality of life. The proposed purposes shall be consistent with the public rights in the public waters of the state. When a district is proposed for the purpose of conducting a feasibility study of the sources of and solutions to lake problems, the proposal shall demonstrate an understanding that subsequent lake restoration measures may require modification of the district's boundaries and statement of purposes, pursuant to part 6115.0980, subpart 1, and Minnesota Statutes, section 103B.575.

4. Technical feasibility of proposed plans and programs.

The proposal shall demonstrate the technical feasibility of the proposed plans and programs, or provide for the determination of technical feasibility.

5. Adequacy of proposed means of financing.

The proposal shall demonstrate capability of raising sufficient funds to meet district purposes, to ensure continuity of district operations, and to meet the requirements of these parts.

6. Adequacy of procedures for planning, decision-making, and public involvement.

The proposal shall assure consideration of the interests of concerned citizens both within and outside the boundaries of the proposed district. The proposal shall include the identification of varying and often conflicting interests regarding water and related land management in and around the proposed district, and procedures to assure the consideration of such diverse interests so that decisions are made in the best overall interests of fairness and public health, safety, and welfare.

7. Public access.

The proposed plan shall provide for public access when adequate public access consistent with size of the lake, the extent of public interest in using the lake, and the combined uses of the lake is unavailable. Service charges may not be imposed on the use of a public access if other units of government cost share the acquisition, development, or maintenance of the public access.

8. Adequacy of long-range monitoring of environmental effects of district programs.

The proposed plan shall demonstrate an understanding of potential environmental effects of the proposed district plans and programs, and provide for a long-range monitoring of such effects.

9. Coordination with other special purpose districts.

The proposal shall demonstrate how the proposed district programs will be coordinated with existing special purpose districts formed for water and related land management. Examples of such units of government are watershed districts, sanitary districts, drainage and conservancy districts, lake conservation districts, and soil and water conservation districts.

Lake improvement districts shall not be established where a special purpose unit of government for water and related land management exists which can implement the purposes of the proposed lake improvement district, unless written approval is acquired from such unit of government or from the commissioner. The proposal should demonstrate efforts in good faith to resolve at the local level any conflicts between an existing special purpose district and the proposed lake improvement district.



Land Services Department

CROW WING COUNTY
BRAINERD, MINNESOTA 56401

Lake Improvement District (LID)

ANNUAL CHECKLIST

CONTACT INFORMATION

NAME:

MAILING ADDRESS:

PHONE:

EMAIL:

- Name of LID
- Date of annual meeting
- Copies of published and written notice that was available 3 weeks in advance of the annual meeting
- Evidence that election ballots were mailed out to all property owners in the LID at least 3 weeks prior to the annual meeting
- Insurance information showing liability coverage to the current tort limits
- Proof of permission from neighboring landowners if herbicide was being applied to lake
- Annual report submitted that includes:
 - Intended studies and management programs
 - Remedial actions and construction projects (must be in accordance with original order), including specific details on such activities
 - Monitoring report (to prevent long-term environmental effects)
 - Financial report (including approved budget)
 - Membership and elected officers (LID board of directors should be distinct from Lake Association's)
 - Plans for the future
 - Summary of interaction/coordination with public and other agencies during the year
 - Other information relevant to the goals and accomplishments of the LID
- Annual report submitted to Crow Wing County and other entities no later than 4 months after the annual meeting or by November 1st, whichever comes first
- Review process for putting LID on taxes roles completed with Auditor's Office (deadline Nov. 30th)
- Review of Crow Wing County administrative costs & money in accounts (inc. escrow)
- Review of signatures (for signing checks) with Auditor's office

Shaded boxes indicate CWC use only:

<i>Date report received:</i>		<i>Submitted by:</i>	
<i>Report received by:</i>		<i>Report reviewed by :</i>	
<i>Notes / Other info:</i>		<i>Date of Review:</i>	

I hereby acknowledge that all information required above has been provided and is accurate to the best of my knowledge.

LID representative

Date

Crow Wing County Staff

Date



Land Services Department

CROW WING COUNTY

BRAINERD, MINNESOTA 56401

Lake Improvement District (LID)

PETITION CHECKLIST

PROPOSER INFORMATION

NAME:

MAILING ADDRESS:

PHONE:

EMAIL:

- Name of proposed LID
- Document including:
 - Explanation of the lake's problems
 - Need for the district and why another unit of government with similar powers, or a voluntary lake association, cannot or will not satisfactorily accomplish the district's proposed purposes
 - Necessity of the district to promote public health or welfare
 - Objectives of proposed LID
 - Benefits to property within the proposed district
 - Intended studies
 - Management programs
 - Remedial actions
 - Construction projects (inc. technical feasibility)
 - Analysis of and monitoring plan for potential long-term environmental effects
 - Explanation of coordination among other special purpose districts
 - Identification and consideration of conflicting interests
 - Information about adequacy of public accesses, public lands, and beaches
 - Statement explaining the financing of the programs/projects & info on outside funding
 - Request for establishing the district as proposed
- Map showing boundaries of proposed LID as well as the number and location of permanent homes and seasonal dwellings and other relevant geographic information
- Number of Directors proposed for the district
- Copies of local Ordinances which regulate use of the lake or any public accesses
- Information indicating the degree of local interest and commitment to future management
- Identification of any lands and waters which may be adversely affected by the implementation of district purposes, and a preliminary assessment of those adverse effects
- Estimate of the total equalized valuation of the property within the proposed district
- Insurance information showing liability coverage to the current tort limits
- A procedure in place with the Auditor's office as to how the financial transactions of the district will occur
- Signatures along with name, address, phone number, and email of signers (local gov't parcels are eligible)

**Please remember: Before LID activities can be paid for, they need to be on the tax rolls (often a 1 year delay)
Also, the proposer must notify the DNR et. al. within 5 days of the petition being officially certified below**

Shaded boxes indicate CWC use only:

<i>Date petition received:</i>		<i>Submitted by:</i>	
<i>Petition received by:</i>		<i>Petition reviewed by :</i>	
<i>Date of pre-petition meeting:</i>		<i>Notes / Other Info:</i>	

I hereby acknowledge that the information required above has been provided and is accurate to the best of my knowledge and the number of signatures represents a majority of landowners in the proposed LID.

Applicant

Date

Crow Wing County Staff

Date

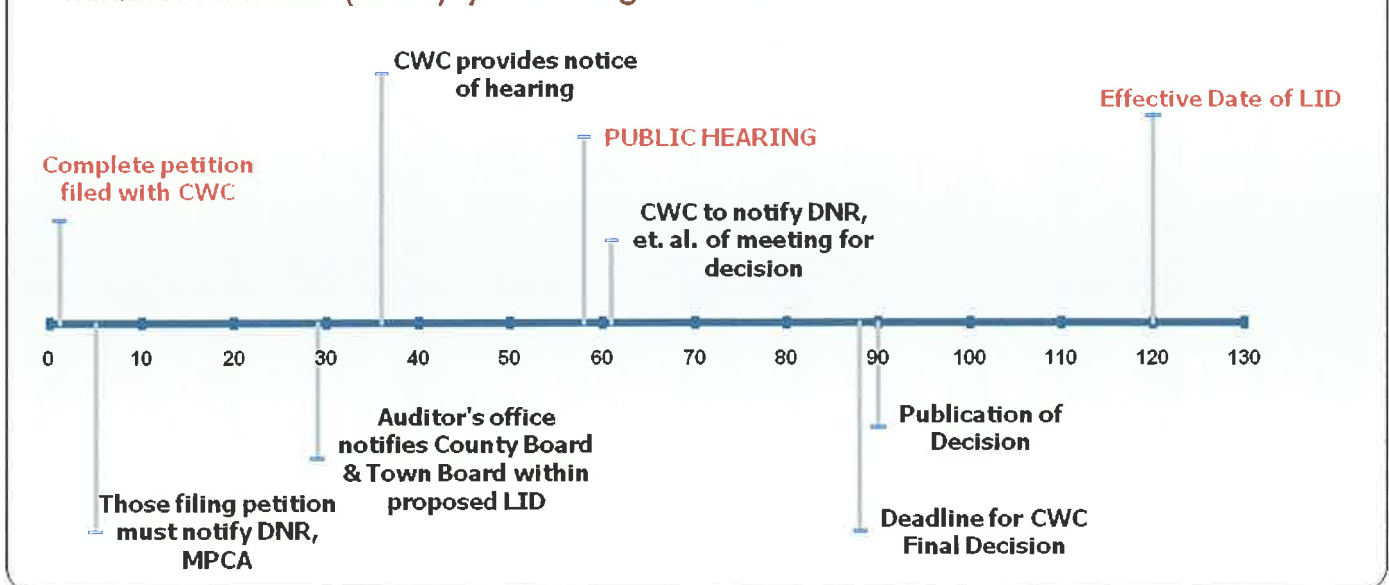
Lake Improvement Districts: Timelines

Timeline for establishing an LID

1. Pre-petition meeting held by County staff
2. Petition & supporting documentation is received by Auditor-Treasurer's office
3. Auditor-Treasurer's office (with help from Environmental Services) reviews petition & supporting documentation for completeness
4. Auditor-Treasurer's office verifies signatures on petition
5. Those filing the petition must notify the DNR & MPCA within 5 days of the petition being officially filed
6. After verifying signatures, the County Auditor-Treasurer officially notifies the County Board
7. County Board sets a date for the public hearing (date must be within 30 days of #6)*
8. County must provide proper notice at least 21 days before the public hearing
9. At least 10 days (but not more than 30 days) after the public hearing, the county board shall, by order, make a decision to establish or deny the establishment of the LID
10. After the public hearing, the County must notify the DNR of the date/ time of the decision (#9) on the need for an LID within 10 working days
11. The decision shall be published soon after decision is made
12. Establishment of the lake improvement district is effective 30 days after publication or at a later date, if specified in the establishment order.
13. Downloads must be reviewed and submitted to Auditor-Treasurer's office by Nov. 30th to get on next tax year

* The County Board may grant requests by citizens, the DNR, or MPCA for postponement or continuance of the public hearing to a time more than 30 days after receipt of the petition and verification of the signatures thereon.

Minimum Timeline (in days) from Filing of Petition



Timeline for an existing LID

1. Mail out notice and ballots at least 3 weeks prior to annual meeting
1. Hold Annual Meeting (July or August unless officially changed previously)
2. Annual report submitted to County within 4 months of annual meeting or by Nov. 1st (whichever is later)
3. Review of downloads to Auditor-Treasurer's Office by Nov. 30th.

2011 Minnesota Statutes

103B.515 INITIATION AND ESTABLISHMENT BY COUNTY BOARD.

Subdivision 1. **Resolution of intent.** The county board may initiate the establishment of a lake improvement district in a portion of the county under this section. The board must adopt a resolution declaring the intent of the board to establish a lake improvement district. The resolution must:

- (1) specify the boundaries of the district, which shall be encouraged to be as consistent as practical with natural hydrologic boundaries;
- (2) prescribe the water and related land resource management programs to be undertaken in the district;
- (3) state how the programs will be financed;
- (4) designate the county officer or agency that will be responsible for supervising the programs; and
- (5) set a date for a hearing on the resolution.

Subd. 2. **Notice to town board.** The county board shall, at least 30 days before making an order establishing a lake improvement district, send the town board of a town wholly or partially within the boundaries of the proposed district a copy of the resolution and encourage the town board to respond to the proposed creation of the district.

Subd. 3. **Hearing.** The county board must hold a public hearing on whether a lake improvement district should be established. Before the date set for the hearing, any interested person may file objections to the formation of the district with the county auditor. At the hearing, any interested person may offer objections, criticisms, or suggestions about the necessity of the proposed district and how the person's property will be benefited or affected by the establishment of the district.

Subd. 4. **Establishment.** (a) The county board may establish a lake improvement district, by order, after making findings, if the board determines that the:

- (1) proposed district is necessary or that the public welfare will be promoted by the establishment of the district;
- (2) property to be included in the district will be benefited by establishing the district; and
- (3) formation of the district will not cause or contribute to long-range environmental pollution.

(b) The order establishing the district must state the board's findings and specify or prescribe the items contained in subdivision 1, clauses (1) to (4).

History: 1990 c 391 art 2 s 33

2011 Minnesota Statutes

103B.521 INITIATION BY PETITION AND ESTABLISHMENT BY COUNTY BOARD.

Subdivision 1. **Petition.** (a) A lake improvement district may be initiated by a petition to the county board. The petition must state:

- (1) the name of the proposed lake improvement district;
- (2) the necessity of the proposed district to promote public health or public welfare;
- (3) the benefits to property from the establishment of the lake improvement district;
- (4) the boundaries of the proposed district which shall be encouraged to be as consistent as possible with natural hydrologic boundaries;
- (5) a map of the proposed district;
- (6) the number, from five to nine, of directors proposed for the district; and
- (7) a request for establishing the district as proposed.

(b) A petition must be signed by a majority of the property owners within the proposed lake improvement district described in the petition. Governmental subdivisions, other than the state or federal governments, owning lands within the proposed district are eligible to sign the petition.

(c) The petition must be filed with the county auditor and addressed to the board, requesting the board to establish a lake improvement district to develop and provide a program of water and related land resources management.

(d) The county board shall, at least 30 days before it acts on a petition, send the town board of a town wholly or partially within the boundaries of a proposed district a copy of the petition submitted under this subdivision and encourage the town board to respond to the proposed creation of the district.

Subd. 2. **Hearing.** After receiving the petition, the county auditor must verify the signatures and notify the county board. Within 30 days after being notified of the petition, the county board must hold a public hearing on whether the requested lake improvement district should be established.

Subd. 3. **Establishment.** Within 30 days after holding the public hearing, the county board shall, by order, establish or deny the establishment of the petitioned lake improvement district. An order establishing a district must conform to section 103B.535 and may modify the petition relating to the district's boundaries, functions, financing, or organization.

History: 1990 c 391 art 2 s 34; 2003 c 91 s 1

2011 Minnesota Statutes

103B.525 ESTABLISHMENT OF DISTRICT IN MORE THAN ONE COUNTY.

Where the natural hydrologic boundaries of a proposed district extend into more than one county, the county boards of the counties affected may form a joint county authority and establish and maintain a lake improvement district jointly or cooperatively as provided in section 471.59. The district may be initiated by the joint county authority in the same manner as by a county board under section 103B.515 by petition to the affected county boards.

History: 1990 c 391 art 2 s 35

2011 Minnesota Statutes

103B.531 CREATION BY COMMISSIONER OF NATURAL RESOURCES.

Subdivision 1. **Petition to commissioner.** If the county board of one or more of the counties affected has disapproved a petition for creation of a lake improvement district for an area, a petition for creation of a lake improvement district containing information required by section 103B.521, subdivision 1, may be submitted to the commissioner of natural resources.

Subd. 2. **Determination to hold hearing.** Upon receipt of the petition by the commissioner and verification of the signatures on the petition by the county, the commissioner may, within 30 days following verification, hold a public hearing at the expense of the county board on the question of whether the requested lake improvement district shall be established. The commissioner, in determining whether to hold a public hearing, shall examine all facts relating to the petition, including the reasons why the petition was disapproved by the county.

Subd. 3. **Approval or denial of petition.** (a) If a hearing is not to be held, within 30 days following the receipt of verification by the county, or within 30 days following the holding of a hearing, the commissioner shall, by order, approve or disapprove the establishment of the requested lake improvement district.

(b) If the commissioner determines that the establishment of the lake improvement district as requested in the petition would be for the public welfare and public interest, and that the purposes of section 103B.511, subdivision 1, would be served by the establishment of a lake improvement district, the commissioner shall by order approve the establishment of the lake improvement district. If the commissioner does not approve the establishment of the district, the commissioner shall by order disapprove the establishment.

(c) An order approving creation may contain modifications of the area's boundaries, functions, financing, or organization from what was stated in the petition.

History: 1990 c 391 art 2 s 36

2011 Minnesota Statutes

103B.551 BOARD OF DIRECTORS.

Subdivision 1. **Membership.** After a lake improvement district is established, the county board, joint county authority, or commissioner that established the district shall appoint persons to serve as an initial board of directors for the district. Subsequent board members must be elected by persons owning property in the district at the annual meeting of the district. The number, qualifications, terms of office, and method of election, removal, and filling of vacancies of directors shall be as provided in the order creating the board of directors. The initial and all subsequent boards of directors must include persons owning property within the district, and a majority of the directors must be residents of the district.

Subd. 2. **Compensation.** The directors shall serve with compensation as determined by the property owners at the annual meeting and may be reimbursed for their actual expenses necessarily incurred in the performance of their duties in the manner provided for county employees.

Subd. 3. **Powers.** County boards, joint county authorities, statutory and home rule cities, and towns may, by order, delegate the powers in this section to the board of directors of a district to be exercised within the district. Programs and services undertaken must be consistent with the statewide water and related land resources plan prepared by the commissioner of natural resources and with regional water and related land resources plans. A body of water may not be improved by using authority granted under this section unless the public has access to some portion of the shoreline. County boards, joint county authorities, statutory and home rule cities, and towns may delegate their authority to a district board of directors to:

- (1) acquire by gift or purchase an existing dam or control works that affects the level of waters in the district;
- (2) construct and operate water control structures that are approved by the commissioner of natural resources under section 103G.245;
- (3) undertake projects to change the course current or cross section of public waters that are approved by the commissioner of natural resources under section 103G.245;
- (4) acquire property, equipment, or other facilities, by gift or purchase to improve navigation;
- (5) contract with a board of managers of a watershed district within the lake improvement district or the board of supervisors of a soil and water conservation district within the district for improvements under chapters 103C and 103D;
- (6) undertake research to determine the condition and development of the body of water and the water entering it and to transmit the results of the studies to the Pollution Control Agency and other interested authorities;
- (7) develop and implement a comprehensive plan to eliminate water pollution;
- (8) conduct a program of water improvement and conservation;
- (9) construct a water, sewer, or water and sewer system in the manner provided by section 444.075 or other applicable laws;

(10) receive financial assistance from and participate in projects or enter into contracts with federal and state agencies for the study and treatment of pollution problems and related demonstration programs;

(11) make cooperative agreements with the United States or state government or other counties or cities to effectuate water and related land resource programs;

(12) maintain public beaches, public docks, and other public facilities for access to the body of water;

(13) provide and finance a government service of the county or statutory or home rule city that is not provided throughout the county or, if the government service is provided, the service is at an increased level within the district; and

(14) regulate water surface use as provided in sections 86B.205, 103G.605, and 103G.621.

History: 1990 c 391 art 2 s 40; 1996 c 385 art 2 s 7; 2000 c 396 s 3

2011 Minnesota Statutes

275.70 LEVY LIMITATIONS; DEFINITIONS.

Subdivision 1.MS 1998 [Expired]

Subdivision 1. **Application.** For the purposes of sections 275.70 to 275.74, the following terms have the meanings given them, unless provided otherwise.

Subd. 2.MS 1998 [Expired]

Subd. 2. **Implicit price deflator.** "Implicit price deflator" means the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the levy year.

Subd. 3.MS 1998 [Expired]

Subd. 3. **Local governmental unit.** "Local governmental unit" means a county, or a statutory or home rule charter city with a population greater than 2,500.

Subd. 4.MS 1998 [Expired]

Subd. 4. **Population; number of households.** "Population" or "number of households" means the population or number of households for the local governmental unit as established by the last federal census, by a census taken under section 275.14, or by an estimate made by the metropolitan council or by the state demographer under section 4A.02, whichever is most recent as to the stated date of the count or estimate up to and including June 1 of the current levy year.

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources, provided that nothing in this subdivision limits the special levy authorized under section 475.755;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;

(7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

(10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;

(15) to fund a police or firefighters relief association as required under section 69.77 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

(16) for purposes of a storm sewer improvement district under section 444.20;

(17) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

(18) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

(19) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

(20) for a city, for the unreimbursed costs of redeployed traffic-control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

(21) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year;

(22) an amount equal to any reductions in the certified aids or credit reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152 or reductions under another provision of law. The amount of the levy allowed under this clause for each year is limited to the amount unallotted or reduced from the aids and credit reimbursements certified for payment in the year following the calendar year in which the tax levy is certified unless the unallotment or reduction amount is not known by September 1 of the levy

certification year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied in the following year;

(23) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253B.185, subdivision 5;

(24) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause; and

(25) for the estimated amount of reduction to market value credit reimbursements under section 273.1384 for credits payable in the year in which the levy is payable.

Subd. 6. **Levy aid base.** "Levy aid base" for a local governmental unit for a levy year means its total levy spread on net tax capacity, minus any amounts that would qualify as a special levy under this section, plus the sum of (1) the total amount of aids and reimbursements that the local governmental unit is certified to receive under sections 477A.011 to 477A.014 in the same year, (2) taconite aids under sections 298.28 and 298.282 in the same year, including any aid which was required to be placed in a special fund for expenditure in the next succeeding year, and (3) payments to the local governmental unit under section 272.029 in the same year, adjusted for any error in estimation in the preceding year.

History: 1997 c 231 art 3 s 3; 1Sp1997 c 5 s 24; 1998 c 389 art 4 s 1,2; 1999 c 222 art 2 s 4; 1999 c 243 art 6 s 3; 2000 c 396 s 6; 2000 c 490 art 6 s 4; 1Sp2001 c 5 art 16 s 2-6; 2002 c 377 art 6 s 5; 2002 c 379 art 1 s 66; 1Sp2003 c 21 art 7 s 1; 2005 c 152 art 1 s 3; 1Sp2005 c 3 art 1 s 25; 2008 c 366 art 3 s 1,2; 2009 c 88 art 2 s 20; 2010 c 215 art 13 s 3; 2010 c 389 art 8 s 11

Lake Improvement Districts Questions and Answers

1. What is a Lake Improvement District (LID)?

A LID is a local governmental unit, a political subdivision, established by resolution of a county board, city council or by the commissioner of the department of natural resources. A LID allows for greater local involvement in lake management activities.

2. What authorities does a LID have?

In its resolution establishing a LID, the county board delegates specific authorities to the LID. Each LID will likely be granted different levels of authority depending upon existing problems and proposed activities. Some of these may include the right to:

1. Apply for and comply with DNR and other agency and local permits and policies required for specific lake management projects;
2. Undertake lake research projects;
3. Conduct programs of water improvement and conservation;
4. Serve as local sponsor/recipient for state and federal projects or grants;
5. Maintain public beaches, docks and other public facilities;
6. Regulate water surface use;
7. Provide and finance certain local governmental services within the LID;
8. Implement a water monitoring program.

Projects and activities undertaken by a LID must comply with all local, state and federal regulations. Additionally, a lake improvement district may not undertake improvement projects on any body of water unless public access is available to that lake.

3. Who assumes responsibilities for the actions of a LID?

The LID assumes all legal responsibilities for activities undertaken by the LID. In the event a district is terminated or a district fails to meet its obligations, its responsibilities and liabilities pass to the county that established the district. The LID is also responsible for preparing an annual report to the county board with a copy to the DNR.

4. Who runs the LID?

A LID is managed by a board of directors consisting of from 5 to 9 members. All directors must be property owners in the district, and a majority of the directors must be residents of the district. The initial board of directors is appointed by the county board. The number, qualifications and terms of office are also specified by the county board. Vacancies are filled by a majority vote of the property owners attending the annual meeting. Directors may be compensated, but only as decided by the property owners at the annual meeting.

5. Besides electing directors, what else happens at the annual meeting?

Each LID must have an annual meeting of property owners. This meeting must be held during July or August unless changed by majority vote at the previous annual meeting. Written notice of the meeting must be mailed to all property owners within the district, the county board and DNR at least 10 days prior to the meeting. In addition to electing new directors, those present at the annual meeting must:

1. Approve the district budget for the upcoming fiscal year;
2. Approve or disapprove any project costing the district more than \$5,000; and
3. Discuss other district activities.

6. How are LID activities funded?

A LID does not have any taxing authority of its own. Rather, the county board specifies the funding arrangement when it establishes the LID. Typically, a LID must pass its budget recommendations through the county board for approval and actual collection. To finance LID projects, services and general administration, a county may:

1. Assess costs to benefited properties;
2. Impose service charges;
3. Issue general obligation bonds;
4. Levy an ad valorem tax solely on property within the district; or
5. Any combination of the above.

A LID can also be the recipient of grants from state and federal agencies and private foundations.

7. How is a LID established?

There are two ways in which a LID may be established:

1. By petition of property owners within the proposed district; or
2. By county board resolution.

Of the two, the petition process is the more common procedure. A petition requesting the formation of a LID must be signed by a majority of the property owners in the proposed district. The petition is addressed to the county board and filed with the county auditor. The county auditor verifies the signatures on the petition and notifies the county board. A public hearing is held and the county board establishes its findings to grant or deny the LID and sets the effective date for the LID to begin.

In lieu of a petition signed by a majority of the property owners, the county board may choose to initiate the establishment of a LID by itself. The board adopts a resolution declaring its intent to establish a LID. A public hearing is held, and the decision is made.

8. How are district boundaries selected?

Selecting workable district boundaries can be one of the most difficult and confusing aspects of establishing a LID. The statute states that district boundaries “shall be encouraged to be as consistent as possible with *natural hydrologic* boundaries.” District boundaries should include a sufficient area of the lake’s watershed for the LID to develop and implement solutions to identified problems. Water quality and lake level concerns are often influenced by activities in the lake’s watershed. If a LID is concerned about deteriorating water quality and frequent algal blooms, it should not only examine the immediate surrounding area, but the amount and quality of runoff reaching the lake.

In other situations, the petitioners may wish to establish a LID to undertake activities that only affect the shoreline properties. The proposed activities may include regulating water surface use, providing public water and sewer service to shoreline properties and constructing and maintaining public docks, beaches or fishing piers. In summary, the proposed district boundaries should be consistent with the goals of the LID.

CONTENTS OF PETITION OR COUNTY BOARD RESOLUTION*

A petition or county board resolution must generally contain the same types of information. Both indicate the general structure the LID should take (e.g., number of directors and district boundaries) as well as information relating to the need for and appropriateness of the LID. Specifically, the petition or resolution should include:

1. Name of proposed district;
2. Number of directors;
3. Map showing district boundary and a statement demonstrating the appropriateness of the boundaries as they relate to the purposes of the district;
4. Method of financing district operations;
5. Statement of lake problems;
6. Proposed water and related land management programs to address lake problems;
7. Identification of potential adverse impacts of proposed district programs;
8. Adequacy and ownership of public access including public lands and beaches; and
9. Estimate of the total assessed valuation of property within the proposed LID.

A copy of the petition or resolution must be forwarded to the DNR and Pollution Control Agency for review and preparation of an advisory report prior to the public hearing.

*Minimum guidelines and requirements for the formation of LIDs are spelled out by Minnesota Rules Part 6115.0900 – 6115.0980. These rules provide specific guidance on the content and issues to be addressed by the petition or county board resolution, and the details of the DNR advisory report.

DNR ADVISORY REPORT

The DNR advisory report provides the local government a map of the immediate watershed and comments on the proposed LID based on its expertise and coordination with PCA that addresses local need, appropriateness of proposed boundaries, technical feasibilities, adequacy of planning, monitoring and coordination with other districts.

PUBLIC HEARING

A public hearing must be held to discuss the merits of establishing a LID. At least 21 days before the public hearing, the county board must notify the DNR, PCA, town boards and all other local and regional governmental units and special districts within the proposed district. In addition, the county must make a "reasonable attempt" to notify all property owners within the proposed district of the pending resolution or petition and the public hearing. A "reasonable attempt" includes:

1. Mailing a notice to last known address of each landowner;
2. Publishing notice in two successive issues of the local newspaper; and
3. Posting notices in public buildings.

At the public hearing the DNR advisory report is read into the record. All interested individuals may present testimony either for or against the establishment of the LID. Individuals may also present evidence suggesting how a property would be benefited or affected by the establishment of the district. The county board establishes its findings and the LID is either approved or denied.

ESTABLISHMENT

If initiated by a petition, the county board must act within 30 days of the public hearing to either establish or deny the request to form a LID. If established, the county board must publish the order in the county's official newspaper as well as notify the secretary of state, DNR and PCA. In the order establishing the LID, the county board may modify part or all of the petition relating to district boundaries, functions, financing or organization.

If the establishment is initiated by a county board resolution, there is no time constraint under which the board must act following the public meeting.

REFERENDUM

Regardless how a LID has been initiated and before the effective date of its establishment, opposed property owners within the proposed district may petition for a referendum. If 26% of the property owners within the proposed district petition for a referendum, the county board must stay the establishment of the LID and hold a special election. The special election is held within the proposed district during July or August. The county auditor certifies the election results. If a majority of those property owners voting vote no, the establishment of the district is denied.

TERMINATION

A LID may be terminated by a county board upon the initiation of a petition signed by a majority of the property owners within the district requesting it. There is a public hearing and the board decides whether the district should continue or not.