



LOWER MINNESOTA RIVER WATERSHED DISTRICT

Executive Summary for Action

Lower Minnesota River Watershed District Board of Managers Meeting

Wednesday, July 17, 2024

Agenda Item

Item 7. C. – Dredge Management

Prepared By

Linda Loomis, Administrator

Summary

- Vernon Avenue Improvement Project

At the April 17, 2024, Board of Managers meeting, the Board authorized staff to go out for bids for construction of the improvements to Vernon Avenue. The Board was advised that the engineer's estimate exceeded the amount of money that the LMRWD has available to pay for the project and that the LMRWD should not advertise for bids until it has determined how to pay for the project. The Board can finance the project with debt and once the Board makes that decision, the project will be bid on. The LMRWD will know how much is needed to pay for the project once the bids have been received and the project awarded to the lowest responsible bidder. The Board will then know how much money will be needed to finance the project. A link to the agenda item that was included in the April 17, 2024, meeting materials can be found below for the Board's information.

A letter from Mr. Shannon Sweeney from David Drown Associates is attached for the Board's information. Mr. Sweeney also suggested that the Board adopt the attached resolution.

In addition, the LMRWD was waiting for a determination from BWSR as to whether the funds the LMRWD receives from the State of Minnesota can be used to repay debt. BWSR has said that those funds can be used to make debt payments. This will impact the amount that the LMRWD will need to levy to repay debt incurred for this project.

- Flood Damage Assessment

The President of the United States has approved the Federal Disaster Declarations [DR-4797-MN](#) for the severe storms and flooding in Minnesota. The MN Board of Water and Soil Resources (BWSR) sent information out regarding its Disaster Recovery Assistance Program (DRAP). In 2020, the LMRWD completed a capital project at its Dredge Material Management site in Savage, MN. We have begun assessment of damage that may have occurred at the site after being inundated by floodwater. The LMRWD retained the services of ISG, who was able to fly a drone over the dredge site, as it was inaccessible from Vernon Avenue. Physical observation of the site will be conducted once the floodwaters have receded far enough to get out to the site. The LMRWD will follow the guidelines provided by BWSR to apply for disaster recovery funds if damage is observed.

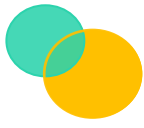
Attachments

1. [Technical Memorandum – Vernon Avenue Improvements – Project Summary and Bidding Instructions, dated April 10, 2024](#)
2. Letter from Mr. Shannon Sweeney, David Drown Associates, Inc. dated June 18, 2024

3. Resolution 24-10 – Declaring the Official Intent of the LMRWD to Reimburse Certain Expenditures from the Proceeds of Bonds to be Issued by the Watershed District
4. Project and Practice Repair in Disaster Declaration Area Guidance dated July 2, 2024

Recommended Action

Motion to adopt Resolution 24-10 - Declaring the Official Intent of the LMRWD to Reimburse Certain Expenditures from the Proceeds of Bonds to be Issued by the Watershed District



DDA

David Drown Associates, Inc.
Public Finance Advisors

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June 18, 2024

Lower Minnesota River Watershed District
Attn: Linda Loomis, Administrator
6677 Olson Memorial Highway
Golden Valley, MN 55427

RE: Watershed District Project Finance

Honorable Board Members and Administrator Loomis:

Administrator Loomis recently provide me with an update on the Vernon Avenue and Riverbank Stabilization Projects for the purpose of continuing our project financing discussions. In order to satisfy federal reimbursement requirements for the issuance of tax-exempt bonds I have recommended the adoption of a reimbursement resolution (attached).

The attached resolution preserves the ability of the Board to reimburse capital project costs with the proceeds of tax-exempt bonds in the event that the capital costs are incurred more than 60 days in advance of having bond proceeds available. The enclosed resolution does not obligate the Board to issue bonds or undertake the project.

In addition to the reimbursement resolution, Administrator Loomis and I discussed the method of sale for bonds that could potentially be issued to fund the projects mentioned above. I have indicated that unless the District is able to have both the 2022 and 2023 audits completed in advance of the issuance of bonds, we would be limited in the method of sale based on our ability to obtain a credit rating. The lack of available audits translates into an interest rate that would be approximately three-quarters of one percent higher if we are unable to obtain a credit rating. I would encourage the continued focus on the completion of the 2022 and 2023 audits in advance of securing project funding.

Administrator Loomis and I also discussed the debt service levy for collection in 2025. I recommended that a similar levy as was made for collection in 2024 (\$300,000) be implemented and collected in 2025, as it could either be used for initial debt service payments for projects to be implemented prior to the collection of the 2026 levy, or it could be used as a cash contribution to either the Vernon Avenue or Riverbank Stabilization Projects which would reduce the amount to be borrowed. As previously discussed, one of our goals is to keep the property tax levy relatively flat with incremental increases for inflation. Based on our identified capital projects, the recommended levy assists in meeting that goal.

Please feel free to contact me if you have any questions regarding the information provided. Thank you for your time and consideration.

Sincerely,

Shannon Sweeney
David Drown Associates, Inc.

LOWER MINNESOTA RIVER WATERSHED DISTRICT, MINNESOTA

RESOLUTION NO. 24-10

**DECLARING THE OFFICIAL INTENT OF THE
LOWER MINNESOTA RIVER WATERSHED DISTRICT TO REIMBURSE
CERTAIN EXPENDITURES FROM THE PROCEEDS
OF BONDS TO BE ISSUED BY THE WATERSHED DISTRICT**

WHEREAS, the Internal Revenue Service has issued Treas. Reg. § 1.150-2 (the “Reimbursement Regulations”) providing that proceeds of tax-exempt bonds used to reimburse prior expenditures will not be deemed spent unless certain requirements are met; and

WHEREAS, the Lower Minnesota River Watershed District (the “District”) expects to incur certain expenditures that may be financed temporarily from sources other than bonds, and reimbursed from the proceeds of a tax-exempt bond;

WHEREAS, the District has determined to make this declaration of official intent (the “Declaration”) to reimburse certain costs from proceeds of bonds in accordance with the Reimbursement Regulations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE LOWER MINNESOTA RIVER WATERSHED DISTRICT AS FOLLOWS:

1. The District proposes to undertake the following projects (the “Projects”).

Vernon Avenue Dredge Management Site Improvements
Riverbank Stabilization Project – Eden Prairie

2. The District reasonably expects to reimburse the expenditures made for certain costs of the Projects from the proceeds of bonds in an estimated maximum principal amount of \$3,600,000. All reimbursed expenditures will be capital expenditures, costs of issuance of the bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

3. This Declaration has been made not later than 60 days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of bonds, except for the following expenditures: (a) costs of issuance of bonds; (b) costs in an amount not in excess of the lesser of \$100,000 or 5 percent of the proceeds of an issue; or (c) “preliminary expenditures” up to an amount not in excess of 20 percent of the aggregate issue price of the issue or issues that finance or are reasonably expected by the District to finance the project for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

4. This Declaration is an expression of the reasonable expectations of the District based on the facts and circumstances known to the District as of the date hereof. The anticipated original expenditures for the Projects and the principal amount of the bonds described in paragraph 2 are consistent with the District’s budgetary and financial circumstances. No sources other than proceeds of bonds to be issued by the District are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the District’s budget or financial policies to pay such Project expenditures.

5. This Declaration is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

The question was on the adoption of the Resolution and there were ___ yeas and ___ nays as follows:

	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstain</u>
BARISONZI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KUPLIC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LAMMERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SALVATO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
VISWANATHAN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Adopted by the Board of Managers of the Lower Minnesota River Watershed District this 17th day of July, 2024.

LOWER MINNESOTA RIVER
WATERSHED DISTRICT, MINNESOTA

Attest:

Joseph Barisonzi, President

Lauren Salvato, Secretary

I, Lauren Salvato, Secretary of the Lower Minnesota River Watershed District, do hereby certify that I have compared the above Resolution with the original thereof as the same appears of record and on file with the LMRWD and find the same to be a true and correct transcript thereof.

IN TESTIMONY WHEREOF, I hereunto set my hand this 17th day of July 2024.

Lauren Salvato, Vice President

Memorandum

Date: July 2nd, 2024

To: SWCD Managers, Watershed District Administrators, County Water Planners

From: Justin Hanson, Asst. Director for Regional Operations

RE: Project and Practice Repair in Disaster Declaration Area Guidance

The President has approved the Federal Disaster Declarations [DR-4797-MN](#) for the severe storms and flooding from June 16, 2024, and continuing.

This declaration triggers the implementation of the Board of Water and Soil Resources (BWSR) [Disaster Recovery Assistance Program \(DRAP\)](#). BWSR established the DRAP and associated guidance per Minnesota Statutes 12A.05 to address critical conservation problems. The declaration makes federal funding available to local governments and some nonprofits on a cost-sharing basis for emergency work and the repair or replacement of facilities damaged by the severe storms and flooding in the counties of Blue Earth, Carver, Cass, Cook, Cottonwood, Faribault, Fillmore, Freeborn, Goodhue, Jackson, Lake, Le Sueur, Murray, Nobles, Pipestone, Rice, Rock, St. Louis, Steele, Wabasha, Waseca, and Watonwan.

State funding specifically intended for recovery projects through DRAP may be dependent on future action by the Minnesota State Legislature. BWSR understands some of these disaster-impacted projects may be further damaged and degraded in the interim, resulting in more costly repairs in the future.

In response, BWSR is advising local government units in areas covered under a federal declaration to prioritize urgent projects and first seek and utilize any available federal funds to begin repair efforts. If consistent with the purposes of the appropriation, local government units may be authorized to utilize current BWSR grants to repair previously installed conservation practices damaged because of DR-4749-MN. Please contact BWSR staff prior to acting on any changes in activities for the use of funds available through currently executed grant agreements.

BWSR has established an [inventory spreadsheet](#) that can be helpful in your work to record these areas. BWSR will use this spreadsheet to document the statewide needs. We are asking you to use this document to begin an inventory and collection of private land damages from this summer's events that occurred on or after June 16, 2024. BWSR may ask you to submit the worksheets for compilation at a future date and it may be important in informing legislative or other funding decisions.

It may be helpful to coordinate with other LGUs in your area to assure that projects are not double counted. You may also want to consider submitting inventory information through your local SWCD so that the issue areas are represented in one location.

If authorized, the use of currently executed grant agreement funds for disaster recovery purposes must be used in accordance with the following:

1. To repair a conservation project or practice that was documented as damaged because of the events identified in the disaster declarations.
2. The project or practice was installed using approved standards, damage was caused by reasons beyond the control of the land occupier, and damage or failure of the practice was not due to improper maintenance or removal of the practice within the effective life.
3. The use of the funds must be necessary to prevent further degradation of the project or practice that may result if the repair is postponed until other funding sources may become available, including those noted in Section 2.0 Funding Source Priorities of [the BWSR Disaster Recovery and Assistance Program Policy](#) (See attached Policy).
4. Funds are not allowed for routine maintenance activities.

If DRAP funding is made available, BWSR will notify impacted local government units how to redirect, replace, or otherwise utilize existing BWSR funding and dedicated disaster recovery funding.

Please contact your Board Conservationist for further assistance on this matter.

Justin Hanson, Assistant Director for Regional Operations

Minnesota Board of Water and Soil Resources