

524 4th St South
Sauk Centre, MN 56378
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Fax: (320) 352-6455
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MEETING MINUTES

Regular Meeting
7:00 p.m. Sauk River Watershed District Office
January 6, 2009

Managers Present: Dan Coughlin, Chub Hensley, Jim Kral, Larry Kuseske, Sharen Kutter Richard Raeker, Virgil Rettig, Jim Rothstein, and Bob Mostad.

Staff Present: Holly Kovarik, Administrator Starla Arceneau, Recording Secretary Lynn Nelson, and Andrew Dotseth

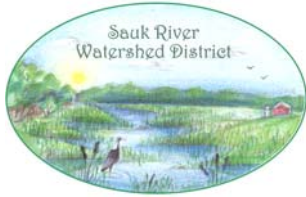
Guests Present: Kip Kovarik, Bev Rettig, Janet Mostad, Maggie Casey, Jim and Kathy Egan, County Ditch 26 & 15 Landowners - John Harren, Jeff Hoppe. Duane Pung, James Sedwig and Butch Thull.

Manager's Absent:

1. **The meeting was called to order by President Kral and the Pledge of Allegiance was recited.**
2. President Kral asked for additions to the agenda.
3. The proposed agenda was reviewed. **A motion was made by Manager Rettig to approve the agenda with additions. Manager Rothstein seconded it.** The motion passed with all in favor.
4. The consent agenda included:
 - a. Approval of minutes for the December 16, 2008 meeting
 - b. December 12-December 30, 2008 Financial Report
 - c. Resolution 08-03: Restoring Water Resources of the Sauk River Chain of Lakes Phase 3 Project Loan Agreement for \$200,000
 - d. Resolution 08-04: Osakis Lake Shoreland Enhancement Project Loan Agreement for \$100,000
 - e. Resolution 09-01 for Fiscal Year Budget July 1, 2009 to June 30, 2010 per county auditor request.
 - f. MPCA Bond Opinion for the two loans with MPCA listed above items c and d.
 - g. CR-134 Bridge Reconstruction Permit Request

After reviewing the items on the consent agenda, **a motion was made by Manager Coughlin and seconded by Manager Kutter and carried unanimously to approve the following items on the said agenda: Approval of minutes for the December 16, 2008 meeting, December 12-December 30, 2008 Financial Report, Resolution 08-03: Restoring Water Resources of the Sauk River Chain of Lakes Phase 3 Project Loan Agreement for \$200,000, Resolution 08-04: Osakis Lake Shoreland Enhancement Project Loan Agreement for \$100,000, Resolution 09-01 for Fiscal Year Budget July 1, 2009 to June 30, 2010 per county auditor request.,MPCA Bond Opinion for the two loans with MPCA listed above items c and d and the CR-134 Bridge Reconstruction Permit Request.**

5. The Administrator's Report was reviewed. Kovarik reviewed the following information:
 - a. Kovarik asked for clarification on the health insurance benefits being offered and if it



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would be allowed to be used for an existing health insurance plan. Kovarik read the motion that approved the District's health insurance plan from the April 17, 2007 minutes.

"(Manager Hensley made a motion to 1. take out a Health Insurance Policy for the interested staff 2. to continue to pay the regular monthly stipend for the staff members not joining the policy 3. to only pay for the employee's premiums and if they wish they to add their families it will be at the expense of the employee 4. to establish a health savings account that an employee will provide all funds into the account. Manager Robinson seconded it. The motion passed with all in favor.)"

Kovarik read a statement from the District's Auditor.

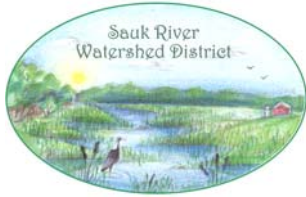
"The funds can be paid to the insurance company directly and be tax free. The key here is that the check is written to the insurance company, not an individual as this is your proof were there to ever be a question as to whether it should be tax free or not. You do have a Section 125 plan set up in order to do this. If you do not already have this in place let me know and I will get you the necessary information to do so. If the check were to ever be paid to an employee or a spouse's employer, then this must be taxed.

The issue we see with this option is with only offering it to one employee and not having it as part of the full personnel policy applicable to all employees. A gray area arises when a benefit is offered to only one employee and can often be viewed as discriminatory (based on employee position, power, etc...). It appears to be the consensus that if this were offered to all employees as an alternative to the standard insurance coverage then it would be fine. I am not saying that it is explicitly un-allowed to only offer it in one contract; however, we cannot guarantee that this would not pose a potential problem in the future." Amy Skaalerud-Government Audit Senior with KDV"

Kovarik stated that on the April 17, 2007 meeting tape regarding the District's health insurance plan that there was a consensus of the board that any new staff either enroll in the policy provided by the District or receive nothing. This was discussion on the tape that was not noted in those previous minutes.

Kovarik stated that two separate accounting firms were contacted including Jerry Wangsness, CPA of Glenwood and KDV-Amy Skaalerud our current auditing firm. It was also clarified by Kovarik that the Watershed District has an approved 125 plan which is the District's Health Savings Account. This was set up and therefore allows the District to do other pre-tax options. Kovarik at this time recommended that this option be added to the existing Health Insurance policy as another option and to also be modified within the Administrator's contract.

Manager Coughlin made a motion to clarify the health insurance policy based on the auditor's recommendations with the additional language that the compensation be offered to all employees towards other health insurance benefits for the actual cost not to exceed \$270 presently being offered as part of the health insurance package. Manager Rothstein seconded it. Kovarik asked for clarification on if the health insurance could be used toward other children on a current policy. Kovarik also asked if this would be allowed for actual cost up to the \$270 for a plan and if there were children on an existing plan that they be



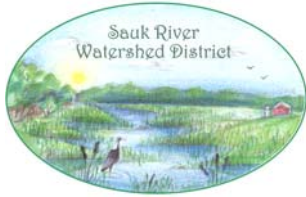
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considered a part of the \$270. Manager Coughlin suggested that if this is not an additional cost that it may be applied to a child and employee as long as it fits within the \$270 allowed.

Manager Hensley questioned if the District's current policy would be jeopardized if the board allowed a new staff member to obtain their own individual policies and how many would benefit to leave the policy right now if this were an option. Manager Rothstein suggested allowing Kovarik do research and report back to the board at the next meeting. This would include finding out which employees would leave the current policy if this were an option. Kovarik clarified again that this was not suggesting cash in lieu of benefits. The board tabled the health insurance request until the next regular meeting to give Administrator Kovarik time to complete more research.

- b. Kovarik reviewed the new record retention schedule and the approval process of the schedule with one new addition that all meeting recordings be kept indefinitely as per standing policy established in the September 4, 2007 meeting minutes. **Manager Rothstein made a motion to approve the record retention schedule. Manager Kutter seconded it. The motion passed with all in favor.** Kovarik will submit the approved record retention schedule to the State Historical Society for their approval and report back to the board once it is approved. Kovarik commented that there is an old record retention policy however it was not recognized or filed with the state.
- c. Kovarik informed the board that the District was awarded the \$12,000 BWSR Drainage Record Modernization Grant that we previously submitted. **Manager Kuseske approved to sign the BWSR Drainage Record Modernization Grant Work Plan and Budget. Manager Mostad seconded it. The motion passed with all in favor.** Kovarik commented that this project will be working with Houston Engineering as previously proposed.
- d. Kovarik requested vacation time for May 4th- 8th. **Manager Kutter made a motion to approve Kovarik's vacation request for May 4th- 8th. Manager Rothstein seconded it. The motion passed with all in favor.** Kovarik's mentioned that her vacation will be during a board meeting week. When the time is closer the board will determine if it is necessary to reschedule the meeting.
- e. Kovarik introduced the new Ditch Inspector Andrew Dotseth. The board welcomed Dotseth. Kovarik reported that a background check was completed and that there were no concerns.
- f. Kovarik is still in the process of reviewing different credit card policies. Kovarik will be developing a draft policy to be sent out for the board to review.
- g. Kovarik is reviewing the data needed to determine the total for the Interim Administrator's extra compensation and will report once this has been accomplished.
- h. Kovarik handed out an after the fact loan agreement for an Ag-Waste Facility (Bob Welle) for \$26,800. **Manager Kuseske made a motion to approve Bob Welle Ag-Waste Management Loan for \$26,800. Manager Kutter seconded it. The motion passed with all in favor.** Kovarik clarified that this project was initially funded through



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and EQIP contract and the expenses exceeded the initial proposal. This loan agreement is paid back over 10 years and the interest rate is at 3.5%.

Kovarik made a recommendation to the board that all agreements need to be signed by the board and this would include all cost share and loan applications.

6. The board reviewed the two requests for proposals for Viewers to complete the Re-determination of Benefits for County Ditch 26 and 15. **Manager Hensley made a motion to hire JBA, Limited for \$22,820 to complete the Re-determination of Benefits for County Ditch 26 & 15.**

There was considerable discussion on the large difference between the two proposals by the board. Manager Hensley asked for clarification on the dates of the proposals as the bid from Ron Ringquist was in January and JBA was in July. Arceneau stated that when the request was made to re-submit their proposals that Mr. Ringquist stated that his proposal would remain the same as previously submitted.

Manager Rothstein asked about the backgrounds of the two firms that submitted proposals. Manager Kuseske discussed what the Red Lake Watershed District said and that JBA was qualified and Ringquist has been able to defend their work in court.

Manager Kutter clarified that this board has not stated that they would do a re-determination of benefits yet. This was the consensus of the board as well.

The public asked if a public informational meeting could be held. Kovarik emphasized that there is a legal process which needs to be followed.

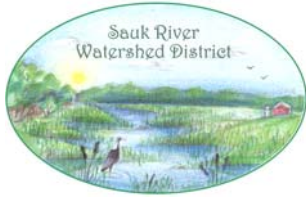
Manager Rothstein suggested that the board allow Kolb, Kovarik, and Dotseth to sit down and review the process and develop information that will allow the board to vote on this item in an intelligent matter.

Manager Hensley at this time requested that the board vote on the motion on the table and that this item had been in process for well over a year.

Manager Coughlin stated that it was evident that the public had a desire to have an informational meeting so that everyone would be on the same page. Manager Coughlin also stated that if there was good reason for a delay that he would be in favor of doing so. Manager Kuseske concurred with Manager Coughlin and in addition stated that the landowners may not be aware of the buffer strips involved and questioned if an engineer would be needed to delineate the watershed boundaries.

Manager Kuseske commented that the District require that the Viewer provide copies of all data, field notes, and information collected to the District.

Manager Hensley clarified that this is one step in the process and does not mean it will automatically go forward as the board at any point can reject the project.



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Kovarik at this time gave clarification on why John Kolb was not in attendance. Mr. Kolb will attend the next board meeting.

Manager Coughlin expressed concern for the delay as well and concurred with Manager Kuseske and stated that more information would be appreciated on the two bids. The public at this time asked if Kurt Deters could be requested for the informational meeting as this is the public's preference.

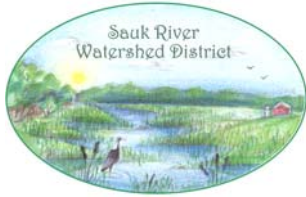
Manager Mostad questioned if the viewers were certified. Manager Coughlin stated that it would be beneficial to call references and find out about the last 2 to 3 projects these viewers completed. Manager Rothstein stated that a two week delay would not be out of line to allow the staff to verify the information in the bids but recognized that this has gone on for too long. **Manager Rettig seconded the motion.**

Manager Coughlin then made a motion to table a decision until the next regular meeting to allow staff to gather additional information for the board on the two bids and that a decision will be made at the next meeting. Manager Rothstein seconded it. The motion passed with Manager Hensley abstaining.

7. John Harren landowner on County Ditch 26 recommended to the Board that a Ditch Policy be established. Administrator Kovarik stated that the Ditch Policy will be drafted by the staff and legal council for the board to review and approve.

Manager Hensley requested that all landowners get a copy of the two bids. There were questions about the additional time needed by Manager Hensley because the attorney did review these bids. Manager Rothstein stated that the board allows the staff to do the background information on the two firms. Manager Coughlin clarified as well that the background check information on these bids should be done by the Administrator and that the District did not pay the attorney to do this.

8. Miscellaneous Agenda Items included:
 - a. Due to Managers Rothstein and Coughlin attending the Minnesota Municipal meeting on January 20th the next regular meeting is re-scheduled for January 27th at 7:00pm.
 - b. Manager Hensley questioned the hold harmless agreement for work approved on County Ditch 19. Administrator Kovarik informed the board that Attorney Kolb and Inspector Dotseth are compiling the data needed and will have the document ready by the next regular meeting. Inspector Dotseth gave a brief overview of the proposal by the landowner for maintenance on CD19.
 - c. Manager Kuseske reported on a new policy (Tear Aquatic Life Uses) on judging water quality.
 - d. President Kral, Kovarik, Manager Rettig, and Manager Hensley set a date to visit the JD2 Sediment Ponds to assess the sediment dept on the primary pond.



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e. President Kral reminded the Managers of the upcoming Carp Seminar.

9. The meeting was adjourned.

Secretary, Virgil Rettig
Recording Secretary, Starla Arceneau