

# Section 7 – Capital Improvements Program and Work Plan

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## INTRODUCTION

The Capital Improvements Program (CIP) and Work Plan identify resource management studies and improvement projects that the SCWM WMC should consider completing during the ten-year planning period. The CIP and Work Plan are subject to annual review and revision. Including a study or project in the CIP indicates the Commission is serious about its completion; however, it does not mean the Commission has ordered or will order the study or project.

The projects included in the CIP and Work Plan are considered by the Commissioners to be of high priority during the most recent planning effort. The proposed studies and capital improvements are subject to annual review by the Commissioners, at which time each proposed study or project will be reconsidered and additional ones added or deleted by amendment. This first review should occur prior to budget discussions associated with year 2004 expenditures.

## PRIORITIES AND STRATEGIES

The CIP and Work Plan were developed based on the following priorities and strategies for Plan implementation:

### *Priorities:*

- 1) Control flooding
- 2) Improve public information and education
- 3) Protect wetlands
- 4) Improve water quality in lakes, streams, and rivers
- 5) Improve fish and wildlife habitat
- 6) Restore wetlands
- 7) Research and encourage development strategies that minimize impervious surface and encourage infiltration
- 8) Research and encourage innovative and sustainable maintenance and improvement practices

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### *Strategies:*

- a) The Commissions will continue to control peak runoff rates at management sector boundaries and city boundaries, requiring development and redevelopment of certain sizes to adhere to a stormwater management plan that provides rate control and water quality improvements and adding an infiltration requirement. The watershed model will be maintained and the creek's 100 year profile will be reevaluated.
- b) The Commissions' more active education and public outreach program will provide regular information to cities and local media for distribution, useful information on the Commissions' web site, opportunities for, and more interaction with schools.
- c) The Commissions' education and public outreach program will meet minimum requirements for NPDES Phase II and the Commissions will help facilitate other NPDES activities, such as facilitating training in good housekeeping methods for city staff, as requested.
- d) Over the first five years of the Second Generation Plan the Commissions will prioritize water resources and develop management plans for those resources by priority or as opportunity provides. These plans will include goals for maintaining or improving water quality based on practical use and implementation strategies that may include maintenance or capital improvements.
- e) The Commissions will promote Shingle Creek and other streams and rivers as greenways, emphasizing streambank improvements and habitat restoration where possible.
- f) The Commissions will prioritize wetlands for preservation and wetlands for potential restoration. Buffers will be required adjacent to wetlands and watercourses as development or redevelopment occurs. Cities that are the LGUs for WCA will perform functions and values analyses on their wetlands in accordance with Commission standards. For those cities where the Commissions are the LGU, the Commissions' engineer will perform those analyses at the city's cost.
- g) The Commissions will create a Construction/Matching Grant Fund that will be used to: match grants for resources management projects or capital improvements; construct capital improvements that are of high watershed priority, are demonstration projects, or have otherwise been designated by the Commissions for construction by the Commissions; and as match or "seed money" to encourage local improvements.

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## PROJECT COSTS AND FUNDING SOURCES

### Work Plan

Appendix G presents the general Work Plan for the current planning period. In general, in 2003 the Commissions would evaluate baseline data for all the primary water resources in the watersheds; prioritize those resources and classify them as necessary; and review the status of the water quality monitoring program and make changes. This Water Quality Plan would provide the basis for future water resource management plans. One of the recommendations of this Plan would be a revised CIP with recommended studies and projects for each resource in priority order. Included in that Plan would be the identification of watershed significant wetlands, establishing a priority order listing from which cities can begin preparing functions and values analyses. Also in 2003 would be the completion of the Chloride TMDL and identification of management strategies for consideration and implementation.

In 2004, the Water Quality Plan would be supplemented with a Practical Use and Goals Plan that would specify numerical goals for various water quality parameters. Also in 2004 would be the development of a Shingle Creek Corridor Plan. The creek would be evaluated for conveyance, streambank erosion, habitat, land cover, and greenway potential.

Starting in 2005, a series of management plans for individual or classes of resources would be developed based on the priority order established in the Water Quality Plan and the CIP.

### CIP and Budget

The Second Generation Plan CIP and budget includes the establishment of a Construction and Matching Grant Fund. This fund would be used by the Commissions to match grants for various Commission or member city activities; provide matching grants to cities to accomplish specific projects of watershed significance; or to directly construct projects of watershed significance or demonstration projects.

A summary of currently proposed CIP projects along with approximate annual funding needs is presented in Appendix G. Many listed elements will require feasibility studies in order to explore alternatives and provide the detail necessary for the member cities and the Commissions to approve the project. It is very important to note the estimated costs are very approximate and should be used for planning purposes only.

The primary source of funds to accomplish these projects and programs is member cities. Many of the member cities have in place a Storm Sewer Utility under the authority of Minnesota Statutes Chapter 444 and use those proceeds to pay annual WMO assessments. Some of the cities do not currently have

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a Storm Sewer Utility and pay these costs from their General Funds or from some other local funds. The annual cost of the administrative and operating programs of the WMOs is about \$1.70 per capita, or about \$4.40 per household per year.

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The Commissions have several options for capital projects financing. Under the authority provided by Minn Stat 103B.251 Section VIII, Subd. 5, the Commissions have the authority to certify for payment by the county all or part of the cost of an approved capital improvement. The JPA provides that if cities are unable to come to a cost sharing agreement, then the Commission may order the project by funding 100 percent of the project cost from the Hennepin County ad valorem tax levy.

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Projects may also be 100 percent funded by cities. The JPA provides two alternates: projects may be funded through a negotiated cost share between cities having land in the affected subwatershed. Or, projects may be funded by apportioning the cost of the project across all the cities in the watershed using the same 50% land area / 50% tax capacity formula as the general assessments to cities. The latter may be amended by the Commission if it is clear that one or more of the cities receive a special benefit from the project.

In 2005 the Commissions' Technical Advisory Committee developed a Cost Share Policy as an alternate to the capital project funding mechanisms provided in the JPA as described above. It is the intent of the Commissions to finance capital projects according to this policy, if agreement can be reached with the affected cities. The policy provides as follows:

For any capital project, 100 percent funding from the ad valorem tax levy or from all cities based on the funding formula is and would continue to be options to consider. However, the Cost Share Policy apportions the cost between the watershed as a whole; the area that receives direct benefit; and the contributing/indirect benefiting area.

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For capital projects that have been identified in a Commission-adopted or approved TMDL or management plan:

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1. The Commission's share should be 25 percent of the cost of the project, to a maximum share of \$250,000.
2. The Commission's share should be funded through the ad valorem tax method – spread across all taxpayers within the watershed.
3. The Commission should use a maximum annual levy of \$500,000 as a working guideline.
4. The cities' share should be 75 percent of the cost of the project. This would be apportioned to the cities as follows, or in some other manner acceptable to them:
  - a. The area directly benefiting from the project should be apportioned 25 percent of the cost of the project. This would be apportioned to cities based on, for example, proportion of lake or stream frontage.
  - b. Fifty percent of the cost of the project should be apportioned based on contributing/benefiting area. The basis of this apportionment would likely be unique to each project.

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5. The cities can each decide the funding mechanism that is best suited to them for payment of their share, for example through special assessments, storm drainage utility, general tax levy, or watershed management tax district.

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Tables 1 and 2 below show the estimated one-time cost of various tax levy levels based on the 2006 net tax capacity of land within the two watersheds.

Table 1  
Calculating the Impact of Various Levy Amounts on Average Properties  
Shingle Creek Watershed

	Tax Capacity	Additional Tax		
		\$250,000 Levy	\$500,000 Levy	\$1,000,000 Levy
\$150,000 home	\$1,500	\$2.74	\$5.49	\$10.98
\$250,000 home	\$2,500	\$4.58	\$9.15	\$18.31
\$350,000 home	\$3,500	\$6.41	\$12.82	\$25.63
\$500,000 apt	\$6,250	\$11.44	\$22.88	\$45.77
\$500,000 C/I	\$9,250	\$16.94	\$33.87	\$67.74
\$1,000,000 C/I	\$19,250	\$35.24	\$70.49	\$140.98

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$\$250,000 / \$136,548,631^* =$	$0.00183 / \$ \text{ of tax capacity}$
$\$500,000 / \$136,548,631^* =$	$0.00366 / \$ \text{ of tax capacity}$
$\$1,000,000 / \$136,548,631^* =$	$0.00732 / \$ \text{ of tax capacity}$

\*2006 Net Tax Capacity in the Shingle Creek watershed as estimated by city assessors

Table 2  
Calculating the Impact of Various Levy Amounts on Average Properties  
West Mississippi Watershed

	Tax Capacity	Additional Tax		
		\$100,000 Levy	\$250,000 Levy	\$500,000 Levy
\$150,000 home	\$1,500	\$2.54	\$6.34	\$12.69
\$250,000 home	\$2,500	\$4.23	\$10.58	\$21.15
\$350,000 home	\$3,500	\$5.92	\$14.80	\$29.61
\$500,000 apt	\$6,250	\$10.57	\$26.44	\$52.88
\$500,000 C/I	\$9,250	\$15.65	\$39.13	\$78.26
\$1,000,000 C/I	\$19,250	\$32.56	\$81.43	\$162.86

$\$250,000 / \$59,118,278^* =$	$0.00423 / \$ \text{ of tax capacity}$
$\$500,000 / \$59,118,278^* =$	$0.00846 / \$ \text{ of tax capacity}$
$\$100,000 / \$59,118,278^* =$	$0.00169 / \$ \text{ of tax capacity}$

\*2006 Net Tax Capacity in the West Mississippi watershed as estimated by city assessors

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Also included in Appendix G are the estimated annual budget and member assessments for the ten-year planning period based on the programs and projects in the plan as proposed. Those budgets and the CIP would be annually reviewed and adjustments made based on current conditions and management plans.

The Commission may also pursue additional financial resources that would reduce the reliance on member city assessments or allow additional work to be completed at little or no additional local cost. These sources may include grants, donations, in-kind services, or participation by other governmental units. The Commissions have had recent success in obtaining outside grant dollars.

Information regarding municipalities' and other agencies' capital improvement programs can be found in Section 4.

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