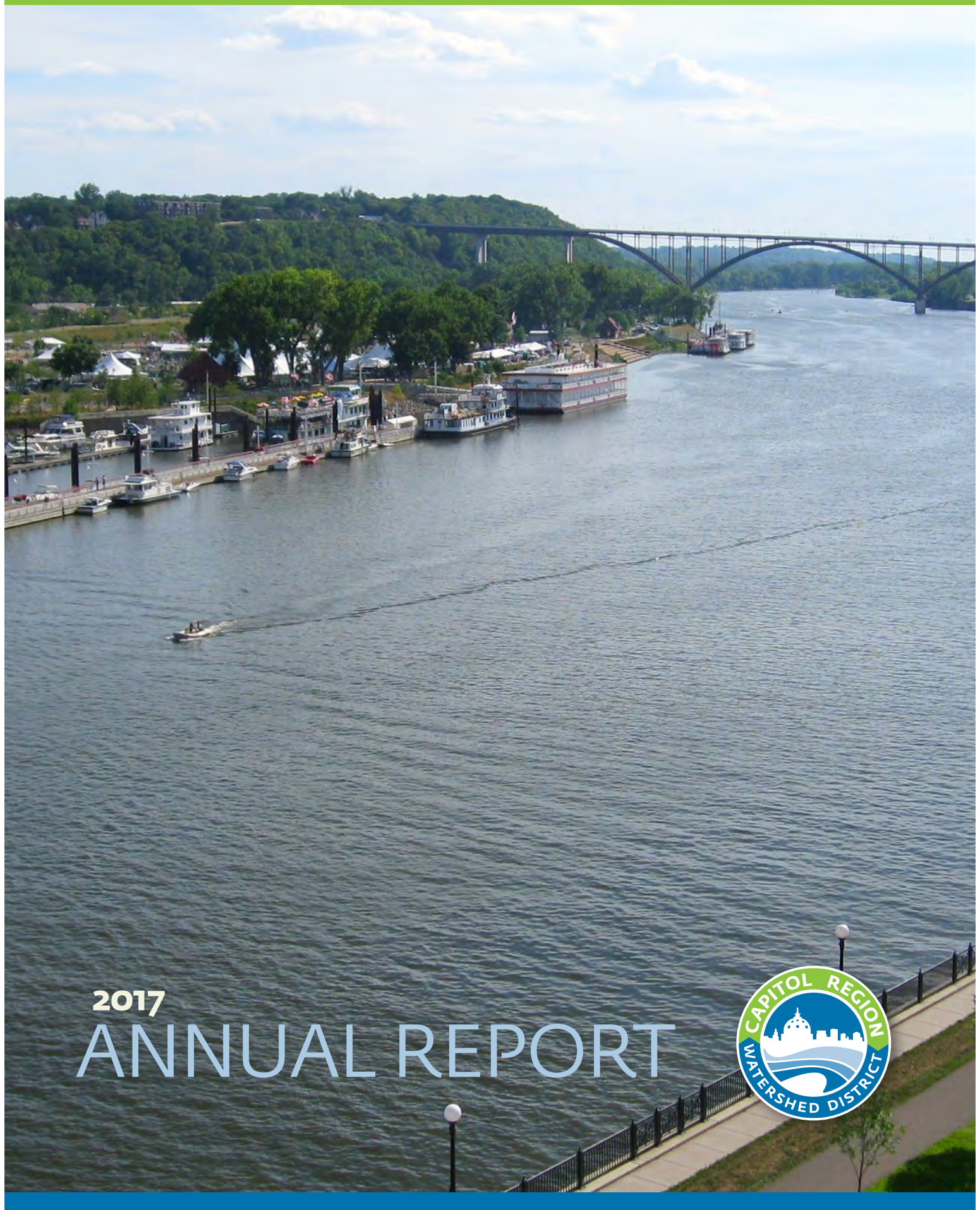


CAPITOL REGION WATERSHED DISTRICT



2017 ANNUAL REPORT



LETTER FROM ADMINISTRATOR

From the Administrator:



On behalf of the Board Managers and staff at CRWD I would like to share some highlights from 2017.

In 2017, CRWD purchased a new office facility in the Midway neighborhood of Saint Paul and completed planning and design to transition it from industrial use to office space. The renewed building will utilize green building principles including stormwater management practices and energy efficiency measures to conserve natural resources, create a healthy workplace and protect the Mississippi River.

CRWD will create a community watershed learning center and offer on-site educational opportunities to showcase its work to protect, manage and improve our water resources. One of the community highlights will be a pocket park, combining the natural and built environments with interactive elements to draw in neighbors and visitors. Meeting space will also be available for use by partner organizations.

The District continued working with the City of Saint Paul on two large redevelopment projects. A feasibility study was completed to investigate the benefits of building a shared stormwater management system for the Minnesota United FC soccer stadium. This new approach to managing stormwater was approved in 2017 and is under construction with completion expected in 2019. CRWD and the City of Saint Paul also completed a Sustainable Stormwater Management Study to enhance potential outcomes for stormwater infrastructure on the Ford site. This approach was approved by City Council as part of the Ford Site Zoning and Public Realm Master Plan in September 2017.

CRWD expanded our partnerships with Saint Paul Public Schools and Saint Paul Public Works to build a project beneath the new football field at Como Park Senior High School. This project captures and cleans more than 6.5 million gallons of polluted runoff annually.

CRWD completed repairs on a half-mile stretch of the oldest section of Trout Brook Stormwater Interceptor (TBI) that starts just south of Phalen Boulevard and ends north of I-94 in Saint Paul. Most of the repair section was a 10-foot by 10-foot horseshoe arch comprised of limestone blocks in the arch portion and brick pavers on the bottom. These important repairs are part of a Five-Year Capital Improvement Program for the TBI.

The District worked with Azon Consulting to develop a Diversity Strategic Plan for 2018-2020. Staff is working closely with the Diversity Committee, Citizen Advisory Committee and Board to develop clear goals, action steps, indicators of success and timelines. Completion is expected in 2018.

I am proud of the work we accomplished with our many partners in 2017 and would like to express my appreciation to CRWD's Board of Managers and Citizen Advisory Committee; the cities of Saint Paul, Falcon Heights, Maplewood, Roseville and Lauderdale; Saint Paul's District Planning Councils; Ramsey County; Ramsey Conservation District and residents for your continued support in helping protect and improve water quality in our lakes and the Mississippi River.

Respectfully,

Mark Doneux

Mark Doneux, Administrator

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Rain garden planting at Minnesota Governor's Residence



Bugs Night Out event at Como Lake



Cover and this page: Mississippi River in Saint Paul



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OUR ORGANIZATION

Mission To protect, manage and improve the water resources of Capitol Region Watershed District (CRWD).

Vision CRWD achieves cleaner waters through strategic initiatives and partnerships, using:

- research-based, informed decision making,
- effective water quality rules and
- education and outreach to promote changed attitudes toward water quality stewardship.

Background

CRWD is a local, special-purpose unit of government that works to protect, manage and improve lakes, streams, rivers and wetlands of the District. The District covers 40 square miles and includes portions of the cities of Falcon Heights, Lauderdale, Maplewood, Roseville and Saint Paul. All the water in the District eventually drains to the Mississippi River.

In 1998, a small group of dedicated citizens, concerned about water quality in Como Lake, petitioned the Minnesota Board of Water and Soil Resources to create CRWD. Some of the founding members are still active in the organization today on the Citizen Advisory Committee and Board of Managers. This is a testament to how much residents care about our local water resources.



OUR ORGANIZATION

Watershed Management Plan

The District's Watershed Management Plan (WMP) was adopted on September 1, 2010. The WMP is the blueprint for the work of CRWD and includes goals and objectives, watershed data, standards, priorities and implementation plans. A Midterm Review Report was developed in 2015 that included a list of 20 recommendations for CRWD's work through 2020. The District made progress on several recommendations in 2017 as detailed below. See Appendix D for a complete list of Midterm Report Recommendations.

Recommendation #7: The District should focus on its goal to make monitoring and research data easily understood and accessible to the public. Specific focus should be on illustrations that depict water quality data.

The District continued development of an online user driven Data and Reporting Tool. Completion is expected in 2018.

Recommendation #8: The District should develop a research approach and program that can more efficiently and effectively ensure appropriate research is conducted for specific District needs as well as the needs of the larger stormwater community both regionally and nationally. This program could be modeled after the Special Grants process.

The District helped initiate the Minnesota Stormwater Research Council in partnership with other watershed districts, cities, agencies and the University of Minnesota.

Recommendation #9: The District should determine the impact climate change may have on the way water resources and storm sewer infrastructure are managed and incorporate climate adaptation into its programs and projects.

The District updated its Trout Brook Interceptor Hydraulics & Hydrology model to reflect changed climate conditions by incorporating Atlas 14 data and analysis.

Recommendation #14: The District should move into a new facility that can better achieve its mission and accommodate its various programs.

The District purchased and completed designs for a new office space at 595 Aldine Street in Saint Paul.

Recommendation #17: Additional emphasis should be placed on incorporating art and historical context into the projects and programs of the District.

The District's Artist in Residence, Christine Baeumler, remains active in guiding conversations about how best to incorporate art into CRWD programs and projects. Ms. Baeumler began hosting office hours in 2017 to strengthen the presence of art in the work of the District. She has been intimately involved in plans to incorporate art into CRWD's new office space.

Two history studies were completed in 2017 including the 595 Aldine Street: A Midway History study and an Oral History Study about the creation of the District.

Finances

State statutes 103B and 103D provide watershed districts with the authority to levy property taxes and this amount is included on property tax statements.

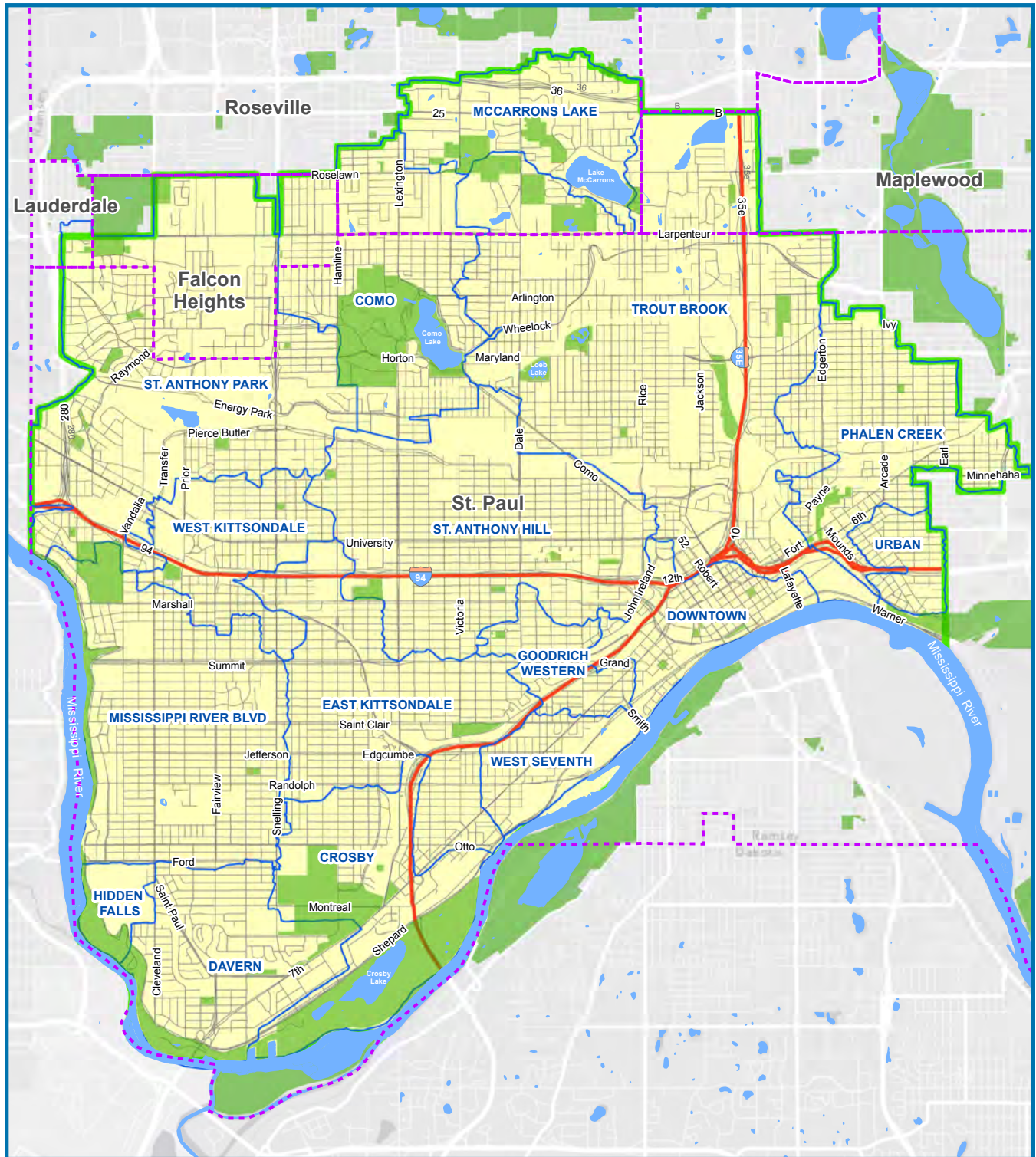
A budget is developed annually and approved after comments are received and a public hearing is held. The funds received through the property tax levy can be used for projects, grants, programs and administration as recommended in the WMP. More specific information on CRWD's finances and a copy of the 2017 Financial Statement and Audit can be found in Appendix A.



Purple coneflowers

OUR ORGANIZATION

District Map



Capitol Region Watershed District is home to more than 225,000 people and the land area contains 42% impervious surfaces.

Board of Managers

CRWD is led by a five-person Board of Managers that guides the implementation of goals and objectives set forth in CRWD's WMP. Board Managers are appointed by the Ramsey County Board of Commissioners and serve a three-year term. Board meetings take place the first and third Wednesdays at 6 pm each month and are open to the public.



Left to right: Back row — [Mark Doneux](#), Administrator | [Seitu Jones](#), Secretary | [Joe Collins](#), President
Front row — [Mary Texer](#), Vice President | [Shirley Reider](#), Treasurer | [Rick Sanders](#), Education & Information

Citizen Advisory Committee

The Citizen Advisory Committee (CAC) assists the Board of Managers with organizational development and strengthens connections between CRWD and its residents. Meetings are held the second Wednesday of each month and are open to the public. 2017 members include David Arbeit, Bill Barton, Pat Cavanaugh, Steve Duerre, Tom Elko, Mary Lilly, Mike MacDonald, Bob Simonet, Nicole Soderholm, Kathryn Swanson, Michelle Ulrich, Richard Weil and Gwen Willems.



2017 Consulting Engineers

Applied Ecological Services, 21938 Mushtown Road, Prior Lake, MN
Barr Engineering, 4300 MarketPointe Drive, Minneapolis, MN
Emmons & Olivier Resources, Inc., 651 Hale Ave N, Oakdale, MN
Geosyntec, 100 South Washington Ave, Minneapolis, MN
HR Green and Associates, 2550 University Ave W, Ste 400N, St Paul MN
Houston Engineering, Inc., 6901 East Fish Lake Rd, Maple Grove MN
MSR, 710 South 2nd Street, 8th Floor, Minneapolis, MN
SRF Consulting Group, Inc., One Carlson Pkwy, Ste 150, Minneapolis, MN
Wenck Associates, 1800 Pioneer Creek Center, Maple Plain, MN
LimnoTech, 7300 Hudson Blvd., Suite 295, Oakdale, MN

2017 Staff

[Mark Doneux](#), Administrator
[Britta Belden](#), Monitoring Program Coordinator
[Jessica Bromelkamp](#), Communications & Outreach Specialist
[Anna Eleria](#), Planning, Projects & Grants Division Manager
[Bob Fossum](#), Monitoring & Research Division Manager
[Belinda Gardner](#), Administrative Assistant
[Elizabeth Hosch](#), BMP Inspector
[Forrest Kelley](#), Regulatory Division Manager
[Andrew Novak](#), Urban BMP Specialist
[Lindsay Schwantes](#), Community Outreach Coordinator
[Joe Sellner](#), Water Resource Technician
[Michelle Sylvander](#), Office Manager
[Maddie Vargo](#), Water Resource Technician
[Sarah Wein](#), Water Resource Technician
[Nate Zwonitzer](#), Water Resource Project Manager

RECOGNITION & AWARDS

2017 Recognition and Awards Ceremony

CRWD recognized the contributions of residents, community organizations and businesses as well as CAC members and staff at the 2017 Recognition and Awards Ceremony.

- 1 Watershed Citizen of the Year**
Lauren Colwell for her dedication to community engagement for clean water
- 2 Watershed Partner of the Year**
City of Roseville for their leadership and support of clean water projects that protect our water resources
- 3 Watershed Project of the Year**
Central High School for their leadership and dedication to student engagement for a cleaner Mississippi River
- 4 Young Watershed Stewards of the Year**
Urban Boatbuilders for their dedication to protect and improve the Mississippi River
- 5 Watershed Outreach Program of the Year**
Great River Greening for their commitment to engaging youth environmental stewards
- 6 Lifetime Steward Award**
Mike Thienes for his leadership and dedication to protect and improve our water resources

CAC, Board and Staff Recognition

Shirley Reider: 5 years of service, Board of Managers
Kathryn Swanson and Richard Weil: 5 years of service, CAC
Bill Barton and Michelle Ulrich: 10 years of service, CAC
Joe Sellner and Lindsay Schwantes: 5 years of service, CRWD staff member
Forrest Kelley: 10 years of service, CRWD staff member
Mark Doneux: 15 years of service, CRWD staff member
Britta Belden: CRWD Outstanding Employee of the Year



CRWD annual awards reception



Photos: Half Acre House Photography and Design

RECOGNITION & AWARDS

State and National Project and Program Presentations

In 2017, staff presented the work of CRWD at conferences throughout the country:

Forrest Kelley

Upper Villa Stormwater Reuse Project

- Central States Water Environment Federation Association's Annual Meeting
- Water Environment Federation's Annual Technical Exhibition & Conference

Bob Fossum

Curtiss Pond Project

- Central States Water Environment Federation Association's Annual Meeting
- National Adaptation Forum
- Water Environment Federation Stormwater Seminar

Nate Zwonitzer

CHS Field Project

- Central States Water Environment Federation Association's Annual Meeting

Bob Fossum

Sustainable Stormwater Management Study of the Ford Site

- National Adaptation Forum
- StormCon: The Surface Water Quality Conference & Expo
- Water Environment Federation's Annual Technical Exhibition & Conference
- Minnesota Association of Watershed Districts Conference

Anna Eleria

Green Line Project

- Central States Water Environment Federation Association's Annual Meeting
- National Adaptation Forum

Nate Zwonitzer

Urban School Retrofit Projects

- StormCon: The Surface Water Quality Conference & Expo

Maddie Vargo

William Street Pond

- StormCon: The Surface Water Quality Conference & Expo
- MN Water Resources Conference
- Minnesota Association of Watershed Districts Conference

Forrest Kelley

Permitting Lessons

- Minnesota Association of Watershed Districts Conference
- Board of Water and Soil Resources Academy

Mark Doneux

BMP Database

- Water Environment Federation Stormwater Seminar

CRWD's 2017 State, Regional and National Recognition

Water Environment Federation National Municipal Stormwater and Green Infrastructure Phase II Award, Overall Highest Score

- Capitol Region Watershed District

Central States Water Environment Federation Association's 2017 Sustainability and Green Infrastructure Award

- Mark Doneux



CRWD Water Resources

All of the water in CRWD eventually drains to the Mississippi River through a complex series of underground stormwater pipes. The District includes five lakes: Como Lake, Crosby Lake, Little Crosby Lake and Loeb Lake in Saint Paul, and Lake McCarrons in Roseville. These lakes serve important recreational needs for CRWD residents and visitors, including fishing, boating and swimming. CRWD conducts water quality monitoring of District lakes in collaboration with Ramsey County Public Works, Ramsey Conservation District (RCD) and the Minnesota Department of Natural Resources (DNR).

Groundwater is the water found below ground in the cracks and spaces in soil, sand and rock. In Ramsey County it is used for heating and cooling as well as manufacturing processes. Saint Paul Regional Water Services also augments water from the Mississippi River with treated groundwater to meet drinking water demands.

Only a few natural wetlands remain in the District because they were filled or altered during urbanization and development over the past century. Today, the largest wetland tracts include: Woodview Marsh located near Larpenteur Avenue in Roseville, Willow Reserve located near Maryland Avenue in Saint Paul and Villa Park wetland located northwest of Lake McCarrons in Roseville.

Como Lake

Located in the City of Saint Paul, Como Lake is a relatively shallow (approximately 16 feet deep), 70.5 acre lake located in a highly urbanized watershed. Como Lake and its associated parkland are a major regional recreational amenity within the metro area. The lake drains 1,856 acres of land in Saint Paul, Roseville and Falcon Heights.

Nonpoint source pollution in stormwater runoff is the most serious threat to the water quality of Como Lake because it carries sediment and nutrients — in the form of phosphorus from decomposing organic material and nutrients from lawn fertilizers — to the lake. Como Lake does not meet water quality standards for nutrients and is therefore listed as an impaired water body by the Minnesota Pollution Control Agency (MPCA).

In 2002, CRWD developed the Como Lake Strategic Management Plan. The plan identifies management strategies and implementation activities to address priority issues. It identifies four priority areas of concern: water quality, aesthetics, recreation/lake use and natural resources. One of the key management goals from the plan is to reduce phosphorus loading to the lake by 60%. In 2017, CRWD conducted the *Como Lake: Water Quality Drivers Analysis Study* to better



Como Lake in Saint Paul

CRWD Water Resources (cont.)

understand what factors are contributing to the poor water quality observed in Como Lake. Based on the results of this analysis, and in conjunction with additional monitoring, CRWD is in the process of developing a new management plan for Como Lake to guide future management decisions.

Loeb Lake

Loeb Lake is a 9.7 acre lake with an average depth of nine feet and maximum depth of 28 feet. It is located in Marydale Park at the intersection of Maryland Avenue and Dale Street in Saint Paul. Loeb Lake is stocked with fish and is a Minnesota DNR Fishing in the Neighborhood program site. The most common species found in the lake is bluegill. Water quality is generally very good given its location in a highly urbanized subwatershed. While nutrients are relatively low to moderate year-round, nutrients such as phosphorus are still a concern for lake water quality.

In 2009, CRWD completed the Loeb Lake-Willow Reserve Management Plan, which defines critical

water-related issues for Loeb Lake and recommends management goals and activities to address the issues. The plan also considers goals and activities for Willow Reserve, a wetland and wildlife preserve located northeast of Loeb Lake. In 2016, CRWD staff began restoration activities at Willow Reserve and finalized the Willow Reserve Restoration Plan. Restoration of the site, including invasive plant/tree removal, continued in 2017.

Crosby Lake and Little Crosby Lake

Crosby Lake and Little Crosby Lake are located within the floodplain of the Mississippi River and are part of a complex of wetland and forested areas associated with the Mississippi River Valley. The land surrounding Crosby Lake is collectively known as Crosby Farm Regional Park and is managed by the City of Saint Paul Department of Parks and Recreation. Crosby Farm is also part of the National Park Service's Mississippi National River and Recreation Area.



Crosby Lake in Saint Paul

CRWD Water Resources (cont.)

Crosby Lake is 45 acres in size with a maximum depth of 17 feet. Because the lake receives only a small amount of local drainage, the lake's water quality has generally been good with very good lake clarity. In recent years, however, the water quality in Crosby Lake has fluctuated due to extended inundations from Mississippi River flooding.

Little Crosby Lake is eight acres in size with an average depth of seven feet and a maximum depth of 34 feet. Little Crosby Lake is connected to Crosby Lake through an 825-foot-long marsh and bog area. The water quality in Little Crosby Lake has also recently fluctuated due to extended inundations from Mississippi River flooding.

In 2012, CRWD completed the Crosby Lake Management Plan which includes management goals and implementation projects. The plan was reviewed by both technical and citizen advisory groups and approved by the CRWD Board in 2012. In 2016, CRWD completed the Highland Ravine Stabilization Project and conducted a shoreline inventory of the lake.

Lake McCarrons

Lake McCarrons is a 75-acre lake located in the City of Roseville. With a maximum depth of 57 feet, it supports a variety of activities including swimming, boating and fishing. Water quality in Lake McCarrons has generally been good since an alum treatment was completed on the lake in 2004. It has met all nutrient (total phosphorus, chlorophyll-a, and Secchi disk depth) water quality standards as defined by the MPCA since this alum treatment occurred.

The Lake McCarrons management plan was developed in 2003 and sets a target goal for total phosphorus to minimize summer algae blooms. Therefore, nutrient management continues to be a focus for maintaining and improving lake water quality. CRWD staff, along with partner agencies, are currently in the process of developing an Aquatic Invasive Species plan to guide future management decisions for the lake with respect to invasive plants/aquatic life.



Loeb Lake in Saint Paul

CRWD 2017 Projects

CRWD's New Office Space

The Midway neighborhood in Saint Paul will soon be a focal point for sustainable design, development and education, once CRWD moves into its new headquarters at 595 Aldine Street.

The renewed building will utilize green building principles including stormwater management practices and energy efficiency measures to conserve natural resources, create a healthy workplace and protect the Mississippi River. Gathering spaces will also be available for community and partner organizations to use.

CRWD will create a community watershed learning center and will offer on-site educational opportunities to showcase its work to protect, manage and improve water resources including Como Lake, Crosby Lake, Loeb Lake, Lake McCarrons and the Mississippi River. One of the community highlights will be a pocket park, combining the natural and built environments with interactive elements to draw in neighbors and visitors.

Como Park Senior High School Underground Best Management Practice (BMP)

CRWD partnered with Saint Paul Public Schools (SPPS) and Saint Paul Public Works to build a project under a new football field at Como Park Senior High School that captures and cleans more than 6.5 million gallons of polluted runoff annually. Construction was completed in the fall of 2017.

CRWD has worked closely on an individual basis with SPPS and Public Works to build numerous large-scale stormwater management systems in the past. The effort at Como Park Senior High School was unique because it was the first time all three organizations collaborated on a single project. By working together, the partnership was able to build a larger and more cost-effective stormwater management system that cleans more water.



Rendering of CRWD's new office building in Saint Paul

CRWD 2017 Projects (cont.)

The new system includes a series of large underground pipes with thousands of holes that capture runoff and allow it to soak slowly into the ground. Public Works has successfully diverted stormwater to similar systems in the past, but moving stormwater across property lines to another landowner, in this case SPPS, required creative problem-solving to establish clear roles and responsibilities.

CRWD received a \$1.76 million grant award from the Minnesota Board of Water and Soil Resources (BWSR), with funds from the Clean Water, Land and Legacy Amendment, to improve water quality in Como Lake and Lake McCarrons. A portion of the grant, along with contributions from all three partners, was used to cover project costs

Willow Reserve Restoration

Willow Reserve is a 23-acre bird and wildlife reserve located along Maryland Avenue between Arundel and Virginia Streets. The reserve was established by a neighborhood group and the City of Saint Paul in the 1960s. The City owns and manages the property. CRWD, the City of Saint Paul and the District 6 Planning Council met with residents on several occasions to discuss the project and gather input to develop the Willow Reserve Restoration Plan. The goals of the plan are to remove

invasive trees and plants and create more diverse plant communities to support local wildlife including birds, amphibians and insects.

Project construction began in the winter of 2016-2017 with the removal of invasive trees at the reserve. Those trees were either chipped and used for new trails, burned onsite or hauled offsite. Invasive plants including reed canary grass, Japanese knotweed and burdock were managed during the 2017 growing season with follow-up treatments and/or removal planned through 2019. Once the District is confident invasive species are being managed effectively, native trees, shrubs and other plants will be added to the site through a combination of live plantings and seeding. Long-term management will be required to ensure the plants are successful and the invasive species do not return.

Victoria Park Project

The Victoria Park Stormwater Feature Feasibility Study was completed in partnership with the City of Saint Paul in 2017. The study includes preliminary designs for a series of stormwater projects as well as a new interactive stream channel that connects the wetland to the rest of the park. The study's goals were to create a unique stormwater feature that is functional, attractive, educational and an interactive amenity for the community.



Victoria Park Project

CRWD 2017 Projects (cont.)

Snelling-Midway Redevelopment Project

The 35-acre Snelling-Midway superblock along University Avenue in Saint Paul has long been viewed as a prime site for redevelopment and, in the eyes of CRWD, an opportunity to incorporate innovative, sustainable green infrastructure practices on a brownfield site to help improve the water quality of the Mississippi River. In late 2015, Minnesota United FC, Minnesota's professional men's soccer team, selected the site as the home for its future 20,000-seat soccer stadium. Following stadium development that is slated for completion in 2018, the remainder of the site, owned by private developer, will be redeveloped in a phased manner for mixed uses including commercial, residential, institutional and open space.

The City of Saint Paul and CRWD forged a partnership in early 2016 to investigate the feasibility of building a shared stormwater management system for the entire 35-acre site as part of the soccer stadium construction.

The system would treat runoff from multiple parcels with shared practices that utilize landscape features and/or natural processes to provide environmental, social and economic benefits. The partners envision utilizing "rainwater as a resource" on the site and demonstrating its value to the thousands of stadium visitors and future residents and tenants.

At the end of 2017, Minnesota United FC design team, with guidance from City of Saint Paul and CRWD staff, completed design of integrated tree trenches, rain gardens and underground filtration BMPs. Final design details for the rainwater harvesting and reuse system will be completed by early 2018. Site preparation and excavation began in summer 2017. By December 2017, placement of structural steel framing for the stadium began in the southeast corner of the site. Construction of green infrastructure practices and other stormwater BMPs will commence in spring 2018 and are anticipated to be completed by end of 2018 or early 2019.



Minnesota United FC Steel signing event

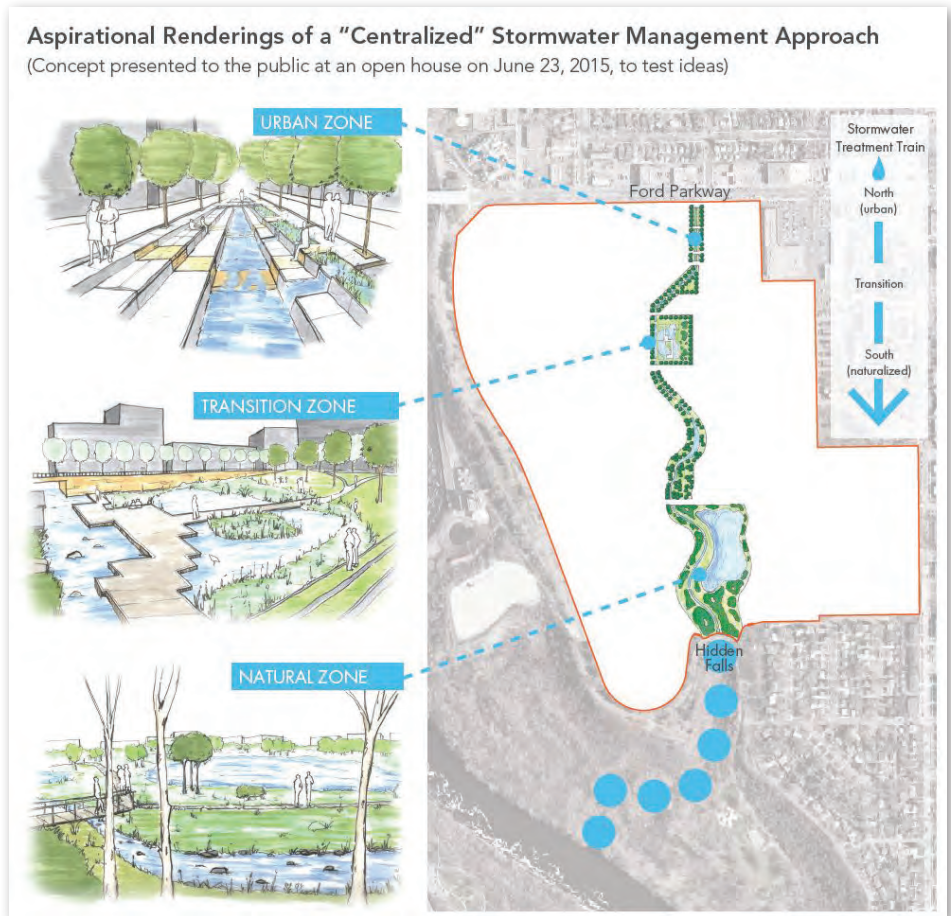
CRWD 2017 Projects (cont.)

Sustainable Stormwater Management on the Ford Site

The Ford Site in the Highland Park neighborhood of Saint Paul represents a unique opportunity for redevelopment. A 21st Century Community will emerge on the over 122 acres of land situated along the Mississippi River. It will look to the future with clean technologies and high-quality design for stormwater, energy, buildings and infrastructure.

CRWD and the City of Saint Paul completed a Sustainable Stormwater Management Study to enhance potential outcomes for stormwater infrastructure on the Ford site. The study lays the groundwork for future stormwater infrastructure, which includes better protecting Hidden Falls Creek in Saint Paul's Highland Park neighborhood as one of the goals. This innovative approach draws from the City's adopted Great River Passage plan. The plan outlines transformation of the Ford site by featuring a stormwater-based amenity for the community that reconnects the community to parks and the Mississippi River.

The study illustrates a way to re-create the historic origin of the creek while also collecting and treating stormwater runoff for the entire development site. This comprehensive approach eliminates the need for individual underground treatment systems scattered across the site. This study outlines financial, environmental and social benefit comparisons of conventional and comprehensive innovative approaches. Essentially, a comprehensive approach doubles the



benefit-to-cost ratio and reduces the overall cost of managing stormwater on the Ford site by as much as 40% per acre treated, allowing for the land to be developed with greater efficiency and flexibility.

The Ford Site Zoning and Public Realm Master Plan, which includes the comprehensive stormwater management approach, was adopted by the Saint Paul City Council on September 27, 2017.

CRWD 2017 Projects (cont.)

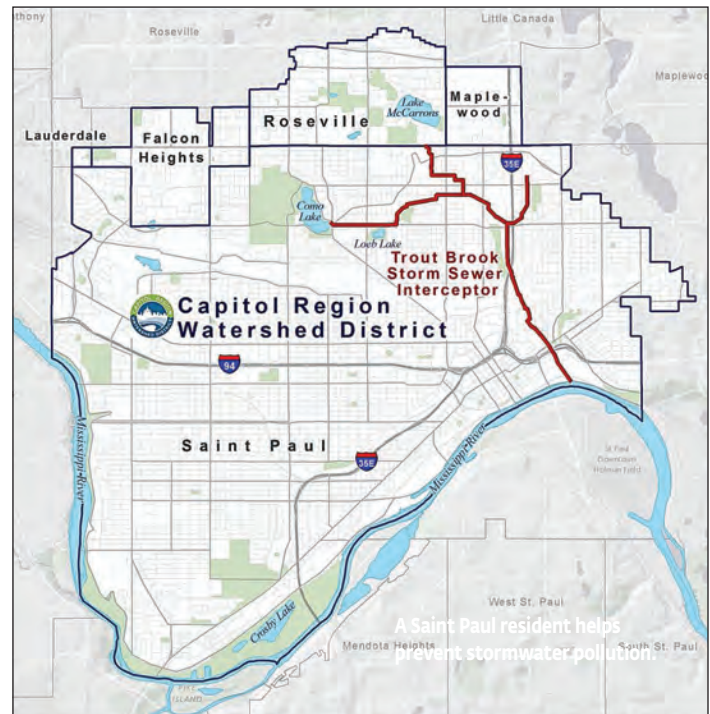
Trout Brook Storm Sewer Interceptor

CRWD owns, operates and maintains the Trout Brook Storm Sewer System, a “trunk conveyor” or interceptor storm sewer that receives runoff from the cities of Saint Paul, Roseville, Falcon Heights and Maplewood as well as Ramsey County and the Minnesota Department of Transportation. The system was constructed between the 1880s and 1950s and served as a combined sanitary and storm sewer system. TBI ranges from five to 11 feet in diameter and tunnel shapes include circular, rectangular and horseshoe. In 1988, the systems were separated. Today, TBI carries rainwater and snowmelt from city streets, parking lots and other hard surfaces to the Mississippi River.

In 2017 CRWD completed repairs on a half-mile stretch of the oldest section of TBI that starts just south of Phalen Boulevard and ends north of I-94 in Saint Paul. Most of the repair section was a 10-foot by 10-foot horseshoe arch comprised of limestone blocks in the arch portion and brick pavers on the bottom. Repairs included replacing damaged or missing mortar between joints of the limestone blocks, installing a concrete liner in a 500-foot section where there were higher amounts of defects and removing calcium deposits in the pipe. Unlike previous TBI repair projects conducted by CRWD, this 120-year old section of TBI was in better condition and did not warrant full replacement of any pipe sections.

Stormwater Pollution Prevention Program

As mandated by federal and state environmental regulations, CRWD has a Stormwater Pollution Prevention Program to manage stormwater runoff in the Trout Brook subwatershed. CRWD’s comprehensive, multi-faceted program involves six minimum control measures to improve water quality and minimize stormwater runoff: education and outreach, public involvement, illicit discharge detection and elimination, construction site erosion and sedimentation control, post-construction stormwater management and pollution prevention/good housekeeping of municipal operations. In recognition of CRWD’s comprehensive stormwater management program, CRWD was awarded the overall MS4 award from the Water Environment Federation, a national trade organization. CRWD also received recognition for its program management and innovation in stormwater.



2017 Education and Outreach

General Outreach

The goals of the Education and Outreach Program are to reduce nonpoint source pollution, and to increase clean water knowledge, participation and action among CRWD residents to protect our water resources. The District organized outreach for adults and youth in partnership with numerous community organizations and CRWD's member cities. Staff, partners and volunteers collaborated with 3,000 residents as part of 50 public events, trainings, presentations, resource assistance, school visits, field trips and tours within the District.

Adopt-a-Drain

CRWD continues to partner with Hamline University's Center for Global Environmental Education and the City of Saint Paul to implement the Adopt-a-Drain program. Participating residents adopt storm drains and keep them free and clear of debris. They are asked to report

the amount of material collected throughout the year.

The results are used to determine the program's collective impact on water quality. In 2017, 763 Saint Paul residents adopted 1,222 storm drains, preventing more than 30,000 pounds of material from entering storm drains and flowing into the Mississippi River.

In fall 2017, the Adopt-a-Drain program was expanded to include the community surrounding Lake McCarrons in the City of Roseville. In preparation for the pilot, Roseville's storm drains were added to the Adopt-a-Drain website and 1,500 doorhangers were delivered. The program resulted in 41 residents adopting 58 drains and collecting over 1,500 pounds of debris that would have ended up in Lake McCarrons.

CRWD will continue to work with program partners to improve and expand the reach of Adopt-a-Drain to new communities of the District.



2017 Education and Outreach (cont.)

Master Water Stewards

CRWD completed its second year of the Master Water Stewards program in partnership with Freshwater Society. The program trains, certifies and supports community leaders to install clean water projects that educate community members, reduce pollutants from urban runoff and allow more water to soak into the ground instead of flowing into storm drains and the Mississippi River.

In 2017, 57 residents partnered with watershed districts, management organizations and cities throughout the Twin Cities metropolitan area to participate in this training program. CRWD sponsored seven Stewards who live within our District. Classes concluded in April 2017. After finishing the training curriculum, Stewards began their Capstone Projects. Examples include rain gardens on private property, community garden space and at a local community organization. Stewards also

complete an education and outreach project. One of CRWD's Stewards created a clean water tour in their neighborhood and another team began researching alternative turf messages for homeowners and local hardware stores. A third team installed a rain garden at a local church and organized a community workshop about rain gardens for residents.

Metro Watershed Partners

CRWD is a member of Watershed Partners, a coalition of more than 70 organizations working to educate and inspire residents to protect Minnesota lakes and rivers. In 2017, Watershed Partners implemented year two of a three-year campaign to more effectively engage residents in watershed protection efforts. Twelve new seasonally-appropriate stories about metro area residents taking action to keep Minnesota waters clean were published on the updated Cleanwatermn.org website. The stories were written for partners to use in communications via social

media, websites and newsletters.

A system of trackable links allows partners to measure engagement. The website also features an interactive "Find my Watershed" map tool.

Watershed Partners worked with Hamline University to host the Storm Drain Goalie photo booth and exhibit in the Eco Experience building at the Minnesota State Fair. The building hosted more than 200,000 visitors during the fair in 2017. Nearly 8,000 photos were taken as part of the Storm Drain Goalie booth. Fifty-two percent of the people who took photos shared them on social media. Another exhibit, Storm Drain Goalie foosball table, was available to visitors at the DNR building. Approximately 500,000 people visited the DNR building in 2016.



Master Water Stewards kick-off meeting

2017 Education and Outreach (cont.)

Winter Roads, Turfgrass & Illicit Discharge Elimination System Workshops

CRWD partnered with Fortin Consulting to host Winter Roads Maintenance Workshops to re/certify 63 Saint Paul Public Works snowplow operators. The District also hosted one-hour refresher sessions for all previously certified Saint Paul Public Works employees as part of their annual training day. The workshops highlight the importance of reducing the amount of salt used to keep our streets safe and application techniques to achieve chloride reductions.

CRWD contracted with University of Minnesota Extension to present a Turfgrass Maintenance and Illicit Discharge Elimination System Workshop for 30 Saint Paul Parks and Recreation staff. The first half of the workshop featured best practices for water resource protection in turf management, fertilizer and pesticide application, leaf management and erosion/sediment control. The second half of the workshop defined the types of illicit discharges, reviewed current regulations and highlighted common examples and the reporting process. Staff then completed a campus walkabout with the class to identify areas of concern and develop recommendations to address any problems.



CRWD Grant Programs

Stewardship Grants

CRWD values collaboration with individuals and organizations, and sees the involvement of all residents as important to improving water resources in the District. Through the District's grant programs, we hope to encourage a strong ethic of water resource stewardship among residents.

Goals of the Stewardship Grant program are to:

1. improve water quality,
2. increase groundwater recharge,
3. protect plant and wildlife communities and
4. raise stormwater pollution prevention awareness among residents.

Grants are available to residents of the District as well as governmental agencies, businesses, schools and nonprofit organizations that are located and/or conduct work in the District. CRWD also offers free technical assistance for designing rain gardens and shoreline restoration projects.

In 2017, 32 grants totaling \$163,716, were awarded through the Stewardship Grant program for projects throughout CRWD. Projects included rain gardens, planning projects, community-based native planting projects and boulevard curb-cut gardens. Site evaluations and Clean Water Plans with proposed BMPs were completed for 94 participants and construction plans were developed for 14 future projects. BMPs are activities, practices and structures that reduce the impacts of stormwater runoff.

Installations included a series of large rain gardens with Rain Guardian pre-treatment structures at 1410 Energy Park Drive, a community-led planting project at the Intersection of Snelling Avenue and Pierce Butler Route, and the continuation of our Hamline-Midway Boulevard Curb-Cut Project. We were also a key partner in the installation of a large rain garden at the Minnesota Governor's Executive Residence in partnership with BWSR, RCD and the University of Minnesota College of Design.

Pierce Butler Meadows

The Pierce Butler Meadows Project was led by the Hamline-Midway Coalition (HMC) in partnership with Hamline University. HMC was eager to enhance the area surrounding a stormwater pond by adding native plants for pollinators. With technical assistance from CRWD, they were able to secure a \$10,000 grant from the Minnesota Department of Transportation as part of the Community Roadside Landscaping Partnership. CRWD also provided \$11,000 in financial assistance for the project.

The project included a week-long series of educational events for elementary school students, college students and community members. The project included art workshops and volunteer planting events, and culminated with a parade known as a Planton Movil, wherein participants artfully "...lend mobility to plants, and plants lend their patience to people."



Pierce Butler Meadows Planton Movil event. Photos: Pavlica Photography 2017

CRWD Grant Programs (cont.)

1410 Energy Park Drive

1410 Energy Park Drive is home to CRWD. The District leases office space from JGM Properties, who was granted a Stewardship Grant to construct three large rain gardens. The project included the construction of Rain Guardian pre-treatment structures for each garden, which filters sediment before runoff can overflow into the planting area. These three rain gardens infiltrate polluted stormwater runoff from over 55,000 square feet of parking lot. CRWD provided a \$34,000 grant towards the installation, with an additional \$25,000 funding from RCD.

Minnesota Governor's Executive Residence

CRWD, in partnership with the BWSR and RCD, provided technical assistance and design services to the Minnesota Governor's Executive Residence Facilities and Grounds crew for a rain garden project located at the Minnesota

Governor's Residence. A large rain garden was designed to capture stormwater runoff from most of the mansion, the large back patio and the courtyard. University of Minnesota students studying restoration of Minnesota's native plant communities assisted staff of the Facilities and Grounds crew with excavation and planting of the garden.

Hamline-Midway Boulevard Curb-Cut Rain Gardens

Grant agreements were executed for 11 participants to construct 10 boulevard curb-cut rain gardens throughout the Hamline-Midway neighborhood of Saint Paul. Residents have been engaged in the development of this project since 2014. CRWD anticipates that these rain gardens will remove an estimated 2.4 pounds of phosphorus, 1600 pounds of sediment, and 550,000 gallons of stormwater runoff.



CRWD Grant Programs (cont.)

Partner Grants

CRWD Partner Grants range from \$2,000 to \$20,000 and are awarded to organizations that share our mission to reduce polluted runoff and provide clean water education to residents of the District. The District gives priority to projects that help meet goals outlined in CRWD's Education and Outreach Plan.

2017 Grants

Thirty-two Stewardship Grant awards totaled \$163,716
 Eleven Partner Grant awards totaled \$87,000
 Five Special Grant awards totaled \$226,550

Organization	Project Name and Description	Grant Award
Asian Economic Development Association	Little Mekong Night Market and Asian business outreach	\$8,000
Frogtown Green	Bringing the frogs back to Frogtown	\$12,000
Great River Greening	Engaging youth at CRWD project sites	\$15,000
Macalester Groveland Community Council	Urban water management education	\$5,000
Parkview Center School	Parkview water project	\$5,500
Public Art Saint Paul	Rain garden at Western Sculpture Park and environmental artmaking workshops	\$8,500
Saint Paul Natural Resources	Connecting underrepresented groups to urban waterways	\$16,000
Summit Hill Neighborhood Association	Water Wise	\$3,000
Harambee Elementary School	Harambee Water Project	\$3,500
Urban Boatbuilders	Watershed education and rain garden maintenance	\$2,000
Urban Roots	Urban Roots youth internships	\$12,000



Partner Grantee Great River Greening's Field Learning for Teens Program

CRWD Grant Programs (cont.)

2017 Special Grants

Special Grants are awarded to public and private landowners for large-scale project construction and planning. Special Grant program goals are: to decrease polluted stormwater runoff, protect plant and wildlife communities adjacent to water resources, educate residents about water resources and/or provide demonstration opportunities for innovative clean water projects. Typical recipients are cities, neighborhood associations and large businesses whose projects provide a high level of water quality improvement and public visibility. For 2017, CRWD received five applications and awarded a total of \$226,550.

Several previous Special Grant projects were completed in 2017. A stormwater management feasibility study for a pocket neighborhood at Maryland and Payne Avenues in Saint Paul was completed by the East Side Neighborhood

Development Company. The study identified several options to provide shared management and treatment of stormwater for a proposed combined residential and commercial redevelopment site in an area with known high groundwater. A feasibility study for two redevelopment sites on Selby Avenue near the intersections of Milton and Victoria Streets was completed by the Rondo Community Land Trust. Stormwater treatment options were identified for each site that provide treatment even though it is not required. At the completion of the study, CRWD provided an additional grant award for implementation of underground stormwater management systems and educational signage at both sites. Finally, construction was completed in the fall of 2017 for the Model Cities BROWNstone site on University Avenue near Victoria Street. The project included an underground infiltration system and a semi-public pocket park with rain gardens, native plantings and permeable pavers.

Project Name	Description	Grant Award
Highland Park Senior High	Create an outdoor classroom in the plaza between Highland Park High School and Middle School that incorporates tree trenches and permeable paving to infiltrate runoff from approximately 20,000 square feet of rooftop.	\$69,500
Adams Spanish Immersion	Two tree trenches will be installed near the entry of building to reduce runoff from 11,500 SF of roof and 8,190 SF of pavement and landscaping. Tree trenches will go above-and-beyond CRWD's requirements and provide educational opportunities for students and the community.	\$56,500
The Union on Grand	This three-story condo building is located on Grand Avenue just west of Lexington. An underground infiltration system is planned to capture the 100-year storm.	\$57,550
Jimmy Lee Play Area	Impervious (parking) reduction, erosion stabilization and to-be-determined innovative stormwater treatment. Stormwater improvements will coincide with other planned improvements.	\$25,000
Wilder Square Inc. Cooperative Stormwater Improvements	Identify and install innovative stormwater management to capitalize on planned improvements. Project will address soil contamination, poor drainage and water quality issues in the community spaces, including a playground.	\$18,000

CRWD Grant Programs (cont.)

Inspiring Communities Program

In 2011, the City of Saint Paul's Department of Planning and Economic Development and CRWD began a partnership to enhance residential landscapes and achieve water quality benefits at foreclosed homes acquired by the city for rehabilitation. The Inspiring Communities Program (ICP, previously Neighborhood Stabilization Program) rehabilitates foreclosed and vacant housing in some of the most racially diverse and economically challenged areas of Saint Paul.

Landscape designs incorporate features that treat nearly all runoff onsite and include downspout redirections to rain gardens, rain barrels or green space. CRWD provides expert advice and design services to create a landscape plan, and both partners provide resources for installation

and educational support for home buyers. CRWD also provides a \$1,000 reimbursement for the construction of stormwater BMPs on each property and consultation during construction.

In 2017, plans and cost estimates were developed for four ICP properties. One previously-designed property was identified as having a unique and complicated stormwater runoff concern. The drainage area for the property delivered a large amount of water from the alleyway and adjacent properties, creating the potential for serious water damage to a neighboring property downhill. Our project rehabilitated this site with a new clean water landscape that protects the property owner from detrimental water damage.



Tiger swallowtail butterfly

Water Quality Monitoring

Since 2005, CRWD has monitored stormwater quantity and quality from its 41-square-mile watershed in Saint Paul, Roseville, Maplewood, Falcon Heights and Lauderdale, which eventually drains to the Mississippi River. CRWD is highly urbanized with 225,000 residents and approximately 42% impervious land cover.

Monitoring locations

Of the 16 major subwatersheds in CRWD (see map below), seven are currently monitored for water quantity and quality (St. Anthony Park, Hidden Falls, East Kittsondale, Phalen Creek, Trout Brook, McCarrons and Como). Within the monitored subwatersheds, CRWD collected water quality and quantity data at 18 monitoring sites in 2017. At eight of these stations, samples were collected during baseflow and stormflow periods. Samples were only collected during stormflow periods at the remaining ten stations, as these do not contain any baseflow. Water quality samples from all monitoring stations were analyzed for nutrients, sediment, metals and bacteria, which are used to calculate total pollutant loading.

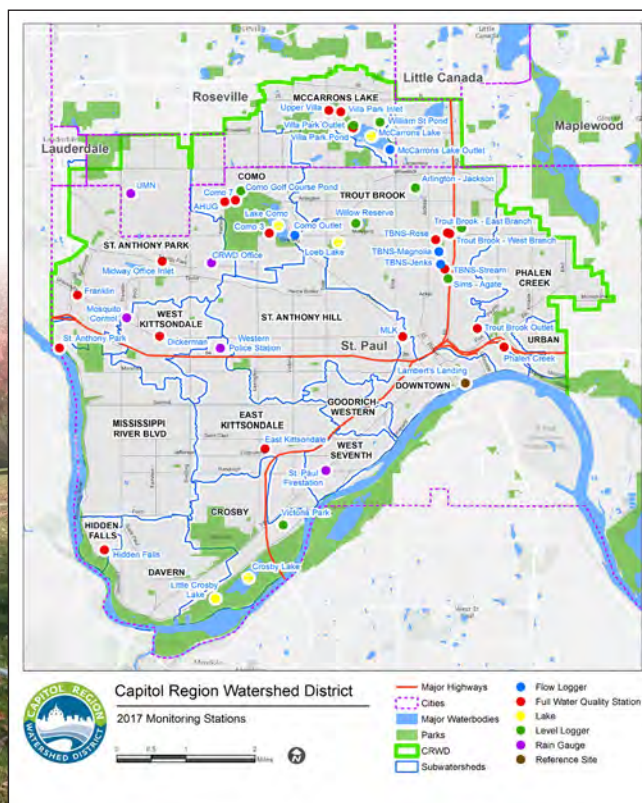
Additionally, CRWD monitored water quality in the five District lakes (Como Lake, Crosby Lake, Little Crosby Lake, Loeb Lake, Lake McCarrons) in partnership with Ramsey County Public Works Department (RCPW), RCD and the Minnesota DNR. CRWD collected continuous level data on Como Lake, Crosby Lake, Loeb Lake and

Lake McCarrons from roughly April through November. Lakes were sampled by RCPW bi-monthly April through October for nutrients, water clarity, chlorophyll-a, phytoplankton and zooplankton. RCD worked with CRWD to conduct macrophyte and biovolume surveys of each lake, which included plant species identification and estimations of relative plant abundance. CRWD also conducted a fisheries survey on Como Lake in 2017.

CRWD monitored 10 District wetlands in 2017 for plants. Previously, the plant and macroinvertebrate data collected was used to determine an Index of Biological Integrity for each wetland, which evaluates and indicates general wetland health on a numerical scale based on other large depressional wetlands in Minnesota. In 2015, CRWD began monitoring only aquatic plants in order to use the Floristic Quality Assessment (FQA) method of monitoring and assessing District wetlands. The FQA was developed by the MPCA in 2012 and is currently used as the agency's main wetland monitoring and assessment approach.



Staff surveys Loeb Lake level



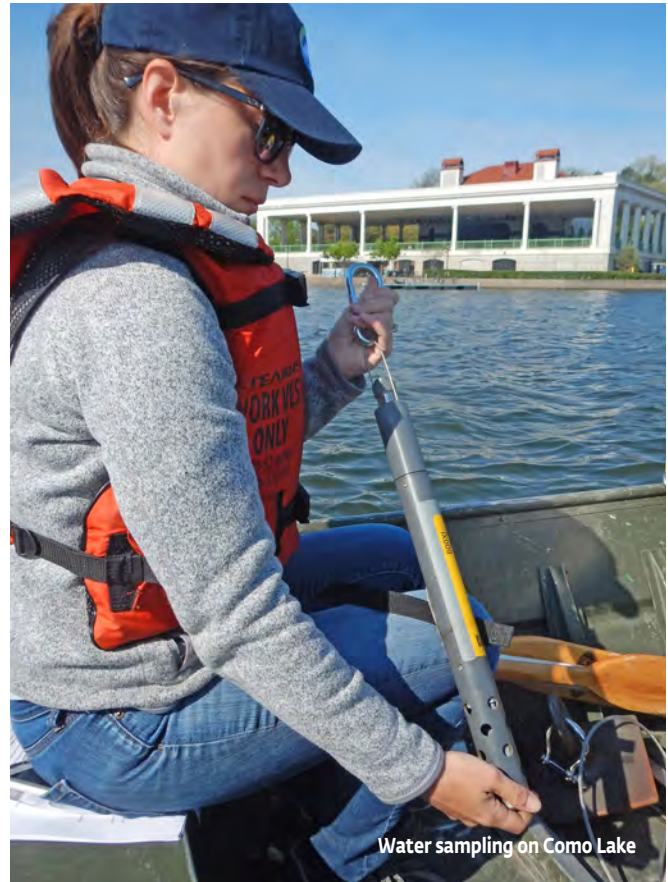
Water Quality Monitoring (cont.)

2017 Climatological Summary

The 2017 calendar year was an average year for rainfall in the Twin Cities, with 31.57 inches of precipitation. This was only +0.97 inches above the 30-year normal. Of note was one week in May with multiple consecutive days of precipitation which contributed 15% to the annual total. While both June and July exhibited below-normal rainfall, the month of August was especially rainy with 8.44 inches of rain, nearly twice as much as the 30-year monthly normal. Overall, the winter of 2017 was mild, and all five months of the typical snow cover period (November 1, 2016 to March 31, 2017) were warmer than the 30-year normal. February was exceptionally warm, with multiple days reaching 60 degree highs. Additionally, the calendar year snowfall total of 25.9 inches was 28.5 inches lower than the 30-year normal of 54.5 inches. Because of high early spring temperatures and minimal snowfall, there was no snowpack for the majority of late February and early March, and no recordable snowpack for the season after March 16 following a small snow event on March 13.

Lakes Results Summary

In 2017, water quality varied in each of CRWD's five lakes. Como Lake failed to meet the state eutrophication standards for total phosphorus, chlorophyll-a or Secchi disk depth, and is therefore considered impaired. Como Lake has never met the eutrophication standard for total phosphorus, rarely met the standard for chlorophyll-a, but generally met the standard for Secchi disk depth for the history of monitoring. Crosby Lake and Little Crosby Lake did not meet the state eutrophication standard for total phosphorus in 2017. Both lakes have generally not met the total phosphorus standard in recent years, but historically have met the standards for chlorophyll-a and Secchi disk depth. Loeb Lake and Lake McCarrons met all eutrophication standards in 2017. Loeb Lake has met the eutrophication standards for its entire monitoring history, and Lake McCarrons has met the standards since alum treatment occurred in the lake in 2004.



Water sampling on Como Lake



Monitoring continues during winter months

BMP Maintenance and Monitoring

Stormwater BMPs are activities, practices and structures that reduce the impacts of stormwater runoff. CRWD owns and/or operates many stormwater BMP structures throughout the watershed, including 18 constructed in the Como Lake Subwatershed and 14 along the Green Line on University Avenue in Saint Paul.

Regular inspection and maintenance of all the BMPs and pretreatment units is coordinated by CRWD. Maintenance is crucial to ensure the BMPs are functioning properly. CRWD receives assistance with maintenance of some of the BMPs from citizen volunteers and other government entities. In 2017, most of the maintenance was completed by a private contractor who is experienced with the construction and maintenance of stormwater BMPs.

Arlington-Pascal Stormwater Improvement Project

The BMPs constructed in the Como Lake Subwatershed were built as part of the Arlington-Pascal Stormwater Improvement Project — in collaboration with the cities of Falcon Heights, Roseville and Saint Paul and Ramsey County — that aimed to reduce localized flooding and improve the water quality of Como Lake.

BMPs constructed include an underground stormwater storage and infiltration facility, a regional stormwater pond, eight rain gardens and eight underground infiltration trenches. The underground stormwater facility and infiltration trenches have pretreatment devices (a hydrodynamic separator, sumped catch basins and manholes) incorporated into their design to provide treatment of stormwater runoff by capturing trash, debris, oils and sediment before they flow into the BMP. These pretreatment units help maintain the performance of BMPs by removing pollutants and infiltrating stormwater runoff.

Since 2007, CRWD has collected water quality and quantity data on several BMPs constructed for the Arlington-Pascal project. BMPs are monitored to determine their overall effectiveness at reducing stormwater runoff and pollutant loads. Monitoring data was used to calibrate a water quality model that simulated the amount of stormwater runoff and pollutants flowing to and from all 18 of the Arlington-Pascal Project BMPs. Modeling efforts are necessary because Minnesota winters prohibit monitoring data from being collected year round.



Fish surveys on Como Lake

BMP Maintenance and Monitoring (cont.)

This data, in addition to construction, design, operation and maintenance costs, was used to determine the cost-benefit ratio (the cost per pound of pollutants removed and the cost per unit of volume reduction) of each BMP. This data is presented in CRWD's *BMP Performance and Cost-Benefit Analysis: Arlington-Pascal Project 2007-2010*, published in spring 2012.

CRWD undertook additional monitoring efforts to determine the amount of gross solids (trash, organic matter, sand and gravel) that accumulated within the Arlington-Pascal Project BMPs as well as the gross solids captured by BMP pretreatment units. The amount of phosphorous contained in the gross solids was also determined. The results of this study were incorporated into the BMP performance analysis mentioned above. Detailed results can be found in CRWD's *Arlington-Pascal Project: Gross Solids Accumulation Study*, published spring 2012.

Green Line Project

CRWD, the City of Saint Paul, the Metropolitan Council and Ramsey County forged a partnership with a commitment to improve stormwater management, enhance the urban tree canopy and transform the aesthetics of the Green Line corridor using highly

visible green infrastructure practices. Four types of green infrastructure practices were constructed from 2010 to 2013 along University Avenue: an integrated tree trench system, rain gardens, stormwater planters and infiltration trenches. These practices incorporate natural landscape features and hydrologic processes to treat stormwater by allowing it to soak into the ground. They also integrate with the character and values of the surrounding community and serve as educational tools that help raise community awareness of stormwater.

CRWD has estimated that annually the entire project will reduce post-construction stormwater volume by over 50% or 134 acre-feet, sediment load by nine tons and phosphorus load by 109 pounds to the Mississippi River. This project contributes to the overall pollutant load reductions required by the state for this section of the Mississippi River. In 2014, CRWD developed a long-term monitoring plan of the Green Line BMPs to validate the estimated pollutant reduction projections. The Green Line monitoring plan will be ongoing for up to five years. In 2017, staff collected monitoring data for two stormwater sewers, three rain gardens, four stormwater planters, two tree trenches and three rain gauges within the Green Line Project. Eventually, the data will be compiled and analyzed to determine BMP performance and the cost-benefit of each BMP.



Urban Boatbuilders helps maintain Green Line rain gardens



2017 Watershed Rules and Permitting

Watershed Rules

Water quality and stormwater management rules (Rules) were adopted by CRWD in September 2006. The Rules require stormwater management permits for projects disturbing more than one acre of land. Most of CRWD is fully developed, making it necessary to utilize stormwater improvement practices as part of redevelopment projects to reduce pollution flowing into CRWD's lakes and wetlands and the Mississippi River. To achieve CRWD's goal of cleaner water resources, the Rules require volume

reduction practices that capture 1.1 inches of rainfall over newly constructed impervious surfaces. This is most often achieved by infiltration of runoff into the soil. The Rules were revised in April 2015 to include the current volume reduction standard along with new filtration and enhanced filtration standards, address stormwater harvesting and reuse, and incorporate the National Oceanic and Atmospheric Administration's Atlas 14 rainfall data. The Joint Technical Advisory Committee convenes regularly to review the rules and permitting process.



Minnesota United FC stadium under construction

2017 Watershed Rules and Permitting (cont.)

Permitting Program

CRWD reviews applications and issues permits to ensure compliance with the standards outlined in the Rules. Regulatory Division staff work with CRWD's consulting engineer to review applications and make recommendations to the Board of Managers. The Board votes to approve or deny permit applications based on their compliance with the Rules.

During construction, sites are inspected for compliance with erosion and sediment control regulations. When vegetation and topsoil are removed at construction sites, soil is exposed and can be transported to storm drains and water bodies during rainstorms. To ensure the proper BMPs are installed and maintained, the District

verifies that construction supervisors comply with permit conditions, to minimize the impact of sediment-laden discharge. Permitted sites are also inspected to ensure that permanent stormwater BMPs are correctly installed. It is particularly important that infiltration practices are protected from turbid runoff and soil compaction during construction, and that vegetation is properly established.

CRWD's Permitting Program processed 25 permit applications in 2017. Approximately 32% of the acreage included in the applications consisted of impervious surfaces such as roads, sidewalks and buildings. Runoff leaving those surfaces is accounted for and treated by stormwater BMPs that meet the standards specified in CRWD's Watershed Rules.

CRWD Permits By Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Applications Received	30	33	31	33	30	30	36	41	41	33	25
Acres Disturbed	94	85	110	358	142	331	210	125	118	144	69
Acres Impervious	68	64	65	194	90	109	82	77	66	99	25
Alternative Compliance Sites	12	13	5	15	14	12	17	21	18	17	14
Standard Compliance Sites	15	18	26	18	13	17	19	20	23	16	11
Linear Projects	4	5	9	9	6	4	11	8	13	11	3
Total Linear Impervious (ac)	37	34	32	156	49.83	75.93	49.78	36.5	24.9	51	5.6
Total Linear Treatment (cf)	72,180	20,969	75,201	431,597	118,110	435,928	223,433	35,441	39,502	67,164	13,880
Infiltration Approved (cf)	120,349	148,131	163,297	425,289	275,781	91,100	124,856	96,889	220,236	102,599	21,564
Filtration Approved (cf)	73,861	65,959	35,649	198,844	179,448	474,887	348,543	176,183	117,065	207,756	117,010
Total Treatment Volume	194,210	214,090	198,946	624,133	455,229	565,987	473,399	273,072	339,019	310,355	147,560
Variances Requested	2	2	2	2	1	0	3	2	4	5	1
Variances Approved	1	2	1	2	1	0	3	2	4	5	1
Incomplete/With-drawn Applications	3	2	0	0	3	1	2	2	3	0	1

2017 District Finance Summary

This is a summary of CRWD's financial activities for the fiscal year ending in December 31, 2017. The complete 2017 Annual Financial Report and Audit can be found in Appendix A.

S&P Global Ratings assigned its 'AA' long-term bond rating to CRWD. The District has historically maintained a very strong financial position. The Board established and maintains separate Operations and Capital Improvement Program (CIP) funds. The Operations reserve minimum is set at 50% of the operations budget. The CIP fund cash balance (contingency) minimum is at 100% of the estimated CIP budget or \$1,000,000, whichever is less. And the CIP Reserve Fund is \$1,000,000. The District finished fiscal 2017 with an operating surplus, which management attributes, in part, to the receipt of an unbudgeted grant and conservative budgeting on expenditures. The year-end available fund balance of \$1.9 million was 65% of expenditures, well in excess of the District's 50% fund balance policy requirement.

Operations

2017 budgeted revenue decreased \$187,355 from a budgeted revenue of \$3,437,730 and actual revenue of \$3,250,375. Expenditures in 2017 were under budget. Budgeted expenditures were \$3,437,730 while actual expenditures were \$3,091,833, a difference of \$345,897. The decrease in expenditures was due to several programs and projects that were under budget or projects not starting until 2018.

Capital Improvement Program (CIP)

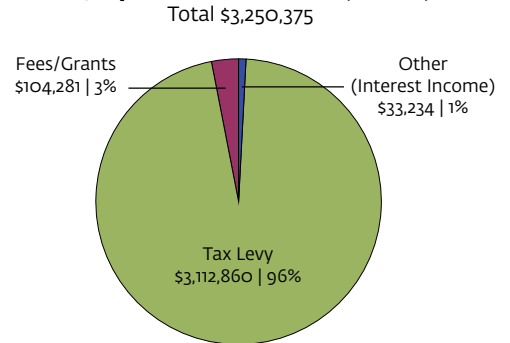
2017 budgeted revenue was \$1,483,024 and actual revenue was \$1,534,034. The increase of \$51,010 in revenue was due to receiving delinquent tax revenue. Expenditures in 2017 decreased from the budgeted amount of \$5,082,263 to an actual amount of \$3,767,149. This reduction in expenditures was primarily due to three main projects coming in under budget. Those projects include Como Lake BMPs, Mississippi River Subwatershed BMPs and Special Grants.

Financial Highlights

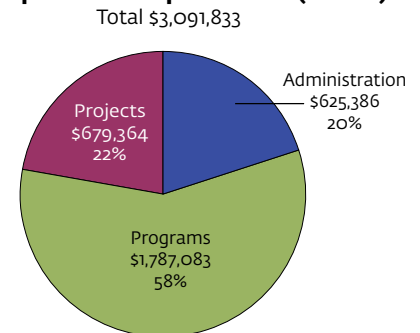
2017 ended with the District spending approximately 77% of its overall budget. The difference is due to the District not beginning construction of its new facility until 2018. The fund balance decreased to \$3,296,701 on December 31, 2017 from \$5,371,276 on January 1, 2017.

On December 6, 2017, the Board adopted a resolution authorizing sale of bonds for its new office, which is on an industrial site. Proceeds will also be used to cover site improvements, remediation, and construction work. The bond sale is scheduled for January 17, 2018 with an anticipated closing date of February 14, 2018. The Future Trends highlighted in the adjoining chart largely represents 2017 expenditures for the new office including property acquisition, engineering and design work.

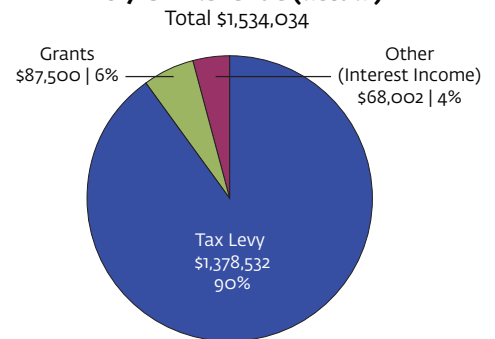
2017 Operations Revenue (actual)



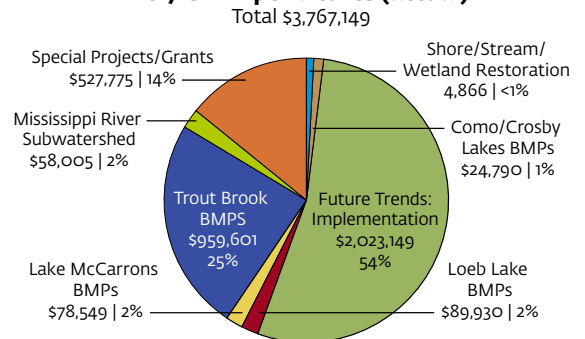
2017 Operations Expenditures (actual)



2017 CIP Revenue (actual)



2017 CIP Expenditures (actual)



2017 Year In Review

Below is a complete list of 2017 CRWD projects:

Fund Name	Project Name
Administration	General Administration
	Administrative Allocation
Groundwater	Groundwater Protection — Well Sealing
Permitting	District Permit Program
	Construction Inspection
	Permit Closure and Post Construction Inspection and Maintenance
Stewardship Grants	Stewardship Grants
	Partner Grants
	Inspiring Communities Program
	RSVP Rain Garden Projects
	TWP — Boulevard Rain Gardens
Monitoring and Data Collection	Baseline Monitoring and Data Collection
	Lake Monitoring and Data Collection
	Villa Park Monitoring and Data Collection
	Wetland Bio-monitoring
	Long-term Monitoring Database Development
	Remote Data Access and Set Up
	BMP Monitoring
	Upper Villa Exfiltration Monitoring
	Data Analysis and Reporting Tool (DART)
Education and Outreach	General
	Litter and Leaf Clean-ups
	Municipal Training
	Website
	Master Water Stewards
	Sponsorships and Partnerships
	Events
	Awards Program
	Youth Outreach
	Media Training
	Adopt a Drain

2017 Year In Review (cont.)

Fund Name	Project Name
Education and Outreach (cont.)	Strategic Communication Plan
	TWP — Adopt a Drain
	TWP — Leaf and Litter Clean-ups
	Social Media
Technical Resources and Information Sharing	Local and Agency Plan Review and Tech Committee
	BMP Database Maintenance/Updates
Future Trends: Research and Positioning	District Research Program
	Public Art Program
Geographic Information System	GIS Program Development
	Data Acquisition
Safety Program	Safety Training
	Safety Program Updates/Audits
	Safety Equipment
Shoreline and Streambank Maintenance	Saint Paul Natural Resources Intern Program
Como Lake Subwatershed	Como Regional Park Stormwater Plan
	Como BMP Maintenance and Inspection
	Curtiss Pond Opti RTC O&M
	TWP — Como Lake Aquatic Project Development
	North and East Subwatershed Study
	Como Lake, In-lake Management Assessment
Lake McCarrons Subwatershed	AIS Management
	Aquatic Invasive Management Plan
	Lake McCarrons Internal Loading Assessment
	Upper Villa Maintenance
	TWP — Lake McCarrons Project Development

OUR PLANS

2017 Year In Review (cont.)

Fund Name	Project Name
Trout Brook Subwatershed	Inspection and Annual Maintenance
	TBI Easement Verification and Documentation
	TBI Hydraulic/Hydrologic Model Calibration and Update
	NPDES MS4 Stormwater Program
	Illicit Discharge Detection and Elimination Program
	East Branch Subwatershed Study
Crosby Lake Subwatershed	Highland Ravine BMP Maintenance
Mississippi River Subwatershed	Green Line Redevelopment SSGI Design
	Snelling Midway Redevelopment
	Ford Site Planning
	Green Line BMP Maintenance
Shoreline and Streambank Restoration	Ravine Stabilization Projects
Como Lake BMPs	TWP — Como BMP — McMurray
Lake McCarrons BMPs	Upper Villa Park Stormwater Improvement Project
	TWP — McCarrons BMP — Parkview
Loeb Lake BMPs	Willow Reserve Restoration Project
Trout Brook BMPs	TBI Repairs — St. 0+00 to 28+49
Wetland, Stream and Ecosystem Restoration — Implementation	Victoria Park Water Features
Mississippi River Subwatershed BMPs	Snelling Midway Redevelopment
	Lauderdale Subwatershed Stormwater Improvement Project
Special Projects and Grants	Special Grants
	TWP — Grant Administration
	Central High School
Future Trends: Implementation	New Office Facility
Debt Service	Debt and Loan Service

2018 Workplan

Fund Name	Project Name	Priority	Project Description
Administration	General Administration 1410	Critical	General administration of District operations for 6 mos
	595 Aldine Operations	Critical	General administration of District operations for 6 mos
	1736 Thomas Operations	Critical	General administration of District operations
	Administrative Allocation	Ongoing	Annual cost allocation to projects and programs
Rulemaking / Rule Revisions	Evaluate Rules, hold TAC meetings	Critical	Conduct TAC process to update Rules
Groundwater	Groundwater Protection – Well Sealing	Beneficial	Provide grant reimbursements for well sealing
Permitting	District Permit Program	Critical	Continue Implementing District Permit Program
	Permit Tracking and Database Management	Critical	Implement BMP database for previous permits
	Construction Inspection	Critical	Inspect active permits sites for compliance
	Closure and Post-Construction Inspection	Critical	Inspect completed permit projects for compliance and maintenance
Stewardship Grants	Stewardship Grants	Important	Administer, promote and conduct outreach on Stewardship Grants
	Partner Grants	Important	Provide grants to partners for Education/Outreach programming
	Inspiring Communities Program	Important	Provide design and project funds for City ICP program
	Rain Garden Projects	Important	Assist City and residents with boulevard rain gardens
	TWP - Blvd Rain Gardens	Critical	Assist with boulevard rain gardens in Como and McCarrons subwatersheds
	MN Greencorps Member	Critical	Support, manage and train Greencorps member
Monitoring and Data Collection	Baseline Monitoring and Data Collection	Critical	Monitor 7 baseline sites, 14 level logger sites and 4 rain gauges
	Lake Monitoring and Data Collection	Critical	Monitor 5 lakes for chemical, biological and qualitative parameters
	Villa Park Monitoring and Data Collection	Critical	Monitor 2 FWQ sites in Villa Park, 2 level loggers and Lake McCarrons flow-only station
	Wetland Bio-monitoring	Important	Monitor wetlands, IBI assessments, water quality and data analysis
	Long-term Monitoring Database	Critical	Long-term monitoring database for effective data management
	Remote Data Access and Set Up	Important	Implement Remote Data Access Program
	BMP Monitoring	Important	Monitor BMP sites – Como 7, Green Line, Upper Villa

OUR PLANS

2018 Workplan (cont.)

Fund Name	Project Name	Priority	Project Description
Monitoring, Data Collection (cont.)	Upper Villa Exfiltration Monitoring	Beneficial	Exfiltration monitoring of an underground infiltration BMP
	Data Analysis and Reporting Tool (DART)	Important	Phase I of web-based analytical and reporting tool
	Midway Office Warehouse Monitoring	Important	Monitor Midway office warehouse
Education and Outreach	General Education and Outreach	Critical	Provide general District-wide education and outreach
	General Communications	Critical	Provide general District-wide communications
	Leaf and Litter Clean Ups	Critical	Implement a Leaf and Litter Clean Up Program
	Municipal Training	Important	Provide training for municipalities staff
	Website	Important	Maintenance and improvement of CRWD website
	Master Water Stewards	Important	Participate in Master Water Stewards Program
	Sponsorships and Partnerships	Beneficial	Sponsorship and support to partner organizations
	Events	Beneficial	Events: Community and CRWD-sponsored events and activities
	Awards Program	Important	Support CRWD Recognition Program
	Youth Outreach	Important	Develop and implement outreach programming to District youth
	Communications Training	Important	Provide communications, diversity and media training for staff, board and partners
	Adopt-a-Drain	Beneficial	Promote and implement Adopt-a-Drain Program
	Strategic Communications Plan	Important	Implement Strategic Communications Plan
	TWP — Adopt-a-Drain	Critical	Adopt-a-Drain Program in Como and McCarrons subwatersheds for TWP
	TWP — Leaf and Litter Clean Ups	Critical	Leaf and Litter Clean Ups in Como and McCarrons subwatersheds for TWP
Technical Resources and Information Sharing	Social Media	Important	Maintain and update District social media accounts
	595 Education and Outreach	Important	Provide education and outreach at 595 Aldine
	Plan Review and Tech Committee	Critical	Review plans and serve on committees as appropriate
	BMP Database	Critical	Update and maintain BMP database

2018 Workplan (cont.)

Fund Name	Project Name	Priority	Project Description
Future Trends: Research and Positioning	District Research Program	Important	Develop and implement comprehensive research program
	Public Art Program	Important	Develop public art policy work with Watershed Artist in Residence
	595 Aldine Art	Beneficial	Plan, design and implement art at 595 Aldine
	Climate Change Impacts — Research and Action	Important	Research climate change impacts on design standards (Atlas-14)
Geographic Information Systems (GIS)	GIS Program Development	Important	Manage GIS needs for CRWD
Safety Program	Safety Training	Critical	Provide safety training for staff
	Safety Program Updates	Critical	Update safety program, protocols, procedures and equipment
	Safety Equipment	Critical	Purchase, maintain and repair safety equipment
Shoreline and Streambank Maintenance	Saint Paul Natural Resources Intern Program	Important	Sponsor intern with Saint Paul for BMP maintenance or other activities
Como Lake Subwatershed	Como Regional Park Stormwater Plan	Important	Complete a Como Regional Park Stormwater Plan
	Como BMP Maintenance and Inspection	Critical	Maintain and Inspect Arlington-Pascal BMPs
	Curtiss Pond Opti RTC O&M	Important	Operate, maintain and inspect Opti RTC system
	TWP — Como Lake Project Development	Critical	Develop projects for the Como Lake TWP
	Como Lake Management Plan	Important	Develop Como Lake Management Plan
Lake McCarrons Subwatershed	AIS Management	Beneficial	Manage aquatic invasive plants
	Internal Loading Assessment	Important	Conduct an assessment of internal loading
	Upper Villa Maintenance	Critical	Upper Villa Maintenance
Trout Brook Subwatershed	TBI Inspection and Maintenance	Critical	Manage, operate, inspect, maintain and repair TBI
	TBI Easement Verification and Documentation	Critical	Complete TBI easement verification, acquisition and documentation work
	TBI Model Update	Critical	Update TBI model with Atlas 14 Data

2018 Workplan (cont.)

Fund Name	Project Name	Priority	Project Description
Crosby Lake Subwatershed (cont.)	NPDES MS4 Stormwater Program	Critical	Implement MS4 Stormwater Pollution Prevention Plan
	Illicit Discharge Detection and Elimination	Critical	Implement IDDE program
Crosby Lake Subwatershed	Highland Ravine BMP Maintenance	Critical	Maintain gully stabilization BMPs
Mississippi River Subwatershed	Snelling Midway Redevelopment	Important	Plan and design green infrastructure at Snelling Midway site
	Ford Site Planning	Important	Provide design and planning assistance for former Ford site
	Green Line BMP Maintenance	Critical	Maintain and repair CRWD's green infrastructure along Green Line
Watershed Management Planning	2020 Watershed Management Plan	Critical	Prepare and adopt 2020 WMP
	Strategic Plan	Critical	Prepare a strategic plan in advance of 2020 WMP
Shoreline and Streambank Restoration	Ravine Stabilization Projects	Important	Complete design and installation of ravine stabilization projects
Como Lake BMPs	TWP — Como BMP	Critical	Implement stormwater BMPs in Como subwatershed
Lake McCarrons BMPs	TWP — McCarrons BMP — Parkview	Critical	Design Parkview Elementary BMP
Loeb Lake BMPs	Willow Reserve Restoration Project	Critical	Conduct ecological restoration project
Trout Brook BMPs	Trout Brook Nature Sanctuary	Important	Provide final \$250,000 for pump system
Mississippi River Subwatersheds BMPs	Snelling Midway Redevelopment	Important	Construct Snelling Midway BMPs
	Lauderdale Stormwater Project	Important	Design and construct stormwater improvements

2018 Workplan (cont.)

Fund Name	Project Name	Priority	Project Description
Special Projects and Grants	Special Grants	Critical	Implement Special Grant Program
	TWP — Grant Administration	Critical	Administer TWP Grant Program
Future Trends: Implementation	New Office Facility	Critical	Purchase, due diligence, design and remodel of new office
Debt Service	Debt and Loan Service	Critical	Annual Payment for 2007A, CWF Loan and 2013A Debt

APPENDIX A

Financial Statements and Audit



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-Mail)
1-800-627-3529 (Relay Service)

May 17, 2018

Mr. Mark Doneux
Administrator
Capitol Region Watershed District
1410 Energy Park Drive, Suite 4
St. Paul, Minnesota 55108

Dear Mr. Doneux:

I am pleased to report that the Office of the State Auditor has completed its audit of the Capitol Region Watershed District for the year ended December 31, 2017. Enclosed is our required communication letter along with a copy of our Management and Compliance Report. Our opinion on the financial statements, dated April 24, 2018, was issued with the District's annual financial report.


The primary purpose of our audit is to formulate opinions on the Capitol Region Watershed District's financial statements. We also have a responsibility and commitment to assist you in maintaining and improving the District's financial management system.

I am pleased to say that we have issued an unmodified opinion on the Capitol Region Watershed District's financial statements. This means that, in our professional opinion, the financial statements are fairly presented and conform with applicable accounting standards.

In addition to formulating opinions on the Capitol Region Watershed District's financial statements, we reviewed the District's internal controls, legal compliance, and financial management practices. The Management and Compliance Report contains the results of that review, including our recommendation for improvement.

We would welcome the opportunity to work with you on the implementation of the recommendation made in our Management and Compliance Report. If you have any questions about the report, please feel free to contact my Office.

Sincerely,



Rebecca Otto
State Auditor

RO:rp
Enclosure(s)



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ANNUAL FINANCIAL REPORT

Year Ended December 31, 2017

Capitol Region Watershed District

Ramsey County, Minnesota

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CAPITOL REGION WATERSHED DISTRICT
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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of Managers
Capitol Region Watershed District
Saint Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Capitol Region Watershed District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Capitol Region Watershed District as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Capitol Region Watershed District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

April 24, 2018

CAPITOL REGION WATERSHED DISTRICT

ORGANIZATION

December 31, 2017

Board of Managers

Joseph Collins - President
Mary Texer - Vice-President
Seitu Jones - Secretary
Shirley Reider - Treasurer
Rick Sanders

Watershed District Staff

Mark Doneux, Administrator
Belinda Gardner, Administrative Assistant
Michelle Sylvander, Office Manager
Jessica Bromelkamp, Communications and Outreach Specialist
Lindsay Schwantes, Community Outreach Coordinator
Forrest Kelley, Regulatory Division Manager
Anna Eleria, Planning, Projects & Grants Division Manager
Robert Fossum, Motoring & Research Division Manager
Britta (Suppes) Belden, Monitoring Coordinator
Nate Zwonitzer, Water Resources Project Manager
Joe Sellner, Water Resource Technician
Maddy Vargo, Water Resource Technician
Sarah Wein, Water Resource Technician
Andrew Novak, Urban BMP Specialist
Elizabeth Hosch, BMP Inspector

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FINANCIAL SECTION

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INDEPENDENT AUDITORS REPORT

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Capitol Region Watershed District (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2017.

Financial Highlights

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,438,165 (net position), of which \$11,950,784 represents the net investment in capital assets.

The District's total net position decreased by \$369,296.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balance was \$3,296,701 compared to \$5,371,276 the previous year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

(unaudited)

Management's Discussion and Analysis

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Operations Fund, Capital Improvement Fund and Debt Service Fund, which are considered to be major funds.

The District adopts an annual appropriated budget for the Operations Fund and the Capital Improvement Fund.

A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

(unaudited)

Management's Discussion and Analysis

Following is a comparison of the District's net position between 2017 and 2016.

	2017	2016
Current and other assets	\$5,305,979	\$7,491,332
Capital assets	12,890,842	11,361,382
Total assets	<u>\$18,196,821</u>	<u>\$18,852,714</u>
Deferred outflows of resources related to pensions	<u>\$273,766</u>	<u>\$450,455</u>
Payables	\$1,981,877	\$2,100,760
Other long term liabilities	4,892,822	5,298,811
Total liabilities	<u>\$6,874,699</u>	<u>\$7,399,571</u>
Deferred inflows of resources related to pensions	<u>\$157,723</u>	<u>\$96,137</u>
Net position:		
Net investments in capital assets	\$11,950,784	\$10,345,819
Restricted	94,698	80,793
Unrestricted	(607,317)	1,380,849
Total net position	<u>\$11,438,165</u>	<u>\$11,807,461</u>

The District is able to report positive balances in two net position classifications.

Management's Discussion and Analysis

Governmental Activities

Governmental activities resulted in a decrease of the District's net position by \$369,296. The details of the decrease are as follows:

Capitol Region Watershed District's Changes in Net Position

	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charges for services	\$41,700	\$31,000
Operating grants and contributions	150,414	151,251
Capital grants and contributions	-	498,155
General revenues:		
Property taxes	4,861,596	4,222,132
Unrestricted investment earnings	29,089	8,395
Miscellaneous other	72,940	102,404
Total revenues	<u>5,155,739</u>	<u>5,013,337</u>
Expenses:		
General government	3,184,853	3,006,220
Conservation of natural resources	2,239,004	1,794,188
Interest on long term debt	101,178	108,721
Total expenses	<u>5,525,035</u>	<u>4,909,129</u>
Change in net position	(369,296)	104,208
Net position - January 1	<u>11,807,461</u>	<u>11,703,253</u>
Net position - December 31	<u><u>\$11,438,165</u></u>	<u><u>\$11,807,461</u></u>

The decrease in net position is mainly due to an increase in budgeted general government expenses as construction started on the District's new building.

Financial Analysis of the Government's Funds

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Operations fund balance increased by \$158,542 in 2017, which was due to revenues exceeding expenditures. The District budgeted expenditures of \$3,437,730, however actual expenditures were \$345,897 less than expected.

The Capital Improvement fund balance decreased from prior year by \$2,247,022 in 2017, which was due to expenditures exceeding revenues. The primary reason Capital

Management's Discussion and Analysis

Improvement expenditures exceeded revenues was for the purchase and design services related to the new District facility and renovation work.

The Debt Service fund balance increased from prior year by \$13,905 in 2017 which was primarily due to revenues exceeding expenditures. Debt Service payments were overestimated by \$13,905 in 2017.

Budgetary Highlights

Operations

The operations expenditures were under budget by \$345,897. This was primarily due to numerous programs and projects that were under budget or projects not starting until 2018.

Capital Improvement

The capital improvement expenditures were under budget by \$1,301,207. This was primarily due to three main projects coming in under budget. Those projects include Como Lake BMP, Mississippi River Subwatershed BMP and Special Projects and Grants.

Capital Asset and Debt Administration

Capital assets. The District's capital assets for its governmental activities as of December 31, 2017, amounts to \$12,890,842. This investment in capital assets is in construction in progress, equipment and infrastructure. Accumulated depreciation was \$3,651,547 with current depreciation charges of \$494,173.

Capitol Region Watershed District's Capital Assets (Net of Depreciation)

	December 31	
	2017	2016
Equipment	\$72,462	\$85,054
Infrastructure	10,664,555	11,146,136
Construction in progress	2,153,825	130,192
Total	<u>\$12,890,842</u>	<u>\$11,361,382</u>

(unaudited)

Management's Discussion and Analysis

Debt administration. Capitol Region Watershed District records the following long-term obligations:

	Compensated Absences	Loans Payable	Bonds Payable	Net Pension Liability
December 31, 2017	\$64,709	\$267,603	\$3,641,224	\$919,286
December 31, 2016	63,481	309,282	3,846,154	1,079,894
Increase (decrease)	<u>\$1,228</u>	<u>(\$41,679)</u>	<u>(\$204,930)</u>	<u>(\$160,608)</u>

In 2007, Capitol Region Watershed District issued \$1,555,000 in Watershed District Tax Supported Bonds, Series 2007A for the Capital Improvement fund for project costs. In 2013, the District issued \$3,000,000 in General Obligation bonds for watershed improvement projects.

2017 Financial Highlights

2017 ended with the District spending approximately 81% of its overall budget. The difference is due to the District not beginning construction of its new facility until 2018.

Requests for information. This financial report is designed to provide a general overview of Capitol Region Watershed District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Capitol Region Watershed District, 1410 Energy Park Drive, Suite 4, St. Paul, MN, 55108, 651-644-8888.

BASIC FINANCIAL STATEMENTS

CAPITOL REGION WATERSHED DISTRICT**STATEMENT OF NET POSITION**

December 31, 2017

Statement 1

	<u>Governmental Activities</u>
Assets:	
Cash and short term investments	\$4,995,598
Due from other governments	122,931
Accounts receivable	1,820
Property taxes receivable:	
Due from county	78,405
Delinquent	69,684
Prepaid items	37,541
Capital assets - net:	
Non-depreciable	2,153,825
Depreciable	<u>10,737,017</u>
Total assets	<u>18,196,821</u>
Deferred outflows of resources related to pensions	273,766
Total assets and deferred outflows of resources	<u><u>18,470,587</u></u>
Liabilities:	
Accounts payable	\$463,975
Contracts payable - retainage	30,671
Deposits payable	564,948
Accrued interest payable	42,283
Unearned revenue	880,000
Loans payable:	
Due within one year	42,517
Due in more than one year	225,086
Bonds payable:	
Due within one year	205,000
Due in more than one year	3,436,224
Compensated absences payable:	
Due within one year	64,709
Net pension liability	
Due in more than one year	<u>919,286</u>
Total liabilities	<u>6,874,699</u>
Deferred inflows of resources related to pensions	<u>157,723</u>
Net position:	
Net investments in capital assets	11,950,784
Restricted for debt services	94,698
Unrestricted	<u>(607,317)</u>
Total net position	<u>11,438,165</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$18,470,587</u></u>

The accompanying notes are an integral part of these financial statements.

CAPITOL REGION WATERSHED DISTRICT
STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2017

Statement 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$3,184,853	\$41,700	\$62,914	\$ -	(\$3,080,239)
Conservation of natural resources	2,239,004	-	87,500	-	(2,151,504)
Interest on long term debt	101,178	-	-	-	(101,178)
Total governmental activities	<u>\$5,525,035</u>	<u>\$41,700</u>	<u>\$150,414</u>	<u>\$ -</u>	<u>(5,332,921)</u>
General revenues:					
Property taxes					4,861,596
Unrestricted investment earnings					29,089
Miscellaneous other					72,940
Total general revenues					<u>4,963,625</u>
Change in net position					(369,296)
Net position - January 1					<u>11,807,461</u>
Net position - December 31					<u>\$11,438,165</u>

The accompanying notes are an integral part of these financial statements.

CAPITOL REGION WATERSHED DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

Statement 3

	Operations	Capital Improvement	Debt Service	Total Governmental Funds
Assets				
Cash and short-term investments	\$2,755,078	\$2,151,706	\$88,814	\$4,995,598
Due from other governments	35,431	87,500	-	122,931
Accounts Receivable	1,820	-	-	1,820
Taxes Receivable				
Due from county	50,262	22,259	5,884	78,405
Delinquent	44,394	19,657	5,633	69,684
Pre-Paid items	37,541	-	-	37,541
	<u>2,924,526</u>	<u>2,281,122</u>	<u>100,331</u>	<u>5,305,979</u>
Total assets				
Liabilities:				
Accounts payable	243,917	220,058	0	463,975
Contracts payable - retainage	-	30,671	-	30,671
Deposits payable	564,948	-	-	564,948
Unearned revenue	-	880,000	-	880,000
Total liabilities	<u>808,865</u>	<u>1,130,729</u>	<u>-</u>	<u>1,939,594</u>
Deferred inflows of resources:				
Unavailable revenue	<u>44,394</u>	<u>19,657</u>	<u>5,633</u>	<u>69,684</u>
Fund balance:				
Nonspendable	37,541	-	-	37,541
Restricted	-	-	94,698	94,698
Assigned	-	1,130,736	-	1,130,736
Unassigned	2,033,726	-	-	2,033,726
Total fund balance	<u>2,071,267</u>	<u>1,130,736</u>	<u>94,698</u>	<u>3,296,701</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$2,924,526</u>	<u>\$2,281,122</u>	<u>\$100,331</u>	<u>\$5,305,979</u>
Fund balance reported above				\$3,296,701
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets net of related depreciation used in governmental activities are not financial resources, and, therefore, are not reported in the funds.				12,890,842
Deferred outflows of resources related to pensions - See Note 8.E.				273,766
Deferred inflows of resources related to pensions - See Note 8.E.				(157,723)
Long-term liabilities, including compensated absences, net pension liability, bonds payable, loans payable and related interest payable are not due and payable in the current period and, therefore, are not reported in the funds.				(4,935,105)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.				<u>69,684</u>
Net position of governmental activities				<u>\$11,438,165</u>

The accompanying notes are an integral part of these financial statements.

CAPITOL REGION WATERSHED DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2017

Statement 4

	Operations	Capital Improvement	Debt Service	Total Governmental Funds
Revenues:				
General property taxes	\$3,112,860	\$1,378,532	\$364,426	\$4,855,818
Intergovernmental:				
Grants and reimbursements	62,581	87,500	-	150,081
Interest income	17,827	10,469	793	29,089
Permit fees	41,700	-	-	41,700
Miscellaneous	15,407	57,533	-	72,940
Total revenues	<u>3,250,375</u>	<u>1,534,034</u>	<u>365,219</u>	<u>5,149,628</u>
Expenditures:				
Current:				
General government:				
Other services and charges	783,302	-	1,200	784,502
Salaries & benefits	1,194,452	-	-	1,194,452
Supplies	163,775	-	-	163,775
Noncapitalized equipment	11,940	-	-	11,940
Legal	29,068	-	-	29,068
Engineering	464,268	-	-	464,268
Projects and studies	445,028	-	-	445,028
Conservation of natural resources	-	1,757,423	-	1,757,423
Capital outlay	-	2,023,633	-	2,023,633
Debt services:				
Principal	-	-	241,679	241,679
Interest	-	-	108,435	108,435
Total expenditures	<u>3,091,833</u>	<u>3,781,056</u>	<u>351,314</u>	<u>7,224,203</u>
Revenues over (under) expenditures	158,542	(2,247,022)	13,905	(2,074,575)
Fund balance - January 1	<u>1,912,725</u>	<u>3,377,758</u>	<u>80,793</u>	<u>5,371,276</u>
Fund balance - December 31	<u><u>\$2,071,267</u></u>	<u><u>\$1,130,736</u></u>	<u><u>\$94,698</u></u>	<u><u>\$3,296,701</u></u>

The accompanying notes are an integral part of these financial statements.

CAPITOL REGION WATERSHED DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2017

Statement 5

	<u>2017</u>
Amounts reported for governmental activities in the Statement of Activities (Statement 2) are different because:	
Net changes in fund balances - total governmental funds (Statement 4)	(\$2,074,575)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:	
Capital outlay	2,023,633
Depreciation expense	(494,173)
Accrued interest payable:	
At December 31, 2017	(42,283)
At December 31, 2016	44,610
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Principal payment	241,679
Amortization of premium	4,930
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable revenue:	
At December 31, 2017	69,684
At December 31, 2016	(63,906)
Net adjustment in revenues and expenses arising from recording the net pension liability	(77,667)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences payable:	
At December 31, 2017	(64,709)
At December 31, 2016	63,481
Change in net position of governmental activities (Statement 2)	<u><u>(\$369,296)</u></u>

The accompanying notes are an integral part of these financial statements.

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Capitol Region Watershed District conform to accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

A. FINANCIAL REPORTING ENTITY

The Capitol Region Watershed District (the District) was organized in September 1998 under the provisions of Minnesota Statutes Chapter 103D. Additional powers and duties are contained in Minnesota Statutes Chapters 103B and 103E. A watershed district is a “special purpose” unit of local government, which has taxing authority and can promulgate and implement rules that have the effect and force of law.

The purpose of the District is to provide for surface and groundwater management within the District’s geographic boundaries. The District is approximately 42 square miles in size and contains portions of the cities of Falcon Heights, St. Paul, Maplewood, Roseville, and Lauderdale. The University of Minnesota St. Paul Campus and Minnesota State Fair Grounds are also within this district.

The District is governed by a board of managers who are appointed by the Ramsey County Board of Commissioners. Managers serve three-year terms.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported. There are no *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. However, debt service expenditures are recorded only when payment is due. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

Operations Fund is the general operating fund of the District. It is used to account for all financial resources except those accounted for in the Capital Improvements Fund and Debt Service Fund.

Capital Improvement Fund is established to account for expenditures related to the preparation and implementation of the watershed management plan. Funding for these projects is through grants and special revenues and bond proceeds.

Debt Service Fund is established to account for debt associated with the District's activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, that are similarly treated when they involve other funds of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. General revenues include all taxes.

When both restricted and unrestricted resources are available for an allowable use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. BUDGETS

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the Operations Fund and Capital Improvement Fund. Budgeted expenditure appropriations lapse at year end.

E. LEGAL COMPLIANCE – BUDGETS

The District prepares annual revenue and expenditure budgets for the District's Operations Fund and the Capital Improvement Fund. The District monitors budget performance on the fund basis. All amounts over budget have been approved by the Board through the budget extension process. The modified accrual basis of accounting is used by the District for budgeting data. All appropriations end with the fiscal year for which they were made.

F. CASH AND INVESTMENTS

The District invests in an external investment pool, the Minnesota Municipal Money Market (4M) Fund, through the League of Minnesota Cities. The investment is measured at the net asset value per share provided by the pool. Investment income is accrued at the statement of financial position date.

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

G. PROPERTY TAX REVENUE RECOGNITION

The Board of Managers annually adopts a tax levy and certifies it to Ramsey County in October (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the District at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Delinquent collections for November and December are received the following January. The District has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The District recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the District in July, December and January, are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the District the following January) and taxes and credits not received at the year-end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the District in January is fully offset by deferred inflow of resources because they are not available to finance current expenditures.

H. INVENTORIES

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. The District does not maintain material amounts of inventories.

I. LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt is reported as a liability in the statement of net position. Material bond premiums and discounts are amortized over the life of the bond. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. NET POSITION CLASSIFICATIONS

Net position in the government-wide financial statements is classified in the following categories:

Net investment in capital assets

The amount of net position representing capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position

The amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position

The amount of net position that does not meet the definition of restricted or net investment in capital assets.

K. FUND BALANCE CLASSIFICATIONS

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - consists of amounts that are not in spendable form, such as prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of internally imposed constraints. These constraints are established by Resolution of the District.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the District Administrator.

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Unassigned - is the residual classification for the Operations Fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the District's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

L. CAPITAL ASSETS

Capital assets, which include construction in progress, equipment and infrastructure assets (e.g., storm sewer, manholes, control structures, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Equipment and infrastructure of the District is depreciated using the straight-line method over the following estimated useful lives:

Equipment	8 years
Rain gardens	20 years
Trenches	20 years
Other Infrastructure	30 years

The District implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* effective January 1, 2010. GASB Statement No. 51 required the District to capitalize and amortize intangible assets. Intangible assets include easements and computer software. For governmental entities with total annual revenues of less than \$10 million for the fiscal year ended December 31, 1999, the retroactive reporting of intangible assets is not required under the provision of GASB Statement No. 51. The District has elected not to report intangible assets acquired in years prior to 2010. The District did not acquire any intangible assets for the year ending December 31, 2017.

M. COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused paid time off benefits. All paid time off benefits that are vested as severance pay are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured: for example, as a result of employee resignations and retirements.

N. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

O. REVENUES AND EXPENDITURES

REVENUES

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues for nonexchange transfers are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs. The modified accrual basis of accounting is used by the Operations, Capital Improvements and Debt Service Funds. Under this basis, revenue is not recognized in the financial statements unless it is available to finance current expenditures.

IMPOSED NONEXCHANGE TRANSACTIONS

Imposed nonexchange transactions result from assessments by governments on non-governmental entities and individuals. Property taxes are imposed nonexchange transactions. Revenues from property taxes are recognized in the fund financial statements in the period for which the taxes were levied, to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable but not available are reported as deferred inflows of resources – unavailable revenue and will be recognized as revenue in the fiscal year that they become available.

INTERGOVERNMENTAL

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for specific purposes. The provider government establishes purpose restrictions and also may establish time requirements. Federal and state grants mandating the District perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when eligibility and time requirements are met, usually when the corresponding expenditure is incurred.

Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions or eligibility requirements. Revenues are recognized in the year to which they apply according to the statute or contract.

EXCHANGE TRANSACTIONS

Investment income is recognized as revenue when earned.

EXPENDITURES

Expenditure recognition for the Operations and Capital Improvement Funds includes only amounts represented by current liabilities.

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. It is the pension-related deferred outflows reported in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) or reduction of expense until that time. The District has pension related deferred inflows of resources reported in the government-wide Statement of Net Position. The District has a second type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from property taxes.

Q. UNEARNED REVENUE

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received but not yet earned.

R. USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make estimates that could affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

S. DEFINED BENEFIT PENSION PLANS

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

T. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including compensated absences, bonds payable, loans payable and related interest payable, are not due and payable in the current period and, therefore, are not reported in the funds”. The details of this (\$4,935,105) difference are as follows:

Bonds payable	(\$3,641,224)
Loans payable	(267,603)
Compensated absences	(64,709)
Net pension liability	(919,286)
Accrued interest	<u>(42,283)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>(\$4,935,105)</u></u>

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds”. The details of this \$5,778 difference are as follows:

Unavailable revenue:	
At December 31, 2016	(\$63,906)
At December 31, 2017	<u>69,684</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>\$5,778</u></u>

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Another element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this (\$1,529,460) difference are as follows:

Capital outlay	\$2,023,633
Depreciation expense	<u>(494,173)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>\$1,529,460</u></u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds”. The details of this (\$9,082) difference are as follows:

Compensated absences payable:	
At December 31, 2016	\$63,481
At December 31, 2017	<u>(64,709)</u>
Net adjustments to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>(\$1,228)</u></u>

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the District, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all District deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the Federal Reserve Bank or in an account in the trust department of a commercial bank or a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by any federal agency.

The District has no deposits at December 31, 2017.

B. INVESTMENTS

Minnesota Statutes authorize the District to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 that meet certain rating requirements.
- c) Obligations of state or local government:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve system.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, by two rating agencies and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain securities broker-dealers; or, a bank qualified as a depository.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Pooled investments are not required to be categorized.

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

As of December 31, 2017, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Pooled with 4M fund	NA	\$ 4,995,598

The District's external investment pool is with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost.

The 4M Liquid Asset Fund has no redemption requirements. The 4M Plus Fund requires funds to be deposited for a minimum for 14 calendar days. Withdrawal prior to the 14-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. The District follows State Statutes in regards to credit risk of investments. The District does not have an investment policy which further limits its investment choices.

Interest Rate Risk. Interest rate risk is the risk that changes in the interest rates of debt investments could adversely affect the fair value of an investment. The District does not have an investment policy which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the District's investment in a single issuer. The District does not have an investment policy which addresses the concentration of credit risk.

Custodial Credit Risk. For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the District will not be able to recover the value of its investment securities that are in the possession of an outside party. As of December 31, 2017, all of the District's investments were pooled with the 4M fund.

Note 3 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage for District employees and board members is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The District pays an annual premium to LMCIT. The District is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the District is not subject to a deductible. The District workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Other insurance coverage is provided through a pooled self-insurance program through the LMCIT. The District pays annual premium to LMCIT. The District is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The District retains risk for the deductible portions of the insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the previous three years.

Note 4 UNAVAILABLE REVENUES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Property Taxes
Operations	\$ 44,394
Capital Improvement	19,657
Debt Service	5,633
Total unavailable revenue	<u>\$ 69,684</u>

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Construction in progress	<u>\$130,192</u>	<u>\$2,023,633</u>	<u>\$ -</u>	<u>\$2,153,825</u>
Capital assets depreciated				
Equipment	100,734	-	-	100,734
Infrastructure	<u>14,287,830</u>	<u>-</u>	<u>-</u>	<u>14,287,830</u>
Total capital assets being depreciated	14,388,564	-	-	14,388,564
Less accumulated depreciation for:				
Equipment	15,680	12,592	-	28,272
Infrastructure	<u>3,141,694</u>	<u>481,581</u>	<u>-</u>	<u>3,623,275</u>
Total accumulated depreciation	3,157,374	494,173	-	3,651,547
Total capital assets depreciated, net	<u>11,231,190</u>	<u>(494,173)</u>	<u>-</u>	<u>10,737,017</u>
Total capital assets, net	<u><u>\$11,361,382</u></u>	<u><u>\$1,529,460</u></u>	<u><u>\$ -</u></u>	<u><u>\$12,890,842</u></u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
General government	\$12,592
Conservation of natural resources	<u>481,581</u>
Total	<u><u>\$494,173</u></u>

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 6 LONG-TERM DEBT

The District issued a Tax Supported Bonds Series 2007A to provide funds for capital improvements. In 2013, the District issued 2013A General Obligation Bonds to finance watershed improvement projects. In addition, in 2013, the District issued a loan payable for the Enhanced TP Removal in Urban Wetland CWP Project.

GOVERNMENTAL ACTIVITIES

As of December 31, 2017, the governmental long-term bonded debt and loans payable of the District consisted of the following:

	<u>Interest Rates</u>	<u>Date</u>	<u>Final Maturity Date</u>	<u>Original Issue</u>	<u>Payable 12/31/17</u>
Tax Supported Bonds:					
\$1,555,000 Series 2007A	3.75-4.75%	1/4/2007	2/1/2027	\$1,555,000	\$935,000
\$3,000,000 Series 2013A	2.00-3.00%	4/17/2013	2/1/2034	3,000,000	2,630,000
Unamortized premium				101,924	76,224
Total bonded indebtedness - governmental activities				<u>4,656,924</u>	<u>3,641,224</u>
Loans payable:					
MPCA Loan Payable	2%	12/15/2013	12/15/2023	<u>430,000</u>	<u>267,603</u>
Total District indebtedness - governmental activities				<u>\$5,086,924</u>	<u>\$3,908,827</u>

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Annual debt service requirements to maturity are as follows:

	Revenue (Tax Supported) Bonds				Loans payable	
	Series 2007A		Series 2013A		MPCA	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$75,000	\$37,406	\$130,000	\$60,737	\$42,517	\$5,141
2019	80,000	34,306	135,000	58,087	43,372	4,286
2020	85,000	30,953	135,000	55,387	44,243	3,414
2021	85,000	27,447	140,000	52,638	45,132	2,525
2022	90,000	23,838	140,000	49,838	46,039	1,617
2023	95,000	20,022	145,000	46,988	46,300	692
2024	100,000	15,937	145,000	44,088	-	-
2025	105,000	11,581	150,000	40,950	-	-
2026	110,000	7,013	155,000	37,519	-	-
2027	110,000	2,338	155,000	34,032	-	-
2028	-	-	160,000	30,488	-	-
2029	-	-	165,000	26,625	-	-
2030	-	-	165,000	22,500	-	-
2031	-	-	170,000	18,100	-	-
2032	-	-	175,000	13,356	-	-
2033	-	-	180,000	8,250	-	-
2034	-	-	185,000	2,775	-	-
Totals	<u>\$935,000</u>	<u>\$210,841</u>	<u>\$2,630,000</u>	<u>\$602,358</u>	<u>\$267,603</u>	<u>\$17,675</u>

Governmental Activities	Beginning Balance	Additions	Reductions	Amortized Premiums	Ending Balance	Due Within One Year
Bonds payable:						
2007A Revenue bonds	\$1,010,000	\$ -	(\$75,000)	\$ -	\$935,000	\$75,000
2013A Revenue bonds	2,755,000	-	(125,000)	-	2,630,000	130,000
Total bonds payable	<u>3,765,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>3,565,000</u>	<u>205,000</u>
Premium on bonds	81,154	-	-	(4,930)	76,224	-
Total bonded indebtedness	<u>3,846,154</u>	<u>-</u>	<u>(200,000)</u>	<u>(4,930)</u>	<u>3,641,224</u>	<u>205,000</u>
Loans payable						
MPCA loan payable	309,282	-	(41,679)	-	267,603	42,517
Total long-term debt	<u>\$4,155,436</u>	<u>\$ -</u>	<u>(\$241,679)</u>	<u>(\$4,930)</u>	<u>\$3,908,827</u>	<u>\$247,517</u>

Bonded debt and the loans payable are paid from the Debt Service Fund

Note 7 OPERATING LEASE

The District leases office space from an unrelated third party. The lease is classified as an operating lease. The term of the lease is April 1, 2012 through March 31, 2015, renewed through June 30, 2018. Lease expenditures including the District's share of operating costs for the year ended December 31, 2017 amounted to \$99,410.

The District also leases a copier from an unrelated third party. The lease is classified as an operating lease. The term of the lease is November 1, 2013 through October 31, 2018. Lease expenditures for the year ended December 31, 2017 amounted to \$9,853.

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Total annual minimum future lease payments under the operating leases are as follows:

	Office Space	Copier	Total
2018	<u>\$29,054</u>	<u>\$5,394</u>	<u>\$34,448</u>

Note 8 DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION

All full time and certain part-time employees of the District are covered by a defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

The General Employees Retirement Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Retirement Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

B. BENEFITS PROVIDED

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. Members hired prior to July 1, 1989 receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

members and 1.7% for Coordinated Plan members for each year of service. Only method 2 is used for members hired after June 30, 1989. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

C. CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF Contributions

Basic Plan members and Coordinated Plan members and Minneapolis Employees Retirement Fund members were required to contribute 9.1% and 6.50%, and 9.75%, respectively, of their annual covered salary in calendar year 2017. The District was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members and 9.75% for Minneapolis Employees Retirement Fund members in calendar year 2017. The District's contributions for the General Employees Retirement Plan for the year ended December 31, 2017, were \$71,261. The District's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

GERF Pension Costs

At December 31, 2017, the District reported a liability of \$919,286 for its proportionate share of the General Employees Retirement Plan's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$11,545, the total net pension liability recorded by the State and District associated with the District is \$930,831. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the District's proportion was .0144% which was an increase of .0011% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the District recognized pension expense of \$148,928 for its proportionate share of the General Employees Retirement Plan's pension expense. In addition, the District recognized an additional \$333 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Retirement Plan.

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

At December 31, 2017, the District reported its proportionate share of the GERP's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$30,297	\$59,618
Changes in actuarial assumptions	152,622	92,159
Difference between projected and actual investment earnings	6,837	-
Changes in proportion	48,197	5,946
Contributions paid to PERA subsequent to the measurement date	35,813	-
Total	<u>\$273,766</u>	<u>\$157,723</u>

The \$35,813 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2018	\$52,612
2019	67,985
2020	(\$1,345)
2021	(\$39,022)
2022	-

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the individual entry-age normal actuarial cost method and following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for the males and females, as appropriate, with slight adjustments. The cost of living benefit increases for retirees are assumed to be 1% through 2044, and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP was dated June 30, 2015.

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members (30% for deferred Minneapolis Employees Retirement Fund Members). The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21,000,000 in PERA's calendar years 2017 and 2019 and returns to \$31,000,000 through calendar year 2031. The State's required contribution is \$16,000,000 in PERA's fiscal years 2018 and 2019 and returns to \$6,000,000 annually through calendar year 2031.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	0.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.50% in 2017, which remained consistent with 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers of the General Employees Retirement Plan will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Retirement Plan was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

G. PENSION LIABILITY SENSITIVITY

The following presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
Capitol Region's proportionate share of the General Employees Retirement Plan net pension liability	\$1,425,882	\$919,286	\$504,546

H. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org, or by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088, or by calling 651-296-7460 or 1-800-652-9026.

Note 9 COMPENSATED ABSENCES

Changes in compensated absences during 2017 are:

Balance January 1, 2017	\$63,481
Additions	100,352
Deductions	<u>(99,124)</u>
Balance December 31, 2017	<u>\$64,709</u>
Due within one year	<u>\$64,709</u>

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 10 FUND BALANCE

A. CLASSIFICATIONS

At December 31, 2017, a summary of the governmental funds' fund balance classifications are as follows:

	<u>Operations</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Total</u>
Nonspendable:				
Prepaid items	<u>\$37,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$37,541</u>
Total nonspendable	<u>37,541</u>	<u>-</u>	<u>-</u>	<u>37,541</u>
Restricted to:				
Debt service	<u>-</u>	<u>-</u>	<u>94,698</u>	<u>94,698</u>
Total restricted	<u>-</u>	<u>-</u>	<u>94,698</u>	<u>94,698</u>
Assigned to:				
Capital improvement	<u>-</u>	<u>1,130,736</u>	<u>-</u>	<u>1,130,736</u>
Total assigned	<u>-</u>	<u>1,130,736</u>	<u>-</u>	<u>1,130,736</u>
Unassigned	<u>2,033,726</u>	<u>-</u>	<u>-</u>	<u>2,033,726</u>
Total	<u><u>\$2,071,267</u></u>	<u><u>\$1,130,736</u></u>	<u><u>\$94,698</u></u>	<u><u>\$3,296,701</u></u>

CAPITOL REGION WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note 11 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 83 *Certain Asset Retirement Obligations*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84 *Fiduciary Activities*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 85 *Omnibus 2017*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 86 *Certain Debt Extinguishment Issues*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 87 *Leases*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

Note 12 SUBSEQUENT EVENT

The Capital Region Watershed District sold \$9,690,000 General Obligation Bonds, Series 2018A on February 15, 2018, to finance acquisition, remediation, site improvements and construction of the Green Office Building/Campus Project. The rates of the bonds are 3% - 4% with a true interest cost of 2.8145%. Principal payments are due in 2019 – 2038.

REQUIRED SUPPLEMENTARY INFORMATION

CAPITOL REGION WATERSHED DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - OPERATIONS FUND
For The Year Ended December 31, 2017

Schedule 1

	Budgeted Amounts		2017 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Tax levy	\$3,411,730	\$3,411,730	\$3,112,860	(\$298,870)
Intergovernmental:				
Grants and reimbursements	5,000	5,000	62,581	57,581
Interest income	1,000	1,000	17,827	16,827
Permit fees	20,000	20,000	41,700	21,700
Miscellaneous	-	-	15,407	15,407
Total revenues	<u>3,437,730</u>	<u>3,437,730</u>	<u>3,250,375</u>	<u>(187,355)</u>
Expenditures:				
Administrative	332,420	332,420	625,386	(292,966)
Programs	2,229,932	2,229,932	1,787,083	442,849
Projects	875,378	875,378	679,364	196,014
Total expenditures	<u>3,437,730</u>	<u>3,437,730</u>	<u>3,091,833</u>	<u>345,897</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	158,542	<u>\$158,542</u>
Fund balance - January 1			<u>1,912,725</u>	
Fund balance - December 31			<u>\$2,071,267</u>	

The notes to the required supplementary information are an integral part of this schedule.

CAPITOL REGION WATERSHED DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
GENERAL EMPLOYEES RETIREMENT PLAN
December 31, 2017

Schedule 2

Measurement Date	Fiscal Year Ending	Capitol Region's Proportionate (Percentage) of the Net Pension Liability	Capitol Region's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with Capitol Region (b)	Capitol Region's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with Capitol Region (a+b)	Covered Payroll (c)	Capitol Region's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2017	December 31, 2017	0.0144%	\$919,286	\$11,545	\$930,831	\$926,534	100.5%	75.9%
June 30, 2016	December 31, 2016	0.0133%	\$1,079,894	\$14,131	\$1,094,025	\$825,946	132.5%	68.9%
June 30, 2015	December 31, 2015	0.0134%	\$694,458	\$ -	\$694,458	\$790,289	87.9%	78.2%

* The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CAPITOL REGION WATERSHED DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT PLAN
December 31, 2017

Schedule 3

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
December 31, 2017	\$71,261	\$71,261	\$0	\$950,146	7.5%
December 31, 2016	\$64,434	\$64,434	\$0	\$859,120	7.5%
December 31, 2015	\$53,516	\$61,749	(\$8,233)	\$823,317	7.5%

* The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

The notes to the required supplementary information are an integral part of this schedule.

CAPITOL REGION WATERSHED DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017

Note A LEGAL COMPLIANCE – BUDGETS

The Operations Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level. Total fund expenditures did not exceed appropriations in the Operations Fund.

The Board of Managers adopts an annual budget for the Operations Fund of the District. During the budget year, supplemental appropriations and deletions are or may be authorized by the Board. The modified accrual basis of accounting is used by the District for budgeting data. All appropriations end with the fiscal year for which they were made.

The District monitors budget performance on the fund basis. All amounts over budget have been approved by the Board through the disbursement approval process.

Note B PENSION INFORMATION

PERA – General Employees Retirement Plan

2017 Changes

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21,000,000 in PERA's calendar years 2017 and 2018 and returns \$31,000,000 through calendar year 2031. The state's required contribution is \$16,000,000 in PERA's fiscal years 2018 and 2019 and returns to \$6,000,000 annually through calendar 2031.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

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SUPPLEMENTARY INFORMATION

CAPITOL REGION WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT
For The Year Ended December 31, 2017

Schedule 4

	Budgeted Amounts		2017 Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
General property taxes	\$1,135,024	\$1,135,024	\$1,378,532	\$243,508
Intergovernmental:				
Grants and reimbursements	87,500	87,500	87,500	-
Interest income	-	-	10,469	10,469
Miscellaneous	-	-	57,533	57,533
Total revenues	<u>1,222,524</u>	<u>1,222,524</u>	<u>1,534,034</u>	<u>311,510</u>
Expenditures:				
Current:				
Conservation of natural resources:				
Shoreline and streambank restoration	27,240	27,240	49	27,191
Como Lake BMP	151,730	151,730	227	151,503
McCarron's BMP	101,600	101,600	92,456	9,144
Loeb Lake BMP	120,690	120,690	89,930	30,760
Trout Brook BMP	1,006,100	1,006,100	959,601	46,499
Crosby Lake BMP	-	-	24,563	(24,563)
Wetland, Stream and Ecosystem Restoration - Implementation	85,350	85,350	4,817	80,533
Mississippi River Subwatershed - Implementation	620,280	620,280	58,005	562,275
Special projects and grants	969,273	969,273	527,775	441,498
Total conservation of natural resources	3,082,263	3,082,263	1,757,423	1,324,840
Capital outlay	<u>5,531,000</u>	<u>2,000,000</u>	<u>2,023,633</u>	<u>(23,633)</u>
Total expenditures	<u>8,613,263</u>	<u>5,082,263</u>	<u>3,781,056</u>	<u>1,301,207</u>
Revenues over (under) expenditures	(\$7,390,739)	(\$3,859,739)	(2,247,022)	\$1,612,717
Other financing sources:				
Proceeds from bond issuance	<u>5,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(\$1,890,739)</u>	<u>(\$3,859,739)</u>	<u>(\$2,247,022)</u>	<u>\$1,612,717</u>
Fund balance - January 1			3,377,758	
Fund balance - December 31			<u>\$1,130,736</u>	

APPENDIX B

Stormwater Pollution Prevention Annual Report

MS4 Annual Report for 2017

Reporting period: January 1, 2017 to December 31, 2017

Due: June 30, 2018

Instructions: Complete this annual report to provide a summary of your activities under the 2013 MS4 Permit (Permit) between January 1, 2017 and December 31, 2017. MPCA staff may also contact you for additional information.

Questions: Contact Cole Landgraf (cole.landgraf@state.mn.us, 651-757-2880) or Megan Handt (megan.handt@state.mn.us, 651-757-2843)

MS4 General Contact Information

Full Name:	ANNA ELERIA
Title:	DIVISION MANAGER
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City:	SAINT PAUL
State:	MN
Zip Code:	55108
Phone:	651-644-8888
Email:	anna@capitolregionwd.org

Preparer Contact Information (if different from the MS4 General Contact)

Full Name:	
Title:	
Organization:	
Mailing Address:	
City:	
State:	
Zip Code:	
Phone:	
Email:	

MCM 1: Public Education and Outreach

The following questions refer to Part III.D.1. of the Permit.

Q2 Did you select a stormwater-related issue of high priority to be emphasized during this Permit term? [Part III.D.1.a.(1)]

Yes

Q3 If 'Yes' in Q2, what is your stormwater-related issue(s)? Check all that apply.

	Total Maximum Daily Loads (TMDLs)
X	Local businesses
X	Residential best management practices (BMPs)
X	Pet waste
X	Yard waste
	Deicing materials
	Household chemicals
X	Construction activities
X	Post-construction activities
	Other

If 'Other,'
describe:

--

Q4 Have you distributed educational materials or equivalent outreach to the public focused on illicit discharge recognition and reporting? [Part III.D.1.a.(2)]

No

Q5 Do you have an implementation plan as required by the Permit? [Part III.D.1.b.]

Yes

Q6 How did you distribute educational materials or equivalent outreach? [Part III.D.1.a.] Check all that apply in the table below.

Q7 For the items checked in **Q6** below, who is the intended audience? Check all that apply in the table below.

Q8 For the items checked in **Q6** below, enter the total circulation/audience in the table below (if unknown, use best estimate).

Q6 How did you distribute educational materials or equivalent outreach? Check all that apply:		Q7 Intended audience? Check all that apply:						Q8 Total circulation/audience: (if unknown, best est.)
		Residents	Local businesses	Developers	Students	Employees	Other	
<input checked="" type="checkbox"/>	Brochure	X	X	X	X	X	X	12000
<input checked="" type="checkbox"/>	Newsletter	X	X	X	X	X	X	1784
<input checked="" type="checkbox"/>	Utility bill insert							
<input checked="" type="checkbox"/>	Newspaper ad	X					X	896562
<input checked="" type="checkbox"/>	Radio ad							
<input checked="" type="checkbox"/>	Television ad	X						195000
<input checked="" type="checkbox"/>	Cable access channel							
<input checked="" type="checkbox"/>	Stormwater-related event	X	X		X	X	X	3000
<input checked="" type="checkbox"/>	School project or presentation				X		X	1200
<input checked="" type="checkbox"/>	Website	X	X	X	X	X	X	18000
<input checked="" type="checkbox"/>	Other (1) Describe: Workshops	X		X	X	X	X	93
<input checked="" type="checkbox"/>	Other (2) Describe: Tours	X	X		X		X	200
<input type="checkbox"/>	Other (3) Describe:							

For **Q9** and **Q10** below, provide a brief description of each activity related to public education and outreach (e.g. rain garden workshop, school presentation, public works open house) held and the date each activity was held from January 1, 2017 to December 31, 2017. [Part III.D.1.c.(4)]

Q9 Date of Activity	Q10 Description of Activity
1/24/2017	Watershed and landscaping for clean water information at residential gardening awards celebration
4/11/2017	Distribution of 3,000 door hangers about adopting storm drains and NPS pollution reduction
5/18/2017	Watershed information at Central High School 150th Anniversary
6/25/2017	Watershed and water quality training information at Hmongtown Market summer festival
12/8/2017	Tour of rainwater reuse system at CHS field with MPR staff

Q11 Between January 1, 2017 and December 31, 2017, did you modify your BMPs, measurable goals, or future plans for your public education and outreach program? [Part IV.B.]
If 'Yes,' describe those modifications:

☐ No



MCM 2: Public Participation/Involvement

The following questions refer to Part III.D.2.a. of the Permit.

Q12 You must provide a minimum of one opportunity each year for the public to provide input on the adequacy of your Stormwater Pollution Prevention Program (SWPPP). Did you provide this opportunity between January 1, 2017 and December 31, 2017? [Part III.D.2.a.(1)]

☒ Yes

Q13 If 'Yes' in **Q12**, what was the opportunity that you provided? Check all that apply.

<input checked="" type="checkbox"/>	Public meeting
<input type="checkbox"/>	Public event
<input type="checkbox"/>	Other

Q14 If 'Public meeting' in **Q13**, did you hold a stand-alone meeting or combine it with another event?

Enter the date of the public meeting:

Enter the number of citizens that attended and were informed about your SWPPP:

Q15 If 'Public Event' in **Q13**,

Describe:

Q15 Enter the date of the public event:

Enter the number of citizens that attended and were informed about your SWPPP:

Q16 If 'Other' in **Q13**,

Describe:

Enter the date of the 'other' event:

Enter the number of citizens that attended and were informed about your SWPPP:

Q17 Between January 1, 2017 and December 31, 2017, did you receive any input regarding your SWPPP?

If 'Yes,' enter the total number of individuals or organizations that provided comments on your SWPPP:

Q18 If 'Yes' in **Q17**, did you modify your SWPPP as a result of written input received? [Part III.D.2.b.(2)]

If 'Yes,' describe those modifications:

Q19 Between January 1, 2017 and December 31, 2017, did you modify your BMPs, measurable goals, or future plans for your public education and outreach program? [Part IV.B.]

If 'Yes,' describe those modifications:



MCM 3: Illicit Discharge Detection and Elimination

The following questions refer to Part III.D.3. of the Permit.

Q20 Do you have a regulatory mechanism which prohibits non-stormwater discharges to your MS4?

Q21 Did you identify any illicit discharges between January 1, 2017 and December 31, 2017? [Part III.D.3.h.(4)]

Q22 If 'Yes' in **Q21**, enter the number of illicit discharges detected:

Q23 If 'Yes' in **Q21**, how did you discover these illicit discharges? Check all that apply.

<input checked="" type="checkbox"/>	Public complaint
<input checked="" type="checkbox"/>	Staff

Q24 If 'Public complaint' in **Q23**, enter the number discovered by the public:

Q25 If 'Staff' in **Q23**, enter the number discovered by staff:

Q26 If 'Yes' in **Q21**, did any of the discovered illicit discharges result in an enforcement action (this includes verbal warnings)?

Q27 If 'Yes' in **Q26**, what type of enforcement action(s) was taken and how many of each action were issued between January 1, 2017 and December 31, 2017? Check all that apply.

		Number issued:
<input checked="" type="checkbox"/>	Verbal warning	4
<input checked="" type="checkbox"/>	Notice of violation	4
<input type="checkbox"/>	Fine	
<input type="checkbox"/>	Criminal action	
<input type="checkbox"/>	Civil penalty	
<input type="checkbox"/>	Other	

If 'Other,' describe:

Q28 If 'Yes' in **Q26**, did the enforcement action(s) taken sufficiently address the illicit discharge(s)?

Q29 If 'No' in **Q28**, why was the enforcement not sufficient to address the illicit discharge(s)?

Q30 Do you have written Enforcement Response Procedures (ERPs) to compel compliance with your illicit discharge regulatory mechanism(s)? [Part III.B.]

Q31 Between January 1, 2017 and December 31, 2017, did you train all field staff in illicit discharge recognition (including conditions which could cause illicit discharges) and reporting illicit discharges for further investigations? [Part III.D.3.e.]

Q32 If 'Yes' in **Q31**, how did you train your field staff? Check all that apply.

<input checked="" type="checkbox"/>	Email
<input checked="" type="checkbox"/>	Powerpoint
<input type="checkbox"/>	Presentation
<input type="checkbox"/>	Video
<input checked="" type="checkbox"/>	Field Training
<input type="checkbox"/>	Other

If 'Other,' describe:

The following questions refer to Part III.C.1. of the Permit.

Q33 Did you update your storm sewer system map between January 1, 2017 and December 31, 2017? [Part III.C.1.]

Q34 Does your storm sewer map include all pipes 12 inches or greater in diameter and the direction of stormwater flow in those pipes? [Part III.C.1.a.]

Q35 Does your storm sewer map include outfalls, including a unique identification (ID) number and an associated geographic coordinate? [Part III.C.1.b.]

Q36 Does your storm sewer map include all structural stormwater BMPs that are part of your MS4? [Part III.C.1.c.]

Q37 Does your storm sewer map include all receiving waters? [Part III.C.1.d.]

Q38 In what format is your storm sewer map available?

If 'Other,' describe:

Q39 Between January 1, 2017 and December 31, 2017, did you modify your BMPs, measurable goals, or future plans for your illicit discharge detection and elimination (IDDE) program? [Part IV.B.]

If 'Yes,' describe those modifications:



MCM 4: Construction Site Stormwater Runoff Control

The following questions refer to Part III.D.4. of the Permit.

Q40 Do you have a regulatory mechanism that is at least as stringent as the Agency's general permit to Discharge Stormwater Associated with Construction Activity (CSW Permit) No. MN R100001 (<http://www.pca.state.mn.us/index.php/view-document.html?gid=18984>) for erosion and sediment controls and waste controls? [Part III.D.4.a.]

Q41 Have you developed written procedures for site plan reviews as required by the Permit? [Part III.D.4.b.]

Yes

Q42 Have you documented each site plan review as required by the Permit? [Part III.D.4.f.]

Yes

Q43 Enter the number of site plan reviews conducted for sites an acre or greater between January 1, 2017 and December 31, 2017:

25

Q44 What types of enforcement actions do you have available to compel compliance with your regulatory mechanism? Check all that apply and enter the number of each used from January 1, 2017 to December 31, 2017.

	Number issued:
	0
X Verbal warning	1150
Notice of violation	0
Administrative order	0
X Stop-work order	0
Fine	0
X Forfeit of security bond money	0
Withholding of certificate of occupancy	0
Criminal action	0
X Civil penalty	0
Other	0

If 'Other,' describe:

Q45 Do you have written Enforcement Response Procedures (ERPs) to compel compliance with your construction site stormwater runoff control regulatory mechanism(s)? [Part III.B.]

Yes

Q46 Enter the number of active construction sites an acre or greater that were in your jurisdiction between January 1, 2017 and December 31, 2017:

125

Q47 Do you have written procedures for identifying priority sites for inspections? [Part III.D.4.d.(1)]

Yes

Q48 If 'Yes' in **Q47**, how are sites prioritized for inspections? Check all that apply.

- ☐ Site topography
- ☐ Soil characteristics
- ☒ Types of receiving water(s)
- ☒ Stage of construction
- ☒ Compliance history
- ☐ Weather conditions
- ☒ Citizen complaints
- ☐ Project size
- ☒ Other

If 'Other,' describe:

Staff availability/work schedule.

Q49 Do you have a checklist or other written means to document site inspections when determining compliance? [Part III.D.4.d.(4)]

Yes

Q50 Enter the number of site inspections conducted for sites an acre or greater between January 1, 2017 and December 31, 2017:

1155

Q51 Enter the frequency at which site inspections are conducted (e.g. daily, weekly, monthly): [Part III.D.4.d.(2)]

biweekly

Q52 Enter the number of trained inspectors that were available for construction site inspections between January 1, 2017 and December 31, 2017:

4

Q53 Provide the contact information for the inspector(s) and/or organization that conducts construction stormwater inspections for your MS4. List your primary construction stormwater contact first if you have multiple inspectors.

1 Inspector Name	Elizabeth Hosch
Organization	Capitol Region Watershed District
Phone (Office)	651-644-8888
Phone (Work Cell)	
Email	ehosch@capitolregionwd.org
Preferred contact method	email
2 Inspector Name	Matt DeGroot
Organization	Capitol Region Watershed District
Phone (Office)	651-644-8888
Phone (Work Cell)	
Email	mdegroot@capitolregionwd.org
Preferred contact method	phone(seasonal)
3 Inspector Name	Wenck and Associates (Louis Sigtermans, Eric Osterdyk)
Organization	651-294-4580
Phone (Office)	
Phone (Work Cell)	
Email	lsigtermans@wenck.com, eosterdyk@wenck.com
Preferred contact method	email

Q54 What training did inspectors receive? Check all that apply.

<input checked="" type="checkbox"/>	University of Minnesota Erosion and Stormwater Management Certification Program
<input type="checkbox"/>	Qualified Compliance Inspector of Stormwater (QCIS)
<input type="checkbox"/>	Minnesota Laborers Training Center Stormwater Pollution Prevention Plan Installer or Supervisor
<input type="checkbox"/>	Minnesota Utility Contractors Association Erosion Control Training
<input type="checkbox"/>	Certified Professional in Erosion and Sediment Control (CPESC)
<input type="checkbox"/>	Certified Professional in Stormwater Quality (CPSWQ)
<input checked="" type="checkbox"/>	Certified Erosion Sediment and Storm Water Inspector (CESSWI)
<input checked="" type="checkbox"/>	Other

If 'Other,' describe: On the job experiential training with other inspection staff.

Q55 Between January 1, 2017 and December 31, 2017, did you modify your BMPs, measurable goals, or future plans for your construction site stormwater runoff control program? [Part IV.B.]

☐ Yes ☒ No

If 'Yes,' describe those modifications:

The Capitol Region Watershed District hired seasonal inspection staff to assist with routine erosion and sediment control inspections with the goal of more frequent inspections and allowing more time for post construction stormwater management inspection.



MCM 5: Post-Construction Stormwater Management

The following questions refer to Part III.D.5. of the Permit.

Q56 Do you have a regulatory mechanism which meets all requirements as specified in Part III.D.5.a of the Permit?

☐ Yes ☒ No

Q57 What approach are you using to meet the performance standard for Volume, Total Suspended Solids (TSS), and Total Phosphorus (TP) as required by the Permit? [Part III.D.5.a.(2)] Check all that apply.

[Refer to the link http://www.pca.state.mn.us/index.php/view-document.html?gid=17815 for guidance on stormwater management approaches.](http://www.pca.state.mn.us/index.php/view-document.html?gid=17815)

<input type="checkbox"/>	Retain a runoff volume equal to one inch times the area of the proposed increase of impervious surface on-site
<input type="checkbox"/>	Retain the post-construction runoff volume on site for the 95th percentile storm
<input type="checkbox"/>	Match the predevelopment runoff conditions
<input checked="" type="checkbox"/>	Adopt the Minimal Impact Design Standards (MIDS)
<input type="checkbox"/>	An approach has not been selected
<input type="checkbox"/>	Other method (Must be technically defensible - e.g., based on modeling, research and acceptable engineering practices)

If 'Other,' describe:

Q58 Do you have written Enforcement Response Procedures (ERPs) to compel compliance with your post-construction stormwater management regulatory mechanism(s)? [Part III.B.]

☐ Yes ☒ No

Q59 Between January 1, 2017 and December 31, 2017, did you modify your BMPs, measurable goals, or future plans for your post-construction site stormwater management program? [Part IV.B.]

☐ No ☒ Yes

If 'Yes,' describe those modifications:



MCM 6: Pollution Prevention/Good Housekeeping for Municipal Operations

The following questions refer to Part III.D.6. of the Permit.

Q60 Enter the total number of structural stormwater BMPs, outfalls (excluding underground outfalls), and ponds within your MS4 (exclude privately owned).

Structural stormwater BMPs	32
Outfalls	1
Ponds	0

Q61 Enter the number of structural stormwater BMPs, outfalls (excluding underground outfalls), and ponds that were inspected from January 1, 2017 to December 31, 2017 within your MS4 (exclude privately owned). [Part III.D.6.e.]

Structural stormwater BMPs	32
Outfalls	1
Ponds	0

Q62 Have you developed an alternative inspection frequency for any structural stormwater BMPs, as allowed in Part III.D.6.e.(1) of the Permit?

☐ No ☒ Yes

Yes

BMP maintenance included regular removal of sediment, debris, trash and catch basin cleaning twice a year. In the spring, plants and mulch were replaced as needed.

No

11

11

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No

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January
February
March
April
May
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July
August
September
October
November
December

[illegible]

January
February
March
April
May
June
July
August
September
October
November
December

[illegible]

Q77 Any performance issues and corrective action(s), including the date(s) when corrective action(s) were taken, between January 1, 2017 and December 31, 2017:



Partnerships

Q78 Did you rely on any other regulated MS4s to satisfy one or more Permit requirements?

Yes

Q79 If 'Yes' in Q78, describe the agreements you have with other regulated MS4s and which Permit requirements the other regulated MS4s help satisfy: [Part IV.B.6.]

Capitol Region Watershed District partners with the City of Saint Paul (Phase I MS4) and contracts with Hamline University to implement the Adopt-A-Drain (AAD) program. The program goal is to improve water quality by empowering local community members to take visible, tangible, and meaningful action towards responsible management of water resources by "adopting a storm drain". Actions include signing up online, collecting and removing debris from the storm drain and reporting how much was collected and removed. There are currently over 600 residents participating in the program in the City of Saint Paul/CRWD.



Additional Information

If you would like to provide any additional files to accompany your annual report, use the space below to upload those files. For each space, you may attach one file. You may provide additional explanation and/or information in an email with the subject YourMS4NameHere_2017AR to ms4permitprogram.pca@state.mn.us.

Q80 Successfully uploaded file:

File successfully attached.

Q81 Successfully uploaded file:

File successfully attached.

Q82 Successfully uploaded file:

File successfully attached.

Q83 Optional, describe the file(s) uploaded:

CRWD's BWSR 2017 Annual Report, Adopt a Drain Annual Report, Watershed Partners Annual Report.



Optional Question

The MPCA is attempting to identify potential sources of water quality data. Answering this question will help the MPCA and interested stakeholders obtain a more comprehensive understanding of sources of data that may be shared and ultimately aid in understanding the extent to which stormwater management practices result in water quality improvements.

Q84 Are you collecting water quality data (e.g., from surface waters, outfalls, best management practices, etc.) that is not associated with a waste water treatment plant?

Yes



Owner of Operator Certification

The person with overall administrative responsibility for SWPPP implementation and Permit compliance must certify this MS4 Annual Report. This person must be duly authorized and should be either a principal executive (i.e., Director of Public Works, City Administrator) or ranking elected official (i.e., Mayor, Township Supervisor).

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete (Minn. R. 7001.0070). I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment (Minn. R. 7001.0540).

X

 Yes

By typing my name in the following box, I certify the above statements to be true and correct, to the best of my knowledge, and that information can be used for the purpose of processing my MS4 Annual Report.

Name:	Mark Doneux
Title:	Administrator
Date:	6/30/2018

APPENDIX C

Performance Review & Assistance Program

METRO WATERSHED DISTRICT PERFORMANCE STANDARDS

Capitol Region Watershed District

Performance Area	Performance Standard		Level of Review		Rating	
	★ High Performance standard ■ Basic practice or statutory requirement (see instructions for explanation of standards)		I Annual Compliance II BWSR Staff Review & Assessment (1/5 yrs)		Yes, No, or Value	
					YES	NO
Administration	■	Activity report: annual, on-time	I		x	
	■	Financial report & audit completed on time	I		x	
	■	Drainage authority buffer strip report submitted on time	I		n/a	
	■	eLink Grant Report(s): submitted on time	I		x	
	■	Rules: date of last revision or review	II		4/1/2015	
	■	Personnel policy: exists and reviewed/updated within last 5 yrs	II		x	
	■	Data practices policy: exists and reviewed/updated within last 5 yrs	II		x	
	■	Manager appointments: current and reported	II		x	
	■	Consultant RFP: within 2 yrs for professional services	II		x	
	■	WD/WMO has resolution assuming WCA responsibilities and appropriate delegation resolutions as warranted (N/A if not WCA LGU)	II		x	
	■	WD/WMO has knowledgeable and trained staff that manages WCA program or has secured a qualified delegate. (N/A if not WCA LGU)	II		x	
	★	Administrator on staff	II		x	
	★	Board training: orientation & cont. ed. plan and record for each board member	II		x	
	★	Staff training: orientation & cont. ed. plan and record for each staff person	II		x	
	★	Operational guidelines for fiscal procedures and conflicts of interest exist and current	II		x	
	★	Public drainage records: meet modernization guidelines	II		n/a	
Planning	■	Watershed management plan: up-to-date	I		x	
	■	City/twp. local water plans not yet approved	II		0%	
	■	Capital Improvement Program: reviewed every 2 yrs	II		x	
	★	Biennial Budget Request submitted on time	II		x	
	★	Strategic plan identifies short-term priorities	II		x	
Execution	■	Engineer Reports: submitted for DNR & BWSR review	II		x	
	■	WCA decisions & determinations made in conformance with all WCA requirements (if delegated WCA LGU)	II		x	
	■	WCA TEP reviews & recommendations appropriately coordinated. (if delegated WCA LGU)	II		x	
	■	Total expenditures per year (past 10 yrs)	II		see below	
	★	Water quality trends tracked for priority water bodies	II		x	
	★	Watershed hydrologic trends monitored / reported	II		x	
Communication & Coordination	■	Website: contains information as required by MR 8410.0150 Subp. 3a, i.e. as board meeting, contact information, water plan, etc.	II		x	
	■	Functioning advisory committee(s): recommendations on projects, reports, 2-way communication with Board	II		x	
	■	Communication piece: sent within last 12 months	II		x	
		Communication target audience:	residents			
	★	Track progress for I & E objectives in Plan	II		x	
	★	Coordination with County Bd, SWCD Board and City/Twp officials	II		x	
	★	Partnerships: cooperative projects/tasks with neighboring organizations, such as counties, soil and water districts, watershed districts and non-governmental organizations	II		x	

**Capitol Region Watershed District
Expenses - Audited
2007-2017**

	<u>Operations</u>	<u>Capital Improvement</u>	<u>Debt Services</u>	<u>Total</u>
2007	1,030,942	2,393,177	-	3,424,119
2008	1,360,224	2,383,701	-	3,743,925
2009	1,767,200	999,012	-	2,766,212
2010	1,637,250	698,559	-	2,335,809
2011	1,742,970	600,745	-	2,343,715
2012	1,752,808	4,862,038	-	6,614,846
2013	2,069,119	3,168,810	-	5,237,929
2014	2,366,541	1,701,995	247,010	4,315,546
2015	2,871,224	1,403,293	352,001	4,626,518
2016	2,945,688	1,442,799	353,501	4,741,988
2017	3,091,833	3,781,056	351,314	7,224,203
TOTAL:	22,635,799	23,435,185	1,303,826	47,374,810

2010 Watershed Management Plan: The 2015 Mid-Term Review Recommendations

2010 Watershed Management Plan: The 2015 Mid-Term Review Recommendations

Program and Planning Efforts

Recommendation #1: The District should allocate additional resources, staffing and/or outside assistance to education and outreach activities.

Recommendation #2: Additional focus should be placed in meeting the goal of increasing communication and encouraging long term commitment with groups not previously involved in District programs.

Recommendation #3: The District should develop a comprehensive BMP Maintenance approach and program that can more efficiently and effectively ensure BMP's are functioning as planned and designed on all BMPs within the District. The District's approach should draw upon all of the tools available such as education, collaborations with partners and permit enforcement.

Recommendation #4: Determine what, if any, role the District should have in groundwater management. This effort will need to be coordinated with other state agencies, and the MN Association of Watershed Districts.

Recommendation #5: In the short-term, the District should increase its knowledge of the local groundwater system and how it interacts with District surface water resources and stormwater management practices (infiltration areas).

Recommendation #6: The District should focus on increased efficiency with the current level of resources allocated to the Monitoring Program.

Recommendation #7: The District should focus on its goal to make monitoring and research data easily understood and accessible to the public. Specific focus should be on illustrations that depict water quality data.

Recommendation #8: The District should develop a research approach and program that can more efficiently and effectively ensure appropriate research is conducted for specific District needs as well as the needs of the larger stormwater community both regionally and nationally. This program could be modeled after the Special Grants process.

Recommendation #9: The District should determine the impact climate change may have on the way water resources & storm sewer infrastructure are managed and incorporate climate adaptation into its programs & projects.

Recommendation #10: The primary focus for management of Como Lake should remain on reducing watershed loading but a greater emphasis should be placed on in-lake management practices/techniques.

Recommendation #11: Additional emphasis should be placed on better protecting and improving wetland, stream and lake ecosystem health within the District.

Recommendation #12: Additional emphasis should be made to establish greenways and wildlife corridor connections.

Recommendation #13: Ecological restoration of wetlands within the District should be emphasized. The District should develop a specific plan that identifies wetland restoration opportunities along with an implementation schedule and budget.

District Operations

Recommendation #14: The District should move into a new facility that can better achieve its mission and accommodate its various programs.

Recommendation #15: The District should develop a more formal process/schedule to review its programs.

Recommendation #16: The District should use the "Prioritize Target Measure" focus for its programs and projects (while this is currently accomplished through the District's Subwatershed Analysis approach there may be value in adopting the PTM terminology to be consistent with statewide efforts). The District should consider incorporating this approach into existing District programs.

Recommendation #17: Additional emphasis should be placed on incorporating art and historical context into the projects and programs of the District.

Capital Improvement Projects

Recommendation #18: For the remainder of the Plan period, the District should attempt to balance its capital improvement projects by moving its focus to Como Lake Subwatershed BMPs. Further balance can be achieved by focusing on Como Lake subwatershed areas outside of Como Subwatershed 7.

Recommendation #19: For the remainder of the Plan period, the District should balance its capital improvement projects by reducing its focus on McCarrons Subwatershed BMPs.

Recommendation #20: The District should continue to focus infrastructure management of the Trout Brook Interceptor but a greater emphasis should be placed on subwatershed BMPs to reduce loading to the Mississippi River.