



**East Dakota Water Development District
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**MINUTES
March 17, 2011**

The Board of Directors of the East Dakota Water Development District (EDWDD) held a regular meeting on March 17, 2011 at the EDWDD office in Brookings. Chairman Eggers called the meeting to order at 9:10 a.m. The following persons attended:

Directors Present

Lois Brown
Mary Ellen Connelly
Curt Eggers
Martin Jarrett
John Johnson
Kay Kassube
Jerry Soholt
John Weidler

Directors Absent

Roger Scheibe

Others Present

Derric Iles, SD Geological Survey
Jeppe Kjaersgaard, SDSU Water Resources Institute
Dennis Tomhave, Brookings

Staff Present

Kevin Christenson
Jay Gilbertson
Jeremy Hinke
Deb Springman
Kristi Thielen

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Administrative Items

Approval of Agenda - The Manager requested that discussion and action on the District's Missouri River Water Right (Future Use Permit No. 3574-3) be added to the agenda. **Motion** by Brown, seconded by Weidler to approve the agenda as amended. Motion carried unanimously.

Minutes - The Board reviewed the Minutes of the February 18, 2011. **Motion** by Soholt, seconded by Johnson to approve the Minutes as presented. Motion carried unanimously.

Financial Reports - The Board reviewed the February 2011 financial report. **Motion** by Johnson, seconded by Weidler to accept the February 2011 financial report. Motion carried unanimously. Chairman Eggers then asked that the report be placed in the District files.

The Manager and Administrative Assistant discussed the option of making regular/monthly payments electronically. The Administrative Assistant noted that this is an option available from several vendors with which the District does regular business. The Manager indicated that making electronic payments would eliminate some issues brought on by the District's bi-monthly payment cycle. The Manager requested Board authorization to make electronic payments for monthly billings for telecommunication services, payroll liabilities and District employee benefits. He noted that the records of all payments (actual paper checks and electronic payments) would be presented in the monthly financial reports to the Board. **Motion** by Kassube,

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seconded by Connelly to authorize electronic payment of certain District bills as requested. Motion carried unanimously.

Director Brown requested that staff prepare information on the option of making per diem and expense payments by direct deposit. The Manager indicated that they would have that information available at the April Board meeting.

Report of Meetings and Conferences - Chairman Eggers attended an informational meeting of the Central Big Sioux River Watershed Project (Segment 2) held in Crooks on February 24th.

The Manager briefly commented on the following meetings he attended:

1. February 22nd - Brookings. Central Big Sioux River Watershed Project public outreach.
2. February 23rd - Colman. Central Big Sioux River Watershed Project public outreach.
3. February 24th - Lake Benton, MN. Lincoln-Pipestone 2010-2011 Operations and Contingency Planning Meeting.
4. February 24th - Crooks. Central Big Sioux River Watershed Project public outreach.
5. February 24th - Sioux Falls. Central Big Sioux River Watershed Project public outreach.
6. March 3rd - Marshall, MN. AREA II Minnesota River Basin Project.
7. March 3rd - Brookings. SD Association of Towns & Townships - Brookings County Chapter.
8. March 7th - Pierre. SD Oil & Gas Exploration presentations to SD Legislature.
9. March 9th - Pierre. SD Water Management Board.
10. March 10th - Brookings. Ag PhD Tiling Clinic.
11. March 15th - Sisseton. Roberts County Commission.
12. March 16th - Brookings. Governor Daugaard 2011 Flood Preparation presentation.

Upcoming Meetings -

1. **March 22nd - 9:00 a.m.** - Swiftel Center, Brookings. Brookings County Commission. Lake Sinai drainage.
2. **March 22nd - 12 noon** - Legion Hall, Clark. Clark Rural Water System Annual Meeting.
3. **March 22nd & 23rd** - University of Sioux Falls, Sioux Falls. Sioux Empire Water Festival.
4. **March 23rd & 24th** - AmericInn Teton Island Conference center, Fort Pierre. 23rd Annual Environmental and Ground Water Quality Conference.
5. **March 24th - 8:00 a.m.** - Pierre. SD State Conservation Commission.
6. **March 24th & 25th** - Matthews Training Center, Pierre. South Dakota Board of Water and Natural Resources.
7. **March 29th - 6:30 p.m.** - United Retirement Center, Brookings. Project Learning Tree Experiences Workshop.
8. **April 2nd - 9:00 a.m.** - Methodist Camp, Lake Poinsett. Lake Poinsett Water Project District.
9. **April 5th - 6:30 p.m.** - Community Center, Flandreau. Big Sioux Community Water System Annual Meeting.
10. **April 5th - 6:30 p.m.** - Community Center, Clear Lake. Brookings-Deuel Rural Water System Annual Meeting.
11. **April 11th - 6:30 p.m.** - High School, Arlington. KingBrook Rural Water System Annual meeting.
12. **April 14th - 1:00 p.m.** - EDWDD Office, Brookings. South Dakota Lakes & Streams Association Board of Directors Meeting.
13. **April 21st - 9:30 a.m.** - South Dakota Association of Rural Water Systems Office, 203 Center Street West, Madison. April EDWDD Board of Directors Meeting.

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14. **April 28th - 8:00 a.m.** - Rapid City. 2011 Western SD Hydrology Conference.

Payment Request -

South Dakota State University - The Manager presented the Board with a payment request from the Grants and Contracts Administration Office at South Dakota State University (SDSU). In August 2010, the Board awarded \$5,670 in project assistance funds to support a revision of a report entitled “A Review of the Effects of Pattern Tiling on Wetlands and Receiving Waters,” written by Dr. Dan Hubbard of the SDSU Wildlife and Fisheries Department. The request is for \$2,248.52, and represents efforts to date. **Motion** by Brown, seconded by Kassube to approve payment to SDSU as requested. Motion carried unanimously.

2011 Legislative Session Report

The Manager reviewed the results of the nearly completed 2011 South Dakota Legislative Session. He summarized the status of the bills he had been following over the course of the session, highlighting a few of the major issues of concern:

House Bill (HB) 1201, An Act to revise auditing requirements for water development districts. This bill failed to pass when considered by the full Senate. However, the primary “opponent” of the bill has identified an alternative approach to the issue which will be brought to the legislature next year.

HB 1195, An Act to restrict, under certain circumstances, the creation and transfer of conservation easements. The bill was deferred to the 41st day.

Senate Bill (SB) 101, An Act to provide a penalty for denying access to public records. The bill passed both chambers and was signed by the Governor on March 11th.

SB 184, An Act to make appropriations from the water and environment fund, the water pollution control revolving fund subfund, and the drinking water revolving fund subfund for various water and environmental purposes, to revise the state water plan, and to declare an emergency. The bill passed both chambers and was signed by the Governor on March 16th.

HB 1044, An Act to revise certain water project district voter eligibility provisions. The provides water project districts with fewer than 150 residents the option of permitting non-resident landowners to vote in district elections. It has passed both chambers, and Governor Daugaard is expected to sign it shortly.

HB 1189, An Act to impose a fee on certain pipelines carrying crude oil and to create a crude oil pipeline compensation fund that may be used in the event of a crude oil spill. This bill, and a companion in the Senate (SB 180) were both deferred to the 41st day.

**South Dakota Department of Environment and Natural Resources’
Oil and Gas Initiative**

The Manager noted that there has been considerable recent interest by members of the South Dakota Legislature in oil and gas development, particularly with regard to the potential tax revenue it could provide. To address this interest, Derric Iles, State Geologist, has given several briefings on the South Dakota

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Department of Environment and Natural Resources' (DENR) Oil and Gas Initiative. Mr. Iles provided the Board with a similar briefing.

The Oil & Gas Initiative, started roughly eight years ago, was/is intended to create, compile, and disseminate information having the potential to aid economic development in South Dakota related to the exploration and development of oil and gas resources. Mr. Iles noted that while South Dakota does not have the proper geologic setting to support oil and gas development on a scale comparable to North Dakota, there remains a number of potential sources that he believes might some day provide economically viable production.

After summarizing the geology of the state with regard to hydrocarbon production, Mr. Iles reviewed the efforts by the South Dakota Geological Survey (SDGS) and Minerals and Mining Program within DENR. To date, SDGS staff have: reviewed all publications for relevance to oil and gas issues; scanned all 110 of the 1:62,500 scale surface geology maps and made them available for free download; and scanned all test hole geophysical logs in their records and those of the Minerals and Mining Program. Other existing maps providing potentially useful and relevant information include the state geologic map; a bedrock geologic map for the state east of the Missouri River; South Dakota Stratigraphic Correlation Chart; cross sections of the Phanerozoic rocks in South Dakota; an elevation contour map of the Precambrian surface; and a Precambrian basement terrane map.

Ongoing Oil and Gas Initiative activities include developing a database of geologic rock formation tops; geo-referencing of the 1:62,500 scale maps so that they can be integrated into Geographic Information System (GIS) formats; development of surface geologic maps at a scale of 1:250,000; generation of reports and maps defining unexplored, or under-explored, areas in the state; and continuing efforts to make any and all geologic information available on line in relevant and usable formats.

EDWDD Future Use Water Permit No. 3574-3

The Manager reviewed the history of the District's Water Right. On February 8th, 1977, the East Dakota Conservancy Sub-District (East Dakota WDD's predecessor) was granted a Future Use Water Permit (Number 3574-3) for up to 400,000 acre-feet per year from the Missouri River. The water was reserved for use by any and all public water systems within the Sub-District and could be diverted from anywhere on the east side of the river or its impoundments in South Dakota. In 2003, the District relinquished 255,000 acre-feet of the reserved water and transferred 1,000 acre-feet to the Clay Rural Water System. It retained 144,000 acre-feet of water. This amount represents roughly twice the total projected annual use by all District public water supplies, in addition to what the Lewis and Clark RWS would use at full capacity. The fee for the seven-year permit was \$3,018.

Last fall, the District was notified that the permit was once again up for review by the Water Management Board. Garland Erbele, DENR-Water Rights Chief Engineer, asked the District to Board consider what it would like to do with the permit. The cost of the permit would be \$12,055, which is for a 7-year period. The Manager noted that the significant cost increase was the result of fee changes approved by the South Dakota Legislature in 2009. At the December 2010 meeting, the Board decided to retain the permit for the full amount of water (144,000 acre-feet per year).

On March 9th, the Water Management Board voted to allow the permit to remain in effect for seven more years, after which it would be subject to another review. The District has received notice of the Water Management Board decision, along with a request for payment of the requisite fee, \$12,055. **Motion** by

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Connelly, seconded by Weidler to authorize payment of the fee for Future Use Water Permit No. 3574-3 as requested. The Manager noted that the funds would come from the District project assistance funds. Motion carried unanimously.

Project Assistance Requests

SDSU Water Resources Institute - Dr. Jeppe Kjaersgaard, South Dakota State University Water Resources Institute (WRI), presented the Board with a request for assistance to conduct research to assess the ability of bioreactors to lower the nitrate concentrations in water discharged from subsurface agricultural drains. The investigation would establish several demonstration sites, monitor water quality changes, and assess the use of locally-derived carbon sources (corn stalks) in place of the standard wood chips. In February, WRI had filed a pre-proposal with the United States Department of Agriculture (USDA) for project funding. The request was for \$75,000, which would need to be matched on a one-to-one basis. Dr. Kjaersgaard recently received word from USDA that they would like a full-blown proposal. WRI will provide \$37,500 in project match, leaving him to identify funding sources for the balance of the required match. His request of the District was for \$18,750 (25% of project match).

The Manager noted that given the strong local and regional interest in agricultural tile drainage, efforts to mitigate adverse environmental consequences seemed to be a very reasonable thing for the District to support. He indicated that he had made the other water development districts aware of the work, and that the Vermillion Basin WDD had recently committed \$1,500 to the effort.

Motion by Soholt, seconded by Weidler to provide District cost-share assistance for twenty-five percent (25%) of the project match, up to a maximum of \$18,750, for the study as requested. Motion carried unanimously.

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2011 EDWDD Program Activities - The Manager requested Board action to provide funding for several ongoing District activities. Each of these address District interests and, to varying degrees, receives external grant assistance from state and federal sources. As with most grants, the District is required to provide some type of matching funds, either as in-kind services (typically provided as staff time), or a direct financial contribution to project expenses. He noted that in the past, matching funds (project assistance grants) were requested on an as-needed basis for these types of activities. Funds committed in prior years were carried over until expended, which causes some issues with record keeping.

In order to clean up our bookkeeping, the Administrative Assistant has been suggested that funds be set aside for such activities on an annual basis. At the beginning of each year, staff would estimate the amount of District cost-share required to accomplish the years activities, support would be allocated, and funds then drawn over the course of the year as necessary. At the end of the year, unexpended funds would be reverted to the pool of uncommitted project assistance support. A new annual allocation would then be made for the subsequent year as needed. The Manager requested support for three activities in 2011:

- Dakota Water Watch - \$5,000 to cover travel expenses, equipment, and supplies & materials;
- DENR WQM Stage & Discharge Project - \$2,000 to cover travel expenses; and
- Environmental Education (EE) activities within EDWDD - \$8,500.

He noted that the first two projects defined work plans and budgets, and the funds would used to cover specified expenses in the current year. The last item, Environmental Education (EE), is intended to cover

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a range of activities. Deb Springman, and other staff, are involved in numerous small EE efforts, and a variety of activities tend to pop up over the course of the year. The funds would not necessarily be directed toward specific activities at this time, and utilization of the funds would be subject to a certain amount of discretion, to be exercised by Ms. Springman with the Manager's approval.

Motion by Brown, seconded by Kassube to allocate a total of \$15,500 in District Project Assistance Funds for EDWDD Program Activities as requested - \$5,000 for Dakota Water Watch; \$2,000 for DENR WQM Stage & Discharge Project; and \$8,500 for environmental education. The manager noted that any obligated funds would be reverted at the end of the current year. Motion carried unanimously.

The Manager noted that in March 2010, the Board had set funds (\$10,000) aside for the Upper Minnesota River Watershed Assessment Project. He noted that the bulk of these funds had not yet been expended, and therefore this project was not included in the current request.

Updates to District By-Laws

The Manager reviewed the proposed updates to the District By-Laws that have been discussed at prior meetings, summarized below:

1. Article I - Jurisdiction. This section contains a description of the territory included in the District. The description includes the eastern part of Day County, which by virtue of the November 2nd, 2010, vote is no longer part of EDWDD. The change would strike this portion of the territorial description. The article also fails to list Kingsbury County, which must be added.
2. Article III - SPECIAL MEETINGS; Article IV - VOTES AND PROXY; Article V - DIRECTOR VACANCIES. Minor language changes for clarity.
3. Article VI - Officers. The proposed deletion removes a redundant description of the duties of the Treasurer, which are formally described later in the same article.
4. Various Articles. Changes to further implement gender-neutral language. The changes will also bring the language in line with that used in South Dakota codified law (with regard to gender).

The Manager noted that by Article XI of the District By-Laws, any proposed changes must be discussed at one meeting, but can not be acted on until a subsequent meeting. The changes proposed have been discussed at both the January 2011 and February 2011 meetings of the Board, so that action could be taken at this time.

Motion by Weidler, seconded by Brown to adopt the changes to the District By-Laws as proposed. Motion carried unanimously.

The Manager also brought to the Board's attention that Article VI, DUTIES OF OFFICERS, required that the District Treasurer be bonded. This section is actually a requirement of state law pertaining to water development districts (South Dakota Codified Law 46A-3B-11). At present, no such bond exists. He noted that while the District's errors and omissions insurance may meet the spirit of the law, District legal counsel has suggested that the Board also comply with the letter of the law. The District insurance carrier can provide a Public Official Name Schedule Bond, which would cover the requirement. The premium for a \$100,000 bond would be \$375. **Motion** by Brown, seconded by Jarrett to set the bond requirement for the District Treasurer at \$100,000, and to authorize payment of the bond premium. Motion carried unanimously.

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Project Updates

Water Resources Education& Outreach - Deb Springman briefed the Board on District efforts. The Big Sioux Water Festival Steering committee recently met to discuss plans for the upcoming festival being held on Tuesday, May 10th. Presenter confirmations are coming in and rooms are currently being reserved at SDSU for the event. This year the Wet-n-Wild Game Park is being replaced with a water assembly by the Minnesota Science Museum and with historical re-enactments by the Brookings Renegades Club. She noted that costs have been increasing in the areas of food, facility rentals, and presentations over the past couple of years.

Planning continues to bring mini-water festivals to Hutterite colonies within the District. Scheduling is in progress for the Norfeld Colony near White and the Newdale Colony near Elkton.

Work has been completed for the mini-grant that was received to create early childhood discovery packs based on Project WET (Water Education for Teachers) and Project Learning Tree curriculum. This was a project that came out of the District helping organize a Growing Up Wild workshop last year in Brookings.

Dakota Water Watch - Jeremy Hinke briefed the Board on this activity. The 2010 Year-End Summary Report was completed and printed. Copies are being sent to 2010 volunteers, and selected stakeholders. Work is underway to simplify volunteer sampling procedures and paperwork in an effort to make data collected mor reliable and useful.

The Manager noted that Mr. Hinke is also providing administrative oversight on the Upper Minnesota River Watershed Assessment and DENR WQM Stage & Discharge Projects. Work is underway to prepare for the upcoming field season.

Adjournment

There being no further District business, Chairman Eggers declared the meeting adjourned at 12:15 p.m.

Roger Scheibe, Secretary

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