

LAKE
IMPROVEMENT
DISTRICTS

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PART I

QUESTIONS and ANSWERS

LAKE IMPROVEMENT DISTRICTS

QUESTIONS & ANSWERS

1. What is a Lake Improvement District (LID)?

~~A LID is a local unit of government established by resolution of the county board or by the Commissioner of the Department of Natural Resources. A LID provides the opportunity for greater local involvement in lake management activities.~~

2. What authorities does a LID have?

In their resolution establishing a LID, the county board delegates specific authorities to the LID. Each LID will likely be granted different levels of authority depending upon existing problems and proposed activities. The county board may grant powers to a LID to:

- 1) Acquire, construct and operate a dam or other lake control structure;
- 2) acquire property or equipment to improve navigation;
- 3) undertake research projects;
- 4) conduct programs of water improvement and conservation;
- 5) construct and maintain water and sewer systems;
- 6) serve as local sponsors for state and federal projects or grants;
- 7) maintain public beaches, docks and other public facilities;
- 8) regulate water surface use;
- 9) provide and finance governmental services; or
- 10) implement a water monitoring program.

Projects and activities undertaken by a LID must be compliant with all local, state and federal regulations. Additionally, lake improvement district may not undertake improvement projects on any body of water unless public access is available to that lake.

3. How are LID activities funded?

A LID does not have any taxing authority of its own. Rather, the county board specifies the funding arrangement when it establishes the LID. Typically a LID must pass its budget recommendations through the county board for approval and actual collection. To finance LID projects, services and general administration, a county may:

- 1) assess costs to benefitted properties;
- 2) impose service charges;
- 3) issue general obligation bonds;
- 4) levy an ad valorem tax solely on property with the district; or
- 5) any combination of the above.

A LID can also be the recipient of grants from state and federal agencies and private foundations.

4. Who runs the LID?

A LID is managed by a board of directors consisting of from 5 to 9 members. ~~All directors must be property owners in the district and a majority of the directors must be residents of the district.~~ The initial board of directors are selected by the county board. The number, qualifications and terms of office are also specified by the county board. Vacancies are filled by majority vote of the property owners attending the annual meeting. Directors may be compensated, but only as decided by property owners at the annual meeting.

5. Besides electing directors, what else happens at the annual meeting?

Each LID must have an annual meeting of property owners. This meeting must be held during July or August unless changed by majority vote at the previous annual meeting. Written notice of the meeting must be mailed to all property owners within the district at least 10 days prior to the meeting. In addition to electing one or more directors to fill vacancies, those property owners present at the annual meeting must:

- 1) approve the district budget for the upcoming fiscal year;
- 2) approve or disapprove any project costing the district more than \$5,000; and
- 3) discuss other district activities.

6. How are district boundaries selected?

Selecting workable district boundaries can be one of the most difficult and confusing aspects of establishing a LID. The statute states that district boundaries, "shall be encouraged to be as consistent as possible with natural hydrologic boundaries." (Emphasis added).

District boundaries should include a sufficient area of the lake's watershed in order for the LID to develop and implement solutions to identified problems. Water quality and lake level concerns are often greatly influenced by activities in the lake's watershed. If a LID is concerned about deteriorating water quality and frequent algal blooms, it should not only examine the immediate surrounding area, but must also concern itself with the quality of the runoff reaching the lake.

In other situations, the petitioners may wish to establish a LID to undertake activities which only affect the shoreline properties. The proposed activities may include regulating water surface use, providing public water and sewer service to shoreline properties and construction and maintaining public docks, beaches or fishing piers. The district boundaries could be much smaller if the LID is only involved in activities such as these. The upstream watershed would not directly impact, nor be directly benefitted by, the proposed activities of the LID.

In summary, the proposed district boundaries should be consistent with the goals and objectives of the LID.

7. Who assumes responsibility for actions of a LID?

The LID assumes all legal responsibilities for activities undertaken by the LID. In the event a district is terminated, or a district fails to meet its obligations, its responsibilities and liabilities pass to the county which established the district.

8. How is a LID established?

The statute provides for two procedures to initiate the establishment process for a LID, namely:

- 1) by petition of property owners; or
- 2) by county board resolution.

Of the two, the petition process is the more common procedure. ^{51%}A petition requesting the formation of a LID must be signed by at least ~~26%~~ ^{26%} of the property owners in the proposed district. The petition is addressed to the county board and is filed with the county auditor. The county auditor verifies the signatures on the petition and notifies the county board.

In lieu of a petition signed by ^{51%} ~~26%~~ of the property owners, the county board may initiate the establishment of a LID. The board adopts a resolution declaring the intent of the board to establish a LID.

CONTENTS OF PETITION OR COUNTY BOARD RESOLUTION*

A petition or county board resolution must generally contain the same types of information. Both indicate the general structure the LID should take (e.g., number of directors and district boundaries) as well as information relating to the need for, and appropriateness of, a LID. Specifically, the petition or resolution should include:

- 1) name of proposed district;
- 2) number of directors;
- 3) map showing the district boundary, and a statement demonstrating the appropriateness of the boundaries as they relate to the purpose(s) of the district.
- 4) method of financing district operations;
- 5) statement of lake problem(s);
- 6) proposed water and related land management programs to be undertaken by the proposed district.
- 7) identification and assessment of potential adverse impacts of proposed district programs;
- 8) adequacy and ownership of public access, including public lands and beaches; and
- 9) estimate of the total assessed valuation of property within the proposed LID.

A copy of the petition or resolution must be forwarded to the DNR and Pollution Control Agency (PCA) for review and comment prior to the public hearing.

*Minimum guidelines and requirements for the formation of LID's are spelled out by agency rules (6MCAR 6115.0920 - 6115.0980). These rules provide specific guidance on the content and issues to be addressed by the petition or board resolution.

PUBLIC HEARING

A public hearing must be held to discuss the merits of establishing a LID. At least 21 days before the public hearing, the county board must notify the DNR, PCA, town boards, and all other local and regional units of government and special districts within the district.

In addition, the county must make a "reasonable attempt" to notify all property owners within the proposed district of the pending resolution or petition and the public hearing. A "reasonable attempt" includes:

- 1) mailing a notice to last known address of each landowner;
- 2) publication in two successive issues of the local newspaper; and
- 3) posting notices in public buildings.

The public hearing provides the opportunity for all interested individuals to present testimony either for, or against, the establishment of the LID. Individuals may also present evidence suggesting how his or her property would be benefitted or affected by the establishment of the district.

REFERENDUM

If large numbers of property owners object to the establishment of a LID, the statute provides a mechanism for a special election to decide the issue. If ~~25%~~^{51%} of the property owners petition for a referendum, before the effective date of the establishment of a LID, the county board must hold a special election. The special election is held within the proposed district during July or August. The county auditor certifies the election results. If the majority of those property owners voting, vote no, the establishment of the district is denied.

ESTABLISHMENT

If initiated by a petition, the county board must act within 30 days of the public hearing to either establish or deny the request to form a LID. If established, the county board must publish the order in the county's official newspaper as well as notify the secretary of state, DNR and PCA. In the order establishing the LID, the county board may modify part or all of the petition relating to district boundaries, functions, financing or organization.

If the establishment is initiated by a county board resolution, there is no time constraint under which the board must act following the public meeting.

PART II

MN STATUTES

CHAPTER 378

Minnesota Statutes 103B.501 Lake improvement districts. (2003 Edition)

Sections 103B.501 to 103B.581 may be cited as the "Lake Improvement District Law."

HIST: 1990 c 391 art 2 s 30

103B.505 Definitions.

Subd. 1. Applicability. The definitions in this section apply to sections 103B.505 to 103B.581.

Subd. 2. Board. "Board" means county board.

Subd. 3. Commissioner. "Commissioner" means the commissioner of natural resources.

Subd. 4. District. "District" means a lake improvement district.

Subd. 5. Joint county authority. "Joint county authority" means a joint county authority formed by county boards under section 103B.525.

Subd. 6. Property owner. "Property owner" means the owner of real property within the district or the buyer under contract for deed of property in the district.

103B.511 Administration by commissioner.

Subdivision 1. Purpose. (a) To preserve and protect the lakes of the state and to increase and enhance the use and enjoyment of the lakes it is in the public interest that a statewide lake improvement program is established to: preserve the natural character of lakes and their shoreland environment where feasible and practical; improve the quality of water in lakes; provide for reasonable assurance of water quantity in lakes, where feasible and practicable; and to assure protection of the lakes from the detrimental effects of human activities and certain natural processes. The commissioner shall coordinate and supervise a local-state program for the establishment of lake improvement districts by counties for lakes located within their boundaries, based on state guidelines and rules and compatible with all state, regional, and local plans where the plans exist.

(b) In administration of this program, the commissioner of natural resources shall consult with and obtain advice from other state agencies on the aspects of the program over which the agencies have specific legislative authority, including the Department of Health and the Pollution Control Agency.

Subd. 2. Rules. The commissioner shall adopt permanent rules to provide guidelines, criteria, and standards for the establishment of lake improvement districts by counties.

103B.515 Initiation and establishment by county board.

Subdivision 1. Resolution of intent. The county board may initiate the establishment of a lake improvement district in a portion of the county under this section. The board must adopt a resolution declaring the intent of the board to establish a lake improvement district. The resolution must:

- (1) specify the boundaries of the district, which shall be encouraged to be as consistent as practical with natural hydrologic boundaries;
 - (2) prescribe the water and related land resource management programs to be undertaken in the district;
 - (3) state how the programs will be financed;
 - (4) designate the county officer or agency that will be responsible for supervising the programs;
- and
- (5) set a date for a hearing on the resolution.

Subd. 2. Notice to town board. The county board shall, at least 30 days before making an order establishing a lake improvement district, send the town board of a town wholly or partially within the boundaries of the proposed district a copy of the resolution and encourage the town board to respond to the proposed creation of the district.

Subd. 3. Hearing. The county board must hold a public hearing on whether a lake improvement district should be established. Before the date set for the hearing, any interested person may file objections to the formation of the district with the county auditor. At the hearing, any interested person may offer objections, criticisms, or suggestions about the necessity of the proposed district and how the person's property will be benefited or affected by the establishment of the district.

Subd. 4. Establishment. (a) The county board may establish a lake improvement district, by order, after making findings, if the board determines that the:

- (1) proposed district is necessary or that the public welfare will be promoted by the establishment of the district;
- ~~(2)~~ (2) property to be included in the district will be benefited by establishing the district; and
- (3) formation of the district will not cause or contribute to long-range environmental pollution.

(b) The order establishing the district must state the board's findings and specify or prescribe the items contained in subdivision 1, clauses (1) to (4).

103B.521 Initiation by petition and establishment by county board.

Subdivision 1. Petition. (a) A lake improvement district may be initiated by a petition to the county board. The petition must state:

- (1) the name of the proposed lake improvement district;
- (2) the necessity of the proposed district to promote public health or public welfare;
- (3) the benefits to property from the establishment of the lake improvement district;
- (4) the boundaries of the proposed district which shall be encouraged to be as consistent as possible with natural hydrologic boundaries;
- (5) a map of the proposed district;
- (6) the number, from five to nine, of directors proposed for the district; and
- (7) a request for establishing the district as proposed.

* (b) A petition must be signed by a majority of the property owners within the proposed lake improvement district described in the petition. Governmental subdivisions, other than the state or federal governments, owning lands within the proposed district are eligible to sign the petition.

(c) The petition must be filed with the county auditor and addressed to the board, requesting the board to establish a lake improvement district to develop and provide a program of water and related land resources management.

(d) The county board shall, at least 30 days before it acts on a petition, send the town board of a town wholly or partially within the boundaries of a proposed district a copy of the petition submitted under this subdivision and encourage the town board to respond to the proposed creation of the district.

Subd. 2. Hearing. After receiving the petition, the county auditor must verify the signatures and notify the county board. Within 30 days after being notified of the petition, the county board must hold a public hearing on whether the requested lake improvement district should be established.

Subd. 3. Establishment. Within 30 days after holding the public hearing, the county board shall, by order, establish or deny the establishment of the petitioned lake improvement district. An order establishing a district must conform to section 103B.535 and may modify the petition relating to the district's boundaries, functions, financing, or organization.

103B.525 Establishment of district in more than one county.

Where the natural hydrologic boundaries of a proposed district extend into more than one county, the county boards of the counties affected may form a joint county authority and establish and maintain a lake improvement district jointly or cooperatively as provided in section 471.59.

The district may be initiated by the joint county authority in the same manner as by a county board under section 103B.515 by petition to the affected county boards.

103B.531 Creation by commissioner of natural resources.

Subdivision 1. Petition to commissioner. If the county board of one or more of the counties affected has disapproved a petition for creation of a lake improvement district for an area, a petition for creation of a lake improvement district containing information required by section 103B.521, subdivision 1, may be submitted to the commissioner of natural resources.

Subd. 2. Determination to hold hearing. Upon receipt of the petition by the commissioner and verification of the signatures on the petition by the county, the commissioner may, within 30 days following verification, hold a public hearing at the expense of the county board on the question of whether the requested lake improvement district shall be established. The commissioner, in determining whether to hold a public hearing, shall examine all facts relating to the petition, including the reasons why the petition was disapproved by the county.

Subd. 3. Approval or denial of petition. (a) If a hearing is not to be held, within 30 days following the receipt of verification by the county, or within 30 days following the holding of a hearing, the commissioner shall, by order, approve or disapprove the establishment of the requested lake improvement district.

(b) If the commissioner determines that the establishment of the lake improvement district as requested in the petition would be for the public welfare and public interest, and that the purposes of section 103B.511, subdivision 1, would be served by the establishment of a lake improvement district, the commissioner shall by order approve the establishment of the lake improvement district. If the commissioner does not approve the establishment of the district, the commissioner shall by order disapprove the establishment.

(c) An order approving creation may contain modifications of the area's boundaries, functions, financing, or organization from what was stated in the petition.

103B.535 Order establishing district.

An order establishing a district must state the:

- (1) name of the district;
- (2) boundaries of the district, which are encouraged to be as consistent as practical with natural hydrologic boundaries;

- (3) water and related land resources management programs and services to be undertaken;
- (4) manner of financing programs and services; and
- (5) number, qualifications, terms of office, and method of election, removal, and filling of vacancies of the board of directors, including a method for property owners not present at the annual meeting to participate in the election of the district board.

103B.541 Publication and effective date.

Subdivision 1. Publication of establishment order.

If a lake improvement district is established, the county board, or joint county authority issuing the order establishing the district, shall publish the order once in the official newspapers of counties where the district is located and file the order with the secretary of state, the pollution control agency, and the commissioner of natural resources.

Subd. 2. Effective date. Establishment of the lake improvement district is effective 30 days after publication or at a later date, if specified in the establishment order.

103B.545 Referendum on establishment.

Subdivision 1. Petition. A majority of the property owners within the lake improvement district proposed by the board or a joint county authority on its own initiative under section 103B.515, by petition under section 103B.521, or by the commissioner under section 103B.531, may petition for a referendum on establishing the district before the effective date of its establishment. After receiving the petition, the county board, joint county authority, or commissioner that proposed establishing the district must issue an order staying the establishment until a referendum vote is taken of all qualified voters and property owners within the proposed lake improvement district.

Subd. 2. Election. The county board or joint county authority shall conduct a special election in July or August after receiving the referendum petition. The special election must be held within the proposed lake improvement district. The county auditor shall administer the special election.

Subd. 3. Question submitted to voters. The question to be submitted and voted upon by the qualified voters and property owners within the proposed lake improvement district must be stated substantially as follows:

"Should a lake improvement district be established to provide (description of intended water and related land resources improvements) and financed by (description of revenue sources)?"

Subd. 4. Certification of vote and establishment. The county auditor must certify the vote on the question submitted. If a majority of those voting on the question favor establishing the proposed lake improvement district, the stay on establishing the district is lifted. If a majority of those voting on the question do not favor establishing the proposed lake improvement district, the establishment is denied.

103B.551 Board of directors.

Subdivision 1. Membership. After a lake improvement district is established, the county board, joint county authority, or commissioner that established the district shall appoint persons to serve as an initial board of directors for the district. Subsequent board members must be elected by persons owning property in the district at the annual meeting of the district. The number, qualifications, terms of office, and method of election, removal, and filling of vacancies of directors shall be as provided in the order creating the board of directors. The initial and all subsequent boards of directors must include persons owning property within the district, and a majority of the directors must be residents of the district.

Subd. 2. Compensation. The directors shall serve with compensation as determined by the property owners at the annual meeting and may be reimbursed for their actual expenses necessarily incurred in the performance of their duties in the manner provided for county employees.

Subd. 3. Powers. County boards, joint county authorities, statutory and home rule cities, and towns may, by order, delegate the powers in this section to the board of directors of a district to be exercised within the district. Programs and services undertaken must be consistent with the statewide water and related land resources plan prepared by the commissioner of natural resources and with regional water and related land resources plans. A body of water may not be improved by using authority granted under this section unless the public has access to some portion of the shoreline. County boards, joint county authorities, statutory and home rule cities, and towns may delegate their authority to a district board of directors to:

- (1) acquire by gift or purchase an existing dam or control works that affects the level of waters in the district;
- (2) construct and operate water control structures that are approved by the commissioner of natural resources under section 103G.245;
- (3) undertake projects to change the course current or cross section of public waters that are approved by the commissioner of natural resources under section 103G.245;

- (4) acquire property, equipment, or other facilities, by gift or purchase to improve navigation;
- (5) contract with a board of managers of a watershed district within the lake improvement district or the board of supervisors of a soil and water conservation district within the district for improvements under chapters 103C and 103D;
- (6) undertake research to determine the condition and development of the body of water and the water entering it and to transmit the results of the studies to the pollution control agency and other interested authorities;
- (7) develop and implement a comprehensive plan to eliminate water pollution;
- (8) conduct a program of water improvement and conservation;
- (9) construct a water, sewer, or water and sewer system in the manner provided by section 444.075 or other applicable laws;
- (10) receive financial assistance from and participate in projects or enter into contracts with federal and state agencies for the study and treatment of pollution problems and related demonstration programs;
- (11) make cooperative agreements with the United States or state government or other counties or cities to effectuate water and related land resource programs;
- (12) maintain public beaches, public docks, and other public facilities for access to the body of water;
- (13) provide and finance a government service of the county or statutory or home rule city that is not provided throughout the county or, if the government service is provided, the service is at an increased level within the district; and
- (14) regulate water surface use as provided in sections 86B.205, 103G.605, and 103G.621.

103B.555 Financing.

Subdivision 1. Revenue. The county board or joint county authority may undertake projects of improvement consistent with purposes of the district. To finance projects and services of the district, the county board or joint county authority may, only after seeking other sources of funding:

- (1) assess the costs of the projects upon benefited property within the district in the manner provided under chapter 429;
- (2) impose service charges on the users of lake improvement district services within the district;
- (3) issue obligations as provided in section 429.091;
- (4) levy an ad valorem tax solely on property within the lake improvement district, to be appropriated and expended solely on projects of special benefit to the district; or
- (5) impose or issue any combination of service charges, special assessments, obligations, and taxes.

Subd. 2. Tax additional to other levies. A tax under subdivision 1 may be in addition to amounts levied on all taxable property in the county for the same or similar purposes.

Subd. 3. Budgeting for operations. The county board or county boards forming the joint county authority shall include appropriate provisions in their budget for the operation of a lake improvement district.

Subd. 4. District obligations. The district, with approval of the county board or joint county authority, expressed in a resolution identifying each specific improvement to which the approval applies, may exercise the powers of a city under chapter 429 and section 444.075, including, but not limited to:

- (1) the levy of special assessments;
- (2) the imposition of rates and charges; and
- (3) the issuance of bonds to finance improvements that the district may undertake.

103B.561 Voting by joint county boards.

If a lake improvement district has been established by order of the commissioner of natural resources under section 103B.531, voting by county boards on joint actions of the lake improvement district shall be based on proportional representation for each county according to the proportion of the population of the lake improvement district residing within each county and not on the basis of one vote per county or one vote per county board member unless each county or each board member represents substantially the same number of persons residing within the lake improvement district.

103B.565 Enforcement of ordinances.

If a lake improvement district has been established by joint county action under section 103B.525 or order of the commissioner of natural resources under section 103B.531, ordinances and regulations adopted by joint action of the affected county boards may be enforced in any part of the lake improvement district by personnel of any of the affected counties.

~~103B.571 Annual meeting of district.~~

Subdivision 1. Time. A district must have an annual meeting. The first annual meeting shall be scheduled during the month of July or August and be held annually in that period unless changed by vote of the previous annual meeting.

Subd. 2. Notice. The annual meeting shall be preceded by two weeks' published notice and written notice mailed at least ten days in advance of the meeting to the county board or joint county authority, town boards and statutory and home rule charter cities wholly or partially within the district, the Pollution Control Agency, commissioner of natural resources, and if there is a proposed project by the district having a cost in excess of \$5,000, all property owners within the assessment area.

Subd. 3. Agenda. (a) At the annual meeting the district property owners present shall:

- (1) elect one or more directors to fill any midterm vacancies in the board of directors;
- (2) approve a budget for the fiscal year;
- (3) approve or disapprove proposed projects by the district having a cost to the district in excess of \$5,000; and
- (4) take up and consider other business that comes before them.

(b) At the annual meeting all district property owners, including absent members as provided in the order establishing the district, shall elect one or more directors for board positions with expiring terms.

Subd. 4. Annual report. Each year the board of directors shall prepare and file a report of the financial conditions of the district, the status of all projects in the district, the business transacted by the district, other matters affecting the interests of the district, and a discussion of the directors' intentions for the succeeding years. Copies of the report shall be transmitted to the county board or joint county authority, town boards and city councils of statutory and home rule charter cities wholly or partially within the district, the commissioner of natural resources, and the Pollution Control Agency by four months after the annual meeting.

103B.575 Expansion of boundaries of a lake improvement district.

The boundary of a district may be enlarged by complying with the procedures to establish a district under sections 103B.511 to 103B.541.

103B.581 Termination.

Subdivision 1. Petition. Termination of a district may be initiated by petition requesting the termination of the district. The petition must be signed by a majority of the property owners in a

district within 30 days after receiving a petition. The county board or joint county authority must set a time and place for a hearing on terminating the district.

Subd. 2. Findings and order. If the board or joint county authority determines that the existence of the district is no longer in the public welfare or public interest and it is not needed to accomplish the purpose of the Lake Improvement District Law, the board or joint county authority shall make the findings and terminate the district by order. On filing a certified copy of the findings and order with the secretary of state, Pollution Control Agency, and commissioner of natural resources the district is terminated and ceases to be a political subdivision of the state.

Subd. 3. Termination of financing. If a district is terminated under subdivision 2, additional water and related land resource management programs may not be undertaken with money raised by a special tax within the district, and additional special water and related land resource management taxes may not be levied within the district. If money raised by past special tax levies within the district has been exhausted, further operation and maintenance of existing programs may be financed by appropriations from the general revenue fund of an affected county.

PART III
AGENCY RULES

DNR Lake Improvement District Rules

Minnesota Rules 6115.0900 PURPOSE.

In order to provide for the orderly establishment of lake improvement districts in a manner that will preserve and protect the lakes of Minnesota and increase and enhance the use and enjoyment of these lakes, the commissioner of the Department of Natural Resources does hereby provide guidelines, criteria, and standards for establishment of lake improvement districts by counties, cities, and towns, as authorized by Minnesota Statutes, sections 103B.511 to 103B.581, 103G.605, 103G.621, and 459.20, in furtherance of the policies declared in Minnesota Statutes. These rules establish minimum guidelines, criteria, and requirements relating to:

- A. procedures by which proposed lake improvement districts shall be reviewed prior to establishment;
- B. standards and criteria which all proposed lake improvement districts shall meet before establishment, modification, or termination.

STAT AUTH: MS s 378.41; 103B.511

Current as of 07/19/04

6115.0910 SCOPE.

These parts shall apply to all existing and proposed lake improvement districts. These parts shall not apply to lake conservation districts established by special legislation of the Minnesota state legislature.

6115.0920 DEFINITIONS.

Subpart 1. Shall. For the purpose of these parts, certain terms or words used herein shall be interpreted as follows: the word "shall" is mandatory, not permissive.

Subp. 2. Agency. "Agency" means the Minnesota Pollution Control Agency.

Subp. 3. Commissioner. "Commissioner" means the commissioner of the Department of Natural Resources or authorized representative.

Subp. 4. Direct drainage basin. "Direct drainage basin" means that portion of a lake's total watershed which is not drained to an upstream water basin, as defined herein. The determination of size and physical limits of a lake's direct drainage basin shall be made by the commissioner.

Subp. 5. District boundaries. "District boundaries" means, for the purpose of these parts, the territorial boundaries of a lake improvement district. All lands and waters within the direct drainage basin, as defined herein, shall be included within the district boundaries, except those exclusions for which written approval is obtained from the commissioner. The boundaries shall include a sufficient amount of the lake's watershed and related land to develop and implement feasible solutions to the problems the district intends to address. The boundaries shall also include all lands and waters which can reasonably be considered adversely affected by the proposed programs, plans, or actions of the lake improvement district.

Subp. 6. Lake. "Lake" means, for the purpose of these parts, any public water basin identified and classified in the shoreland management ordinances of the local county or municipal unit of government.

Subp. 7. Lake improvement district. "Lake improvement district" means a district formed around a lake in accordance with Minnesota Statutes, sections 103B.501 to 103B.581. A lake improvement district is a local unit of government established by resolution of appropriate county boards and/or city governing bodies, or by the commissioner, for the implementation of defined lake management projects and for the assessment of the costs thereof.

Subp. 8. Natural hydrologic boundaries. "Natural hydrologic boundaries" means the boundaries of a lake's direct drainage basin, as defined herein.

Subp. 9. Resident. "Resident" means a person 18 years of age or older who meets the residency requirements of Minnesota Statutes, section 200.031.

Subp. 10. Resident owner. "Resident owner" means a Minnesota resident who is the owner of land or the contract purchaser of land within the boundaries of a lake improvement district.

Subp. 11. Water basin. "Water basin" means an enclosed basin normally partly or completely filled with water. The water basin may have inlet and outlet streams, it may have only an inlet or outlet, or it may be completely enclosed.

Subp. 12. Watershed. "Watershed" means the entire surface drainage area that contributes water to a lake.

6115.0930 SEVERABILITY.

The provision of these rules shall be severable, and the invalidity of any paragraph, subparagraph, or subdivision thereof shall not make void any other paragraph, subparagraph, subdivision, or any other part.

6115.0940 GOALS FOR LAKE IMPROVEMENT DISTRICTS.

Proposals for the establishment of lake improvement districts shall be evaluated according to the degree to which they promote the following goals:

- A. lake protection and rehabilitation;
- B. protection and enhancement of environmental values by preventing degradation of fish and wildlife habitat, surface and ground water quality, natural beauty and unique scientific values, recreational values, and the quality of life generally;
- C. preservation of the public rights in the public waters of the state and to provide the public use of the lake consistent with the preservation of environmental values;
- D. ensuring local involvement in the project and a commitment to future lake management;
- E. conformity with federal, state, regional, and local laws, rules, and water and related land management policies; and
- F. fair and objective resolution of conflicts between competing lake related interests in and around the district.

6115.0950 ELIGIBILITY FOR LAKE IMPROVEMENT DISTRICTS.

The types of lake improvements in items A to H are eligible for the creation of a lake improvement district:

- A. studying the sources of and solutions to lake problems;
- B. preserving and improving water quality by means of water and related land management, excluding land use zoning authority; and in-lake water treatment;
- C. sedimentation and siltation control;
- D. shoreline erosion control;
- E. aquatic nuisance control;
- F. preserving and improving fish and wildlife habitat;
- G. preserving and improving recreational potential of the lake; and
- H. any other purposes approved by the county board pursuant to Minnesota Statutes, sections 103B.551, subdivision 3; 103G.605; and 103G.621.

6115.0960 CRITERIA AND STANDARDS FOR ESTABLISHMENT OF LAKE IMPROVEMENT DISTRICTS.

Subpart 1. In general. Proposals for the establishment of lake improvement districts shall be evaluated based on the extent to which they demonstrate the following.

Subp. 2. Local need for district. The proposal shall demonstrate the need for the district and why another unit of government with similar powers, or a voluntary lake association, cannot or will not satisfactorily accomplish the district's proposed purposes.

Subp. 3. Appropriateness of proposed boundaries. The proposed boundaries shall be consistent with district boundaries as defined in part 6115.0920. The proposed boundaries shall include all lands and waters within the lake's direct drainage basin, unless justification is provided for including a lesser area and approved in writing by the commissioner. The proposed boundaries shall include a sufficient amount of the lake's watershed and related land to develop and implement feasible solutions to the identified problems. The proposed boundaries shall include those lands and waters which can reasonably be considered adversely affected by the proposed actions of the district. The proposed boundaries shall be delineated so as to provide appropriate public representation and the equitable distribution of benefits and levying of costs.

Subp. 4. Appropriateness of proposed purposes. The proposed purposes shall be consistent with existing state, federal, regional, and local laws, policies, objectives, and plans pertaining to water and related land management, fish and wildlife habitat, surface and ground water quality, natural beauty and unique scientific values, economic and recreation values, and the quality of life. The proposed purposes shall be consistent with the public rights in the public waters of the state. When a district is proposed for the purpose of conducting a feasibility study of the sources of and solutions to lake problems, the proposal shall demonstrate an understanding that subsequent lake restoration measures may require modification of the district's boundaries and statement of purposes, pursuant to part 6115.0980, subpart 1, and Minnesota Statutes, section 103B.575.

Subp. 5. Technical feasibility of proposed plans and programs. The proposal shall demonstrate the technical feasibility of the proposed plans and programs, or provide for the determination of technical feasibility.

Subp. 6. Adequacy of proposed means of financing. The proposal shall demonstrate capability of raising sufficient funds to meet district purposes, to ensure continuity of district operations, and to meet the requirements of these parts.

Subp. 7. Adequacy of procedures for planning, decision-making, and public involvement. The proposal shall assure consideration of the interests of concerned citizens both within and outside the boundaries of the proposed district. The proposal shall include the identification of varying and often conflicting interests regarding water and related land management in and around the proposed district, and procedures to assure the consideration of such diverse interests so that decisions are made in the best overall interests of fairness and public health, safety, and welfare.

Subp. 8. Public access. The proposed plan shall provide for public access when adequate public access consistent with size of the lake, the extent of public interest in using the lake, and the combined uses of the lake is unavailable. Service charges may not be imposed on the use of a public access if other units of government cost share the acquisition, development, or maintenance of the public access.

Subp. 9. Adequacy of long-range monitoring of environmental effects of district programs. The proposed plan shall demonstrate an understanding of potential environmental effects of the proposed district plans and programs, and provide for a long-range monitoring of such effects.

Subp. 10. Coordination with other special purpose districts. The proposal shall demonstrate how the proposed district programs will be coordinated with existing special purpose districts formed for water and related land management. Examples of such units of government are watershed districts, sanitary districts, drainage and conservancy districts, lake conservation districts, and soil and water conservation districts. Lake improvement districts shall not be established where a special purpose unit of government for water and related land management exists which can implement the purposes of the proposed lake improvement district, unless written approval is acquired from such unit of government or from the commissioner. The proposal should demonstrate efforts in good faith to resolve at the local level any conflicts between an existing special purpose district and the proposed lake improvement district.

6115.0970 CREATION OF LAKE IMPROVEMENT DISTRICT.

Subpart 1. Petition or county board document. A county board document proposing the creation of, or a petition to create, a lake improvement district shall contain the following elements:

- A. A written statement of lake problems and objectives.
- B. The proposed type or types of water and related land resource management programs to be undertaken by the proposed district. This shall include a detailed statement of intended studies, management programs, remedial actions, and construction projects.
- C. A statement of the means by which the programs will be financed.
- D. A map showing the boundaries of the proposed lake improvement district. The map shall show the number and location of permanent homes and seasonal dwellings in the district. The scale of the map, and basic geographical information, such as range, township, and section numbers, shall be clearly indicated on the map.
- E. The number of directors proposed for the district.
- F. Copies of local ordinances which regulate use of the lake or any public access.
- G. Any information indicating the degree of local interest and commitment to future management.
- H. The identification of any lands and waters which may be adversely affected by the implementation of district purposes, and a preliminary assessment of these adverse effects.
- I. A statement outlining the adequacy and ownership of public accesses, including public lands and beaches.
- J. An estimate of the total equalized valuation of the property within the district.
- K. Any other information demonstrating accordance with the criteria and standards for establishment as contained in part 6115.0960.

Subp. 2. Submission of petition or resolution. Initial submittal of petition or resolution to county board, the commissioner, and the agency for:

- A. Creation by petition. No later than five days after the official filing of a petition for the establishment of a lake improvement district with the county board, the citizens or organization sponsoring the petition shall provide a certified copy of the petition to the commissioner and the agency. This is necessary in order to facilitate preliminary review of the proposed district boundaries prior to the notification of the public hearing.
- B. Creation by resolution. At least 40 days prior to the public hearing, the county board shall provide a certified copy of the document containing the information required by this part to the commissioner and the agency. This is necessary to facilitate preliminary review of the proposed district boundaries prior to notification of the public hearing.

Subp. 3. Notification of public hearing. At least 21 days prior to the public hearing, the county board shall give notice of the public hearing to the commissioner and the agency, and make a reasonable attempt to notify every resident and every resident owner within the proposed district

of the pending resolution or petition and the public hearing. A reasonable attempt to notify shall consist of mailing notice to the last known address of each landowner within the proposed district, publication of notice in two successive issues of a newspaper widely circulated in the proposed district, and posting notice in public buildings and several leading commercial establishments in or near the proposed district, as appropriate and reasonable. All local and regional units of government, special purpose districts, and development commissions within and adjacent to the boundaries of the proposed district shall be given notice of the public hearing. All corporations and utilities owning real estate or corporate property within the proposed district shall be given notice of the public hearing. As part of the notification procedure, a statement shall accompany the notice setting forth the following:

- A. a description of the proposed purposes, programs, funding, and boundaries of the proposed district, and the name proposed for the district;
- B. the time and place of the public hearing; and
- C. the following paragraph shall be included:

"The establishment of the proposed lake improvement district requires review by the commissioner of natural resources and the approval of the (as appropriate) county board(s) (and/or city governing body). Concerned citizens may submit evidence at a public hearing to be held prior to the passage of any resolution establishing the proposed lake improvement district. Concerned citizens may also submit evidence and opinions to the commissioner of natural resources. A copy of the petition (or document, as appropriate) for the establishment of the lake improvement district is available for public review at the (as appropriate) county courthouse (or other appropriate public building; give address and telephone number where interested citizens can review the document)."

If the establishment of the lake improvement district is proposed by the county board pursuant to subpart 2, item B and Minnesota Statutes, section 103B.515, the following paragraph shall be included in the notice of the public hearing:

"Citizens may call for a referendum on the question of whether or not to establish a lake improvement district by filing a petition requesting such a referendum. The petition shall be signed by 25 percent of the land owners within the territory of the proposed district, who are Minnesota residents. Upon receipt of such a petition prior to the effective date of creation of the district, the county board shall hold the creation in abeyance pending the referendum vote of all qualified voters residing within the boundaries of the proposed district."

Subp. 4. Public review of petition or resolution. The county board shall make the petition or document containing the information required by this part available for review by concerned citizens, at the county courthouse or other appropriate public building.

Subp. 5. Review by commissioner and agency. Upon receipt of a copy of the petition or document, the commissioner shall:

A. Review the petition or document and any evidence presented by the agency or concerned citizens pertaining to the establishment of the proposed district. This review shall include an evaluation of the statement of district purposes and its relation to existing laws, rules, and regulations, units of government, water and related land management programs and policies. The proposed district boundaries shall be examined to assess their consistency with these parts. When one or more of the stated purposes of the proposed district relate to pollution control, this review shall be conducted with the assistance of the agency.

B. Prepare an advisory report stating findings as to whether the proposed lake improvement district should be established. The commissioner shall set forth in the report any matters pertaining to the district which should be further investigated and evaluated. On determining that the establishment of the proposed district is not in the public interest, the commissioner shall so report the specific reasons and inadequacies. The commissioner may request additional time for review of the proposed district in such cases where additional time can be shown to be necessary for proper evaluation. The commissioner's report may contain reports by the agency.

Subp. 6. Request for continuance or postponement of hearing. The county board may grant requests by citizens, the commissioner, or the agency for postponement or continuance of the public hearing to a time more than 30 days after receipt of the petition and verification of the signatures thereon. Such requests may be granted if the county board determines that the additional time requested is appropriate and reasonable in order for the requesting organization or citizens to adequately prepare for the public hearing, and consistent with the goals of promptness and fairness in the proceedings.

Subp. 7. Advisory report. The commissioner's advisory report shall be publicly read into the record at the public hearing.

Subp. 8. Modification of findings. The commissioner may modify findings based on evidence presented during and subsequent to the public hearing.

Subp. 9. Formal meeting to approve or disapprove district. No sooner than ten days but within 30 days following the holding of the public hearing, the county board shall formally convene to approve or disapprove the establishment of the proposed lake improvement district. At least ten working days' notice shall be given to the commissioner of the time and place where the board will formally convene for this purpose. If the commissioner or the commissioner's representative does not appear, any modifications of the commissioner's advisory report shall be publicly read into the record.

6115.0980 ADMINISTRATION OF LAKE IMPROVEMENT DISTRICTS.

Subpart 1. Modification. No program, remedial action, project, or change of district boundaries which is not specified in the resolution creating a lake improvement district may be undertaken, except by modifying the appropriate items listed in part 6115.0970, subpart 1, items A to E. For an established district, any of the items listed in part 6115.0970, subpart 1, items A to E may be modified by petition to or resolution by the county board, in the same manner that a district is created.

Subp. 2. Legal responsibilities and liabilities of lake improvement districts. Nothing in these parts shall be construed to relieve a lake improvement district of the legal duties, obligations, or liabilities incident to the programs, plans, or actions of the district. The lake improvement district shall assume all legal risks and liabilities, including those for damages or any injury to persons or property, arising from the construction, operation, maintenance, alteration, or abandonment of its programs, plans, or actions. In the event of termination of the district, or failure of the district to meet its obligations, these responsibilities and liabilities shall fall upon the unit or units of government which established the lake improvement district.

Subp. 3. Limited state liabilities. The establishment of a lake improvement district shall not impose any liability upon the state of Minnesota, its officers, employees, agents, or consultants, for any damage or injury to any persons or property resulting from the activities of the lake improvement district.

Subp. 4. Rights of lake improvement districts. Nothing in these parts shall be construed to deprive any lake improvement district of such recourse to the courts as it may be entitled to under the laws of this state.

Subp. 5. Inspections. The commissioner shall be given prompt access to and inspection of all records, structures, facilities, and operations at all reasonable times as may be necessary to monitor compliance with the terms of existing permit and to ensure protection of the public health, safety, and welfare. The commissioner's inspections shall not relieve the lake improvement district from the full responsibility of providing adequate inspection and supervision for all programs and projects undertaken by the district.

Subp. 6. Compliance with other laws and water management policies. Lake improvement districts shall conform to federal, state, regional, and local laws, rules, and fish and wildlife, water, and related land management policies. Lake improvement districts shall obtain all necessary permits, as required by law, prior to implementing district purposes and programs.

Subp. 7. Compliance by preexisting lake improvement districts. Within one year following promulgation of these parts, lake improvement districts in existence prior to the promulgation of these rules shall submit to their county board and to the commissioner a certified copy of a document containing the information required by part 6115.0970. This document shall also contain a report on the past and current activities and financial condition of the district. The commissioner shall review the document and prepare an advisory report stating findings as to whether the district is consistent with these parts. The report may contain such recommendations as the commissioner determines is necessary to bring the district into compliance with these parts. Within 60 days following the official filing of the commissioner's report with the county board, the board shall formally convene to consider the report. The county board shall give ten working days' notice to the commissioner of the time and place where it will convene to consider the commissioner's report. If the commissioner or the commissioner's representative does not appear, the report shall be publicly read into the record.