DEPARTMENT OF NATURAL RESOURCES

Forming a Lake Improvement District by Citizen Petition

Purpose

This document provides information for citizens interested in forming a Lake Improvement District (LID) by citizen petition. It provides information on how to scope a lake improvement plan, build community support, and submit a LID proposal to the DNR. In addition to this overview, this packet includes:

- LID Glossary of Terms
- LID Submittal Checklist
- LID Proposal Template with Instructions
- Sample Resolution of LID Establishment

What is a Lake Improvement District (LID)?

A Lake Improvement District (LID), as defined by Minnesota Rules 6115.0920 Subpart 7, is:

> *"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 [DNR], for the implementation of defined lake management projects and for the assessment of the costs thereof."*

In short, LIDs are a **special purpose type of government** formed to pursue and fund programs or projects to address lake health problems, restore native habitat, or otherwise improve a lake. As such, it has some but not all the powers of a standard government and is always under the governance of the city or county with jurisdiction (the 'parent government').

LID Powers & Limitations

Powers

LIDs can only pursue programs and projects related to the lake AND only for projects and programs that it has been authorized to pursue. This authorization comes from the parent government when it issues a **resolution of establishment** for the LID. For example, a LID could pursue shoreland restoration projects because they are related to the lake. It could also pursue forest restoration away from the lake if the restoration improved the lake (for example, if it reduced nutrient runoff into the lake). In both cases, these activities would have to be authorized in the resolution of establishment. However, if the resolution of establishment only authorized the

LID to 'manage curlyleaf pondweed', the LID could not pursue either restoration because it has not been authorized to do so.

Finances

As a special purpose type of government, LIDs have the ability to finance projects through various means - such as ad valorem taxes and assessments - but have no taxing authority of their own; taxes and fees are collected on their behalf by the parent government. There are also restrictions on what LIDs can spend money on, specifically:

- funds must be spent on programs or projects that improve the lake; and
- expenditures over a certain amount must be voted on and approved at the LID's annual meeting.

Boundary

Like any type of government, the LID has boundaries established at its creation. All property within the boundary is considered part of the LID. The statutes and rules written to regulate LIDs were written under the expectation that the natural hydrologic boundaries (or lakeshed) of the lake would be the default boundary. Any boundary smaller than that requires review and approval from the DNR, with ultimate approval by the parent government.

Ways to Form a LID

LIDs can be formed by a city or county, or by private landowners directly via citizen petition to the city or county in which the lake is located. LIDs can also be formed by the Commissioner of the Department of Natural Resources (DNR), although this has never happened. Because the LID is a special purpose type of government, its creation must follow the processes laid out in Minnesota statute. Initiation and formation by city or county resolution is outlined in Minnesota Statutes 103B.515, and initiation by citizen petition is outlined in Minnesota Statutes 103B.521. This guidance focuses only on creating a LID by citizen petition.

Forming a LID by Citizen Petition

The first steps in forming a LID via citizen petition are preparatory, and consist of:

1. Understanding your lake and its problems.
2. Determining the programs, projects, and courses of actions that can be realistically undertaken to mitigate the problems identified in Step 1.
3. Spending time talking with, and listening to, your neighbors about how an LID could function to address the problems.
4. Establishing a regular relationship with the city or county that would with jurisdiction over the LID.

These initial steps require a great deal of time and effort, but this investment will pay off later, so take your time on them. Since the entire point of establishing a LID is to improve the lake and mitigate its problems, you'll need to have a deep understanding of what those problems are. Similarly, every lake is different, and a realistic

course of action for one lake may not work for another. For example, if your lake has a maximum depth of less than 20 feet and is almost entirely vegetated, it will never be an open water recreational paradise for high-speed watercraft. To learn more, talk to your DNR Area Hydrologist, local Soil and Water Conservation District, and/or your local watershed district or watershed management organization (if applicable). The following links will also take you to resources where you can learn more about your lake and how to help it:

- The Watershed Health Assessment Framework (WHAF) (Click on "WHAF for Lakes.")(MN DNR)
- Minnesota Climate Trends Resources (MN DNR)
- Minnesota Natural Shoreline Resources (MN DNR)
- Lakefinder (MN DNR)
- Lake and Flood Elevations (LFEO; MN DNR)
- MPCA Water Monitoring Resources
- Minnesota Lake Water Quality (MPCA)
- Understanding Lake Ecology (USEPA)
- Water on the Web
- Information on Minnesota Watersheds
- Minnesota Aquatic Invasive Species Research Center (University of Minnesota)
- Streambank and Shoreline Restoration (BWSR)

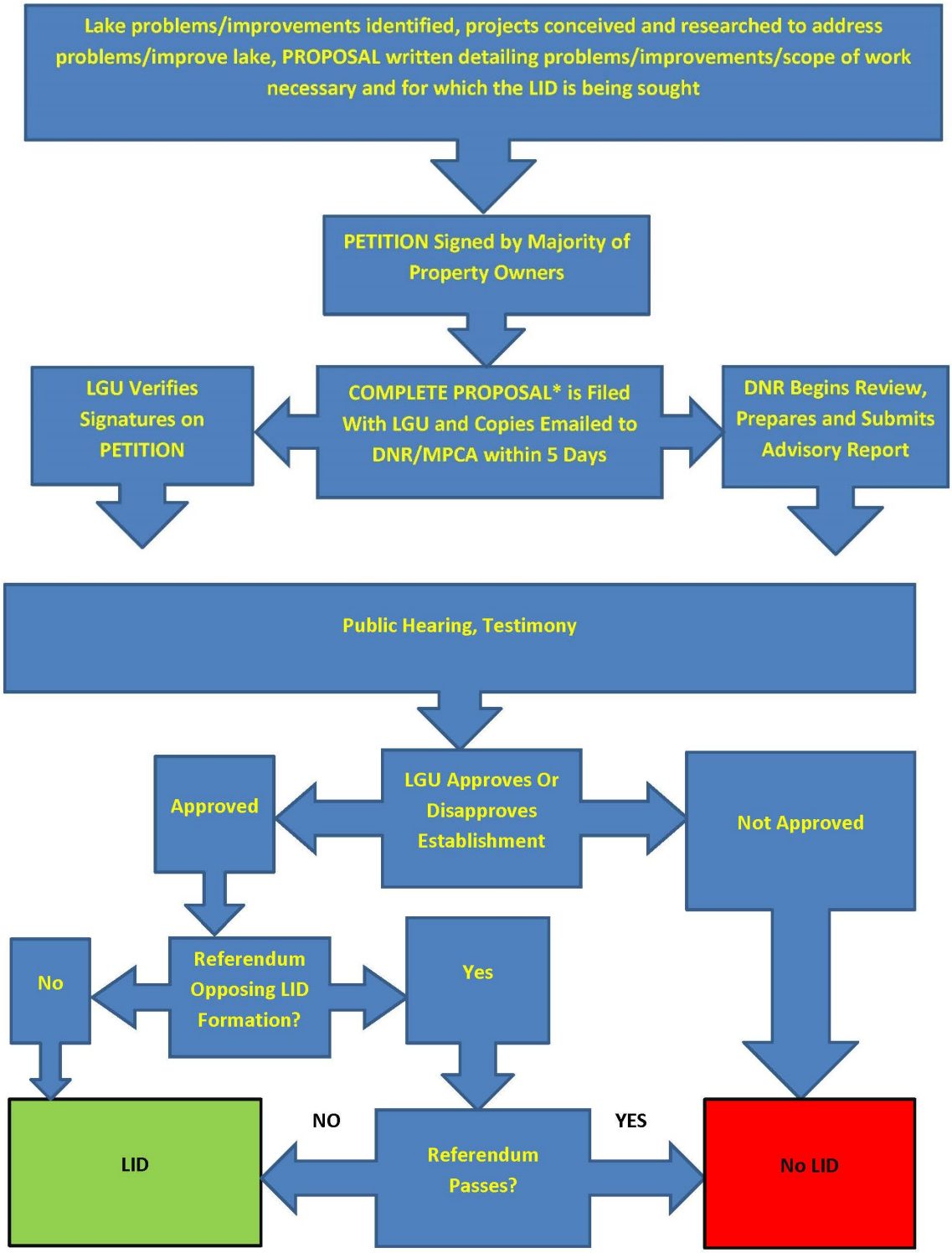
Investing in time talking with your neighbors about the lake and what a LID can do for it and getting their support is critical to its successful establishment and operation. These are the people that you will be petitioning for signatures in support of founding the LID, and if the LID is established, they will be your fellow citizens in it. They will be paying fees, assessments, or levies to fund the LID's programs, which may be met with opposition if people don't understand the benefits of the proposed LID's programs, or if they think that they have been ignored in this process. People who feel ignored or left out may even get a newly established LID terminated by calling for a referendum to vote on its establishment, or they may be less willing to actively participate in the operation of the LID or serve on the Board of Directors.

It also pays off to invest a significant amount of time early in the process working with your city or county staff. The city or county will collect fees on the LID's behalf, provide you with much of the information needed to complete the formation process (such as parcel data), carry out various supervisory and administrative tasks related to the LID's functioning, and make the decision on whether to establish the LID. This relationship is critical to the success of the LID.

After you have completed this preparatory work, you can proceed with assembling the information required by Minnesota statutes and rules for a "Proposal to Form a LID by Citizen Petition." These items are listed in the Lake Improvement District Submittal Checklist included in this packet.

Once you have assembled all the required information into an organized document proposal with section headings and table of contents, it will be submitted to the city or county for signature verification. This submittal begins the official sequence of events that will determine whether the LID is approved and established as provided in **Figure 1**. A template for assembling a proposal, along with instructions, is included in this packet.

Figure 1: The step-by-step process for forming a LID by Citizen Petition.



* A "complete" proposal includes ALL of the items required in Minnesota statute and listed in the LID submittal checklist. A "petition" is a subset of this.

Conclusion

A LID is a special purpose type of government, and its purpose, formation, and operation must be carefully articulated, designed, and evaluated. The preparatory work and information required for a LID proposal is essential for an LID to function effectively and successfully, for city or county oversight, and for the DNR to evaluate the proposed plans and activities and provide the proposers with a useful advisory report. A thorough and well-crafted proposal will ultimately result in a more successful LID and a better lake.

For further information, please contact Kathy Metzker, DNR Shoreland Hydrologist, at Kathleen.metzker@state.mn.us.

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Lake Improvement District Proposal Template & Instructions

Citizens proposing a Lake Improvement District (LID) should organize their information as shown and explained in this template. Proposers should also be aware that, with the exception of the Table of Contents, each of the items discussed in the template below is required to be in the LID proposal by Minnesota statute and rule and is necessary for the Minnesota Department of Natural Resources (DNR) to conduct its review and issue an advisory report. When the DNR receives a LID proposal to evaluate, the DNR will first perform a completeness check to make sure that each of these items has been addressed; **if this is not the case, then the proposal will be deemed incomplete.**

Table of Contents

Include a Table of Contents at the beginning of the proposal. This is a convenient way to make sure that all of the required information is covered in the proposal. For example:

Table of Contents

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The Problem(s)

What is the reason for the proposed LID? In this section, provide an explanation of the lake's problem(s) that the proposed LID will address. Discuss the history and magnitude of the problem(s) to help put the problem into perspective. For example, it is not sufficient to just say 'there are too many weeds.' Instead, explain the problem. For example: 'Since it was first discovered in 1986, curlyleaf pondweed has expanded and now covers 70% of the lake surface, choking out native vegetation and making boating and swimming difficult.'

Objective(s)

In this section, provide the objectives for the LID. Objectives should break down the specific targets to address the stated problem(s). This can be a simple bulleted list of high-level outcomes. Common objectives from LID proposals include:

- Improve the lake's water quality by:
    - reducing phosphorus concentrations in the lake,
    - reducing the amount of sediment entering the lake, and
    - reducing the amount of nutrients entering the lake from adjacent land or the watershed.
- Preserve and enhance native vegetation.
- Improve aquatic and shoreline habitat.
- Reduce curlyleaf pondweed.
- Prevent new aquatic invasive species from getting established in the lake.
- Develop information and education programs for landowners.
- Conduct studies to understand what is contributing to the stated problem(s).

Proposed Projects, Programs & Activities

Now that the proposal has identified the problem and objectives, what is the LID going to do to address them? In this section, provide an explanation about the proposed projects, programs, and activities to be undertaken by the LID. This must include complete explanations of the intended studies, management programs, and other activities to be pursued. Common projects, programs, and activities from LID proposals include:

- herbicide or mechanical harvesting to decrease aquatic plants
- dredging to remove sediment
- drawdowns to freeze and compact nutrient-laden sediments
- shoreline restoration projects to intercept runoff, improve water quality, and provide habitat
- water level studies and management

This section should also summarize and explain past or current programs and activities that are relevant to the problem(s). For example: 'The lake association has treated infested areas of the lake with herbicides twice a year

for the past three years.' Include any relevant surveys, feasibility studies, or reports. If the lake association has already been treating curlyleaf pondweed for the past five years, include maps of the past treatment areas and vegetation distributions over that time, contractors' reports, and an analysis of results. This information is essential to help the LID make the best treatment and project choices for the lake and to help the DNR provide the best guidance in the advisory report.

LID Boundary

In this section, describe the boundary of the proposed LID, including an estimate of the number of properties included. Include a map showing the following:

- Boundaries of the proposed LID
- Location of homes and parcel lines
- Public water accesses
- A scale and North arrow
- Basic information that helps locate the lake on a map, such as streets or township/section/range

The proposers can ask their local GIS department for help in making an acceptable map, such as the example in **Figure 1**.

Figure 1: Example boundary map made by Crow Wing County for a proposed LID.

Financing

In this section, provide a complete explanation of how the programs and activities will be financed. The LID proposers will need to work this out with the city or county who will be collecting the LID's finances on its behalf. The funding amount will be dependent on the number of property owners in the district and the kinds of programs that the LID will be pursuing: water quality and aquatic invasive species monitoring where no invasives are present is inexpensive, while a dredging program is very expensive.

Board of Directors

In this section, explain the number and make-up of directors proposed for the LID. LIDs have between five and nine directors on the board. Board members must be property owners within the LID boundary and the majority of board members must be residents of the district (as opposed to vacation property owners). The city or county with jurisdiction will appoint the initial board of directors upon establishment of the LID, but subsequent members are elected by the residents of the LID.

Existing Regulations

In this section, provide links to the following local ordinances and regulations:

- Shoreland management
- Floodplain management
- Wetland management
- Water safety/Water surface use
- Use or operation of lake public accesses
- Any other local ordinances affecting the use of the lake or lands around the lake.

Here is an example from a LID proposal (chapters, articles, and divisions reference those sections of the local zoning code for the county in which the LID is located):

> *"Local ordinances regulating the use of the lake include (hyperlinks provided):*
>
> - *Chapter 30 – LAND DEVELOPMENT REGULATIONS*
> - *ARTICLE VI. – ZONING*
> - *DIVISION 10.5. - WETLAND BUFFERING REQUIREMENTS*
> - *DIVISION 11. – FLOODPLAIN MANAGEMENT*
> - *DIVISION 12. – SHORELAND MANAGEMENT*
> - *Chapter 86 – WATERWAYS*
> - *ARTICLE II. – WATER SAFETY"*

Local Interest & Commitment to Future Management

In this section, explain the local interest in improving the lake and establishing a LID, as well as the community's commitment to future management of the LID. This information could be reflected in the number of people supporting the petition, feedback received during the petition process, or the community's history of involvement with lake improvement projects and participation in any existing lake association. This information is important because a high level of local interest in the LID is necessary to maintain it. If there is little local interest in it, then the LID will be less successful at its intended goals or continuing as a type of government. The information may also provide additional important background information on the lake and its problems. Here is an example from a LID proposal:

> *"Local interest and commitment have strongly been demonstrated since 1995 with the initial creation of our Sedimentation Task Force partnership with the City and SWCD to successfully address sedimentation concerns in 1998."*
>
> *After project completion in 1999, the group became the Water Quality Committee partnership to collaborate on all areas needed to protect and enhance the quality of the lake, its fisheries and wildlife habitats; preserve its economic, recreational and natural environmental values; and promote its safe and responsible use. The committee published its first formal lake management plan in 2004.*
>
> *A public survey was conducted in 2016 to provide feedback for the current Lake Management Plan in regards to the lake's problems and what solutions are supported. It is evident from the survey results that residents' feedback is aligned with the Lake Management Plan identified challenges, which include:*
>
> 1. *Sedimentation of the lakebed*
> 2. *Proliferation of curly-leaf pondweed*
> 3. *Nuisance native plant overgrowth and algae and*
> 4. *Impairment of water quality.*
>
> *Results of the survey indicate:*
>
> - *98% feel water quality is a problem*
> - *92% feel algae is a problem*
> - *88% feel aquatic plants are a problem*
> - *83% feel sedimentation is a problem"*

Lands & Waters That May Be Adversely Affected by the LID's Proposed Actions

In this section, identify any likely adverse impacts to lands and waters resulting from the LID's proposed actions. If this is a possibility, it requires discussion so the DNR can provide guidance to minimize harm and mitigating impacts. Also, remember that a LID is type of government and has a responsibility to anticipate likely adverse effects from its actions and take appropriate steps to mitigate them. Possible impacts and scenarios include, but are not limited to:

- impacts from water level manipulations, where downstream lands could be flooded or experience a reduction in water levels.
- impacts from sediment dredging and deposition of dredged sediment.
- spreading aquatic invasive species through fragmentation from a mechanical harvester.

Here is an example from a LID formed to dredge sediments from a reservoir:

> "*No waters will be adversely affected by the implementation of the district purposes, but there will be short term impacts to crop production on lands that receive dredge spoils.*"

Public Accesses

The proposal must include a description and show the location(s) and ownership(s), of any existing public accesses on the lake. If the lake does not have any public accesses, then the need for a public access must be evaluated according to the following criteria:

- Size of the lake
- Extent of public interest in using the lake
- How the lake is used (e.g., fishing, boating, wild ricing, swimming)

This information is typically available on MN DNR's Lakefinder webpage, via the Water Access Sites link on the left navigation pane. For example, this is the public water access information for Maple Lake in Wright County:

Maple Lake (W) Public Water Access Site

Directions to access: *1 mi E of the City of Maple Lake on Mn Hwy 55, to S shore.*
Bing | Google | Google Earth

Administrator: City of Maple Lake

Facilities:
- 1 ramp (type=concrete slab)
- 1 parking lot (type=)
- no vehicle parking spaces
- 5 vehicle/trailer parking spaces
- no accessible parking spaces
- 1 dock
- no restrooms

Lat/Lon: 45.226396, -93.978337

Estimate of Total Equalized Valuation of Property Within the District

In this section, provide a brief statement with the required estimate. The proposers can get this information from the city or county tax records, with help from city or county staff. It does not need to be complicated or lengthy. The following language would be sufficient:

> *"The estimated total equalized value of property in the District is $XXX,XXX."*

Any Other Supporting Information

In this section, discuss anything unique to the lake not included in the previous sections, that would affect the proposed programs, projects, activities, or functioning of the proposed LID. This is a catchall item because every lake is unique and the checklist of standards and criteria in rule cannot address every possible circumstance that could affect every lake in Minnesota.

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Lake Improvement District Submittal Checklist

This checklist shows all items **required** to be submitted as part of a Lake Improvement District (LID) complete proposal per Minnesota Rules 6115.0970, Subp. 1:

- ☐ Name of the proposed district.
- ☐ Petition signed by majority[1] of property owners[2] .
- ☐ Proposal documenting all the following (see **LID Proposal Template & Instructions**):
  - ☐ An explanation of the lake's problems that the LID is being proposed to address.
  - ☐ A list of the objectives of the proposed LID.
  - ☐ A statement about the proposed programs and activities to be undertaken by the LID. This **must include** complete explanations of the activities to be pursued.
  - ☐ A description of the proposed financing.
  - ☐ A map showing the boundaries of the district
  - ☐ The number of directors proposed for the LID.
  - ☐ A list of local ordinances that regulate land use around the lake and surface water use on the lake (including regulation of public accesses).
  - ☐ Any information indicating the degree of local interest in the LID and commitment to its future management.
  - ☐ The identification of any lands and waters that may be adversely affected by the LID's proposed actions, and a preliminary assessment of these adverse effects.
  - ☐ A description of any public accesses on the lake.
  - ☐ An estimate of the total equalized valuation of the property within the district.
  - ☐ Any other supporting information.

LIDs pursued through a via Citizen Petition must also include the list of signatures along with name, address, and phone number so the city or county with jurisdiction can verify them.

This information must be submitted to the city or county, the DNR, and the MPCA. Minnesota Rules 6115.0960 list the criteria and standards that the DNR and the city or county must reference when they evaluate the suitability of the LID proposal. The DNR will review all submitted information and compile an advisory report on the proposed LID, its projects and programs, and the adequacy of the proposed boundaries, to be entered into the official record of the public hearing held on the LID formation. If the LID will be pursuing water quality projects, DNR will also coordinate with MPCA on the advisory report.

1: 'Majority' is typically considered to be '50%+1'. However, some LGUs may require higher percentages for approval.

2: Minnesota Statutes 103B.505 Subd. 6 defines a "Property owner" as: the owner of real property within the district or the buyer under contract for deed of property in the district. Exactly how this definition is applied to owners of multiple parcels, multiple owners of one parcel, owners of commercial property, and residents of apartment complexes or condominiums should be worked out between the LID proposers and the LGU.

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Lake Improvement District Glossary of LID Terms

The following terms are important in creation and management of Lake Improvement District (LID). In this context, they are used as defined in Minnesota Statutes 103B.505 and Minnesota Rules 6115.0920:

Direct drainage basin: 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.

District boundaries: 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.

Lake: For the purpose of LIDs, a “lake” is any public water basin identified and classified in the shoreland management ordinances of the local county or municipal unit of government.

Lake improvement district: 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.

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

Resident: A person 18 years of age or older who meets the residency requirements of Minnesota Statutes, section 200.031.

Resident owner: A Minnesota resident who is the owner of land or the contract purchaser of land within the boundaries of a lake improvement district.

Water basin: 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.

Watershed: The entire surface drainage area that contributes water to a lake.