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)

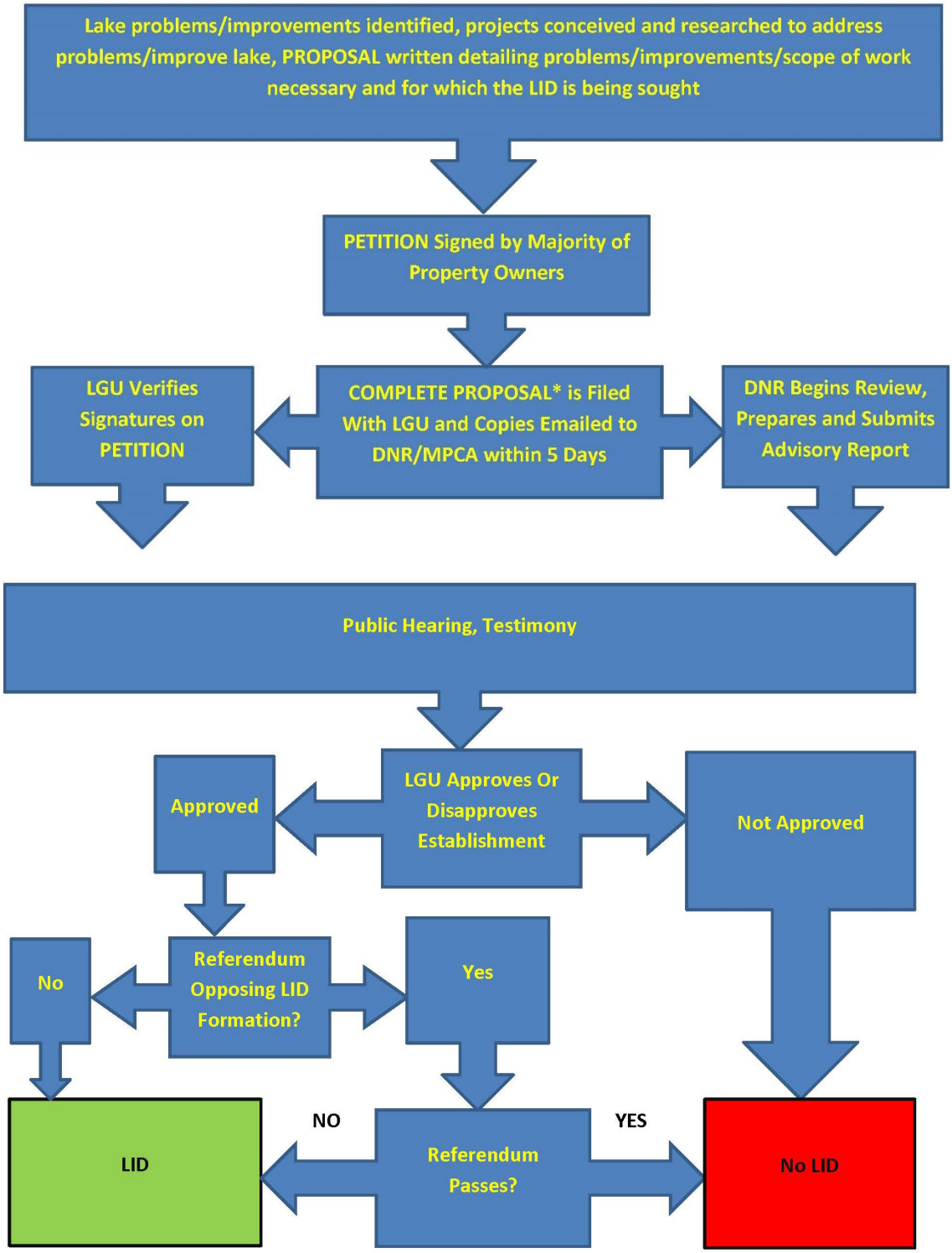
Investing in time talking with your neighbors about the lake and what a LID can do for it and getting their support is critical to its successful establishment and operation. These are the people that you will be petitioning for signatures in support of founding the LID, and if the LID is established, 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.