



MEMORANDUM

Comfort Lake-Forest Lake Watershed District

Date: September 24, 2025
To: CLFLWD Board of Managers
From: Mike Kinney, District Administrator
Subject: Permit Fee Structure Rule Revision



District Wide

Background/Discussion

The permitting rules of Comfort Lake Forest Lake Watershed District (CLFLWD) state that the cost of private development review should not be covered by levy funds but by the permittee. Staff currently charge expenses incurred and tracked for permit review, processing and compliance monitoring. However, this is time-consuming and requires extensive and accurate administration to capture all costs.

Staff suggest that the board take action to update the CLFLWD Rules and implement a fee-based system. This system would apply a flat fee based on applicable rules. The proposed flat fees align with actual costs CLFLWD incurs for each category of permit, based on historical review performed by the CLFLWD engineer.

Staff have prepared a red-lined document of the proposed rule change (Permit Fee Structure Rule Revision). Also included is a memorandum prepared by the CLFLWD engineer setting forth a suggested revised permit fee schedule and the methodology that underlies the schedule. The board of managers would adopt this revised schedule, as it may determine to adjust it, by resolution in conjunction with its adoption of the revised rule. The proposed schedule (Proposed Permit Fee Structure) is based on historical data of actual engineering and legal costs and estimated staff time. The example fee structure is based on averages. To protect public funds against the rare outlier, a clause would allow CLFLWD to recover engineering and legal expenses that are \$4,500 or more above the permit fee.

Staff proposes to include this memorandum in the rulemaking documents as informative only, to give public partners and the interested public further context for the fee structure CLFLWD is considering putting into place. If the board votes to adopt the revised rule after the comment period, the new proposed fee schedule would require additional board action to be approved.

The proposed rule revision, an explanatory cover note, and the memorandum are attached. The board motion recommended below is to distribute these documents for public comment



MEMORANDUM

Comfort Lake-Forest Lake Watershed District

in accordance with Minnesota Statutes §103D.341, which specifies distribution to the Mn Board of Water & Soil Resources and public transportation authorities as well as notice by publication, and that CLFLWD allow at least 45 days for review and comment. During the review period, staff will compile comments and provide a response to the board. On the basis of comments or the board's own consideration, it may adjust the proposed rule or the fee schedule before adoption. Absent substantial adverse comment or questions, the board might act on the revised rule and the fee schedule at the November 10, 2025, regular board meeting.

Recommended Motion

Proposed Motion: Manager _____ moves to publish and distribute the attached proposed revised rule, cover note, and engineer's memorandum with tentative fee schedule, and allow at least 45 days for public comment. Seconded by Manager _____.

Attachments

Permit Fee Structure Rule Revision

Permit Fee Structure Rule Revision Cover Note

Permit Fee Structure Revision Recommendations EOR memo

9.0 FEES

9.1 Policy Findings. The Board of Managers finds that:

9.1.1 When property owners are encouraged to seek permits for potential projects, the public benefits by improving or maintaining water quality and quantity of water resources in the District. Other benefits include reduced inspection and enforcement costs for correcting unpermitted activities in violation of District rules, state and federal clean water laws.;

9.1.2 It is in the public interest that land disturbance subject to District rules be inspected and analyzed by District staff to provide the Board of Managers sufficient information to evaluate compliance with District goals and Rules and applicable law. The District's annual tax levy should not be used to pay the cost to monitor private development projects; and

9.1.3 From time to time persons perform work requiring a permit from the District without a permit, and persons perform work in violation of an issued District permit. In this case, the cost of engineering inspection and analysis and actions to gain compliance typically exceeds the ordinary cost of monitoring a compliant site. This cost should be borne by the property owner that has not followed required procedures, and not by the District's general taxpayer base.

9.2 Calculation of Fees. Establishing Fees As an element of a complete application, the applicant shall submit to the District a permit fee and permit fee deposit that ~~The Board of Managers, by resolution, will establish the schedule and amend it from time to time. The schedule~~ reflects the District's actual costs of permit application review and field inspection of the work, including investigation of the area affected by the work, analysis of the work, services of a consultant, including engineering and legal consultants, and activity performed to monitor and secure compliance with the permit and District rules. ~~The permit fee schedule will be established, and amended from time to time, by resolution of the Board of Managers.~~

9.3 Payment of Fees.

~~9.3.1~~ As an element of an application, the applicant must submit to the District a permit fee in accordance with the District's permit fee schedule.

~~9.3.1~~ 9.3.2 The District may notify any person performing work that it finds to be in violation of a District rule or permit. If a permit has not been issued for the work, the person performing the work ~~shall~~ must promptly apply for a permit and submit the permit

application fee and permit fee deposit. The permit fee schedule may reflect the increased District cost to investigate, and provide for review and permitting of, unpermitted work.

9.3.32 ~~On permit review, t~~The District ~~shall~~will notify the permit applicant if, on review of the application, it finds that under the fee schedule, the fee amount should be adjusted. of any additional permit fee deposit due. The adjusted permit fee ~~deposit must~~ shall be paid to the District before the permit will issue. If the adjustment reduces the fee, the District will refund the excess payment.

9.3.43 ~~When the District determines that work under a permit has been completed, it will return to the permittee the remaining portion of the permit fee deposit. If the District expends funds in excess of the permit fee deposit, it may invoice the permittee for the excess at any time. If the District determines that application review costs (District Engineer and Legal Counsel) exceed the fee amount by \$4,500, any additional cost must be reimbursed by the applicant before the permit can be issued.~~ The fee ~~shall~~must be paid to the District within thirty (30) days from the date of invoice. Failure to pay the permit fee deposit is a violation of the permit terms and the District may recover the permit fee by any means authorized by law.

9.4 Governmental Agencies Exempt. The fee provided for in this Rule ~~shall~~must not be charged to any agency of the United States or any governmental unit in the State of Minnesota.



Permit Fee Structure Rule Revision Cover Note

Minnesota watershed law (Minn. Stat. §103D.345) provides that a watershed district may charge a fee to a permit applicant to cover the cost incurred by the district to review an application, process a permit, and monitor for compliance with the permit requirements. The permitting rules of Comfort Lake Forest Lake Watershed District (CLFLWD) express the policy judgment of the board of managers that the cost of private development review should be borne not by the general taxpayer thru the CLFLWD tax levy, but by the permittee.

Historically, several categories of expenses were not accurately tracked and charged including staff review of submittals (including application, sediment and erosion control plan, stormwater plans, buffer plans, MnRAM, delineations, narratives, etc.), permittee correspondence (incomplete application notices, corrections to submittals, permittee questions, updates on board status, etc.), inspection follow-up (sending out and responding to inspection reports, coordinating with cities on corrective actions), and administrative (record keeping, approval process, and close out process).

Staff have updated practices to charge specific actual expenses for permits; however, this is time-consuming and requires extensive accurate administration to capture all costs. Therefore, staff suggest that the board consider revising the CLFLWD Fees rule (Rule 9.0) to allow CLFLWD to move to a fixed fee system. On September 25, 2025, the board authorized the distribution and publication of the proposed revision for public review and comment in accordance with Minnesota Statutes §103D.341.

This system would apply a flat fee based on applicable rules and the historical average review and inspection costs incurred by CLFLWD for each category of applicable rules. Additionally, this would align CLFLWD practices with adjacent watersheds that also operate fixed fee-based permitting programs. Included with the proposed rule is a [date] memorandum of the CLFLWD engineer, Emmons & Olivier Resources, Inc. (EOR), presenting its analysis of historical data on CLFLWD permit costs and a proposed fee schedule update based on that analysis.

Adoption of the schedule, and the fees therein, is not a part of the present rulemaking. Under the Fees rule as proposed to be revised, the CLFLWD board of managers would adopt the fee schedule, and review and revise it from time to time. If the board were to adopt the proposed rule, it then separately would consider adoption of the fee schedule. CLFLWD is including the EOR memorandum in this proposed rule package to give interested parties a sense of what CLFLWD staff and engineer would intend to propose to the CLFLWD board as a fee schedule.

The actual costs for categories of applicable rules have been determined by EOR and district staff on the basis of historical data. From that analysis, EOR suggests the following fees. CLFLWD staff also would intend to recommend a clause within the fee schedule that, in the rare event of excessive review cost, would require an applicant to reimburse CLFLWD for excessive engineer or legal cost incurred.

Table 1: Recommended Fee Revisions.

Rule		Existing Deposit	Proposed Fee
Rule 2.0 Stormwater Management	Rule 2.2.1(a)	\$2,000	\$2,000
	Additional lots; < 3 lots	\$100/lot	\$50/lot
	Rule 2.2.1(b-d)	\$3,000	\$3,500
Rule 3.0 Erosion Control	Activities/Grading less than 1 acre	\$1,000	\$1,125
	1.0 – 4.99 acres	\$1,250	\$1,375
	5.0 – 19.99 acres	\$1,500	\$1,625
	20.0 or more acres	\$ 2,000	\$2,125
Rule 4.0 Lake, Stream, and Wetland Buffer Rule		\$1,500	\$2,250
Rule 6.0 Stream and Lake Crossings		\$1,500	\$1,500
Rule 7.0 Floodplain and Drainage Alterations		\$500	\$500

CLFLWD hereby invites comments on the proposed rule revision All comments must be submitted in writing to Mike Sandager, Permitting Coordinator, and received by November 10, 2025. Comments may be submitted via mail or other delivery, or by electronic mail, to the following address:

Mike Sandager
 Email: mike.sandager@clflwd.org
 Office: 44 Lake St. South, Suite A, Forest Lake, MN 55025

In addition, at its October 23, 2025, regular meeting, the board will hold a public hearing on the proposed rule and accept comments from any interested party who would like to address the board directly

Project Name | Permit Fee Structure Revision Recommendations**Date** | 9/18/25**To** | CLFLWD Board of Managers**CC** | District Administrator - Mike Kinney
District Program Coordinator – Mike Sandager**From** | Anne Wilkinson, PhD - EOR
Carl K. Almer - EOR

The Comfort Lake Forest Lake Watershed District (CLFLWD) is seeking to revise the permit fee structure to reflect permit program costs. The District requested that EOR review the current permit fee structure, other watershed districts permit structures, and the District expenses incurred from past permits (2009-2025) to form recommendations for the permit fee rule revision.

Permit Database Results

Historically there has been specific accounting for and tracking of cost associated with permit review expenditures related to consultant engineering review, legal review, and inspection time. However, expenses for permit review by District staff were not charged to the permit applicant and costs were borne by District levy.

Examples of costs historically not charged to applicants include:

- review of submittals (including application, sediment and erosion control plan, stormwater plans, buffer plans, MnRAM, delineations, narratives, etc.),
- permittee correspondence (incomplete application notices, corrections to submittals, permittee questions, updates on board status, etc.),
- inspection follow-up (sending out and responding to inspection reports, coordinating with cities on corrective actions), and
- administrative (record keeping, approval process, and close out process).

EOR reviewed five other watershed district fee structures, including RCWD, NMCWD, BCWD, VBWD, and CMSCWD. EOR compared the permit fees from the other watershed districts to the current CLFLWD fees. Although a direct comparison is difficult because the watershed districts have different structures, CLFLWD fees are within the range of the assessed fees for other watershed districts. EOR also concluded that a non-refundable fee has become a more standard practice.

In order to understand the full cost of the permit program, EOR reviewed the permit database and requested projected District staff effort for the activities associated with the list above. District staff provided minimum and maximum estimated hours for each rule and EOR used the average hours and a blended staff billing rate to estimate staff review costs, see Table 1 summarizes the permit database by permit type and outlines the total permit application and fee deposit assessed, review cost (engineering, legal, & inspection), estimated staff cost, and the estimated loss (i.e. the cost that was borne by the levy). It is important to note that this summary does not consider the refunded fees because the District intends to move to a nonrefundable structure. Thus, this summary shows where there would be losses if the current fee deposit were adopted as a non-refundable fee and where adjustments should be made. From this analysis, it appears that permits which only trigger the erosion control rules represent the most permits and the most losses. Similarly, permits which include the buffer rule are correlated with high losses. Table 1 also shows permits triggering 2.2.1a Stormwater Rule + Erosion Control Rule + Buffer Rule under the current fee structure would

be over collecting. After an iterative process, Table 2 represents the recommended fee structure adjustments which optimize recovering losses for the permit program as a whole while not relying on over charging for certain permit triggers. The proposed fees are outlined in the Recommendation section Table 3.

Table 1: Permit Database Summary. Negative values for the estimated discrepancy represent program losses.

Permit Type	Number of Permits	Total Fee Assessed	Review Cost	Estimate Staff Cost	Estimated Discrepancy
Erosion Control Rule	269	\$292,200	\$121,342	\$203,742	- \$32,884
2.2.1 a Stormwater Rule + Erosion Control Rule	3	\$18,770	\$15,830	\$3,914	- \$974
2.2.1.(b-d) Stormwater Rule + Erosion Control Rule	32	\$136,062	\$116,671	\$41,744	- \$22,353
2.2.1a Stormwater Rule + Erosion Control Rule+ Buffer Rule	17	\$157,681	\$118,429	\$31,547	\$ 7,705
2.2.1 (b-d) Stormwater Rule + Erosion Control Rule +Buffer Rule	2	\$9,777	\$8,193	\$3,711	- \$2,128
Erosion Control +Buffer Rule	8	\$22,373	\$20,437	\$10,436	- \$ 8,500
Buffer Rule	4	\$6,040	\$5,706	\$ 4,667	- \$ 4,333
Erosion Control +Floodplain	1	\$2,510	\$684	\$753	\$1,073
Total	336	\$645,412	\$407,291	\$300,514	- \$ 62,393

Table 2: Proposed Fee Structure Scenario.

Permit Type	Estimated Loss	Proposed \$125 Increase Erosion Control Rule	Proposed \$500 Increase Stormwater 2.2.1 b-d	Proposed \$150 Reduction Stormwater 2.2.1 a	Proposed \$50/lot Reduction Stormwater 2.2.1 a	Proposed \$750 Increase Buffer Rule	Proposed Permit Program Balance
Erosion Control Rule	-\$ 32,884	\$ 33,625					\$ 741
2.2.1 a Stormwater Rule + Erosion Control Rule	-\$ 974	\$ 375		-\$ 450	-\$ 200		-\$ 1,249
2.2.1.(b-d) Stormwater Rule + Erosion Control Rule	-\$ 22,353	\$ 4,000	\$16,000				- \$ 2,353
2.2.1a Stormwater Rule + Erosion Control Rule+ Buffer Rule	\$ 7,705	\$ 2,125		-\$2,550	-\$ 15,300	\$ 12,750	\$ 4,730
2.2.1 (b-d) Stormwater Rule + Erosion Control Rule +Buffer Rule	-\$ 2,128	\$ 250	\$1,000			\$ 1,500	\$ 622
Erosion Control +Buffer Rule	-\$ 8,500	\$ 1,000				\$ 6,000	-\$ 1,500
Buffer Rule	-\$ 4,333					\$ 3,000	-\$ 1,333
Erosion Control +Floodplain	\$ 1,073	\$ 125					\$ 1,198
Total	-\$ 62,393	\$ 41,500	\$ 17,000	-\$ 3,000	-\$ 15,500	\$ 23,250	\$ 856

Recommendations

Based on the results from the permit database review and the review of other watershed district rules, EOR suggests the following:

- 1) Revise the permit fees from a refundable deposit structure to a non-refundable fee.
 - a) This has become more standard for watershed districts in Washington County.
 - b) This will reduce staff administrative workload per permit, and accordingly District cost that otherwise might be charged to permit applicants.
 - c) This captures permit review expenses that should be paid by the permit applicant but were not being tracked to a specific permit.
- 2) EOR recommends the following revised fee structure, Table 3.
 - a) These fees align with the District's historical costs, as reviewed, and are still within the range assessed by the other reviewed watershed district permitting programs.

Table 3: Recommended Fee Revisions.

Rule		Existing Deposit	Proposed Fee
Rule 2.0 Stormwater Management	Rule 2.2.1(a)	\$2,000	\$1,850
	Additional lots; < 3 lots	\$100/lot	\$50/lot
	Rule 2.2.1(b-d)	\$3,000	\$3,500
Rule 3.0 Erosion Control	Activities/Grading less than 1 acre	\$1,000	\$1,125
	1.0 – 4.99 acres	\$1,250	\$1,375
	5.0 – 19.99 acres	\$1,500	\$1,625
	20.0 or more acres	\$ 2,000	\$2,125
Rule 4.0 Lake, Stream, and Wetland Buffer Rule		\$1,500	\$2,250
Rule 6.0 Stream and Lake Crossings		\$1,500	\$1,500
Rule 7.0 Floodplain and Drainage Alterations		\$500	\$500
Applicable to all Rules	If the District determines that actual District engineering and legal review costs exceed the fee amount by \$4,500, the applicant must reimburse that exceedance before the permit will issue.		

- 3) Encourage staff to continue to account for time, to the extent possible, expended on specific permits.
 - a) This will allow staff to review the efficacy of the recommended changes to the fee structure.