MEMORANDUM
Comfort Lake-Forest Lake Watershed District

To: Board of Managers
From: Mike Kinney
Subject: Bone Lake Cropland Rental Agreement

Date: February 16, 2017

Background/Discussion

The Bone Lake Diagnostic Study date August 19, 2015 shows the results of eight monitoring stations at various tributary locations draining to Bone Lake. This report provides data related to flows, total phosphorus concentrations as well as total phosphorus loads.

Utilizing this diagnostic report along with staff and SWCD field assessments of all of the existing cropland within this drainage area, the District is systematically working to reduce the highest loads through a variety of programs, best management practices, and projects.

One of the sites identified in the report was a cropland field in the northeast part of Bone Lake. The attached Appendix E from the diagnostic report shows the field with a circle around it. Additional field visits to this site provided further evidence that the best option for reducing the annual loading from this field was to change the cropping system from continuous row crops to a cropping system that established permanent grass cover.

I contacted the owner last fall about options that might be suitable to make this change happen. After he discussed it with the current renter, the owner communicated that best option would be for the District to rent the land and manage the land itself. The owner, however, was not interested in a long term program or contract but has expressed willingness to certain limitations outlined in the agreement. The owner grew up on a farm that once occupied this location but has simply rented it out for the past 40 years. His intentions are to pass it down to his children. At that time, we will need to work with the new owner(s). Given the location and surrounding land use changes, it is likely to be developed at some point as well and that land change, through the District’s rules, will mitigate the loading as that occurs.

The agreement is currently being reviewed by the owner and he has indicated by phone that he intends to sign it. We are currently waiting for a map from the USDA Farm Service Agency (FSA) for Attachment A. This map will provide the official acreage for the cropland that will be used to calculate the total rental amount based on a set dollar amount per acre. The dollar amount in the agreement may change according to cropland acreage information provided. Overall, reducing the current load by 75% would result in an annual cost of roughly $100/lb. of P prevented from leaving the field.

Recommended Action

Manager _____ moves to authorize the administrator, on advice of counsel, to enter into an agreement with Mr. Warren Dahlin for the purpose of renting and managing annually the cropland owned by Mr. Dahlin so as to reduce the nutrient loading into Bone Lake.

Attached: Rental Agreement, Conservation Tillage Model Results
LAND RENTAL AGREEMENT
Comfort Lake – Forest Lake Watershed District and Warren Dahlin

This agreement ("Agreement") is entered into between the Comfort Lake - Forest Lake Watershed District, a public body with powers set forth at Minnesota Statutes Chapters 103B and 103D (CLFLWD), and Warren Dahlin ("Owner").

1. Land Subject to Rental

This Agreement concerns two parcels located south of 238th Street North, west of Meadowbrook Avenue North and north of 235th Street North within the City of Scandia, with Washington County Property ID#s 04.032.20.22.0001 and 04.032.20.23.0001 (together, the “Property”).

That part of the Property subject to this Agreement is 30.4 acres, more or less, as delineated in Attachment A hereto ("Rental Area"). The CLFLWD will enter the Rental Area directly from public right of way.

2. Purpose

The Property is located northeast of Bone Lake, to which runoff from the Property discharges. Bone Lake is identified as “impaired” with respect to state water quality standards because of an excess of nutrients. The purpose of this Agreement is to allow the CLFLWD to cultivate and manage vegetation on the Property using best practices so as to limit the discharge of sediment and nutrients from the Property to Bone Lake. No ditches or major changes will be made to the land.

3. CLFLWD Authority

The CLFLWD may seed, harvest and otherwise manage grass species and plant residue within the Rental Area, and may engage in all acts on the Rental Area associated therewith at the CLFLWD’s expense.

4. Rental Term

This Agreement is effective as of the date that the parties have signed it. Unless terminated, it will renew automatically each December 1 for a period of one year. Either party may terminate the Agreement effective November 30 by delivery of a written notice to the other party between September 1 and November 30. Owner also may terminate at any other time with 30 days’ notice to the CLFLWD. However, if termination is effective before September 1, Owner will forfeit payment for the agreement year in which termination occurred and will reimburse the CLFLWD for any part of that payment already made.

The Rental Area presently is seeded to rye. Owner, or a party authorized by Owner, may enter the Rental Area until July 31, 2017, to cut and remove the rye. Any rye not removed by August 1, 2017, will be the property of the CLFLWD.

On termination of this Agreement, the CLFLWD is not obligated to leave the Rental Area in any specified condition of vegetation.
5. **Payment**

The CLFLWD will pay Owner the sum of $3,040 per agreement year. Half of the annual payment will be paid by November 30 for the prospective year, and half will be paid by November 30 of the year following. The first payment for the initial agreement year will be paid at the time the Agreement is delivered.

6. **Authority to Enter into Agreement**

Owner represents that he is the sole owner of the Property and that no other party has a rental or other right to use of the Rental Area in conflict with the rights conferred on the CLFLWD under this Agreement.

7. **Addresses**

All notices, payment and other communications under this Agreement will be to the parties as follows:

<table>
<thead>
<tr>
<th>CLFLWD</th>
<th>Warren Q. Dahlin</th>
</tr>
</thead>
<tbody>
<tr>
<td>44 Lake Street South, Suite A</td>
<td>1041 3rd Street NW</td>
</tr>
<tr>
<td>Forest Lake MN 55025</td>
<td>New Brighton MN 55112-7300</td>
</tr>
<tr>
<td>Attn: District Administrator</td>
<td></td>
</tr>
</tbody>
</table>

Either party may change its address by written notice to the other party.

8. **No Waiver**

Notwithstanding any other term of this Agreement, this Agreement creates no right in and waives no defense, immunity or liability limitation conferred on the CLFLWD by law with respect to Owner or any third party.

**IN WITNESS WHEREOF,** intending to be legally bound, the parties hereto execute and deliver this Agreement.

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**OWNER**                                    **COMFORT LAKE – FOREST LAKE WATERSHED DISTRICT**

________________________________________   ____________________________________________
Warren Q. Dahlin                                Michael Kinney, Administrator

Date:                                              Date:
Figure 35. Conservation tillage model scenario sediment-bound P reductions per row crop land