



Title: Western Growth Area Update

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Purpose:

At the July 24, 2025 Policy and Planning Committee (PPC) meeting, staff will provide an overview and progress update on emerging project opportunities within the Six Mile Creek – Halsted Bay subwatershed, with a particular focus in the city of Victoria's Western Growth Area (WGA).

Background:

In 2015, the City of Victoria (City) and the Minnehaha Creek Watershed District (MCWD) established a Memorandum of Understanding (MOU) to formalize a shared commitment to collaborative land-use planning and water resource management. This partnership supported a land-use study for Victoria's WGA, culminating in the City's adoption of the *Victoria Chain of Lakes Greenway Policy* (Attachment 1). This policy sets a vision for future growth that balances development with the preservation and restoration of natural systems, emphasizing green corridors and open space.

Following the successful implementation of a series of projects and initiatives, in 2024, the City and MCWD renewed their partnership through a second MOU (Attachment 2), outlining shared priorities around comprehensive planning, regulatory coordination, and further advancing the Greenway vision. The agreement places particular geographic focus on the City's WGA, an area that remains largely in agricultural use with a history of drainage and wetland alteration. As the City plans for future annexation and development, the MOU supports MCWD's proactive role in working ahead of growth to implement natural resource improvements and preserve or restore key segments, setting the stage for connected greenways and water quality improvements. Within the WGA, MCWD has identified the Turbid-Lundsten corridor as an area of high interest, given the presence of two degraded lakes: Turbid Lake is listed as impaired with an approved Total Maximum Daily Load (TMDL), and South Lundsten Lake soon to follow, with a TMDL currently in development.

Summary:

Since the adoption of the second MOU, MCWD staff have focused on building relationships with key landowners and agency partners within the WGA to advance high-priority opportunities that align with the Greenway vision. Two initial opportunities have emerged and are actively being pursued and coordinated with our agency partners: (1) a wetland restoration and potential banking site on the Brose property to reduce watershed loading to Turbid Lake, and (2) a headwaters water quality improvement for Pierson Lake. While both were initially explored by MCWD over a decade ago, renewed landowner interest has brought them back into focus.

In November 2024, the Board approved a scope of work with Moore Engineering to develop a feasibility-level analysis and design of the Brose wetland restoration to evaluate its water quality benefits and downstream impacts, and assess its viability as a potential wetland bank. With that work now nearing completion, staff will use the July 24, 2025 PPC meeting to share what has been learned and outline potential pathways for moving the project forward. The meeting will also serve to reintroduce the Pierson headwaters opportunity, which remains in the early stages of exploration, as staff continues landowner coordination.

Supporting documents (list attachments):

- Victoria Chain of Lakes Greenway Policy & Implementation
- Second Memorandum of Understanding

VICTORIA CHAIN OF LAKES GREENWAY POLICY & IMPLEMENTATION

PURPOSE

Through its Land Use policies, Victoria seeks to preserve not only what is required by existing State and regional statutes, but additional high quality natural resources and open spaces. In partnership with the Minnehaha Creek Watershed District and developers, Victoria will create a contiguous network of natural area patches and corridors. This network will provide corridors for outdoor recreation, non-motorized transportation, habitat preservation and restoration, and ecosystem functions. Figure 4.9 highlights a conceptual greenway network, which includes existing and proposed parks, trail corridors, and open spaces and some upland areas that serve as critical connecting areas.

Concurrent to the 2040 Comprehensive Plan process, Minnehaha Creek Watershed District (MCWD) and the City of Victoria collaborated on a study for the future of the western growth area. The purpose of the planning process was to:

- Understand likely future development patterns
- Preserve and enhance ecologic, hydrologic and natural systems
- Balance property owner and future developer desires with City-wide objectives

The goals for the study are:

- Improve natural systems
- Improve quality of development
- Reduce public expenditure
- Reduce public conflicts
- Reduce developer time and cost of review
- Reduce risk for development
- Align Shared values between City, MCWD, land owners, home buyers and residents

WHAT DOES THE GREENWAY CORRIDOR INCLUDE?

Tier 1 includes areas that are already restricted for development by Federal, State, or Local statutes:

- Wetlands
- Open Water (Lakes, Streams)
- Floodways and Floodplains
- Hydric Soils

Tier 2 further looks at land cover and natural resources and adds the following layers:

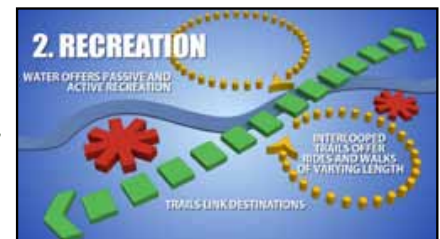
- Stream and wetland buffers
- Natural corridors and woodlands
- Steep slopes

Connective corridors that help achieve the Victoria Greenway framework by looking at Tiers 1 and 2 and connecting them to form a network of open space corridors that will benefit ecological, environmental, and recreational systems in Victoria.

Corridors link larger hubs allowing plants and animals to thrive in a functioning ecosystem.



Destination trails with a natural signature tie together a seamless system of local parks, regional parks, local trails, greenways and schools.



Buffer strips, native vegetation and land management practices improve water quality and ecosystem health.



Trails with grade separation and four-season maintenance link activity centers across the county and link a feeder system of local trails.



The Dakota County Greenway Guidebook outlines four major objectives for its greenways, shown above.

HOW IS THE GREENWAY CORRIDOR POLICY IMPLEMENTED?

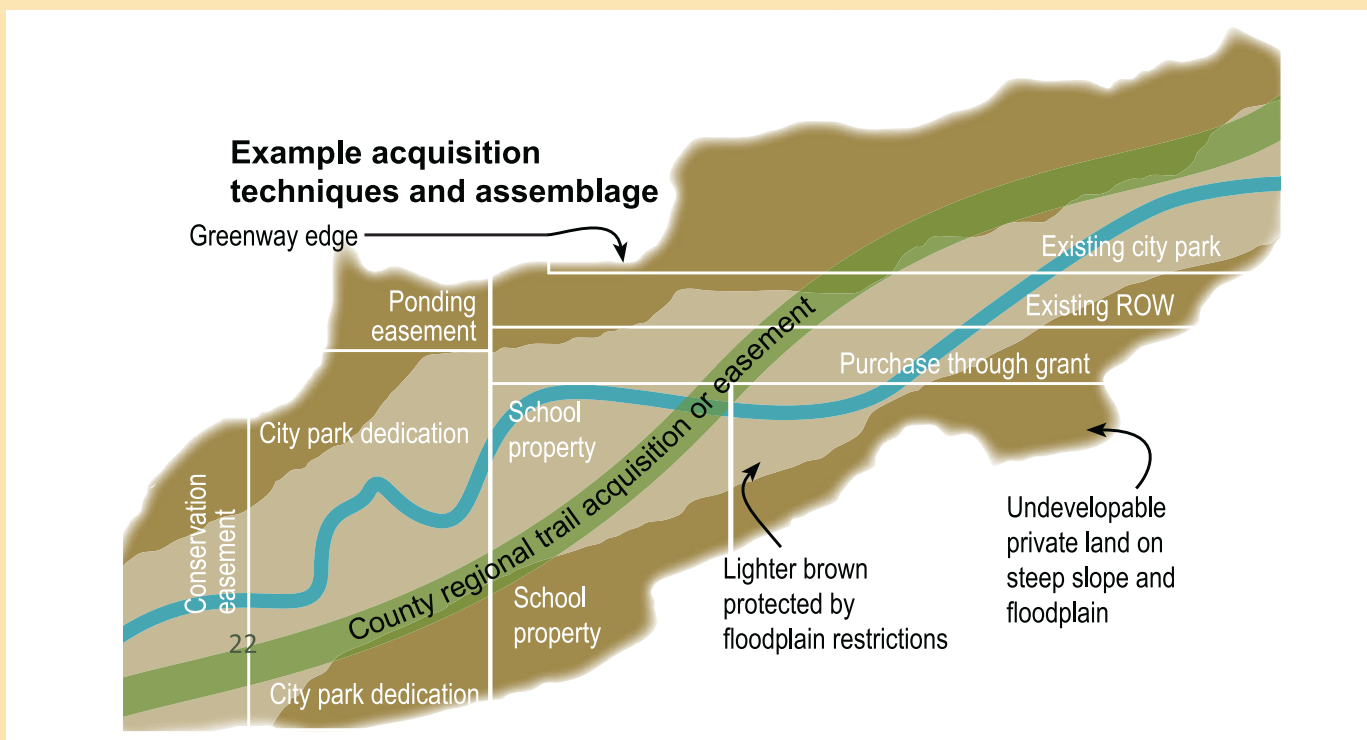
Existing development regulations protect Tier 1 items.

Tier 2 items and connective corridors will be protected through a number of different tools available to the City, County, and Watershed Districts such as:

- » City, regional, and State policies
- » Zoning overlay district
- » PUD negotiations
- » Density transfers
- » Dedication
- » Acquisition of land
- » Coordination with Landowners
- » Conservation Easements
- » Utilization of existing public land
- » Grant funding

A typical acquisition strategy for protecting greenway lands and features might utilize the following prioritization:

- 1) Use existing public land that is already secured to create corridors. No ownership change is required. Examples include existing parks, ponding areas, schools, wildlife areas and other public land.
- 2) Preserve corridors in coordination with land development. Use park dedication, ponding areas, PUDs, and subdivision requirements to assemble corridors.
- 3) Take advantage of existing land use regulations that protect open space. Public ownership may not be needed in these areas beyond the 30-foot trail easement. Examples include floodplain regulations, shore land zoning, wetland protection areas, bluff protection areas, etc.
- 4) Strategically purchase property or easements as necessary. Leverage regional, state, and federal grants and existing land conservation programs as sources of revenue and provide local match as needed. Use local funding from county and city sources without match only when all other avenues have been explored.



The connective corridor search areas identified in Figure 4.9 should be considered diagrammatic and as the name implies, search areas. It may not be necessary to protect the entire search area, but rather a portion of it, to create and preserve connectivity between existing patches of Tier 1 and 2 lands.

As opportunities arise for the preservation of lands within Tier 2 or the connective corridor search areas, the City and/or Watershed District should undertake actions to protect these natural features and connections considering the following principles of landscape ecology:

- » Bigger patches function better than smaller patches
- » Smaller patches function better than no patches
- » Patches connected with multiple connections function better than patches only connected by one connection
- » Connected patches function better than isolated patches
- » Wider corridors function better than narrower corridors
- » Continuously connected corridors function better than "stepping stone" corridors
- » "Stepping stone" corridors function better than no corridor

For more information, see "Landscape Ecology Principles in Landscape Architecture and Land-Use Planning" by Dramstad, Olson, and Forman.

WHAT IS THE IMPACT OF THE GREENWAY CORRIDOR POLICY?

In order to fully realize and continue to support The City of Lakes and Parks Vision, the Greenway Corridor Policy will provide a framework for a connected system of open areas, parks, greenways, trails, wetlands, and water bodies. By establishing a set of guidelines and strategies for growth and development early on, the implementation of the greenway corridor vision can more easily be realized.

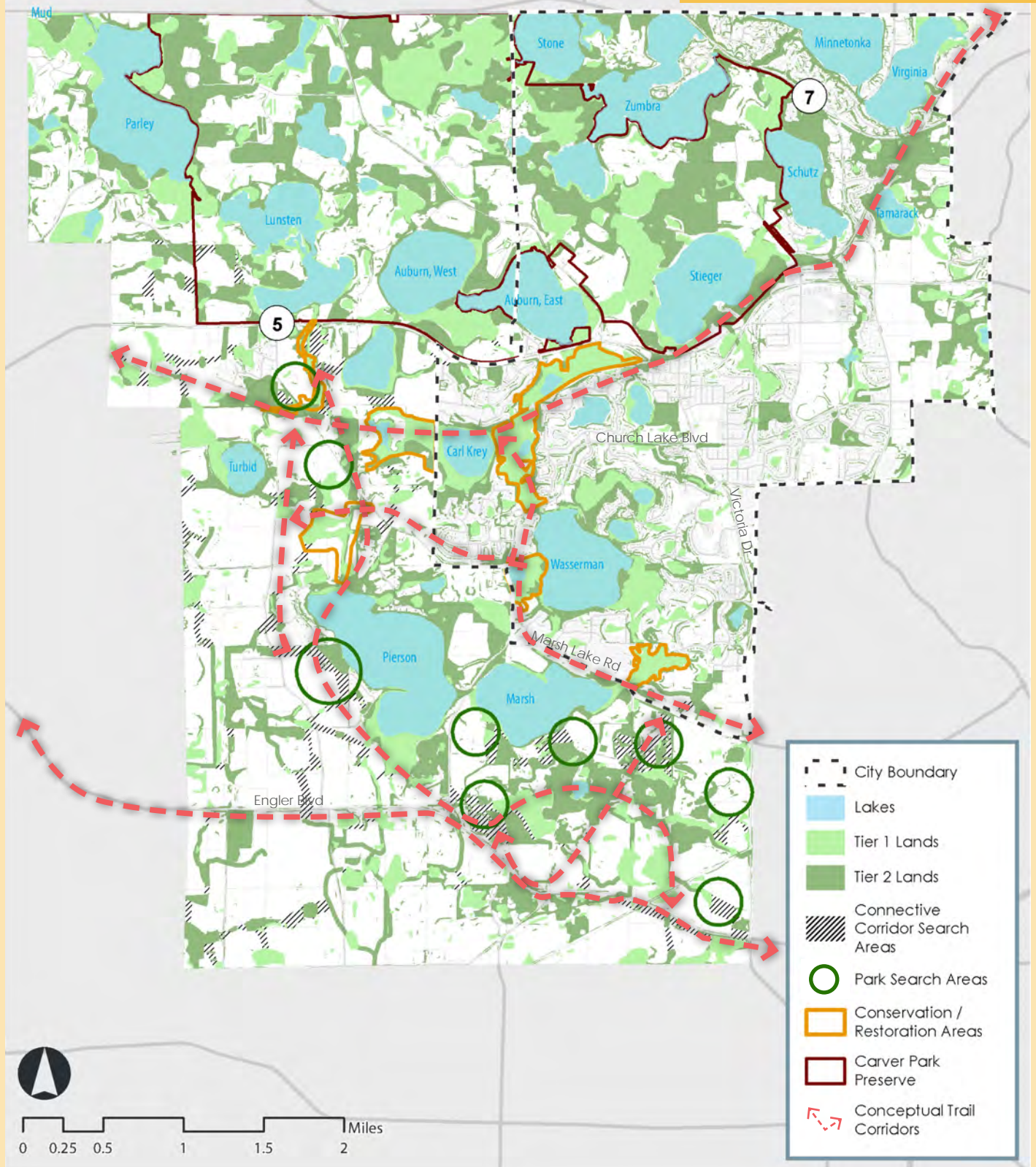


The image (left) illustrates the concept of the Connective Corridor Search Area, to connect natural features, habitat, and buffers for stormwater runoff. In some instances recreational features such as parks or trails may be able to be incorporated when the area develops.

While protecting more land leads to better ecological functioning, it may not be possible when weighed against development pressure.

In this case, it may not be necessary to protect the entire search area, instead protecting and enhancing a corridor within the search area to improve connectivity between the Tier 1 and 2 patches.

FIGURE 4.9 GREENWAY CORRIDOR



SECOND MEMORANDUM of UNDERSTANDING

This Memorandum of Understanding (MOU) is made between the City of Victoria, a Minnesota municipal corporation ("City"), and the Minnehaha Creek Watershed District, a political subdivision with powers at Minnesota Statutes chapters 103B and 103D ("District").

Recitals and Statement of Purpose

WHEREAS the City is a developing community in Carver County, in an environment of abundant natural amenities and water resources, that is expanding to the west ("western growth area") under an orderly annexation agreement with Laketown Township;

WHEREAS District Board of Managers ("Board") Resolution 14-009 adopts a "balanced urban ecology" approach for watershed planning and programming that recognizes the relation among sound ecological systems, well-managed water resources and healthy communities, and that rests on understanding the needs and desires of communities, to guide watershed programs and projects so as to enhance water resources while promoting community economic and social well-being;

WHEREAS this approach uses a subwatershed focus that rewards investment in a hydrologic, ecologic and land use knowledge base; allows the District to form and develop relationships with municipalities and other local partners; and fosters opportunities to integrate water resource goals with other community goals as to the built environment as well as local economic vitality, recreational assets and quality of life;

WHEREAS District Board Resolution 14-047 identifies the Six Mile Creek Halsted Bay (SMCHB) subwatershed as a District priority focus for reasons including (1) the impaired condition of Halsted Bay and numerous upstream lakes, many of which fall within the current and future boundary of Victoria, (2) anticipated growth and development activity within the subwatershed, and (3) support among local governments and lake associations;

WHEREAS on March 26, 2015, the City and District entered into a memorandum of understanding to coordinate in the District's development of its SMCHB subwatershed implementation plan within its 2018-2027 Watershed Management Plan (WMP) revision, and the City's corresponding local water management plan, and more generally to advance the District's balanced urban ecology approach through early coordination of development regulation and the City's capital programming;

WHEREAS in 2016, the District convened a multi-jurisdictional partnership including the City to advance its development of the SMCHB subwatershed implementation plan, and in 2018, by Board Resolution 18-004, adopted the 2018-2027 WMP containing an assessment of SMCHB subwatershed goals and priorities, and an implementation plan to pursue them;

WHEREAS the SMCHB subwatershed implementation plan observes that the SMCHB subwatershed is characterized by interconnected shallow lake and wetland systems, that these systems serve to export nutrients into waters and downstream to Six Mile Creek and Halsted Bay, and that the resources exhibit degraded water quality and ecological integrity;

WHEREAS the implementation plan recognizes distinct management units and identifies methods to achieve water resource goals and priorities to include rough fish management; wetland restoration;

surface runoff management; stream channel restoration; internal load treatment; and protection and restoration of wetland and riparian lands, and of natural corridors;

WHEREAS in 2017, the District and Carver County entered into a Master Finance Agreement by which the County, by use of general obligation bonds, may provide long-term capital project financing under the SMCHB implementation plan;

WHEREAS in 2019, by City Council Resolution 2019-51, the City adopted its 2040 land use plan, “Our Victoria Tomorrow,” which sets forth the City’s vision for its expansion into the western growth area, and incorporates the Victoria Chain of Lakes Greenway Policy and Implementation Plan (“Greenway Plan”), a program developed in consultation with the District that will strategically use opportunities and tools to establish corridors of high-valued natural resources both to protect the integrity of natural systems and to provide recreational and other amenity value to the community;

WHEREAS by Resolution 19-079, the District Board approved the City’s local water management plan (LWMP) in its 2040 plan, including a coordination plan encompassing City and District collaboration on land use planning, regulation, public communications and education, and alignment of plans and investments;

WHEREAS pursuant to the LWMP and Resolution 19-079, the District continues to exercise within City boundaries its authority to regulate land development, in parallel with the City’s land use regulation, and continues to implement the Minnesota Wetland Conservation Act (WCA) as the designated local government unit;

WHEREAS since the execution of the 2015 MOU, and in implementation of the WMP SMCHB subwatershed implementation plan, the City and the District, in partnership, have invested substantially in work within the Pierson-Marsh-Wassermann management unit, most upstream within the SMCHB subwatershed, bringing Wassermann Lake into conformance with Minnesota water quality standards in 2023;

WHEREAS during this time, the City and District have collaborated successfully on initiatives including:

- System-wide habitat restoration through carp management, supported by a Lessard-Sams Outdoor Heritage Council grant;
- Early land-use and regulatory coordination allowing a creative on-site wetland replacement solution by a developer;
- Enhancing treatment capacity of ponds near downtown Victoria to reduce phosphorus loading to East Auburn Lake, supported by a Clean Water Fund grant;
- Alum treatments of Wassermann West pond and Wassermann Lake, supported by a Clean Water Fund grant;
- Developing the city’s first lakeside park, Wassermann Lake Preserve, with related water quality improvements;
- Hydrologic restoration of the East Auburn Wetland, with trail improvement (in design);

WHEREAS the City and District recognize the value of their past collaboration in aligning comprehensive planning efforts, and both parties are entering into new planning cycles: the City with its 2050 comprehensive plan, and the District with its 2027 Watershed Management Plan, both aiming to further integrate water resource goals with community growth and development;

WHEREAS the City and District wish to continue their collaboration with respect to water quality and ecological integrity within the City as a whole, but with an emphasis on the relationship of natural systems to the built environment within the western growth area, in advance of annexation, public infrastructure investment, and private development activity;

WHEREAS the City and District view this coordinated effort as an opportunity to further define and showcase what it means for the City to be the “City of Lakes and Parks” by realizing the Greenway Plan vision, securing additional open space, restoring and preserving natural resources, establishing greenway networks, and orienting future development around these natural features;

WHEREAS implementing this vision ahead of development and annexation will in turn (1) improve and protect those natural systems, (2) improve the quality and long term sustainability of development, (3) provide for the wise use of public dollars, (4) reduce development risk and (5) align the shared values of the City, the District, landowners and residents;

WHEREAS the District wishes to give attention, in particular, to the Turbid-Lundsten management unit, where substantial wetland acreage has been altered or lost, and where the District has identified wetland restoration, internal load treatment, rough fish management, and acquisition of fee or easement rights in sensitive lands as promising approaches to address the impaired status of Turbid Lake, improve water quality in South Lundsten Lake, reduce phosphorus export into the SMCHB surface water system and improve the ecological quality of the lake-wetland resource;

THEREFORE this MOU documents mutual goals and affirms the cooperative framework within which the City and District will continue to explore and advance beneficial and cost-effective projects and programs.

Terms of Understanding

1. Victoria Chain of Lakes Greenway Planning and Implementation.

- a. The City and District will collaborate to refine and implement the Greenway Plan, formulating phasing and implementation strategies to guide the evaluation of opportunities and investment within the western growth area.
- b. The City and District will evaluate the use and impact of various land-use policies and their ability to serve as a strategy for Greenway Plan implementation.
- b. The District will continue to improve its understanding of water resource issues, strategies, and project opportunities within the Turbid-Lundsten corridor, and will pursue feasibility studies to explore restoration and project opportunities to address Turbid Lake’s present, and South Lundsten Lake’s anticipated, impairment status under the Clean Water Act.
- c. The District and City will coordinate as feasibility work advances within the Turbid-Lundsten management unit. The City supports potential District fee or easement acquisitions to advance water quality and ecological integrity goals in the WMP, and will consult to help guide District activity in a way that advances the Greenway Plan and otherwise comports with the City’s long-range infrastructure and land use plans for the drainage area.

- d. The City will explore small-area planning to guide both public infrastructure investments and private development, engaging the District in this process to ensure shared knowledge and consideration of mutual goals.
- e. As opportunities are evaluated, the District and City will seek to establish regional stormwater facilities that can serve the requirements of future development, in an effort to maximize water quality benefits and minimize long-term maintenance costs for the City.
- f. The City and District will engage with key partners and stakeholders within the western growth area (e.g., Carver County, Carver SWCD, Laketown Township, Three Rivers Park District, landowners) to better understand and develop consensus around goals for public investment and land use management.

2. 10-Year Plan Coordination and Ongoing Partnership.

- a. The City and District will prioritize collaboration throughout the development of the District's 2027 Watershed Management Plan and the City's 2050 comprehensive plan.
- b. Both parties will seek alignment among land use planning, water resource goals, and community development, leveraging shared data, expertise, and resources to integrate these objectives within their respective plans.
- c. Building on the coordination framework established in 2017, the City and District will maintain open communication regarding annexation plans, programmed capital improvements, and potential development activities.
- d. The District will explore project opportunities within the broader SMCHB subwatershed, in cooperation with the City, to advance the WMP implementation plan in a manner that supports the City's land use and community development goals.
- e. The City and District will continue to fulfill their commitments in engagement with the SMCHB subwatershed partnership.
- f. The City and District will continue to cooperate on the continuing improvement of City maintenance, road management and other housekeeping programs; cultivating public and private partners and funding sources; coordinating and integrating capital work; and collaborating in public outreach.

3. Regulatory Program Coordination.

- a. The City and District will exchange information about potential land ownership changes that may create partnering opportunities, and about potential development activity, and will direct landowners and developers accordingly, to provide for early engagement by both parties in land use events that may affect water resources.
- b. The City and District will seek to coordinate development review where that will protect public interests; avoid unnecessary expense, uncertainty or delay for the landowner or developer; or enhance the opportunity to creatively adjust development plans for greater private and public benefit.

c. The City and District will consider opportunities to coordinate or formally share responsibility for permit administration, inspection, enforcement, and stormwater facility maintenance functions in order to reduce public cost and duplication; provide for more efficient fulfillment of NPDES MS4 program obligations; and provide more effectively for compliance by regulated landowners and developers.

4. Not Legally Binding. This MOU is a statement of mutual intent and cooperation, and is not legally binding. When the City and District undertake to implement a specific capital project or program, or to formalize other coordination in a binding manner, they will enter into a written agreement that establishes legally bindings roles, responsibilities and financial obligations.

5. Primary Contacts. The following individuals are the primary contacts between the City and the District. Either party may change the primary contact by notifying the other party in writing.

MCWD

Michael Hayman-Director of Project Planning
(952)-471-8226
MHayman@minnehahacreek.org

City of Victoria

Cara Geheren-City Engineer
(651)-300-4261
Cara.gaheren@focusengineeringinc.com

6. Term. Either party may terminate this MOU by written notice to the other party. It is the parties' intent to revisit this MOU in five years.

CITY of VICTORIA

By: *Dana Hardie*

Dana Hardie, City Manager

Date: **11/21/2024**

MINNEHAHA CREEK WATERSHED DISTRICT

By: *James Wisker*
James Wisker (Nov 22, 2024 11:55 CST)

James Wisker, District Administrator

Date: **11/22/2024**