



September 28, 2022

To: Morrison County Board of Commissioners
Matt LeBlanc, County Administrator

From: Lake Shamineau Lake Improvement District (LSLID) Board of Directors
Cindy Kevern, LSLID Administrator

RE: Annual Report to Morrison County

This is to provide an update on our activities over the past year, as well as our planned work in the coming year.

We also respectfully request approval of the 2023 Lake Improvement District (LID) budget. Following are the items that were approved by the LID members through online and mail-in voting that ended on August 31, 2022, with further detail of the voting results attached:

1. The 2023 Non-Project Operations Budget of \$38,000; approved with 76% voting in favor.
2. The 2023 Aquatic Invasive Species (AIS) Project budget of \$30,000; approved with 82% voting in favor.
3. The 2023 High-Water Outlet Project budget for Planning and Operations of \$295,000; approved with 66% voting in favor.

Other voting results included:

4. Approval of an increase in the local cost to Construct a High-Water Outlet from \$3,350,000 to \$5,550,000 if State funding is not secured to be sufficient to complete the project; approved with 56% voting in favor.

Please note the County Board has previously delegated authority to the LID, (Morrison County Resolution 2019-072), to establish and finance the High-Water project, as a result this information is being provided for information purposes only and no County Board approval is requested.

➤ Seasonal Residency Directors (2 Seats)

Fred Comb (Incumbent)

Rick Rosar (Incumbent)

➤ Permanent Residency Director (1 Seat)

Patricia Tvedt (replacing Tim Rice who chose not to run)

2022 Activities

During 2022 the LSLID completed the following:

1. High-Water Outlet Project:

You may recall that after considering several options there was a decision to review and develop a project that includes constructing a west outlet utilizing the newly cleaned ditch to access Fish Trap Creek, through Todd County Ditch 41 to the Long Prairie River.

The High-Water Outlet Project plan includes construction of a lake outlet structure and pumping station adjacent to the shoreline at the west end of the lake. From the pumping station the water will proceed westerly along the Aztec Road and continue along Highway 10 to the south side of County Road 203. Flowage will then continue through a recently cleaned drainage ditch that passes through US Highway 10 before flowing west into Todd County and eventually reaching Fish Trap Creek, which becomes part of Ditch 41 at the properties adjacent to the railroad bridge and continues to the Long Prairie River. This route was chosen to accommodate landowners. A map of the pumping site and water flowage route has been posted to the website.

There has been tremendous progress on the project, and following is an update on recent key tasks:

- We have good news to report – we have recently received approved permits from the DNR, MN DOT and Morrison County for the project.
- A wetland delineation of the route was completed by Houston Engineering and has been accepted by the DNR and the Soil and Water Conservation Districts (SWCD) of both Morrison County and Todd County.
- Houston Engineering completed groundwater monitoring near the lake with the drilling of several wells and has completed many technical tasks including soil borings, surveys, electrical design, completing route and design details for landowners, and providing right of way descriptions.
- An operating and maintenance plan has been developed which includes guidelines to balance the need to lower the lake while minimizing the impact on downstream property owners.
- The petition to utilize Todd County Ditch 41 was approved by the Todd County Board of Commissioners on October 13, 2021.
- An Environmental Assessment Worksheet was approved by the LID Board of Directors on January 17, 2022.
- Approval has been received from Fawn Lake and Scandia Valley Townships for use of the road right of way.
- We have signed letters of agreement from landowners west of Highway 10 to provide easements; agreements with landowners near the lake in Morrison County are being finalized.
- Bi-monthly meetings with the local DNR have been held to keep them informed of the project and to provide detailed project information, to seek input and to inquire on technical questions.

2. Aquatic Invasive Species (AIS)

Lake Shamineau has received a Morrison County AIS Partnership Grant for 2022 in the amount of \$13,700. We have also received notice that the 2022 AIS Control Grant application submitted to the State of MN on behalf of Lake Shamineau Lake Improvement District for treatment of aquatic invasive plants was selected for a traditional control grant award in the amount of \$7,500.

The AIS program has been successful in controlling Eurasian Water Milfoil (EWM). This spring a targeted survey of the lake was completed to determine areas for treatment, and in the summer a lake wide delineation was completed. Herbicide treatments were not needed since there are only limited amount of AIS found in the lake with the survey. However, the LID did engage Scuba Divers for hand pulling.

Ambassador Program: With the Morrison County (AIS) Grant and 2022 budget funding, we were able to continue the Ambassador program at both the East and West landings on weekends and holidays. Ambassadors greet and educate visitors at the access to inform them of Aquatic Invasive Species (AIS) and the requirements for draining and cleaning their boats and trailers before they enter the lake and exit the lake, and as a courtesy notifies them of the 300' no wake zone.

3. Communications

The LID Board of Directors have provided communications through mailings, newsletters, and postings to the website. Regularly scheduled and special LID Board meetings are announced on the LSLID website, are open to the public, and notes are posted on the website.

A new website has been developed for the LSLID and can be found at: LakeShamineauLID.org. The website is the official source of information and meeting announcements and includes information such as project information, financial information and reports, and other information that may be of interest to property owners.

Mailings have included:

- A mailing was sent on April 4, 2022, providing updates to property owners on the High-Water Outlet Project and other LID activities. In addition, a mailing was sent on June 20, 2022, to property owners announcing that nominations were open and included a due date for receipt of nominations of July 11, 2022.
- A mailing announcing the Annual Meeting was sent out on August 3, 2022, to all property owners. This mailing included:
 - Letter to Property Owners providing an update on activities and details for the Annual Meeting,
 - Voting Instructions and Voting Ballot,
 - Candidate Information Sheet,
 - 2023 Budget Sheet, and
 - Return envelope.
- The LSLID again used Survey and Ballot Systems (SBS) from Eden Prairie, MN to administer the Budget and Director voting process. Each property owner voter had the choice to either return their vote directly to SBS using the paper ballot and enclosed envelope or alternatively vote online. SBS provided the tabulation of the voting.
- The Annual Meeting was held online on August 27, 2022, with the option to view and participate in the online meeting at the Scandia Valley Town Hall. To accommodate voting after the annual meeting, Paper Ballots needed to be postmarked by August 31 and online voting closing on August 31. Audited tabulation results were available on September 7 and an email was sent to newsletter subscribers to announce the results. In addition, they were posted on the website. The voting results are attached.

4. State Funding

We have received positive comments from legislators and the DNR regarding State funding for the High-Water Project and we understand that Lake Shamineau will likely receive funding if a bonding bill is approved. Any funding received would be utilized to reduce the local cost to the Lake Shamineau property owners.

2023 Work Plan

For 2023, the following activities are planned for the LSLID:

- Non-project plans include water quality testing, public access monitoring and education, floating bog mitigation, and other administrative activities. The 2023 budget for non-project plans is \$38,000.
- The Aquatic Invasive Species (AIS) project plans include continued hand pulling and chemical treatments for Eurasian Watermilfoil and other invasive species, and continuation of the Ambassador program. We anticipate applying and receiving funding through the Morrison County AIS Partnership grant program for the aquatic vegetation survey, public access signage and brochures, treatment control, and the ambassador program. The 2023 budget amount for AIS is \$30,000.
- Following are the tasks that are planned for the High-Water project for Planning and Operations:
 - Houston Engineering will be working to develop construction plans to include the final design of key project features including hydraulic features, AIS filtration, forcemain pipe and outlet, drainage system and lake inlet. Houston will also explore cost savings and ways to mitigate long lead times on materials.
 - Finalize easements; finalize any remaining approvals from key agencies.
 - Other tasks include continued outreach with landowners, agencies, and the public.
 - Upon completion of the above tasks, the project will be ready for developing bid and contract documents, issuing bids, and selecting the contractor for construction.
 - The 2023 budget for the High-water project for planning and operations is \$295,000.

- Included in the voting was the approval of an increase in the local cost to Construct a High-Water Outlet from \$3,350,000 to \$5,550,000 if State funding is not secured to be sufficient to complete the project. This voting item includes all construction labor, materials, engineering, land rights, legal, fiscal, administrative and right-of-way, and other costs required for the high-water outlet. A contingency has been included in the budget due to current market trends and will be charged only if needed. Detail on the increase in costs is attached to this letter.

High-Water Outlet Project Schedule:

Following is an estimated timeline for project completion:

	Project Task	Description	Est. Completion Period
1	Receive Positive Votes on Vote 3 and 4	Finalize local LID and state funding	September 2022
2	Finalize approvals	Finalize approvals from all agencies	November 2022
3	Detail Design, Right of Way	Plans, bid and contract documents	December 2022
4	429 Hearing	Hold 429 Hearing for Project Approval	December 2022
5	Bidding	Issue bidding docs and select contractor	February 2023
6	Financing	Finalize financing for construction	Winter 2023
7	Construction	Start construction of West Outlet	Spring/Summer 2023
8	Pumping Begins	Testing and Pumping	TBD
9	Bonding	Issue Bonding for financing	TBD

The above dates are estimated and the final timeline for construction will depend on the timing of the approval of funding and lead times for construction materials.

In conclusion, the LSLID has been very busy with the High-Water Outlet Project and much progress has been made. We are also very proud of the progress on controlling the Aquatic Invasive Species, and our ambassador program. The LID has hired a Certified Public Accountant to provide an audit of our financial records. This audit is in process.

We want to extend our sincere thanks for the support from the Morrison County Board of Commissioners for the AIS Grant funds. Please let us know if you have any questions or comments for the Lake Shamineau LID.

Sincerely,

Rick Rosar, Bob Koll, Fred Comb, Bob Ingle, and Patricia Tvedt

Lake Shamineau Lake Improvement District Board of Directors

Cindy Kevern

Administrator

Lake Shamineau Lake Improvement District

Email: LSLIDBD@gmail.com | **Website:** <https://LakeShamineauLID.org>

Attachments:

1. 2023 Budget Sheet
2. Vote Tabulation Results
3. Explanation of Cost Increases in the High-Water Budget

Lake Shamineau Lake Improvement District - LSLID

2023 Budget Sheet

Note: The estimated charges provided below are based on the 2023 Budget amounts included in each vote and the parcel/user density information currently available.

VOTE 1 Non-Project Operations Budget:

Administrative Expense – including:	10,000
• Mailings to members – (e.g. printing, envelopes, labels, postage)	
• Meetings – (e.g. handouts, publishing notices)	
• Finance – (e.g. accounting, PO Box)	
• Voting Service	
Communications and project management	7,000
Legal and Liability Insurance (MCI) expense	15,000
Water Quality Testing – RMB Laboratory	500
Floating Bog Mitigation	500
Reserves and contingencies	<u>5,000</u>
Total 2023 Non-Project Operations Budget	<u>\$38,000</u>

Vote 1: This voting item includes administrative and other operation costs for the LID. The insurance cost estimate anticipates the outlet operations.

Estimated 2023 per Parcel Charge rate (based on estimated 332 parcels) = \$105.74
Association 2023 per User Density Charge (20% of Parcel Charge) = \$21.15
Commercial 2023 per User Density Charge (20% of Parcel Charge) = \$ 21.15

VOTE 2 Aquatic Invasive Species (AIS) Project Budget:

AIS Project costs include:	
• Eurasian Milfoil Control including SCUBA pulling and Herbicide treatment	20,000
• Planning, permits, public notice, pontoon rental	1,500
• AIS surveys	3,500
• Ambassador program	<u>15,000</u>
AIS Project Expense	<u>\$40,000</u>
Less Estimated AIS Grants	<u>10,000</u>
Total 2023 Aquatic Invasive Species (AIS) Project Budget	<u>\$30,000</u>

Vote 2: This voting item includes AIS control, surveys, the ambassador program, and includes a reduction for AIS grants.

Estimated 2023 per Parcel Charge rate (based on estimated 332 parcels) = \$83.48
Association 2023 per User Density Charge (20% of Parcel Charge) = \$16.70
Commercial 2023 per User Density Charge (20% of Parcel Charge) = \$ 16.70

**SEE REVERSE SIDE FOR BUDGET INFORMATION FOR
VOTE 3 and VOTE 4**

VOTE 3 High-Water Outlet Project Budget for Planning and Operations

Planning and Operational costs include:

- | | |
|--|---------|
| • Engineering | 100,000 |
| • Legal, fiscal, and administrative | 50,000 |
| • Operational Costs (high-water outlet) | 100,000 |
| • Contingency (for unanticipated cost increases) | 45,000 |

Total 2023 High-Water Outlet Project Budget for Planning and Operations **\$295,000**

Vote 3: This voting item includes the High-Water Project planning expenses for 2023 including engineering, legal, fiscal, and administrative expenses prior to construction and includes temporary financing costs. The operational costs for the high-water outlet includes initial operation costs for such items as electricity, service maintenance, and monitoring downstream water elevations.

Estimated 2023 per Parcel Charge rate (based on estimated 332 parcels) = \$820.82

Association 2023 per User Density Charge (20% of Parcel Charge) = \$164.16

Commercial 2023 per User Density Charge (20% of Parcel Charge) = \$164.16

VOTE 4 High-Water Outlet Project Budget

Do you approve of an increase in the local cost to Construct High-Water Outlet from \$3,350,000 to \$5,550,000 if State funding is not secured to be sufficient to complete the project? A “Yes” vote means that you approve of an increase to the local cost of the High-Water Project. A “No” vote means that you want the local cost of the Project to be capped at its previously approved amount of \$3,350,000 which will result in an indefinite delay in the project until State or other funding will be available.

The increased cost to construct a High-Water Outlet includes:

- | | |
|---|-----------|
| • Project Construction based on Engineer’s opinion of probable cost | 4,300,000 |
| • Engineering | 250,000 |
| • Land Rights (including easements and outlet fee) | 250,000 |
| • Administrative, fiscal, legal | 150,000 |
| • Other (utility relocations, electrical service, wetland credits) | 50,000 |
| • Contingency (at 11%) (to be charged only if needed) | 550,000 |

Total High-Water Outlet Project Budget **\$5,550,000**

Vote 4: This voting item includes all construction materials, labor, engineering, land rights, administrative, fiscal, legal, and other costs required for the high-water outlet. A contingency has been included in the budget due to current market trends and will be charged only if needed.

NOTE –The 2021 Budget included a Vote 4 at a cost of \$3,350,000 to establish a project to construct a High-Water Outlet. This budget item was approved in August 2020 with 74% voting in favor of the budget question. Project costs have since increased and detail of the increases are included on page 5 of the letter to Property Owners dated August 3, 2022. The LSLID Board is working with legislators for funding for the project from State bonding. If State funding is received, it would be utilized to reduce the local cost to the Lake Shamineau property owners.

Estimated Charge rates for \$5,550,000 High-Water Outlet Budget:

Estimated per Parcel Charge rate (based on estimated 332 parcels) = \$15,442.41

Association per User Density Charge (20% of Parcel Charge) = \$3,088.48

Commercial per User Density Charge (20% of Parcel Charge) = \$3,088.48

These high-water outlet costs will be financed through a bonding process to allow property owners to pay their per parcel charge over time. The cost including any applicable interest, could be spread over an estimated 8 to 15 years or more.

Lake Shamineau Lake Improvement District
Annual Meeting August 27, 2022
Voting Deadline August 31, 2022
VOTE TABULATION RESULTS – September 7, 2022

Note – there were 211 ballots cast

Budget Questions	YES	NO	TOTAL VOTES	YES, as a % of TOTAL
#1 Non- Project Budget-\$38,000	161	50	211	76%
#2 AIS Budget - \$30,000	172	38	210	82%
#3 High Water Project - \$295,000	139	72	211	66%
#4 Increase High Water Project Budget from \$3,350,000 to \$5,550,000	118	93	211	56%

Election of Directors	Number of Votes
<i>Seasonal Residency Directors (2 Seats)</i>	
Fred Comb	154
Rick Rosar	124
Thomas R. Schuler	94
Write-In: Various	15

Election of Directors	Number of Votes
<i>Permanent Residency Director (1 Seat)</i>	
Patricia Tvedt	166
Write-In: Various	11

Lake Shamineau Lake Improvement District High-Water Outlet Budget – Cost Increases

The property owners approved the following question: “Do you approve of an increase in the local cost to Construct High-Water Outlet from \$3,350,000 to \$5,550,000 if State funding is not secured to be sufficient to complete the project?”

The following provides cost detail based on the Engineer’s opinion of probable cost and detail on recent cost increases:

Construction Materials, Labor, Dewatering, Pump Well, Station, AIS filter, Monitoring Equip.	\$4,300,000
Engineering	\$250,000
Land Rights (Easements, Outlet fee)	\$250,000
Administrative, Legal, Fiscal	\$150,000
Other (Utility Relocations, Electrical Service, Wetland Credits)	\$50,000
Contingencies (at 11%) (to be charged only if needed)	\$550,000
Total High-Water Outlet Project Costs (Vote 4)	\$5,550,000

NOTE –The 2021 Budget included a Vote 4 at a cost of \$3,350,000 to establish a project to construct a High-Water Outlet. Project costs have since increased to a maximum cost of \$5,550,000 and detail of the increases are noted below. The LSLID Board is working with legislators for funding for the project from State bonding. If State funding is received, it would be utilized to reduce the local cost to the Lake Shamineau property owners. The local cost will be financed through a bonding process to allow property owners to pay their per parcel charge over time.

Following is a summary of factors that has caused the increase in the estimate:

- The increase in project costs is in large part due to inflation with rising costs of materials and labor due to the COVID pandemic and rising fuel costs. Materials are difficult to obtain with reduced supply and together with shipping delays, there have been several substantial price increases. The project requires over 2 linear miles of pipe and the increase in the price of oil has resulted in substantial increases in the price of the required pipe because the resin required to produce the pipe is petroleum based. More pipe is needed for the project due to design changes.
- The cost of the pump and control panels has increased. There is an increased demand on these types of materials and supplies due the number of projects around the country.
- Dewatering wells require consumption of a large volume of fuel, so using current fuel prices has increased the pricing for dewatering. Houston will continue to research ways to decrease the dewatering cost.
- The landowner easements have been more costly than anticipated due to design and route changes and additional pipe requirements.
- The Todd County Ditch 41 petition process was more complex and took more time requiring additional engineering and legal expenses, and monitoring equipment as well as higher than anticipated outlet fees.
- Additional reviews by the DNR, MN DOT, townships, Soil and Water, etc. has required additional design changes to the lake inlet, a new piping requirement under Highway 10, design changes for road right of way, design changes to avoid wetland areas and the acquisition of wetland credits. These design changes require additional engineering, additional costs, and requires laying more pipe.
- The original cost estimate included a contingency for unanticipated costs. The revised estimate includes an increase in the contingency to accommodate the rapidly increasing prices of materials and labor.

Other Considerations:

- There is currently a 30-week lead time on PVC pipe and a 14-week lead time for pumps. Houston will continue to research options and cost savings. Lead times can be mitigated if the LSLID acquires materials and supplies as funding is available, perhaps even prior to the bidding process.