



August 3, 2022

Dear Lake Shamineau Riparian Property Owner,

The primary purpose of this mailing is to advise all property owners of the Lake Shamineau Lake Improvement District (LSLID) of the ***Annual Meeting to be held on August 27, 2022, at 9:00 a.m. The meeting will be held online. If you are not able to view it online or prefer to attend in person, arrangements have been made for viewing at Scandia Valley Town Hall with a Board member in attendance.*** To sign up for the online meeting, send an email to Fred Comb at fred@homeinspectionsofmn.com to receive an invitation and instructions to join the meeting. The agenda will be provided on the website and will be sent electronically to those that sign up to attend the meeting. The meeting will be recorded, and a link will be posted on the LID website for those that are not able to attend.

The Lake Shamineau Lake Improvement District (LSLID) is using Survey and Ballot Systems (SBS) from Eden Prairie, MN to administer the 2023 voting process. Using the Morrison County property information and the Establishment Order to determine eligible voters, SBS has sent you this voting information. The LSLID Order of Establishment has been followed and no property or group of properties under the same ownership will have more than one vote. Property with multiple owners, trustees, or officers for a property, shall have one collective vote. This mailing includes:

- This letter to Property Owners,
- Voting Instructions and Voting Ballot,
- Candidate Information Sheet,
- 2023 Budget Sheet, and
- Return envelope.

Note that you can either return your vote directly to SBS using the paper ballot and enclosed envelope ***OR*** you can vote online. No in-person voting will be available. SBS has provided contact information for questions regarding the voting process. SBS will provide the tabulation of the voting. Since there will be no in-person voting, we have adjusted the deadlines to allow property owners to vote after the Annual meeting with deadlines as follows:

- **Paper Ballots need to be postmarked by August 31.**
- **Online voting will close on August 31, at 11:59 p.m.**
- **Audited tabulation results will be available after 6 PM on September 7.**

This mailing includes all the questions that will be voted on and includes sufficient detail to assist with your voting decisions whether you vote by mailing a paper voting ballot or online. We also encourage you to visit the LSLID website at LakeShamaineauLID.org or email us at LSLIDBD@gmail.com with any questions.

Following is the agenda for the annual meeting that will be held online on August 27 at 9:00 a.m.:

1. Welcome and Review of Code of Conduct
2. Approval of the Minutes of the 2021 Annual Meeting
3. Treasurers Report
4. Review of 2022 LID Activities
5. Review of Proposed 2023 LID Work Plan including High-Water Outlet Project Plan
6. Review of 2023 Budget
7. Forum for Candidates Nominated for Director Positions
8. Audience Questions and Comments
9. Other Business
10. Adjourn

Note that an online High-Water Outlet Project Informational Meeting was held on Wednesday, July 27th at 6 PM. This meeting included updated information regarding the High-Water project with Mike Opat from Houston Engineering presenting technical information regarding the High-Water Outlet Project. The meeting was recorded, and you can find both the recording and the presentation on the LID's website at LakeShamineauLID.org.

LID Election of Directors

Three of the five Board of Director positions are open for election this year. The newly elected directors will take office 4 weeks after elected for a two-year term. There are **three nominees for the two (2) open Seasonal seats** for the Board of Directors. In addition, you can write-in the name of your choice for either of the two available seats. Each of the two seats are open to seasonal residents. On the Ballot that you have received from SBS, you will be voting for **Two (2) of the following seasonal candidates:**

- Fred Comb (incumbent)
- Rick Rosar (incumbent)
- Thomas R. Schuler
- Write-In: _____
- Write-In: _____

There is **one nominee for the one (1) open Permanent Residency seat** for the Board of Directors. In addition, you can write-in the name of your choice for the one available seat. This one seat is only open to a permanent resident. On the Ballot that you have received from SBS, you will be voting for **One (1) of the following permanent residency candidates:**

- Patricia Tvedt
- Write-In: _____

LID 2023 Budget Information:

A detailed budget sheet has been included with this mailing which provides a description of the budget items and estimated charge amounts. There are four LID Budget items for voting. The items are summarized below and described in more detail in the attachments.

Vote 1: Does the voter approve the expenditure of \$38,000 for the 2023 Non-Project Operations Budget? *This voting item includes administrative and other operational items for the LID.*

Vote 2: Does the voter approve the expenditure of \$30,000 for the 2023 Aquatic Invasive Species (AIS) Project Budget? *This voting item includes AIS control, surveys, and ambassador program.*

Vote 3: Does the voter approve the expenditure of \$295,000 for the 2023 High-Water Outlet Project for Planning and Operations? *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.*

Vote 4: 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.

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.

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 this letter. 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.

LID Project Updates

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, and we remain hopeful that bonding may still be approved this summer. Any funding received would be utilized to reduce the local cost to the Lake Shamineau property owners.

Aquatic Invasive Species (AIS): Lake Shamineau has received an AIS grant from Morrison County 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 has been 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. Later this summer or early fall, a lake wide delineation will be completed. After the final survey/delineation, herbicide treatments will be made in the specific areas where AIS is identified. In addition, Scuba Divers will follow up 2 to 4 weeks later to thoroughly go over the areas that have been previously treated and pulled. Please note that if any property owner does not want the treatment to occur adjacent to their property, they need to notify the LSLID with their name and property address, at either PO Box 394, Motley, MN 56466 or at LSLIDBD@gmail.com.

Ambassador Program: With the grant and 2022 budget funding, the Ambassador program is continuing at both the East and West landings on the 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.

Following is an update on the High-Water outlet project: The goal of the high-water project is to determine a solution to the high-water problem that is the most feasible, cost-effective, and timely, and will minimize ongoing maintenance and future operating costs. In August 2020 the LID Membership voted with 74% approval to “Establish Project to Construct High-Water Outlet”. With the membership approval of this project, the LID Board has worked to move forward on a permanent long-term solution.

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 eventually reaching Fish Trap Creek, which becomes part of Todd County Ditch 41 at the properties adjacent to the railroad bridge and continues to the Long Prairie River. 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 on the DNR permit for the project. As this letter goes to print, we met with the DNR and they stated that the permit will be issued by the end of July.
- 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 and agreements with landowners near the lake in Morrison County are in process.
- 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.

Next High-Water Outlet Project steps include:

- 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; approval and permits from key agencies such as the DNR, MN DOT, etc.
- 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.

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 the funding (Votes 3 and 4 and/or State Funding), completion of agency permitting, and lead times for construction materials.

Communications: The LID Board of Directors have been providing communications through mailings, newsletters, and postings to the website. 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.

Plan to attend the Online Annual Meeting on August 27th at 9:00 AM and be prepared to listen, learn, and ask questions. Vote by either returning your ballot in the mail, or by voting online.

Thank you for your support,

Rick Rosar, Bob Koll, Fred Comb, Tim Rice, and Bob Ingle
Lake Shamineau Lake Improvement District Board of Directors

Cindy Kevern
Administrator

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

Lake Shamineau Lake Improvement District Vote 4 High-Water Outlet Budget

Vote 4 includes 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?”

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 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. This budget item was approved in August 2020 with 74% voting in favor of the budget question. 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. *It should also be noted that these costs assume that a “yes” vote on Votes 3 and 4 to provide funding with bidding completed in the next six months.*

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.

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 Shamaineau 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.