

## Lake Shamineau Lake Improvement District (LSLID)

### Meeting Minutes

November 13, 2017

Attendees: LID Board of Directors: Bob Koll (Chair), Rick Rosar (Vice Chair), Fred Comb (Treasurer), Cindy Kevern (Secretary)  
Jeff Langan, Houston Engineering (HEI)  
Ted Rud, Houston Engineering  
Brad Persons, Attorney

Location: Teleconference

Absent: Don Ogilvie (Board Member)

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### Welcome/Intro

1. Jeff Langan led the meeting and called it to order at 11:00.
2. Jeff Langan provided a project update:
  - a. Project Status
    - i. Flood Hazard Mitigation Funding – Application Status
      1. Plan to have back to LID Board by the 24<sup>th</sup> of Nov
      2. Preliminary opinion of probable project cost by end of this week.
      3. Feasibility Report to LID Board by 2<sup>nd</sup> week of December.
    - ii. MN Rural Water – spoke with administrators of the grant (DDrown and Associates does this work for rural water). Low interest loans only. Likely better rates through Morrison County.
    - iii. Plan to meet with Nienows on the 2<sup>nd</sup> of December to discuss impacts and project details.
  - b. Financing
    - i. LID can bond as per David Drown
      1. Discuss with County their preference on bond process
        - a. This likely done when Feasibility Report and Resolution to County Board presented
  - c. How to proceed
    - i. HEI to complete the feasibility report
      1. This is not a typical capital improvement project. Jeff said should be viewed more as an emergency flood damage reduction project (i.e. flood hazard mitigation). Have Ted R. prepare the report as such.
      2. Assessment formula
        - a. Fred to send Brad Person existing assessment formula data for general fund
        - b. Brad stated to likely stay simple and consistent
        - c. Brad will assist in breaking out the different assessment types
          - i. Residential Parcels
          - ii. Commercial/Corporate owned Parcels

- iii. Shared interest/ownership parcels and those with easements or access
      - 1. Relate to the association
    - d. Uniformity is most important within the parcel assessment types
    - e. Define how these properties use the lake
    - f. Rick mentioned detailed lake frontage information for these lots are not available at Morrison County and would be difficult to develop. So best to stay basic and uniform.
    - g. We need to be able to describe to the membership what our assessment formula was based
    - h. We need to show that the benefit exceeds the cost for each parcel
    - i. We should (for example) distribute \$1 million for our various formula options and see which are the most influential factors and which are the most politically challenging with the LID membership to decide how to best apply the formula. We can then adjust our project costs as a multiple of this.
  - 3. The formula and basis will be included in the feasibility report
- ii. Upon completion of the report the LID Board accepts it and proceeds or abandons the project
  - 1. Input will be solicited from the membership
- iii. The LID Board submits a draft resolution to the County Board who formally approves the action of the LID Board and allows to proceed or rejects it
- iv. David Drown feels the County is on board with the proposed process so no need for a preliminary or status meeting with Morrison County Administration
  - 1. We should keep the board, Deb Lowe and other applicable staff up to date as per Bob. And as appropriate.
- v. The LID Board then schedules the public hearing and assessments
  - 1. Proceedings and notice are very important so we do not have a procedural technicality require reprocessing of 429 process
  - 2. Brad Person will provide guidance through the 429 process. He has done a lot of these and feels that it is no issue to work with Briggs and Morgan on the bonding. Low risk of oversights due to experience of all parties here.
    - a. Brad and Rick will develop a draft formula for review by rest of board
  - 3. HEI can assist in the assessment process and distribution formula. Will work with Brad and Rick.

4. Notices will be sent to members of the LID who are out of the area so they can provide written comments relative to the preliminary assessment or first public hearing
  - a. Will consider using self addressed stamped envelope with comment form provided for ease in submitting

vi. Proceed with Engineering and Permitting

1. Likely be delays in professional services payments for up to a year, so will need to get this established in our agreement if project proceeds. Typical for there to be a lag in payments for professional services until bids are open and bond is established so a source of revenue exists. This would likely be after bids or opened, or likely next Fall sometime.
2. Right of Way acquisition – possibly have Brad prepare a purchase agreement with a set amount of earnest money committing ourselves to the purchase and committing the property owner to an easement amount (permanent and temporary).

d. Project Costs

i. How much to set the bond amount

1. Typically quite a bit higher than the engineers estimated cost to reduce risk of repeat of special assessment process. Brad mentioned calling it a contingency which could be 20% to 30%. We will make a proposal for a contingency after we have completed our feasibility report estimate and the contingency will apply to the most high risk items of the estimate (i.e. RW and Bid Price).
2. These types of projects are very unpredictable and market sensitive. Recent project bid opening had pipe prices double from what they were 5 years ago (\$70 per foot to \$140 per foot for 30" force main piping). Lift station pricing also quite a bit higher. Type of filter system will make difference (natural or mechanical).

2) Funds/Costs

a. Engineering

1. Phase 1 budget = \$28,000 Completed
  - a. \$14k invoiced
  - b. \$14k remaining – invoice in December 2017
2. Phase 2 budget = \$14,500
  - a. \$5700 used to date
  - b. Invoice in July and December 2018

b. Construction Cost Estimates

1. Ted Rud will have the updated values for us in the report likely by end of this week
2. There will be a basis for the change also. We heard hurricanes in 2017 had significant effect on current pipe bid prices.
3. Mechanical filter costs also appeared to add much more cost than originally estimated.

4. RW, Engineering, Admin, Legal, Utility, 10% Contingency = \$400K for other will be verified as provided at conceptual project hearing and conceptual summary report
    - a. Right of Way costs are unpredictable
  - ii. Cindy requested we have costs broken out in detail, and I concurred that we intend to show all costs with contingencies that reflect predictability.
- 3) Work Status
- a. Funding
    - i. Flood Hazard Mitigation application status
      1. Plan to be done by Thanksgiving
  - b. Feasibility Report
    - i. Completed by 1<sup>st</sup> or 2<sup>nd</sup> week of December
      1. Provide project estimate for the feasibility report by end of the week
    - ii. Assessment formula needs to be included
    - iii. HEI to review and comment on formula prepared by Brad and Rick
    - iv. LID board to review and comment
  - c. Will develop schedule
    - i. Schedule so we have comment period complete for preliminary assessment hearing in March as per Cindy and Brad.
    - ii. LID Board approval as soon as late December
    - iii. County Board approval likely early January or February
    - iv. Preparation of and notification of assessment processing likely early winter
    - v. Public Hearing to establish project likely late winter or early spring
      1. Will include comment period
      2. LID Board establish project likely Spring 2018
    - vi. Will included scheduling for the following
      1. Right of Way
      2. Permitting
      3. Detail Design, final plans and specs, bid documents
      4. Bid Opening Date
      5. Bond Processing (45 to 60 days)
      6. Construct the project
      7. Final assessment hearing based on as constructed project costs
        - a. Construction and all other associated project costs
        - b. Operating and maintenance costs will be separate
          - i. Check to see if any surplus bonding funds can be applied to future operation and maintenance of the project.

4) Meeting ended at 12:30

Notes prepared by Cindy Kevern and Jeff Langan, Houston Engineering.