

July 31, 2020

**Attachments: High-Water Outlet Project Plan, Cost and Timeline
2021 Budget Sheet**

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 29th at 9:00 a.m. Note that due to COVID-19 considerations, the Annual Meeting will be held online.**

To sign up for the meeting, send an email to Fred Comb at fred@homeinspectionsofmn.com to receive an invitation and instructions to join the meeting. The instructions for electronic meetings are also available on the website. Handouts 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.

New for 2020, the Lake Shamineau Lake Improvement District (LSLID) will be using Survey and Ballot Systems (SBS) from Eden Prairie, MN to administer the Budget and Director voting process. Using the Morrison County mailing list of eligible voters, **SBS in the next few days will be sending a separate mailing to you** with the Voting Instructions and Voting Ballot, the Candidate Information Sheet, the 2021 Budget Sheet, and a return envelope. Note that you will be able to either return your vote directly to SBS using the paper ballot and enclosed envelope **OR** you can alternatively vote online. Due to Covid-19, there will be no in-person voting available. Instructions for online voting will be included in the mailing. In addition, SBS will be providing contact information for questions regarding the voting process. SBS will provide the tabulation of the voting.

Since the Annual Meeting will be held online and there will be no in person voting, we have adjusted the deadlines to allow property owners to vote after the Annual meeting. Following are the voting deadlines:

- ***Paper Ballots need to be postmarked by August 31.***
- ***Online voting will close on August 31.***
- Audited tabulation results will be available after 6 PM on September 8.

This mailing includes all the questions that will be voted on and we included sufficient detail to assist with your voting decisions whether you vote by mailing a paper voting ballot or online. We would also encourage you to visit the LSLID website at <https://minnesotawaters.org/lakeshamineau/> or email us at LSLIDBD@gmail.com with any questions. We understand that there are concerns and emotions around the lake over the high-water and other issues. We will utilize a code of conduct at the online annual meeting and we ask that all be respectful.

The Annual Meeting of the Lake Shamineau Lake Improvement District will be held online on August 29 at 9:00 a.m. Following is the agenda for the annual meeting:

1. Welcome and Review of Code of Conduct
2. Approval of the Minutes of the 2019 Annual Meeting
3. Treasurers Report
4. Review of 2020 LID Activities
5. Review of Proposed 2021 LID Work Plan including High-Water Outlet Project Plan and Timeline
6. Review of 2021 Budget and Establishment of High-Water Project
7. Forum for Candidates Nominated for Director Positions
8. Audience Questions and Comments
9. Other Business
11. Adjourn

Note: Due to COVID-19 considerations there will be no in-person voting. You may vote by either returning your ballot that you will receive by SBS in the mail, or by voting online.

Also note that an Online Informational Meeting will be held on August 6th at 6 PM. This will be held online and will include updated information regarding the High-Water project and voting information. To sign up for the August 6th meeting, send an email to Fred Comb at fred@homeinspectionsofmn.com to receive an invitation

and instructions to join the meeting. Instructions for electronic meetings are also available on the website. We are aware that there may be confusion regarding the High-Water Project, with the LID activities over the past year and the rumors that are passed from neighbor to neighbor, and we will use this meeting to clarify and to answer your questions and listen to your comments. Mike Opat from Houston Engineering will also attend to present their findings and information regarding a West Outlet Project.

LID Voting Information: (Please note that the voting process has changed from last year).

Using the Morrison County mailing list of eligible voters, **SBS in the next few days will be sending a separate mailing to you with the Voting Instructions and Voting Ballot, the Candidate Information Sheet, the 2021 Budget Sheet, and a return envelope.** Note that each voting ballot will be assigned a unique Username and Passcode and you will be able to either return your vote directly to SBS using the paper ballot **OR** you can alternatively vote online. Due to Covid-19, there will be no in-person voting available. Instructions for online voting will be included in the mailing.

The Voting Ballots that you receive will include: 1) Four voting items on the 2021 LID Budget and Establishment of a Project to Construct a High-Water Outlet; and 2) Election of Two Director Seasonal positions and One Permanent Residency Position. Attachments have been provided on the 2021 Budget and the High-Water Outlet Project Plan. The Candidate information, as well as the Voting instructions and Ballots will be sent to you directly from SBS. The voting ballot will be provided to property owners of the LSLID, whether the owner is a trust, association, or corporation. 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.

LID Election of Directors

Three of the five Board of Director positions are open for election in 2020. One position requires permanent residency on Lake Shamineau, and two positions are only open to Seasonal residents. 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 only open to seasonal residents. **On the Ballot that you will receive from SBS,** you will be voting for **Two (2) of the following seasonal candidates:**

- Fred Comb (incumbent)
- Rick Rosar (incumbent)
- Tom 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 will receive from SBS,** you will be voting for **One (1) of the following permanent residency candidates:**

- Tim Rice
- Write-In: _____

LID 2021 Budget Information:

A detailed budget sheet has been included with this mailing which provides a description of the budget items and estimated 2021 charge amounts. In addition, an additional attachment provides information on the High-Water Outlet Plan. There are four 2021 LID Budget items for voting. The items are summarized below and described with more detail in the attachments.

Vote 1: Does the voter approve the expenditure of \$30,000 for the 2021 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 2021 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 \$265,000 for the 2021 High-Water Lake Shamineau Outlet Project Budget for Pre-Construction?

This voting item includes the High-Water Project pre-construction expenses for 2021 including finalizing plans, EAW and Ditch Petition process, bidding documents, permitting application costs, legal expenses, right of way, and planning for flowage and land easements.

Vote 4: Does the voter approve the establishment of a project to construct a High-Water Outlet on Lake Shamineau at an estimated cost (as of July 2020) of \$3,350,000?

*The vote to establish a project to construct a high-water outlet that was approved last year has not been assessed or bonded, and this voting item will replace the previously approved budget for bonding. This budget item includes an estimate of construction costs, construction engineering and legal, fiscal, administration, easement fees and outlet expenses required to construct a High-Water Outlet. This cost estimate is based on Houston Engineering preliminary estimates. **Approval of this item is required to move the High-Water Outlet Project into construction as early as 2021.***

LID Project Updates

Aquatic Invasive Species (AIS): The LSLID received the (AIS) Partnership Grant from Morrison County. The grant provides: a survey to target the locations of AIS (\$3,500.00), to fund the repair of flooded signage at the West DNR Access, (\$200.00), and to provide chemical and scuba diver treatment of Eurasian Water Milfoil (EWM) (\$5,000.00). 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.

The AIS program has been highly successful in controlling Eurasian Water Milfoil (EWM). In a recent lake-wide survey, only one EWM plant was found on the South side of the lake which will be treated or hand pulled this year. No plants were found in the areas that were previously treated or hand pulled each year since 2012. The survey company and the scuba divers have stated that this is one of the most successful AIS programs they have seen. Scuba Divers will be at the lake in the coming weeks to thoroughly go over the areas that have been previously treated and pulled.

Ambassador Program: This year the LSLID has hired Ambassadors who are staffing the East Scandia Valley Township Access only, until the West DNR Access is opened which has been closed due to flooding. 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 no wake zone.

Following is an update on the High-Water outlet project:

- On September 24, 2019 the Morrison County Board of Commissioners approved the 2020 LID budget and approved a resolution that read: "Resolved, the Morrison County Board of Commissioners for the purpose of planning, establishment, construction and financing of the Lake Shamineau High-Water Project delegates authority as authorized by Minnesota Statutes Section 103B.555, subd. 4, to the Lake Shamineau Lake Improvement District Board of Directors."
- Last summer (2019) the LSLID announced a plan to pump water to an infiltration site at a gravel pit to the NE of the lake. Infiltration held many advantages with cost and viability for permitting. As noted in our previous mailing on June 22, 2020, while the Board of Directors and the engineering firm worked very hard over fall and winter to establish a route, conduct data modeling and testing, we learned this spring that we would not be able to obtain the necessary flowage easements from down gradient property owners.
- At the LSLID Board meeting on the evening of June 1, the Board approved action to 1) alter the High-Water Outlet project away from infiltration in the NE part of the lake and 2) determine alternative water deposit locations. **With this action, the LSLID Board did not abandoned the High-Water Outlet project but instead will work to determine an alternative water deposit location.**
- After considering options, at the LSLID Board Meeting on June 25, 2020, there was a decision to begin the review of a project that would include a west outlet utilizing the newly cleaned ditch to Fish Trap Creek and to execute an agreement with Houston Engineering to conduct outreach and system capacity analysis.

- Houston Engineering has conducted preliminary surveys and gathered data for possible routes to the west. They have gathered results to map route alternatives and provide preliminary cost estimates. Houston also prepared a stakeholder coordination plan located on the website, that documents the proposed approach to the project, with the focus on the initial phase of identifying an initial concept for the project and outreach efforts to gather information and answer questions posed by agencies, landowners and other stakeholders.
- The LID Directors have had several meetings with Todd County property owners along the possible route to inform them of the project and to seek signed letters of support. In addition, there have been weekly meetings with the local DNR to keep them informed of the project, to seek input and to inquire on technical issues.
- Two of the directors met with Todd County including a County Commissioner, the County Coordinator and Ditch staff, with very productive results. They discussed the process to gain approval for the use of Ditch 41. Todd County has been helpful in providing documents and estimated costs and agreed to meet again when more information is available on the West Outlet Project.
- A summary of the information that has been gathered during the last 6 weeks has been included in the attached High-Water Outlet Project Plan, Cost and Timeline.

DNR Grant: We have received information that the DNR will likely provide additional grant funding in the amount of \$52,000 for pre-construction services. In addition, we remain hopeful that we will be able to obtain grant funding through the State Flood Mitigation Grant if the legislature approves funds in the bonding bill.

Other Projects: On June 9, the Morrison County Board approved the funding and the oversight of the "Turn off the Faucet" project which creates an impoundment system to minimize inflows to Lake Shamineau and to return the Scandia Valley watershed to its natural flow. While this project will not reduce the water level, it will reduce additional water flow into the lake and funds are included in Vote 4 to assist with operational costs. The LSLID Board continues to participate and work with the Emergency Task Force on additional ideas for emergency efforts to assist with lowering the lake levels.

Communications: The LID Board of Directors have been working to improve our communications through mailings, newsletters, and postings to the website. Several LID Board of Director meetings have been held over the past months. These board meetings are announced on the LSLID website, are open to the public, and notes are posted on the website. A reminder that the LID website includes information on all Board and LID meetings, engineering reports, RFP information, financial information and reports, and other information that may be of interest to property owners.

In making your voting decision you may want to weigh it against the costs of continued damage that the high water causes to our shoreline, homes, water quality and market values. Also note that approval of all four budget items is required to move the High-Water Outlet Project into construction as early as 2021.

In closing, we want you to consider that while the High-Water Outlet project represents significant costs, we believe the option presented is the most feasible, cost-effective, and timely, and will minimize ongoing maintenance and future operating costs. While we were disappointed that we had to shift our focus away from infiltration in the NE, the preliminary analysis completed by Houston Engineering provides for a viable option for an outlet to Fish Trap Creek for a permanent long-term solution. Attend the Online Informational Meeting on August 6th at 6 PM and the Annual Meeting on August 29th at 9 AM and be prepared to listen, learn, ask questions, and help us to come together to decide the future of our lake. Look for your voting ballot information that will be mailed directly from SBS. You will be able to vote by either returning your ballot that you receive by SBS in the mail, or by voting online according to the instructions that you will receive in the mail.

If you need further information, have a question or have a comment contact us at LSLIDBD@gmail.com or visit the LID website at <https://minnesotawaters.org/lakeshamineau/>.

Respectively,

Cindy Kevern, Bob Koll, Rich Rosar, Fred Comb, Ardis Sandstrom

Board of Directors

Lake Shamineau Lake Improvement District

**Lake Shamineau Lake Improvement District
Lake Shamineau High Water Outlet
Project Plan, Estimated Cost & Timeline
2020 Annual Meeting**

Background

The Lake Shamineau Lake Improvement District (“LSLID”) is continuing to develop a permanent solution to the ongoing flooding around Lake Shamineau. As noted in the letters to property owners, while the Board of Directors worked very hard over fall and winter on the infiltration, the Board determined that the landowner opposition and regulatory challenges involved with that option were too significant to overcome. In June, the LSLID Board approved action to shift the focus of the High-Water Outlet project away from infiltration in the NE part of the lake and to begin the review of a project that would include a west outlet utilizing the newly cleaned ditch to Fish Trap Creek.

In June, the LSLID hired Houston Engineering, Inc. (“HEI”) to assist the LSLID with the development of an outlet that will transfer water from Lake Shamineau to Fish Trap Creek. HEI’s initial role is to assist the LID with an initial system capacity analysis and an associated outreach effort to gather information and coordinate with project stakeholders, including local, state, and federal agencies, property owners and LSLID members. This effort will include a review of the capacity of the system required to address the flooding issues along with a cursory review of the potential impacts associated with transferring the water downstream.

The LSLID Board has been actively involved in discussions with downstream landowners and regulatory agencies involved with the approval of an outlet to Fish Trap Creek and these discussions have been positive. The LSLID Board and HEI feel that there is a viable option for an outlet to Fish Trap Creek. At this point only preliminary engineering has been completed. The LSLID is taking a stepwise approach and expending a minimal amount of funds to determine whether a viable option exists before committing larger expenditures for final design, permitting and the acquisition of property rights.

Engineering Update

The concept for the outlet to Fish Trap Creek involves pumping lake water out of the southwest corner of the lake through a forcemain pipe running west along Aztec Road and then south along US Highway 10 where it will discharge into the ditch that has recently been cleaned out on the south side of County Road 203. It will then gravity flow through the highway and then downstream to Fish Trap Creek and eventually into the Long Prairie River. The proposed route is shown on the attached map.

A water intake screen would be installed in the lake with the top of the screen approximately six feet below the ordinary high-water level so that the intake pipe remains submerged even at lower lake levels. The screen will be sized, and the intake will gravity flow to the wet well eliminating suction so that swimmers, fish, or objects will not get pulled into it. A set of buoys and warning signs is also planned to keep people and boats away.

The intake pipe will extend to a pump station on land near the lake shore, potentially near the curve in Aztec Road as shown on the attached map. The wet well will be 25 feet underground while the pump, discharge piping, valves and fittings will be located inside an insulated building. At the present time, a mechanical filtration system to mitigate the transport of Eurasian watermilfoil is also included in the plan and this system will be incorporated into the pump station. If the DNR determines that a filter is not required, this feature can easily be removed from the project. The insulated building is required for the mechanical filtration system and will allow for year-around operation and sound abatement.

The water will be pumped through a buried pipeline and the outlet will include energy dissipation and erosion control measures to transition the flows into the existing ditch. The pumping system will be operated in accordance with an operating plan that will be developed to ensure that the downstream

waterways and terrain can handle the water being discharged from the lake.

A range of pumping rates were analyzed and the LSLID Board weighed the potential costs and downstream impact associated with each pumping rate against the estimated drawdown period correlating to that rate. Currently, the concept plan is focused on a project with a pumping rate of approximately 10 cubic feet per second (cfs), at an estimated removal of 6.5 million gallons per day (MGD). This provides an associated drawdown period of three to four years to return the lake to the ordinary high water level, with considerations for the existing volume of excess water (above the OHW), average annual surface inflows, and estimated groundwater contributions.

Key Considerations and Factors

- At the present time, the LSLID is assuming that a filtration system will be required to prevent Eurasian watermilfoil from being transferred downstream. The DNR is in the process of completing a survey of Fish Trap Lake and the adjacent outlet to Fish Trap Creek to verify whether Eurasian watermilfoil is present and will decide on whether a filter will be required.
- The size of the system was determined by analyzing the current water levels and estimates for annual inflows and outflows and setting the baseline pumping rate (approx. 4.5 million gallons per day) as the rate required to maintain the lake at the current elevation. These calculations assume the pumps will be running nine months a year. The LSLID Board then considered potential drawdown periods (i.e. years) and considered the associated construction costs and downstream impacts and selected a maximum pumping rate for the system. The LSLID Board selected a drawdown period of 3-4 years as the goal and the system was sized accordingly.
- The pumps will be run in accordance with an Operating Plan required by the DNR. The pumps will not be allowed to run if they cause increased flooding or damage downstream.
- Assuming the outlet to Fish Trap Creek remains viable and that all necessary approvals are obtained from the LSLID membership at the annual meeting, the project will move into the more detailed design and regulatory approval phases. An aggressive goal is to have the project approved and ready to bid by late spring of 2021 with construction occurring into the summer of 2021 and operation of the pumps starting that fall if conditions allow.
- The project will require approval to discharge into Todd County Ditch No. 41 through the payment of an outlet fee. Additional permissions will also be needed from landowners along the flow path between the outlet of the pipeline and Ditch No. 41. Positive preliminary discussions have taken place with landowners and Todd County.

Estimated Costs

A limited amount of engineering design has been completed. Cost estimates have been developed from concept level schematics and known costs from similar projects recently constructed in the area. The cost estimates provided are intended to provide the LSLID with an estimate of the cost within a broader range of certainty. A conservative approach was taken, and the costliest route was assumed, to address the variables associated with this type of project. As the design is eventually advanced and additional information is gathered the estimates will be refined and provided with a greater degree of certainty. The estimated costs include considerations for all the components of the project known at this time, including:

- Dewatering around the pump station and inlet structure
- An insulated building for year around use and sound abatement
- Pump station and mechanical filter for Eurasian watermilfoil
- Buried pipeline
- Outlet structure and erosion control
- Downstream road crossing improvements
- Electrical service and utility relocations
- Permits, right of way, legal, engineering
- Easement fees and outlet fee

The preliminary estimate for the construction phase of the project with a pumping rate of 10 cfs is \$3,350,000, which has been included in Vote 4 – To Establish a Project to Construct a High-Water Outlet. This budget

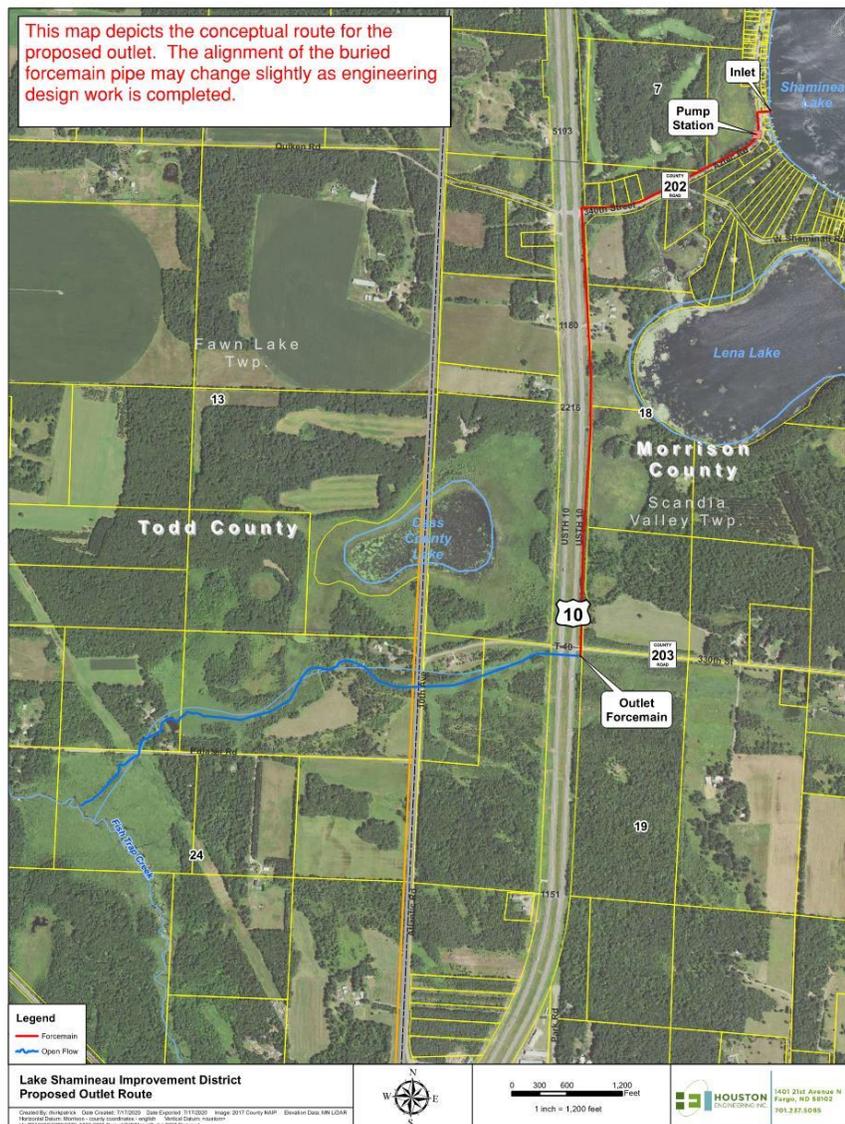
amount includes a contingency amount equal to 15% (\$394,500) of the estimated construction cost. The contingency amount is included in the budget to account for unknown costs that might arise as the project advances through the design and construction phases. Inclusion of these funds in the budget will eliminate the need for the LSLID to search for additional funding if issues do arise, but if no issues arise these funds are not spent, and the bonding amount will be reduced.

Estimated Timeline

Note that the following schedule is tentative, based on preliminary engineering.

Complete Preliminary Project Planning, Preliminary Design Drawings, Updated Cost Estimate	December 2020
Complete Todd County Ditch approval process, Environmental Assessment Worksheet (EAW) Document	December 2020
Complete EAW Process, Permit Applications, and Operations Plan	January 2021
Complete Final Engineering Plans and Specifications	May 2021
Obtain Bids from Contractors and bid review	June 2021
Issue Bond and Project Financing based on construction bids	June 2021
Construction Begins	July 2021
Project Operational	November 2021
Final High-Water Project Assessments	November 2021

Note: The issuance of bonds allows for payment over time, an est. 8 to 15 years as recommended by bond



counsel.

Lake Shamineau Lake Improvement District - LSLID

2021 Budget Sheet

VOTE 1 – 2021 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	6,500
Water Quality Testing – RMB Laboratory	1,000
Floating Bog Mitigation	500
Reserves and contingencies	<u>5,000</u>
Total 2021 Non-Project Operations Budget	<u>\$30,000</u>

Vote 1: This voting item includes administrative and other operation costs for the LID.

Estimated annual per Parcel Charge rate (based on estimated 345 parcels) = \$80.60

Association annual per User Density Charge (20% of Parcel Charge) = \$16.12

Commercial annual per User Density Charge (20% of parcel Charge) = \$16.12

VOTE 2 – 2021 Aquatic Invasive Species (AIS) Project Budget:

AIS Project costs include:	
• Eurasian Water Milfoil Control, SCUBA pulling and Herbicide treatment	23,000
• Planning, permits, public notice, pontoon rental	1,500
• AIS surveys	3,500
• Ambassador program	<u>10,000</u>
AIS Project Expense	<u>\$38,000</u>
Less Estimated County AIS Grant	<u>8,000</u>
Total 2021 Aquatic Invasive Species (AIS) Project Budget	<u>\$30,000</u>

Vote 2: This voting item includes AIS control, surveys, and ambassador program.

Estimated annual per Parcel Charge rate (based on estimated 345 parcels) = \$80.60

Association annual per User Density Charge (20% of Parcel Charge) = \$16.12

Commercial annual per User Density Charge (20% of Parcel Charge) = \$16.12

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

VOTE 3 - 2021 High-Water Outlet Project Budget for Pre-Construction

Pre-construction costs include:

- Complete Planning, Design, Environmental Assessment Worksheet (EAW) Process and Permit Applications 65,000
- Soil Borings and Investigation 15,000
- County Ditch Petition Process 30,000
- Final Engineering plans, specifications, bid documents and review 90,000
- Finalize permitting, legal, fiscal, administrative and right-of-way 15,000
- Operational Costs (water removal or diversion operations) 25,000
- Contingency 25,000

Total 2021 High-Water Outlet Project Budget for Pre-Construction and Operations \$265,000

Vote 3: This voting item includes the High-Water Project pre-construction expenses for 2021 including finalizing design and project plans, EAW and Ditch Petition process, bidding process, permitting application costs, legal expenses, right of way, and operational costs for water removal or diverting inflows.

Estimated annual per Parcel Charge rate (based on estimated 345 parcels) = \$711.61

Association annual per User Density Charge (20% of Parcel Charge) = \$142.32

Commercial annual per User Density Charge (20% of Parcel Charge) = \$142.32

VOTE 4 - Establish Project to Construct High-Water Outlet:

High Water Project cost includes:

- Project Construction based on Engineers Opinion of Probable Costs as of July 2020 2,630,000
- Contingency 15% 394,500
- Construction Engineering 110,000
- Utility relocations and services 50,000
- Legal, fiscal, administrative, easement fees, outlet fee 165,500

Establish Project to Construct High-Water Outlet \$3,350,000

Estimated per Parcel Charge rate (based on estimated 345 parcels) = \$8,995.71

Association per User Density Charge (20% of Parcel Charge) = \$1,799.14

Commercial per User Density Charge (20% of Parcel Charge) = \$1,799.14

Note: *The vote to establish a project to construct a high-water outlet that was approved last year has not been assessed or bonded, and this voting item will replace the previously approved budget for bonding.*

This voting item includes an estimate of construction costs, construction engineering and legal, fiscal, administration, easement fees and outlet expenses required to construct a High-Water Outlet, based on the Engineers Opinion of Probable Costs. **Approval of this item is required to move the High-Water Outlet into construction in 2021.**

The costs above do not account for any possible grant funds, including a DNR Flood Hazard Mitigation grant which may reduce costs by up to 50%. These Vote 4 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 as recommended by bond counsel.