

PUBLIC WORKS AGENDA  
CITY OF CROSSLAKE  
MONDAY – JANUARY 6, 2020  
4:00 P.M. – CITY HALL

1. Call to Order
2. Approve December 2, 2019 Meeting Minutes (Motion)
3. Review Assessment Policy for Sanitary Sewer
  - a. Comments from Doug Vierzba and Tom Swenson
4. Review Draft Feasibility Study for Big Pine Trail (Motion)
5. Review Draft Feasibility Study for Wild Wind Ranch Drive (Motion)
6. Update on Perkins Road
7. Update on Water Quality Project at Manhattan Point Blvd and CSAH 66
8. Other Business as May Arise
9. Adjourn



## Public Works Meeting Notes

December 2, 2019

Members Present: Chairman Doug Vierzba, Dale Melberg, Mic Tchida, Tim Berg, Marcia Volz

Others Present: Ted Strand, Dave Reese (WSN), Dave Nevin, Mike Lyonais, Phillip Martin (B&M), Gordy Wagner, Char Nelson, Lee Fischer

1. **Call to order.** Meeting was called to order at 4:00 pm by Chairman Vierzba.
2. **Approval of October 7, 2019 Meeting Minutes.** *Motion by Tchida, 2<sup>nd</sup> by Melberg, all in favor* to approve the October 7<sup>th</sup> meeting minutes as presented.
3. **Review Mock Assessments for CSAH 66 Sanitary Sewer Extension.** Phil Martin of Bolton and Menk began the lengthy discussion regarding the assessments currently being considered for the Route #66 Sewer Extension. He stated that the first mock assessment figures placed the assessments in the middle of the appraisers range for residential as well as commercial land owners. And he stated higher water users were placed on the high end of the range, again, based on the opinion stated by Nagel (appraisal firm). The first mock assessment assessed \$721,535 (55%) of the \$1,314,900 estimated total cost. On October 25<sup>th</sup>, the council reviewed the 1<sup>st</sup> mock assessment and provided direction to Phil to lower the rate for LC properties with larger acreage, specifically those LC sites <2 acres were reduced from \$.50/ft<sup>2</sup> to \$.35/ft<sup>2</sup> and those LC sites  $\geq$  2 acres in size would be reduced to \$.20/ft<sup>2</sup> all within the recommended ranges of the Nagel Appraisal. The resulting changes of the mock assessment #2 (being discussed at this meeting) is the assessed cost being considered now is \$595,682 or 45% of the total project cost. Phil further stated this is an ongoing process with continuing discussion which will ultimately result in a final assessment roll for the project.

Phil further stated the City felt comfortable with the Feasibility report and as a result, scheduled the Improvement Hearing (or Preliminary Assessment Hearing) for the project, for Friday, December 13<sup>th</sup> at 2 pm. This hearing is another step in the 429 process regarding assessments for City projects. A notice of the meeting has already been mailed to impacted residents and the purpose of the meeting will be to answer any questions the residents may have and consider comments/concerns presented. Phil mentioned that one of the comments he has heard from residents relates to the fact that no assessments were applied at the time of the initial system installation. Dave Schrupp presented minutes of a 2003 Council meeting that discussed a memo dated December 11, 2003 that increased the sewer connection charge for residential users from \$3,000 to \$4,000 and from \$5,500 to \$6,500 for commercial properties. This was the last time either rate was increased. Mayor Nevin wondered what the sewer connection fee would be today, considering inflation. Dave further discussed some work he had been doing relative to assessment figures by considering adjustment of some of the Nagel Appraisal suggestions regarding the assessments. Phil stated the assessments needed to be discussed separately from the connection charges and that connection fees are based on known rules of chapter 50. He also stated that further in depth review of each property is needed to fully understand each property regarding assessments. One example would be to review a larger acreage residential property that has the ability to be subdivided in the future and how to

what extent, considering low lands that would not allow for future development. Another example is knowing the water use of the high water users, such as Moonlite Restaurant and Moonlite Square. Phil stated we need to consider the highest flows per user as these are the flows that determine plant capacity.

Char Nelson stated that residents were not required to connect immediately during the initial sewer installation, but they were assessed the connection fee and were billed the monthly fees despite being connected to the sewer system.

To allow for some users to opt out of immediate connection to the proposed extension, Dave Schrupp suggested using a "10 Year" rule regarding connection. This would mean that any systems older than 10 years would be required to connect immediately and as an example, a system that was 3 years old would have 7 years to connect. Phil stated that city has no septic related information on 14 of the 44 properties involved with the possible extension and he went on to further state the U of M Extension service has stated that the average life of a septic system in Minnesota is 25 years.

Lee Fischer (resident) questioned why Dave Schrupp was thinking that perhaps we need to adjust the Commercial rates to a lower figure when residents were only around in the summer months for the most part and the Commercial businesses were year round. Tim Berg followed up with a comment stating that because his resort is only operational 4 months of the year, the septic system is older than he is and still work fine. He also stated his septic systems were installed in 1987 and recently passed inspection, some 30+ years old. Ted Strand responded that continued discussions of the proposed to be charged/assessed are all part of the process and the assessments are not set in stone at this time. Dave Schrupp discussed the appraisers recommended ranges to further explain how the figures are calculated. Phil stated that we need to abide by 429 rules and assess a minimum of 20% of the project total cost. Ted commented that we need to consider the possible over use of septic systems in the summer months.

Mayor Nevin asked the commission to provide recommendations to the council to help with the process. Phil Martin all this discussion will lead to a determination of the "Right Spot" to be with respect to assessments and he said that it is necessary for the City to approve the "Preparation of Plans" to allow for project bidding in early 2020. This does not authorize the project to go ahead.

Marcia Volz discussed the need to adopt a 10 Year rule to give some residents the option to avoid immediate connection.

In response to a question from Lee Fischer about connection costs, Ted stated that a group of residents (in the initial sewer project) were able to work with one contractor to make the connections to their homes at a reduced rate since the contractor had multiple sites to deal with.

Connection fees were discussed and it was pointed out that we have been using the same formula for many years for new connections. After considerable discussion, it was agreed to present the Mock assessment (#2 presented today) at the December 13<sup>th</sup> Preliminary Assessment Hearing.

After considerable discussion of assessments, Marcia Volz motioned to recommend a change to the proposed residential assessment charge. **Motion by Volz, second by Tchida, all in favor. Motion as follows:** The Public Works Commission unanimously recommends the council consider changing the Sewer Assessment for the CR 66 to CR16 Sewer Extension Project to one fee of \$7,000 for Residential Properties on the lake or off the lake. The current Assessment process being discussed is \$7,500 for Residents on the lake and \$6,500 for Residents not on the lake. The reasoning behind this recommendation is to avoid the need to justify why the sewer assessment benefit was different for on or off lake property.

Additionally, after considerable discussion of the proposed assessments, Marcia Volz motioned to adopt a “10 Year” rule relative the connection timing. ***Motion by Volz, second by Berg, all in favor. Motion as follows:*** The Public Works Commission unanimously recommends the council consider adopting a “10 Year” sewer connection rule/ordinance which ties connection timing to the age of a resident’s septic system. It would require connection to city sewer in the year the sewer system is extended in front of the residents property if the resident’s system was 10 years or older. If 5 years old, the resident would have 5 years to connect, 4 years old, 6 years to connect, etc.. Those residents opting to wait on connection would be required to pay for an immediate inspection of their septic system to advise the city the system is functioning properly. In addition, a similar inspection(s) would be required every 3 years thereafter as long as they are not connected to city sewer. Additionally, the monthly sewer use fees would be paid by the residents from the time the connection is made available by the sewer extension project, even though they opt not to connect, and the connection fee they would be required to pay would be the fee at time of future connection.

4. **Review Summary of Major Capital Expenditures for Sewer Plant in Next 20 years.** Ted Strand discussed the necessary future expenditures for the Sewer Plant; future being defined to at least a 10 year look. The following email was the focus of his comments.

**From:** John Graupman <[John.Graupman@bolton-menk.com](mailto:John.Graupman@bolton-menk.com)>

**Sent:** Thursday, November 21, 2019 2:17 PM

**To:** 'Ted Strand' <[publicwk@crosslake.net](mailto:publicwk@crosslake.net)>; Phil Martin <[Phillip.Martin@bolton-menk.com](mailto:Phillip.Martin@bolton-menk.com)>

**Subject:** Crosslake WWTP Estimates

Ted and Phil –

Per our phone call, following is a summary of expected major capital expenditures in the next 20 years. The expenditures are related both to growth and facility age.

2020

\$100,000 for piloting equipment for biosolids dewatering system. Recent rules on reed beds have cast doubt on sustainability of sending biosolids to the PRASD. Dewatering systems would reduce long-term operating cost and add operational flexibility

2021

\$1,000,000 for dewatering or storage upgrades to biosolids system.

20??

2029

\$8,000,000 for major upgrade and expansion. The facility would be 30-years old at this time and would require equipment upgrades along with anticipated facility expansion to accommodate changes to permit levels and increased users. Generally looking at clarifiers, filters and disinfection with possible oxidation ditch expansion. The timing could change pending permitting or sewer collection schedule. The facility would be at capacity based on ERUs after the Priority 3 expansion from the Citywide Wastewater Management Study. Assuming one priority area constructed every 3 years, an expansion would be needed for the 4<sup>th</sup> and 5<sup>th</sup> areas.

The facility would also need major equipment upgrade at this time regardless of growth. Facilities are designed on a 20-year growth projection, but many components have a longer life cycle. Concrete tanks are typically 40-60 years of expected life. Equipment such as clarifiers, filter tanks, ditch rotors, etc. are usually a 20-year life but can make 30-years. Most equipment is currently in reasonable shape and has 5-10 years of useful life remaining.

**John Graupman P.E.** (IA, MN, ND, NE)

Principal Environmental Engineer

**Bolton & Menk, Inc.**

1960 Premier Drive

Mankato, MN 56001-5900

Phone: 507-625-4171 ext. 2312

Mobile: 507-380-0433

**Bolton-Menk.com**

5. **Update on Perkins Road.** Reese stated they are well along with the design plans for the Perkins Road reconstruction/realignment project. Reese stated he is having some difficulty obtaining a Road Lease with the Corp as the Corp does not understand why it would be a benefit for recreational purposes, which is the goal of the Corp. The city is asking to use a small section of Corp property for the new road to pass over to avoid runoff to drain on land rather than toward the lake. A meeting was set for today, but the Corp was not able to meet. A future meeting will be scheduled to discuss the request.
6. **Other Business as may arise.**
  - a. **Big Pine Trail Feasibility Study status.** Reese said data has been collected and the report will be ready in January.
  - b. **Wild Wind Ranch Drive Reconstruction Project.** Per Ted Strand, reconstruction was scheduled for 2019 and has been moved to 2020. Ted Strand stated we need to obtain the Feasibility report for the project. ***Motion by Melberg, second by Tchida, all in favor. Motion as follows:*** The Public Works Commission unanimously recommends the council consider moving forward with a Feasibility Report for road reconstruction of Wild Wind Ranch Drive. Wild Wind Ranch Drive was to be reconstructed in 2019 and is now a 2020 project.
  - c. Reese provide a couple of updates:
    - i. **The MPCA received a permit** for the extension of sewer on Daggett Bay Road (City Hall Road).
    - ii. **Plans for the Water Quality Storm Water Project at the intersection of CR66 and Manhattan point Blvd** are progressing. Soil borings have been received and the plans are to go out for bids after the first of the year.
7. **Adjourn.** The meeting was adjourned at 5:40 pm.

Notes by Dave Schrupp

## City of Crosslake

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**From:** Marsha Vierzba <marshavierzba@msn.com>  
**Sent:** Thursday, December 19, 2019 10:30 AM  
**To:** 'City of Crosslake'; 'Ted Strand'; Dave Schrupp; 'Sandra Melberg'; Tom Swenson; micndi@crosslake.net; 'Tim Berg'; Marcia Volz; Phil Martin; 'Gordy Wagner'; Dave Nevin  
**Subject:** Jan. 6th PW Comm. Mtg

I will not be able to attend the next PW Comm. meeting as I will be out of town that week.

I assume there will discussion on the latest cost-sharing proposal for the proposed SS project on CR 66 per the PH held on 12-13-19.

Some thoughts-

- a. Would the costs to property owners be a SAC, totally paid at time of connection, or a special assessment over 10-20 years? If assessed over time, the City could bond for the project costs if 20% of the cost is assessed(as I recall, so this needs to be checked on). The proposal is to recover \$358,000 from property owners. Phil's cost estimate is \$1,381,000 plus \$400,000 for storm water quality improvements for a total estimated project cost of \$1,781,000. 20% of total cost is \$356,000. The City has applied for grants to pay all or a portion of the storm water quality work. It is still part of the Project and grant funding is unknown at this time..
- b. The new rates that were proposed on Dec. 13th are less than the "benefit" to the properties, per Nagell's appraisal report on the project. No problem to assess.
- c. I understand from discussion at our last Comm. meeting that SAC fees were assessed to properties that did not connect to the new sewer within one year, when sewer was first installed in the City. So, the City has assessed SAC fees in the past.
- d. After the original sewer system was installed, there have been many new commercial buildings that had to pay SAC fees when they connected to existing City sewer. I assume these fees were based on calculated water usage and were higher than the original fee of \$6,500. (i.e. new Whitefish Senior Housing, Dollar General, new school...) If these newer buildings paid more, how does that work with what was paid by businesses originally and what is proposed now on CR 66?
- e. The City has already assessed one property for SS near new City Hall at a rate of \$7,500. A SAC fee of \$4,000 would be due when connection is made to the City system to be built next spring/summer. This assessment amount was sent to the County for inclusion on the owner's property taxes for 2020. The SAC fee might have to be waived if the new policy proceeds.
- f. Is the City willing to assume that the Sales Tax proposal will be approved for future reimbursement for Project costs incurred prior to the Sales Tax being implemented and funds actually received?

Happy Holidays to All!

Doug Vierzba, PW Commission



## City of Crosslake

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**From:** Tom Swenson <tomswen@crosslake.net>  
**Sent:** Friday, December 20, 2019 2:48 PM  
**To:** Marsha Vierzba; 'City of Crosslake'; 'Ted Strand'; Dave Schrupp; 'Sandra Melberg'; micndi@crosslake.net; 'Tim Berg'; Marcia Volz; Phil Martin; 'Gordy Wagner'; Dave Nevin  
**Subject:** Re: Jan. 6th PW Comm. Mtg

I have many concerns with what was proposed at the Public Hearing and that property owners may have left that meeting thinking that their share will be \$356,000. The formula proposed by the Mayor (if I understand it) would require a single payment which would cover both the SAC charge and assessment and be used to pay for the project. SAC charges in the past were intended to accumulate and be used for replacement of plant equipment and/or expansion of the plant in the future. I don't believe it's in the City's best interest to use SAC charges for project costs and would recommend that the SAC charges stay "as is" and the City deal with assessment costs separately. The formula also counts on approval of a .5% sales tax which may or may not be approved by the voters and the legislature. The original project in round numbers included a \$3,000,000 G.O. Bond, a \$1,000,000 Revenue Bond which was backed by the payment of SAC charges and was paid off early (when enough SAC charges were paid off instead of using the 10 year semi annual payment plan plus interest) and \$3,000,000 came from the sale of stock owned by the phone company. My thoughts are to collect SAC charges as they are currently being collected and reserve them for future replacement/expansion expenses, utilize some of the proceeds from the sale of the phone company to buy down the cost of the project, assess benefited properties and issue a G.O. Bond for the rest. If and when the sales tax is approved, those dollars would be used to offset the annual bond payments. It would be helpful if staff could run different scenarios using assessments, reserves and bonding (keeping in mind that 20% of project costs need to be assessed in order to issue bonds). I realize this is an overly simplistic formula and will inevitably raise the cost to property owners from the \$356,000 (that was proposed at the Public Hearing) if you collect SAC charges separate from Assessments. Perhaps the City will need to look at a maximum assessment to provide relief for some of the properties facing unrealistic assessments, lower the interest rate from 2% to 1% over the cost of financing and increase the assessment period from 10 years to 15 or 20 years. These are just my initial thoughts for discussion purposes. Tom