

PUBLIC WORKS AGENDA
CITY OF CROSSLAKE
MONDAY – FEBRUARY 3, 2020
4:00 P.M. – CITY HALL

1. Call to Order
2. Approve January 6, 2020 Meeting Minutes (Motion)
3. Perkins Road Improvements – Plan Review
4. Water Quality Project at Manhattan Point Blvd and CSAH 66 – Plan Review
5. Update on Daggett Bay Road Sanitary Sewer Extension Improvements
6. Update on 2020 Road Improvement Projects
 - * Preliminary Assessment Hearing for Wild Wind Ranch Drive on February 24, 2020 at 2:00 P.M.
 - * Preliminary Assessment Hearing for Big Pine Trail on February 24, 2020 at 3:00 P.M.
7. Update on 2020 Seal Coating Projects
8. Update from Bolton & Menk on CSAH 66 Sanitary Sewer Extension and Storm Water Quality Improvements
9. Other Business as May Arise
10. Adjourn



Public Works Meeting Notes
January 6, 2020

Members Present: Dale Melberg, Vice Chairman Mic Tchida, Tim Berg, Marcia Volz, Tom Swenson
Others Present: Ted Strand, Mark Hallan (WSN), Dave Nevin, Mike Lyonais, Phillip Martin (B&M), Gordy Wagner, Mike Lyonais, Patty Norgaard
Members not present: Chairman Doug Vierzba

1. **Call to order.** Meeting was called to order at 4:00 pm by Vice Chairman Mic Tchida.
2. **Approval of December 2, 2019 Meeting Minutes.** *Motion by Tim Berg, 2nd by Marcia Voltz, all in favor* to approve the December 2nd meeting minutes as presented.
3. **Review Assessment Policy for Sanitary Sewer. Comments from Doug Vierzba and Tom Swenson (included below).**

Discussion points as follows:

Ted Strand's comments:

- We've been working on the assessment policy for more than a year
- Modeled after the League of Minnesota Cities suggested policies
- Our Engineering firms, Attorney all say it is a good policy
- It was ratified by the council in August 2019
- We are having trouble applying the policy to the #66 extension, believe we are on our 3rd mock assessment role
- Not sure where to go from here, could use more Council direction

Tom Swenson's comments:

- I agree with Chairman Doug Vierzba's email comments regarding the assessment policy(attached)
- I believe the residents left the December Mock Assessment hearing believing the assessment and SAC charges would be combined and much lower than the appraisal suggested
- We should not alter the SAC charge policy that we have been using for approximately 15 years. It is not in our best interest to deviate from the policy that has been in use since the original sewer system was created
- We need to look at those properties in the mock assessment that were seemed to be higher than one would expect; almost all were classified as commercial properties
- Not everything will be fair, can't compare what happened 15 years ago to today.
- Regarding the creation of the city sewer plant and system, all residents are still paying for the (sewer plant and related reach) in their taxes today, despite the fact they have not received any benefit from it

and may never see a benefit from the sewer system given they do not live in an area that may ever receive sewer

- Maybe we should wait and see if the Sales Tax effort passes which would allow us to have a better understanding of how these sewer extensions would be paid for

Dale Melberg's comments:

- I agree with Tom's comments
- We should look at delaying the #66 extension as many of the residents said they did not want it

Dave Schrupp's comments:

- Since we have already been applying the SAC charges for 15 some odd years, it is impossible to alter the policy
- Whitefish at the Lakes (new senior housing development) already paid approximately \$184,000 for SAC charges. We are not in a position to go back and provide a refund should we alter/lower the SAC charge policy
- We need to delay the project and wait to see if the local Sales Tax referendum passes. I anticipate this will make it easier to pay for these projects
- Many residents expressed the need to delay the #66 project for now or felt they did not need it at all
- All we need to focus on is what the assessment will be and not the SAC charge. The SAC charge is determined by an existing policy that has been in use for 15+ years

Phil Martin's comments:

- Phil reviewed the original schedule that would allow the project to start in 2020
- He stated that we are running late on the initial schedule and now the bidding process would not start until at least April. The proper time to bid the project would be in February and March to obtain the best bids
- It would be a sigh of relief if the project would be delayed in his opinion
- Your Assessment policy is very solid. The #66 extension project is difficult due to the mix of commercial and residential properties involved in the project
- Remember the assessment is based on Benefit to the impacted property, not a portion of the project cost
- The benefit to the impacted property is based on a project specific appraisal which we have for this project

Dave Nevin comments:

- Assessments, may want to look at the low end. Schrupp looked at the low end for Commercial but not residential. Should be fair to both.
- SAC charges seemed high for commercial. Do we have water readings for highest used period of the year? (Phil used state guidelines to determine SAC charge)
- Questioned Project costs, felt they were all over the board in his mind
- Need to look at the Commercial assessments for this project, including the impacted Church. This may be the only project that presents difficulty to us with respect to the mix of zoned properties.

Tim Berg comments:

- I have been for the extensions from day one. Want to help the businesses thrive.

- Long term benefit to the city which is a plus
- Felt it was time to delay at this time until January 2021 and look then
- Dangerous to move ahead with unknowns like exact assessments as they might relate to project costs, lack of info regarding storm sewer and the fact that those at the meetings made it clear they felt the extension was unnecessary for them

Tom Swenson comments:

- Doug Vierzba's comments make sense, lots of moving parts, no info on storm water grant, Sales Tax resolution needs approval, residents feel they don't want the extension
- Some positives to waiting, more use of newer septic, things up in the air today could all be resolved in a year, don't see the rush at this time

Mic Tchida comments:

- I have been in support of the businesses from day 1, not so much the residents, as the businesses needed help

Dave Schrupp comments:

- The Sales Tax Committee has revised the Sales Tax Resolution and will present the revised resolution at the council meeting tonight. Version 1 was overly costly. If Sales Tax is approved, we anticipate the Sales tax collected over the next 15 years at .05% will pay for the costs of the stated 3 projects that are not covered by assessments.
- Resolution #2 will have 3 projects: Plant Bio-solids, #66 north sewer extension and Daggett Bay extension

Ted Strand comments:

- 15 years ago we identified properties that could be developed on the existing sewer collection system. Had the vacant land been developed in the last 15 years, we would be looking at sewer plant expansions. This has not happened.
- Ted asked Phil regarding bidding with all issues still unresolved or open. Phil said he wants to have bidders do serious bids, not just to ask for estimates of cost. BM tracks costs for sewer and has a good handle on projects like this to be in a position to give cities accurate cost estimates for planning purposes. Phil said the project is simple, the assessment portion is complicated, due mostly to the commercial properties involved, some of which are zone incorrectly. Phil would prefer to ask for bids when the city is committed to move ahead. BM is not far along with the Storm water side of things and we still don't know about the grant; all of which puts BM well beyond the completion date for engineering work of the original schedule

Discussion Reference Emails from Vierzba, Swenson, Schrupp for reference, Doug Vierzba could not make the meeting:

From: Dave Schrupp <DSchrupp@crosslake.net>

Sent: Monday, January 6, 2020 12:38 PM

To: 'Marsha Vierzba' <MarshaVierzba@msn.com>; 'Tom' <tomswen@crosslake.net>; 'Ted Strand' <publicwk@crosslake.net>; micndi@crosslake.net; 'City of Crosslake' <cityclerk@crosslake.net>; Phil Martin <Phillip.Martin@bolton-menk.com>

Cc: micndi@crosslake.net; 'Sandra Melberg' <dalsan2@crosslake.net>; 'Tim Berg' <tim_berg220@msn.com>; Marcia Volz <mlsv@crosslake.net>; 'Gordy Wagner' <kody10wagner@hotmail.com>

Subject: RE: Jan. 6th PW Comm. Mtg

Doug, good points made. After we met with Carrie Ruud and Dale Lueck we had the Sales Tax committee meet again and we decided to create a new resolution for the Sales Tax proposal. I really felt we were overly aggressive thinking we could handle 5 projects that were quite costly without knowing the if the Sales Tax would pass or not.

The attached resolution has been **slimmed down to 3 projects, of which only 2 impact the residents impacted by sewer extensions. The 3rd is plant related.**

In our calculations, we estimated that we would assess at least 30%. We have a policy and we have used it recently and must continue to use the same policy to stay out of trouble. And we needed to make a judgement with the estimate to decide how much sales tax money we need to collect.

We also added a few annual 11% increases in costs to cover project that may get moved out or delayed a year or two. This was done based on our 15 year history of not doing any expansions and to make sure we had enough money coming in. One never knows what the future brings. And we anticipate that the Sales Tax, **if approved would cover ALL the unassessed (or almost all) costs.** So no need to tack on levy increases. The caveat in this is that some of us felt we needed to have the Sales tax Resolution **PASS AND THEN move ahead with the projects.** Carrie also told us there may not be a tax bill this coming May.

So, this may mean no sewer extensions for 2020. We will be discussing this tonight.

Dave

From: Marsha Vierzba [<mailto:MarshaVierzba@msn.com>]

Sent: Sunday, January 05, 2020 10:56 AM

To: Tom; Dave Schrupp; 'Ted Strand'; micndi@crosslake.net; 'City of Crosslake'; Phil Martin

Subject: Re: Jan. 6th PW Comm. Mtg

I noticed that the agenda materials for Monday's Comm. meeting did not include my second e-mail regarding the SS extension project. I think that 2nd e-mail(see below-Dec. 28th) deserves some consideration for discussion.

The City has proposed a 0.5% City Sales Tax to help pay for several future Sewer extensions in the City. This new sales tax proposal has not been approved and no funds will be received until 2022 if it is approved. So, it does not seem right to "gamble" with City taxpayers money to fund a sewer project in 2020. The Mayor's recent proposal had City taxpayers paying about 1/3 of project costs. Why not use more of the proposed City Sales Tax funding to pay the City's share rather than raising property taxes?

If I understand things correctly, initial sewer construction in the City was partially paid for by existing business owners and homeowners at set rates with only one base rate no matter how much water was used--\$6,500 for Commercial and \$4,000 for Residential. When **new** building construction took place(Dollar General, Whitefish Senior Housing, new school), a SAC fee was applied at a much higher cost depending on estimated water usage. The new Mayor's proposal uses an updated SAC fee, but no increased rate for high water users. So, it seems the City's Policy is to only use higher SAC fees on **new** building construction with existing businesses paying a standard SAC fee.

Doug Vierzba

From: Tom <tomswen@crosslake.net>

Sent: Saturday, December 28, 2019 6:09 PM

To: Marsha Vierzba <MarshaVierzba@msn.com>

Cc: City of Crosslake <cityclerk@crosslake.net>; Ted Strand <publicwk@crosslake.net>; Dave Schrupp <dschrupp@crosslake.net>; Sandra Melberg <dalsan2@crosslake.net>; micndi@crosslake.net <micndi@crosslake.net>; Tim Berg <tim_berg220@msn.com>; Marcia Volz <mllsv@crosslake.net>; Phil Martin <Phillip.Martin@bolton-menk.com>; Gordy Wagner <kody10wagner@hotmail.com>; Dave Nevin <nevconst@crosslake.net>

Subject: Re: Jan. 6th PW Comm. Mtg

Doug's comments make a lot of sense. Tom Sent from my iPhone

On Dec 28, 2019, at 12:32 PM, Marsha Vierzba <MarshaVierzba@msn.com> wrote:

More thoughts for discussion on this proposed sanitary sewer extension--

- A. At the PH on 12-13-19, there were no property owners who stated that they needed the SS at this time. They definitely did not want to be assessed as proposed, and pay the high-cost SAC fees for this project as presented. The Mayor suggested an approach that included payment of updated SAC fees to be paid by property owners on the project, use of City funds, and use of a proposed 0.5% Sales Tax.
- B. The County does not plan to repave the road until at least 2024. With no immediate real need for the SS extension, it seems that the project could be delayed until 2024 or whenever the County does propose their street work. The County would have funds available to pay their share of the project cost and the City would not have to borrow money to pay for the County's share if the project were to proceed anytime earlier than 2024.
- C. The Storm Water Quality component of this project is important to consider. The final plan for this work has not been worked out with affected property owners which could delay the project. Grant money has been applied for but has not yet been approved. Waiting until 2024 might allow for the County to participate with a share of the funding if needed. If constructed earlier, the County would not participate with funding for this component of the project.
- D. Sales Tax funding would not be available in 2020. By 2024, the City would have actual funding in the bank for years 2021-2023--assuming the Sales Tax proposal is approved by the legislature and by voters in 2020. There would be no need to borrow money to fund the portion of construction cost that was proposed to be paid by this Sales Tax.
- E. If a future Council decided not to proceed with the method that was proposed by the Mayor, or whatever comes out of discussion on this project now, that future Council would have to deal with the funding issues.
- F. The recently approved Assessment Policy should still be used for future Street Reconstruction projects but the section of the Policy that pertains to Sanitary Sewer may need some revisions, depending on what comes out of current discussions on this particular project.

Doug Vierzba, PW Comm.

From: Tom Swenson <tomswen@crosslake.net>

Sent: Friday, December 20, 2019 2:47 PM

To: Marsha Vierzba <marshavierzba@msn.com>; 'City of Crosslake' <cityclerk@crosslake.net>; 'Ted Strand' <publicwk@crosslake.net>; Dave Schrupp <dschrupp@crosslake.net>; 'Sandra Melberg' <dalsan2@crosslake.net>; micndi@crosslake.net <micndi@crosslake.net>; 'Tim Berg' <tim_berg220@msn.com>; Marcia Volz <m1sv@crosslake.net>; Phil Martin <Phillip.Martin@bolton-menk.com>; 'Gordy Wagner' <kody10wagner@hotmail.com>; Dave Nevin <nevconst@crosslake.net>

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

From: Marsha Vierzba

Sent: Thursday, December 19, 2019 10:29 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

After further discussion, a **Motion was made by Tom Swenson, seconded by Dale Melberg and read as follows:**

"Based on the comment of the PW Chairman, Doug Vierzba, the commission recommends the council delays any work on said sewer extension and reviews the project no later than January 2021. The decision was based on the fact that the Engineering work required to obtain bids is not completed. This is because the go ahead for Bolton and Menk was delayed by the council which means the bids will come in during April and May and it was felt the bids will be high. They should be bid in February and March. They also felt it important to know for sure if the Storm Water Grant monies are approved. Also, the Storm water design is not complete and the Engineering firm has not had time to work with residents regarding easements for ponds. Also for the fact that almost all the impacted residents did not feel the extension was necessary at this time and some asked for the project to be delayed. If we delay for a year, we will have completed the work we need to complete, will have the ability to obtain bids at the right time of the year and will know if Sales tax monies will be available to help pay for the project.

The commission also recommended the Staff contact the county to see if the resurfacing of #66 could be moved up in time so that the sewer and the road can be done at the same time and save the city some money. The Commission

recommended evaluation in a year and to be aware that if grant monies may have to be used within a certain time frame. This will help determine when the project might be accomplished. End of Motion.”

They were in agreement that Bolton and Menk should be allowed to complete the bid documentation now (same as the Dream Island Bridge Project) so that it would be shovel ready to go out for bids. The general feeling is that obtaining a bid in late April/May is not the right way to move ahead and the bids should be obtained in the months of February/March to obtain the best price.

4. **Review Draft Feasibility Study for Big Pine Trail (Motion).** The Commission reviewed the feasibility report for reconstruction of Big Pine Trail after the installation of the new Rock Damn on Big Pine Lake. The appraisal report is in process now but not completed yet regarding assessment benefits. ***Motion by Tom Swenson, second by Mic Tchida to recommend to the council to approve said report. All in favor.***
5. **Review Draft Feasibility Study for Wild Wind Ranch Drive (Motion).** The Commission reviewed the feasibility report for reconstruction of Wild Wind Ranch Drive. The road has failed with regularly spaced deep cracks and edge failures and is approximately 15 years old. The appraisal report for this road regarding assessment benefits was presented to the commission. ***Motion by Marcia Volz, second by Dale Melberg to recommend to the council to approve said report. All in favor.***
6. **Update on Perkins Road.** Ted summarized a meeting that was held with WSN, City Employees and the Army Corp regarding the City’s request to locate a storm water catch pond on a small area of the Corp’s property. The Corp stated they would not allow this to happen and requested that the City locate said pond on City property. The Corp said locating a pond on the Corp’s property does not support the Corp’s goals regarding the use of this property. Dave Reese is in the process of working on a revised road concept and is discussing the revisions with impacted land owners. Tom Swenson questioned the potential uses of the property and if we know what the property can be used for. He was disappointed that we didn’t know the use of the property before we started this project. Perkins road today is substandard and way too close to the current owner’s properties. City maintenance is an issue for the city especially in winter months. City staff always assumed that the Corp would go along with the City’s goals for use of the property. The commission recommended completing the project as simply as can be done to minimize costs. The City has an agreement with the owners regarding owner’s costs and city costs for all reconstruction of this road. Tom Swenson stated the prior Crosslake Corp Manager’s vision for use of this property encouraged development beyond what has been discussed recently. The council has agreed to a 50/50 split of costs for this project with impacted land owners. The city had to take a small piece of land for \$46,000. Other property owners have agreed to give the city land to allow for the road to be moved further away or south of their properties by approximately 150 feet. Currently, no one is talking to the Corp regarding future land use. Previously City located picnic tables and outhouses in the park were burned/destroyed by park users. Mike estimated the total cost of the project would be in the \$400k to \$500k. Dave Nevin felt we need to complete the project and then begin working with the Corp regarding approved uses. Jon Henke had worked on a plan when he was the Park Director. Tom Swenson expressed his concern to keep all the road projects going to allow for combined bidding of all the planned road projects to allow for the lowest possible total cost for said projects. Mike stated 2020 road projects are on tonight’s Council Meeting agenda.
7. **Update on Water Quality Project at Manhattan Point and CR #66.** Mark Hallan explained the TEP meeting is scheduled for January 17th. The TEP meeting will be with the County to review the details of the project. Once the final County approval is received, the project should be ready to seek construction bids.

8. **Other Business as may arise.** Mic Tchida suggested further discussion on the Assessment policy might be in order for the next meeting. Mark Hallan stated we are following Chapter 429 rules; the city does not have a lot of options to make changes to the policy/ordinance.

9. **Adjourn.** The meeting was adjourned at 5:36 pm.

Notes by Dave Schrupp



BOLTON & MENK

Real People. Real Solutions.

MEMORANDUM

Date: January 28, 2020
To: Ted Strand, Public Works Director
From: Phil Martin, PE
Subject: Projects Update for February 3, 2020 Public Works Meeting

The following report has been prepared to provide engineering updates since our last meeting attended.

CSAH 66 Sanitary Sewer Extension & Storm Water Quality Improvements

At their January 6, 2020 meeting, the City Council considered the recommendation of the Public Works Commission and voted to delay construction of CSAH 66 improvements for at least 1 year. The City Council also directed Bolton & Menk to continue with the engineering design and prepare plans and specifications for construction of the improvements.

Since that Council direction, we have completed the following items

- Attended the Crosslakers Water Quality Committee meeting on January 10, 2020 to discuss the status of previously identified onsite treatment issues at Moonlite Square and the status of the Clean Water Fund grant application submitted by Melissa Barrick of the SWCD.
- Attended a meeting with Rob Hall, Assistant Crow Wing County Engineer to discuss the proposed improvements.
 - The County has some minor additional work they would like completed with the project. We will be working to identify those items that would be disturbed with the sanitary improvements and those that would be outside of the sanitary project. The latter would be handled as County enhancements and paid when completed.
 - The County has a new (2020) Cost Participation policy that we recently received from Rob and are starting to review.
 - The City should request a County cost participation amount for the year 2024. Rob indicated that he did not believe there was an opportunity for the funds to be available sooner than 2024.
- Met via teleconference with Melissa Barrick (SWCD) and Tim Olson (Bolton & Menk) to discuss the Storm Water Quality improvement. Melissa indicated the Clean Water Funding grant that SWCD submitted for Storm Water Quality improvements was selected for funding. She was going to contact Mike Lyonais to provide a formal notice of selection.
 - Melissa indicated no additional work should be done on the stormwater improvements until a formal agreement is in place. Work done prior to execution of the agreement, which she estimated would be March 1, 2020, would jeopardize reimbursement of project costs. As a result, we intend to only provide a minor update to the public/private partnership properties to let them know the City/SWCD was successful in securing grant funds and that we will be setting up future meetings to further discuss the improvement.
 - Melissa indicated the grant funding is good for 3 years. She indicated a request for extension could be made after 3 years but that doing so might do damage to future requests for funding.
 - The City/County will be expected to show at 25% match of the grant funds. That match can be monetary, in-kind labor, uncompensated land use value, etc...
- We plan to meet during the week of Feb. 3 – 7 with City staff (public works and planning/zoning staff) to determine potential homesites created if zoning changed from commercial to residential.