



959 Paris Avenue Circle North, Minnesota 55082  
651/436-4773 · <http://www.westlakeland.govoffice2.com>

March 25, 2021

Virtual Meeting

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### **Call to order 7:02**

Chairman Kylo called the meeting to order at 7:02 PM on March 25, 2021. Clerk Carrie Seifert called the roll, indicating the presence of Chairman Kylo, Supervisor Schultz and Supervisor Appelt.

Ms. Winchell, township attorney, explained the forum for the remote meeting, and the authorization to meet remotely under state statute 13.02.01. The primary topic for the special meeting is review of the financial modelling of a potential municipal water system and updates to the 3M settlement discussions.

Mr. Ryan Stempksi introduced Ms. Jessica Cook, the lead from Ehlers and Associates, in the work contracted by West Lakeland Township to estimate, validate assumptions, and provide modelling of potential costs to operate and maintain a municipal water system as proposed as an alternative by the 3M Settlement co-trustees.

### **Presentation of the Financial Model**

Ms. Cook presented the results of the modeling done by Ehlers and Associates. The presentation is posted on the township website or can be obtained from the Township Clerk.

Benefits of the municipal water system were listed as the security and health benefits of safe water, a reliable water supply during power outage, no crisis repairs and there may be some consideration for home resale. The costs become predictable versus large unprogrammed repairs.

The costs to the township to construct the system, hook up eligible users, the cost to seal wells being replaced and pay for a treatment system operator at \$104K per year and water treatment costs are to be covered by the settlement funds. Operating costs to be borne by the township would be passed to residents using the system in the form of a monthly water bill. The connection fee, which is covered by settlement funds, is estimated at \$1,000 per residential unit.

The water rates are to cover the estimated costs of operating the system including staff, administration, insurance, etc. for an estimated \$300,000 per year. \$104,000 is allocated by settlement funds for a water treatment operator, leaving the township to provide for net expenses of \$189,000 per year. The water rate has two components, a fixed cost per user to cover fixed costs, and a variable unit based on water usage to cover variable costs. A third component of cost is the development of cash reserves to provide for ongoing maintenance and replacement of the system components.

The modelling considered an assumption of the number of persons to connect at a high rate and low rate and considered water rate usage at an average water rate for the metro area, and a high water usage rate. Water rates were also varied based on seasonality. These estimated rates were compared to the estimated cost of owning and operating a well over the same extended time period.

Ehler's estimates differ from that of the co-trustees due to differences in assumptions on the reserves necessary to support ongoing maintenance of the system, specifically cost to repair and replace streets are replaced. It was also recommended that the rate structures and assumptions be reviewed frequently during the installation phase and initial operation period.

### **Public Comments and Questions:**



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Mr. Lloyd Valilaskis asked about the minimum number of households that would be necessary to connect to the system to make the system financially viable. Ms. Cook responded that viable is a subjective term, but rural systems would have a rate in the \$7 to \$8 range for fixed costs.

Mr. John Stratmann, 1625 Oakgreen, asked about the impact of errors in the assumptions, specifically the number of households choosing to adopt the municipal water system. Ms. Cook responded that the largest risk of underestimating the number of participating households is to cover the cost of the initial installation of the system. Regardless of the number of users, those costs are to be borne by the 3M Settlement funds. The estimate of \$190,000 for ongoing operating costs is supported by data and is based on conservative assumptions. Mr. Stratmann indicated that he does not believe either Ehlers or the state cost estimates. He would prefer to keep the filter system on his current well.

Mr. Ed Gorman, 12660 12<sup>th</sup> St N provided an estimate to irrigate his property and expressed concern over cost overruns for the system. He noted that if the golf course was given an exemption and can irrigate from a well, homeowners should be allowed the same consideration.

Mr. Mike Johnson, 687 Oakgreen Ave Ct, also expressed concern over the cost to provide for irrigating his property. The cost to irrigate the large lots in West Lakeland would make the average user in West Lakeland equivalent to the highest volume users in a nearby urban municipality. He expressed further concern that the system may not be able to manage the demand if irrigation is not supported by private wells. Mr. Johnson also asked if settlement funds would cover costs for reforestation. Mr. Stempski explained the basis for the estimation of rates for irrigation, and after review by StanTec, he believes the estimate will support the demand. Mr. Stempski noted sustainability funds are available from other state sources.

Ms. Lisa Ranum also disagrees with the estimate of water usage. She is also concerned about the cost of street repair being borne by taxpayers not using the water system. Ms. Cook responded that the water main repair generally less frequent than street repair, so aligning the activities is a standard assumption. Ms. Ranum also asked about assumptions for future growth. Ms. Cook responded that the assumptions were that the number of residences in the township would remain constant.

Mr. Sean Flaherty asked if a poll of the residents would be done to estimate how many would opt to connect to a municipal water system, and if the individual home filters were still an option. Chairman Kylo confirmed that the filter systems are still a viable option. Supervisor Appelt indicated the town board is intending to conduct a survey of residents in the next few weeks.

Mr. Steve Norenberg indicated concern over cost overruns from the 3M Settlement funds since the estimates currently under consideration exceed the total of the settlement fund. Supervisor Appelt indicated the proposals are just proposals, and settlement funds are still available. Mr. Norenberg also believes that less than 10 percent of the residents will support the municipal water system. He also disputes the costs estimated by both Ehlers and the co-trustees for the municipal system versus lifetime well estimate costs.

Supervisor Appelt noted that the board is hearing the concerns of the residents and has been voicing those concerns strongly and frequently to the co-trustees.

Mr. Chuck Newman asked about the timing of the installation, and if consideration of exemption for irrigation similar to that granted for the golf course could be considered. Supervisor Appelt indicated that installation would span five to six years.

Mr. Brian Krafthefer asked which aquifer would be supporting the municipal well. Supervisor Appelt responded that the decision has not yet been made.



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Mr. Philip Moosbrugger expressed his concern that the cost of well maintenance was overstated. Mr. Stempski noted that the lifetime well costs were supported by estimates from the Department of Health. Supervisor Schultz noted that a well in an well advisory area would have additional costs that are not incurred in more rural areas.

Mr. Gary Heaser, 290 Neal Ave, also expressed concern about the cost of irrigation from a municipal water system.

Mr. Greg Schaefer believes that the requirement to seal wells is driven by economics, to ensure the system has enough volume to support the ongoing costs. Ms. Cook indicated that the assumptions are conservative in setting the connection fee. The three percent increase is driven by salary increases and insurance.

Mr. Richard Foreman, 887 Norrell Ave, expressed concern over not only monetary concerns, but the inconvenience factor and unknown health risks. He supports retention of the individual filter systems. Supervisor Appelt confirmed that regardless of the decision, a homeowner can retain the current filter system.

Mr. Steve McCuskey, 2224 Northridge Ave Circle, supports the financial estimates from Ehlers, and asked if there was a financial concern in capping the wells, or if a system based solely on household use could sustain itself. Mr. McCuskey also asked about a legal precedence to require capping of the wells. Ms. Cook indicated small water systems are sustainable but have a higher fixed cost component. Chairman Kylo indicated there may not be a legal requirement to cap the wells, but it could be a consideration of the co-trustees to cover the cost of installation.

Mr. Josh Braund, 15081 19<sup>th</sup> St N asked if repair to lawns would be covered at the time of installation. Mr. Stempski indicated that most of the drilling would be underground horizontal drilling, but costs for installation would be covered by the settlement funds.

Ms. Susan Van Duren asked if a vote would be taken on the municipal water system. Supervisor Appelt responded that there is not an opportunity to vote, but a survey will be taken to gauge the community support.

Ms. Tamara Morrissey, 2465 Periwinkle Avenue, made suggestions for the survey and suggested considerations be made for additional costs during and immediately following implementation of the system.

Several residents asked how to contact the co-trustees. The clerk will ensure that contact information is included on the township website.

Questions were raised about the oversight to the co-trustees. Chairman Kylo noted the legislature does have oversight, and 3M is also watching how the funds are spent. Mr. Stempski noted that 3M is permanently tied to solutions via the consent order as part of the settlement.

Ms. Pam Carlson, 1266 Paris Trail N, also expressed concern that the survey be appropriately targeted. She does not believe most of the township would opt for the municipal water system if it required capping the well.

Questions regarding implementation of public sewer was raised. Supervisor Schultz noted that public sewer was not under consideration.

Chairman Kylo closed the discussion of the 3M Settlement proposal and thanked the residents for their time and participation.

#### **MS4 Reporting, Barr Engineering**



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Mr. Stempski explained to the board the requirements of the MS4 permit required by the PCA. New requirements have been added, with a deadline for submission by April 15. He has proposed that Barr Engineering be engaged to assist with the completion of the requirements for the permit submission. The firm has the tools and technical expertise needed to meet the requirements prior to the due date. If the analysis required to support the permit is not completed by the filing deadline, the additional analysis will carry forward into future permit cycles. After discussion Chairman Kylo moved to for West Lakeland Township to engage Barr Engineering to assist in the MS4 TMDL application at an initial estimate of \$2,100 and total costs not to exceed \$4,000, and to authorize signature outside the meeting. Supervisor Appelt seconded the motion. The motion carried with a unanimous roll call vote (Chairman Kylo, aye; Supervisor Schultz, aye; Supervisor Appelt, aye)

#### **StanTec Consulting General Services Agreement**

Mr. Stempski and Ms. Winchell brought before the board a general contract to support the ongoing consulting work by StanTec Consulting. The \$10,000 estimated amount to model and review services to advise the township on the proposed costs and design of a municipal water system has been approved by the co-trustees as a reimbursable cost from the 3M Settlement Funds. Chairman Kylo moved to approve the general services agreement and task order number one with costs not to exceed \$10,000 and authorize signature outside the meeting. The motion was seconded by Supervisor Schultz. The motion carried with a unanimous roll call vote. (Chairman Kylo, aye; Supervisor Schultz, aye; Supervisor Appelt, aye)

#### **Next Steps:**

Mr. Stempski is expecting a second proposal for a survey, and those recommendations will be shared with the board. He is also exploring the services provided by People's Service, a firm that provides billing and administrative support for the municipal services in the city of Lakeland. He is also coordinating for additional communication with the Department of Health to understand the impact of PFAS.

A tentative meeting date of April 6, 2021 was selected to review proposals for the survey. Supervisor Appelt believes this time frame is sufficient to allow for the appropriate work to develop and conduct the survey.

#### **Adjourn**

Having no further business, Chairman Kylo moved to adjourn the meeting. The motion was seconded by Supervisor Schultz. The motion was carried unanimously by roll vote (3-0).

Respectfully Submitted,



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Elizabeth A. Vance  
Secretary