

**MINUTES OF THE PUBLIC HEARING TO REVIEW
THE 2018 BUDGET AND THE
REGULAR MEETING OF BOARD
MEMBERS OF
LAKE WASHINGTON SANITARY DISTRICT**

7:00 p.m.
September 11, 2017

Location: Mankato Regional Airport Conference room, 3030 Airport Road,
Mankato, MN 56001

1. Public Hearing to Review the 2018 Budgets

a. Open the Public Hearing

- Chairman Schmillen opened the Public Hearing at 7:00 p.m.

b. Present the 2018 Budget and Washington and George Lakes Subdivision Levy

- The 2018 Budget was reviewed including the Washington and George Lakes Subdivision. The Budget totaling \$83,450.00, and the Washington/George Levy totaling \$34,520.00
- The Washington and George Lakes Levy for the debt service for a bond to repair lift station number 1.

c. Public Commentary

- A letter received from Larry Maruska was read into the record regarding repair to lift station #1. (letter attached)
- The Board response was read into the record explaining the repairs can only be assessed with the Levy. (response attached)

d. Close the Public Hearing

- The Public Hearing was closed at 7:07.

2. Call to Order

Chairman Schmillen called the regular meeting of the Board to order at 7:07 p.m. on Monday, September 11, 2017 at the Mankato Regional Airport conference room, at 3030 Airport Road, Mankato, MN 56001.

3. Roll Call

Present: Paul Aukes, Jerry Kallheim, Randy Westman, Art Zuhlsdorf, and Robert Schmillen.

4. Review and approval of agenda

Resolution 17.76: Member Aukes moved to approve the meeting agenda. Upon a second from Kallheim, the motion passed by a vote of 5 in favor, 0 against, 0 abstaining, and 0 absent.

5. Review and approval of the Minutes of the August 14, 2017 Regular Meeting

Resolution 17.77: Member Aukes moved to approve the minutes of the August 14, 2017 Regular meeting. Upon a second received from Kallheim, the motion passed by a vote of 5 in favor, 0 against 0, abstaining, and 0 absent.

6. Officers' reports

a. Chairman – Bob Schmillen

- Spoke with Senator Draheim regarding state funding for new meters. Draheim stated that the only money he could find available is for new projects.
- Spoke with Mark Winson from the City of Mankato for repair of the lift station at the airport and possible multiple payments for the cost.

b. Vice Chair – Paul Aukes

- Reported talking to several property owners that are very satisfied the Districts operation.

c. Treasurer – Art Zuhlsdorf

- The balance of the checking account as of September 11, 2017 is \$1,987,611.81.
- Reviewed bills totaling \$48,233.06.

Resolution 17.78: Member Zuhlsdorf moved to pay the bills as presented. Upon a second from Aukes the motion was passed by a vote of 5 in favor, 0 against 0 abstaining, and 0 absent.

- The balance of the checking account after the bills are paid will be \$2,028,484.17.
- Reviewed the August 31, 2017 financial reports.

Resolution 17.79: Member Zuhlsdorf moved to approve the August 31, 2017 Balance Sheet. Upon a second from Aukes, the motion passed by a vote of 5 in favor, 0 against, 0 abstaining, and 0 absent.

Resolution 17.80: Member Zuhlsdorf moved to approve the August 31, 2017 Income Statement. Upon a second from Aukes, the motion passed by a vote of 5 in favor, 0 against, 0 abstaining, and 0 absent.

d. Secretary – James Deike

- Issued a building permit to Keri Armendariz for 61251 Kimble Court, Madison Lake, MN 56063.

7. Open forum from Constituents

- None.

8. Old Business

a. Consider Adopting the 2018 Budget

Resolution 17.80: Member Zuhlsdorf moved to approve the proposed Budget totaling \$83,450.00 with an additional levy for the Washington and George Lakes subdistrict in the amount of \$34,520.00. And direct the Secretary to certify the 2018 Tax Levy to Blue Earth, and Le Sueur Counties. Upon a second received from Kallheim the motion passed by a vote of 5 in favor, 0 against, 0 abstaining, and 0 absent.

b. Rate Review

- Discussed increasing the base rate by \$2.00 and increase the flow rate by 75 cent. A public hearing will be call at the next regular meeting.

c. Engineering

- None.

d. System Maintenance

- Shane Youell reviewed the current maintenance issues and the upcoming new construction.

e. Review the 2017 Calendar of Events

- Reviewed the Calendar, upcoming events will be the delinquent billings, and public hearing.

f. Other

- Chuck Pettipiece, members Zuhlsdorf, and Westman met with Pioneer Bank regarding deposits and interest rates. Will request Pioneer Bank to come to the next meeting.

9. New Business

a. Other

- None.

10. Discuss Agenda for the October 9, 2017 Regular Meeting

- Agenda will be set next week.

11. Adjournment

The meeting was adjourned at 8:02 p.m.

Respectfully Submitted

/s/ James Deike

James Deike

Secretary of the Lake Washington Sanitary District

9/05/2017

Lake Washington Board of Directors

As you approach your public hearing on the 2018 budget public hearing I'd like you to consider the following.

The bond for the lift station repair several years ago has always been charged to the property owners on an advalorem basis. This I believe has had the effect of certain property owners paying more than their fair share of the repair of the lift station. I think a fairer way of paying this bond off would be to charge an assessment to each property on an equal basis. I realize that this will cause the district to hold a special assessment hearing but everyone on the original LWSD received an equal benefit of this repair so it should be charged on an equal basis just like the main line was charged to each property owner

Larry Maruska

September 7, 2017

TO: Lake Washington Sanitary District Board of Directors

FROM: Chuck Pettipiece

RE: Lake Washington Sub-District Levy and 2012 Bond

This memo is in response to an inquiry from a resident for the Board to consider utilizing the Special Assessment process for the portion of the 2012 Bond for the lift station repairs in lieu of the current annual tax levy to the Lake Washington Sub-District. A similar request initiated by Board members was reviewed in 2016. My evaluation of the Board request was on November 3, 2016 and delivered via email to the Board. I have once again reviewed this potential and have the same conclusion: The Special Assessment process cannot be utilized on an improvement once the project has been undertaken, the proper hearing sequence has not been followed, and the bonds have been issued based on not utilizing Special Assessments.

The Special Assessment process requires resolutions and improvement hearings before the project is undertaken and there is a 1-year time limit from the resolution ordering the improvement until bidding the project, followed by the improvement and Special Assessment hearings. I do not have any documentation of the necessary Special Assessment hearings, or resolutions required for approval by the Board in 2012 since it was their intent at that time to have the debt service covered either by rates or a general tax levy. There may have been a discussion of the potential to utilize Special Assessments, however, the Board elected not to utilize that option. The bonds that were issued are based on the District utilizing either user rates or an annual tax levy. To change the method of repayment would not be in accordance with the original bond.

I am not aware of any situations where Special Assessments can be utilized to cover only the balance of the total debt service due and have a new assessment for the balance of the bond. Such a process would still not be following the overall Special Assessment process starting with the Improvement Hearing before undertaking the project and ending with the assessment Hearing and subsequent appeals.