
Unfair CLRSD Cost Formulae!

Krohnfeldt Beach Road, Leaf Valley Township

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Updated to improve problem focus - August 9, 2008.

Updated to reflect the Cities of Miltna and Carlos connected to CLRSD – August 15th, 2008.

Updated to considerMPCA meeting discussions on September 23rd, 2008.

Introduction

Does the END justify the MEANS?

Not when the MEANS is \$53M⁺; averaging over \$25,000 per estimated benefitting property! **We must *pause* this sewer system project until economic equity/sanity can be achieved,** then restart by focusing design/builds on the major non-compliant scofflaw areas. After sending a mid-July personal position e-mail to the Central Lake Region Sanitary District (CLRSD) Board, I've had direct communications with most of the Krohnfeldt Beach Road (KBR) property owners. None of the KBR property owners is in favor of the CLRSD Phase III project as described, thus this position paper represents our objections. As a microcosm of Douglas County lake areas, I invite others to use this paper as a model.

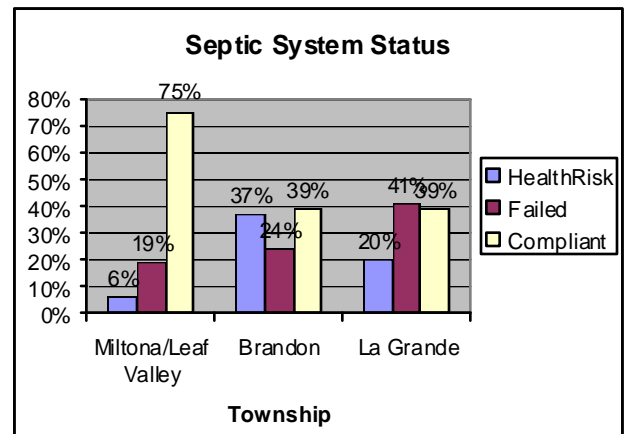


Problem (s) and Background Summary

Lakeshore environment indifference by some owners is obvious!

CLRSD provides the public with up to date information via their web site, <http://www.clrscd-mn.org/index.php>. I've summarized with the following points:

1. The basic underlying problem is that Local Officials were/are unable to control area septic systems resulting in an inordinate number of health risk and failed systems.
2. Lake Associations got involved in the late 90's, hoping to improve their lakes' water quality, by pressuring local township boards to get these non-compliant systems fixed.
3. Township boards shown on this chart formed a Joint Powers Board in 2001. They tried to define a system connected to the Alexandria Lake Sewer District (ALSD). Status was reported via open public hearings, the source of this 2002 data. It is unclear as to whether the data is real or just guesses by land planning department heads.
4. The Joint Powers Board evolved into a Central Lake Region Sanitary District. CLRSD is funded via Douglas County property taxes – labeled as a special taxing district since 2004. CLRSD tried unsuccessfully for state grants to effect a centralized multiple township treatment plant solution. The design status and progress (or lack thereof) has been reported via open public hearings as well as on their web site.



5. CLRS D doggedly funded analysis and studies of solutions, the 2008 state senate/legislature didn't approve a requested \$12M grant. The current going forward design plan is for three disparate solutions for the 'no longer central' problem areas. The focus areas are:
 - Phase I designs focus on the La Grande & Moe Townships' Lobster Lake area.
 - Phase II designs focus on the Brandon Township area to include the Devils, Whiskey, and Big Chippewa lakes.
 - Phase III designs focus on the Leaf Valley and Miltona Township areas including Lake Miltona and Lake Irene – includes a northern sliver of Carlos Township.
6. The City of Miltona and the City of Carlos have passed resolutions to connect their aging settlement pond systems to the new CLRS D treatment plant.
7. CLRS D is proceeding based on their mandate from the township boards, the unpublished results of a flawed 2005 survey, and availability of \$25M of PFA/IUP loan funds. Status continues to be reported via web site and recent newsletters to property owners. Property owners have been invited to check their 'assessment amount' on-line. This tool uses an ad valorem algorithm, not the web site cited unit method!

In June 2008, a group of area people formed the Citizens League for Environmental and Economic Responsibility (CLEER) with the purpose of stopping the sewer project. Their web site is <http://www.no-clrsd.org>.



Property Demographics, KBR

Range is from an empty lot to a 2007 \$500k realtor listing.

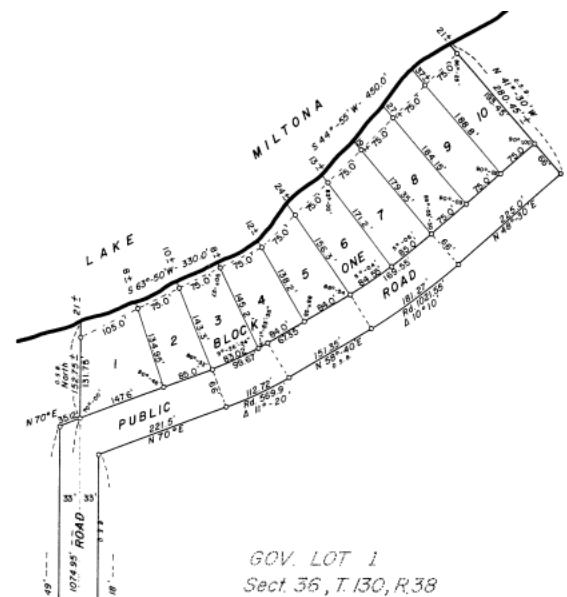
Krohnfeldt Beach Road properties are near the southwest end of Lake Miltona. These properties cover the spectrum of developments excepting multiple and commercial resorts or campgrounds. These are summarized in this table.

<u>Property</u>	<u>Citizen</u>	<u>Bed Rooms</u>	<u>Baths</u>	<u>Shoreline</u>	<u>Gar</u>	<u>Annual Use days</u>	<u>Notes</u>
13242	Yes	3	2	0	2	365	~2004 Septic/drain field upgrade
13270	No	3	1+	300'	3	~90	~2002 Septic/drain field upgrade
13322	Yes	0	0	105'	0	Empty Lot	None (for sale!)
13334	No	2	1	75'	0	~75	1998 common septic system
13342	Yes	4	2	150'	3.5	365	1998 common septic system
13370	No	3	3/4	75'	1.5	~60	1988 mounded drain field
13376	No	2	1	75'	0	~45	1998 common septic system
13380	No	3	1	100'	2	~75	1998 common septic system
13390	Yes	3	2+	100'	3	365	1998 common septic system
13398	No	0	0.50	100'	0	~75	199x sealed septic tank
Easement	No	0	0	~1200'	0	?	Minnesota Club has a 2-stall outhouse 25' from the shoreline

Our ten Leaf Valley Township property owners have varied characteristics:

- Six of our property owners are part-timers, i.e. have their residence elsewhere. Since these six owner couples aren't residents of Leaf Valley they aren't entitled to vote for the township board – indicated in the table's Citizen column as No.
- The majority drain their water systems in the fall then re-energize in the spring for fishing opener - their approximate annual cabin 'Use days' are indicated in the table.
- Four of the owner couples are retired, one is resident year around except for a 6 week snowbird break in a southern state.
- Three of the owner couples grew up in Douglas County.
- Two youthful year-round owners have pre-school children.
- Two property owners have their homes in the CLRSD zone away from their Lake Miltona property thus get the unfair assessment twice.
- The empty-lot property-owner farms the adjacent acreage, proud to have his forefathers' name on lake access roads in both Leaf Valley and Miltona Townships.

Originally platted in 1964 as shown here, there have been changes, i.e. lots 7 through 10 were re-surveyed into three 100' lots in the 70's. One home straddles lots 3 & 4. The area below and right of the gravel roadway was pasture land until 2001. Two homes are now to the left and right of the roadway elbow, not shown on this plat map. The graveled public road ends at the right of the plat. An easement from there leads through former pasture land to an undeveloped Minnesota Club property located in Miltona Township.



Several of these KBR properties had sub-standard septic systems in the mid 1990's so in 1998 six owners banded together to develop a septic collection system with a common drain field located in the adjacent farmer's pasture land ~100 yards away from the lake. Douglas Co. Document No. 183335 registered specifics. Other recent changes are:

- In 2002 property 13270 replaced an older mobile home with a new double wide pre-fabricated home on a foundation, built a garage, and upgraded to an approved septic system.
- In 2003 property 13242 replaced an older mobile home with a new home including a new approved septic system with drain field located in the former pasture land.
- In 2004 property 13390 replaced the original 'garage style' cabin with a new home structure, already connected to the approved cluster septic system.
- In 2006 property 13342 added a 1½ car garage extension, the building permit ascertained that the common septic system was compliant.

We have an environmental concern about the last table entry's outhouse, located ~ 25 ft. from the shoreline. This Minnesota Club property is also accessible via a dock from the lake and a wooded walking path from the Krohnfeldt Drive turn-about. The CLRSD sewer designs for Krohnfeldt Drive and Krohnfeldt Beach Road do not provide for any connections to this property!

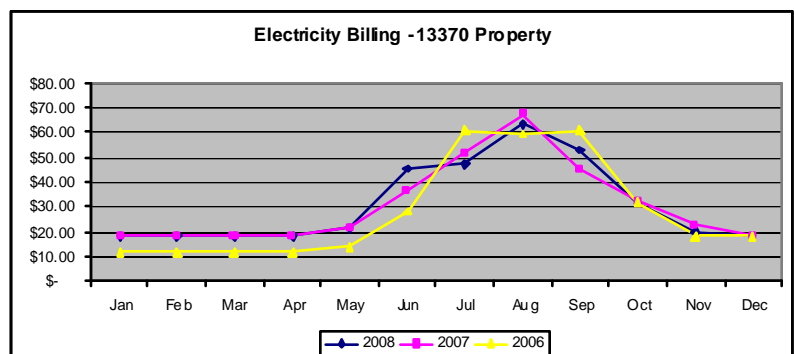


Why Unfair Financially!

Ad Valorem is a 'Robin Hood' or veiled welfare methodology

CLRS D did a mediocre job of defining units for sharing development costs, then mixed property values into their formulae thereby significantly distorting the intended equitability.

1. Note that the July 15, 2000 public hearing showed an estimated cost of \$15,700 per property and a user charge of \$156 per year. At a 2005 public hearing the estimated cost per property was estimated at \$18,000 per property. Why did build costs escalate from \$15k to \$18k over 5 years then by \$7k per property to \$25k over the last three years? These increases are much more than simple cost inflation over an eight year period. This rampant escalation indicates that the board is out of control!
2. The CLRS D system design provides each Krohnfeldt Beach Road property with a 4" sewer pipe stub, an associated 8" gravity main to a collection tank, and a pump/transport 2" pipe system to a treatment facility. *The system build costs should be identical for each of the ten Krohnfeldt Beach Road properties, as each gets the same infrastructure capacity and benefit!*
3. CLRS D mixes the build tax levy with annual operating costs – *result is confusion for property owners wanting to know true costs and both short and long term financial obligations.*
4. We developed our 1998 private septic collection system with a common drain field at a cost of less than \$2,500 per property (a cluster system.) This system was projected to have a 'compliant' life of 40 years. The CLRS D estimates of \$53M for a system to serve 2,100 property owners at over \$25,000 per property is **TEN TIMES** what we've already spent for compliance! It is not surprising that the CLRS D sewer collection pipe design by Widseth-Smith-Nolting, Inc. for our area is within a few feet of our existing cluster system pipes!
5. Since the 1998 cluster system, none of the nine Krohnfeldt Beach Road septic nor drain field systems has been tagged as non-compliant (the empty lot has none) – *why should 'we' pay twice or thrice when we've preceded CLRS D with our local compliant systems?*
6. Many property owners in other areas have invested in compliant systems during the last decade, CLRS D ignores those investments stating that EVERYONE must connect within the first year of availability. CLRS D has no published authority to force the scoff laws with non-compliant systems to connect thus we'll be no better off than before!
7. The CLRS D Monthly User Fees are not based on use. The user fees should be paid quarterly using a base rate plus volume of waste generated – A Public Utilities Commission could Use REA's electrical formula as a model, *illustrated here by my auto-pay statements.*



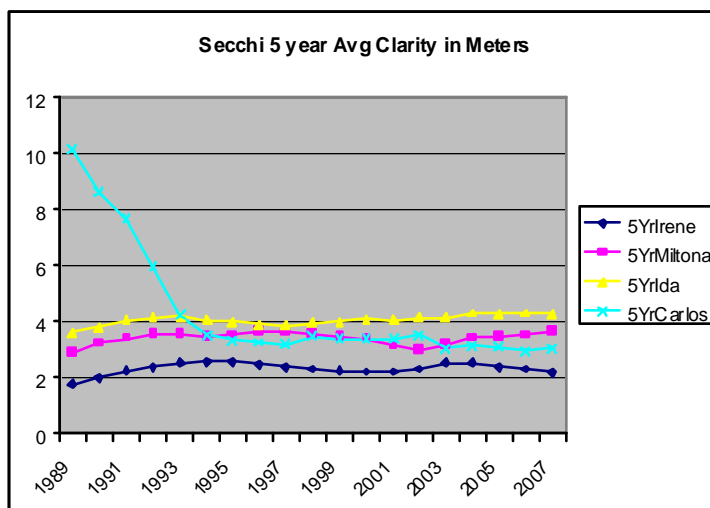
8. After reviewing the 'Homeowner Cost' on the CLRSD web site, my opinion is that the projected average of \$449 per year User Fee is flawed and unfair! We use our cabin mostly on weekends from mid-May to mid-October, assessed as a Seasonal Non-Homestead property. Our cabin has three small bedrooms, one toilet with shower, no laundry facility, and no dishwasher. I ask: "Why should a non-resident Property Owner be charged the same annual/monthly user fee as a full time family with multiple waste generating bathrooms, laundry room, and kitchen?" A review of our St. Paul Suburb utility bills for our three bedroom home in Shoreview is:
- For 2006, sewer was \$189 of our \$322 annual utility cost, paid quarterly
 - For 2007, sewer was \$222 of our \$380 annual utility cost.
 - For 2008, sewer is projected as \$240 of the \$392 billings.
- SO, the projected first year CLRSD rate of \$240 for sewer service seems equitable for a full time resident, but not for our 17 cabin weekends of the year.
9. Only four of the ten Krohnfeldt Beach owners are Leaf Valley residents, *therefore 60% of us can't vote for township board members!*
10. The LMA 2008 Lakeshore Directory shows 689 entries, 484 have a home address away from the lake, *thus 70% of the area property owners probably can't vote for either township or county representatives! Taxation without representation is still unfair today.*

Water Quality Analysis Tidbits

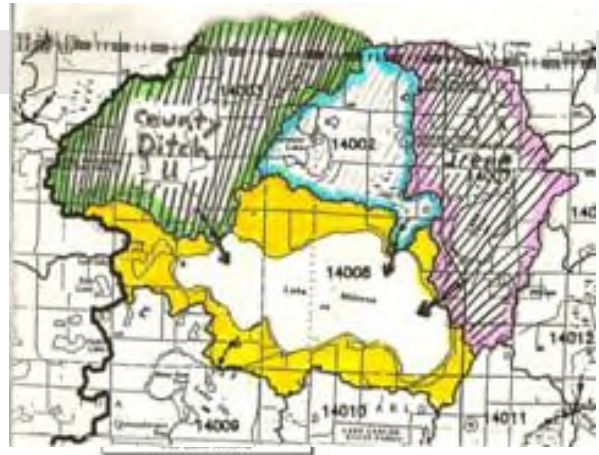
DNR provides data, we must analyze for trends!

We do believe in improving the Lake Miltona water quality for our children, grandchildren, and their future generations. Toward that end, I've extracted 25-years of Secchi disk readings from the Minnesota Department of Natural Resources' (DNR) web site. Their data is listed in meters.

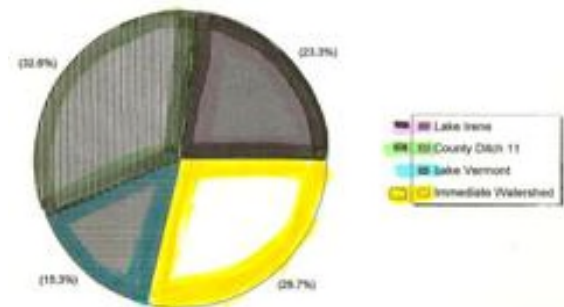
Since readings can vary quite a bit from year to year, I've plotted the 5 year running averages to ascertain trends. Shown here are **Lake Miltona**, upstream **Lake Irene**, downstream **Lake Ida**, and **Lake Carlos**. Lake Ida clarity has had a decade long gradual increase. Over the last six years Lake Miltona's clarity has been gradually increasing while Lake Irene clarity has been decreasing. From this trend, we can understand why the DNR designated Lake Irene as **Eutrophic** in July 2008. Lake Carlos is included here because as the last lake in the Douglas Co. chain of lakes, it is the 'headwaters' of the Long Prairie River, site of the CLRSD proposed treatment facility. It appears that Lake Carlos continues to have a decreasing clarity problem which began in the late 80's. This is a false indication as the database used feet instead of meters for readings during the 80's. DNR knows but has no database corrective plan of action yet.



A second measure of water quality is phosphorus content. I've scanned two 1995 Lake Miliona analysis charts for some relevant comments. The map at the right shows the four major 'watershed' sources; yellow is local run off and seepage/leakage, right in pink is from the Lake Irene watershed area via the drainage creek, top center in blue is from the Lake Vermont area, and top left in green is from County Ditch #11 – also called Dittberner's Creek. The CLRSD web site provides additional jurisdictional water quality data, <http://www.clrscd-mn.org/index.php>.



The right pie chart shows the phosphorus loading from the immediate watershed (yellow) as 28.7%, from Lake Irene as 23.3%, from Lake Vermont as 15.3%, and Ditch 11 as 32.6%. If a central sewer system could reduce the immediate watershed and Lake Irene inflow of phosphorous, we'll have addressed 52% of the Lake Miliona problems. Would damming the Dittberner Creek and diverting that flow to a treatment plant eliminate 32.6% of the phosphorous influx? Roger Dittberner has fenced his pasture along the creek to keep the cows out since the 1995 study. More residents could quit fertilizing lawn areas.



However, neither a dam nor a \$25,000 per property sewer system is a panacea to reduce the Lake Miliona phosphorus content. *Even though every little bit would help - \$53M isn't a little bit*

Suggestions to the CLRSD Board

An open dialogue is better than lobbyists, lawyers, and courts!

1. First, *pause the project*, listen to the specific issues identified by me and CLEER, then map out and implement **a better project plan** to economically fix our lakes' environments
2. Revisit the assessment policy and attendant cost formulae to fairly distribute the build costs of the three Phases' systems within the three benefiting areas, i.e. La Grande township property owners pay for sewer collection and connection to ALSD. Brandon township property owners pay to expand and connect to the City of Brandon's system, etc.
3. Un-jumble the Tax assessment, i.e. pay all build costs up front or pay all over a 25 year period at 2.5% interest rate. The \$10k up front assessment per property then annual assessments for the balance irrationally mixes build costs with operations costs. *This is confusing even to me with an engineering degree and treasurer' experiences from several organizations!*
4. Define user fees so that summer cabin users don't unfairly subsidize full year residents! Charter a Public Utilities Commission to set user fees as is done in the Twin Cities or implement a variation of the suggested method of item 7 on page 4.

5. Update the failed systems chart (page 1) to show current '2008' failed and health risk septic systems. Random guesses by Mr. Rush and others aren't facts nor are they auditable!
 6. Provide statistics to support the statement that all septic systems fail within 10 to 15 years of build, opinions are not facts!
 7. Repeat the 2005 survey, counting the 'not returned' as abstentions instead of Yes opinions.
 8. Assess each dwelling in both Miltona and Carlos as a 0.5 unit so that they can share in the build cost as well as the eventual use. Why should the lake property owners build for the benefit of the 500+ residents of those two towns as well as themselves?
 9. Investigate using a few smaller 'septic collection and common drain field' solutions for a few areas that require multiple pumping stations and extensive piping to reach the treatment plant. Such an approach as used along Krohnfeldt Beach Road could provide almost as long of a duration of service as projected by the present 50-year Phase III system.
 10. Support a believable, positive Environmental Impact Statement (EIS), i.e. benefits of a centralized system could be:
 - a. Within 1 year of infrastructure availability all health risk systems fixed.
 - b. Within 2 years - all non-compliant systems fixed and all construction trenches 'grassed over'.
 - c. Within 7 years - all septic systems older than 15 years connected.
 - d. Within 15 years - all remaining systems connected, *[delaying hookup of some properties lessens the near term financial burden of 'compliant' property owners while providing local contractors the time to do all connections instead of bringing in help from out of the county!]*
 - e. Within 7 years - lake phosphorous levels reduced by 25% and better Walleye fishing.
 - f. Within 12 years - Secchi disk readings for Lakes Miltona, Irene, Lobster, Whiskey, Chippewa, and Devils will increase by 25%.
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What should we do next?

Contentious problems may require tough solutions!

1. Find an impartial mediator or panel to resolve issues between CLRSD and CLEER.
2. Trifurcate the CLRSD foci into three area funding packages:
 - a. Let La Grand Township manage and implement the Lobster Lake and Mill Lake deficiency fixes – to ALASD, property owners may only pay 40% of update costs while 60% could be paid from tbd State and County funds.
 - b. Let Brandon Township manage and implement the Big Chippewa, Whiskey Devils Lake, and Little Chippewa solutions - designate their system as a Brandon Capital Improvement!
 - c. Evaluate the per unit cost of development with an assessment of the family homes and businesses in both Miltona and Carlos as 0.5 homes and 1.0 business respectively.

- d. Determine how many units could be added with a long term plan to bring sewer to Lake Vermont.
- e. Let Leaf Valley Township address the Southwest, West, and Northwest sides of Lake Miliona. If 'cluster systems' in the model of Krohnfeldt Beach Road's are good for up to 40 years at even 10% of the costs of a 50 year system, let them opt out of CLRSD!

Summary

We must find an affordable solution to our failing septic systems and attendant lake quality issues – not fight among ourselves. The failing systems need fixing now! Whether with smaller 40-year cluster systems or included local town systems, the solutions must make economic sense. Since both the Carlos and Miliona City' settling systems are near capacity and are nearing their end of life, we should assess those ~600 residents to help build the new treatment facility. Furthermore, the scofflaws with non-compliant systems must be connected before any compliant property is required to connect!



Local Boards should take off their blinders, turn on their hearing aids, and do what is financial fair for the local property owners, including the ~33% who elected them! Our heirs and descendants will appreciate a sensible solution for their future on and around our lakes.



Who is Lowell? *With my wife of 47+ years - we are 14-year KBR property owners, fairness concerned Minnesota Citizens, AHS '56 & '59 graduates, a cold-war Army veteran, a 1966' U of MN graduate, and retired grandparents.*

This paper was not funded nor pre-endorsed by any organization.