



MEMORANDUM

TO: Voyageur's National Park Clean Water Joint Powers Board (VNPCWJPB)

FROM: Julie Kennedy, Randy Jenniges, Mike Larson, and Gary Cerkvenik

DATE: May 29, 2013

RE: VNPCWJPB Update Information - May 2013
Koochiching and St. Louis Counties, Minnesota
STLCO 118965

Board Meetings

The last meeting held was at 1:00 p.m. at the Land Dept building on January 23, 2012. See the attached draft meeting minutes for details.

Action Requested: Motion to approve the minutes of the January 23 meeting.

Transition of Consultant Staff

Beginning in June, Sara Lindberg will be the new SEH client service manager for the JPB. Julie has accepted the Grand Rapids City Engineer position and will be leaving SEH at the end of the month. She will continue to mentor Sara on the JPB endeavors throughout the remainder of this year to ensure the transition is a seamless one. All other SEH teams remain the same, with Mike Larson and Gary Cerkvenik serving as the funding representatives and the technical team of Randy Jenniges managing Koochiching County and Crane Lake projects and Colin Marcusen managing Kabetogama projects and any future Ash River projects.

Funding

In short, there is some good news and some bad news. The information below summarizes the action taken on our proposed bills during the State Legislative session:

- SF 201/HF 282 for \$8.575 million to Koochiching County and CLWSD from bonding
In negotiations with the House, Senate, and Governor's office, Rep. Dill and Sen. Bakk worked with Gary to achieve money in this year's bonding bill for the VNP projects. It would have been enough to complete both the Rainy and Crane Lake projects. Unfortunately, the House defeated the bonding bill on a vote of 75-59. (It takes a 3/5 vote to pass a bonding bill, or 81 votes. Thus, a majority voted for the bill, but it needed a supermajority of 81 votes. To pass, the bonding bill needed 9 republicans to vote for it--only three did so). **Our legislators as well as**

the JPB and Advisory Committee members from Koochiching County and Crane Lake did a great job fighting for our projects, so please thank them for all of their efforts.

Clean Water Legacy money was approved to be used for the Eastern Service District and Bear Island in Crane Lake. Additionally, approximately \$800K of Mineral Tax Money was approved by the legislature and it is anticipated that the funds will be processed thru IRRRB in August 2013.

Applications are due June 21, 2013. The Bonding Bill that will be taken under consideration during the next legislative session, beginning in January 2014. We will be working with Gary to apply again for the VNP projects.

Koochiching County

Despite the hard work of the Gary, the Commissioners and staff, funding for the Island View extension project fell through as a result of the Legislature not passing the 2013 bonding bill. I think Dale's words said it best, *To lose \$8.5M by 6 votes is a little disappointing, but at least it shows we've made an impression on some of the top people at the state level. Kudos goes to those of you who traveled to St. Paul and to everyone else for keeping this moving. We'll get there, it's just a matter of time.*

Dale also recently spoke with Mike Ward about the Department of the Interior not being a funding agency and not being able to give money out for projects. However, VNP can and has been writing letters showing their support. Mike said he wrote or spoke to Rep. Dill, Sen. Bakk, Rep. Nolan, Friend's of VNP, etc. and he's willing to write more letters or talk to more people if he knows who they are.

Another avenue Mike mentioned that has potential to bring in federal money is to work through the Dept. of Interior to reach the Dept. of Ag, which has various funding programs (USDA Rural Development is one of them). Going through the Rural Development people didn't work so maybe we have to go higher.

What we do is convince the Secretary of the Interior (Sally Jewell) that VNP is an extremely important resource and we're trying to keep it that way. But we can't do it without help. We can ask her to support the project and contact the Secretary of Agriculture (Tom Vilsack) on our behalf.

VNP can't give us any money directly or even head up the charge, but if they're willing to write letters and make contacts, then we should take full advantage of it.

Kabetogama

Kabetogama will see some of the good news with the legislative bill that passed to restructure the Small Communities Wastewater Treatment Program. (see attached law). In particular, the two areas of language in the law that apply to the Puck's Point project are Section 5, Subd.2, (c) and Section 6, Subd.5 (d).

In summary, the PFA program will consider 1.4% of the Median Household Income (MHI) to be an estimated average residential wastewater cost. In Kabetogama, where the MHI is approximately \$45,000, the estimate average sewer bill, as determined in the new legislation, would calculate to be

about \$52 per month. The PFA would then provide a grant of up to 80% of the gap between the cost of providing the utility and the calculated estimated average amount.

This new legislation information will now be provided to the Project's financial advisor, Scott Harder, who will prepare the new funding and rate structure analysis for the Town Board.

Ash River

As soon as the citizens form an official committee, we will apply to the Public Facilities Authority (PFA) for a Technical Assistance (TA) Grant to help them get the studies conducted to determine the need and feasibility of a community system. Note that the PFA legislative changes also provide for better opportunities to obtain grants for the Ash River area residents once they are organized.

Crane Lake

Again, despite the hard work of Gary, Rob and the Commissioners, a big portion of the funding for the Crane Lake projects fell through as a result of the Legislature not passing the Bonding Bill. Fortunately, however, there was success in the acquisition of partial funding through the Clean Water Legacy Act and Mineral Tax money.

We are currently nearing the end of the Preliminary Engineering Report for the for the Handberg Marine Extension project to reflect the money that was obtained. At the CLWSD meeting next week, the Board will consider moving forward with the Project plans and specifications with an anticipated schedule of bidding the Project in August 2013 and construction in November 2013.

Contract

The February, March, April, and May invoices for the work completed are attached.

Action Requested: Motion to approve payment of the SEH invoices in the amount of \$11,350.

If you have any questions regarding these items, please do not hesitate to contact any of us.

Sara Lindberg	Randy Jenniges	Mike Larson	Gary Cerkenik
218.360.0463	320.229.4378	218.305.4722	218.741.0139
slindberg@sehinc.com	rjenniges@sehinc.com	mlarson@sehinc.com	gcerk@me.com

Cc: VNPCWJPB Advisory Committee, Koochiching and St. Louis County Environmental Services staff, Project Area residents (upon request)

Att: VNPCWJPB Minutes from January 23, 2013; PFA Legislative Changes to Small Community Wastewater Fund Program; Invoices for Feb, Mar, April & May 2013

VNP CLEAN WATER JOINT POWERS BOARD MEETING

January 23, 2013

The monthly meeting of the VNP Clean Water Powers Board was held at the Cook Land Department on January 23, 2013. The meeting was called to order at 1:10 p.m. by the Chairman, Commissioner Pavleck. VNP Clean Water JPB members present were: Koochiching County Commissioner Brian McBride and Commissioner Forsman from St. Louis County were also in attendance.

Introductions were provided and there were two special guests in attendance, Shelby and Addison from Virginia Beach, Virginia. There were no public comments. Upon motion of Commissioner McBride, seconded by Commissioner Forsman, the minutes of the October 24, 2012 meeting of the VNP Clean Water JPB meeting were unanimously approved.

Julie Kennedy, S.E. H. Engineering provided an update as outlined on S.E.H. Memorandum (01/22/13):

- Commissioner Pavleck, Julie Kennedy, Rob Scott and Gary Cerkvenik held meetings with Senator Bakk, Representative Dill, Senator Stump, and the State Bonding Chair Representative Hausman to discuss funding for the Island View extension and the Handberg Road extension projects that are part of the VNP Clean Water Project. Initial indications are that all parties are working to have a 2013 bonding bill and support both extension projects.
- Funding discussions continue with Congressman Nolan's office to get support for our overall project in the next WRDA bill.
- Work continues with DNR on their involvement in the Puck's Point project. A motion was made by Commissioner Forsman and seconded by Commissioner McBride for the JPB to send a letter to the DNR commissioner regarding their appreciation for the support his office has provided in working the DNR land issues at Kabetogama.
- There has been no change to Ash River in their efforts to form an official sewer committee. A motion was made by Commissioner Forsman and seconded by Commissioner McBride to have the JPB send a letter to St Louis County requesting assistance in looking at the options to force Ash River to get movement on establishing a sewer district.
- S.E.H. continues to work on the CLWSD Handberg Road expansion project.
- The JPB budget for 2013 from St Louis County is \$35K and from Koochiching County is \$25K.
- An update on the specific engineering services provided to the board for their review.

A motion was made by Commissioner Forsman and seconded by Commissioner McBride to pay the bills. All voted in favor.

Kabetogama. Bob Nevalainen stated efforts continue on the Puck's Point project including funding, DNR land usage, and local training. The advisory board on how to proceed and manage a sewer system is in the initial stages.

Crane Lake. Rob Scott discussed the recent meeting with USDA RD, the meetings at St Paul, and provided an update on the Handberg Road expansion project.

Koochiching. Paul Nevanen and Tom Dougherty discussed the economic impacts on the Island View extension project and how the various sewer projects have been good for economic development or have lost business. A motion was made by Commissioner McBride and seconded by Commissioner Forsman go have Gary Cerkenik put together a proposal to put a program to get support to address the economic issues related to the project.

The meeting was adjourned at 2:39 and the next meeting is set for February 27th at 1:00 p.m.

Submitted by: Rob Scott, secretary

Minnesota Session Laws

Key: (1) language to be deleted (2) new language

CHAPTER 105--H.F.No. 819

An act

relating to the Public Facilities Authority; reorganizing certain grant programs; providing for small community wastewater treatment grants; amending Minnesota Statutes 2012, sections 446A.073, subdivisions 1, 3, 4; 446A.075, subdivisions 1a, 2, 5, 6; repealing Minnesota Statutes 2012, sections 446A.051, subdivision 2; 446A.074.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2012, section 446A.073, subdivision 1, is amended to read:

Subdivision 1. **Program established.** When money is appropriated for grants under this program, the authority ~~must make~~ shall award grants up to a maximum of \$3,000,000 to governmental units to cover up to one-half the cost of wastewater treatment or storm water projects made necessary by:

~~(1) a wasteload reductions reduction prescribed under a total maximum daily load plans plan~~ required by section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d);

~~(2) a phosphorus concentration or mass limit which requires discharging one milligram per liter or less at permitted design flow which is incorporated into a permit issued by the Pollution Control Agency;~~

~~(3) any other water quality-based effluent limit established under section 115.03, subdivision 1, paragraph (e), clause (8), and incorporated into a permit issued by the Pollution Control Agency that exceeds secondary treatment limits; or~~

~~(4) a total nitrogen limit of ten milligrams per liter or less for a land-based treatment system.~~

Sec. 2. Minnesota Statutes 2012, section 446A.073, subdivision 3, is amended to read:

Subd. 3. **Project priorities.** When money is appropriated for grants under this program, the authority shall accept applications during the month of July and reserve money for projects expected to proceed with construction by the end of the fiscal year in the order listed on the Pollution Control Agency's project priority list, ~~provided the project is included in a total maximum daily load plan that has been approved by the United States Environmental Protection Agency at the time the appropriation became law and in an amount based on the cost estimate submitted to the authority in the grant application or the as-bid costs, whichever is less.~~

Sec. 3. Minnesota Statutes 2012, section 446A.073, subdivision 4, is amended to read:

Subd. 4. **Grant approval.** The authority ~~must make a grant to a governmental unit, as defined in section 116.182, subdivision 1, for an eligible project only after:~~

~~(1) the commissioner of the Pollution Control Agency has certified to the United States Environmental Protection Agency a total maximum daily load plan for identified waters of this state that includes a point source wasteload allocation;~~

~~(2) the Environmental Protection Agency has approved the plan;~~

~~(3) a governmental unit affected by the plan (1) the applicant has submitted the as-bid cost for the wastewater treatment or storm water projects necessary to comply with the point source wasteload allocation project;~~

~~(4) (2) the Pollution Control Agency has approved the as-bid costs and certified the~~

grant eligible portion of the project; and

(5) (3) the authority has determined that the additional financing necessary to complete the project has been committed from other sources.

Sec. 4. Minnesota Statutes 2012, section 446A.075, subdivision 1a, is amended to read:

Subd. 1a. **Technical assistance grants.** If requested, and if it is an eligible use of funds, the authority may provide technical assistance grants to governmental units seeking to address noncomplying subsurface sewage treatment systems. A grant under this subdivision must not exceed ~~\$10,000~~ \$20,000 plus ~~\$500~~ \$1,000 per household, for a maximum total of ~~\$40,000~~ \$60,000. Technical assistance grant funds may be used by ~~the a county recipient to pay its qualified staff for services listed in clauses (1) to (3) or by a governmental unit to contract with a licensed subsurface sewage treatment system business, county,~~ the University of Minnesota on-site sewage treatment program, a regional development commission, or other qualified nonprofit organization for one or more of the following services:

- (1) conduct site evaluations and prepare a report by a certified subsurface sewage treatment system designer indicating the feasibility of installing new subsurface sewage treatment systems meeting the requirements of section 115.55;
- (2) provide independent advice on the feasibility of subsurface sewage treatment system alternatives; and
- (3) assist the governmental unit to develop the technical, managerial, and financial capacity necessary to build, operate, and maintain subsurface sewage treatment systems.

Sec. 5. Minnesota Statutes 2012, section 446A.075, subdivision 2, is amended to read:

Subd. 2. **Construction loans and grants.** (a) The authority may award loans and grants as provided in this subdivision to governmental units from the small community wastewater treatment account for projects to replace noncomplying subsurface sewage treatment systems with a subsurface sewage treatment system or systems meeting the requirements of section 115.55 or a land-based treatment system with a state disposal system permit. A governmental unit receiving a loan or grant from the account shall own the subsurface sewage treatment systems built under the program and shall be responsible, either directly or through a contract with a private vendor, for all inspections, maintenance, and repairs necessary to ensure proper operation of the systems.

(b) Loans as provided in subdivision 6 may be awarded for up to 100 percent of eligible project costs as described in this section minus any grants awarded under paragraph (c) or from other sources.

(c) ~~When the area to be served by a project has a median household income below the state average median household income, the governmental unit may receive 50 percent of the funding provided under this subdivision in the form of a grant. An applicant may submit income survey data collected by an independent party if it believes the most recent United States census does not accurately reflect the median household income of the area to be served. The authority may award a grant to a project if the estimated average annual residential wastewater system cost after completion of the project would otherwise exceed 1.4 percent of the median household income of the project service area. In determining the estimated average annual residential wastewater system cost, the authority must consider the total costs associated with building, operating, and maintaining the wastewater system including debt service. The amount of the grant shall be 80 percent of the amount needed to reduce the average annual residential wastewater system cost to 1.4 percent of the median household income, but not to exceed 80 percent of the eligible project cost minus any other grants.~~

Sec. 6. Minnesota Statutes 2012, section 446A.075, subdivision 5, is amended to read:

Subd. 5. **Awards.** (a) The authority must award loans and grants as provided in this section to governmental units with approved applications based on their ranking on the

Pollution Control Agency's project priority list.

(b) Except as provided in paragraph (c), prior to the award of construction loans or grants under subdivision 2, paragraph (b), the Pollution Control Agency shall certify that the subsurface-sewage land-based treatment systems to be built appear to meet are designed according to the criteria set forth in section 115.55 and rules of the Pollution Control Agency.

(c) If a governmental unit receives preliminary approval by the Pollution Control Agency of its feasibility report prepared under subdivision 1a, clause (1), the authority may make a partial construction award for eligible design costs.

(d) ~~The total amount awarded for a construction loans and grants project under subdivision 2, paragraph (b), shall be based on the estimated project costs for the portion of the project expected to be completed within one year, up to an annual maximum of \$500,000. For projects expected to take more than one year to complete, the authority may make a multiyear commitment for a period not to exceed three years, contingent on the future availability of funds. Each year of a multiyear commitment must be funded by a separate loan or loan and grant agreement meeting the terms and conditions in subdivision 6. A governmental unit receiving a loan or loan and grant under a multiyear commitment shall have priority for additional loan and grant funds in subsequent years must not exceed \$2,000,000.~~

Sec. 7. Minnesota Statutes 2012, section 446A.075, subdivision 6, is amended to read:

Subd. 6. **Loan terms and conditions.** Loans from the small community wastewater treatment account shall comply with the following terms and conditions:

(1) principal and interest payments must begin no later than two years after the loan is awarded;

(2) loans shall carry an interest rate of one percent;

(3) loans shall be fully amortized within ~~ten years of the first scheduled payment~~ or, if the loan amount exceeds \$10,000 per household, shall be fully amortized within 20 years but not to exceed the expected design life of the system;

(4) a governmental unit receiving a loan must establish a dedicated source or sources of revenues for repayment of the loan and must issue a general obligation note to the authority for the full amount of the loan; and

(5) each property owner voluntarily seeking assistance for repair or replacement of an individual treatment system under this program must provide a utility easement to the governmental unit to allow access to the system for management and repairs.

Sec. 8. WASTEWATER INFRASTRUCTURE FUNDING; CONVERSION OF CERTAIN LOANS TO GRANTS.

For supplemental assistance provided under its wastewater infrastructure funding program in the form of a loan, the public facilities authority may convert the loan to a grant to the extent that the authority determines that the governmental unit would have met, at the time the loan was made, the criteria in Minnesota Statutes 2012, section 446A.072, subdivision 5a, paragraph (b). If a loan is converted to a grant only in part, then, notwithstanding section 446A.072, subdivision 7, the authority may determine the manner in which the repayment schedule for the loan is to be adjusted.

Sec. 9. INSTRUCTIONS TO REVISOR.

(a) In Minnesota Statutes, the revisor shall remove references to the sections repealed in section 10.

(b) In Minnesota Statutes, the revisor shall change the headnote to section 446A.073 to "Point Source Implementation Grants."

Sec. 10. REPEALER.

Minnesota Statutes 2012, sections 446A.051, subdivision 2; and 446A.074, are repealed.



Invoice

Invoice Number: 265734

FEIN: 41-1251208 | 651.490.2000 | 800.325.2055

Page 1 of 2

BILL TO:
Attn: Accounts Payable Saint Louis County Environmental Services 307 1st St Ste 115 Virginia MN 55792
REMIT TO:
Short Elliott Hendrickson, Inc. NW6262 PO Box 1450 Minneapolis, MN 55485-6262

Pay This Amount	\$3,850.00
Due Date	15-MAR-13
Invoice Date	13-FEB-13
Bill Through Date	31-JAN-13
Terms	30 NET
SEH Client #	1512
Client Project #	
Agreement / PO #	121718
Authorized Amount	\$50,000.00
Authorized Amount Remaining	\$30,000.00

Project Manager / Email / Phone
Julie Kennedy / jkennedy@sehinc.com / 218.322.4500
Client Service Manager / Email / Phone
Matt Bolf / mbolf@sehinc.com / 218.279.3000
Accounting Representative / Email / Phone
Andi Villebro / avillebro@sehinc.com / 218.322.4500

Project #	Project Name	Project Description
121718	STLCO Voyageurs' Nil Prk Clean	VNPJPB Phase 2

Project Billing Summary

	Current	Prior	To Date
Totals	\$3,850.00	\$16,150.00	\$20,000.00

Notes:



Invoice

Invoice Number: **265734**

FEIN: 41-1251208 | 651.490.2000 | 800.325.2055

Page 2 of 2

Fee

Description	Amount	
(40% of \$50,000.00) less previously billed of \$16,150.00	\$3,850.00	
		\$3,850.00

Invoice total **\$3,850.00**



Invoice

Invoice Number: 266476

FEIN: 41-1251208 | 651.490.2000 | 800.325.2055

Page 1 of 2

BILL TO:
Attn: Accounts Payable Saint Louis County Environmental Services 307 1st St Ste 115 Virginia MN 55792

REMIT TO:
Short Elliott Hendrickson, Inc. NW6262 PO Box 1450 Minneapolis, MN 55485-6262

Pay This Amount	\$750.00
Due Date	10-APR-13
Invoice Date	11-MAR-13
Bill Through Date	28-FEB-13
Terms	30 NET
SEH Client #	1512
Client Project #	
Agreement / PO #	121718
Authorized Amount	\$50,000.00
Authorized Amount Remaining	\$29,250.00

Project Manager / Email / Phone
Julie Kennedy / jkennedy@sehinc.com / 218.322.4500
Client Service Manager / Email / Phone
Matt Bolf / mbolf@sehinc.com / 218.279.3000
Accounting Representative / Email / Phone
Andi Villebro / avillebro@sehinc.com / 218.322.4500

Project #	Project Name	Project Description
121718	STLCO Voyageurs' Ntl Prk Clean	VNPJPB Phase 2

Project Billing Summary

	Current	Prior	To Date
Totals	\$750.00	\$20,000.00	\$20,750.00

Notes:



Invoice

Invoice Number: **266476**

FEIN: 41-1251208 | 651.490.2000 | 800.325.2055

Page 2 of 2

Fee

Description	Amount	
(41.5% of \$50,000.00) less previously billed of \$20,000.00	\$750.00	\$750.00

Invoice total **\$750.00**



Invoice

Invoice Number: 267641

FEIN: 41-1251208 | 651.490.2000 | 800.325.2055

Page 1 of 2

BILL TO:
Attn: Accounts Payable Saint Louis County Environmental Services 307 1st St Ste 115 Virginia MN 55792
REMIT TO:
Short Elliott Hendrickson, Inc. NW6262 PO Box 1450 Minneapolis, MN 55485-6262

Pay This Amount	\$5,250.00
Due Date	10-MAY-13
Invoice Date	10-APR-13
Bill Through Date	31-MAR-13
Terms	30 NET
SEH Client #	1512
Client Project #	
Agreement / PO #	121718
Authorized Amount	\$50,000.00
Authorized Amount Remaining	\$24,000.00

Project Manager / Email / Phone
Julie Kennedy / jkennedy@sehinc.com / 218.322.4500
Client Service Manager / Email / Phone
Matt Bolf / mbolf@sehinc.com / 218.279.3000
Accounting Representative / Email / Phone
Andi Villebro / avillebro@sehinc.com / 218.322.4500

Project #	Project Name	Project Description
121718	STLCO Voyageurs' Nil Prk Clean	VNPJPB Phase 2

Project Billing Summary

	Current	Prior	To Date
Totals	\$5,250.00	\$20,750.00	\$26,000.00

Notes:



Invoice

Invoice Number: **267641**

FEIN: 41-1251208 | 651.490.2000 | 800.325.2055

Page 2 of 2

Fee

Description	Amount	
(52% of \$50,000.00) less previously billed of \$20,750.00	\$5,250.00	\$5,250.00

Invoice total **\$5,250.00**



Invoice

Invoice Number: **268623**

FEIN: 41-1251208 | 651.490.2000 | 800.325.2055

Page 1 of 2

BILL TO:

Attn: Accounts Payable
Saint Louis County
Environmental Services
307 1st St
Ste 115
Virginia MN 55792

REMIT TO:

Short Elliott Hendrickson, Inc.
NW6262
PO Box 1450
Minneapolis, MN 55485-6262

Pay This Amount \$1,500.00

Due Date	12-JUN-13
Invoice Date	13-MAY-13
Bill Through Date	30-APR-13
Terms	30 NET
SEH Client #	1512
Client Project #	
Agreement / PO #	121718
Authorized Amount	\$50,000.00
Authorized Amount Remaining	\$22,500.00

Project Manager / Email / Phone

Julie Kennedy / jkennedy@sehinc.com / 218.322.4500

Client Service Manager / Email / Phone

Matt Bolf / mbolf@sehinc.com / 218.279.3000

Accounting Representative / Email / Phone

Andi Villebro / avillebro@sehinc.com / 218.322.4500

Project #	Project Name	Project Description
121718	STLCO Voyageurs' Ntl Prk Clean	VNPJPB Phase 2

Project Billing Summary

	Current	Prior	To Date
Totals	\$1,500.00	\$26,000.00	\$27,500.00

Notes:



Invoice

Invoice Number: **268623**

FEIN: 41-1251208 | 651.490.2000 | 800.325.2055

Page 2 of 2

Fee

Description	Amount
-------------	--------

(55% of \$50,000.00) less previously billed of \$26,000.00	\$1,500.00
--	------------

\$1,500.00

Invoice total	\$1,500.00
----------------------	-------------------