

BALDWIN TOWNSHIP

PUBLIC HEARING TO CONSIDER THE CREATION OF A SUBORDINATE SERVICE DISTRICT FOR FRONTIER TRAILS AND FRONTIER TRAILS 2ND ADDITION

June 23, 2015

Call to Order – The June 23, 2015 continued Public Hearing from March 16, 2015 to consider the creation of a Subordinate Service District was reconvened at 7:02 p.m. by Chairman Jay Swanson.

Pledge of Allegiance – All present recited the Pledge of Allegiance.

Roll Call – Supervisors Jay Swanson, Brad Schumacher, and Randy Atwood were present. Supervisors Tom Rush and Jeff Holm were absent.

Township Planner Bridget Chard, Township Attorney Bob Ruppe and Township Engineer Jon Bogart were also present.

Purpose: Introduction: To take public comment on the Creation of an SSD for wastewater management services:

Swanson stated that this was a reconvened meeting and it is up to the residents in attendance to approve this. We have reconvened tonight at one last try to get some facts and figures.

Background on background information / Township Planner Chard / Present Study & Costs / Engineer Jon Bogart

Bridget Chard presented the estimated revenue and expenses. She had asked Eddy Florell to supply her with what the yearly costs are now and then asked Jon Bogart what his costs will be. The construction costs will be on your taxes for 10 years. These are estimates as it will take about 2-3 years to find out actual costs. The user fees will be approximately \$75.00/month. Currently they are \$51.00/month. Atwood questioned if these dollar figures were just the maintenance and not the construction. Chard replied 'correct'. Jon Bogart stated that the pumps will be replaced when they fail.

Open up for Public Comment:

Bogart spread out drawings on the table and apologized for being late. The residents came up and reviewed drawings which included a current system drawing and a proposed system drawing. He stated that in the past 2 years the system started to fail taking care of nitrates. In 2012, 2013 and 2014 the effluent still was being treated but get nitrified rather than denitrified. The carbon source that is needed by bacteria to cause nitrates to denitrify is missing. We can treat the effluent with 2 small tanks about 3 feet in diameter and we are going to replace 2 drain fields. Currently they have a drip irrigation system and gophers love them. He is suggesting replacing 2 systems with standardized pressurized beds which would be about half the cost. There a number of older pumps that will be replaced. The current system is operating but not getting to the

final step anymore. It definitely needs a carbon source. The current system does not have to be completely scrapped. The new drain field systems are more gopher proof. The new drain fields will be similar in size and they will be located to the west more. He has taken soil borings and there is enough room to build them and they should not have any freezing issues. During the first year of construction, if it is in too late and the bacteria does not have time to get going then they will cover with 6-8 inches of hay. The system will be more than 150 feet from any well. There is a new requirement that require systems over 10,000 gallons per day have to be 300 feet from a well. You are at 8,400 gallons. A resident asked if both systems were failing equally. Bogart responded that the north side failed first. Eddy Florell stated it was the exact opposite as the south side failed first. Another resident asked what the probability of success was. Bogart responded he is predicting 100%. He looked at 3 different technologies for the system. The low system came in at \$210,264 plus a 25% contingency with \$262,000 budgeted. The highest cost system was about \$400,000. The drain fields are about \$84,000 and the internals for the amphidrone and tanks are about \$80,000 including the special filter media, and the rest is piping, a single car garage, electrical work, etc. A resident asked what happens to the old. Will the MPCA require them to be dug up? Bogart responded 'no'. A resident asked what the longevity was, with Bogart responding 'about 20 years'. The resident then asked if there was more longevity in the more expensive system, with Bogart responding 'there could be some'. A resident asked if Bogart designed their original system with Bogart responding that 'we put in a secondary box for treatment'. Septic Check can manage the new system. A resident asked if anything needed to be done at the actual homes. Bogart responded that the tanks will be pumped and the effluent pumps will be replaced when they fail but that will not be part of the construction. A resident asked if Baldwin will be replacing tanks if they fail with Chard responding that when the township takes over the system we will be requesting easements to have access to property. It will be a blanket easement.

Bob Ruppe stated that we need to make sure that we have access to all spaces for maintenance purposes. In the past we have used a blanket easement to go onto property to be able to do maintenance work. We have never had a problem with any mortgage companies. This is typically how we handle it. Chard stated that when someone has objected to it then the homeowner would be responsible to get a legal description done. Ruppe stated that we would make our operation of the system contingent on getting all the easements. The township will be involved in the financing, certificate of indebtedness and bidding. We are obligated to go out for sealed bids and it is standard operating procedure. If we buy parts separately and get installation under \$100,000 we will not need sealed bids. Eddy Florell asked if they still qualify for grants. Chard responded that the median income in Baldwin Township from 2009 is \$76,000 and would not qualify for grants. Ruppe stated that there are low interest loans from the USDA but would need to follow their rules and that would eat up the savings. A resident stated that they thought that is why we wanted Baldwin to get involved as to be able to get grants. Chard stated that the township will look at certificate of indebtedness through local banks. Ruppe stated that the township has the ability to certify to taxes by resolution. We have the ability to borrow. That is the way towns borrow money. We don't put your land up for collateral. We put tax dollars up for collateral. If residents do

not set the levy high enough the county auditor can increase it. We have the ability to put ordinances (laws) into place. The Subordinate Service District statute is very broad. We don't make any extra profit on this. Chard stated that all funds that come in are all dedicated funds.

A resident asked if this insurance will cover all the outlots. Ruppe responded that he cannot tell you what the township insurance trust will cover but historically they have been very generous with coverage. Swanson stated that the town is not taking over the homeowner's association, just the septic. Atwood stated that the dues cover only the sewer. Ruppe stated that the town should convince the MAT Agency to cover the outlots. A residents stated that part of their dues cover insurance on the outlots and asked if they would get a policy from them for the homeowners association. Schumacher referenced the City of Wyoming lawsuit regarding flushable wipes and wondered if they could get in on the class action lawsuit. Chard stated that we are dealing with a private system and the ordinance that is put in place will cover all of that. Bogart stated that those mostly get trapped in individual septic tanks. With this style of system nothing is getting out of the septic tanks except water and the sludge is staying in the tanks. Chard stated that if something on the property breaks then the township can fix it and assess the individual owner. Bogart stated that the township will pump the tanks and replace pumps when they fail and take care of all treatment systems. If it goes from house to tank or from collection system to tank the township will take care of it but send you a bill. Schumacher asked what happens if the homeowners don't want township involvement when it is paid off. Ruppe replied that there is a mechanism to dissolve. Chard stated that 75% of the parties in the district sign petition and bring it in. The clerk verifies total amount then a public hearing is held for the board to discuss with the group. Determination of how much money is left to be paid off is made. It cannot be dissolved if there is money to be paid off. Ruppe stated that this is something many towns don't do. This township stood up to help. The benefit of being involved is that the MPCA will take a hands off approach. A resident asked if the easement would change anything for adding onto their house or garage. Ruppe responded 'typically, no but the township may want to put in their ordinance to make township aware'.

A resident asked if there have been fees incurred already. Ruppe responded that we have an agreement with the homeowners association to get it paid. If this goes through it will be part of the certificate of indebtedness. A resident asked about preventative maintenance. Bogart responded that Septic Check will be doing that. The lawyer and engineering fees will be part of the system cost.

Eddy Florell asked if they were still planning on September 10th for Baldwin to take over with spring of 2016 construction. Bogart stated he would like to start sooner. Swanson stated that the board needs to adopt the Subordinate Service District by resolution and easements are needed to be given for access if there is a problem. If the board approves on July 6th then the 60 day reverse referendum period starts. By rule we are not starting for 60 days. At the end of 60 days it is on with no turning back. Ruppe asked if there was a preference from this group on how they would like financing set up. Property taxes or monthly? Swanson stated that construction costs will be about 10

years on your taxes. The \$75.00/month also includes capital replacement costs. A resident asked if individuals can chose to pay their bill up front. The answer was 'yes'. Ruppe stated that typically most people want it on their taxes but the town board has the option and there may be an interest charge on the yearly tax amount. Usually a township charges 1 or 2 points above interest rate as state law requires some kind of cushion. Schumacher stated that there are 2 options: pay it monthly or taxes. It will affect your debt to income. If added as utility bill it will not. A resident stated that they took association dues and deducted from income.

A resident asked about trying to avoid being under the MPCA as was mentioned at the last meeting. Bogart responded stating that we did go to the county and tried to talk them into taking this over right away. However, the person they used to inspect all systems as retired. We have seen you are only putting out about 8,400 gallons a day. He would like to have the system done under their rules and then after obtaining MPCA approval and certification, then we are going to say we are under 10,000 gallons/day and then try to decertify us. Then get us under the county. A resident asked why they can't get out from under the MPCA right now and get under the county. Ruppe stated that it is a non-conforming system but when it is a compliant system there is no reason why the county won't accept it. Bogart stated that he already met with the county and they said no. He met with the MPCA last fall and they said non-compliant and a plan was needed to get it into compliance. A resident asked if technically, did they label us non-compliant? Eddy Florell stated that we are still compliant as we are moving forward. Atwood stated that if we were not going forward then the MPCA would go forward. The clerk asked for them to address special assessments when selling a home. A resident asked if they do this it doesn't mean homeowner fees go away unless the township takes over everything? Ruppe replied that there would be a homeowners association but don't always have to have homeowner association dues. Atwood asked if there were any administrative fees that were needed with Eddy Florell replying 'no'. Ruppe stated that it would be the decision of the homeowners association.

Swanson stated that we are here to help and are trying to be transparent with fees. The bidding process is an internal thing for us. There will be no sales tax on components. In regards to the billing process, send statements every month? Schumacher stated that the township does not take credit cards. Ruppe stated payments should be made with cash or check. The monthly rate is reviewed every year and can go up or down. We don't know until we see it operate. Schumacher asked when they could anticipate their first bill. Swanson stated that we need to be farther in this process. There will be engineering until after the 60 days is over. A conservative guess may be May or June of 2016. Ruppe recommends putting only the big ticket items for construction on taxes. A resident stated that homeowners would have to think about escrow catchup in 2017. Ruppe suggested talking to them and ask them what you would need to plan for. A resident asked if it would make sense to just switch over at the beginning of the year and just do \$75.00/month. Ruppe stated the system would not be built yet but could start collecting as the district would be up and running. Discussion regarding the benefits of paying in full versus adding it to taxes for 10 years.

Swanson stated that if there is no reverse referendum then we are on and there is no turning back. You will wake up in May, 2016 with municipal sewer. Ruppe stated that it cannot hurt your home values to have us involved.

Motion to Close Public Testimony:

Atwood/Schumacher unanimous to close public testimony at 8:57 p.m.

Motion to Approve/Disapprove Adopting Subordinate Service District Resolution on July 6, 2015 Town Board Regular Meeting 7:00 p.m.:

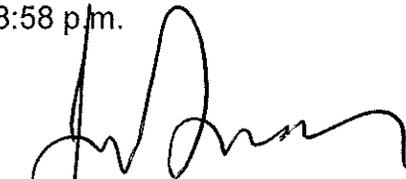
Schumacher/Atwood unanimous to approve adopting a Subordinate Service District Resolution on July 6, 2015 at the Town Board regular meeting.

Town Board of Supervisors: Motion to adjourn hearing:

Atwood/Schumacher unanimous to adjourn at 8:58 p.m.



Submitted/By: (s/) Cathy Stevens
Clerk/Treasurer
Baldwin Township



Approved By: (s/) Jay Swanson
Chairman, Board of Supervisors
Baldwin Township



Date

Attendees: Ken Kluge, Heather Hoss, Aaron Hoss, Jason Foster, Chase Loneman, Bennet Weidenborner, Jeremy Miller, Ryan Franklin, Eddy Florell, Bridget Chard, Bob Ruppe, Jon Bogart