

NOTTAWA TOWNSHIP

ISABELLA COUNTY, MICHIGAN

P.O. BOX 189
WEIDMAN, MI 48893
(989) 644-1000

COLDWATER LAKE AREA PUBLIC SEWER SYSTEM INFORMATIONAL OVERVIEW

Updated 12.17.23

A. Purpose

The intent of this document is to provide an overview of the Nottawa Township public sewer project in simple terms, without legalese, to aid in a common understanding of a very complex endeavor.

This is primarily to address the Coldwater Lake area project, however, some information related to Beal City and Weidman is included for context. While this will not address every detail (there are many!), we hope it will be helpful.

B. Key takeaways

1. The township board has acted within the law and in good faith with the goal of proactively providing long-term infrastructure solutions for the greater good of the property owners as a whole.
2. The board acknowledges there will be some property owners who do not support public sewer, and understands the cost associated with it may be a burden to some residents.
3. The public sewer planning process began more than five years ago and is part of a larger regional public health solution supported by The Michigan Department of Environment, Great Lakes, and Energy (EGLE) and the Central Michigan District Health Department (CMDHD).
4. The cost to property owners and the township will only increase if we don't act now and take advantage of the economies provided by the Beal City sewer system, the State-funded grant money and the favorable USDA funding terms (a low-interest, 2.375% loan spread over 40 years.)
5. Property owners in the special assessment district will have no money due for the sewer system until at least February 2025.

C. Benefits of public sewer

It is the responsibility of the township board to engage in long-term planning related to public infrastructure, including public sewer.

Participating in a public sewer system offers several advantages, both for the community as a whole and for property owners.

1. **Environmental protection**
Public sewers are designed to manage and treat wastewater in an environmentally responsible manner. Requiring property owners to connect to public sewer systems helps prevent improper disposal of sewage, reducing the risk of water pollution, contamination of groundwater, and damage to ecosystems.

Nottawa Township is an equal opportunity provider and employer.

2. **Public health and safety**
Proper wastewater treatment is essential for public health. Public sewer systems are equipped to handle sewage in a way that minimizes the risk of waterborne diseases. Mandating participation ensures that sewage is appropriately treated, protecting the health and safety of the community.
3. **Standardized infrastructure**
Public sewer systems are constructed and maintained to meet specific standards and regulations. Requiring property owners to connect to a standardized infrastructure helps ensure consistency and quality in wastewater management, reducing the risk of poorly designed or maintained private systems.
4. **Preventing individual system failures**
Private septic systems can fail, leading to environmental contamination and health hazards. Connecting to a public sewer system helps prevent individual system failures, reducing the likelihood of issues such as sewage backups, odors, and contamination of nearby water sources.
5. **Emergency response and maintenance**
Public sewer systems are maintained and monitored by local authorities. In the event of system failures or emergencies, the responsible authorities can respond quickly to address issues. This is more challenging with numerous decentralized private systems.
6. **Economic benefits**
A well-maintained public sewer system can contribute to property values and attract businesses and residents to the area. It provides essential infrastructure that enhances the overall quality of life and can contribute to economic development.
7. **Compliance with regulations**
Many jurisdictions have regulations and ordinances that mandate connection to public sewer systems in areas where they are available. Requiring compliance with these regulations ensures that property owners adhere to established standards, contributing to a more organized and regulated community.
8. **Long-term planning and infrastructure investment**
Participation in public sewer systems allows for better long-term planning and investment in infrastructure. It enables the township to plan for future growth, efficiently allocate resources, and ensure that the sewer system can accommodate changing needs.

D. History – how we got where we are today

1. Aug. 2016 – The Michigan Department of Environment, Great Lakes, and Energy (EGLE) (formerly MDEQ-The State of Michigan Dept. of Environmental Quality) conducted a sanitary sewer survey in Beal City. The results revealed that E. coli bacteria levels exceeded the Water Quality Standards for total body and partial body contact in violation of the Water Quality rules.
2. Dec. 2016 – EGLE issued a Violation Notice to Nottawa Township based on the illegal discharges identified and requested a meeting with the township.
3. Jan. 2017 – A meeting was held between Nottawa Township representatives and EGLE staff to discuss the alleged violations and the need for a sanitary sewer collection and treatment system. The township tapped the professional expertise of local resident and engineer, Pete Lorenz, Lorenz Surveying & Engineering, Weidman, to provide counsel at the meeting.
4. March 2017 – EGLE issued an Enforcement Notice (EN) to the township alleging violations of Water Quality Standards.
5. April 2017 – The township submitted a response to the Enforcement Notice and provided an update of the correction action plan discussed at the Jan. 2017 meeting.
6. July 2017 – EGLE tested Coldwater Lake. No exceedance was found. In meetings about Beal City, however, EGLE directed the township to consider a regional system including Coldwater Lake and Weidman in any proposed solution for Beal City. It is required to evaluate/account for both initial and future service areas and users in the design of a system. Further, EGLE indicated the township would be responsible if violations were found in any of these areas and that they would be conducting ongoing testing.
7. Mid-2017 – The township tapped Wolverine Engineers & Surveyors, Mason, MI, a 100+ year old civil engineering firm, to work with local Lorenz Surveying & Engineering, as the scope of the sewer project expanded beyond Beal City to a potential regional solution. Due diligence began to draw the boundaries of the proposed special assessment district, determine ballpark costs, and plan for financing.
8. Feb. 2018 – The township commissioned an online survey to gauge interest in a potential sewer project for the Coldwater Lake area. The survey was sent to members of the Coldwater Lake Association with email addresses on file with the association secretary. A link to the survey was also shared via the Association's Facebook page. 93 people answered the survey: 71% said they were in favor of public sewer if economically feasible (cost range description provided in the survey was \$12K-\$20K per single family household, payable over 40 years); 19% were not in favor; 10% said they did not know. The survey did not constitute a vote and was not a substitute for the legal process necessary for a special assessment.

Additionally, the township is aware that there has been interest in public sewer around Coldwater Lake for many years. There is documentation that this has been considered for decades (at least since 1967).

9. June 2018 – EGLE issued an Administrative Consent Order (ACO), whereby Nottawa Township and EGLE agreed to remedy the alleged violations in Beal City by constructing a Sanitary Sewer Collection and Treatment System.
10. Mid-2018 – The State of Michigan allocated \$3 million to help fund the Nottawa Township public sewer project. Roger Hauck, a State Rep. at the time, helped secure these funds to help protect the health of our residents and the environment.
11. June 2018 – The board approved resolutions declaring its intent to proceed with improvements for a public sewer system and special assessment district in Beal City and around Coldwater Lake.

12. July 2018 – The board amended the June 2018 resolution to include one additional property in the Coldwater Lake special assessment district, bringing the total to 410 parcels.
13. Aug. 6, 2018 – Public hearing #1 was held to hear objections to the public improvements and to the proposed special assessment districts. Notices were made in accordance with state law (mailed to property owners listed on the tax roll within the special assessment district and published in the local newspaper at least 10 days prior to the meeting.) The notice was also posted to the township's Facebook page.

The notice included the following language: TAKE FURTHER NOTICE that the Township Board may determine to proceed to make said improvement without a petition unless written objections to the improvement are filed with the Township Board at or prior to the Township Board meeting to be held on August 6, 2018. If written objections are received from record owners of land constituting more than 20% of the total land area in the proposed special assessment district the Township Board may not proceed to make the improvement unless it first receives a petition requesting the improvement signed by the record owners of land constituting more than 50% of the total land area in the proposed special assessment district.

14. August 2018 – Receiving written objections constituting less than 4% (~ 3.75%) of the total land mass in the Coldwater Lake special assessment district, the township proceeded with plans to implement public sewer in the Coldwater Lake area, per State statute (Act 188, Public Acts of Michigan, 1954). NOTE: The State's process for special assessment districts **does not include** a vote of the people. There is no public vote.

[Primary focus was placed on completing Beal City's sewer project. While progress was still being made, there was limited activity on the Coldwater Lake project until more recently.]

15. March 2019 – A letter was mailed to property owners in the Coldwater Lake special assessment district advising them that efforts to implement the public sewer project were proceeding and that an engineering crew would be accessing their property for the purpose of locating the existing septic tank and drain field. This information was used to determine the necessary easements.
16. May 2019 – Nottawa Township was awarded a \$2.444 million grant from the Rural Development Office of the United States Department of Agriculture (USDA) for the public sewer projects.
17. September 2020 – USDA Rural Development obligated the funds for the Coldwater Lake project, meaning they earmarked dollars to be able to provide a 40-year, low-cost loan to the township.
18. November 2022 – EGLE issued a violation notice to Nottawa and Sherman Townships due to exceedances in Weidman.
19. May 2023 – Two types of easements were mailed to property owners in the Coldwater Lake special assessment district to sign and notarize. (see Section E below)

E. Next steps

1. Easements – The township is in the process of collecting two types of easements:
 - a. **Individual onsite easements** – these allow the township to access the individual properties to install and maintain service connections and grinders. NOTE: The township is not required to secure these individual easements to proceed.

If a property owner chooses not to grant the easement, they still have to connect to the public sewer. Because the township has not been granted access to the property, the responsibility for purchasing, installing and maintaining service connections including a grinder pump system or step system rests with the property owner. Owners will bear this cost without the benefit of USDA financing (cost spread over 40 years at 2.375% interest.)

- b. **Private road right-of-way and property easements** – these are needed for the township to install public sewer mains in private roads and to install public mains or services on private property to serve adjacent parcels. These easements must be secured before the USDA will allow the township to bid the project and receive hard costs. If property owners on private roads and parcels do not grant this easement, the township will be forced to pursue legal relief (condemn the property) to gain access to these private streets and parcels. At that time, the project will proceed.

This is an ever-evolving number but as of Dec. 8, 2023, there were 17 necessary easements left to be signed before the township can advertise for construction bids, per USDA rules.

2. Permits – Prior to going out for bids, several permits must be secured. The main permits required include, but are not limited to, EGLE, Isabella County Road Commission, Isabella County Building Permit, and Isabella County Zoning Permit.
3. Construction bids – It is the township's intent to advertise for bids as soon as possible once authorized by USDA. Timing is driven primarily by easement acquisition. To secure qualified contractors and competitive bids, it is important to get bid requests out before contractors line up alternative projects for the year.
4. Special assessment roll – The township will prepare the costs for property owners within the special assessment district.
5. Public hearing #2 – The township will hold a second public hearing to hear comment and/or objections on the proposed special assessment roll. Appearance and protest at the hearing is required to appeal the amount of special assessment to the Michigan Tax Tribunal.
6. Resolution – Following public hearing #2, the township board will consider a resolution to confirm the special assessment roll either as presented or as modified based upon comments and objections received at the public hearing.
7. Construction – The target to begin construction on the Coldwater Lake phase is spring/summer 2024. The project is expected to take two construction seasons. A typical construction season is May 1 - Oct. 31. The terms of the USDA loan require that all funds be dispersed within five (5) years of obligation, which occurred in 2020.
8. Connection – Once the sewer project is completed, property owners will receive a Notice to Connect in the mail. They will then have 90 days to hook up to the new public sewer system.

F. Why we need public sewer, now

1. Nearly 150 homes within the 410-parcel Coldwater Lake special assessment district do not have drain field permits on file with the Health Department. Some properties lack sufficient space or have other limiting factors such as poor soils or high groundwater that would impede building a new drain field once theirs fails.

The Township is aware of properties within the special assessment district that have resorted to pump and haul of waste because they cannot secure a new permit for this very reason. We believe this will become increasingly problematic once pending legislation passes.

- a. IF it's even feasible, replacing a failed system may cost the property owner more than their public sewer assessment, and that cost would not have the benefit of the USDA loan spread over 40 years. Hoping the remaining private systems never fail is not a sound strategy or long-term solution, especially with the changing regulatory environment and the challenging parcel sizes and soil conditions within the district.
 - b. The Health Department (CMDHD) has indicated in the past that there are issues with drain fields around the lake.
 - c. The type of sewer system being proposed (low pressure sewer system) is an economical and effective method of sewerage otherwise difficult land areas, such as flat, wet, rocky and hilly terrain and has a proven track record in lake areas. There are thousands of these units installed around lake communities in Michigan and other states across the country.
2. Economies of scale – Prompted by EGLE, the township had the opportunity to design a regional sewer system including Beal City, Coldwater Lake and Weidman. Millions of dollars have been invested in infrastructure to accommodate flow from the Coldwater Lake special assessment district. EGLE and the Central Michigan District Health Department (CMDHD) are both in support of this project.
 3. State grant funding – The township secured a \$3 million grant from the State of Michigan for sewer improvements. The township allocated \$2,286,662 of these funds to Coldwater Lake based on its estimated 363 Residential Equivalent Units (REU's) compared to Beal City's 113.24 REU's. A portion of these funds (\$887,766) was then used as an equity-buy-in to the shared components of the Beal City project (e.g. the gravity sewer in Beal City Road, the pump station, and the force main to Mt. Pleasant). Subsequently, the Township secured an additional \$1 million which it intends to allocate to Coldwater Lake. If Coldwater Lake were to be excluded, the township would likely reallocate all of these funds to Beal City and/or Weidman. These funds continue to be applied to expenses actively being incurred. Without this funding, the cost to those in the Coldwater Lake special assessment district would be considerably higher in the future.
 4. USDA funding – The USDA agreed to provide the township a \$4,969,000 low interest loan (2.375%) over 40 years, based on prevailing interest rates at the time of the agreement. If this project is not completed now, the interest rate would almost certainly be measurably higher, costing the township and residents more money in interest on the loan.
 5. Pending legislation – According an MDEQ report dated March 2017, Michigan is the only state that does not have a statewide regulation for small (<10,000 gallon/day) septic systems. This is in progress now. Both the state House (HB4479 & HB4480) and the Senate (SB299 & SB300) are working on legislation that will increase the requirements for waste treatment and disposal. HB 4479 states: "The connection to available public sanitary sewer systems at the earliest, reasonable date is a matter for the protection of the public health, safety, and welfare and necessary in the public interest that is declared as a matter of legislative determination." With more stringent statewide requirements, property owners not in compliance will face higher costs to replace/maintain/improve current septic systems if there is not a public sewer system in place.

G. Cost to property owners

1. Individual property owners can anticipate the following costs (these are only estimates):

NOTE: No money will be due until at least February 2025. The annual buy-in cost is expected to be included on the December 2024 property tax bill that would be due February 2025. Monthly rate charges and connection costs would not begin until the sewer system is ready.

- a. Buy-in cost estimate: \$12,000 to \$16,000 + interest (single-family home)
Paid annually with property taxes across 40 years
Spreading the cost over 40 years lowers the annual cost to property owners. The special assessment can be paid off at any time with no prepayment penalties to avoid interest costs, if desired.

By State law special assessments must be declining interest. In other words, each year, the assessment will be the interest on the unpaid balance plus 1/40th of the original principal. The annual cost will decrease over time as the interest declines. The interest rate will be the USDA loan interest rate + 1% to pay for the township's administration of the special assessment. This is customary and allowed by State statute.

- b. Monthly rate charge estimate: \$75
Paid monthly regardless of seasonal, infrequent, or limited use.
This is for the township to own and operate the sewer system. The fee is reviewed and adjusted annually as necessary to capture actual costs of owning and operating the system. The current break down of the estimated actual fee of \$74.25 is as follows:
 - Debt Charge (paying back USDA loan) - \$8.50
 - Repair, Replacement, and Improvement Fund - \$3.29
 - Operating - \$62.46 (of this, approximately \$27 per REU goes to the City of Mt. Pleasant, which charges the township the same fee for a single-family home regardless of the number of occupants.)
- c. Connecting from your structure to the new grinder station estimate: \$2,500 and \$7,500
(Including electrical update to code, if necessary, and abandoning your current septic tank, as necessary. Work will be performed by the contractor of the property owner's choice. Costs will vary by property.)

NOTE: The above amounts are only estimates. The project must go to bid before the special assessment roll (costs) can be determined.

- d. The township recognizes this project may be a burden to some property owners. It has been a topic of discussion on multiple occasions, including discussions with USDA. To this end the township has flyers available from USDA for loan and/or grant assistance available to help with some of the costs for those property owners that fall within certain age and income level parameters (see flyers on township website).
 - i. The State used to offer "Deferred Collection of Special Assessments on Homestead Properties" for special assessments levied on principal residence property to be deferred for eligible property owners, but unfortunately that program has been discontinued.
 - ii. Senator Roger Hauck is trying to secure additional grant funding for the project.

H. Hearing request response

Some property owners have requested a new hearing, calling out MCL41.724 4(4) and suggesting that “the cost will be more than 10% of the original cost five years ago.”

Here is why that does not apply. This response is from the attorney, but hopefully it is understandable!

The Act (188) provides that if the nature of the improvement to be made is such that a periodic redetermination of costs will be necessary without a change in the special assessment boundaries, then the township board shall include any projected incremental increases in its estimate of costs. If at any time during the term of the special assessment district an actual incremental cost increase exceeds the estimate therefor by 10% or more, notice shall be given and a hearing afforded to the record owners of property to be assessed. **The proposed sewer project does not require a periodic redetermination of costs during the term of the special assessment district because the cost of the project will be known at the time of the establishment of the special assessment district.** The township will know the cost of the project following the receipt of bids and the special assessment roll will be based on the project cost, as bid. Therefore, no incremental cost increases will need to be included in the final cost estimate.

I. Misc. topics

1. Why can't I keep my current system?
It's against the law and/or regulations. The State of Michigan Public Health Code (Act 368 of 1978), the Central Michigan District Health Department Sanitary Code, and the Nottawa Township Sewer Use Ordinance all include language requiring connection to a public sanitary sewer system if it is available.
2. Who determined which parcels of land were included in the special assessment area?
The township determined the special assessment district boundary after looking at a number of factors including parcel size, distance of buildings generating sewage to the system, and soil conditions.
3. Are the property owners in the special assessment district expected to bear the burden of paying for Coldwater Lake Family Park to connect to the public sewer?
No. Isabella County Parks & Recreation has secured \$400,000 in grant funding from the American Rescue Plan Act and the Saginaw Chippewa Indian Tribe to pay for the Coldwater Lake Family Park sewer connection. These grant dollars will help provide public sewer at the park for all to enjoy without an increase in taxes.
4. What are the actual improvements that will be implemented as part of the Coldwater Lake area public sewer?
The project consists of three main components:
 - a. A low-pressure sewer collection system (grinder stations, service leads and mains) to provide service within the special assessment district.
 - b. A pump station on the township's property at the southeast corner of Beal City and Littlefield Roads.
 - c. A 6-inch force main along Beal City Road to Beal City.

5. What is the benefit to me and to the community?

This was outlined in Section C above, but see also the list below:

- a. Reduced risk of a septic system backup on your property
- b. Reduced occurrence of foul/septic odors
- c. Elimination of dampness and/or seepage from the septic tank system
- d. Property becomes more marketable to a wider percentage of the population, which may result in increased property value
- e. Improved protection of drinking and surface water
- f. Infants, pregnant women and those with already compromised immune systems benefit from a reduction of nitrates often found in local water supplies from improperly treated sewage
- g. Reduced risks to public health from diseases such as hepatitis or dysentery
- h. Fewer disease-carrying mosquitoes and flies
- i. The elimination of the Central Michigan District Health Department (CMDHD) Time of Transfer requirements, as they pertain to septic systems, when a property changes ownership

The Nottawa Township board is earnestly striving to fulfill its obligation to ensure adequate infrastructure for the collective health, safety, and welfare of our community for the long term.

For additional information: SEE ATTACHED Q&A that was provided with the easement mailing as well as Q&A posted on the township's website under the Meetings tab: www.NottawaTwplsabellaMi.gov