

## Joe Pelletier

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**From:** Jim Hunter [jimhunter@comcast.net]  
**Sent:** Tuesday, May 15, 2007 8:37 AM  
**To:** Mark Gaertner; PAUL RHONDA NIELSEN; Greg Heinsch; Joe Pelletier  
**Subject:** Wastewater Committee report (with typo fixed)

The Wastewater Committee met while I was out of town during the first week of May, and the Fields of St Croix Board has since met to approve some actions it recommended. Here is a summary:

The MPCA agreed to relax the timeline for its requirement for us to fence the wetlands and drainfields. Specifically, it was agreed that this year we need only fence the two sides of the south wetlands (east of the ball field) which are bordered by trail - i.e. its south and east sides. The FOSC Board voted to install split fence. The expected cost (~\$1600) is small enough to be covered from the system's escrow account, so no special Assessment will be needed. It has not yet been decided whether the installation will be hired out or performed by volunteers (presumably including Tana Ridge).

On a related note, the Committee had asked EcoCheck for another financial review, to evaluate whether the escrow account is accumulating sufficiently to cover planned capital expenses. In short, the answer was yes.

The FOSC Treasurer has replaced their Treasurer, who had recently missed several important duties. Among them was the timely presentation of the wastewater system invoice to Tana Ridge. That invoicing should now be caught up and resume a normal schedule.

EcoCheck (the company who manages our system) has been purchased by a larger company. That company has proposed purchasing the wastewater system from FOSC, and the Board is forming a subcommittee to explore that option. As the Tana Ridge representative, I was expected to be on that subcommittee, but since I will be leaving next month, we will need to find a replacement.

Since that scenario would result in a one time cash infusion (of indeterminate size) as well as the purchaser assuming the financial risks involved in the case of a major unplanned failure, the idea is attractive in principle. However, I have some reservations about whether such an arrangement can be structured to give the proper incentives for it to be sustained. Since we would be a captive market, we need to be concerned about excessive rate increases. On the other hand, if the deal is structured so that EcoCheck's ability to raise rates is too constrained, then they may not have the incentive to maintain the system properly. Apparently, there is no model for such an arrangement - we would be the first. The nearest model would be small public service utilities, which have the same incentive issues about setting rates and ensuring maintenance. In those cases however, the government (PUC) assumes the role of umpire. This needs to be examined very critically.

Jim.