AGENDA
CITY COUNCIL
WORK SESSION
CITY OF WYOMING, MINNESOTA
OCTOBER 1, 2024
5:30 PM

CALL TO ORDER:

CALL OF ROLL:

DETERMINATION OF A QUORUM:

PLEDGE OF ALLEGIANCE:

NEW BUSINESS:

1. Discussion on Liberty Ponds community septic system

ADJOURN

Request for Council Action

Date: September 27, 2024

Presented to: Mayor Iverson and City Council Members
Presented by: Robb Linwood, City Administrator
Department: Administration
Reference: Liberty Ponds Community Septic System
Method: New Business

***Background Information*:**

The homeowners' association (HOA) at Liberty Ponds has raised concerns regarding the funding options available to support the necessary upgrades or maintenance of their privately owned community septic system. In response, several public and private funding opportunities have been identified, which the HOA and the City may wish to consider. Below is a summary of the available options:

1. Minnesota Department of Agriculture (MDA) Ag BMP Loan Program

- **Program Overview**: The Ag BMP Loan Program provides financing for various agricultural and environmental improvement projects, including community septic systems. This program works through participating financial institutions, with the MDA providing funds to these lenders.
- **Eligibility**: The HOA would be eligible to apply directly through participating banks. The program operates in coordination with local banks, where the state backs the loan provided to eligible applicants.
- **Loan Terms**:
  - Maximum loan amount is $200,000.
  - Lower interest rates compared to conventional loans.
  - The HOA will work directly with the lender for all loan arrangements and terms.
  - This loan offers a relatively simple, HOA-controlled financing solution.

Next Steps: The HOA should reach out to participating financial institutions in East Central Minnesota to explore this option further.

2. MPCA Clean Water Partnership Loan Program

- **Program Overview**: The Minnesota Pollution Control Agency (MPCA) offers loans under the Clean Water Partnership program, designed to fund water quality improvement projects. This loan provides substantial financial assistance for larger projects, with a maximum available loan amount of $1.25 million.
- **Eligibility**: The City would need to sponsor the application for the HOA. As the primary applicant, the City would facilitate the loan process and project management.
- **Loan Terms**:

- Initial loan amount: $750,000, with the potential for an additional $500,000 based on project needs.
- Interest rate: 1.5%, with a repayment term of 7 years.
- Payments would be made bi-annually.
- The City would assess the community to recoup loan payments from homeowners.
- Reimbursement process: The City fronts the money for the project as work is completed, submitting reimbursement requests to the state. Payments are typically processed within 30 days.

Next Steps: The City can prepare the application on behalf of the HOA, with further exploration needed to determine the availability of funds.

3. Additional Public Funding Solutions

- **Public Facilities Authority (PFA)**: Potential loans or grants may be available to help fund larger infrastructure projects like septic systems, often involving assessments or municipal participation.
- **USDA – Rural Development**: Grants and loans are available to support rural communities in improving infrastructure, including water and wastewater systems.
- **DEED Small Cities Development Program**: The Department of Employment and Economic Development may offer funding for municipal improvements that include sewer and septic projects.
- **U.S. Army Corps of Engineers**: In specific cases, the Corps provides assistance for water quality and infrastructure projects.
- **Iron Range Resources and Rehabilitation Board (IRRRB)**: This agency could offer financial support for communities in specific geographic regions.

4. Private Funding Solutions

- **Private Foundations**: Foundations such as the McKnight Foundation and others involved in environmental sustainability may offer grant programs applicable to large-scale septic projects.
- **Homeowner Loans**: Individual homeowners in the Liberty Ponds community could consider private home equity loans or other financing solutions through local banks.

Conclusion

The Liberty Ponds HOA has multiple financing options for addressing their community septic system needs, each with varying degrees of city involvement. If the HOA wishes to retain full control of the process, the MDA Ag BMP Loan may be the most suitable option. However, if the project scope requires significant investment, the MPCA's Clean Water Partnership Loan Program, supported by City sponsorship, could provide the necessary funding.

I recommend that the HOA leadership, in coordination with city staff, further explore these options to determine the best path forward. Additionally, the City should decide the level of involvement it is willing to take, particularly with the MPCA loan program and any assessment requirements for residents.

Please advise on how you would like to proceed with this matter.