

A Joint Letter from:

Stan Klotz – President, Marshall County Board of Commissioners
Tim Harman – President, Marshall County Council

October 19, 2025

Clint Woods, Commissioner
c/o Ms. Emily Faust
Office of Water Quality
Indiana Department of Environmental Management
100 N. Senate Ave., IGCN-1255
Indianapolis, Indiana 46204
Sent By Email Only To: efaust@idem.in.gov

**Subject: Reply to Marshall County Regional Sewer District's
October 8, 2025 Letter**

Dear Commissioner Woods:

As you consider our recent petition to dissolve the Marshall County Regional Sewer District, we offer this reply to the October 8, 2025, letter submitted by the Sewer District's lawyers, along with a re-iteration of our previous claims:

As you recall, the Board of Commissioners and the County Council passed a joint resolution 9-1 requesting the dissolution of Marshall County Regional Sewer District. In it, we resolved to pay the debt incurred by the sewer district. Speaking for ourselves, the county is in a financial position to safely pay \$1.3 million to purchase the debt. In addition:

- **It is our position that the establishment of the sewer district lacked sufficient justification and was founded on an inaccurate premise.**
 - E coli present in the headwaters of the Yellow River has nothing to do with the primary service area (PSA-1). Their waters do not intermingle.
 - There is no evidence that septic systems were, or are, polluting the groundwater or the lakes, nor is there credible evidence that this is imminent. E-coli could be coming from combined sewer overflows, illegal dumping, or homes that simply do not have septic at all. Again, there is no link to septic.
- **We believe that the previous estimate of \$75-85 per month sewer rate was inaccurate and altered the outcome of the council vote (5-2) in March 2022.**
 - As validation, Councilman Masterson changed his "Yes" vote to a "No" in our recent resolution, due to the possibility that rates could exceed \$200 per month.
 - Also, Councilman Harman recently conversed with a former council member who stated they would have opposed the formation of the sewer district, if they knew the rates could be in the \$200 range.
 - **Under the above scenarios, the creation of the sewer district would have failed 4-3.**
- **The lakes area has been recently tested, and the results were clean water.**
- **People have testified in Commissioner and Council meetings that they have had their ground water tested recently, with safe results.**
- **The Economic hardship to pay hookup fees of \$8,000 - \$20,000 plus \$200/mo. is not fair to our citizens.**
- **WHAT PROBLEM ARE WE TRYING TO SOLVE?** There is no known septic pollution.

RESPONSE TO THE RECENT SEWER DISTRICT LETTER TO IDEM

In response to letter from the Sewer District's attorney to you recently, we, along with the guidance of our attorney, would like to address the following topics:

- **The District's incomplete economic feasibility analysis;**
- **The District's unreasonableness;**
- **The District's unfairness;**
- **The District's lack of transparency; and**
- **The District failed to address the distribution of assets and payment of liabilities upon dissolution.**

When considering dissolution, IDEM assesses if the District's project or operation is economically feasible, fair, or reasonable. The District's letter focuses on economic feasibility yet it does not provide any response as to why its project and operation is fair or reasonable.

The District failed to address the County's changing economic landscape, instead claiming any assessment of economic feasibility is not ripe.

The District argues that the "question of economic feasibility is not yet ripe" because it hasn't established an actual rate yet. In their resolutions petitioning for dissolution, the Commissioners and the Council asserted that the District was not economically feasible due to the change in the economic landscape in Marshall County from the time the district was created until now. The District overlooks the data in the resolutions and fails to address residents' current economic challenges. Instead, the District assert that the Commissioners' and the Council's efforts are grounded in "misinformation, disingenuous motivations and political expediency." The data regarding inflation, property taxes, and skyrocketing utility costs is real and represents a change in circumstances.

The District's establishment was unreasonable because the Council members did not receive the Baker Tilly Report prior to providing its statutory authorization.

The Commissioners and the Council fully acknowledge that the prior Board of Commissioners submitted a filing to IDEM which included the Baker Tilly Report showing a higher than originally presented range of potential sewers rates. However, as was pointed out in the resolutions, that Baker Tilly Report was never presented to the Council prior to it providing its Indiana Code § 13-26-2-2(a) authorization as the County's fiscal body to proceed with petitioning IDEM for the District's creation. The Commissioners and the Council are not misrepresenting the record when making that assertion. They believe that the Council would not have given its authorization if it had first reviewed the Baker Tilly Report. That belief is supported by the fact that the one member of the Council who previously voted to support the creation of the District who is still on the Council now indicates that he would not have voted for the District's creation if he was aware of the higher rates revealed in the Baker Tilly Report. The Commissioners and the Council contend that this goes to the unreasonableness of the District and its project.

The District is not fair because it's not responsive to the people.

Additionally, the Commissioners and the Council contend that the District is not fair because it is not responsive to the people it proposes to serve. The entirety of the District's letter is yet another piece of evidence that emphatically makes this point. The letter comes to you not signed by the District's Board of Trustees, but by its lawyers. Those lawyers espouse a viewpoint that denigrates representative government, seeing it as "parochial" and subject to the "short-termism" of local electoral politics. Instead, they view the leadership of sewer districts as being designed to be "insulated from county political structures" and to be driven by "professional staff, engineers, environmental scientists, and utility managers to guide policy" "for the betterment of the community". It's governance by technical experts from far away, a class of folks our former Governor Mitch Daniels once described as "our benevolent betters" – the learned ones supposedly protecting the people from themselves. Of course, there's a place for technical expertise in all endeavors. The Commissioners and the Council certainly utilize expert technical services to assist in their work. However, they are certain that the General Assembly didn't enact Indiana Code § 13-26 *et seq.* to establish sewer districts run by experts who were insulated from the people.

The structure of the statute reveals the opposite. A sewer district's board is designed to be very connected to the people. Under Indiana Code § 13-26-4-2, such districts can be organized to have their board members to be directly elected by voters of the district. Alternatively, under Indiana Code § 13-26-4-3, such board members may be appointed by the "elected executive or legislative officers of the eligible entities having territory in the district." Here, the board members were appointed by other elected officials, with the intention that the members would serve at the pleasure of the elected officials who appointed them. Moreover, additional oversight was to be provided by a Review and Consulting Board composed of additional appointees from County government. A board that the District never formed.

Currently, the District is operating just how its lawyers have described, as an insular group who thinks it doesn't need to answer to anyone. That's the reason it's struggling. Experts don't have a corner on the market when it comes to doing hard things or necessary things. Elected political leaders can evaluate priorities and accomplish tough tasks too. But, no leader is a leader without followers. To have followers and win buy-in one needs to engage with folks. The District remains convinced in its expertise and sure in its answers and that stands as a big hurdle to winning over hearts and minds.

The District's operations lack transparency.

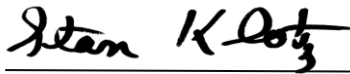
The District's letter speaks often of "transparency". However, the Commissioners and the Council note that, of late, the District has seemed to have been purposefully less transparent. Since its establishment, the District has held its regular meetings in the Commissioners' meeting room in the Marshall County Building in Plymouth. As the executive governing body of the County, under the newly enacted provision of Indiana Code § 5-14-1.5-2.9(A), the Commissioners are required to provide streaming of live transmissions of their meetings and are required to post archived versions of those meetings online. Such live-streaming and archiving requirements don't ordinarily apply to a sewer board. Yet, under Indiana Code § 5-14-1.5-2.9(C), they do apply to "Any governing body that conducts the governing body's regular meetings in the same meeting room in which a governing body described in clause (A) or (B) conducts its regular meetings." So, because the District conducts its regular meetings in the Commissioners' room, it is required to live-stream and archive its meetings.

The District failed to address financial questions related to dissolution.

Last, you asked the District to address the distribution of assets and payment of its liabilities upon dissolution. It failed to do so in its letter. The Council reports that their attorney has undertaken significant negotiations with Star Financial Bank, the owner of the District's \$3,075,000 Bond Anticipation Note ("BAN"). A Note Purchase Agreement is being drafted and upon dissolution of the Sewer District, the Commissioners and Council will take immediate action to appropriate the funds to purchase the BAN upon IDEM's order.

Respectfully, we request that IDEM dissolve the District.

Sincerely,



Stan Klotz, President
Marshall County Board of Commissioners



Tim Harman, President
Marshall County Council