

**State of Wisconsin**  
DEPARTMENT OF NATURAL RESOURCES  
101 S. Webster Street  
Box 7921  
Madison WI 53707-7921

Scott Walker, Governor  
Cathy Stepp, Secretary  
Telephone 608-266-2621  
Toll Free 1-888-936-7463  
TTY Access via relay - 711



July 9, 2014

Letter 10115

Senator Tammy Baldwin  
633 West Wisconsin Avenue, Suite 1920  
Milwaukee, WI 53203

Dear Senator Baldwin:

Thank you for forwarding your constituent's concerns related to the Crystal Lake RV Resort. Ms. Bennett submitted the same letter you received to Governor Walker. The department prepared a response to her letter as requested by the Governor's Office and it is attached for your reference. Since filling the Governor's request the Department of Natural Resources has met with resort residents and has included additional information in this reply.

The situation at Crystal Lake RV Resort is a difficult one for everyone involved. The resort's current permit to operate a sewage treatment system was issued Jan. 1, 2005, and expired on Dec. 31, 2009. Per state statute, the resort was allowed to operate under the expired permit until a new permit could be issued. However, a new permit cannot be issued until the treatment system is in compliance with all pertinent permit requirements. The department has been working with the resort owners and onsite managers for nearly six years to bring the facility into compliance with state laws passed to protect public health and the environment using our standard "stepped enforcement" process. It is a deliberate process that can be lengthy.

We held many meetings with the resort owners and when that failed to gain compliance we referred the facility to the Department of Justice in 2011 for failure to comply with the regulations. The Department of Justice obtained a judgment for \$85,000 from the resort owners in 2012 however the settlement did not stipulate the system be brought into compliance. Following this settlement, the owner defaulted and a Columbia County court appointed Janus Hotel Management, LLC, as the receiver on April 8, 2013. Janus has operated the resort on behalf of the mortgage lender since this date.

Following appointment of Janus Hotel Management, LLC as receiver, the department met with the onsite manager, Ms. Patty Bennett on April 17, 2013, and spoke with Janus to lay out the department's expectations relating to the WPDES permit.

Janus agreed to follow up on the wastewater treatment issues identified by the department and, based on the receiver's announced intentions to bring the treatment system into compliance, the department agreed to allow the receiver to pump and haul wastewater to a wastewater treatment facility while Janus further investigated the wastewater treatment issues. Due to the financial burden associated with pumping and hauling all the resort's wastewater, the receiver subsequently requested permission to spray irrigate effluent during the 2013 season and the department agreed to allow this cost saving measure during prescribed months of the year.

The receiver completed a requested investigation into separation of the lagoons from groundwater and found that none of the lagoons met the required standards for separation distance from groundwater. In addition to the lagoons not meeting the required separation from groundwater, the resort operators also failed to:

- provide a certified survey tying together the elevations of the tops of the lagoon berms, the lagoon water height, the expected lagoon depth and the elevation of standing water to the east, north and west;
- submit a map that clearly indicates all holding tanks in the resort;
- submit calculations determining lagoon holding times;
- submit a lagoon leakage study;
- submit an evaluation of the resort sanitary sewer collection system; and,
- submit a facilities plan for upgrading the facility.

A consultant, hired by Janus, estimated costs to bring the treatment system into compliance would be in the three to five million dollar range. The consultant's report has not been made available to the department and we cannot verify the estimate. Janus has since indicated to the department that they would not make this investment or fund any additional effort into providing the other outstanding information requested by the department.

Upon notification from Janus in April 2014 that no investment would be made to bring the facility into compliance, the department notified Janus that, without a verifiable plan for bringing the treatment system into compliance, it was obligated take steps to revoke the resort's WPDES permit. This would leave the resort without an operating sewage treatment system. In the absence of an approved method for managing sewage generated by resort residents and visitors it is likely the resort will be unable to continue business as a mobile or manufactured home community and seasonal campground.

Janus is actively seeking a buyer for the resort. Upon notification of the department's intention to revoke the resort's WPDES permit, Janus requested the resort be allowed to operate through the 2014 summer season in order to be more attractive to potential buyers. The department has agreed to this request with the stipulation that the treatment system be operated under conditions specified by the department, to protect human and environmental health in the short term.

The receiver has agreed to these terms and further promises to notify the department by September 15, 2014, if there is a buyer. This agreement also specifies that the resort's WPDES permit will not be revoked until April 1, 2015 allowing resort residents time to make alternative living arrangements if a buyer cannot be found. The department recognizes the difficult situation the residents of the resort are in. Letters were sent to approximately 280 permanent and seasonal residents of the resort notifying them of the situation and inviting them to a June 12 public meeting for discussion. The meeting was staffed by DNR supervisors, wastewater engineers, environmental enforcement and public affairs specialists. Janus Hotel Management, LLC, also had a representative at the meeting. Elected county and town officials also were present. Approximately 170 people attended the meeting including Ms. Bennett. Ms. Bennett provided information and asked some questions which the department staff answered as best we could.

Some attendees asked why they were only learning of this situation now, why they were not informed at the time the current permit expired in 2009, and could the permit revocation date be delayed.

It is the department's standing practice to work with the permit holder on permit renewal and compliance issues. The department accepted, in good faith, the stated intentions of the owner and then the receiver to make the necessary corrections. It is the department's position that the permit holder is the appropriate party to communicate directly with their clients and customers on compliance issues. When the receiver, Janus, clearly stated in April of this year that the required upgrades would not be made, the issue was no longer considered a matter of working with the permit holder to attain compliance and thus the residents were notified.

As for extending the stated permit revocation date, the department feels that, based on past performance, it is not

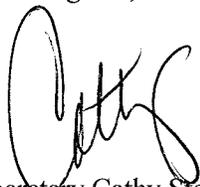
feasible to continue to allow the treatment facility to operate beyond April 1, 2015. We base this evaluation on Janus' lack of commitment to document existing holding tanks, submit the requested sewer collection system evaluation, to complete the requested leakage study and survey of the lagoons and surrounding areas and to submit a facilities plan. Proper separation between the lagoons and groundwater and adequate capacity for treatment continue to be a significant human health concern. Furthermore the receiver, on behalf of the lender, has clearly indicated that the necessary upgrades will not be made.

This treatment system is in its sixth year of non-compliance and presents a serious risk to human health. The facility is operating far beyond its designed capacity. Spray irrigation is only available during warm months, pumping and hauling is cost prohibitive and it appears that the current operators and mortgage lender cannot support this expense.

The department is committed to working with any prospective buyer of the resort to evaluate options for bringing the facility into compliance with state law. We can, if desired, provide information on available funding options for upgrading the wastewater treatment system which would require the formation of a sanitary district in order to become eligible. The range of options available to residents is constrained by the fact that residents do not own the property upon which their mobile or manufactured home sits. For example, a petition to create a sanitary district must be made by the property owners within the proposed district under the current situation. The department is also committed to keeping residents informed of the situation as it progresses. We collected email addresses from people attending the meeting and will use this to send out new information as it becomes available. We have provided the residents with department contacts they can call or email at any time with questions and concerns. We will likely have another public meeting with residents in the fall.

Again, thank you for expressing your concern. If you have specific questions regarding the situation you may contact Wastewater Field Supervisor Tim Ryan at 608-275-3277 or by email at [tim.ryan@wisconsin.gov](mailto:tim.ryan@wisconsin.gov).

Best Regards,



Secretary Cathy Stepp

Enclosure

cc William C. Zwolanek

State of Wisconsin  
DEPARTMENT OF NATURAL RESOURCES  
3911 Fish Hatchery Road  
Fitchburg WI 53711-5397

Scott Walker, Governor  
Cathy Stepp, Secretary  
Telephone 608-266-2621  
Toll Free 1-888-936-7463  
TTY Access via relay - 711



June 11, 2014

Patty Bennett  
N550 Gannon Road  
Lodi WI 53555

Subject: Crystal Lake RV Resort & Campground

Dear Mrs. Bennett:

Thank you for writing to Governor Walker to express your concerns regarding the Crystal Lake RV Resort. We understand the situation is a very difficult one for yourself and the residents of the Resort. The department is very hopeful that a solution can be found to bring the wastewater facility into compliance with state requirements and minimize disruption of the lives of the residents of the Resort.

The department is obligated to uphold our responsibilities to enforce state law protecting public health and the environment. The wastewater facility is currently receiving more wastewater than it was designed and approved to treat. Overtopping of the lagoons has been documented on multiple occasions. Preliminary investigations found that 2 of the 3 lagoons do not meet proper separation to groundwater. Data received from the facility indicate potential leakage from the lagoons. A treatment facility that is over capacity and is not meeting design standards is required to complete a facility plan for upgrading that facility to bring it into compliance with state requirements. The wastewater system, as it is currently designed and operated, poses a serious risk to public health and the environment.

Risk to public health and the environment is mitigated through state requirements using a combination of design standards and monitoring requirements. There are many factors that impact groundwater flow and how pollutants move through groundwater. A single water supply well cannot be used to determine if groundwater is being protected. It is the design standards that are used for groundwater and surface water protection. For some larger treatment facilities, robust groundwater monitoring networks are used to verify groundwater is not impacted. This treatment facility does not have such a groundwater monitoring network in place. Groundwater levels fluctuate over time and treatment facility designs need to account for this.

As you alluded to in your letter, Crystal Lake RV Resort has a long history of failing to comply with their WPDES permit obligations. The department does appreciate the improved record keeping and reporting that has taken place since you and your husband began managing the system. The department had been trying to work with the Resort to bring the facility into compliance for a number of years. Ultimately, the department had to refer the case to the Department of Justice. Not long after a judgment was issued against Crystal Lake RV Resort, the owner went into default and Janus Hotel Management Services was appointed as the receiver to operate the Resort.

The department outlined the steps needed to come into compliance with state requirements to Janus in a letter dated April 28, 2013. Janus began investigating some of the issues identified and approximately one year later in a meeting on April 2, 2014, informed the department that they would not be investing any additional funds in fixing the problems with the wastewater treatment system. They indicated that they would be trying to sell the Resort and asked if they could continue to operate the system for the 2014 season so they could market the Resort for a potential buyer and fulfil their seasonal obligations to the residents. Janus stated that if they cannot find a buyer following the 2014 season, they will be closing the Resort. The department agreed to allow the wastewater treatment facility to operate for the 2014 season and to delay the termination of the WPDES permit until April 1, 2015 to allow the affected resident's time to make alternate plans in the event the Resort closes.

The department is holding out hope that a buyer will be found that will update the wastewater treatment facility to bring it into compliance with state code. The department is committed to working with any potential buyer to identify feasible options and potential funding sources.

If you have any additional questions regarding this issue, please contact Tim Ryan, Wastewater Field Supervisor, at 608-275-3277 or [tim.ryan@wisconsin.gov](mailto:tim.ryan@wisconsin.gov).

Sincerely,



Stephen M. Ales, P.G.

Water Leader  
Water District South  
3911 Fish Hatchery Road  
Fitchburg, WI 53711