

UNAPPROVED MINUTES
WATKINS CITY COUNCIL
SPECIAL MEETING
THURSDAY, APRIL 18, 2019

Mayor Eder called the special meeting to order at 7 p.m. at City Hall.

MEMBERS PRESENT: Mayor Frank Eder, Tootz Tschumperlin, Marc Wirz, Jason Laumer

MEMBERS ABSENT: Sue Unterberger

Others present: Vic Geislinger, Ron Welter, Greg Henfling, Dave Tschumperlin, Clerk Deb Kramer

Purpose of the meeting was to discuss renewal terms of the Sewage Treatment Capacity Agreement with Clear Lake Subordinate Service District and CP Rail lease for McCarthy Park/parking lot.

The sewage treatment capacity agreement will expire in October 2020 and shall be renewable by mutual agreement of the parties. Wirz noted he would like to change some language in Section II D, Payment of Costs for Sewage Treatment and Capacity. [The current agreement states that the District shall pay quarterly, within 30 days, a cost of use based on actual volume at a rate of 110% of that charged to Watkins' users per thousand gallons. The volume rate charged to the District by Watkins shall include the per thousand-gallon cost of treatment as well as a pro-rata share of the total amount of annual Plant and collector systems operating costs attributable to use of the Plant and Watkins' collector system. Such costs shall include, but not be limited to: wages, salaries and related expenses, related to operation of the plant, collection system and lift stations, insurance premiums for liability coverage and property damage to the plant, cost of heating, electricity, fuel and supplies necessary for operation of plant and system, laboratory testing expense, cost of routine maintenance and repair, costs of materials and chemicals consumed in treatment, cost of sludge hauling and disposal, other expenses incurred as a direct result of a statutory or regulatory requirement (state or federal), sewer line replacement, including a reasonable reserve for unexpected repairs to that portion of Watkins' collection system carrying wastewater from the District.] Wirz questioned how the rate of 110% of that charged to Watkins' users was arrived from. No one could recall. In 2018, a staggered rate increase was agreed upon. Effective August 1, 2018 the rate increased from \$4.40 per thousand to \$6.05 per thousand gallons. Effective August 1, 2019 the rate will increase to \$7.70. The city's rate is \$11.95 per thousand gallons. Wirz noted the increase in August would be about 64% of what Watkins' user rates are now. Wirz would like to see a percentage set and then each time the city rate increases, the District would increase as well based on whatever percentage is agreed on.

Wirz noted the city did neglect to increase the District over the years as the city's rate increased. Ron Welter asked what was driving up the costs. It was noted there are irrigation repair expenses, pond dredging, labor costs, pump repairs, etc. Geislinger noted the District has expenses too, which council understood. Geislinger noted their numbers were up in March due to trouble with a lift station. Wirz noted the city repaired a leak in the force main last year. Although the company that did the repair said the main looked good, it will be something to monitor. The force main was installed in 1983.

Council would like to figure out how to incrementally increase the District's rate. Increases would be based only on expenses that affect the District. Expenses to the city's infrastructure would not be figured in a rate increase to the District. As of August 1, the District's rate will be 64% of what the city's

rate is. Wirz noted the city doesn't have concrete numbers to look at. He would like to see a fixed number to increase so neither party has to deal with it once set. Wirz felt the city and District should increase together, i.e. if the city goes to \$12.10, the District would go to \$7.87 (estimate).

Welter asked if the city would agree that it won't raise past the \$7.70 through 2021. Wirz noted the current contract is good through October 2020 so the new rate of \$7.70 effective August 1, 2019 would be good through the end of the current agreement. Welter asked what the city would propose in the next contract. Wirz noted the city would propose to go to 65% of what the city rate is in the next contract. The city would also propose to go with a five-year term on the next agreement. Council agreed the rate of \$7.70 effective August 1, 2019 would be good through October 2020, which is when the current agreement is to be renewed. The city will have its attorney draft a new agreement with the proposed changes and forward to Forest Prairie Township for its review.

MOTION BY WIRZ TO PROCEED WITH CONTRACT FOR FIVE YEARS AT A RATE OF 65% OF WHATEVER CURRENT CITY SEWER RATE IS, SECONDED BY LAUMER. MOTION CARRIED.

CP Rail lease – The attorney proposed some revisions to the lease and the city also asked for some changes to be made in the insurance section of the lease. CP is asking for \$5 million in general liability coverage and the city has \$3 million. CP is also requesting pollution legal liability insurance in the amount of \$1 million. The city's policy doesn't include a provision for the pollution liability. Kramer noted she has requested to lower the general liability to \$3 million and asked to have the pollution liability requirement removed from the lease. CP Rail is reviewing at this time.

MOTION BY LAUMER TO TABLE THE CP RAIL LEASE UNTIL A RESPONSE IS RECEIVED, SECONDED BY TSCHUMPERLIN. MOTION CARRIED.

MOTION BY TSCHUMPERLIN TO ADJOURN THE MEETING, SECONDED BY WIRZ. MOTION CARRIED.

Adjourned at 8 p.m.

Submitted by

Deb Kramer
Clerk

ATTEST:

Frank Eder
Mayor