

UNAPPROVED MINUTES
WATKINS CITY COUNCIL
SPECIAL MEETING
WEDNESDAY, MAY 16, 2018

Mayor Eder called the special meeting to order at 7:15 p.m. at City Hall.

MEMBERS PRESENT: Mayor Frank Eder, Tootz Tschumperlin, Sue Unterberger, Marc Wirz. Brenda Carlson arrived at 7:28 p.m.

MEMBERS ABSENT: None

Others: Steve Geislinger, Randy Meierhofer, Brian & Marsha Trlak, Michael & Diane Hill, Bob Geislinger and Vic Geislinger

Purpose of the meeting was to meet with Clear Lake Subordinate Service District regarding proposed sewer charges and to take action on a request to release a utility easement in the Donnay Heights Addition.

The property at 640 Meeker Avenue North is encroaching on a platted City utility easement. This was just discovered by the title insurance company while preparing for a closing on the property that is scheduled for Friday, May 18th. The house is partially on the easement. This is a City easement, not a private utility easement. The title insurance company needs evidence that the encroachment has been removed or that it doesn't exist, or recordable documents permitting the encroachment. The city attorney has reviewed this and he suggested one of two things. The City could consider vacating the easement if they see no need for a future easement. The attorney's expectation is that the landowner would need to commence a petition to vacate the property in a district court proceeding, and the City would simply allow it to happen. Alternatively, if the City wishes to keep that dedicated utility easement in play, but the City is agreeable to the current encroachment, the City and the landowner could enter into an encroachment agreement allowing the house to remain in place, but preserving the right of the City to put through water and sewer lines under the building, if possible, or alternatively, retain an easement further north on the property next to the house, where the City could run any lines around the encroaching home. This process could avoid a formal court proceeding and perhaps still allow the transaction to close. This would all depend on the title company and buyers view of the issue. Randy Meierhofer felt vacating would be best at some point. Councilor Wirz thought the City should offer to allow the encroachment. Discussion followed on possibly vacating it at some point. Council agreed to enter into an encroachment agreement and if at some point the owners want to have it vacated, they would need to go through the court process. Wirz questioned who was going to be responsible for the City's legal fees. Randy noted the seller's title insurance should cover those costs. Randy noted he would need to know the fees, but an actual bill would be best. He suggested the invoice be sent along with the document. The attorney's office noted they could draft a document Thursday.

MOTION BY CARLSON TO ALLOW FOR THE ENCROACHMENT ON THE EASEMENT, BASED ON PAYMENT OF LEGAL FEES INCURRED, SECONDED BY UNTERBERGER. MOTION CARRIED.

Vic Geislinger and Bob Geislinger were present on behalf of the Clear Lake Subordinate Service District (District) to discuss the increase in sewer rates the City has proposed. Councilor Wirz asked Vic and Bob if they knew why the agreement states that the District's rate is to be at 110% of what the city rate is.

Wirz thought it was odd this was agreed to. Vic and Bob both noted they weren't aware of that. Bob noted now the District pays the City about \$20,000 per year for sewer charges. The current charge to the District for sewer is \$4.40/thousand gallons. If it is raised to the proposed \$8.25/thousand gallons that would raise it to about \$40,000/year. Right now, the District bills the property owners \$115/quarter. They would have to increase that to \$200/quarter.

Councilor Wirz noted the City hadn't been increasing the District's rate like it should have when the City rate increased. Councilor Unterberger suggested to stagger the increase. Wirz noted in the next agreement there should be a set increase for the District whenever the City increases, perhaps percentage based. Bob stated the District won't accept a 100% raise.

A spreadsheet with past years' expenses was reviewed and a per thousand-gallon cost for treatment. Based on 2017 expenses and water sold in the City along with the District's flow, the cost of treatment for a thousand gallons is \$7.19. Using 2018 budget figures, the cost is \$7.70. The District's share is approximately 17% of the eligible expenses. Discussion followed.

Unterberger suggested to get to the rate of \$7.70 per thousand in increments. Wirz noted in retrospect he didn't feel the District's rate should ever be as high as the city's rate. Unterberger suggested to increase the rate \$1.65/thousand in 2018 and again in 2019. Wirz noted in he was in agreement with that. When the contract is up in 2020 the rate will be looked at again.

Wirz asked if the city's auditors might be able to assist the city in arriving at a fair increase to include in the renewal agreement. Kramer noted she could check.

The list of eligible expenses is in the Capacity Agreement.

MOTION WAS MADE BY UNTERBERGER EFFECTIVE AUGUST 1, 2018 THE INCREASE FOR CLEAR LAKE WOULD BE \$1.65 PER THOUSAND GALLONS AND THE SAME INCREASE OF \$1.65 EFFECTIVE AUGUST 1, 2019 AND RENEWAL OF CONTRACT IN SEPTEMBER 2020, SECONDED BY TSCHUMPERLIN. MOTION CARRIED.

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

Adjourned at 8:33 p.m.

Submitted by

Deb Kramer, Clerk

ATTEST:

Frank Eder, Mayor