

CITY OF JANESVILLE
Special City Council Proceedings
June 22, 2015

The Janesville City Council met in special session on Monday, June 22, 2015 in the Council Chambers of City Hall at approximately 7:00 p.m. with Mayor Carroll in the Chair and Council Members, Reid, Stapleton, and Bettis present. Absent were Council Members McAllister and Watson. Also present were City Attorney, Gary Boveia, City Clerk, Chris Murley, and Mark Durbahn with AECOM.

Motion by Council Member Reid and seconded by Council Member Bettis approving to adopt the agenda as presented. Motion carried.

The Council reviewed and discussed the City's proposed Water & Sewer Maintenance and Improvement Projects with considerable time dedicated to Central Iowa Water Association (CIWA) Water Purchase Agreement.

Mayor Carroll reported that Dan McGinnis with CIWA contacted the City Clerk this morning and asked to be placed on the agenda of the July 6, 2015 council meeting and stated they have a final revised proposal to present to the Council. CIWA was asked to submit this proposal to the City Clerk by Monday, June 29, 2015 to allow the Mayor, Council and legal representatives time to review and analyze the contents of the proposed agreement prior to the July 6, 2015 meeting. The City Clerk will contact Maggie Burger with Speer Financial, Inc. to request a revised financial analysis, including project costs and water and sewer rate structure estimates based on AECOM's most recent engineering estimates and CIWA agreement.

City Attorney, Gary Boveia, presented a history of Central Iowa Water Association (CIWA) and the history of some of the litigation in which CIWA has been involved in. He called their attention to the Petition for Declaratory Judgment that the City of Dubuque had brought against CIWA. CIWA has objected to the terms of Section 357A.2(3) of the Iowa Code, which provides that a rural water association shall not provide water service within two miles of a city, other than water services provided as of July 1, 2014. This additional provision in the Iowa statute made it very clear that the water association is required to obtain permission and approval from the City. If it is not forthcoming after due notice to the city and an opportunity for the City to object, and if the city does object, then they are prevented from providing such improvements. CIWA is attempting to ignore the statute or have it declared unconstitutional in that they do not believe they should be required to obtain permission from the City.

Council Member McAllister entered meeting at approximately 7:38 p.m.

CIWA provides water service to areas within a two-mile radius of our city but did not seek permission to do so, other than for the city's emergency hook-up connection. Permission was requested and granted to CIWA for connection to a residence within the city, which has since been de-annexed due to the realignment of Highway 218 and West Seventh Street/Marquis Road closure.

The City Attorney moved on to discuss the communications (letters dated May 29, 2015) he had received from Steven Nadel and James Wainwright with Ahlers & Cooney, P.C. He specifically discussed the problems and concerns which Mr. Nadel and Mr. Wainwright pointed out in their communications as to the proposed terms and provisions of the contract which CIWA desires to enter into with the City. The contract needs to be changed as it relates to language to qualify as a contract the City could enter without the necessity of bidding. In addition, all the other additional

provisions within the contract, which present issues and concerns, and would need to be addressed, were pointed out and discussed as the Attorney Boveia went through both letters of communications. If the City desires to proceed, significant modifications to the contract are necessary.

If the City Council makes a decision to enter into a contract with CIWA, it would be subject to the preparation of a contract approved by the City Attorney and Bond Counsel before a final review by the City Council and execution by the Mayor and City Clerk.

The City Council discussed the cost projections as prepared by Maggie Burger with Speer Financial, Inc. It reflected the terms of the contract for the first 20 years and then the terms of the contract for the following 20 years. It was discussed the City's usage has exceeded the basic charges which would be \$56,700 per year for 20 years. This represents a minimum charge only. They could be much greater depending upon the overall usage by the City.

The Council likes the quality of water provided by CIWA. The City's water source is the Jordan aquifer. It's been determined that with rapidly growing industrial and residential use of the Jordan aquifer, Iowa environmental leaders are considering new restrictions to better protect this underground water source and with new restrictions, additional costs to cities are inevitable.

Mayor Carroll asked the Council to consider all the information provided and to be ready to make a decision as to how they wish to proceed.

Motion by Council Member McAllister and Council seconded by Council Member Stapleton approving to adjourn. Motion carried. Meeting closed at approximately 9:08 p.m.

ATTEST: _____ MAYOR: _____

Sandi Carroll
Mayor

Christine A. Murley
City Clerk