



304 S. WATER · MADRID, IOWA 50156
PH. 515-795-3930 · FAX 515-795-2333

March 8, 2023

Dear Property Owner,

The City of Madrid will be holding an informal meeting that will be held at the Madrid Community Room on March 16, 2023 at 7:00 p.m. for the purpose of establishing a "Rural Water Service" committee to discuss updating the existing Rural Water Service Agreement (RWSA).

Since your property is located in the County and on the City of Madrid's water service, any potential updates to the Rural Water Service Agreement will affect you. Your attendance will be greatly appreciated.

Sincerely,

Lane Shaver, Councilman at Large 2
Chuck Rigby, Councilman at Large 1
Chuck Knox, Reddish Addition
Mark Reddish, Reddish Addition

Memo:

RE: City of Madrid – Reddish Addition Water Service

Date: 11/9/2022

From: Mark J. Powell, City Attorney

Issue: The City of Madrid is being called upon to repair aging water infrastructure located in the Reddish Addition, often without payment.

Facts:

- The Reddish Addition is located outside of the Corporate City Limits of Madrid
- In the spring of 2007, the City of Madrid entered into Rural Water Service Agreements with the property owners in the Reddish Addition whereby the City agreed to provide water at 1.25 times the rate established by the City Council.
 - Item 4 of the Agreement states that the City "shall have no obligation or duty to fix, repair or otherwise maintain the water main, service line, curb stop, or other distribution infrastructure on the private property" within the Reddish Addition.
 - Item 8 of the Agreement states that the property owners in the Reddish Addition "shall be responsible for the entire distribution system...including the repair and maintenance of said meters, mains, curb stops, and shut-off valves;" the if the property owner "neglects or refuses to repair said meters, mains, curb stops, and shut-off valves, the" City, "may supply said repairs and maintenance" and the property owners, "shall be obligated for the cost thereof."
 - The City of Madrid failed to record these agreements with the Boone County Recorder.
- The 2007 Rural Water Service Agreement is with the, at that time, individual property owner and does not extend beyond that owner.
- The City has not enforced any of the provisions of the 2007 Rural Water Service Agreement.

Possible Solutions: The City is wondering what it can do to ensure that the taxpayers of Madrid are not subsidizing the private water system of the Reddish Addition. The City has a number of options to consider. There are currently eleven (11) property owners that entered into the 2007 Rural Water Service Agreement and are still the record title holders of the same property.

The City should enforce the 2007 Rural Water Service Agreement as to the owners that executed the Agreement and remain the record title owners of the same property.

Option 1: The City re-negotiates an updated Agreement for ALL property owners that covers the same expectations/obligations, but have the Agreement binding upon the signer of the Agreement and all future owners of the property. The City should then record the Agreement with the Boone County Recorder to ensure that all future owners are on notice of its existence and the expectations so that they can be held to the same standard.

Scott Church, Public Works Director, has recommended that any new Agreement require the installation of a meter pit (at the property owner's cost) to better track any water loss occurring in this area. This would require a provision be included in a future Agreement whereby the property owner would acknowledge their collective responsibility should there be a water loss from the City's main onto the Reddish infrastructure. Church also recommended: (1) increasing the rate from 1.25 times the rate established by the Council in the 2007 Rural Water Service Agreement to an amount that will better cover the actual cost of providing service; and (2) more clearly defining which party bears the cost for locates, service shut off for repair, hydrant flushing, valve exercising, meter repairs, etc.

It would also be advisable to lay out a base billing rate for any repair work done by the City, or at the very least a formula of how these rates will be calculated.

Option 2: Discontinue water service from the City of Madrid to Reddish Addition. Scott Church indicates that Xenia Rural Water District has infrastructure in the immediate vicinity which could easily handle these customers. Mr. Church indicates that this option may be the easiest and most cost effective for the City due to the track-record for the Reddish Addition with the City.

Should the City select this option, it would be prudent to: obtain consent from Xenia that it is willing to begin serving the area; negotiate and enter into a service agreement with Xenia; and to send out a Notice to the property owners in the Reddish Addition that the City is electing to discontinue service and that Xenia will be taking over.

Option 3: The City annexes the Reddish Addition into the City of Madrid. According to City staff, this is not a popular option with the residents of the Reddish Addition. Scott Church also indicates that Option 3 may be a financially costly option for the City due to the aging water system infrastructure within the Reddish Addition and the amount of investment that would need to go into the area to make the necessary repairs/maintenance of the water system infrastructure.