



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

PLANNING DEPARTMENT

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MEMORANDUM

TO: Rapid City Legal and Finance Committee

FROM: Marcia Elkins, Planning Director

DATE: March 13, 2002

RE: Options for Policy on Utility Services to Property Outside the Corporate Limits

The Committee appointed to review the City's policy on utility services to property located outside of the corporate limits of Rapid City evaluated the following options:

Option A: Continue existing policy – The City of Rapid shall not provide water and sewer utility service to property located outside of the corporate limits with the exception of Northdale and Rapid Valley Sanitary Districts.

Option B: The Rapid City Council will consider providing water and/or sewer utility services to property located outside of the corporate limits subject to the following policies when the utility extensions are necessary to serve existing development to address health and safety concerns. Such concerns include but are not limited to failing septic systems, contaminated groundwater used for domestic purposes or inadequate supply.

If the City Council agrees to provide utility services to property located outside of the corporate limits, it is desirable that both water and sewer services be extended when physically and economically feasible. If services are extended outside the corporate limits, the applicant shall comply with the following requirements:

- I. The water and wastewater service shall be sold at a rate of 150% of the retail water/wastewater rate charged to customers within Rapid City. Once the property is annexed into the City of Rapid City, the rate charged shall be 100% of the retail water rate charged to water customers located within Rapid City.
- II. If the property is eligible for annexation, the property shall be annexed prior to the provision of the requested services. If the property is not eligible for annexation, the owners of all property served shall enter into an irrevocable agreement running with the property petitioning the City for annexation of the property. System improvements shall



EQUAL OPPORTUNITY EMPLOYER

be transferred to the City of Rapid City at no cost to the City upon annexation of the property. If the property is annexed into another municipality, the City of Rapid City shall no longer provide utility services.

- III. The property served shall be part of a water and/or sewer district. However, the incorporation documents for the water and/or sewer district shall require that the district be dissolved upon annexation of the property into the City of Rapid City.
- IV. Those requesting service shall pay all of the costs of improvements, including but not limited to the master planning of facilities, as well as the design and oversizing costs required to extend the utility services. Oversizing costs may be recaptured through connection fees from development benefiting from the improvements. All improvements shall be constructed in accordance with the adopted standards of the City of Rapid City and the State of South Dakota.
- V. The same conservation standards shall apply to property located outside the corporate limits as those applied to property located inside the corporate limits.

Option C: The Rapid City Council will consider providing water and/or sewer utility services to property located outside of the corporate limits when the utility extensions are necessary to serve either existing or proposed development, subject to the following requirements:

If the City Council agrees to provide utility services to property located outside of the corporate limits, it is desirable that both water and sewer services be extended when physically and economically feasible. If services are extended outside the corporate limits, the applicant shall comply with the following requirements:

- VI. The water and wastewater service shall be sold at a rate of 150% of the retail water/wastewater rate charged to customers within Rapid City. Once the property is annexed into the City of Rapid City, the rate charged shall be 100% of the retail water rate charged to water customers located within Rapid City.
- VII. If the property is eligible for annexation, the property shall be annexed prior to the provision of the requested services. If the property is not eligible for annexation, the owners of all property served shall enter into an irrevocable agreement running with the property petitioning the City for annexation of the property. System improvements shall be transferred to the City of Rapid City at no cost to the City upon annexation of the property. If the property is annexed into another municipality, the City of Rapid City shall no longer provide utility services.
- VIII. The property served shall be part of a water and/or sewer district. However, the incorporation documents for the water and/or sewer district shall require that the district be dissolved upon annexation of the property into the City of Rapid City.
- IX. Those requesting service shall pay all of the costs of improvements, including but not limited to the master planning of facilities, as well as the design and oversizing costs required to extend the utility services. Oversizing costs may be recaptured through connection fees from development benefiting from the improvements. All improvements shall be constructed in accordance with the adopted standards of the City of Rapid City and the State of South Dakota.
- X. The same conservation standards shall apply to property located outside the corporate limits as those applied to property located inside the corporate limits.

Recommendation: Following extensive discussion at several meetings the committee recommended approval of Option C allowing services to be extended to either existing development or new development.

A RESOLUTION ESTABLISHING A POLICY REGULATING THE PROVISION OF CITY
UTILITY SERVICES TO PROPERTY LOCATED OUTSIDE THE CITY LIMITS

WHEREAS the City of Rapid City has established water and sewer systems; and

WHEREAS the City of Rapid City is growing and new property is regularly annexed into the City; and

WHEREAS the City of Rapid City desires to support orderly growth and development and extension of infrastructure; and

WHEREAS the City of Rapid City desires to ensure the beneficiaries of the extension of City utility service bear the cost thereof rather than the City taxpayers; and

WHEREAS the utility services provided by the City of Rapid City to property located outside of the City limits constitutes an expense to the taxpayers of the City of Rapid City; and

WHEREAS the City of Rapid City determines it is in the best interests of the City of Rapid City to establish a policy that encourages the annexation of property located outside of the City limits that receives City utility service;

NOW, THEREFORE, BE IT RESOLVED by the City of Rapid City that the City hereby adopts the following policy to regulate extraterritorial provision of utility services:

The Rapid City Council will consider providing water and/or sewer utility services to property located outside of the corporate limits when the utility extensions are necessary to serve either existing or proposed development, subject to the following requirements:

If the City Council agrees to provide utility services to property located outside of the corporate limits, it is desirable that both water and sewer services be extended when physically and economically feasible. If services are extended outside the corporate limits, the applicant shall comply with the following requirements:

1. The water and wastewater service shall be sold at a rate of 150% of the retail water/wastewater rate charged to customers within Rapid City. Once the property is annexed into the City of Rapid City, the rate charged shall be 100% of the retail water rate charged to water customers located within Rapid City.
2. If the property is eligible for annexation, the property shall be annexed prior to the provision of the requested services. If the property is not eligible for annexation, the owners of all property served shall enter into an irrevocable agreement running with the property petitioning the City for annexation of the property. System improvements shall be transferred to the City of Rapid City at no cost to the City upon annexation of the property. If the property is annexed into another municipality, the City of Rapid City shall no longer provide utility services.

3. The property served shall be part of a water and/or sewer district. However, the incorporation documents for the water and/or sewer district shall require that the district be dissolved upon annexation of the property into the City of Rapid City.
4. Those requesting service shall pay all of the costs of improvements, including but not limited to the master planning of facilities, as well as the design and oversizing costs required to extend the utility services. Oversizing costs may be recaptured through connection fees from development benefiting from the improvements. All improvements shall be constructed in accordance with the adopted standards of the City of Rapid City and the State of South Dakota.
5. The same conservation standards shall apply to property located outside the corporate limits as those applied to property located inside the corporate limits.

DATED this _____ day of March, 2002.

CITY OF RAPID CITY

Mayor

ATTEST:

Finance Officer

(SEAL)