

MINUTES
.16 Utility Fund Oversight Committee
March 8, 2006

Members Present: Ron Kroeger, Tom Johnson, Malcom Chapman, Karen Olson, Gary Brown, Marcia Elkins, Jim Preston, Dirk Jablonski

Others Present: Dan Coon, Sharlene Mitchell

Call to Order

Elkins called the meeting to order at 2:38 p.m.

Approval of Minutes

Brown moved, Chapman seconded and carried unanimously to approve the minutes of the March 1, 2006 meeting.

In response to a question from Brown, Elkins advised that the City Council approved the Program Guidelines as recommended by the Committee.

Review of Prioritized and Comprehensive Utility Project List with Corresponding Funding Structure

Jablonski reviewed the projects currently recommended for funding under the .16 Utility Fund by the Committee: \$1,000,000-Sanitary Sewer Extension Revolving Loan Fund; \$850,000-Deadwood Avenue Sewer Extension; \$3,500,000-Elk Vale Elevated Water Reservoir and Booster Station; \$1,300,000-Mall Drive from East North Street to LaCrosse Street; and \$806,000-Rushmore Crossing sewer noting a total project commitment of \$7,456,000. Jablonski indicated that the un-programmed balance of \$3,019,000 is based on the total available funding of \$10,475,000.

Jablonski provided a brief review of the twenty-two projects identified on the Comprehensive Utility Project list noting their projected cost, reimbursement potential, project location and service areas.

Discussion followed regarding the need for the Sanitary Sewer Interceptor at Catron/Hwy 16 in order to relieve the surcharges occurring in the Robbinsdale area.

Discussion followed regarding the need for the Northeast Sewer Interceptor based on the level of development occurring in the immediate area. In response to a question, Jablonski clarified that the project identified on the Project List represents only one phase of the total project.

Coon addressed the Elk Vale water reservoir projects noting that both a high level and low level reservoirs are required to effectively service the area. Coon indicated that the high level reservoir could service both the high and low areas. Elkins indicated that repayment of the high level reservoir will be realized through the Tax Increment District. Jablonski indicated that the low level reservoir would service the Business Park. Jablonski addressed the engineering alterations that would be required should only the high level reservoir be constructed.

In response to a question, Elkins indicated that there is development interest for those areas north of the Rushmore Mall. Elkins recommended coordinating the installation of water and sewer lines in the area with the Surface Transportation Program funding that has been approved for construction of Mall Drive.

Discussion followed regarding the Catron Boulevard/Sheridan Lake Road sewer project.

Elkins addressed the Department of Transportation funding approved for road improvement of Anamosa Street from LaCrosse Street to East North Street noting that the corresponding Tax Increment District has been proposed with the landowners funding the project costs.

In response to a question, Elkins indicated that the current development is addressing the Enchanted Pines water pressure issue.

Discussion followed regarding the development on South Highway 79 and the need for water and sewer improvements.

Discussion followed regarding the Bunker Drive water improvements project. Jablonski recommended that the Bunker Drive Water Improvements and North Deadwood Reservoir and Madison Well projects be considered concurrently in order to provide effective service to the area.

Discussion followed regarding staff recommendation that a major outfall be constructed to tie into the existing system at Catron Boulevard.

In response to a question, Coon indicated that the Deadwood Avenue project has been separated into two projects to represent the City and developer costs individually. Coon clarified that the Deadwood Avenue Sewer Extension project for \$850,000 addresses services from the Interstate to the Farrar property only.

In response to a question, Jablonski indicated that the intent of the Farrar well project is to construct a well that will provide service to the entire area. Jablonski indicated that the well will be tested to determine if it is sufficient to service the area prior to the City accepting ownership of the facility.

Elkins indicated that the Tax Increment District has been approved providing the mechanism for repayment of the project costs. Jablonski addressed Farrar's concern with the project delays noting they are considering moving forward with site development to meet their current needs. Discussion followed regarding the impact the limited Farrar development would have on the overall City development needs.

Johnson moved, Brown seconded and carried unanimously to recommend that the Farrar Property Well and Water Transmission Main project in the amount of \$525,000 be funded from the .16 Utility Fund with repayment to be realized from the approved Tax Increment District.

Discussion followed regarding utilization of a City sponsored Tax Increment District for the purpose of developing a reservoir on Highway 16 in the Wal Mart area. Elkins indicated that the reservoir would need to be sited on property within the City limits noting the City limit boundaries in the subject area.

Coon briefly addressed areas that have been identified for future well sites. Elkins indicated that the Rushmore Crossing High Pressure Water Main would also meet the funding requirements of the Program Guidelines.

Olson moved to recommend that the Rushmore Crossing High Pressure Water Main in the amount of \$780,000 be funded from the .16 Utility Fund with repayment of the project costs to be provided from the Tax Increment District. Brown seconded the motion.

Discussion followed regarding the repayment of the Rushmore Crossing water project costs from the Tax Increment District and the Rushmore Crossing sewer project costs from connection fees.

Johnson recommended removing the U.S. Highway 16 to 5th Street Sanitary Sewer project from the Project List noting that the developer has indicated that they would be funding the project in conjunction with their development.

The motion to recommend that the Rushmore Crossing High Pressure Water Main in the amount of \$780,000 be funded from the .16 Utility Fund with repayment of the project costs to be provided from the Tax Increment District carried unanimously.

In response to a question, Elkins identified the following projects for Committee consideration based on development needs:

- Mall Drive from LaCrosse Street to Maple Avenue: Surface Transportation Program funding has been identified for the construction of Mall Drive providing an opportunity to coordinate the installation of the water and sewer lines; and,
- North Deadwood Reservoir and Madison Well: Project will address current and future fire flow needs and expanding growth and development in the area.

In response to a question, Jablonski addressed the potential project cost reimbursement to be realized from the North Deadwood Reservoir and Madison Well project noting that an area property owner has expressed in interest in donating a well site. Elkins indicated that the City would need to consider an aggressive annexation plan for the area in order to permit the use of tax increment financing for the project. Discussion followed regarding the project infrastructure improvements and the need to develop the Bunker Drive and North Deadwood Avenue Reservoir projects in conjunction. Jablonski outlined the overall project phasing.

Johnson recommended that the Finance Department provide a corresponding spreadsheet to reflect project scheduling, project costs, interest accrual and anticipated sales tax revenue for a five year period in order to provide a more accurate reflection of the annual funding that will be available in the Utility Fund. Preston requested that staff provide construction dates and repayment avenues for the identified projects.

Discussion followed regarding the current City policy for recovering project costs for the development of City reservoirs.

In response to a question, Elkins indicated that the water and sewer infrastructure could be installed in conjunction with the reconstruction of Seger Drive.

Chapman moved, Brown seconded and carried unanimously to recommend that the Mall Drive from LaCrosse Street to Maple Avenue Sewer project in the amount of \$750,000 be funded from the .16 Utility Fund.

Preston recommended that the Committee adopt the Utility Facility Fund project spreadsheet with the addition of projected construction dates for the identified projects and forward the list to

the City Council for approval. Discussion followed regarding the timetable for forwarding the recommended project list to the City Council for final action.

In response to a question, Jablonski outlined the manner in which the Septic Removal funding would be expended. Jablonski indicated that staff would address program guidelines for the septic removal project upon City Council's approval of the funding recommendations. Discussion followed regarding the septic removal project and the project guidance that would be provided by the financial spreadsheet.

Johnson recommended that the Financial Spreadsheet be included in the Utility Facility Fund project recommendation to the City Council.

Discussion followed regarding the estimated costs involved to install the sewer mains required to facilitate the removal of individual septic systems, the incentives to encourage individuals to connect to those mains and the utilization of the Financial Spreadsheet to identify future funding that would be available for the project.

Preston moved, Chapman seconded and carried unanimously to adopt the Utility Facility Fund Spreadsheet and to forward the spreadsheet to the March 29, 2006 Legal & Finance Committee for City Council approval with the following supporting documentation:

- 1. Utility Facility Fund Spreadsheet reflecting the projects recommended for funding authorization and their estimated year of construction: \$1,000,000-Sanitary Sewer Extension Revolving Loan Fund; \$850,000-Deadwood Avenue Sewer Extension; \$525,000-Farrar Property Well & Transmission Main; \$3,500,000-Elk Vale Elevated Water Reservoir and Booster Station; \$1,300,000-Mall Drive from East North Street to LaCrosse Street; \$750,000-Mall Drive from LaCrosse Street to Maple Avenue; \$780,000-Rushmore Crossing High Pressure Water Main; \$806,000-Rushmore Crossing sewer; and \$964,000 un-programmed funds;**
- 2. Area map with the project locations identified; and,**
- 3. Financial Spreadsheet reflecting the recommended projects, the corresponding estimated year of construction and a five year analysis of the interest accrual and anticipated sales tax revenue to the Utility Fund Account.**

In response to a question from Coon, the Committee recommended that all projects be included on the Utility Facility Fund Spreadsheet with those projects recommended for funding being listed first and that a column reflecting the year of construction be included.

The Committee indicated that the funding requests presented by Rushmore Crossing, North Deadwood Avenue and East Mall Drive have been addressed in the recommended funding program.

The Committee indicated that no additional funding requests have been presented for consideration.

Brown moved, Jablonski seconded and carried unanimously to cancel the March 29, 2006 meeting date and to recommend that future Committee meetings be convened on an "as need" basis.

Adjourn

There being no further business the meeting was adjourned at 3:56 p.m.