

MINUTES
.16 Utility Fund Oversight Committee
February 14, 2007

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

Others Present: Hani Shafai, Jason Green, Bob Dominicak, Sharlene Mitchell

Call to Order

Elkins called the meeting to order at 2:37 p.m.

Approve Minutes

Olson moved, Brown seconded and carried unanimously to approve the minutes of the October 11, 2006 meeting.

Lowry Lane & Interstate 90 Sanitary Sewer Crossing

Shafai presented the funding request to facilitate the Interstate 90 sanitary sewer crossing at Exit 60. Shafai outlined the Department of Transportation construction timeframe for Exit 60 noting the need to complete the Interstate 90 boring prior to the start of construction. Shafai addressed the existing and future area development that will be serviced by the sewer line noting the potential for expanded area development. Shafai indicated that the Department of Transportation is contributing \$50,000 to the sewer project noting that the local office will abandon their existing lagoons once connected to central sewer service.

Discussion followed regarding the location of the sewer line between Beale Street and Lowry Lane. Shafai indicated that funding for the sewer line to Offutt Street is provided by the Rushmore Crossing Tax Increment District. Shafai requested \$90,000 project funding for the Interstate crossing from the .16 Utility Fund. Shafai indicated that the total project costs are projected at \$140,000 with \$50,000 being provided by the South Dakota Department of Transportation. In response to a question, Shafai clarified that the South Dakota Department of Transportation contribution is as a user not as a project participant.

In response to a question, Shafai indicated that repayment of the .16 Utility Fund could be provided by the Rushmore Crossing Tax Increment District subject to the available project funding.

In response to a question from Preston, Elkins indicated that connection fees would be an alternative repayment source. Discussion followed regarding the repayment timeframe of the .16 Utility Fund utilizing connection fees or Tax Increment Financing.

Discussion continued regarding the process to establish the connection fee and the Rushmore Crossing Tax Increment District boundaries in relationship to the sanitary sewer project.

In response to a question, Shafai indicated that the Steel Casing Boring was an element of the Department of Transportation bid. Discussion followed regarding the City Attorney's Office reviewing the bid process utilized for the cost estimates.

Discussion followed regarding project ranking and fund repayment. In response to a question from Johnson, Green indicated that contingent connection fees cannot be imposed.

Discussion followed regarding developer funding for the sewer line construction with the repayment provided by the .16 Utility Fund. Discussion continued regarding the funding resources available to repay the .16 Utility Fund.

In response to a question, Elkins addressed the inequities that would occur should repayment be provided by a combination of connection fees and Tax Increment District funding. Discussion followed regarding the expansion of the Tax Increment District boundaries to incorporate the sewer project and the administrative costs associated with connection fees.

Okrepkie moved to recommend that the Lowry Lane & Interstate 90 Sanitary Sewer Crossing project in the amount of \$90,000 be funded from the .16 Utility Fund with repayment to be realized from the Rushmore Crossing Tax Increment District and contingent upon the City Attorney's Office review of the bid process for compliance with statutory requirements. Preston seconded the motion.

Discussion followed regarding the Rushmore Crossing Tax Increment Financing. Shafai recommended utilizing the South Dakota Department of Transportation funding for those project elements located outside the District boundaries.

In response to a question from Chapman, Elkins recommended that the .16 Utility Fund project list be updated and provided at each meeting in conjunction with the project spreadsheet. Discussion followed regarding the impact the Lowry Lane funding would have on the Jackson Springs, Pactola Lake and Septic Tank removal projects.

The motion to recommend that the Lowry Lane & Interstate 90 Sanitary Sewer Crossing project in the amount of \$90,000 be funded from the .16 Utility Fund with repayment to be realized from the Rushmore Crossing Tax Increment District and contingent upon the City Attorney's Office review of the bid process for compliance with statutory requirements carried with Chapman abstaining.

Adjourn

There being no further business the meeting was adjourned at 3:14 p.m.