

MINUTES
.16 Utility Fund Oversight Committee
April 18, 2008

Members Present: Alan Hanks, Tom Johnson, Bill Okrepkie, Lloyd LaCroix, Frank Etter, Gary Brown, Bob Dominicak, Jim Preston, Robert Ellis

Others Present: Karen Gundersen-Olson, Stacey Titus, Toni Broom, Sharlene Mitchell

Call to Order

Ellis called the meeting to order at 1:35 p.m.

Approval of Minutes

Okrepkie moved, Etter seconded and carried unanimously to approve the minutes of the February 1, 2008 meeting

Elk Vale Sewer Project

Ellis presented a request to reallocate \$1,610,000 of the Elk Vale Road Lift Station project to the Elk Vale Road Sanitary Sewer Main Project Phase One (1) and Phase Two (2). Ellis reviewed the project improvements noting the area that will receive service from the new main. Ellis indicated that the project will provide the gravity sewer mains necessary to support the Elk Vale Road Lift Station.

Hanks indicated that the City is working with the Homestead Plaza developer to extend service from that subdivision to the new system to alleviate the impact on the Rapid Valley Sanitary Sewer system.

In response to a question from Johnson, Ellis indicated that the fund repayment source would be connection fees noting that an estimated 30% of the total costs would not be recouped. Johnson recommended utilizing Enterprise funds to repay any shortfall noting the need to secure full repayment to insure the future viability of the fund.

Discussion followed regarding the recommendation to utilize enterprise funding to repay any shortfall. Johnson indicated that the repayment could be amortized over a period of years to lessen the impact on the enterprise account. Hanks recommended that the Enterprise payment be made at the beginning of the project and that any overpayment be refunded at the end of the project.

In response to a question from Gundersen Olson, Green addressed the manner in which connection fees are established noting that all property within the service area is included in the fee calculation.

In response to a question from Okrepkie, Preston reviewed the scheduled expenditures and projected revenues of the .16 fund. Discussion followed regarding .16 fund revenue sources.

Okrepkie indicated that a prioritized project list would be beneficial in evaluating funding requests. Discussion followed regarding the benefits of the Elk Vale Road improvements.

Ellis reviewed the information provided by the Sewer Master Plan noting that the plan outlines the improvements required for each section of the City based on development needs. Titus clarified that the Master Plan is based on a Capacity Hydraulic Study and does not factor in the

age of the existing infrastructure. Discussion followed regarding addressing the enterprise fund rate structure to address both expansion and upgrade needs. Ellis indicated that the City is working with a consultant to review the City's infrastructure demands and to provide a rate structure recommendation to support those demands.

In response to a question from Brown, Titus indicated that the current life of the Waste Water Treatment Plant is projected out to 2025. Titus indicated that the facility is designed to support additional future expansion.

In response to a question from Gundersen Olson, Okrepkie indicated that a prioritized list of projects is needed to provide direction for the City Council. Ellis indicated that the Utility Master Plan provides direction for development but does not establish priorities.

Discussion followed regarding establishing project priorities while meeting the demands of new development. Hanks addressed the manner in which Sioux Falls directs development. Discussion followed regarding the philosophical and political changes required to move from responding to development to directing development.

Johnson moved, Okrepkie seconded and carried unanimously to recommend approval of the reallocation of \$1,610,000 of the Elk Vale Road Lift Station funding to the Elk Vale Road Sanitary Sewer Main Project Phase One (1) and Phase Two (2) with connection fees as the identified repayment source.

Johnson moved to recommend that the estimated \$483,000 (30% of \$1,610,000) connection fee shortfall be funded from the Wastewater Enterprise Fund in five annual payments of \$60,000 beginning in FY 2009 through FY 2013 and a final payment of \$183,000 in FY 2014 with any overpayment to be refunded to the Wastewater Enterprise fund at the end of the project. LaCroix seconded the motion.

Discussion followed regarding the impact of the annual payments and possible future rate increases on the Enterprise Fund. Green clarified that any repayment from connection fees over the estimated 30% would be refunded back to the Enterprise fund.

The motion to recommend that the estimated \$483,000 (30% of \$1,610,000) connection fee shortfall be funded from the Wastewater Enterprise Fund in five annual payments of \$60,000 beginning in FY 2009 through FY 2013 and a final payment of \$183,000 in FY 2014 with any overpayment to be refunded to the Wastewater Enterprise fund at the end of the project carried unanimously.

Other Business

Ellis presented the request from Chapman to establish a set meeting date and time to permit better planning by the members, staff and applicants. Discussion followed regarding the request to establish a set meeting date and submittal deadline for application requests.

Johnson recommended that the request to establish a set meeting date be placed on the next meeting agenda for further discussion. Green recommended that the .16 Utility Fund Oversight Committee bylaws also be discussed.

Adjourn

There being no further business the meeting was adjourned at 2:20 p.m.