

A RESOLUTION (#2009-127) PLEDGING REVENUE FROM THE CITY'S WATER UTILITY FOR USE IN REPAYING BONDS TO CONSTRUCT CERTAIN IMPROVEMENTS TO THE CITY'S WATER SYSTEM.

WHEREAS, the City of Rapid City operates a water utility pursuant to SDCL Chapter 9-47; and

WHEREAS, the City has determined the need to construct certain improvements to its water system, including a new water treatment plant located at Jackson Springs; and

WHEREAS, these improvements are hereby found to be a general benefit to the City's water system; and

WHEREAS, the City adopted by ordinance new water rates on January 9, 2009; and

WHEREAS, the rates established in the ordinance contemplated construction of these improvements and are sufficient to pay the construction, maintenance and operation costs therefore; and

WHEREAS, the City intends to issue bonds pursuant to SDCL Chapter 9-40 to pay for the cost of constructing these improvements and to pledge sufficient income from the revenues generated by the utility to pay back the bonds and fund the operation and maintenance of the system improvements; and

WHEREAS, the bonds issued by the City will be solely payable through such segregated revenue.

NOW THEREFORE, BE IT RESOLVED by the City of Rapid City, that a surcharge be established to repay bonds issued to construct the Jackson Springs Water treatment plant and related improvements and the St. Martin Reservoir. After the effective date of this Resolution, the water rates established by Chapter 13.04 of the Rapid City Municipal Code will consist of two components, a base rate and a separate surcharge for repayment of bonds issued to construct the contemplated improvements to the City's water system. The City shall account for the revenues generated from the base rate and surcharge separately, but the surcharge will not be required to be shown separately on the water utility bills of the system users. The costs of the improvements shall be paid solely from the revenues produced by the surcharge, and not from the general revenues of the water utility; provided that the City may from time to time advance moneys from the general revenues of the water utility to pay costs of the improvements, but any moneys so advanced shall be repaid from surcharge collections within one year of the date of each such advance.

BE IT FURTHER RESOLVED, that a per meter and per unit surcharge be established as follows:

	5/8 meter	3/4 meter	1 meter	1.5 meter	2 meter	3 meter	4 meter	6 meter	8 meter	Additional Per Unit Surcharge
2009	6.75	7.49	9.12	12.66	17.88	38.72	55.07	95.16	144.20	
2010	6.92	7.68	9.37	13.01	18.39	39.85	56.69	97.98	148.50	0.06
2011	7.22	8.02	9.79	13.61	19.26	41.80	59.48	102.83	155.87	0.21
2012	7.22	8.02	9.79	13.61	19.26	41.80	59.48	102.83	155.87	0.30
2013	7.28	8.09	9.87	13.74	19.44	42.20	60.06	103.85	157.42	0.52

The additional per unit surcharge applies to all users of the water system without regard to classification. The surcharges are not in addition to the present water and meter charges. The present rates will remain as adopted in January 2009. The surcharges will be segregated and accounted for per the terms of the Resolution authorizing the issuance and sale of the revenue bonds for the Jackson Springs Water Treatment Plant. At the time the Council adopts water rates for 2014 and beyond, this resolution will also be modified to extend the surcharge and establish the amount thereof. The surcharge may also be modified in the event the City forecasts the revenues collected pursuant thereto will be insufficient to pay the principal of and the interest due upon the bonds.

CITY OF RAPID CITY

Mayor

ATTEST:

Finance Officer

(SEAL)