

MINUTES
.16 Utility Fund Oversight Committee
April 19, 2006

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

Others Present: Scott Grimsrud, Norman Rieger, Sharlene Mitchell

Elkins called the meeting to order at 2:03 p.m.

Approval of Minutes

Brown moved, Chapman seconded and carried unanimously to approve the minutes of the March 8, 2006 meeting.

Prairiefire Subdivision

Elkins provided a brief overview of the Prairiefire sanitary sewer project.

Jablonski provided an area map identifying the location of the proposed Southside Trunk Sewer and service area. Jablonski indicated that the City Council has made a commitment to provide sanitary sewer service to the Prairiefire Subdivision noting that the developer will install at his cost the required eight (8) inch line to service that subdivision. Jablonski addressed the opportunity available to the City to replace the existing lift station with a sanitary sewer line. Jablonski presented the options available to the City with regard to the size of the sanitary sewer line noting the corresponding cost to the City and estimated dwellings that could be serviced based on the size of line installed. Jablonski indicated that the property owners lying outside the corporate limits of Rapid City have been contacted regarding their development projections and interest in participating in the sewer project.

Jablonski indicated that the base twenty-one (21) inch sewer line is required to support the City's existing sewer service and the Prairiefire Subdivision development. Jablonski indicated that additional upsizing would be required to support future area development noting that staff would recommend installation of the twenty-four (24) inch sewer line.

In response to a question, Jablonski indicated that area developers were advised that a cash investment would be required to expand the sewer sizing noting that all connections would be on a first come, first serve basis.

In response to a question, Jablonski clarified that any development within the boundaries of the trunk sewer service area identified in green on the map distributed to the Committee could be served by the proposed project.

In response to a question, Elkins indicated that staff could provide an estimate of the housing densities based on the Future Land Use Plan for the area.

In response to a question from Hurlbut, Jablonski addressed the maintenance issues associated with the sewer line size noting the need to size the pipe for the development to insure that the line is properly flushed.

Kroeger addressed his concern with the City financing infrastructure improvements that would service non-incorporated areas. In response to a question, Jablonski indicated that those properties lying outside the City limits would be charged a rate of 150% for services.

In response to a question, Jablonski indicated that Prairiefire Investments is committed to and will finance the installation of the eight (8) inch sewer line. Jablonski addressed the opportunity to eliminate the existing lift station by installing the twenty-one (21) inch base sewer line noting that the line would not support additional growth. Kroeger indicated that he did not oppose the Prairiefire project but recommended that the Committee review the request in conjunction with all of the proposed projects.

In response to a question, Elkins indicated that the proposed project would be a City project to fund the installation of a sewer line in excess of the eight (8) inch sewer line required to support the Prairiefire development.

In response to a question, Jablonski indicated that the base twenty-one (21) inch sewer line would not support additional densities noting there would be no opportunity to secure repayment of the .16 Utility Fund monies. Jablonski indicated that installation of the twenty-four (24) inch sewer line would support an estimated 1,900 residential units allowing for repayment through hookup or connection fees. Discussion followed regarding avenues available to recapture the oversizing costs for repayment of any monies allocated for the project from the .16 Utility Fund.

Johnson addressed the need to secure full reimbursement of the .16 Utility Fund noting the savings that would be realized with the elimination of the existing lift station. Johnson commented on the need for regional facilities noting the need to balance infrastructure expansion and development.

Olson stated that the Prairiefire Subdivision was approved due to its proximity to the City treatment plant noting that the central service would alleviate the need for individual septic systems.

Elkins addressed the need to provide central services to urban density developments in order to protect ground water quality and allow for the long term development of the City.

Chapman recommended that the Prairiefire project be reviewed in relationship to the remaining projects proposed for .16 Utility funding and supported adherence to the Program Guidelines requiring repayment of the funding. Jablonski indicated that the repayment structure would address repayment of the .16 Utility fund. Discussion followed.

Grimsrud indicated that the eight (8) inch sewer line has been approved and recommended that the City support increasing the size of the sewer line in order to support the existing and future area development. In response to a question, Rieger indicated that seventy-six (76) lots will be developed in the Prairiefire Subdivision.

Jablonski indicated that the City Council has authorized Prairiefire Investment to connect their eight (8) inch sewer line to the City sewer. Jablonski indicated that Prairiefire has delayed their project allowing the City the opportunity to address the sewer line oversizing. Jablonski stated that Prairiefire will design the project and they are seeking direction from the City with regard to the sewer line size. Jablonski indicated that the City would realize an additional benefit as Prairiefire will fund the design project.

In response to a question, Jablonski indicated that the project would require FY 2006 funding noting the cost savings to be realized by installing the sewer line at this time as opposed to replacing the lift station at a future date.

Kroeger expressed concern that the sewer line may be undersized to support future area development. In response to a question, Jablonski identified the proposed gravity feed trunk line locations noting that the final design for the area has not been developed.

In response to a question, Jablonski indicated that future development on Catron Boulevard would eventually be served by the trunk lines installed in this area. Hurlbut encouraged the Committee to consider the impact of the U.S. Highway 16 Super Center development on the Southside Sanitary Trunk Sewer project.

In response to a question, Grimsrud indicated that lot sizes would be one-half to one acre in size with prices ranging from \$130,000 to \$170,000. In response to a question, Elkins indicated that the roads and utilities will be built to City standards.

Grimsrud addressed the financial investments that have been made in the Prairiefire Subdivision noting the need for a decision on the sewer line size in order to move the project forward. Grimsrud and Rieger left the meeting at this time.

Jablonski suggested that the project be funded with the Enterprise fund repaying a portion of the costs associated with replacement of the lift station. Discussion followed on utilizing the .16 Utility funding with the connection fees and the 50% surcharge on the rate being utilized to repay the .16 Utility fund.

Chapman voiced support for installation of the twenty-four (24) inch sewer line noting the need to provide infrastructure in this area to support the existing and future development. Chapman stressed the need to insure that the .16 Utility Fund is fully reimbursed noting the savings to be realized by installing the sewer line at this time. [Chapman left the meeting at 2:43 p.m.]

Brown voiced support for the project noting the existing need for the sewer line and the future cost savings to be realized by installing the line at this time.

Elkins voiced support for the project noting that the infrastructure will extend back toward the City and benefit existing City development.

In response to a question, Jablonski indicated that the .16 Utility Fund provided the only available funding source for the project. In response to a question, Jablonski indicated that the Southside Sanitary Trunk Sewer is reflected in projects #7 and #8 on the Proposed Project List. Jablonski stressed the benefits to the City including the project design and City costs limited to oversizing only.

Discussion followed regarding the funding available within the .16 Utility Fund based on the Five Year spreadsheet reflecting expenditures and earnings.

In response to a question, Jablonski indicated that the Green Valley Subdivision could tie into the sewer line with the construction of a lift station. Jablonski indicated that should Green Valley connect to the sewer line they would use some of the 1900 connections allowed by the twenty-four (24) inch sewer line.

Brown moved to recommend approval of the twenty-four (24) inch sewer line to be constructed in FY 2006. Preston seconded the motion.

Olson indicated that the Soccer Association has identified a site in this are for their future soccer complex noting their interest in providing services to that complex.

Discussion followed regarding the reimbursement structure for the .16 Utility Fund.

Johnson voiced support for the project noting that it would eliminate the existing lift station and provide a savings in energy costs required to support the lift station and future reconstruction of the lift station.

Johnson requested that staff review the connection fees to determine the estimated level of reimbursement. Johnson encouraged the installation of a twenty-seven (27) inch sewer line in order to support future development. Johnson recommended that the 50% surcharge be utilized to reimburse the .16 Utility Fund until all project costs are repaid. Johnson requested that staff demonstrate the savings that can be realized by utilizing the .16 Utility Fund.

In response to a question, Jablonski commented on the discussions with the Green Valley Subdivision residents noting that they have secured federal funding for water and sewer improvements. Elkins voiced her concerns for the health issues in the Green Valley Subdivision noting the need for the City to provide assistance in resolving these issues.

Johnson moved a substitute motion to recommend approval of the Prairiefire Sewer Line Project for the oversizing costs associated with the twenty-seven (27) inch sewer line in the amount of \$320,000 with the following stipulations:

- 1. That a hookup fee agreement be adopted for the service area with hookup fees being charged and the 50% user fee surcharge being paid to the .16 Utility Fund until the oversizing costs are reimbursed; and,**
- 2 That the recommendation be presented at the April 26, 2006 Legal & Finance Committee with the inclusion of the Five Year Financial Spreadsheet.**

Hurlbut seconded the motion.

Olson requested that staff provide an estimate on when the service area would reach the projected 4400 unit build out at the Legal & Finance Committee meeting.

Jablonski indicated that some area developers have provided estimates regarding their proposed development densities. Olson addressed the need to clarify the projected future build out of the area and its impact on the size of sewer line to be installed. Jablonski indicated that individual property owners have also expressed interest in connecting to the sewer line.

Brown voiced support for the substitute motion and encouraged the Council to move the project forward.

Johnson requested that staff provide an estimate on the repayment to be realized from the 50% surcharge.

The substitute motion to recommend approval of the Prairiefire Sewer Line Project for the oversizing costs associated with the twenty-seven (27) inch sewer line in the amount of \$320,000 with the following stipulations:

1. That a hookup fee agreement be adopted for the service area with hookup fees being charged and the 50% user fee surcharge being paid to the .16 Utility Fund until the oversizing costs are reimbursed; and,
 2. That the recommendation be presented at the April 26, 2006 Legal & Finance Committee with the inclusion of the Five Year Financial Spreadsheet.
- carried unanimously.

Adjourn

There being no further business the meeting was adjourned at 3:02 p.m.