

September 6, 2006

Ms. Marcia Elkins, Director  
 City of Rapid City  
 Growth Management Department  
 300 6th Street  
 Rapid City, SD 57701-2726

**Re: Water and Sewer Service for Morningstar Subdivision**

Dear Ms. Elkins:

On behalf of OS Development, Inc. CETEC Engineering Services, Inc. formally requests water and sewer service from the City of Rapid City to serve the proposed 388 acre Morningstar Subdivision. The property is located on the west side of Reservoir Rd approximately 1 mile south of SD Hwy 44 as shown on the attached vicinity map. The property is not currently located within the City limits, but the Developer requests a development agreement for future annexation. The subdivision will serve an estimated 1000 utility customers although final numbers will be determined by the final land plan.

OS Development, Inc. requests an agreement with the City of Rapid City to extend water and sewer service to the property with construction starting in the spring of 2007. In order to accomplish this, OS Development, Inc. must explore funding and repayment options with the City for the proposed off-site infrastructure which serves a much larger territory such as 0.16 money, TIF, the Supplemental Tap Fee Program -or other sources or programs which may apply. OS Development, Inc. intends to proceed with master planning, engineering design and construction for the proposed off-site utilities. Below is a description of the water and sewer issues regarding the development.

**Water:**

In May 2003, the Alliance of Architects and Engineers completed an analysis of the "Green Valley Water System" in which a proposed water distribution system along with a proposed water reservoir were evaluated. One of the main transmission lines in said report followed the current alignment of Reservoir Rd to a proposed tank site located west of Reservoir Rd. This proposed main is adjacent to the proposed Morningstar Subdivision. According to details in the report, it is also possible that the proposed water storage reservoir(s) can be situated on the Morningstar property to service the Green Valley Water System Zone at elevation 3200' or higher. It would also serve a much larger territory including an estimated 3,400 acres of LDR, MDR, and commercial development. At full build-out the water service zone will serve an estimated 15,000 people. The proposed transmission main and service zone could also serve the Rapid City Wastewater Treatment Plant and the Prairiefire development with a water main extension on Southside Drive. The proposed water transmission main and a storage reservoir would be constructed in the first phase of the project.

1830 West Fulton St.  
 PO Box 9014  
 Rapid City, SD  
 57709-9014

[www.cetecengineering.com](http://www.cetecengineering.com)

## Sewer:

The City is currently bidding a 27" sanitary sewer trunk line from the wastewater treatment facility west approximately 3,840' along Southside Drive to the proposed Prairiefire Subdivision. The City sanitary sewer master plan for the area shows an extension of the trunk sewer west along Southside Drive through the Morningstar property. The future trunk sewer will ultimately serve an estimated 4,500 customers including the Elks Club area. The proposed trunk sewer will also ultimately relieve flow from the 42" City Outfall line. (Refer to the attached figure).

The proposed Morningstar Subdivision provides the City of Rapid City with a great opportunity to expand the water system and sewer system to meet the current and future growth needs of the City of Rapid City. The development will provide benefits to the surrounding area through the utility extensions, orderly growth, and public spaces. In order to accomplish this important task, OS Development Inc. proposes to:

1. Connect to the existing 12" water transmission main in the SD Hwy 44 Right-of-Way and install a new water main to the proposed Morningstar Subdivision along Reservoir Rd.
2. Connect to and extend the 27" sewer trunk line in Southside Drive west 4,500' to the proposed Morningstar Subdivision at Reservoir Rd.
3. Construct a new water storage reservoir and control valve on the Morningstar property.
4. Establish a financing and reimbursement plan for future water and sewer connections to the mains and infrastructure.
5. Create a letter of understanding for annexation of the property into the City of Rapid City with notification simply as a restriction on the deed of each new lot when first transferred.

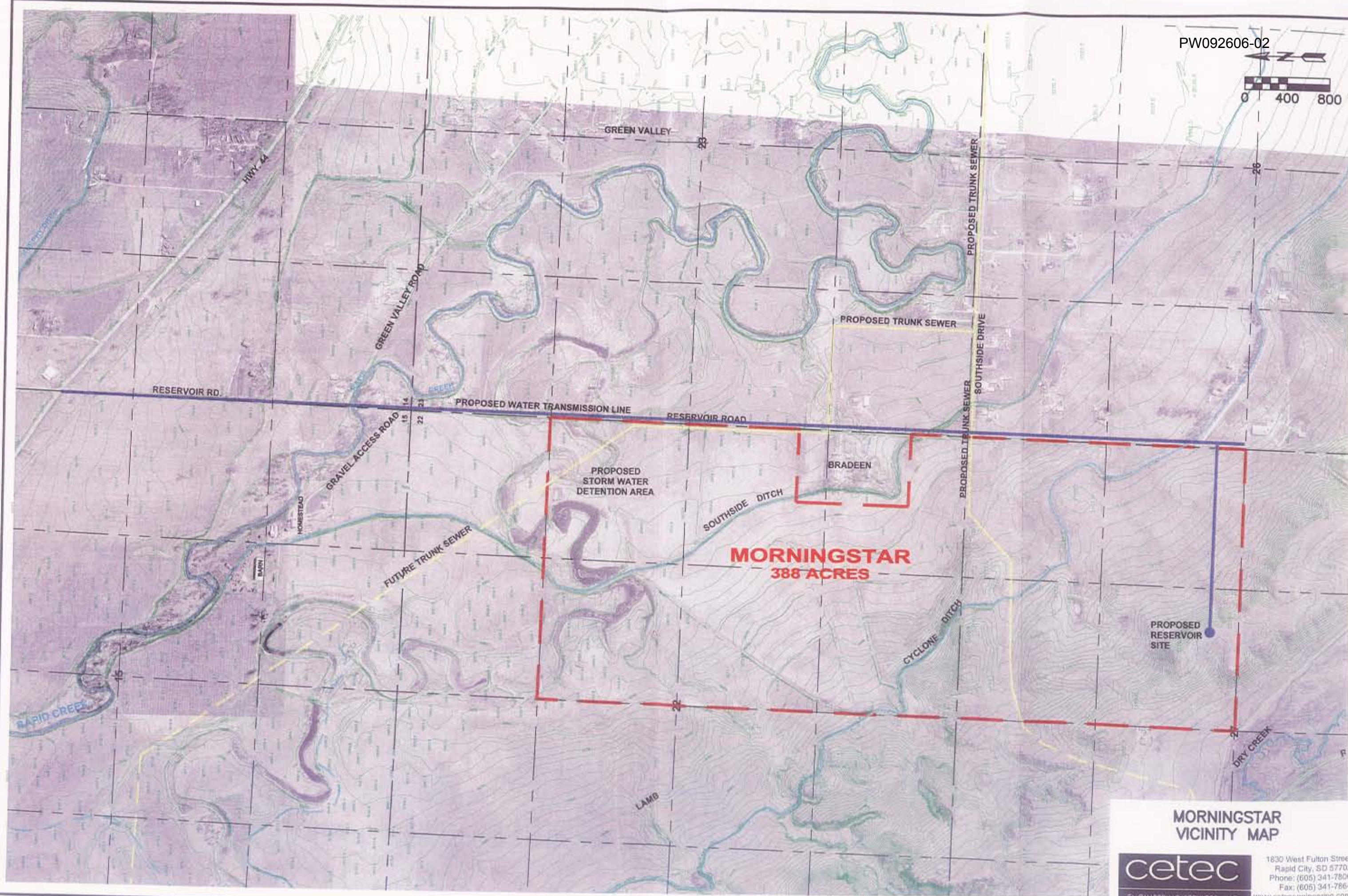
Thank you for your consideration of this matter and we look forward to meeting with you to discuss these items in the near future.

Sincerely,  
CETEC Engineering Services, Inc.

  
Theodore F. Schultz, P.E., Principal

Enclosures

cc: Mr. Phil Olsen, OS Development, Inc.



August 31, 2006 11:52:23 a.m.  
Drawing: Morning Star Dwg (Proj) (c:\dettec\09164.dwg)

**MORNINGSTAR VICINITY MAP**

**cetec**  
ENGINEERING SERVICES, INC.

1830 West Fulton Street  
Rapid City, SD 57702  
Phone: (605) 341-7800  
Fax: (605) 341-7864  
www.cetecengineering.com