

OFFICIAL PROCEEDINGS OF THE CITY COUNCIL
Rapid City, South Dakota
November 22, 2004

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Rapid City was held at the City/School Administration Center in Rapid City, South Dakota on Monday, November 22, 2004 at 7:00 P.M.

The following members were present: Mayor Jim Shaw and the following Alderpersons: Malcom Chapman, Tom Murphy, Jean French, Ron Kroeger, Bob Hurlbut, Karen Olson, Sam Kooiker, Tom Johnson and Bill Waugh. The following Alderpersons arrived during the course of the meeting: None; and the following were absent: Ray Hadley.

Staff members present included City Finance Officer Jim Preston, Assistant City Attorney Mike Booher, Acting Public Works Director Vore, Fire Chief Gary Shepherd, Police Chief Craig Tieszen, and Administrative Assistant Jackie Gerry.

Motion was made by Kooiker, seconded by French and carried to consider the Addendum, Police Officer on Fifth Street at Franklin Street as the first item of business. Motion was made by Kooiker, seconded by Chapman to rescind the intent of previous Council action to place a patrol officer at the intersection of Fifth Street and Franklin. On behalf of the area residents, Alderman French extended an appreciation to the Police Department on their efforts to monitor and control motorists and pedestrians at this intersection. Alice Johnson also expressed her appreciation to the Police Department and suggested with the extension of Fifth Street there would be an increase in traffic and urged the Police Department to be present more often along Fifth Street. She also read a brief statement from Tammy Quillen. Alderman Olson commented on the tremendous need for general traffic safety in the community and suggested more education for the driving public. Upon a vote being taken on the motion, motion carried.

The Mayor presented (No. LF102704-10A), second reading of **Ordinance No. 4096** Amending Section 13.04.005, Section 13.04.060, Section 13.04.080, Section 13.04.090, Section 13.04.095, Section 13.04.100, Section 13.04.110, Section 13.04.130, Section 13.04.160, Section 13.04.170, Section 13.04.260, Section 13.04.590, and Section 13.04.600 and Adding a New Section 13.04.061 of Chapter 13.04 of the Rapid City Municipal Code Pertaining to Water Rates and Fees having passed first reading on November 1, 2004, it was moved by Kroeger, seconded by Murphy that the title be read the second time. Kroeger pointed out the motion approves the expansion scenario with the doubling of fees. In response to a question raised by Alderman Kooiker, Engineering Project Manager Coon explained the plan assumes an increase of 4.6% per year on average in water usage. Mayor Shaw pointed out that expansion costs are paid by the developer, but the expansion costs come into play when considering oversize costs. The City would pay the difference, and as land is developed those oversize costs would be recaptured. Shaw explained that because the City decided it did not want impact fees, the question is how to pay for expansion. The expansion scenario proposes that all the rate payers pay a little bit more each month and the increase will be appropriated to a fund to raise \$2 Million (\$1.5 Million for water and \$500,000 for sewer). Shaw pointed out he did not favor the expansion scenario and that expansion should be paid from another source. Alderman Johnson explained his calculations of the proposed rates indicating the average user will pay \$7.02 at the end of four years, or an annual amount of \$84.24 at the end of four years. He suggested the rates were reasonable, urged support of the motion, and commented that historically the rate payer has always paid for expansion in their rates. In response to a question from Alderman Kooiker it was explained the ordinance indicates a portion of revenue collected will be appropriated to separate budgets for construction and reconstruction, expansion/economic development projects, and operations. There is also flexibility for the Council to determine how much should be appropriate through the budget process. Audience member Dan Michael addressed the Council stressing they consider another funding source for expansion. Alderman

French reiterated her concern with rate payers paying expansion costs and the need to find another funding source. Jim Jester, Rapid Valley Water and Sanitary Sewer District suggested Rapid City consider increasing tap fees. At this time, Council President Kroeger assumed the Chair. Mayor Shaw commented that under the expansion scenario the City will raise \$2 Million per year and under the previous impact fee the City would not have realized \$2 Million per year. Once again, he stressed that another funding source be sought for expansion. Alderman Hurlbut suggested an increase in the sales tax by 0.16 from 1.84% to the full 2% to use as an alternative funding source for expansion. Audience member Tounchie Weaver encouraged the use of 2012 for expansion and a review of the tap fee. Audience member Brian Hagg also suggested the Council look at other options before increasing rates. In response to questions from Alderman Chapman, Mayor Shaw explained the 2012 Infrastructure Committee be approached with a request to fund expansion; and the Council, may with a majority vote, increase the sales tax noting such action is referable. Substitute motion was made by Kooiker, seconded by French to adopt the ordinance with the base scenario with the doubling of the fees, rounded to the nearest Five Dollar increment. Discussion followed relative to the doubling of the tap fee that has not increased since 1989. Second substitute motion was made by Waugh, seconded by Hurlbut to adopt the ordinance with the expansion, look at other funding for expansion, and double the fees. Discussion followed relative to using 2012 for expansion and increasing the sales tax. Upon a vote being taken on the motion, the following voted AYE: Chapman, Murphy, Kroeger, Olson, Johnson and Waugh; NAY: French and Kooiker; whereupon the Mayor declared the motion passed and Ordinance 4096 was declared duly passed upon its second reading.

The Mayor presented (No. LF102704-11A), second reading of **Ordinance No. 4097** Adding Section 13.08.215 and Section 13.08.361 and Amending Section 13.08.010, Section 13.08.350, Section 13.08.360, Section 13.08.365, and Section 13.08.370 of the Rapid City Municipal Code Pertaining to Sewer Rates and Fees having passed first reading on November 1, 2004, it was moved by Kooiker, seconded by Hurlbut that the title be read the second time. Kooiker pointed out the motion approves the base scenario and change in the tap fees. Alderman Johnson pitched his scenario of increasing the sales tax, using 2012 funds in 2005, and lowering the rates as follows: YR 2005 - \$2.01; YR 2006 - \$2.25; YR 2007 - \$2.52 and YR 2008 - \$2.82. He believed an infusion of cash would help in 4 – 5 years of getting back to the rate payers paying for the utility; and suggested a subsidy of \$1.5 Million in 2005; \$2,232,571 in 2006; \$862,800 in 2007 and \$400,586 in 2008. He asked the Council to be cognizant of the fact that the sewer fund is nearly bankrupt. Mayor Shaw stressed that the base scenario is more than enough for the projected cash fund balance. He suggested the situation of the sewer fund is about operation and not about the expansion portion. He offered his support for the base scenario and the need to discuss other funding sources for expansion. Substitute motion was made by Johnson, seconded by Waugh to adopt the ordinance with the following revised rates: YR 2005 - \$2.01; YR 2006 - \$2.25; YR 2007 - \$2.58; and YR 2008 - \$2.82; and doubling the tap fees. In response to a question from City Finance Officer Preston, Alderman Johnson suggested the sewer fund would remain solvent until July 1, but may need a subsidy from 2012; but it would depend on the projects being considered. Alderman French expressed her concern for the senior citizens on fixed incomes and raised a question about the minimum charges being affected with the suggested revised rates. Engineering Project Manager Coon suggested the Council could consider a discount similar to the discount offered to seniors and the disabled for garbage collection. French offered an amendment to the motion to include a twenty percent discount for senior citizens and the disabled. Second was made by Hurlbut. Discussion followed relative to discounts being offered to other customers, such as sanitary districts. Second substitute motion was made by Hurlbut to approve the ordinance with the base scenario, pass a resolution to bring an ordinance as it relates to a discount, and move forward with discussions on a funding source for the subsidies. Motion was seconded by Kooiker. The Chair ruled the second substitute motion out of order. Second substitute motion was made by Kooiker to adopt the base scenario along with a senior discount and a thirty-five percent discount for Copperfield residents. Second was made by French. Alderman Johnson pointed out the City does not bill the residents of Copperfield as they are served by the Rapid Valley Water and Sanitary Sewer

District. Upon a vote being taken on the second substitute motion, motion failed with Kooiker and French voting AYE. Upon a roll call vote being taken on the amendment, the amendment failed with the following voting AYE: French and Waugh; NAY: Chapman, Murphy, Kroeger, Hurlbut, Olson, Kooiker and Johnson. Upon a vote being taken on the substitute motion to adopt the ordinance with the revised rates, the following voted AYE: Chapman, Murphy, Kroeger, Olson, Johnson and Waugh; NAY: French and Kooiker; whereupon the Mayor declared the motion passed and Ordinance 4097 was declared duly passed upon its second reading.

As there was no further business to come before the Council at this time, the meeting adjourned at 10:08 P.M.

CITY OF RAPID CITY

ATTEST:

Mayor

Finance Officer

(SEAL)