

PROCEEDINGS OF THE CITY COUNCIL
Rapid City, South Dakota

October 27, 2008

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, October 27, 2008 at 6:00 P.M.

The following members were present: Mayor Alan Hanks and the following Alderpersons: Sam Kooiker, Karen Olson, Ron Kroeger, Deb Hadcock, Lloyd LaCroix, Patti Martinson, Ron Weifenbach, Bill Okrepkie, and Malcom Chapman; and the following Alderpersons arrived during the course of the meeting: None; and the following were absent: None.

Staff members present included Finance Officer Jim Preston, City Attorney Jason Green, Growth Management Director Marcia Elkins, Public Works Director Robert Ellis, and Administrative Coordinator Jackie Gerry.

Public Works Director Ellis addressed the Utility Rates explaining, that at Council direction, staff made a good faith effort to conduct several public meetings to present the scenarios on the water rate and sanitary sewer rate increases. He indicated that staff recommends the option of Scenario No. 2 for the new water rates and the scenario for the new sanitary sewer rates. He believed the rates to be fair and equitable, defensible; and keeps the City on track to allow the community to grow in the future. Ellis indicated that there was concern for those who live on a fixed income. He reported that staff researched some available options and recommends a program that would be based on the income of a single member household making less than \$22,573; or a multiple member household with an income threshold of \$28,217; 65 years of age or older; or some disability defined by the Social Security Act. Another component of the program is ownership of the home with an assessed value of less than \$154,950 or proof that the home is rented or leased. Based on these guidelines, the City can freeze the water and sanitary sewer rates at the 2008 rate structure. Ellis also review the tier rate structure, the average water use and irrigation systems, and tap service fees.

Motion was made by Hadcock and seconded to direct staff to bring forward the necessary ordinances to implement the water rates structure for scenario two; the sanitary sewer rates; and the relief option for fixed income users.

Amendment to the motion was made by Kooiker and seconded to ask that the rates be structure so that Step 1 is 0 CCF to 12 CCF and 12.01 CCF and higher is the next step. It is noted that if the City loses revenue from the adjusted units in Step 1, then adjustments will be made to the next two or three tiers and increase those rates. It is also indicated that 10 CCF for Step 1 was chosen because that it is the standard for the average and compared to other communities, 10 CCF is the threshold used by all other communities. With the consent of the Council, Kooiker offered a clarification of the amendment.

Amendment to the motion was made by Kooiker and seconded to ask staff to bring forward an analysis of the rate structure using 12 CCF for Step 1. Motion carried.

Question was called by LaCroix and seconded. Upon a roll call vote being taken, the following voted AYE: Olson, Kroeger, and LaCroix; NO: Kooiker, Hadcock, Martinson, Weifenbach, Okrepkie, and Chapman. Motion failed. Discussion followed about using 2012 Funds as a funding source for the construction of the water treatment facilities. A vote on the motion as amended, motion carried with Kooiker and Okrepkie voting NO.

The Chair recessed the proceedings at 6:23 P.M. and reconvened at 6:32 P.M. with all members present.

Motion was made by Chapman and seconded to approve the TIF (Tax Increment Finance) Guideline recommendations; and direct staff to draft the appropriate ordinances and resolutions to enact the recommendations. Growth Management Director Elkins summarized the recommendations as follows:

- Revise the membership of the TIF Committee to eliminate the staff as voting members and add a representative of the Pennington County Commission;
- The TIF Project Review Committee meetings be public meetings with the minutes recorded, including streaming audio; and public comment be allowed; and notice of the public meetings provided;
- Incorporate the statutory language for the blight criteria into the policy;
- The City Council approves the revised language modifying the recently approved Interest Rate Bench Mark;
- The City Finance Office provides an annual summary of all active TID to the City Council;
- The City Finance Office reviews each active TID and provides a recommendation to the City Council on the use of revenue bonds to refinance districts to reduce the interest rate;
- The applicant will identify all persons and entities that have an interest in the project;
- Add language to the disclosure requirements that the applicant is under a continuing obligation to update the disclosure in 30 days of any change; and that a publicly traded corporation is to comply with the disclosure requirements by submitting their most current annual report;
- Revise item 6 under "Process for Revising Approve Tax Increment District Project Plans" to read "may approve, amend or reject";
- The City Council adopts an ordinance establishing a public hearing notification process;
- Send certified, return receipt mailings to property owners in the district and first class mailings to property owners adjacent to the district;
- Adopt a \$1,000 application fee for each TIF request;
- Increase the imputed administrative fees for a TID with an approved project plan in the amount of \$20,000. An initial TID application that includes phases, an additional \$2,000 will be paid to the City. Subsequent amendment of a TID resulting in a phased project plan, an additional \$5,000 will be paid to the City;
- A project plan will identify the actual percentage of commercial and industrial zoned acreage in the proposed district;
- Applicant must provide written justification when the sum of the Necessary and Convenient Costs and Contingency Cost line items exceed ten percent of the total project costs;
- Require the developer to provide an itemized list of the estimated costs, including the professional fees;
- Retain the current language on affordable housing;
- The Mayor and City Council appoint a committee to address all components of the affordable housing issue;
- Approve revisions to the purpose of TIF section of the existing policy; and
- Approve language relative to allowable project costs.

A vote on the motion to approve, motion carried.

There being no further business to come before the Council, the meeting adjourned at 7:51 P.M.

CITY OF RAPID CITY

ATTEST:

Finance Office

Mayor

(SEAL)