

DELL RAPIDS CITY COUNCIL MINUTES
Monday, August 20 , 2012 at 7:30 p.m.

Mayor Fiegen called the meeting to order at 7:30 p.m. at the Dell Rapids City Council Chambers. The Pledge of Allegiance was recited and roll was taken finding the following Council Members present: Chad Andrews, Keith DeLange, Mark Downs, Vice-President Craig Lauritzen, Jim Rueckert, David Sommerfeld, President Carrie Testerman and Mayor Scott Fiegen. Absent: Todd Wiebenga (arrived at 7:34).

Staff Present: Administrator, Justin Weiland, Finance Officer, LeAnn Kerzman, and City Attorney, Dean Hammer.

Approval of Agenda: Sommerfeld moved and Testerman seconded the approval of the agenda. Motion carried unanimously.

Minutes: Lauritzen moved and Rueckert seconded to approve the minutes of the regular council meeting held on August 6, 2012. Motion carried unanimously.

Claims Approved: Kerzman stated there were two additional claims that were not on the list that was sent with the packet that need to also be paid at this time. Downs moved and Wiebenga seconded to approve the following claims as presented and the two additional as presented. Motion carried unanimously.

Argus Leader, publishing 301.01; Baumberger Vineyards, wine 240.00; Beal Distributing, malt 26,942.97; City of Sioux Falls, pool testing/appliance disposal 85.20; Concrete Materials, asphalt 2568.15; Cummins Central Power, generator service 502.07; Dakota Beverage, malt 24,195.90; DakotaCare, insurance 7026.06; DR Society for Historic Preservation, annual support 2000.00; Dells Diesel, dump truck repair 2818.49; Dells Plumbing, 2 yoke installs 165.54; GeoTek, Wyland project testing 968.00; Global Distributing, malt 142.60; Graff Roofing, comfort station roof replacement 6515.00; ICAP, June transit 2382.76; Johnson Brothers Famous Brands, liquor 5200.51; Lacey's Portable Restrooms, monthly rental 840.00; Magnuson Cleaning Services, cleaning 824.00; Midwest Alarm, loops 105.35; Republic National Distributing, liquor 8499.52; SECOG, water meter project assistance 3000.00; SD Dept of Revenue, sales tax payable 748.82; Verizon Wireless, cell phone 114.33; Vogt, Brown, Merry & Hammer, retainer 2000.00; West Whitlock Recreational Area, safety training 80.00; Xcel Energy, electricity 5891.00.

Deposit and Investment Policies: Kerzman requested the council approve a transfer of \$200,000 from invested cash to pooled cash to allow for the payment of bills while waiting for reimbursement from SRF funding. Sommerfeld moved to approve the transfer. Lauritzen seconded. Motion carried unanimously.

Resolutions and Ordinances – Second Reading of Ordinance #763 - Sewer Rate Increase: Weiland briefed the council regarding the rate increase proposed for wastewater services. Testerman moved to approve. Motion seconded by Andrews. Roll Call Vote: All voting in the affirmative. Motion passed unanimously by a vote of eight to zero.

ORDINANCE 763

**AN ORDINANCE OF THE CITY OF DELL RAPIDS, SOUTH DAKOTA, PROVIDING THAT THE REVISED ORDINANCES OF THE CITY OF DELL RAPIDS, SOUTH DAKOTA, BE AMENDED BY REVISING APPENDIX B OF THE UTILITIES RATE SCHEDULE; PROVIDING AN INCREASE TO SEWER RATES, EFFECTIVE JANUARY 1, 2012 FOR THE FEBRUARY, 2012 BILLING
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DELL RAPIDS, SOUTH DAKOTA:**

Section 1. That Section (a) of Appendix B of the Utilities Rate Schedule of the Revised Ordinances of the City of Dell Rapids, South Dakota, is hereby amended to read as follows:

- “(a) Effective January 1, 2012 for the February 2012 sewer billing, residential and commercial users are considered to be one (1) class of user and are assessed the following rates on a per user or per location basis:
- (1) Fifteen dollars and twenty eight cents (\$15.28) minimum monthly charge and four dollars and twenty two cents (\$4.22) per each one thousand (1,000) gallons of water or part thereof metered to the location per month. However, the sewer charge for residential users for the June 1, July 1, August 1, September 1, October 1 and November 1 sewer billings shall be computed based upon the average sewer usage for the preceding December 1, January 1, February 1, March 1, April 1 and May 1 sewer billings.”

Adopted this 20th day of August, 2012.

FOR THE GOVERNING BODY OF THE CITY OF DELL
RAPIDS, SOUTH DAKOTA
By /s/ Scott Fiegen, Mayor

ATTEST:

By /s/LeAnn Kerzman, Finance Officer

Second Reading of Ordinance #764 – Drinking Water Surcharge: Weiland presented the Ordinance to the council which establishes a monthly surcharge of \$3.00 to begin January 1, 2013, for the repayment of a bond for the installation of the water system improvements. The surcharge applies specifically to the \$897,000 bond and will be used solely for the repayment of the loan for a period of twenty years. Andrews moved to approve ordinance #764. Rueckert seconded. Roll Call Vote: All voting in the affirmative. Motion carried unanimously with a vote of eight to zero.

ORDINANCE NO. 764

ORDINANCE OF CITY OF DELL RAPIDS, SOUTH DAKOTA TO APPROVE A SURCHARGE APPLICABLE TO USERS OF THE DRINKING WATER SYSTEM IN ORDER TO REPAY A SURCHARGE REVENUE BOND IN THE PRINCIPAL AMOUNT OF \$897,000.

WHEREAS, the City of Dell Rapids, South Dakota (the “City”) has determined that it is necessary to make certain modifications and improvements to the City's drinking water system (the "System"); and

WHEREAS, in order to pay for a portion of the cost of such improvements, including engineering costs, legal and financing costs, and other related costs, the City Council has determined that it is necessary and advisable for the City to issue and sell the City’s Drinking Water Surcharge Revenue Bond in the amount of \$897,000 (the “Bond”), and adopted Resolution No. 2012-19 (the “Bond Resolution”) to authorize the issuance of the Bond to the South Dakota Conservancy District, acting through the Board of Water and Natural Resources (the “SDCD”), in accordance with a loan agreement to be entered into by the City and the SDCD (the “Loan Agreement”); and

WHEREAS, in order to generate revenues to pay the principal, interest and administrative surcharge on the Bond, the City has proposed to adopt a drinking water surcharge pursuant to SDCL 9-40-15 (the “Surcharge”) and to impose such charge on all users benefiting from the System.

NOW, THEREFORE, BE IT ORDAINED by the City of Dell Rapids, South Dakota as follows:

1. From and after January 1, 2013, the users of the System will be charged a Surcharge as set forth on the Exhibit A attached hereto. The City Council may, by Ordinance, adjust the amount of the Surcharge (a) if the City Council determines that federal or state assistance allows the City to reduce the principal amount of the Bond, or (b) as necessary to repay Bond principal over a period of 20 years, together with interest thereon at an interest rate of 2.50% per annum, plus an administrative expense surcharge of .50%, and maintain the debt service coverage ratio specified in the Loan Agreement.

2. The revenues collected from the Surcharge must be segregated from all other funds of the City, and are pledged to secure the Bond. Until adequate provision has been made for the debt service on the Bond, Surcharge revenues may not be used for any other purpose other than for the repayment thereof. The Bond will be payable solely from such segregated revenues, and not from the general revenues of the City, but the City may from time to time advance moneys from its general revenues to make payments on the Bond. Any moneys so advanced must be repaid from Surcharge collections within one year of the date of such advance.

3. This Ordinance will be effective on the 20th day after publication thereof, unless suspended by referendum.

Dated at City of Dell Rapids, South Dakota, this 20th day of August, 2012.

/s/ Scott Fiegen, Mayor

ATTEST:

/s/ LeAnn Kerzman, City Finance Officer

EXHIBIT A
SURCHARGE SCHEDULE
(Pursuant to Resolution No. 2012-19)

1. Imposition and Purpose of Surcharge. Pursuant to Ordinance No. 764 (the “Surcharge Ordinance”), the City of Dell Rapids, South Dakota (the “City”) does hereby establish a surcharge (the “Surcharge”) payable by each user of the Drinking water system (the “System”) in order to generate revenue to pay principal and interest on the City’s Drinking Water Surcharge Revenue Bond, Series 2012 (the “Bond”), as more fully described in the loan agreement executed in connection therewith (the “Loan Agreement”). The Surcharge will be set at a level which, assuming a 110% debt service coverage requirement as required under the Loan Agreement, will produce income at the times and in amounts sufficient to pay when due the principal of and interest on the Bond and all other payments as may be required under the Loan Agreement.

2. Series 2012 Surcharge Rate. It has been found that all users of the System will benefit from the System improvements paid for in part from the proceeds of the Bond, and that the Surcharge is found to be equitable for the services provided by such improvements. Therefore, the Surcharge will be applicable to all users of the System, current and future.

The rate to be charged to all customers served, subject to adjustment as described in the Surcharge Ordinance, will be as follows: \$3.00 per month, commencing January 1, 2013 and billable February 1, 2013.

The Surcharge will be included in each System customer’s monthly bill. Nothing contained herein requires the Surcharge be indicated on the billing, but the Surcharge segregation will be indicated on the books of the City.

3. Surcharge Bond Not to Create Constitutional Indebtedness. The charges provided herein are for the purpose of paying the Bond, which will not constitute indebtedness within the meaning of the South Dakota Constitutional Chapter XIII, Section 4.

First Reading of Ordinance #765 and Public Hearing on Request for Rezone: Weiland presented the request to rezone Lot 1 Block 1 of Blue Ridge Addition from B-1 (Central Business) to R-1 (Residential). Planning and Zoning did recommend their approval of the change. Downs moved to approve the first reading of Ordinance #765. Sommerfeld seconded. Motion carried unanimously.

Resolution #2012-20 – 15th Street Assessment Roll: Weiland presented Resolution #2012-20 which would assess the property on the south side of 15th Street and the DIG delayed assessment agreement. A concern was raised by Mark Crisp that the quality of the sidewalk is not cosmetically agreeable to assess as it currently appears. Discussion ensued and Lauritzen motioned to table the Resolution to see if a mutually acceptable agreement can be reached. Sommerfeld seconded. Motion carried unanimously.

Resolution #2012-21 – Petition for Annexation: Weiland stated that the request has been received from the Dell Rapids Development Corporation to annex Tracts 1, 5 and 8 of Lodmell’s Subdivision and Lot 9 of Kennefick’s Subdivision into city limits. Downs moved to approve the resolution. Andrews seconded. Motion carried unanimously.

RESOLUTION 2012-21

A RESOLUTION ANNEXING CERTAIN CONTIGUOUS TERRITORY TO THE CITY OF DELL RAPIDS, SOUTH DAKOTA

WHEREAS, there has been submitted to the City Council of the City of Dell Rapids, South Dakota, a written petition requesting the annexation of the hereinafter described real property to the City of Dell Rapids, South Dakota; and WHEREAS, the City has examined said petition and explored the background thereof; and the City Council, as the governing body of said City, has found that the subject property is contiguous to the City, that the petition was signed by all of the registered voters and all of the owners of the subject property, that there is no apparent opposition to such annexation; NOW THEREFORE, BE IT RESOLVED BY the City Council of the City of Dell Rapids, South Dakota, that

Tracts 1, 5 and 8 of Lodmell’s Subdivision of a part of Lot 9 of Kennefick’s Subdivision of the East Half (E ½) of Section 16, Township 104 North, Range 49 West of the 5th P.M., Minnehaha County, South Dakota according to the recorded plat thereof, subject to existing easements, covenants and rights of way of record;

be and the same is hereby annexed to the City of Dell Rapids, South Dakota, and the Mayor of the City is hereby authorized and directed to cause an accurate map of the property, together with a copy of this resolution, duly certified, to be recorded in the Office of the Register of Deeds of Minnehaha County, South Dakota.

Introduced by Alderman Downs, seconded by Alderman Andrews, and on vote eight (8) for and zero (0) against, the Mayor declared this Resolution passed and adopted.

Dated at Dell Rapids, South Dakota this 20th day of August, 2012.

ATTEST:

By: /s/

LeAnn Kerzman, Finance Officer

Visitors to be heard: None.

Public Hearing for Re-plat of Lot 1, Blue Ridge Addition: Weiland presented the request from Patrick and Nikki Harrington to replat Lot 1 Block 1 of Blue Ridge Addition into three lots of Lot 1A, 1B and 1C. Intent is to sell the property to three abutting property owners and increase their existing backyard area. Sommerfeld moved to approve the replat with the stipulation that access off of Hwy 77 will not be given. Downs seconded. Motion carried unanimously.

2013 Budget – Outside Requests: Dell Rapids Ambulance was represented by Ryan Sittig with a request of \$40,000. **Dell Rapids Chamber of Commerce** was represented by Dan Ahlers with a request of \$13,500.00. **Dell Rapids Museum** represented by a letter from Jean Rave with a request of \$2,000.00. **Haven** represented by Dan Ahlers with a request of \$6,300.00. **Dell Rapids Senior Citizens** were represented by Treasurer Dick Woolf with a request of \$2,500.00. Each group gave a recount of their progress for the past year and the council asked any questions of them that they had.

City Administrators Report – Weiland reported on the following:

- Galaxy Meter installation project is completed with the hired installers and all remaining meters will be installed by city staff. It is expected that the water loss will be minimized substantially.
- August 27 will be budget preparation meeting with the council at 7:30 p.m.
- September council meeting will be held on Tuesday, September 4th, due to the Labor Day holiday.

Claims Approved for Payment by Other Municipal Boards – Library Board Claims: Argus Leader, advertising 97.50; Baker & Taylor Books, 2 books 40.59; Book Systems, annual support 695.00; Eco Water Systems, rental 22.95; Ingram Library Services, 23 books 433.81; Micromarketing 5 books 93.69; Penworthy, 51 books 884.84; SD Library Association, conference registration 180.00.

Treasurers Report – A recap of all income and expenses, since the last meeting, were presented to the council for their review.

Executive Session pursuant to SDCL 1-25-2 for personnel: Testerman moved and Lauritzen seconded that the council enter into executive session at 8:25 p.m. for the purpose of discussion of personnel. Motion carried unanimously.

The council came out of executive session at 8:56 p.m.

Lauritzen moved to adjourn. Second by DeLange. Motion carried unanimously. Meeting adjourned at 8:56 p.m.

LeAnn Kerzman, Finance Officer