

FINAL
LEGAL AND FINANCE COMMITTEE MINUTES
Rapid City, South Dakota

November 15, 2023

A Legal and Finance Committee meeting was held at the City Administration Center in Rapid City, South Dakota, on Wednesday, November 15, 2023, at 12:30pm.

A quorum was determined with the following members answering the roll call: **Josh Biberdorf, Kevin Maher, Pat Roseland (sitting in for Bill Evans) Lindsey Seachris, and Greg Strommen. Absent: none.**

(NOTE: For sake of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents are on file with the Master Agenda.)

ADOPTION OF AGENDA

Seachris moved to adopt Agenda. Second by Biberdorf. Motion carried unanimously.

GENERAL PUBLIC COMMENT

None.

CONSENT ITEMS – Items 1-9

Public Comment opened – Items 1-9

None.

Public Comment closed

- 1) **Roseland moved to Approve [Minutes for November 1, 2023](#). Second by Seachris. Motion carried unanimously.**

FINANCE DEPARTMENT

Seachris moved to approve items 2-6. Second by Roseland. Motion carried unanimously.

- 2) Acknowledge the Following Volunteers for Worker's Compensation Purposes: Darlene Adams, Bobbie Bishop, Joyce Freeman, and Joan Mutchler (RSVP)
- 3) Ainslie provided the summary for item 3. This is a new Agreement. The Foundation has a number of individual accounts. This agreement will allow a single unified agreement instead of separate agreements for each individual accounts
[LF111523-01](#) – Authorize Mayor and Finance Director to Sign the Charitable Fund Agreement with Black Hills Area Community Foundation
- 4) Ainslie provided the summary for item 4.
[LF111523-03](#) – Approve Resolution No. 2023-084, a Resolution Levying Assessment for Abatement of Nuisances
- 5) Ainslie provided the summary for item 5.
[LF111523-04](#) – Acknowledge September 2023 Sales Tax Report
- 6) Ainslie provided the summary for item 6. The City passed a large number of resolutions 3 or 4 months ago. The second pot of monies is not grants, but loans. This is a project that the NDN Collective is looking at doing a project in North Rapid City. It's a way. Seachris clarified if the responsibility of roadway improvements is on the developer. Strommen asked if the infrastructure falls in line with regular development process. This will be submitted for approval by the City. Fisher said the component that the developer is bringing forward is for the residential component.

[LF111523-05](#) – Authorize the Mayor to Sign Resolution No. 2023-092, a Resolution in Support of NDN Collective’s Application to the SD Housing Infrastructure Financing Program for a Loan to Support the Infrastructure Needed for their Makoche Meadows Housing Project

COMMUNITY DEVELOPMENT

Biberdorf moved to approve items 7 and 8. Second by Maher. Motion carried unanimously.

7) Vicki Fisher provided the summary for item 7. This is a program brought forward every year. This identifies funding and staffing for conducting tasks. Request to approve program for 2024.

[23TP029](#) – Approve 2024 Unified Planning Work Program – Final Report

8) Vicki Fisher provided the summary for item 8. This is an agreement between the City and the DOT. The cost is split by a percentage between the two. The City’s percentage has already been figured into the 2024 budget, so this is a request to approve the agreement as it has already been budgeted for.

[23TP030](#) – Approve Agreement between the City of Rapid City and the South Dakota Department of Transportation for accomplishing the Rapid City Area Transportation Planning Process in the Amount of \$1,177,811

POLICE DEPARTMENT

Roseland moved to approve item 9. Second by Seachris. Motion carried unanimously.

9) Don Hedrick provided the summary for item 9. This is a yearly agreement for a program used by the City since 1994. It is requested to be continued in the year 2024.

[LF111523-02](#) – Authorize the Chief of Police to Sign an Agreement with the Pennington County Housing Authority

END OF CONSENT CALENDAR

NON-CONSENT ITEMS – Items 10-11

Public Comment opened – Items 10-11

None.

Public Comment closed

PUBLIC WORKS

Maher moved to approve items 10 and 11. Second by Biberdorf. Motion carried unanimously. [Items 9 and 10 to be heard at City Council Meeting on 11/20/2023].

Kristen Hasse provided the summary on items 10 and 11. She acknowledged that this is a difficult item to discuss. A handout was provided to the Council, as well as a read-ahead packet that detailed the utility rate study and how it was performed. Part of the read-ahead packet was exhibits 1 and 2, which detailed the water rates study and how the numbers were arrived upon. The primary focus area in the 2022 study was for the funding of annual operations and maintenance (O&M) and capital expenses, and secondly, growth to infrastructure, its future system demands, City growth, and new construction/repairs. Other areas of focus were for consumer classes of service, equitable and cost-based rates, outreach and communication, and written documentation. If approved, rates will go into effect on January 1st. Looking back on the 2017 study, the focus area was to build up reserves. In the 2022 study, the City looked at a balanced O&M budget, capital asset policies and procedures, and department issuance and debt management. An overall explanation of how water comes into the City water system and into our homes was given. The water received is mostly in the wintertime snowpack, Deerfield and Pactola reservoirs and aquifers, making its way into City well, Jackson Springs, or Mountain View water treatment facilities. From there, it is piped underground throughout the City, through booster stations, into reservoirs (tanks), and finally to individual taps. From the tap, water goes down the drain and into City water reclamation or sanitary sewer systems by way of several lift stations and into the water reclamation facility. This is where

water is treated and is returned to the creek. Water requires a large undertaking to wheel waters throughout the town. The age of the entire system was built in the 1960s, and Jackson Springs was built in 2013. There are maintenance requirements on Pactola and Deerfield Dams. Competitive wages are necessary for employee retention. There are 366 miles of sewer mains, 9 lift stations, 493 miles of water mains, 7 water reservoirs, 7 booster stations, and 6 wells. Other challenges beyond O&M are consultant professional support services, engineering, construction support, and trade support. Support is also provided to City staff with interdepartmental charges. Maintenance and the equipment therein do take up the bulk of the costs. There is job certifications and testing. Continuing education events are necessary, which include industry standard memberships. Director Ainslie discussed debt management of the rate proposal and the need for sufficient funding for the South Dakota SRF program. If the City utilized low-interest loan programs, it would allow for a lower more stable utility rates while large-scale capital improvement projects are being completed. Loans would be paid through utility user fees, and not from the general, capital improvement, or vision funds. The City has used SRF loans in the past. Director Tech gave proposed rate schedule for the next 5 years. It is in everyone's best interest to do a five-year rate study. The graph illustrated allocated funding. Though it looks like a huge increase in debt service contributions, it is short term. There would be a 10% annual increase water and a 12% increase in water rec. for the next five years. There hasn't been an adjustment since January 2022. There are plans to change utility billing to make it more intuitive to Rapid City residents, and there are also programs for 65+ and disabled individuals. Seachris asked of Tech to explain the lack of increase in the last 5 years and how that effects the proposed 2024 increase and if there is a maximum percentage that costs may be raised. Tech explained that now that the reserve has been met, the next concern is O&M. The purpose of 10% per year increase is to keep rates steady in order to keep the City in a good spot to create quality service. Maher asked about the projection of growth and water need, as well as if there is an effort to conserve water. Tech explained that the nationwide trend is that people are using less water than 20 years ago. People are more conscientious about the value of water than they were 20 years ago. As opposed to the 2008 study where water got less expensive the more it was used, now, water gets more expensive the more it is used.

- 10) [PW111423-12](#) – Approve Resolution No. 2023-093, a Resolution to Amend Rates to be Charged in 2024 through 2028 for Water and Water Reclamation Utilities.
- 11) [PW111423-11](#) – Introduction and First Reading of Ordinance No. 6596, an Ordinance to Revise the Rates Charged by the City's Water Utility by Amending Section 13.08.400 of the Rapid City Municipal Code.

ALDERMAN ITEMS

None.

ADJOURN

There being no further business to come before the Committee at this time, motion was made by Maher, second by Biberdorf and carried to adjourn the meeting at 1:23 pm.