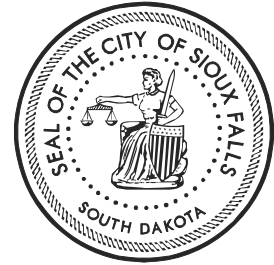


MINUTES

May 16, 2007



Fiscal Committee

4:00 p.m.
Carnegie Town Hall
235 W. 10th Street

Members Present: Committee Chair - Vernon Brown, Kevin Kavanaugh, J. Pat Costello
Members Absent: Gerald Beninga
Staff Present: Debra Owen, City Clerk and Denise D. Tucker, Assistant City Clerk
Guests: Blair Metzger, DGR Engineers; Michael Burkard, Light Superintendent; Trent Lubbers, Wastewater Superintendent; Brad Vostad, Public Works Fiscal Services Coordinator; Galynn Huber, Street/Utilities Manager; Randy Janssen, Water Superintendent; Mark Perry, Public Works Engineering; Jeff Dunn, Public Works Engineering; Shannon Ausen, Public Works Engineering; Chad Huwe, Public Works Engineering; Steve Burian, AE2S; Mark Cotter, Director of Public Works; Jason Chan, Landfill Superintendent; Fred Doran, R.W. Beck; Tom Huber, Assistant Director of Finance; Duane Hatch, Finance; Eugene Rowenhorst, Director of Finance; Kevin Smith, Assistant Director of Public Works.

1. Call To Order

- The meeting was called to order by Committee Chair Vernon Brown.

2. Approval of Minutes

- A motion was made by Committee Member Costello and was seconded by Committee Member Kavanaugh to approve the May 7, 2007 minutes. Committee Chair Brown called for a voice vote on the motion. All committee members voted yes.

3. Reports and Updates

- Lewis and Clark Bond Update
Eugene Rowenhorst, Finance Director
 - Mr. Rowenhorst stated that they are going to get \$70 million on May 22, 2007, when the bond is actually settled. Of which, \$40 million will be invested in a repurchase agreement while the money is being drawn down by Lewis & Clark.
 - He said per agreement we are to deliver \$20.5 million on May 1, 2008, and \$23.8 million on May 1, 2009. Mr. Rowenhorst said there is verbiage that states we can draw that money anytime. In doing that we would have to set up a repurchase agreement that he can pull that money anytime to coincide with the Lewis & Clark agreement. He asked their consultant to bid the repurchase agreement and to see how much that flexibility is costing. The consultant indicated it's costing 15 to 20 bases points. Mr. Rowenhorst said we could get 15 to 20 bases points if we could get fixed on those dates. He contacted Troy Jones at Lewis & Clark to discuss more specificity to due dates when money could go out.
 - Mr. Rowenhorst said the agreement will be changed so that Lewis & Clark will not draw down the draw before February 2008. He said they will try to do something like that for the second year. He said 20 bases points the first year is worth \$80,000 and \$40,000 the second year.

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- The Lewis & Clark Board will meet on May 31, 2007, and the money will be invested on June 1, 2007. Mr. Rowenhorst said the money will be placed into a money market account and noted that they are taking a risk by waiting to invest. Discussion followed.
- Rate/fee increases for the 2008 Budget
 - Public Works
 - Mark Cotter, Director of Public Works, kicked off the discussion on the 2008 Rate Adjustments. He explained that the rate adjustments were broken down into the Enterprise Fund Rate Adjustments, which include: Light and Power (Customer Rates and Light Installation Fees), Sanitary Landfill (tipping fees), Water Purification (Customer Rates), and Water Reclamation (Customer Rates); and General Fund Fee Adjustments, which include: Engineering Department (Plan Review Fees and Right-of-Way Vacation Fees), and Street Department (Street Frontage Fee and Water Tapping Fees).
 - Blair Metzger, DGR, spoke on the rate analysis for Light and Power. The 2006 rate increase for Light and Power has been in place for six months. To date, the average revenue is slightly greater than the estimated 9%; however, the peak season is yet to come. An ice storm in Nebraska, continued drought in the western United States, and replacement of the Elm Street transformer are among several items that affect the 2008 rate adjustment.
 - Estimated future rate increases for Light and Power are: 16% for 2008; and 5% for 2009.
 - Average change by rate class for 2008 rates: Residential with an existing average monthly bill of \$41.76, increase of 8.6 %, for an average monthly increase of \$3.31; Small commercial with a bill of \$168.55, increase of 17.9%, for an increase of \$30.18; Large commercial (good load factor) with a bill of \$1,301.50, increase of 13%, for an increase of \$180.42; and Large commercial (average load factor) with a bill of \$350.16, increase of 28%, for an increase of \$92.50. Discussion followed.
 - Mike Burkard, Light Superintendent, led the discussion on fee modifications. Street light installation (residential, per pole) will increase from the 2006 price of \$200.00, to the 2007 price of \$225.00. Street lighting assessments (residential zoning, per foot) will increase from the 2006 price of \$1.70, to the 2007 price of \$3.30. Discussion followed.
 - Fred Doran, R.W. Beck, spoke on the Sanitary Landfill tipping fees. The recommendations for January 1, 2008, are: MSW fee, \$30 per ton (22.4% increase); C & D fee, \$28.00 per ton (24.4%); Car flat fee, \$8.00 per customer (6.7%); Truck flat fee, \$16.00 per customer (6.7%); Truck/trailer flat fee, \$32 per customer (6.7%); Tires, \$135.00 per ton (8.0%); Contaminated Soil, \$15 per ton (20.0%); Asbestos, \$15 per ton (11.1%); Yard waste, \$10 per ton (21.2%); and Trailer house, \$7 per cy (7.7%). Discussion followed.
 - Impact on residential collection rates for 2008: average Sioux Falls residential garbage bill \$20.00; 30.0% attributable to tipping fee (percentage and charges vary by garbage hauler); \$6.00 attributable to the tipping fee; \$1.34 for the 22.0% tipping fee increase; garbage bill after increase is \$21.34.
 - Steve Burian, AE2S, spoke on both the Water Purification and Water Reclamation rate analysis. Recommended 2008 Water Rate Adjustments: Residential (5/8") meter, adjustment of 13.5%, from \$1.50 (2007) to \$1.71 (2008); Residential Flow Tier 1, adjustment of 13.5%, from \$1.72 (2007) to \$1.96 (2008); Commercial (5/8") meter, adjustment of 18%, from \$5.76 (2007) to \$6.79 (2008); Commercial Flow Tier 1, adjustment of 18%, from \$1.43 (2007) to \$1.69 (2008); Ind. Meter Charge, adjustment 16%, from \$636.52 (2007) to \$738.36 (2008); Ind. Flow Tier 1, adjustment of 16%, from \$0.94 (2007) to \$1.09 (2008); and Lincoln County, adjustment of 10%, from \$0.98 (2007) to \$1.08 (2008). Discussion followed.
 - Recommended 2008 Water Reclamation Rate Adjustments: Residential, 19%; Commercial, 24%; Domestic Industrial, 24%; High Strength Industrial (meter and flow), 24%; High Strength Industrial Strength, 20%; Renner Sanitary District, 26%; Prairie Meadows Sanitary District, 24%; City of Brandon, 0% (contract allows for adjustments every two years). Impact on residents with a monthly consumption of 7,500 gallons, a

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(2007) monthly charge of \$16.74; (2008) monthly increase with an 19% adjustment for \$3.18; a \$19.92 monthly charge for 2008. Discussion followed.

- Chad Huwe, City Engineer, led the discussion on Right-of-Way Vacation Fees and Subdivision Plan Review Fees. Right-of-Way Vacation Fees are currently \$75.00 per application. An increase to \$250.00 is being proposed. Discussion followed.
- Subdivision Plan Review Fees being proposed are: \$225.00 for preliminary plans, which will remain the same from the current fee; \$300.00 plus \$10 per lot for final plans, an increase over the current fee of \$0; and \$100.00 for Construction plan review, an increase over the current fee of \$0. Discussion followed.
- Galynn Huber, Street/Utilities Manager, led the Street Department discussion. The Street Maintenance Fee will increase from \$0.80 to \$0.90. Discussion followed.
- Utility Maintenance Fee Modifications – as shown on the attached chart. Discussion followed.



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- Mr. Cotter said some fees they will ask to implement now and some in 2008. Rate Adjustments to be effective January 1, 2008, are: Light and Power, Customer Rates; Sanitary Landfill, Tipping fees; Water Purification, Customer Rates; Water Reclamation, Customer Rates; and Street Department, Street Frontage Fee.
- Rate Adjustments to be effective July 12, 2007, are: Light and Power, Light Installation fees; Engineering Department, Plan Review fees and Right-of-Way Vacation fees; Street Department, Water Tapping fees. Discussion followed.
- Mr. Cotter said he and Kevin Smith, Assistant Director of Public Works, will come to the May 21, 2007, Informational Meeting to give the presentation. He said they would condense it down to the highlights. Discussion followed.

4. Open Discussion

- There was none.

5. Adjournment at 5:35 p.m.

- A motion was made by Committee Member Costello and seconded by Committee Member Kavanaugh. Committee Chair Brown called for a voice vote on the motion. All Committee Members voted yes.

Denise D. Tucker
Assistant City Clerk