

AGENDA

Tuesday, September 3, 2013

Fiscal Committee

\*\*\*4:30 PM

Carnegie

Town Hall

235 West

10th Street

\*\*\*Committee Meeting will start immediately following the adjournment of the 4:00 p.m. Informational Meeting. The meeting will take place in the Carnegie Chambers.

1. Call To Order

2. Approval of Minutes

A. Meeting held on Tuesday, July 2, 2013

3. Reports and Updates

A. TIF 17 Presentation by Brent O Neil, Community Development Manager

4. Open Discussion

5. Adjournment

Date: 2013-09-03  
SIRE Meeting ID: 1986  
Meeting Type: Committee Meeting  
Subtype: Fiscal Committee  
YouTube:<https://youtu.be/E5GLq8Esbec>  
Agenda Item: Not Assigned  
Item ID: 68720

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These minutes are considered a draft until approval at the next meeting.

# MINUTES

Tuesday, July 2, 2013

**Fiscal Committee**

4:48 PM  
Carnegie Town Hall  
235 West 10<sup>th</sup> Street



**Members Present:** Council Member Dean Karsky, Council Member James Entenman, Council Member Greg Jamison, Council Member Sue Aguilar

**Members Absent:** None

**Staff Present:** Lorie Hogstad, CMC, City Clerk; Jim David, Legislative/Operations Manager; Dave Bixler, Budget Analyst

**Guests:** Rex Rolfing

## 1. Call To Order

Committee Chair Sue Aguilar called the meeting to order at 4:48 p.m.

## 2. Approval of Minutes

### A Meeting held on Tuesday, April 2, 2013

A motion was made by Dean Karsky and seconded by James Entenman to approve the Minutes of the meeting held on Tuesday, April 2, 2013.

Aguilar called for a voice vote on that motion and all members voted yes.

**Motion Passed.**

## 3. Reports and Updates

### A Bond Funding by Mark Cotter, Director of Public Works

Lewis & Clark

Flood Plain

Mark Cotter, Public Works Director, led the discussion on these two items. Also in attendance were team members Tracy Turbak, Finance Director; Dean Borchardt, Business Operations Manager; Trent Lubbers, Utilities Operation Administrator; Chad Huwe, City Engineer; Tom Berkland, Principal Engineer; and Troy Larson,

Executive Director of the Lewis & Clark Regional Water System.

The presentation began with flood control. Cotter stated the first phase of the three phases of planned improvements began in 2000. The Federal government identified levees that needed to be raised, based on statistical flows, primarily south of Skunk Creek raising those levees about five feet. The City raised and reconstructed the 41st Street bridge. Improvements were also made to the spillway and the diversion channel. A \$2 to \$3M project was occurring year after year.

Cotter said that after Hurricane Katrina, the Federal government required FEMA to update all flood maps throughout the country. When the City's map was updated, this generated the desire to accelerate the project as many areas were in the flood plain due to the new mandate. During discussions, it was determined that if the City advance-funded the project, the Federal government would pay the City back. In 2009 the City adopted an ordinance to authorize the issuance of \$38M worth of debt, although \$31.5M was ultimately issued.

The City has advance-funded not only the City's share, but a portion of the Federal government's share. The amount of money advanced back to the year 2000 is an estimate and not yet audited. The project limit cost is \$65 million. The City's total estimated expenditure to complete the project is \$27.5M which includes not only the City's share, but what the City has advanced to the Federal government. The City's share is 25 percent; the Federal government share is 75 percent. The State of South Dakota has agreed to split the 25 percent share with the City with each the City and State paying 12.5 percent. With the total project at \$65M and calculating the City's advance minus the contribution, the 25 percent is \$16.25M. The balance extended to the Federal government would have an overage of \$10.7M. If we were to reconcile the project, the Federal government would owe the City \$10.7M.

The Corps of Engineers is wrapping up substantial projects. They recently brought in another assessment team and have flagged some additional structures that need work. The expectation is to complete the City project, including these final structures, by March 2014. The City hopes to have a certification of all work that is done by April 2014 and all documents for improvements submitted to FEMA by May 2014. Once all documentation and data is submitted to FEMA, they have a minimum of a 24-month review period before new updated maps will come back to the Council. Cotter added that these are projected time frames.

Discussion and questions followed. Berkland responded to questions as well as Cotter.

Councilor Entenman left the meeting at 5:03 p.m.

Cotter spoke next on Lewis & Clark. The City of Sioux Falls is one of 20

members. Sioux Falls received water in 2012 as the commitment agreements state. The City's cost for 28M gallons, irrespective of some details on interim true-up and costs of future wells, was for an issuance of a \$70M bond with about \$64M of that as prepayment for our water. In the coming years, when the City calls for additional wells to be built, there may be a portion of funding the City may be required to pay for additional funds. The additional wells are not expected until approximately 2022.

When Lewis & Clark originally formed, the City of Sioux Falls asked for 10M gallons of water. One of the entities backed out and available capacity came up by 1M gallons. A study was done in 2004 which updated the City's population projections and the City then needed more water from Lewis & Clark, if available, and asked for an additional 17M gallons of water for a total of 28M gallons. The prepaid proceeds of \$64M do provide us that 28M gallons irrespective of the additional wells. The City has agreements that address how these additional wells will be paid for. The City did not advance any portion of the Federal share. The bonds are set up as a 30-year note in terms with interest only payable for the first six years and now in year seven will pay both principal and interest.

Discussion and questions followed. Cotter responded to questions.

#### **4. Open Discussion**

Jamison stated the Fiscal Committee had talked about the Costco TIF project during a previous Informational Meeting. He suggested that the Fiscal Committee review that TIF. He would like this item placed on an upcoming meeting agenda. Aguilar asked Dave Bixler to take care of this.

Jamison talked about the FEMA money and the ice storm event. He suggests getting that money back from FEMA and reapplying it to an expense that the City has because of FEMA. Otherwise if this money goes to the General Fund, the City Council will have to write an ordinance to transfer the funds.

Aguilar received the question asking how the City Council dealt with this before with FEMA funds or if the funds were used to replenish. She does not recall the Council taking any action with funds received for the sewer disaster.

Cotter responded that the way the sewer project was handled is similar to the ice storm. The sewer project cost about \$1.5M to bring contractors in and make that repair. Through auditing of what was eligible, the City received a check from FEMA for about \$900,000. This payment went into the Water Reclamation fund. Enterprise funds are unappropriated funds. The Street Department has an annual budget of \$14M and since the sewer project happened early in the year, there were appropriations available. Public Works used the appropriation that the Council authorized, but knew a supplement would be needed to reconcile those dollars.

In the case of the 2013 ice storm, the money in the City's cash reserves has gone down. The City is working closely with FEMA to reconcile actuals and estimates. FEMA will send the State a check as to what qualifies and the State will write the City a check. This payment goes into the Reserve Account. The Council's role could authorize to do something with these reserve dollars. Cotter recommends restoring the Reserve Account. He is not aware that the Council has a role in appropriating any of these funds.

Turbak agreed with Cotter's explanation regarding the receipt of the FEMA monies. The Council has taken action to appropriate the reserve dollars to replenish the budget for the Street Department. That would be all in terms of Council action unless the Council chooses to utilize those dollars for something else. At end of the year this will be part of the money that is left which represents the City's reserve funds.

## **5. Adjournment**

A motion was made by Greg Jamison and seconded by Dean Karsky to adjourn the meeting at 5:20 p.m.

Aguilar called for a voice vote on that motion and all members voted yes.

**Motion Passed.**

Lorie Hogstad, CMC  
City Clerk