

City of Alcester
Public Hearing Minutes
December 3rd, 2024

Council President Reppe called the meeting to order at 6:00 PM.

Council members present: Kendra Hatle and Kerry Hedden

Others Present: Finance Officer David Hodgson, Tanya Miller – Banner Associates, Harley Ferguson – SECOG, Lisa Hodgson, Ellen Johnson, Lonnie Johnson, David Larsen, Kristi Burke, Tom VanRooyen, and Richard Akland

Pledge of Allegiance was recited.

K Hatle moved and K Hedden seconded to approve the agenda as presented. Motion carried. All aye.

D Reppe introduced Tanya Miller from Banner Associates. Tanya gave the background on the Alcester Water Facility Plan originally done in the early 2000's. This year the City completed a Water System Facility Plan Amendment evaluating the future needs of the water system, and its age and condition. A significant portion of the water distribution system is 4-inch cast iron pipe installed in the 1920's. This pipe is at the end of its useful life and is undersized by current design standards which require a minimum of 6-inch diameter pipe. The water tower needs a new interior and exterior coating applied. It also needs a new interior ladder, a safety climb system, and minor metal repairs to platforms and hatches. Based on the amendment completed Banner is recommending the following improvements to be done in multiple phases with phase 1 being split into phase 1A and 1B. Phase 1A would consist of replacing the cast iron water main underneath Ofstad Street in conjunction with the sanitary sewer replacement as well as replacement of the water main in the ally 1 block West of Highway 11 from 1st Street to 3rd Street, and also would include repairs and interior & exterior coating to the City water tower. Banner's opinion of probable costs for Phase 1A is a total of \$2,230,600.00. This breaks down to the following: construction - \$1,892,300.00, engineering - \$270,300.00, geotechnical - \$34,000.00, and admin & legal - \$34,000.00. Phase 1B would consist of water main replacement from the water tower South to 4th Street and West to Ofstad as well as water main replacement on 1st Street from Highway 11 West Ofstad.

The City will be applying for State Revolving Funds for the Phase 1A portion of the project through DANR (Department of Agriculture and Natural Resources). Harley Ferguson from SECOG (Southeastern Council of Governments) then informed the room that unfortunately the results of the recently done survey showed that the City does not qualify for any grant funding as the low to moderate income threshold required was not met. As such the City would have a 30 year loan at a 3.75% interest rate requiring a water surcharge for repayment of the loan. The required surcharge would be \$26.66 per 5,000 gallons of water used or \$5.33 per 1,000 gallons. This would bring the total water rate for 5,000 gallons of use to \$80.41 per month. This application is due January 1st, 2025 with funding determination announced in March 2025 and if approved it is estimated construction completion for phase 1A to be completed by June 2027. The water tower repairs and water main replacement would be bid separately under phase 1A.

Several questions were then raised regarding the low to moderate income survey's and if the City could redo this in the future to try and become eligible for grant funding for the project. This could be redone in another six months. Discussion was held on how best to do this with the option of a door-to-door survey done. The current survey had an approximate 25% return rate which considering the fast timing of it being done was better than expected. Tom VanRooyen mentions that the City rates when compared to other places he has lived are "very decent" and is it possible to educate the citizens better by comparing Alcester rates to equivalent sized communities across the state. Finance Officer Hodgson mentioned that of the phase 1A planned improvements his discussion with Public Works Superintendent Johnson it is felt that the water tower is the highest priority to maintain the integrity of the tower for the future. He also mentioned at this time that in 2027 a new water purchase contract is due to be renewed with South Lincoln Rural Water and there will be a significant reconnection fee on that contract estimated between \$250,000 to \$500,000 for 20-year contract and this is along with a purchase rate increase from SLRW in 2025 from \$3.90 to \$4.35 per 1,000 gallons purchased.

The question on whether the City could use any general funds to offset the surcharges was asked, it was explained that laws govern Water and Sewer as Enterprise Funds and General Funds, so Water and Sewer revenue is setup as such that they fund themselves and General Funds can't be utilized to offset expenses for this except in emergency cases.

K Hatle then thanked the public for their attendance, input, and questions. She encouraged those in attendance to assist the City in educating the public at large. Being no further public input presented K Hedden moved and K Hatle seconded to adjourn the Public Hearing. Motion carried. Unanimous. D Reppe declared the hearing adjourned at 6:37pm.

CITY OF ALCESTER, SOUTH DAKOTA

_____/s/_____
Darla Reppe, Council President

ATTEST:

_____/s/_____
David Hodgson, Finance Officer