

**CITY OF CUSTER CITY
COUNCIL PROCEEDINGS- REGULAR SESSION
SEPTEMBER 27, 2007**

Mayor Harold D. Stickney called to order the second regular meeting of the Common Council for the month of September, 2007 at 5:30 p.m. Present at roll call were Councilpersons Murphey, Pischke, Starr, Schleining, and Lynn Moran, Assistant City Attorney. The Pledge of Allegiance was stated.

AGENDA

Councilperson Schleining moved to approve the agenda. Seconded by Councilperson Pischke, the motion unanimously carried.

MINUTES

Councilperson Schleining moved, with a second by Councilperson Pischke, to approve the minutes from the September 4th, 2007 Regular meeting. The motion carried.

CONFLICTS OF INTEREST

No direct conflicts were stated.

DEPARTMENT HEAD DISCUSSION

Bob Morrison, Public Works Director, discussed the Street Project with paving starting about next Tuesday weather permitting. They've been hauling in for their batch plant yesterday and today.

Bob also mentioned that the equipment for the EMS Grant for the Water Security System is coming shortly. There is a lot of room built in for growth and it will even be able to text message the crew's phones.

Councilperson Schleining wondered about the brown water which Bob stated that the iron has been precipitating and it maybe from Well #15. The guys have been flushing the lines to try to drive it out.

Councilperson Pischke wondered about the pavers doing driveways. Bob stated they have been contacted but so far they have not decided if they will be able to or not. Bob has been looking at the old rubble pile for possible future use. Bob will also be contacting the Supervisor for Bituminous tomorrow and see if anything can be coordinated.

Rex Harris, Community Development Director, discussed the clean up of old abandoned vehicles which there were 20 to 25 letters sent with only about six or seven not responding in some way. The six or seven will have to be towed so we are taking quotes on that cost.

Other various items are contractors cleaning up trash; changes to the fee structure such as building permits, subdivisions, variances, etc.; the Liquor Store remodel/expansion with information coming at the next meeting; and DOT deciding that millings from the 5th Street project are no longer a give away, they will be charging approximately \$3 per ton; so that will be an extra \$15 to \$20,000 for the Washington Street Project.

SECOND READING – ORDINANCE #643 – 2008 APPROPRIATIONS

The 2008 Budget was presented including all projects previously discussed. Councilperson Pischke moved to approve the second reading of Ordinance #643 - 2008 Appropriations. Seconded by Councilperson Schleining, the motion unanimously carried with Starr, Pischke, Murphey, and Schleining voting yes.

BID AWARD – STREET SWEEPER

Bob discussed the bid received from Environmental Equipment & Services with a proposed base bid of \$212,790. With trade-in of \$25,000 for the old sweeper, the price is \$187,790. The optional equipment list included a variety of items but we did not request the stainless steel hopper. Bob stated we would see about a used sweeper through federal surplus to use on our own chip/seal projects. Councilperson Starr moved to approve the bid received from Environmental Equipment Services with trade-in. Seconded by Councilperson Pischke, the motion unanimously carried.

CUSTER STAMPEDE COMMITTEE REQUEST

The Custer Stampede Committee submitted a request for use of Way Park from September 27th through October 1st; permission to set up a tent; and to use traffic cones to block 4th Street from Mt. Rushmore Road to the alleyway. Councilperson Starr moved to approve the requests. Seconded by Councilperson Murphey, the motion unanimously carried.

CUSTER SCHOOL – PARADE PERMIT

Lisa Pingrey, CHS Student Council Advisor, submitted a parade permit request for September 21st at 2:10 p.m. The Council took no action since the event is already past.

RESOLUTION #09-27-07A - ANNEXATION – MARTIN PROPERTY

Rex, along with the Planning Commission's recommendation for approval, stated this annexation of the Martin property is the proposed site for Pamida. Councilperson Murphey moved to adopt this Resolution. Seconded by Councilperson Schleining, the motion unanimously carried.

RESOLUTION NO. 09-27-2007A
RESOLUTION ANNEXING REAL PROPERTY

WHEREAS, Jennial K Martin has submitted a Petition for Annexation to the City Council pursuant to South Dakota Codified Law 9-4-1; and

WHEREAS, said petitioner constitute not less than three-fourths of the registered voters and by the owners of not less than three-fourths of the value of such territory sought to be annexed to the City of Custer City; and

WHEREAS, said property is contiguous to the boundary of the City of Custer City; and

WHEREAS, by virtue of said petition for annexation, said owners are agreeing to be subject to all of the rules, regulations, and ordinances of the City of Custer City; and

WHEREAS, annexation of the hereinafter described real property is in the best interest of the City of Custer, now therefore

BE IT HEREBY RESOLVED that the following described real property:

Lots 1, 2, and 3 of SE1/4 NE1/4 and the E1/2 SE1/4 SE1/4 less Lot H-1 and H-2, Section 27, T3S, R4E, BHM, Custer County, South Dakota, is contiguous to the existent municipal boundaries is hereby annexed to the City of Custer City and hereafter located within the corporate limits of the City of Custer City

Dated at Custer City, Custer County, South Dakota, this 27th day of September 2007.

CITY OF CUSTER CITY

s/Harold D. Stickney, Mayor

RESOLUTION #09-27-07B - ANNEXATION US FOREST SERVICE

Rex, along with the Planning Commission's recommendation for approval, stated this annexation of the Forest Service property is to include the Supervisor's Office which is already serviced by the City, control the new development, and to have the Cemetery within the City's boundaries. Councilperson Murphey moved to adopt Resolution #09-27-07B. Seconded by Councilperson Pischke, the motion unanimously carried.

RESOLUTION 09-27-07B

RESOLUTION ANNEXING THE WITHIN DESCRIBED TERRITORY

WHEREAS, the City Council of the City of Custer City has conducted a study pursuant to SDCL 9-4-4.1 to determine the need for annexing the within described territory contiguous to the City of Custer City, identifying the resources necessary to extend the municipal boundaries, and to determine and identify the territory, which study includes a document entitled "Northwest Forest Service and Cemetery Area Annexation Study," filed in the office of the City Finance Officer; and,

WHEREAS said study recommends that certain territory described therein, and legally described in this resolution, be annexed to and included within the boundaries of the City of Custer City,

WHEREAS the City Council of the City of Custer City conducted four public hearing at the City Hall, 622 Crook Street, Custer, South Dakota on the 4th day of September 2007 and adopted a Resolution entitled, "A Resolution Declaring Intent to Extend the Boundaries of the City of Custer City by Annexing the Within Described Territory" on the 4th day of September 2007; and,

WHEREAS the City Council of the City of Custer City held a public hearing to consider the adoption of this Resolution of Annexation at the City Hall, 622 Crook Street, Custer, South Dakota on the 27th day of September 2007.

NOW, THEREFORE, BE IT RESOLVED by the City of Custer City that the City Council of the City of Custer City finds as follows:

1. That the territory to be annexed generally consists of 167.90 acres and includes lands in Sections 23 and 26 of Township Three (3) South, Range Four (4) East, Black Hills Meridian, Custer County, South Dakota.
2. That ample and suitable resources exist to accommodate the orderly growth and development of said territory and that municipal utilities and a major street network are, and have been, considered in terms of the proposed boundary extension.
3. That the following is the timetable upon which municipal service will be extended into said territory:

TIMETABLE

A. **GENERAL SERVICES.** All services provided by the City, except as set forth below, will be provided to the annexed area on the same basis such services are provided to the rest of the City upon annexation.

B. **POLICE.** All services provided by the Custer County Sheriff Department will be extended to the annexed area upon annexation on the same basis such services are provided to the rest of the City.

C. **FIRE.** All services provided by the Custer Volunteer Fire Department will be extended to the annexed area upon annexation on the same basis such services are provided to the rest of the City.

D. **WATER SERVICE.** Water service, substantially equivalent in standard and scope to such service provided to the rest of the City, will be made available to the annexed area upon annexation, on the following basis:

1. **Acceptance of additions.** The City will accept into its system for operation and maintenance additional water service facilities constructed in accordance with City standards. Additions may be constructed by

developers as future development takes place, by private parties constructing such additions after notice to the City and in compliance with City standards, or by the City under a resolution of necessity therefore;

2. Construction of additions by the City. The City shall, within thirty (30) days after receipt by the Finance Officer of a written request therefore signed by one or more owners of land located in the annexed area, undertake all such proceedings authorized by SDCL 9-47 as may be necessary and appropriate to permit:

- (a) the construction of such water lines as may be necessary and appropriate to serve such land; and

- (b) the cost of the construction of such water main lines to the lot line shall be paid by the City without assessment to the property owners as follows:

The City shall conduct all proceedings necessary for the construction of the facilities within six (6) months from the date of receipt of written request; such improvements shall be constructed within two (2) years of receipt of the written request for services unless delayed by legal challenge. The written request need be in no particular form but need merely convey in good faith the nature of the request, the description of the land to be served, and the name of the person making the request.

Nothing in the foregoing shall be construed as obligating the City to accept for operation or maintenance any water line extending from individual properties to the City system. Such individual service lines shall, as elsewhere in the City, be the responsibility of the owner of such individual property.

E. SEWER SERVICE. Sewer service, substantially equivalent in standard and scope to such service provided to the rest of the City, will be made available to the annexed area upon annexation on the following basis:

- (1) Acceptance of Additions. The City will accept into its system for operation and maintenance such additional sewer lines constructed in accordance with City standards. Such additions may be constructed by developers as further development takes place, by private parties constructing such additions after notice to the City and in compliance with City standards, or by the City under a resolution of necessity therefore;

- (2) Construction of additions by the City. The City shall, within thirty (30) days after receipt by the Finance Officer of a written request therefore signed by one or more owners of land located in the annexed area, undertake all such proceedings authorized by SDCL 9-48 as may be necessary and appropriate to permit:

- (a) the construction of such sewer lines as may be necessary and appropriate to serve such land; and

- (b) the cost of the construction of such sewer main lines to the lot line shall be paid by the City without assessment to the property owners as follows:

The City shall conduct all proceedings necessary for the construction of the facilities within six (6) months from the date of receipt of written request; such improvements shall be constructed within two (2) years of receipt of the written request for services unless delayed by legal challenge. The written request need be in no particular form but need merely convey in good faith the nature of the request, the description of the land to be served, and the name of the person making the request.

Nothing in the foregoing shall be construed as obligating the City to accept for operation or maintenance any sewer line extending from individual properties to the City system. Such individual service lines shall, as elsewhere in the City, be the responsibility of the owner of such individual property.

D. STREETS. Street maintenance, sweeping, snow removal and roadside mowing shall be provided for existing public streets within the annexed area on the same basis as such services are provided to the rest of the City upon annexation.

Traffic signs, controls, and markings in the annexed area will be maintained upon annexation. Additional traffic control will be provided as needed and on the same basis as provided to the rest of the City from the time of annexation.

Street lighting presently existing in the annexed area and which becomes the responsibility of the City will be continued upon annexation. Additional street lighting in accordance with criteria generally employed through the City and with due consideration for the wishes of the residents will be provided within ninety (90) days after the streets to be lighted are paved; no lighting is expected to be provided on unpaved streets.

The City will accept for operation and maintenance as additions to the City street system such public streets constructed hereafter as are constructed to City standard and dedicated to the public, and accepted by the City.

E. SOLID WASTE COLLECTION AND DISPOSAL. Within 30 days of written receipt requesting service, solid waste collection and disposal will be provided on the same basis and at the rates provided by ordinance to all

residential structures within the Annexation area. (Solid waste collection services provided by the City are limited to residential structures.)

Use of the City Landfill will be available to residents of the annexed area upon annexation on the same basis such use is made available to the rest of the City.

F. PARKS AND RECREATION. All services provided by the Parks Division shall be made available to the residents of the annexed territory on the same basis such services are provided to the rest of the City upon annexation.

That the approximate costs of the extended service to the residents of the said territory and to the City are as follows:

APPROXIMATE COSTS

A. GENERAL SERVICES. All services as set forth in Paragraph A of the Timetable may be provided to the annexed area without discernible additional cost to the residents of the annexed area or to the City of Custer City; provided, however, that the use of services requiring the payment of fees shall be provided in return for payment of such fees in accordance with the applicable ordinances and regulations.

B. WATER. The City's water system is operated on an enterprise fund basis, i.e., the revenue produced from water service charges are used to provide water supply and to maintain the system. The cost, not including costs to be assessed as set forth below, to the residents of the annexed area and other water users for water supply and system maintenance would be the monthly water service charges prescribed by ordinance for users of the system. The cost to the City for any given period is necessarily speculative but in the long run would be roughly equivalent to the revenue generated from water service charges. Revenues and expenditures associated with the annexed area would not be separated from the enterprise fund for the entire system.

Costs for constructing additions to the City's water system will be as set forth in Section 3.B.2.b, or will be paid by the developer or other persons constructing such additions.

Connection charges to the existing water and sewer system will be on the same basis as such services provided to the rest of the City.

Water Service Fees	
New account charge for accounts within the city limits:	\$10.00.
Deposit:	
Residential – Owner Occupied	\$50.00
Residential – Rental	\$100.00
Commercial	\$100.00
Operation and Maintenance – Residential.	
Gallons Used	Water Charge
2,000 (minimum)	\$ 6.30
3,000	10.35
4,000	14.35
5,000	18.35
6,000	22.35
7,000	26.35
8,000	30.35
9,000	34.35
10,000	38.35

On amounts of water used over ten thousand (10,000) gallons, add four dollars a (\$4.00) per thousand gallons used to the water charge.

Operation and Maintenance—Commercial and Multifamily.	
Gallons Used	Water Charge
2,000 (minimum)	\$15.35
3,000	20.25
4,000	25.15
5,000	30.05
6,000	34.95
7,000	39.85
8,000	44.75
9,000	49.65
10,000	54.55

On amounts of water used over ten thousand (10,000) gallons, add four dollars and ninety cents (\$4.90) per thousand gallons used to the water charge.

Bond Redemption - Miscellaneous.

The following surcharge is imposed pursuant to SDCL 9-40-15 to pay, redeem and discharge the 2001 USDA Rural Development Loan in the amount of \$170,000.

Residential (Single Family), Commercial, and Multi Family.

Gallons Used	Fee Charged
2,000 (minimum)	\$.10
3,000	\$.50
4,000	\$.90
5,000	\$1.30
6,000	\$1.70
7,000	\$2.10
8,000	\$2.50
9,000	\$2.90
10,000	\$3.30

On amounts of water used over ten thousand (10,000) gallons, add forty cents (\$0.40) per thousand gallons used to the bond redemption fee.

Bond Redemption - Rural Utilities Service.

In addition to such charges as may be necessary to pay the expenses of operation and maintenance of the City's water system, each user of the water system shall pay a surcharge according to the following schedule, which shall be subject to adjustment from time to time by resolution of the City Council as necessary to redeem and discharge a bond in the amount of \$2,091,423 to be issued to the United States of America, acting through the Rural Utilities Service, over a period of forty (40) years at an interest rate of 4.375% (the "RUS Bond"), and a bond anticipation note (the "BAN") issued in anticipation of the RUS Bond, the proceeds of which are to be used for replacement and improvement of the City's water distribution system:

Residential (Single Family), Commercial, and Multi Family.

Gallons Used	Fee Charged
2,000 (minimum)	\$3.55
3,000	\$5.15
4,000	\$6.75
5,000	\$8.35
6,000	\$9.95
7,000	\$11.55
8,000	\$13.15
9,000	\$14.75
10,000	\$16.35

On amounts of water used over ten thousand (10,000) gallons, add one dollar and sixty cents (\$1.60 per thousand gallons used to pay and redeem the RUS Bond.

Water Tap Fee

3/4 Inch	\$150.00
1 Inch	\$225.00
1 1/4 Inch	\$300.00
1 1/2 Inch	\$415.00
2 Inch	\$600.00
Over 2 Inch	

Determined by Director of Water and Wastewater.
Note: past action of the City Council is a tap over 2", the cost is equivalent to the sewer tap fee.

Water Meter Fee

Water Meters & ERT Radio Module

3/4 Inch	\$ 425.00
1 Inch	\$ 615.00
1 1/2 Inch	\$ 975.00
2 Inch	\$1200.00

Water Meters Without ERT

3/4 Inch	\$ 205.00
1 Inch	\$ 360.00
1 1/2 Inch	\$ 710.00
2 Inch	\$ 910.00

ERT Radio Module \$ 225.00

Meter Base Plates:	
3/4 Inch	\$ 10.00
1 Inch	\$ 20.00
Check Valve:	
3/4 Inch	\$ 24.00
1 Inch	\$ 28.00
1 1/2 Inch	\$ 190.00
2 Inch	\$ 210.00

The estimated costs for extending the City's Water Service to the annexation area are listed below:

PROJECT NAME: Northwest Forest Service and Cemetery Area Projected Water Service Extension Expenses

TOTAL CITY WATER ESTIMATED EXPENSE \$0

- C. SEWER. The City's sewer system is operated on an enterprise fund basis, i.e., the revenue produced from sewer service charges are used to collect and treat wastewater and sewage and to maintain the system. The cost, not including costs to be assessed as set forth below, to residents of the annexed area and other users for collection, transportation, treatment and system maintenance would be the monthly sewer service charges prescribed by ordinance for users of the system. The cost to the City for any given period is necessarily speculative but in the long run would be roughly equivalent to the revenue generated from sewer service charges. Revenues and expenditures associated with the annexed area would not be separated from the enterprise fund for the entire system.

All costs for constructing additions to the City's sewer system will be as set forth in Section 3.C.2.b, or will be paid by the developer or other persons constructing such additions. Costs to the City do not include any estimated costs for acquisition of easements. Typically such easements are obtained for nominal consideration. To the extent the typical does not apply and the use of eminent domain is necessary, the resulting costs are highly speculative.

City costs also do not include the cost of constructing the private service lines from the City's system to individual properties. Construction of such lines and the subsequent maintenance thereof are the responsibility of the individual property owners. Tap fees and permit fees are prescribed by ordinance. Such charges are roughly equivalent to the City's cost and are paid by the user.

The rate charged will be the City rate effective at first billing that occurs at least fifteen (15) days after annexation becomes effective.

SEWER FEES

Residential Users.

Metered Usage (gallons)	Charge
1,000 (minimum)	\$14.75
2,000	16.05
3,000	17.35
4,000	18.65
5,000	19.95
6,000	21.25
7,000	22.55
8,000	23.85
9,000	25.15
10,000	26.45

On amounts of water used over ten thousand (10,000) gallons, add one dollar and thirty cents (\$1.30) per thousand gallons used to the sewer charge. The above-stated rates are determined by meter readings and wastewater strength of two hundred fifty (250) ppm BOD and two hundred fifty (250) ppm TSS.

The above-stated rate shall be charged monthly to all residential properties served with wastewater treatment services. The rate shall be charged whether such units are occupied or unoccupied, and each account shall be required to pay a base rate of fourteen dollars and forty-five cents per month. (\$14.45). No minimum usage charge, however, shall be required for any dwelling which is unoccupied and which has not used water.

The above-stated base rate and usage charge may be waived or adjusted upon request by an owner or tenant to the city council, effective January 1, 1995, for large increases in fees which are the direct result of an act of God, natural disaster, or non-negligent accident for wastewater that was not disposed of or collected within the Custer City wastewater collection system.

The above-stated rate schedule applies only to residential users.

Custer City Commercial Users.

Metered Usage (gallons)	Charge
1,000 (minimum)	\$24.60
2,000	27.80
3,000	31.00
4,000	34.20
5,000	37.40
6,000	40.60
7,000	43.80
8,000	47.00
(Over 8,000 gallons, rate based on \$5.40 per 1,000 gallons used)	
9,000	48.60
10,000	54.00

On amounts of water used over ten thousand (10,000) gallons, add five dollars and forty cents (\$5.40) per thousand gallons used to the sewer charge. The above-stated rates are determined by meter readings and wastewater strength of two hundred fifty (250) ppm BOD and two hundred fifty (250) ppm TSS.

Each commercial account served with wastewater treatment services shall be required to pay a base rate of \$18.35 per month, whether or not such unit is occupied or in use, except for properties which are vacated permanently and not seasonally serviced accounts. No minimum usage charge, however, shall be required for any unit which is unoccupied and which has not used water.

The above-stated base rate and usage charge may be waived or adjusted upon request by an owner or tenant to the city council, effective January 1, 1995, for large increases in fees which are the direct result of an act of God, natural disaster, or no negligent accident for wastewater that was not disposed of or collected within the Custer City wastewater collection system.

The above-stated rate schedule applies only to commercial users.

Apartment/Trailer Houses. (Applies to all apartments/trailer houses sharing a common water meter)

Apartment/Trailers	Charge
Each apartment/trailer	\$16.05

The above-stated rate is determined by the number of units each apartment building or trailer court consists of, and wastewater strength of two hundred fifty (250) ppm BOD and two hundred fifty (250) ppm TSS. The above-stated rate shall be charged monthly to all properties served with wastewater treatment services. The rate shall be charged whether such units are occupied or unoccupied. The above-stated rate schedule applies only to apartment or trailer house complexes, which share a common water meter.

SEWER TAP FEE

Residential	\$150.00
Commercial	Fee is based on an average consumption for type of business, per Custer Municipal Code 13.24.020.

The estimated costs for extending the City's Sanitary Sewer Service to the annexation area are listed below:

PROJECT NAME: Northwest Forest Service and Cemetery Area Projected Sanitary Sewer Service Extension Expenses

TOTAL CITY SANITARY SEWER ESTIMATED EXPENSE \$8,000

CITY'S ESTIMATE

LINCOLN STREET

ITEM NO.	DESCRIPTION OF ITEM	UNIT	QTY (EST)	UNIT COST	TOTAL COST
1	8" PVC Sewer Main	LF	200	\$40	\$8,000

Notes:

1. Construction costs are base on current averages.
2. Estimates are based on quick overlook of the service area.
3. No adjustment has been assumed for additional demand above the existing

development.

4. Service lines were not part of the cost due to individual unique factors for each site, which include soil conditions, utilities, and structure locations.

D. STREETS. Streets are repaired as necessary. Asphalt streets are repaired only as required when pot holes, alligating or like problems make repairs necessary.

Streets developed as public streets within the subject territory will receive repair, sweeping, snow removal, traffic controls, street lighting and road side mowing on the same basis as the rest of the City. Costs will be dependent on the future street system.

E. SOLID WASTE COLLECTION AND DISPOSAL. The City's sanitation system is operated on an enterprise fund basis. The sanitation system serves only residential occupancies. The current rates are: \$11.10 per month per household per container.

The rates for garbage collection and disposal service are designed to be roughly equivalent to the long-run cost to the City of providing such service. No short-run capital expense as a result of service to the annexed area is anticipated.

F. PARKS AND RECREATION. All services provided by the Parks Division will be provided to the residents of the annexed area with no discernible additional cost to the City or the residents of the annexed area.

G. The foregoing notwithstanding, the residents of the annexed area will be subject to all of the various fees and charges provided by ordinance, regulations, or administrative action for numerous services provided by the City. The incidence of such charges is highly speculative and largely within the choice of the person to be charged. Examples of such charges range from building permit fees to Xerox copy charges to charges for swimming pool passes.

H. All of the cost estimates set forth herein are based on 2006 costs.

5. Estimated difference in tax assessment rate:

A. *Owner occupied property:*

That the estimated difference in the 2006 tax assessment rate applied to an owner occupied property upon annexation would be the addition of the City of Custer City levy of 6.234 mills and elimination of the Unorganized Road levy of .916 mills. The total levy for owner occupied property in the annexation territory would therefore increase by 5.318 mills above the 14.933 mills in the County.

B. *Non-agricultural property:*

That the estimated difference in the 2006 tax assessment rate applied to a non-agricultural property upon annexation would be the addition of the City of Custer City levy of 6.234 mills and elimination of the Unorganized Road levy of .916 mills. The total levy for non-agricultural property in the annexation territory would therefore increase by 5.318 mills above the 20.379 mills in the County.

6. That exclusions or irregularities in boundary lines are not the result of arbitrariness but are based upon existing city limit lines, existing features, existing property boundaries, and existing occupancies and uses.
7. That there is reasonable present and demonstrable future need for annexing said territory due the potential for development and that the City is providing services to developed administration area of the Forest Service.
8. That population and census data indicate that the City has and may experience growth or development beyond its present boundaries. The new development of Boot Hill Ranch Subdivision, Woodlawn Manufactured Home Park, and Stone Hill Development demonstrate this.
9. That there exists a commonality of interest between the within described territory and the existing City of Custer City due to the nature of the existing development.
10. That there are no significant physical barriers between the within described territory and the existing City of Custer City.
11. That annexation of the within described territory to the City of Custer City will result in a more compact, integrated City.

BE IT FURTHER RESOLVED by the City of Custer City the following described territory shall be annexed to and included within the boundaries of the City of Custer City:

Government Lots 18, 19, 20, 22, and the balance of Government Lot 11, Section 23, Township 3 South, Range 4 East, B.H.M., Custer County, South Dakota;

Government Lots 7, 12 and N½ SE¼ SW¼ NW¼, Section 23, Township 3 South, Range 4 East, B.H.M., Custer County, South Dakota;

S½ SE¼ SW¼ NW¼, Section 23, Township 3 South, Range 4 East, B.H.M., Custer County, South Dakota;

SW¹/₄ SW¹/₄ NW¹/₄ and the SW¹/₄ SW¹/₄ , Section 23, Township 3 South, Range 4 East, B.H.M., Custer County, South Dakota; and,
Government Lots 1 and 2, Section 26, Township 3 South, Range 4 East, B.H.M., Custer County, South Dakota.

DATED this 1st day of October, 2007
THE CITY COUNCIL OF CUSTER CITY
s/Harold D. Stickney, Mayor

RESOLUTION #09-27-07C - TIF DISTRICT #3 CREATION

Rex, along with the Planning Commission's recommendation for approval, presented this Resolution to create TIF District #3. Councilperson Schleining moved to adopt this Resolution. Seconded by Councilperson Pischke, the motion unanimously carried.

RESOLUTION 09-27-07C

**RESOLUTION CREATING TAX INCREMENT DISTRICT NUMBER THREE AS SUBMITTED BY THE
CUSTER CITY PLANNING COMMISSION**

WHEREAS the property within the following described District meets the qualifications and criteria set forth in SDCL 11-9; and,

WHEREAS the Council of the City of Custer City finds that the aggregated assessed value of taxable property in this District, plus the assessed values of all other districts currently in effect, does not exceed ten percent (10%) of the total assessed value of taxable property in the City of Custer City; and,

WHEREAS the Council finds that:

1. Not less than twenty-five percent (25%), by area, of the real property within the district is a blighted area as defined in SDCL 11-9-9 through 11-9-11; and,
2. The aggregate assessed value of taxable property in the proposed district plus the tax incremental base of all other existing districts does not exceed ten (10) percent of the total assessed value of property within the City of Custer City; and
3. The improvement of the area is likely to significantly enhance the value substantially on all of the other real property in the district.

NOW, THEREFORE, BE IT RESOLVED by the City of Custer City that the real property legally described as:

Lots 1, 2, and 3 of SE¹/₄ NE¹/₄ and the E¹/₂ SE¹/₄ SE¹/₄ less Lot H-1 and H-2, Section 27, T3S, R4E, BHM, Custer County, South Dakota is hereby designated as Tax Increment District Number Three, City of Custer City.

Dated at Custer City, Custer County, South Dakota, this 27th day of September 2007.

CITY OF CUSTER CITY
s/Harold D. Stickney, Mayor

RESOLUTION #09-27-07D – TIF DISTRICT #4 CREATION

Rex, along with the Planning Commission's recommendation for approval, presented this Resolution to create TIF District #4 with the recommended revision. The lots taken out would be good for a future TIF considering some of the issues remaining on the land. Councilperson Murphey moved to adopt this Resolution per Planning Commission recommendations. Seconded by Councilperson Starr, the motion unanimously carried.

RESOLUTION 09-27-07D

**RESOLUTION CREATING TAX INCREMENT DISTRICT NUMBER FOUR AS SUBMITTED BY THE
CUSTER CITY PLANNING COMMISSION**

WHEREAS the property within the following described District meets the qualifications and criteria set forth in SDCL 11-9; and,

WHEREAS the Council of the City of Custer City finds that the aggregated assessed value of taxable property in this District, plus the assessed values of all other districts currently in effect, does not exceed ten percent (10%) of the total assessed value of taxable property in the City of Custer City; and,

WHEREAS the Council finds that:

1. Not less than twenty-five percent (25%), by area, of the real property within the district is a blighted area as defined in SDCL 11-9-9 through 11-9-11; and,
2. The aggregate assessed value of taxable property in the proposed district plus the tax incremental base of all other existing districts does not exceed ten (10) percent of the total assessed value of property within the City of Custer City; and
3. The improvement of the area is likely to significantly enhance the value substantially on all of the other real property in the district.

NOW, THEREFORE, BE IT RESOLVED by the City of Custer City that the real property legally described as:

Tract Flump, Tract Walter, Tract Mary of Tract Ogre, Tract Bonnie of Tract Lump, O'Connor Subdivision, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Tract Well and Tract A of Tract West Kidwell of MS #548, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Tract A of Ventling-Haserodt Placer #548, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Tract East Kidwell No. 1 and Tract East Kidwell No. 2, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lot 1 and W 33 ½ ft of Lot 2, Block 54, Original Town, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

E ½ of Lot 5 and Lot 6 and 25 ft of vacated 2nd Street, Block 47, Original Town, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lots 1, 2, 3 and 15 ft vacated north/south alley and Lots 10, 11, and 12, Block 16, Original Town, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

All of Block 32 and 25 ft of vacated 3rd Street and 25 ft of vacated Harney Street and 25 ft of vacated Crook Street and W 50 ft of vacated 4th Street adjacent to Lot 6, Original Town, Section 23 and 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lots 1, 2, and 3 and E 50 ft of vacated 4th St and N 25 ft of vacated Crook St and W 15 ft of north/south alley, Block 15, Original Town, Section 23 and 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lots 4, 5, and 6 and E15 ft of north/south alley and N 25 ft of Crook St, Block 15, Original Town, Section 23 and 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

N 50 ft of Lots 7, 8, 9 and S 35 ft of vacated Harney St, Block 15, Original Town, Section 23, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lots 3, 4, 5, 6, 7, 8, 9, 10, and 11, Block 1, Original Town, Section 23, 24, 25 and 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lot 2, Block 9, Original Town, Section 24 and 25, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lot 1, 2, 3, 4, 5, and 6 and vacated north/south alley, Block 105, Original Town, Section 25, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lot 1, 2, 3, 4, 5, and 6 and vacated north/south alley, Block 126, Original Town, Section 25 and 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

W ½ of Lot 8 and Lot 9, Block 115, Original Town, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lots 4, 5, and 6, Block 115, Original Town, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lots 1, 2, 3, 4, 5, 6, and 6A a portion of vacated 5th Street and the vacated S 15 ft of east/west alley adjacent to Lots 1, 2, and 3, Block 116, Original Town, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lot 12, 11, and 10 and the vacated N 15 ft of east/west alley, Block 116, Original Town, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lots 1, 4, 9, and S 50 ft of Lots 5 and 6, Block 125, Original Town, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Lots 1, 2, 3, 4, 5, and 6, Block 126, Original Town, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Government Lots 1 and 2, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Government Lot 20 and the SW1/4 of the SW1/4, Section 23, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

The following described Public Right-of-Way:

Mt. Rushmore Road from the East City Limits line to the east boundary of Tract Flump, O'Connor Subdivision, Section 24, 25, and 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

Washington Street from the west side of 2nd Street to the west side of 8th Street, Original Town, Section 25 and 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

4th Street from Mt. Rushmore Road to Crook Street, Original Town, Section 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

5th Street from Washington Street to the Northern Boundary of Blocks 25 and 69, Original Town, Section 23 and 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.
Crook Street from east side of 4th Street to 5th Street, Original Town, Section 23 and 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.
North/South Alley located in Block 1, Original Town, Section 23, 25, and 26, T3E, R4S, BHM, Custer City, Custer County, South Dakota.

is hereby designated as Tax Increment District Number Four, City of Custer City.

Dated at Custer City, Custer County, South Dakota, this 27th day of September 2007.

CITY OF CUSTER CITY

s/Harold D. Stickney, Mayor

RESOLUTION #09-27-07E – TIF DISTRICT #3 PROJECT PLAN

Brad Kennel spoke to the Council and discussed why he moved here as well as others but the one thing that is needed is local shopping ability and he felt that having Pamida come in would be a great answer for this Community. Also, by having the shopping available, the Community will get back over and over the amount of TIF. There are many Vets who are unable to go to Rapid and this would enable them to be more independent in their own Community. Councilperson Murphey moved, with a second by Councilperson Schleining, to approve this for discussion. Councilperson Schleining moved to table this until the next meeting for full Council action. Councilperson Murphey stated that everyone was aware of this item coming up and they chose to be gone. He was also aware of the letter submitted at the last minute proposed by local investors but it's late in the game and with no commitments. John Carson was questioned on having any negotiations with Pamida which he stated there not any at this time but he would like to request any action be tabled for two weeks so they have the opportunity to pursue those discussions. Councilperson Murphey stated that there maybe more losses than gains if things are delayed and maybe more TIF's. Councilperson Starr stated this proposal has not been rushed and there aren't any surprises. John stated that they are not arguing about Pamida asking for the TIF, it's that there have been many changes starting at no TIF, then the project pulled, then they came back with an increased request. They just wanted a little time to see if the local investors could do the project; after all this is working with the developers and not Pamida. Ramona Bradeen discussed the Pelstar Developers working exclusively with Pamida who had previously been contacted by a local person and that was not successful. However, Pamida has been here many times looking at the area and the placement of the project. Councilperson Starr stated that the question, would we loose by postponing two weeks, is a good one and needs to be looked at. Ramona stated that with many emails going back and forth, we are loosing time and what can be completed. Councilperson Schleining rescinded her motion to table this item. The Mayor called for the roll call vote with Councilperson Starr, Murphey, and Schleining voting yes; Councilperson voted no; the motion carried.

RESOLUTION 09-27-07E

**RESOLUTION APPROVING THE PROJECT PLAN FOR
TAX INCREMENT DISTRICT NUMBER THREE**

AS SUBMITTED BY THE CUSTER CITY PLANNING COMMISSION

WHEREAS the Council of the City of Custer City has determined that it is in the best interest of the City to implement plans which promote economic development and growth in the City; and

WHEREAS the Council embraces the concept of Tax Increment Financing as a tool to encourage this desirable growth and redevelopment; and

WHEREAS there has been established Tax Increment District Number Three; and

WHEREAS the Council deems desirable to promote economic development and create jobs in the corporate limits of the City of Custer City; and

WHEREAS the Project Plan submitted helps make this development feasible by assisting in the development of public and private improvements to serve Pelstar Subdivision; and

WHEREAS the Project Plan submitted will assist with the costs of streets, sewer and water improvements, and site improvements; and

WHEREAS the use of Tax Increment Funding to promote this development is in keeping within the statutes adopted by the South Dakota State Legislature; and

WHEREAS there has been developed a Project Plan for this Tax Increment District which proposes these improvements; and

WHEREAS the Council has considered the Project Plan submitted by the Planning Commission and determined that the Project Plan for Tax Increment District Three is economically feasible; and

WHEREAS the Council has further determined that this Project Plan is in conformity with the adopted Comprehensive Plan.

NOW, THEREFORE, BE IT RESOLVED by the City of Custer City that the Tax Increment District Project Plan for Tax Increment District Number Three be, and is hereby, approved as submitted by the Custer City Planning Commission.

Dated at Custer City, Custer County, South Dakota, this 27th day of September 2007.

CITY OF CUSTER CITY

s/Harold D. Stickney, Mayor

STREET LIGHT REQUEST & PAVE PLAN QUESTIONS

Lorraine Besmer spoke to the Council to request a street light at the intersection of 10th and Needles due to a safety hazard. She then requested information regarding Needles Drive between 10th and 11th Street and why the curb and gutter was removed on one side while the other side still had it. She also questioned the water running down into BT's garage. She gave a short work history to discuss loosing the road in three to five years without curb and gutter. She also wondered about no oil on 10th Street now but there was when she first moved here and believes these issues need to be addressed before the paving starts. The Mayor stated that Bob and Rex will check out the street light request. Councilperson Murphey stated the street was an alley so it is narrow and maybe we could make that a one-way street. Bob stated that has already been discussed as a possibility as well as no parking along the sides. Bob also mentioned that having the paved streets will change how much attention will be needed in the winter. Rex stated that the engineers have made the determination not to require curb and gutter along certain areas; so if there is a problem, we will be contacting them.

FINAL PLAT – STONE HILL SUBDIVISION

Rex submitted the final plat for SHS Development for the property described as Stone Hill Subdivision- Plat of Lots 13 -41 of Block 3 and Tract Sidney located in a portion of Tract Denver, Section 24, T3S, R4E, and Section 19, T3S, R5E, BHM, Custer County, South Dakota. Rex stated that this item would have been acted upon at the 17th meeting but that was cancelled. The Planning Commission recommends approval with all stipulations but now the stipulations have been met. Councilperson Murphey moved to approve this plat. Seconded by Councilperson Pischke, the motion unanimously carried.

SHERIFF'S & HOSPITAL BOARD MONTHLY REPORTS

The Council received, reviewed, and acknowledged the monthly reports for the Sheriff's Department for the month of August and the Hospital Board report for September.

KLJ - BITUMINOUS PAVING – CHANGE ORDER #3

Bob presented Change Order #3 from KLJ Engineering for the paving project which at this point is an increase of \$7500; we expect decreases later so we will probably come out fine. Councilperson Murphey moved to approve this item. Seconded by Councilperson Schleining, the motion unanimously carried.

CLAIMS

Councilperson Schleining moved, with a seconded by Councilperson Pischke, to approve the claims. The motion unanimously carried.

Mayor & Council, Wages, \$4300
Community Development, Wages, \$3762.22
Finance Department, Wages, \$8061.41
Public Works, Department, Wages, \$5337.61
Street Department, Wages, \$4599.18
Parks Department, Wages, \$2784.44
Liquor Fund, Wages, \$4787.69
Water Fund, Wages, \$4326.97
Wastewater Fund, Wages, \$4817.86
American Linen, Repair & Maintenance, \$224.66
American Planning, Travel & Conferences, \$185
BH Power, Utilities, \$9526.19
Castle Cleaning, Repair & Maintenance, \$880
Chadron Wholesale, Supplies, \$1135.44
Coca-cola, Supplies, \$890.50
Culligan Water, Repair & Maintenance, \$143
Custer Comm. Health Systems, Sales Tax Subsidy, \$68142.06
Custer True Value, Supplies, \$741.20
D&B Productions, Custer Cruisin, \$600
Eagle Sales of BH, Supplies, \$7960.95
Energy Laboratories, Supplies, \$42.50
First Western Insurance, Premiums, \$150

Fisher Beverage, Supplies, \$9792.95
French Creek Supply, Supplies, \$308.95
Golden West Companies, Utilities, \$662.86
Golden West Technologies, Repair & Maintenance, Supplies, \$75
Jim Dandy Snack Foods, Supplies, \$52.80
Kadrmass, Lee, & Jackson, Professional Services, \$70751.25
Kimball Midwest, Supplies, \$261.25
M&B Enterprises, Supplies, \$24.50
One Call Systems, Supplies, \$60
Petty Cash, Permits, Fees, Supplies, \$126.75
Power House, Supplies, \$16
Prairie Berry, Supplies, \$708
Quill Corporation, Supplies, \$351.05
Republic National, Supplies, \$5087.45
S&B Motor Parts, Supplies, \$191.77
Sander Sanitation Service, Repair & Maintenance, Utilities, \$10350.99
Sanitation Products, Supplies, \$740
SD Federal Property, Equipment, \$6740
SD State Exe. Mgmt Finance, Utilities, \$38.15
The Crossroads, Travel & Conferences, \$90
The Ice House, Supplies, \$448.97
Water Environment Feder., Travel & Conferences, \$92
Wellmark, Insurance, Premiums, \$5795.90
Western Wholesale, Supplies, 20353.52
Wilson Tree Service, Professional Services, \$2130
Child Support Payment Center, \$314.54
Federal Withholding, \$3408.38
FICA, \$4727.52
Medicare, \$1105.65
SD Retirement, \$4513.71
USDA Rural Development, Loans, \$10009.90
SRF Loans, \$7037.08
State of SD, Sales Tax, \$5299.37
First Western, Auto Fees, \$29.70
Element, Credit Card Fees, \$665.63
AFLAC, Insurance Premiums, \$360.38
Alltel, Utilities, \$382.28
BH Area Finance Officers, Memberships, \$15
BH Power, Utilities, \$1826.46
BH Power Equipment, Trimmer, \$169.94
Castle Cleaning, Repair & Maintenance, \$700
Century Business, Supplies, \$128.36
Custer Co. Chronicle, Publishing, \$568.22
Custer Do It Best, Supplies, \$268.67
Dakota Backup, Professional Services, \$56.36
Dell Rapids American Legion, Custer Cruisin, \$100
Enviromaster, Supplies, \$22
Fresh Start Convenience, Supplies, \$1384.93
Frontier Photo, Safety Uniforms, \$563.91
Hawkins Chemical, Supplies, \$4591.60
Hillyard Supplies, Supplies, \$88
Itron, Repair & Maintenance, \$444.54
Kadrmass, Lee & Jackson, Professional Services, \$36238.37
Scott Kellogg, Safety Reimbursement, \$100
L&A Welding, Supplies, \$13.50
Nelson's Oil & Gas, Supplies, \$2564.65
Petty Cash, Supplies, Utilities, \$278.42
Quill Corp. Supplies, \$27.72

Rapid City Telco, Travel & Conferences, \$84.38
Rapid City YMCA, Membership, \$67
Chris Redden, Travel & Conferences, \$325.08
RHS, Supplies, \$800
SD Dept. Revenue, Fees, \$304.27
SD Municipal League, Travel & Conferences, \$75
Harold Stickney, Travel & Conferences, \$43.04
Tim Wollaston, Safety Reimbursement, \$100
Witt's Heating, Repair & Maintenance, \$66.30
Geney Ziolkowski, Animal Control, \$901
Peggy Leger, Deposit Refund, \$50
Tim Peterson, Deposit Refund, \$50
Family Dollar, Deposit Refund, \$100
Country Market, Deposit Refund, \$100
Donald Hennings, Deposit Refund, \$50
Roger Gednalski, Deposit Refund, \$50
Carol Erickson, Deposit Refund, \$50
Kelvin Miller, Deposit Refund, \$50
Elizabeth Kleffner, Deposit Refund, \$100
Total Claims \$360,019.85

DISCUSSION ITEMS

Rex discussed a meeting with the County Commissioners on October 10th at 10:30 a.m. regarding the joint use facility and the possibility of sharing the cost of an appraisal so all parties know the value we looking at. Rex discussed the County not wanting to proceed with this idea but that was due to false information they were given on the cost involved; they now want to hear more so we will proceed ahead. Councilperson Murphey questioned when the street shop appraisal is scheduled which Rex stated it was scheduled for this month; he will check on it.

EXECUTIVE SESSION

Councilperson Schleining moved to go into and out of an executive session due to contract negotiations and possible litigation at 7:00 p.m. Seconded by Councilperson Pischke, the motion unanimously carried. Blaise Emerson, Council of Local Governments, was also in attendance. The session adjourned at 7:10 p.m. with no action taken.

ADJOURNMENT

With no further business, Mayor Stickney adjourned the meeting at 7:11 p.m.

ATTEST:

CITY OF CUSTER CITY

Christine Redden
Finance Officer

Harold D. Stickney
Mayor