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findings and purpose noted above, and SDCL 9-55-3, as amended.

120.12 Costs incurred by the City in administering occupational tax. All costs incurred by the City or the City Finance Officer pursuant to this article shall be paid from occupancy taxes collected under this article. Administrative costs are not to exceed two (2%) percent.

120.13 Creation of business improvement board of directors. The BID # 1 Board of Directors is hereby established. The Mayor shall appoint the members of the Board of Directors, subject to the approval of the City Council. There shall be five (5) members of the BID #1 Board of Directors with at least one hotelier from the district. No person may serve on the BID Board of Directors until such time as their nomination has been approved by the Vermillion City Council at any of its regular meetings. The City Council and Vermillion Chamber of Commerce and Development Company Board will each appoint one person to serve as ex-officio, non-voting members of the BID #1 Board. Each member of the BID #1 Board of Directors shall serve a term of office of three (3) years. Nothing shall preclude a board member from serving consecutive terms. The terms shall be initially staggered with one member serving a three year term, two members serving two year terms, and two members serving a one year term. The City Council has adopted by-laws for the operation of BID #1 Board that may be amended from time to time.

120.14 Severability. Should any section, clause or provision of this article be declared by the courts to be invalid, the same shall not affect the validity of the article as a whole or any part thereof, other than the part declared to be invalid.

120.15 Reporting. The BID #1 Board of Directors will provide annual reports to the City Council.

Dated at Vermillion, South Dakota this 7th day of April, 2014.

THE GOVERNING BODY OF THE CITY OF VERMILLION, SOUTH DAKOTA

By: _____
John E. (Jack) Powell, Mayor

ATTEST:

B y _____ :

Michael D. Carlson, Finance Officer

Adoption of the Ordinance was seconded by Alderman Meins. Thereafter the question of the adoption of the Ordinance was put to a roll call vote of the Governing Body, and the members voted as follows: Collier-Wise-Y, Davies-Y, Grayson-Y, Meins-Y, Osborne-Y, Ward-Y, Willson-Y, Zimmerman-Y, Mayor Powell-Y.

Motion carried 9 to 0. Mayor Powell declared that the Ordinance has been adopted and directed publication thereof as required by law.

7. Old Business - None

8. New Business

A. Annual Library Report

Jane Larson, Librarian, reported that State law requires the Library Board to prepare and submit an annual report to the governmental bodies that provide funding to the Library. Jane reviewed the 2013 library annual report that was included in the packet, noting the changes from last year. Jane answered questions on the City Council on the library operations. Discussion followed on the report

105-14 Alderman Collier-Wise moved to acknowledge receipt of the 2013 Library Annual Report. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

B. Request from Shakespeare Festival to close E. Main Street from Plum Street to Prentis Avenue and the intersection of Main and Walker Street on June 13, 14 and 15, 2014 during the performance and limit E. Main Street parking

John Prescott, City Manager, reported that Coyoteopoly has submitted a request to close E. Main Street from Plum Street to Sycamore Street from 7:00 p.m. to 9:30 p.m. on June 13, 14, and 15, 2014 for the performance. They are also requesting to remove the on-street parking on E. Main Street along Prentis Park on June 13, 14, and 15, 2013 from 6:00 p.m. to 10:00 p.m. to prohibit vehicles from parking next to the

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production area. John noted that the organization will man the street closing barricades to allow emergency vehicles access. Discussion followed.

106-14 Alderman Zimmerman moved approval of the request of Coyoteopoly/South Dakota Shakespeare Festival to close E. Main Street from Plum Street to Sycamore Street on June 13, 14 and 15, 2014 from 7:00 p.m. to 9:30 p.m. and to remove parking on E. Main Street along Prentis Park on June 13, 14 and 15, 2014 from 6:00 p.m. to 10:00 p.m. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

C. Resolution for Co-sponsorship of Coyoteopoly South Dakota Shakespeare Festival

John reported that Coyoteopoly and the USD College of Fine Arts were planning for the 2012 Shakespeare Festival they requested the City Council adopt a resolution of co-sponsorship. The City Council adopted a resolution of co-sponsorship for the 2012 event on April 4, 2011 for the event held in Prentis Park in June 2012.

John noted as the previous agenda items indicate, another Shakespeare Festival is planned for June 2014. John stated that Coyoteopoly is again requesting a resolution of co-sponsorship. John stated the proposed resolution of co-sponsorship is very similar to what was adopted in 2011. He stated the main purpose of the resolution is to designate the City as a civic co-sponsor of the Shakespeare Festival. John stated the resolution does not obligate the City to complete any specific tasks and no direct financial support is tied to serving as a civic co-sponsor.

John stated that City staff has met with the leadership group planning the event on two occasions. This includes one on-site visit to Prentis Park where specifics were reviewed. John stated that the proposed event is very similar to the 2012 Shakespeare Festival. Discussion followed.

107-14

Alderman Ward moved approval of the Resolution for Co-Sponsorship of Coyoteopoly South Dakota Shakespeare Festival as presented and authorized the Mayor to sign. Alderman Grayson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

D. Permit for consumption of alcohol in the Café Brule Furniture Zone Use permit area (Market Street sidewalk as it abuts the building at 24 W. Main)

Mike Carlson, Finance Officer, reported that Jim Waters, on behalf of Café Brule, Inc., has applied for a sidewalk furniture zone use permit for Café Brule for six two person tables on the Market Street side of the restaurant. Administration has approved the use of the sidewalk furniture zone use permit for food consumption, but the request was to also include alcohol. City ordinance provides that the City Council may permit the consumption of alcoholic beverages within the furniture use zone. The ordinance provides additional rules to governing alcoholic beverages in the furniture zone, one of which is that the hours of operation for the sale and consumption shall be noon to 10:00 p.m. The Police Chief has reported that there were no incidents during last year in this area. The application for furniture zone use permit, alcohol sales plan, certificate of insurance and the diagram of the area are included in the packet. Discussion followed.

108-13

Alderman Zimmerman moved approval of the sale and consumption of alcoholic beverages in the Café Brule Furniture Zone Use permit area during the hours outlined in the ordinance being noon to 10:00 p.m. Alderman Grayson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

E. Request to close Kidder Street between Court Street and Market Street on Saturday, April 26, 2014 from 10:45 a.m. to 12:15 p.m. for South Dakota Sneaker/Eagle Creek Software Services 5k

John Prescott, City Manager, reported that Eagle Creek Software Solutions is planning a 5k run/walk entitled the South Dakota Sneakers Tour on Saturday, April 26th. They are also planning a similar event in Pierre on May 31st. John stated that proceeds from both events will be used to plan festivities to celebrate the 125th anniversary of statehood for South Dakota. John stated that the request is to close

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Kidder Street from Court Street to Market Street from 10:45 a.m. to 12:15 a.m. to allow for the start and finish of the event. John stated that they have requested that the parking be removed from this section of Kidder Street from 9:30 a.m. to 12:15 p.m. on the same day. Discussion followed on the request.

109-14

Alderman Davies moved approval of the request to close Kidder Street on Saturday, April 26 from 10:45 a.m. to 12:15 p.m. and to remove the on street parking in this area from 9:30 a.m. to 12:15 p.m. for the SD Sneakers Tour 5k. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

F. Change order to add an additional logo on the new water tower

Jason Anderson, Assistant City Engineer, reported that in August 2012 the City Council awarded a contract to Maguire Iron, Inc. for the construction of a new spheroid-style water tower. Jason stated that the water tower is currently erect with all welding complete. The painting contractor is expected to begin work once the weather cooperates. Maguire Iron, Inc. is tentatively planning for their subcontractor to begin paint work in May. Jason noted that the project is still on schedule for completion by the August 2014 deadline. Jason reported that change Order #1 is for a change in the quantity and placement of the approved City of Vermillion logo on the water tower. Jason stated that the original bid award to Maguire Iron, Inc. of \$1,258,700 included a provision for the painting of the City of Vermillion logo on the north side of water tank. Change Order #1 would provide for the placement of two (2) City of Vermillion logos on the water tank, one to face the east and the other to face the west. Jason stated that this placement of the two logos would align with both east and westbound directions of traffic on South Dakota Highway 50. Jason stated that the change order cost for the second logo would be an increase of \$10,000 and that there is a contingency on this project remaining of \$104,000.

Alderman Ward stated that when the water tower bid was awarded he wanted to include the USD logo on the tower to show the partnership between the City and University. He asked that members vote no on the change order and when the motion fails he will make a motion to include the USD logo. John Prescott, City Manager, stated that contact was made with Maguire Iron, Inc. about possible cost to include additional logos but no information was received to report. Discussion followed on the option for the water tower logs including additional public input.

110-14

Alderman Davies moved approval of change order #1 with Maguire Iron, Inc. on the water tower to add another approved City logo at the cost of \$10,000. Alderman Osborne seconded the motion. Alderman Ward requested a roll call vote. A roll call vote of the Governing Body was as follows: Collier-Wise-N, Davies-Y, Grayson-N, Meins-Y, Osborne-Y, Ward-N, Willson-Y, Zimmerman-Y, Mayor Powell-Y. Motion carried 6 to 3. Mayor Powell declared the motion adopted.

G. Developer's Agreement with Magnum Development, LLC. owner of Lot Outlot B, Block 2, Dakota Addition (to be platted as Lot 11, Block 2, Dakota Addition)

Jose Dominguez, City Engineer, reported that Magnum Development, LLC. will be constructing several apartments in Lot 11, Block 2, Dakota Addition located on the west side of Norbeck Street between E. Clark and Madison Streets. Jose reported that the area that will be used for the development of the apartments is currently the site of a drainage swale that conveys a significant amount of storm runoff. Jose stated that the runoff is from the backyards of the properties that front Madison and E. Clark Street. Magnum Development, LLC. will be required to continue conveying this drainage through the site. In order for this to happen, they will be constructing a storm sewer system that will convey the runoff. Jose noted that, considering that the majority of the runoff is generated by sites outside of the land owned by the developer, City staff is proposing that a part of the storm sewer construction be covered by the City. Jose reported that staff proposes that the City pays up to 25% of the cost of the project, not to exceed \$5,000. Additionally, the City will pay for an inlet structure that will be used by the developer to tie to the storm sewer system at an estimated cost of \$2,500. Jose noted that the agreement also

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proposes that, once construction is completed, the City take over any maintenance required to keep the storm sewer system running efficiently. Discussion followed on drainage in the area.

111-14

Alderman Zimmerman moved approval of the Developer's agreement with Magnum Development, LLC. as presented for Lot 11, Block 2, Dakota Addition for up to 25% of the cost of the storm sewer project, not to exceed \$5,000, with the City paying for an inlet structure that will be used by the developer to tie to the storm sewer system and once completed the City will take over any maintenance required to keep the storm sewer system running efficiently. Alderman Meins seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

H. Final Plat of Tracts 1 and 2 of Lot 1 of Parcel "A" in the N1/2 of the SE 1/4 of Section 15, T92N, R52W of the 5th P.M., Clay County, South Dakota

Jose Dominguez, City Engineer, reported on the location of the final plat that falls in the Joint Jurisdictional Zoning Area. Jose stated that, as such, the County Planning Commission reviewed the plat at their March 24th meeting and recommended approval. Jose noted that the City Planning Commission and County Planning Commission also met on March 24th to consider a conditional use permit for a single family dwelling on Tract 1. Jose reported that both commissions voted unanimously to allow the conditional use. Discussion followed.

112-14

After reading the same once, Alderman Ward moved approval of the following plat:

WHEREAS IT APPEARS that the owners thereof have caused a plat to be made of the following described real property: Tracts 1 and 2 of Lot 1 of Parcel "A" in the N1/2 of the SE 1/4 of Section 15, T92N, R52W of the 5th P.M., Clay County, South Dakota, for approval.

BE IT RESOLVED that the attached and foregoing plat has been submitted to and a report and recommendations thereon made by the County Planning Commission to the City Council of Vermillion which has approved the same.

BE IT FURTHER RESOLVED that the attached and foregoing plat has been submitted to the Governing Body of the City of Vermillion which has examined the same, and it appears that the systems of streets and alleys set forth therein conforms to the system of streets and alleys of the existing plat of such city, and that all taxes and special assessments, if any, upon the tract or subdivision have been fully paid and that such plat and survey thereof have been executed according to law, and the same is hereby accordingly approved.

The motion was seconded by Alderman Grayson. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

I. Resolution revising Wastewater Rates

Mike Carlson, Finance Officer, reported that wastewater rates were last adjusted in April 2012. The wastewater rates are a percentage of the average water billing for January, February and March. Mike noted that wastewater rates are based on water billing and water rates were increased 2% in January 2013 and 2.25% in January 2014. The current percentage is 128% and the resolution is to adjust the rate to 126%. For the average residential customer using 465 cubic feet of water, this would be a \$.22 monthly increase or .74%. The revised fee is projected to meet the wastewater budget and surcharge required for the SRF loan. Discussion followed.

113-14

After reading the same once, Alderman Davies moved adoption of the following:

RESOLUTION AMENDING SEWER RATES

WHEREAS, Section 53.018 of Title V, Public Works, of the 2008 Revised Ordinances of the City of Vermillion, allows the City Council to establish and change sewer rates and reads as follows:

The monthly sewer charge to each user for ordinary use of the

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public sanitary sewer utility shall be equal to a percentage, set from time to time by resolution of the council, of the average monthly charges made for water during the last January, February and March period to any person occupying any premises served by the utility and to his successors in the occupancy. In cases where the premises were unoccupied during the months of January, February and March and/or where the use of the premises has significantly changed the water usage, the sewer charge may be based on the average usage during three (3) other months of the year; and

WHEREAS, the State Revolving Loan for the Phase II improvements required the creation of a surcharge fee sufficient to produce net revenues for each fiscal year at least equal to one hundred ten (110) percent of the principal and interest on the bonds coming due in such fiscal year be established; and

WHEREAS, the rates being proposed are projected to produce the revenues necessary to cover the wastewater operations and the debt service surcharge requirement of the SRF loan.

BE IT HEREBY RESOLVED, by the Governing Body of the City of Vermillion, South Dakota, at a regular meeting thereof, in the Council Chambers of said City, at 7:00 p.m. on the 7th day of April, 2014, that the percentage for calculating the sewer charge be established or charged as follows:

(a) Total charge: One hundred twenty-six percent (126%). This rate include a surcharge fee defined in (b) below.

(b) Debt Service Surcharge Fees effective until the 2008 loan is retired: There is hereby established and imposed, pursuant to the authority of SDCL ch. 9-40, a surcharge upon the sewer service in the City of Vermillion. The surcharge shall apply to all classes of customers. The debt service surcharges is a special charge for the use of the wastewater plant and lift station improvements and is pledged to the South Dakota Conservancy District for the payment of the loan payments on the 2008 Clean Water State Revolving Fund Loan. The City does hereby establish the debt service surcharge fees for each customer of its System who received or benefits from the Project or services of the Project. Such allocation shall be set at a level which, assuming a ten percent (10%) delinquency rate, will produce income at the times and in amounts sufficient to pay when due the principal of and interest on the borrower 2008 bonds and the administrative expense surcharges and all other payments as may be required under the loan agreement. The charges shall be reviewed annually by city personnel and administratively adjusted, upwards or downwards, pursuant to SDCL 9-40-15.1 and 9-40-15 to such amounts as may be necessary to pay principal, administrative surcharge and other charges as may become due and owing under the loan agreements. The debt service surcharge percentage included in (a) above, per monthly billing shall be twenty-two and five tenth percent (22.5%).

The Debt Service Surcharge may be combined with the Meter Service Charge on the monthly billing for ease of reporting.

Effective Date of Rate:

The effective date of the rates listed in Vermillion City Ordinance 53.018 is for bills with a billing date after April 20, 2014.

Dated at Vermillion, South Dakota this 7th day of April, 2014.

FOR THE GOVERNING BODY OF THE CITY OF VERMILLION, SOUTH DAKOTA

By: _____
John E. (Jack) Powell, Mayor

ATTEST:

By: _____
Michael D. Carlson, Finance Officer

The motion was seconded by Alderman Zimmerman. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

J. Commercial Haulers license for Novak Sanitary Services

Effective Date of Rate:

The effective date of the rates listed in Vermillion City Ordinance 53.018 is for bills with a billing date after April 20, 2014.

Dated at Vermillion, South Dakota this 7th day of April, 2014.

FOR THE GOVERNING BODY OF THE CITY OF VERMILLION, SOUTH DAKOTA

By: _____
John E. (Jack) Powell, Mayor

ATTEST:

By: _____
Michael D. Carlson, Finance Officer

The motion was seconded by Alderman Zimmerman. Discussion followed and the question of the adoption of the Resolution was presented for a vote of the Governing Body. 9 members voted in favor of and 0 members voted in opposition to the Resolution. Mayor Powell declared that the Resolution was adopted.

J. Commercial Haulers license for Novak Sanitary Services

Mike Carlson, Finance Officer, reported that a commercial

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collector's license application was received from Novak Sanitary Services along with the certificate of insurance. A check was made with the Police Chief noting that no incidents were reported in the local records check. Discussion followed on if we can include on the application the reporting of any violations in other jurisdictions.

114-14

Alderman Willson moved approval of the commercial collector's license for Novak Sanitary Services. Alderman Osborne seconded the motion. Discussion followed on where the collector would be hauling the waste. Motion carried 8 to 1. Mayor Powell declared the motion adopted.

K. Concur with Clay County Commission on Alternate #2 of Chiller Bid award

John Prescott, City Manager, reported that, in early summer 2013, the chiller at the Clay County Courthouse failed. The County rented a chiller for the balance of the cooling season and hired John DeWit as the Mechanical Engineer to develop plans and specifications. John noted that, while the air conditioning system in the Public Safety Center system remained operational in 2013, it has experienced problems in recent years. The 2013 budget included funding to upgrade and replace parts in the Public Safety Center HVAC system. John stated that the repairs were put on hold when the Courthouse chiller problem developed. As the Courthouse and Public Safety Center are connected, the option of replacing both systems was explored in 2013. The Council reviewed information on the estimates at the August 5, 2013 noon meeting. John stated that the decision was made to only bid the chiller. The replacement of the air conditioning in the dispatch and IT room in the basement would be bid as alternates.

John stated that the County Commission opened the only bid received from Precision Mechanical of Sioux Falls during their February 25, 2014 meeting. At the March 3, 2014 meeting, the City Council concurred with the base bid award of \$175,608 and the Alternate #1 bid award of \$14,963 to replace the system in Dispatch. The City is responsible for \$38,107 of the base bid and half or \$7,481.50 of the Dispatch cost. As to alternate #2, initially the Police Chief and Sheriff did not recommend accepting this alternative as they wanted to develop another option to cool this space. After further review, it appears that accepting Alternate #2 is the best cost of action.

John stated that the 2014 budget will need to be revised to account for these expenditures. The funding would likely come from the 2nd Penny budget. John noted that, if the City covers 50% of the cost of Alternate #2, the total City cost for the project will be \$49,577. John stated that administration recommends concurring with the award of alternate #2 at a cost of \$3,988.50. Discussion followed.

115-14

Alderman Zimmerman moved approval of 50% of alternate #2 for air conditioning the IT room in the basement at a cost of \$3,988.50 on the Clay County contract with Precision Mechanical. Alderman Willson seconded the motion. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

L. Tractor lease for Street and Solid Waste Departments with Fred Haar Company

Jason Anderson, Assistant City Engineer, reported that the City was approached by Fred Haar Company about leasing two tractors for eight months. The lease rate is zero for the first 250 hours and then \$45 per hour thereafter. Jason noted that we will not exceed the 250 hours on the leased equipment. The City is responsible for insurance and normal maintenance and repair during this lease. The lease is the same as last year and is included in the packet. The insurance cost is estimated at \$200 per tractor and maintenance would be required on City vehicles if used. The use of the leased equipment reduces the hours placed on the other vehicles in the City fleet. Discussion followed.

116-14

Alderman Davies moved approval of the lease agreement with Fred Haar Company for two tractors for up to eight months. Alderman Grayson seconded the motion. Discussion followed. Motion carried 9 to 0. Mayor Powell declared the motion adopted.

9. Bid Openings

A. 115 kV Substation Improve-