

**COUNCIL PROCEEDINGS
REGULAR MEETING
AUGUST 02, 2010**

A regular meeting of the Philip City Council was held on Monday, August 2, 2010, at 7:00 p.m. in the Community Room of the Haakon Co. Courthouse. Present were Mayor John F. Hart, Finance Officer Monna Van Lint, Council Members Tom Struble, Monte Palecek, John Kangas, Mike Vetter, Greg Arthur and Shirley Chin. Also present were Deputy Finance Officer Brittany Smith, Public Works Director Matt Reckling, Police Chief Kit Graham, Gen. Maint. Brian Pearson, Jason Petersen, Cuddy Gartner, Harlan Quenzer with SPN & Assoc., Del Bartels with the Pioneer Review; and later, Police Officer David Butler.

Absent: None.

Motion was made by Kangas, seconded by Palecek to approve the agenda as presented. Motion carried.

Motion was made by Palecek, seconded by Kangas to approve the minutes of the last meeting as published in the *Pioneer Review*. Motion carried.

Council Member Palecek questioned if the fueling system upgrade and the fuel reel for the Airport Fueling system had been installed? It was noted that both items were installed on July 29, 2010, and the system is back in service.

Motion was made by Kangas, seconded by Arthur to approve payment of the bills from the appropriated funds. Motion carried.

Gross Salaries – July 30, 2010:

Gross Salaries: Adm. - \$4685.19; Police - \$5622.92; Public Works - \$2917.19; Rubble Site - \$2154.53; Street - \$4091.49

AFLAC	Employee Supplemental Ins.- 07/10	163.68
EFTPS	S.S., Medicare, Withholding- 07/10	4165.51
SDRS	Employee Retirement- 07/10	2451.67

Airport EA/LA Project:

Kadrmass, Lee & Jackson, Inc.	Env. Doc. thru 06/19/10	7201.70
-------------------------------	-------------------------	---------

Swimming Pool Improv. Project:

Associated Pool Builders, Inc.	Pay Req #03 thru 7/31/10	173000.00
Fitzgerald Oil Co.	Pool Grading Fuel - 06/10	75.78
Northwest Pipe Fittings, Inc.	Sewer Pipe – 07/10	115.60
O’Connell Const.	63.28 T Pea Rock – 07/10	696.08
SPN & Assoc.	Replac. Const. Eng. thru 7/24/10	3341.95

This Month's Bills:

Alltel	Cell Phone 06-07/10	78.49
Baas, Evan	Reimb. Airport Fuel – 07/10	51.99
Bad River Rural Water	City Shop Water 06-07/10	26.50
Butler, David	Shoe Allowance Reimb. – 07/10	56.00
CRA Payment Center	Supplies 06/10	163.58
Dakotacare Health Ins.	Employee Health Premium – 08/10	7809.41
Delta Dental Ins.	Employee Dental Premium – 08/10	532.50
Duininck, Inc.	24.06 T Hot Mix – 07/10	1452.06
Farm Plan	Supplies – 07/10	13.43
1 st Nat'l Bank – Philip	Utility Postage – 08/10	106.88
1 st Nat'l Bank – S.F.	SRF Loan #01 Pay #165 - 08/10	3591.18
	SRF Loan #02 Pay #141 – 08/10	2163.90
	SRF Loan #03 Pay #44 – 08/10	2223.41
Fitzgerald Oil Co.	Fuel/Oil 06-07/10	170.80
Golden West	Telephone/Internet 06-07/10	587.98
Haakon Co. Treasurer	Office Rent – 08/10	60.00
Haakon School #27-01	2010 Open Gym Approp.	750.00
HD Supply Waterworks LTD	Parts for Resale – 07/10	156.54
Heartland Waste Mgmt, Inc.	Residential Garbage – 07/10	4152.90
Morrison's Pit Stop	Fuel/Tires/Repairs – 07/10	2851.65
Neve's Uniforms & Equipment	PD Uniform – 07/10	52.95
Northwest Pipe	Supplies – 07/10	13.15
O'Connell Construction, Inc.	9 T Base Course – 07/10	63.00
One Call Systems, Inc.	Locates 04-06/10	18.90
Petersen's Variety	P.D. Shipping – 07/10	13.91
Petro Tech, Inc.	QT Fueling Upgrade Install – 07/10	1105.07
	Fuel Reel Replac. – 07/10	385.88
Philip Standard	Fuel/Supplies – 07/10	52.45
Pioneer Review	Publishing – 07/10	333.35
Quill Corp.	Supplies – 07/10	566.00
SD Assoc. of Rural Water Systems	Member Dues 2010/2011	360.00
SD Dept. of Revenue	Sales Tax Payable – 07/10	333.20
	Water Coliform Testing 07/10	12.00
Summit Signs	Lake Waggoner Signs – 07/10	370.00
Tollefson, Gay	Attorney Retainer – 08/10	150.00
Twilight First Aid & Safety Service	Eye Wash Srv/Supplies – 07/10	108.25
USDA	RD Loan Pay #68 – 08/10	3069.00
VISA – UMB Bank	Sump Pump - 06/10	318.00
West Central Electric	Electric Charges 06-07/10	2438.98
West Central Machine & Auto	F700 Truck/Blazer Repairs – 07/10	334.50
West Payment Center	SDCL Updates – 07/10	16.00
WR/LJ Rural Water	6,980,000 gals - 07/10	8725.00
	Contract Min - 07/10	3000.00
	Airport Water – 07/10	42.50
Western Communications	P.D. Radio Batteries – 07/10	225.00
Total Expenditures – 08/02/10		\$233,537.40

Old Business:

Council reviewed the tabled building permit for the Gem Theatre for the installation of a temporary fence on David Schofield's property.

Palecek questioned Jason Petersen, tenant of the Dakota Bar, if the fence had been removed? He noted that Mike Moses, owner of the Gem Theatre, advised him that he was going to remove the fence after the July Council Meeting. According to Petersen, the fence is still in place.

Council Member Vetter then questioned Petersen about the panels he had set up blocking off the rear yard of the Dakota Bar from the alley. Petersen stated that he set them up for the Poker Run this past weekend and does so when they have events in the rear yard.

Vetter stated that he had been contacted by the Moses' with a concern that the panels were blocking the theatre's rear emergency exit. He had visited the area and confirmed that the panels did not block the exit. It was noted that this was also confirmed by Chief Graham and Fire Chief Marty Hansen.

By general consensus of the Council, the Gem Theatre's temporary fence needs to be removed immediately as it was not approved by the Council nor was the documentation requested from Moses in July received by the City. DFO Smith was directed to send correspondence to Mr. Moses advising him of the Council's determination and request for removal.

New Business:

Council reviewed the following building and flood plain development permits as presented: Greg Ferguson – install meter & pit for sprinkler system; Cuddy Gartner for Terry Henrie – tree stump removals; Trisha Larson for Kindercottage – fence; Jason Petersen – level & gravel rear yard; Philip Health Services – move 13'x 13' shed from hospital to 500 W. Pine St.; Gary Stephenson – demolish houses at 405 Hone St. & 402 N. Wood Ave. & prepare lots for potential construction.

Motion was made Palecek, seconded by Kangas to approve the above listed permits as presented. Motion carried.

Swimming Pool Replacement Project:

Harlan Quenzer with SPN and Assoc. addressed the Council with an update on the pool construction schedule. He noted that on Aug. 3rd, following an electrical inspection, the pool walls will be installed utilizing a shotcrete process. This is expected to take two days to complete. Once that is finished, the drain, strip forms and gutters will be installed. The decking installation has been scheduled to start during the third week in August with the finishing of the pool to take place during the week of Sept. 13th. This will include the diamond brite finish of the pool walls and floor. The finalization of the pool is expected during the end of October.

Council Member Vetter questioned the concerns noted with the lift station overflow vault? Mr. Quenzer stated that the top casing is of concern and he will be requesting a 24" by 24" square top casting instead of the 20" round casting that was delivered.

Mr. Quenzer then reviewed Change Order #01 from the contractor, Associated Pool Builders, for a two-week extension. At this time, he does not foresee them extending beyond the original completion date, but due to the rain and the late start on the project; he does not have any concerns with granting the extension.

Palecek questioned if everything would be completed before it freezes with the curing of the diamond brite finish taking thirty days and winterizing the pool to follow? Mr. Quenzer noted that at this time, the estimated completion date is the end of October.

Following review, motion was made by Kangas, seconded by Vetter to approve Change Order #01 for a two-week extension to Associated Pool Builder's contract. Motion carried with all members voting aye.

Mr. Quenzer then went on to review the Letters of Agreement with SPN & Assoc. for wastewater and storm sewer facility plans. It was noted that during the past few weeks, the Council has been discussing future street and utility improvements such as the Wood and Walden Ave. project and Pine St. Phase III and Wray Ave. projects. In order to qualify for any funding through the State of SD such as loans or grants, the City must have facility plans that encompass the entire area within the corporate limits. Since these projects would not include water improvements, the needed facility plans would be for wastewater and storm sewer.

Mr. Quenzer then noted that there is a Small Community Planning Grant Program that provides funding to complete facility plans. These grants reimburse 80% of the costs. He noted that the wastewater plan is estimated at \$10,000 which \$8,000 would be reimbursed and the total cost to the City would be \$2,000. The storm sewer plan is estimated at \$7,500 which \$6,000 would be reimbursed and the total cost to the City would be \$1,500.

It was further noted that once the facility plans are completed, an application will be submitted to have the City of Philip placed on the State Water Plan. This will make the City eligible to be considered for State Revolving Fund (SRF) loans, Rural Development loans, State grants, etc.

Following discussion motion was made by Palecek, seconded by Kangas to approve the Letters of Agreement with SPN & Assoc. to complete facility plans for the City's wastewater and storm sewer systems. Motion carried with all members voting aye.

Motion was then made by Vetter, seconded by Struble to authorize applications for Small Community Planning Grants through the State of SD, DENR to offset the costs of the wastewater and storm sewer facility plans and authorize Mayor Hart's signature on said applications. Motion carried with all members voting aye.

Mr. Quenzer noted that he will be in contact with the Finance Office and PWD Reckling for information and televising videos as a means to assist in the data collection for the plans.

Mayor Hart then advised the Council that as part of the State funding programs, the City has requirements that it must meet for eligibility. The one that is of concern at this time is the City's sewer rates as they do not comply with the State's minimum utility rate schedule, which requires the City charge a minimum of \$22 for 5,000 gallons of wastewater. Currently, we are charging \$13 for 5,000 gallons. The water rates are in compliance as we charge \$32 for 5,000 gallons of water and the requirement is a minimum of \$25.

It was noted that the City has not increased water rates since 2002 and sewer rates since 1998. In order to meet the application requirements, the City will need to consider increases in its rates prior to submitting an application to the State for funding.

FO Van Lint presented and reviewed a rate increase proposal that would meet the State's requirements. She stressed that this is only a proposal at this time and would recommend that the rate increase take effect Jan. 1, 2011. The water minimum for 2,000 gallons would remain the same, but proposed that the Council consider a .001 cent per gallon increase for usage above 2,000 gallons. This will bring our water rates in line with the generally accepted theory that 2/3 of a customer's water usage goes through the sanitary sewer system. The sewer minimum would increase \$3.50 for in-city customers and \$7.00 for out-of-city customers for 2,000 gallons of water usage. The amount over the 2,000 gallons would increase by .002 cents per gallon to .003 cents per gallon.

Sewer rates are set differently than water rates in so far as the City currently bases a customer's sewer utility fee on that consumer's average water usage during January, February and March of each calendar year. Once the average for those three months is established, the customer's sewer rate is then set at a flat rate from April of that year through April of the following calendar year.

Vetter mentioned and Mr. Quenzer confirmed that the State will not assist the City unless the City assists itself. Vetter then questioned what would occur if the City did not raise their rates? Mr. Quenzer noted that there is funding assistance available, but it is very limited.

No action was taken on increasing the utility rates at this time.

FO Van Lint reviewed correspondence from Jim Hyde with SD Dept. of Transportation regarding the SD Highway 73 Sidewalk project. She noted that the State is well aware of the City's concerns for pedestrians on SD Highway 73 and are considering 2015 for the sidewalk construction.

According to the State's policy, they will replace any existing sidewalk at their cost and the City will be required to pay 50% of the costs for any new installations. The plan includes sidewalk installation from Pfeiferville north to SD Highway 14 and the current

estimated cost for the City's portion of the project is \$50,000. Van Lint stressed that this is only a rough estimate at this time as the project is slated for five years from now.

Mr. Quenzer then addressed the Council with the Walden and Wood Ave. design project. He expressed concern for Wood Ave. as it includes four different street widths between Pine St. and SD Highway 14. In order to finalize the design plans, he requested the Council's input on how to address the various street width issue.

Mr. Quenzer presented and reviewed the three different options for the Council to consider:

Option #01: Maintain the street width from Pine St. north to SD Highway 14. The concern is that this would impede on those properties along the eastside of Wood Ave. past the Hone St. intersection.

Option #02: Narrow Wood Ave. from Pine St. north until it is past 406 N. Wood Ave. It would then be widened for truck traffic delivering to Scotchman Industries. The concern noted with this option would be the grade of the driveways.

Option #03: Move the east curb in eight feet (8') and leave the west curb as is to accommodate a 42' width from Pine St. north to Hone St. From Hone St. north to SD Highway 14, decrease the width of the street to 34'. This would address the grade of the driveways as well as avoiding the impediment on properties, which, in Mr. Quenzer's opinion, would be the best option for the City.

Quenzer then asked that Council consider the surface of the street on N. Wood Ave. along Scotchman Industries property. He noted that with the amount of truck traffic in this area, he would like the Council to consider a concrete surface for that area. Once this and the other options noted above are considered and determinations are made by Council, SPN will proceed with finalizing the design plans.

Council Member Kangas questioned how the drainage will be addressed between Scotchman Industries and 406 N. Wood Ave.? Mr. Quenzer noted that draw piping will be installed and the area will be widened out to allow for proper drainage. This will also prohibit the area from washing out.

FO Van Lint questioned the current street width in comparison to the proposed option #03 that would decrease it to a 42' width. Mr. Quenzer noted that it is currently a 50' street and option #03 would give those properties on the east side an additional eight feet (8') of boulevard. When questioned, he stated he would recommend the City maintain ownership of the area.

Council Member Arthur questioned about the storm drain at the intersection of Wood Ave. and High Street. Mr. Quenzer advised that the grades for Wood Ave. have been established and they are planning to increase the number of drop inlets to accommodate water runoff. His main focus is getting the water off the street surface and will do so with

the installation of Sioux Falls type drop inlets. These are designed to take in more water without plugging up.

Mayor Hart recommended the Street Committee meet with Mr. Quenzer to review the options at more length. A meeting will be scheduled in the next few weeks.

Mayor, Council and those in attendance thanked Mr. Quenzer as he left the meeting at this time.

At 7:30 p.m., as previously advertised, a public hearing was held on the request to transfer liquor licenses located at Lot 16 & 17, Block 06, Original Town, City of Philip, S.D. - Transfer from Don and Debbie Carley, The Steakhouse, to Gerald Carley, The Incorporated Steakhouse and Lounge - On Sale Liquor, Off Sale Liquor & Sunday On-Sale privilege.

Mayor Hart noted that the property taxes are paid to date.

With no one appearing for or against the requested license transfers, motion was made by Kangas, seconded by Vetter to approve the requested transfer of liquor licenses from Don and Debbie Carley, The Steakhouse, to Gerald Carley, The Incorporated Steakhouse and Lounge. Motion carried with all members voting aye.

Airport:

The need for a public hearing deadline on the Land Acquisition and Environmental Assessment (LA/EA) project was July 31, 2010. It was noted that all of the affected landowners have visited the Finance Office and each has been provided with a copy of the Environmental Assessment documents. A meeting with those individuals, the Airport Committee and Airport Engineer, Rod Senn with Kadrmas, Lee and Jackson will be scheduled in the near future.

Council was informed that the City's grant request for the design portion of the Runway Lighting Improvement project was submitted and approved by the Federal Aviation Administration (FAA) in the amount of \$25,000.

Motion was made by Arthur, seconded by Vetter to authorize the Mayor's signature on said grant agreement with the FAA for the design portion of the Runway Lighting project. Motion carried with all members voting aye.

It was noted that the Airport pavement maintenance is scheduled for Aug. 2nd and 3rd. Helms and Assoc. will be here to complete the work and a Notam has been filed.

The runway striping project will be completed by contractor, Traffic Services Co., LLC. The total estimated cost of the project is \$3,333.75 with the State contributing 75% of the project costs and the City contributing the remaining 25%. The City's portion, \$833.44, is expected to be paid from the City's fuel tax fund. The final funding of the project is still waiting approval from the Aeronautic Commission.

Following review, motion was made by Kangas, seconded by Arthur to enter into a contract with Traffic Service Co., LLC for the runway striping project. Motion carried.

PWD Reckling is to coordinate with the contractor on the project completion date(s).

Departmental Reports:

The monthly Police Dept. report was presented and reviewed with Police Chief Graham.

Motion was made by Vetter, seconded by Palecek to authorize Officer Butler's attendance at a Rapid Deployment to High Risk Incident class, Aug. 16-18, 2010, in Watertown. Motion carried.

There was nothing to report for the quarterly Rubble Site report.

The monthly Street Dept. report was reviewed.

Council was advised that the City entered into an agreement with the SD Dept. of Transportation (DOT) to purchase asphalt millings at \$3.00 per ton. This was a part of the conditions that had to be met in order to obtain hot mix from Duininck, Inc. for the pot-hole patching conducted by Street Dept. personnel within the last two weeks.

PWD Reckling also noted that they are planning on acquiring more hot mix prior to the plant being closed down. He would like to get more done on both Wray and Wood Ave.

Arthur inquired about the gutter in front of 201 N. Wood Ave. and stated that it is in major disrepair. PWD Reckling advised that they have attempted to lay hot mix and asphalt in the area. Since those did not hold, he is planning on laying concrete in the gutter as his next option.

PWD Reckling then presented the Council with a request for authorization to purchase a used SD DOT dump truck. He noted that the time frame to purchase the truck directly from the State has passed and it will be sold at auction.

It was also noted that the Street Dept. appropriated funds to purchase a truck in 2010.

Following discussion, motion was made by Struble, seconded by Kangas to authorize PWD Reckling to purchase a dump truck. The purchase price must be within his appropriated funds for 2010. Motion carried.

PWD Reckling also requested permission to purchase a new jumping jack compactor prior to back filling around the pool. It will also be utilized for the water and sewer departments. He noted that the current one is in disrepair as it is twenty-one years old. The price of a new four-stroke jumping jack compactor is estimated at \$3,500.

A supplemental appropriation for the purchase of the jumping jack compactor will be required as there will not be sufficient funds to cover this expense if Reckling purchases the dump truck as planned. The Street Dept. has sufficient cash in reserve for the

purchase, but not sufficient budget, therefore a supplement to their budget from their reserve will be required. If a purchase is approved, the supplement will be presented for approval at the September meeting.

Motion was made by Vetter, seconded by Arthur to authorize pursuing the purchase of a new jumping jack compactor. Motion carried.

The quarterly water report was presented and reviewed with Gen. Maint. Pearson.

Concern was expressed regarding the reported water loss for the month of July at 18% or 1,087,500 gals.

Vetter noted that the water flow reported from West River/Lyman Jones Rural Water Systems has noted 370 gals./min. during peak hours and 60 gals./min. during the nighttime hours. This, in his opinion, is higher than normal.

PWD Reckling advised that they have been investigating the usual suspect areas for evidence of running water such as the sewer lift station, Hoag's Valley, the water main to town, sale barn area, etc. At this time, they have not located anything that would indicate a leak. They plan to keep watching for further excess water loss and areas indicating a water leak.

The budget meetings have been completed and the first reading of the proposed 2011 appropriations will be held during the September meeting.

Council reviewed information from the SD Dept. of Tourism regarding their 2010 Rooster Rush program. This is a State program to promote pheasant season and the information has been forwarded to the Chamber of Commerce and South Fork Hunting.

The SD Municipal League (SDML) has partnered with US Communities as a cost saving organization. Participation in the organization will allow governmental entities to purchase goods and supplies through other governmental entities' contracts.

Executive Session:

At 8:04 p.m., motion was made by Vetter, seconded by Arthur to enter into executive session for personnel reasons. Jason Petersen, part-time/seasonal maintenance person, was asked to stay for the session. Motion carried.

At 8:39 p.m., Council came out of executive session with the following action.

Motion was made by Arthur, seconded by Kangas to hire Jason Petersen as full-time street/sewer maintenance personnel at his current rate of \$10.00 per hour effective Aug. 1, 2010. Motion carried with a 5-1 vote. Voting aye: Chin, Vetter, Struble, Kangas, Arthur. Voting nay: Palecek.

Public Comments:

None.

In Other Business:

Motion was made by Palecek, seconded by Struble to authorize PWD Reckling and Gen. Maint. Pearson's attendance at the 2010 SD Water & Wastewater Assoc. Conf., Sept. 14th - 17th, 2010, in Sioux Falls. Motion carried.

The City offices will be closed Monday, Sept. 6th in honor of the Labor Day holiday.

The next Regular Council Meeting will be held on Tuesday, September 7th, 2010 at 7:00 p.m. in the Community Rm.

With no further business to come before the Council, Mayor Hart declared the meeting adjourned at 8:41 p.m.

/s/ John F. Hart, Mayor

ATTEST:

/s/ Brittany Smith, Deputy Finance Officer

(Published once on Aug. 12, 2010, at approximate cost of \$_____)