



Date: November 9, 2009
To: IRAB Board
From: Mark Cotter, Director of Public Works
Subject: Special Meeting of the IRAB Board
Thursday, November 12, 2009, 9:30-11:00 a.m., Oak View Library
to Discuss Harrisburg Wastewater Agreement

This past Wednesday at the IRAB meeting, questions were asked about the Harrisburg Wastewater agreement. We are planning to provide a presentation at the 4:00 pm Informational Meeting on Monday, November 9, 2009, and the resolution authorizing the Mayor to sign the agreement is on the Council Meeting agenda later that evening. The Home Builders Association has informed me they plan to ask for a deferral of the item to gain more information on this agreement. Here is some information to provide you additional background on the Eastside Sanitary Sewer System (ESSS) and this agreement.

The original Eastside Sanitary Sewer System (ESSS) was planned, designed and constructed without consideration of the Harrisburg flow. The size, capacity, and alignments were established to meet the needs of the ESSS area with the initial phase of 8,500+ acres. The Citizens of Sioux Falls will pay for approximately 650 acres of the 8,500 acres. The 650 acres account for existing mature neighborhoods that, through the use of pump stations, were pumping the sewage to the central main. During the design and ultimately the construction, we were able to retire those lift stations with the new ESSS. The cost recovery just recently completed, established the costs for the ESSS area for those 8,500 acres and the majority of the phase one system is in place.

The Harrisburg addition does not change or alter the base system for the ESSS. The same 8,500+ acres are available for development without any additional sanitary sewer requirements. The Harrisburg addition will not prevent any part of the ESSS acres from being developed. As the ESSS capacity increases, the Harrisburg portion of the flow will be addressed and the costs of upgrades would not be from the ESSS.

The same applies to the Pump station PS 240. The pump station is designed for the ESSS with space for future pumps to go the future Wastewater Treatment Plant (WWTP). The future WWTP is not a part of the ESSS cost recovery. If the pump station needs to be expanded beyond the capacity needed to serve the ESSS, the cost would be allocated as appropriate, not to the ESSS.

The Harrisburg addition does not negatively impact the ESSS by removing potential ultimate development acres. Harrisburg is using capacity until ESSS approaches its capacity. When this point is reached, we will construct the second Wastewater Treatment Plant near the Big Sioux River and 57th Street. At this point, Harrisburg, by contract will be notified and within 18 months will need to extend their forcemain to Pump Station 240 or the new WWTP (this will be determined in the design of the WWTP).

Accepting the Harrisburg flow in the ESSS for this temporary period will improve the operation of the gravity sewers. Currently there is very little flow in the pipes. More flow will keep the sewers clean and reduce maintenance (mechanical cleaning). Harrisburg will continue to have a sewer lagoon system and are required to have 30 days of storage in case we need to stop accepting flow to perform maintenance. They also will be able to pump to Sioux Falls in the middle of the night, further reducing the impact on the system.

We have a long history of working with the neighboring communities. The rate of \$1.85/1,000 gallons is based on the cost of service approach to convey, pump, treat the wastewater, and their proportionate share of depreciation of the system. Based on their anticipated flow, this will cost Harrisburg \$253,491 for the first year. This breaks down to 54% (\$137,949) which is to cover operational and maintenance expenses and 46% (\$115,542) which is depreciation of the sanitary sewer system. The cost of service approach is consistent of how we set the rate for Brandon, Renner, and Prairie Meadows Sewer District. This contract is for a five year period with three separate 5 year extension options to renew. The Department of Environment and Natural Resources is very supportive of regionalization.

Since there is ultimately no change to the ESSS, the cost recovery as approved still applies. The ESSS needs remain the same and the development acres remain the same; therefore, the ESSS Cost Recovery should remain the same. We believe this is a fair and consistent approach and look forward to answering your questions.

Thank you.