

MINUTES
INFRASTRUCTURE REVIEW ADVISORY BOARD
Oak View Library
October 19, 2011 8:30 a.m.

Members and Alternates Present

Mark Cotter, Chad Huwe, Mike Cooper, Steve VanBuskirk, Preston Mettler, Scott Hofer, Steve Brockmuller, Tim Galbraith, Mark Vellinga and Myron Adam

Members and Alternates Absent

Jeff Schmitt, Matt Carlson, Bill Kemmis and Pat Beckman

Others Present

Chad Hanisch, Julie Terrell, Scott Hofert, Tanya Miller, Cleud Poliet, Mike Kuno, Eric Willadsen, Clayton Jamison, Tom Gould, Jeff DesLauriers, Reed Ranstad, Jon Fischer, Cynthia Monnin, Todd Anawski, Albert Schmidt, Jeff Boldt, David Bixler, Jarrod Smart

Approval of Minutes of Last Meeting

A motion was made by Mike Cooper to approve the August 17, 2011 meeting minutes; the motion was seconded by Mark Cotter. Roll call: Yeses- Cotter, Cooper, VanBuskirk, Hofer, Galbraith, Vellinga-6. Noes, none.

Business

Sewer Regionalization Study

Tom Gould, Vice President of HDR Engineering Inc presented the study results. He stated that the City Of Sioux Falls is still exploring the issue of regionalization.

- Recap of Basic Regional Principles.
- Simplified Overview of the Concept of the Regional System.
- Review and Overview of the Regional Rate Methodology.
- Regional System Assets Defined.
- Overview of the Comprehensive Rate Setting Process.
- Graphical Overview of the Key Steps in the Regional Rate Methodology.
 - *Step 1 – Develop Revenue Requirements
 - Key Inputs
 - Utilize a “Cash Basis” Methodology
 - Summary of the Revenue Requirement
 - *Step 2 – Allocate Costs to Regional System
 - Regional Revenue Requirements
 - Summary of the Regional Allocation
 - Allocate Regional Revenue Requirements
 - *Step 3 – Overview of the Methodology to Allocate Costs to Regional Customers
 - Transitioning to a “Utility Basis” – Earning a Fair Return on Investment
 - Classification of Regional Expenses
 - Summary of the Regional Allocation

*Step 4 – Develop Unit Costs (Rates)

Unit Costs of Regional Customers

Credits Applied to Unit Costs of Regional Customers

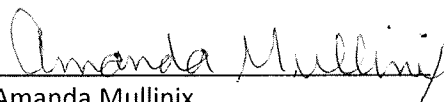
- Rate Comparisons to Other Regional Systems
- Regional versus Local Costs
- Summary of the Development of the Regional Rate
- Development of the Regional System Development Charges (SDCs)
- System Development Charges: A Working Definition
- SDCs Are Part of Utility Financing
- Regional Principles for System Development Charges
- Regional SDCs Vs. Cost Recovery Fees
- Comparison Between SDCs and Cost Recovery
- Comparison of the Rate and Fee Approach Between SDCs and Cost Recovery Fees
- Steps to Determine SDCs
- Key Principles
- Cost Components of the Regional SDC
- Equivalent Residential Units (ERUs)
- Draft System Development Charges (\$/ERU)
- Summary of the Regional SDCs by Meter Size
- Example Applications of the Calculated Regional SDCs Vs. Cost Recovery Fees
- Comparison to Other Regional SDCs
- Other Issues Associated with SDCs
- SDC Implementation Issues
- Next Steps – Future Activities

Board Action

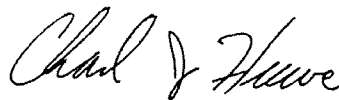
Action Items

Adjournment

The next IRAB meeting is set for February 1, at 8:30 a.m., at the Oak View Library. A motion was made by Mark Cotter for adjournment at 10:15 a.m.; the motion was seconded by Steve VanBuskirk. Roll call: Yeses- Cotter, Cooper, VanBuskirk, Hofer, Galbraith, Vellinga-6. Noes, none.



Amanda Mullinix
Secretary



Chad Huwe
City Engineer