

RESOLUTION 2024-09

RESOLUTION OF NECESSITY

A RESOLUTION BY POWDER HOUSE PASS COMMUNITY IMPROVEMENT DISTRICT, LAWRENCE COUNTY, SOUTH DAKOTA, DECLARING THE NECESSITY THAT LOCAL IMPROVEMENTS BE FINANCED BY A SPECIAL ASSESSMENT

WHEREAS, Powder House Pass Community Improvement District (the “District”), is authorized to make assessments for local improvements on property adjoining or benefitting from the improvements, collect the assessments in the manner provided by law, and to fix, determine, and collect penalties for nonpayment of any special assessments; and

WHEREAS, in 2014, the District imposed a special assessment totaling \$2,575,218 (the “2014 Assessment”) to finance sanitary sewer collection infrastructure and initial costs associated with the wastewater treatment facility; and

WHEREAS, in 2018, the District imposed a special assessment totaling \$2,060,000 (the “2018 Assessment”) to finance completion of construction of the wastewater treatment plant, and to make further improvements to the sanitary sewer collection infrastructure; and

WHEREAS, in 2022, the District imposed a special assessment totaling \$7,163,500 (the “2022 Assessment”) to finance completion of construction of the wastewater treatment plant, and

WHEREAS, the Board of Supervisors of the District has determined that it is necessary and in the best interests of the District and its citizens, to develop, design, engineer, and complete construction of the District’s sanitary sewer collection and treatment systems, including the expansion of the District’s resource recovery facility to accommodate maximum capacity buildout and construct a new sanitary sewer lift station replacing a current undersized lift station, (the “Improvements”) and

WHEREAS, the District has filed detailed plans and specifications for the Improvements with the District’s finance office; and

WHEREAS, the materials used in the Improvements will be generally consistent with those necessary for both a moving bed biological reactor treatment system and wastewater collection system gathering line and an improved sanitary sewer lift station, as described in more detail in the plans and specifications; and

WHEREAS, the Board of Supervisors has estimated that due to increased supply costs, the total cost of the Improvements to the Wastewater Resource Recovery Facility will exceed the initial estimated cost of \$7,501,000 in the amount of \$745,000, and

WHEREAS, the Board of Supervisors has estimated that the cost of the improved sanitary sewer lift station is \$1,330,000, and

WHEREAS, the Board of Supervisors has estimated that the total cost of the Improvements, together with engineering, legal and related expenses, will not exceed \$2,075,000 as shown on the attached **Exhibit A**; and

WHEREAS, all property within the District that will benefit from the Improvements, including additional land annexed in the future, will be assessed to cover the cost of improvements and related expenses based on an apportionment methodology described on **Exhibit B**;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the District as follows:

1. **Declaration of Necessity**. The Board of Supervisors hereby finds, determines and declares that it is necessary and expedient for the District to make assessments for the Improvements and related expenses with an estimated total of \$2,075,000.
2. **Details of Improvements**. The proposed Resolution of Necessity and details, plans, and specifications of the Improvements may be reviewed at the Powder House Pass Community Improvement District’s office located at 11283 Powderhouse Pass Trail, Lead, SD 57754, during its regular business hours from 9:00 am. – 5:00 p.m. Monday through Friday.

Those voting aye:

Those voting nay:

Motion carried.

Adopted at Powder House Pass Community Improvement District, Lead, South Dakota, this 30th day of July, 2024.

APPROVED:

ATTEST:

Greg Kaschmitter, CID President

Julie Stone, Secretary

Approved: July 30, 2024

Published Date:

Effective Date:

Seal

EXHIBIT A

BREAKDOWN OF COSTS

Construction & Improvements	\$1,579,706
Engineering	\$ 160,000
Administrative	\$120,000
Excise Taxes	\$ 23,378
Contingencies	<u>\$ 191,916</u>
Total	<u>\$2,075,000</u>

EXHIBIT B

APPORTIONMENT METHODOLOGY

Introduction

A special assessment in 2014 has been used to fund existing sanitary sewer collection system infrastructure, as well as initial construction costs associated with the wastewater resource reclamation facility (WRRF) being constructed in 2018. At the time, the WRRF was designed to provide domestic, commercial and industrial sewer service to the Phase 1 development corridor with additional fixed building items to serve additional units.

The District has experienced steady growth since 2010. In the 2017 Sewer Collection Master Plan, it was assumed the Phase 1 development area will achieve full build-out within the 20-year design life of the WRRF. The ultimate population of the study was calculated as follows:

Phase 1 Ultimate Population = 207 acres x 2.0 units/acre x 2.2 persons/unit = 910 persons.

The estimated population of the study area is based on expected development density and land use. The 2010 Master Plan provided land use and development densities for the study area. This data was used to estimate a total population of the study area for the 20-year development horizon.

The 2014 Assessment supports and secures a State Revolving Fund Loan (“SRF Loan”) in the amount of \$2,575,218 with an interest rate of 3.25% and a term of 30 years. The 2014 Assessment was originally apportioned to parcels within the District based on functional allocations from the engineer of record.

Since the 2014 Assessment was levied, the District has required an additional SRF Loan in the amount of \$2,060,000 (the “2018 SRF Loan”) to help fund necessary design changes and cost increases associated with WRRF. Specifically, it was determined that a moving bed biological reactor package treatment plant and related appurtenances would be required to meet treatment requirements for the District.

Since the 2018 SRF Loan, the District has required an additional SRF Loan in the amount of \$7,163,500 (the “2022 SRF Loan”) to fully complete the build out the existing WRRF to serve its maximum capacity within the existing building footprint that was constructed with previous SRF Loans.

Since the 2022 SRF Loan, the higher cost of supplies has increased the final estimated cost to complete the WRRF in the amount of \$745,000, and due to an outdated and undersized lift station, the need to replace that lift station has a cost of \$1,330,000. The total estimated cost of both projects is \$2,075,000.

The Apportionment Methodology described below is to be used for the full/final buildout of this facility.

The Proposed Special Assessment; Apportionment

The proposed special assessment (the “2024 Assessment”) will support and secure the 2024 SRF Loan in the amount of \$2,075,000 at an interest rate of 3.75% and a term of 30 years to complete the WRRF and construct a new lift station.

The cost and benefit of the WRRF treatment system will be spread across the assessment area in a consistent manner. This is due to the assessment reflecting the full buildout out of the facility with no specific piece playing into a future project.

Likewise, the cost and benefit of the new lift station will be spread across the users that directly benefit from this improvement in a consistent manner.

WRRF costs and benefits will be assigned on a per development unit basis for both platted and unplatted land. Based on design parameters, each development unit is anticipated to produce approximately 300 gallons per day of wastewater effluent, resulting in approximately 380 total development units served from the WRRF, including phase 1. Platted single family unit lots will receive one development unit share. Commercial and unplatted land will receive a share of development units consistent with anticipated final use of that land as served by the WRRF.

Lift station costs and benefits will be assigned on a per development unit basis for both platted and unplatted land. Development units that directly distribute wastewater to the lift station will receive one development unit share.