

**HERMOSA TOWN BOARD
PUBLIC HEARING AND REGULAR MEETING
TUESDAY, FEBRUARY 15, 2022 @ 6:00pm**



ROLL CALL: Holsworth called the meeting to order at 6:00 pm with the following members present: Flug, Holsworth, King, Schumack, & Henrichsen by phone. William Lass, Black Hills Council of Local Governments, Johnson, Berg, Ferguson, and interested citizens also in attendance. Pledge of Allegiance led by Holsworth.

PUBLIC HEARING: The Purpose of the Public Hearing is a requirement of the funding applications that were submitted to DANR for the:

“Sanitary/Storm Sewer Facilities Funding Application” - Wastewater Lagoon Expansion, Gumbo Lily Addition Improvements Project.

Need for the Project: The lagoons need improvement done to the collection treatment. Also, there is an area adjacent to the town that are on septic systems and the plan is to put them on town collection system.

All Alternatives Evaluated and Costs for Each: No Action: Is not reasonable for no action. Regionalization: This is not an option as there are no other sewer treatment facilities in the area. Lagoon Expansion Project: Evaluated with cost: \$680,277.00. Sequencing Batch Reactor (SBR) Wastewater Treatment Plant: with cost: \$2,794,143.00. Relocation of the existing treatment facility: with cost of: \$655,000. Gumbo Lily with cost of: \$469,200. All options looked at for possible expansion that the town could evaluate.

The following alternatives selected and proposed for the funding application are: Lagoon Expansion Project, Gumbo Lily would extend the sewer collection system.

Proposed Financing for the Project: The funding application submitted to DANR is called a, “Sanitary/Storm Sewer Facilities Funding Application”. DANR may fund these projects from one of two primary sources: the Clean Water State Revolving Loan Fund (or SRF) Program and/or the Consolidated Water Facilities Construction Program. It is also possible the DANR will have extra grant or principal forgiveness available if the department receives additional American Rescue Plan Act funds if the legislature allocates funds in 2022. This has not yet occurred during the legislative session.

Amount of Loan to be Borrowed for Project: Total cost of the project is \$1,150,000.00 with \$76,000 local ARPA earmarked for the project. The requested amount to DANR is \$1,074,000.00. The town should always assume the funds will be 100% loan, make plans based on all loan.

Revenue Source Pledged for Loan Repayment: Town will use a sewer surcharge. The surcharge will be used to pay off the loan.

Interest Rate and Term of the Loan: 2.125% for 30 years.

Effect of the Proposed Financing on User Rates: The approximate per-account monthly surcharge resulting from the financing and based on 100% loan plus a 10% debt reserve requirement is (based on approximate information):

\$4,037.18/month debt service + \$403.72/month debt service reserve = \$4,440.90 Total. \$4440.90 divided by 226 accounts = \$19.65/month approximate surcharge.

Holsworth called for Public Comments/Questions.

“Drinking Water Facilities Funding Application” - New Well, WRT System, and the Gumbo Lily Lane Addition Improvements:

Need for the Project: The town has a well that is inactive and requires treatment due to radium levels.

All Alternatives Evaluated and Costs for Each: No Action: Is not reasonable. Blending of the two existing wells: was not feasible or reasonable. Regionalization: Evaluated with cost: \$590,947.50, this is construction side and would also require a purchase of water. Hildebrand Treatment: Evaluated with cost: \$292,793.60 for the cost with ongoing costs for treatment. WRT System: Evaluated with cost: \$526,500.00. Drilling the new Madison Well: Evaluated with cost: \$2,454,410.00. Gumbo Lily Expansion: Evaluated with cost: \$543,480.00. Combined three alternatives together for the funding application: drilling a new well, the WRT System, Gumbo Lily Lane Addition.

Proposed Financing for the Project: The funding application submitted to DANR is called a “Drinking Water Facilities Funding Application”. The DANR may fund this application from one of two primary sources: the Drinking Water State Revolving Loan Fund (or SRF) Program, and/or the Consolidated Water Facilities Construction Program. It is also possible the DANR will have extra grant or principal forgiveness available if the department receives additional ARPA (Americana Rescue Plan Act) funds in 2022. Lass provided two sets of figures: the original amount and the new numbers based on the possible \$500,000 ARPA funds obligated by Custer County.

Revenue Source Pledged for Loan Repayment: Water Surcharge

Interest Rate and Term of the Loan: 1.625% for 30 years

Effect of the Proposed Financing on User Rates:

The approximate per-account monthly surcharge resulting from the financing and based on 100% loan plus a 10% debt reserve requirement is:

\$12,378.04/mo. debt service

\$1,237.81 monthly debt reserve

\$13,615.85 Total

\$13,615.85 divided by 254 accounts = \$53.61/mo. (approx.)

(Note: The below details reflect revisions based on lower loan amount due to County ARPA)

\$12,378.04/mo. debt service	\$10,622.29
\$1,237.81 monthly debt reserve	\$1,062.23
\$13,615.85 Total	\$11,684.52

\$11,684.52 divided by 254 accounts = \$46.00/mo. (approx.)

Holsworth called for Public Comments/Questions. Motion made and seconded to conclude the Public Hearing and enter into Regular Session at 6:47 p.m., vote; all ayes, motion carried.

CALL FOR CHANGES: Motion made and seconded to approve the agenda as presented; vote; all aye, motion carried.

CONSENT CALENDAR: Motion made and seconded to approve the February 1, 2022, regular meeting minutes; vote; Flug, aye; Holsworth, aye; King, aye; Schumack, aye; Henrichsen, abstained; motion carried.

CLAIMS: discussed following New Business.

LAW ENFORCEMENT/ ABATEMENTS/COMPLAINTS: The town is waiting for the law enforcement radios to arrive.

LEGAL: Johnson reported Pennington County Commissioners were meeting the same day as the Hermosa board meeting and the Extraterritorial Agreement was on their agenda for review. He will report at the next meeting.

ENGINEER: Water Rehab Project (WRT System): pending due to awaiting water test results. N Second Street Box Replacement Guard Rail, pending. Lone Coyote Subdivision (Preston Sub) Preliminary Plat Application: Berg has received new plans from developer's engineer and will have report prepared to discuss at February 22, 2022, P&Z meeting. Hermosa Sidewalk Project: DOT informed the board the engineer's estimate came in substantially higher than what was originally estimated. Berg will contact DOT to discuss possible solutions. Sewer Project (Lagoon expansion) – no updates. Town of Hermosa Water and Sewer Extension Project, Change Order 1 – the project will require a reroute due to the Dollar General project. Water/Sewer Facility Plans: submitted for DANR review. The funding boards will meet April 12-13, 2022, in Pierre, item pending. Hermosa Hills Drainage – no update. Elmer Claycomb/Dollar General – the town has not received a response from Mr. Claycomb; item to be removed from agenda. Whitney Street Drainage: FMG Engineering conducted their own water sampling from multiple locations in town to attempt to understand the source of the water that is surfacing in areas of Hermosa. Their report indicates the source likely is municipal drinking water. Technicians from the SD Association of Rural Water Systems had also conducted leak detention tests throughout the town on February 8-10; their report indicates no leaks were found in any areas throughout Hermosa. As there is a need for this issue to be resolved quickly, Berg will schedule a meeting with town officials and FMG to discuss the discrepancy between the two reports to discuss resolving this problem. The citizen whose property this is affecting attended the board meeting and requested a solution be made as soon as possible.

PLANNING & ZONING: P&Z February 8, 2022, minutes; no action. Permit 2021-36; Lone Coyote Subdivision; pending Review ADU ordinance; pending. Permit 2022-01; Informational Permit-Parcel 9339; Proposed Towing Recovery and Used Car Lot, pending. Citizen has withdrawn the towing recovery portion of the project and will focus only on a Used Car Lot. Hermosa Ordinance 30 – Proposed updates (Under New Business). Permit 2022-02; Subdivision Plat Application- G&G Development- Walnut Grove Park, pending. Review of Chapter 117 to Regulate and License Transient Merchants (Under New Business). 1-mile Extraterritorial Area Policy Agreement (Under New Business).

PUBLIC WORKS: No reports under streets. New streetlights have finally arrived; East Main light is out and needs to be changed. The new main water meter has arrived and Ferguson will be working on getting it installed. Ferguson to install the motor in the booster. Ferguson reported he is monitoring the lagoon and it is holding containment. The town will proceed with hiring company to camera and jet the town's lines and we will then be able to review the condition of the infrastructure.

FINANCE OFFICE: Boddicker submitted a proposal from Independent Audit Services, PC, to perform the 2021 town audit. Monthly Financials, pending accountant. Motion made and seconded to contract with Mandy Morris to assist Boddicker with a 2021 accounting issue; vote; all ayes, motion carried. Boddicker requested the gWorks discussion, the software company being researched for utility billing and fund accounting, be tabled to March 1, 2022, meeting. Boddicker to send the request for bids to Sander Sanitation, Kiefer Sanitation and the Chronicle for bids on collection and disposal of refuse of solid waste. Motion made and seconded to approve Boddicker to sign the SDPAA Liability Coverage contract; vote; all ayes, motion carried.

OLD BUSINESS: Annexation: Gumbo Lilly, Fairgrounds Place: ACES will have the study prepared to be submitted to P&Z on February 22. Town Sign, pending. Berg will request a variance from the DOT to put the sign in the ROW (the law stipulates no advertisement in the ROW). Motion made and seconded to remove Dollar General Malt Beverage/Wine License and Elmer Claycomb/Dollar General from the agenda; vote; all ayes, motion carried. ADU Zoning Ordinance, pending. Town Office: Deck Staining, pending. Library: Deck Staining, Mud Jacking, pending. Casey Peterson Hermosa Audit Engagement Letter: motion made and seconded to not sign the letter of intent with Casey Peterson for their audit services; vote; all ayes, motion carried. Independent Audit Services, PC: motion made and seconded to enter into contract with Independent Audit Services for the preparation of the 2021 audit; vote; all ayes, motion carried. Motion made and seconded to remove audit discussions from the agenda; vote; all ayes, motion carried. 2022 South Dakota Legislature: there are no present bills that we need to act on. Custer County Extra-territorial Agreement. Berg reported she and Holsworth met with the county commissioners, their attorney and Custer County Planning Director, Kester, to discuss processes. All reviewed the Agreement and made no changes; no action.

NEW BUSINESS: 1st Reading Hermosa Ordinance: 30.01, 1st Reading Hermosa Ordinance: 30.05, 1st Reading Hermosa Ordinance: 30.06, 1st Reading Hermosa Ordinance: 30.07. Food Pantry: motion made and seconded to approve the Food Pantry to move into the lower-level of the town office beginning April 1, 2022, upon the execution of a lease at a fee of one dollar a month, vote; all ayes, motion carried. Motion made and seconded to remove Food Pantry from the agenda; vote; all ayes, motion carried. Meeting recordings: motion made and seconded to publish the next two recordings of the town regular board meetings on the Hermosa website; vote; all ayes, motion carried. Special meetings may be added as well. 2nd Reading Ordinance: Chapter 117, Transient Merchants or leave Ordinance 113 in place with current fee schedule: no action on 2nd Reading on Chapter 117. P&Z recommended there is more detail in the original in Ordinance 113. They were not in favor of 117 and proposed Chapter 117 not be read for 2nd Reading. Motion made and seconded to remove, "Meeting recordings and 2nd Reading Ordinance: Chapter 117, Transient Merchants or leave Ordinance 113 in place with current fee schedule" from agenda; vote; all ayes, motion carried. Reimbursement for sewer bill on city main: motion made and seconded to reimburse Schumack for the costs she incurred due to a city sewer line blockage issue; vote; Flug, aye; Henrichsen, aye; Holsworth, aye; King, aye; Schumack, abstained; motion carried. Approval of rock and leveling on Nickel's Road: motion made and seconded to approve the purchase of two loads of rock and leveling on Nickel's Road; vote; all ayes, motion carried. Approval of rock between 3rd & 4th Streets: motion made and seconded to approve; vote; all ayes, motion carried. Approval of paying redemption of tax lien: motion made and seconded to approve paying the redemption of the tax lien; vote; all ayes, motion carried. Renewal of 250 Main Street Lease Agreement: motion made and seconded to continue the lease on 250 Main Street with Westergard, to leave the rent at \$350.00, with the ability to house one or both of the law enforcement vehicles, all other conditions remain the same; vote; all ayes, motion carried.

CLAIMS: Motion made and seconded to approve the claims; vote; all ayes, motion carried. ACES, Facility Plans, \$22,983.50; Current Electric, Replace ballast in ceiling fixture with new \$96.90; Custer Co. Treasurer's Office, Tax lien redemption, \$2,816.77; Golden West, Monthly charges, \$563.50; Johnson Law Office, January 2022 services, \$1,768.00; Metering & Technology Solutions, Meters, \$1,223.37; Metering & Technology Solutions, Bare meter, gaskets, nuts, \$1,297.92; Miller Construction LLC, Haul 3 loads 1" clean rock and spread, \$918.00; Office Depot, Inc, Supplies, \$147.98; Payment Service Network, Monthly services 1/1/2022-1/31/2022, \$130.65; Pioneer Bank & Trust, Office supplies, \$246.49; R.C.S. Construction, Water/Sewer extension, Pay App #1, \$301,260.52; Rapid Rooter, Inspection of PVC storm drain for infiltration, \$520.00; Riteway Business Forms, Inspection forms, \$246.67; Rural Development #1 Monthly charges, \$417.00; Rural Development #2, Monthly charges, \$222.00; Rural Development #3, Monthly charges, \$1,278.00; Sander Sanitation Service, Monthly charges, \$2,846.25; Schumack, Terri, Reimbursement for root issue which were in the city main, \$181.05; Southern Hills Publishing, Inc, January 2022 charges, \$356.15; US Bank, DWSRF, \$1,493.23; Whiting Hagg & Dorsey, LLP, Attorney services, \$5,726.90; Payroll related: Finance, \$2,861.78; Gail Boddicker, Health insurance stipend, \$200.00; EFTPS, 941 payroll tax deposit, \$673.34; TOTAL: \$350,475.97.

ITEMS FROM CITIZENS: None

EXECUTIVE SESSION: Motion made and seconded to enter executive session at 8:37 pm allowable by SDCL 1-25-2 contract; vote; all ayes, motion carried. Motion made and seconded to exit executive session at 9:21pm; vote; all ayes; motion carried. Motions made in executive session: motion made and seconded to allow board president to sign the Perpetual Utility Easement with Heartland Storage LLC; vote; 4 ayes; 1 nay; motion carried. Motion made and seconded to allow the amendment to the federal lawsuit to be filed; vote; 4 ayes; 1 nay; motion carried.

TRUSTEE INPUT: Trustee Flug reported this is his last meeting as he is moving from town; Requested Flug to send a written letter of resignation. Schumack and King: thanks to Flug for his support, he will be missed. Henrichsen: thanks to the board for their support while she was hospitalized, Flug will be missed. Holsworth: thanks to Flug for his expertise, his volunteerism service; he will be greatly missed.

ADJOURN: Motion by Holsworth, second by King to adjourn the regular meeting at 9:30 pm.