

Exhibit No:
Issue:
Witness: Don Priest
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Southside Neighbors, Intervenors
Case No: EA-2000-308
Date Testimony Prepared: July 17, 2000

FILED²

JUL 18 2000

Missouri Public
Service Commission

PREPARED REBUTTAL TESTIMONY

OF

DON PRIEST

FOR

SOUTHSIDE NEIGHBORS, INTERVENORS

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Exhibit "A" - Report of Auditor of State of Missouri - September 30, 1997

Exhibit "B" - Public Hearing Minutes - March 22, 1999

Exhibit "C" - Revised Plan of Intent - City of Rolla

1. **I. Introduction and Summary**

2. Q. Please state your name for the record please.

3. A. Don Priest.

4. Q. In what capacity are you providing this Rebuttal testimony?

5. A. As an intervenor for the Southside Neighbors.

6. Q. Briefly explain why the Intervenors, who I will refer to hereafter as Southside
7. Neighbors, have intervened in this proceeding.

8. A. Because Intercounty Electric Cooperative Association, hereinafter referred to as
9. Intercounty, has provided electric utility services to me for approximately 27
10. years. Southside Neighbors are extremely pleased with the services that we have
11. been provided and with the management of Intercounty.

12. The public interest can best be served by allowing electric service to be
13. continued by Intercounty. The City of Rolla, during the annexation process, had
14. informed the public that Intercounty would continue to provide electric services.
15. This information was provided at the public hearings held by the City of
16. Rolla/Rolla Municipal Utilities, in Rolla's Revised Plan of Intent for the proposed
17. annexation of what is called the Southside Annexation.

18. Q. Please state what your present address is.

19. A. 1295 Highway O, Rolla, Missouri 65401

20. **II. Opposition to Electric Utility Services being provided by City of Rolla/Rolla**
21. **Municipal Utilities**

22. Q. Are you opposed to your electric service in the southside annexation area being

23. transferred to the City of Rolla/Rolla Municipal Utilities, (hereinafter referred to
24. as RMU)?

25. A. Yes

26. Q. Who do you wish to provide your electric service within the southside annexation
27. area, which is the subject matter before the public service commission of the State
28. of Missouri in this case?

29. A. Intercounty Electric Cooperative Association

30. Q. Why are you opposed to your electric service in the southside annexation area
31. being transferred to the RMU?

32. A. There are many reasons why the intervenors and other individuals within the
33. southside annexation area are requesting that our service continue to be provided
34. by Intercounty.

35. Many of us have been Intercounty customers and members for many years.
36. In my case, I have been a member of Intercounty for approximately 27 years. The
37. reliability of services Intercounty has provided over the years has been
38. tremendous. The management of Intercounty has always been easily accessible
39. and very responsive to its customers. My understanding is the City of Rolla/RMU
40. has had many outages of electricity in the past years and the Southside Neighbors
41. and others are very concerned the RMU cannot provide the same quality of
42. services as Intercounty does.

43. The ease of access that we have to the office of Intercounty in our area is a
44. great benefit to me and others presently being served by Intercounty.

45. Intercounty's office is located in an area which is easily accessible to all.
46. Management can be contacted at all times and there is not a delay in response by
47. management. Management for Intercounty gives answers which are easily
48. understandable and does not consist of a bureaucratic run around.

49. Intercounty Electric Cooperative Association is exactly that, it is an
50. association. Those people who are served by Intercounty have the opportunity to
51. become members of the association and vote on the Board of Directors which
52. govern their Intercounty. This ensures that there is control by the members.

53. RMU, which controls the electric services for the City of Rolla, in our
54. opinion, is not always considerate of what is in the best interest of electric
55. customers. RMU often expends money on non-utility items such as economic
56. development. An audit conducted by the State Auditor of Missouri for the year
57. ended September 30, 1997, determined the during the past five fiscal years, RMU
58. had promoted economic development in the City of Rolla. I have attached as
59. Exhibit "A" a copy of the State Auditor's report for the City of Rolla, Missouri,
60. year ended September 30, 1997. The expenditures of RMU are found starting at
61. page 16.

62. During the annexation of what is commonly referred to as the Southside
63. Annexation, the City of Rolla/RMU maintained during public hearings that utility
64. service would not be transferred to RMU or the City of Rolla. At the
65. special city counsel meeting for the City of Rolla on March 20, 1995, the City
66. explained that under a "flip-flop" law, the City of Rolla would not serve present

67. customers of Intercounty. I have attached a copy of the special city council
68. meeting minutes for Monday, March 20, 1995 as Exhibit "B". You will note on
69. page 3 the minutes the following quote: "Under the "flip-flop" law, the city cannot
70. take any of Intercounty's present customers. However, any new homes will be
71. provided electric service through Rolla Municipal Utilities. The cost for electric
72. service would essentially be the same." The City of Rolla passed a revised plan of
73. intent for the southside annexation. I have attached the revised plan of intent for
74. the southside annexation prepared by the City of Rolla and marked it as Exhibit
75. "C". The electricity provision is found on page 9 of the City of Rolla's Revised
76. Plan of Intent. This paragraph is entitled Electricity. The second paragraph under
77. Electricity provides as follows: "The areas within the proposed annexation that are
78. now receiving electric service from a rural electric CO-OP would continue to do
79. so. RMU will not be allowed to serve any of these properties. Any new
80. developments within this area would receive electric service from RMU. It is the
81. policy of RMU to absorb the costs of any electric extension and this would
82. continue to be the case. The proposed financing of electric extensions into the
83. proposed annexation area is to use electric reserve funds to install any new lines."
84. You will also note that on page 20 of the City of Rolla's Revised Plan of Intent
85. that a time table of municipal services was provided. This time table for service
86. presently provide by city under electric states the timing will be immediate for all
87. new developments and makes no reference to the present customers of Intercounty.

88. Q. What was your opinion concerning the representations being made by the City of
89. Rolla/RMU concerning electric services?

90. A. This led individuals within the southside annexation area to believe that electric
91. services would be the one thing that would continue as they presently were.

92. Q. Do you believe that you will have a rate increase if this transfer is allowed to the
93. City of Rolla?

94. A. I personally am unsure whether there will be a rate increase if the transfer is
95. allowed. The feeling of many of the Southside Neighbors is that there will a rate
96. increase. This is based upon the fact that RMU never provides a refund to the
97. citizens within Rolla. Intercounty has in the past provided a refund, rebate or
98. credit to its members. This is because Intercounty is run and operated by the
99. members. RMU also spends money on more than just electric services. I
100. believe as the Auditor found it helps subsidize city expenses.

101. Q. Do you believe that the City of Rolla can provide the same dependability of
102. electric service as does Intercounty?

103. A. No

104. Q. Why do you believe the City of Rolla cannot provide the same level of reliability
105. as does Intercounty?

106. A. This is based upon the past history and track record of Intercounty versus the
107. RMU. My understanding is that there have been many outages in the City of
108. Rolla over the past several years. The history and track record of Intercounty has
109. been that the few outages that have occurred were handled very promptly and

110. efficiently. I believe that if there are outages that occur within the southside
111. annexation area, that RMU will not provide the same prompt
112. response to the outage. This is based upon the fact that the southside annexation
113. just occurred and I believe we will be the last one serviced by RMU
114. or the City of Rolla. This is based upon the experience of other city
115. services since the annexation.

116. Q. Are you concerned with the amount of reserves that the Rolla Municipal Utilities
117. presently has.

118. A. Yes

119. Q. Why are you concerned with their present level of reserves?

120. A. Should the public service commission allow the transfer and order compensation to
121. Intercounty, it would appear that Rolla Municipal Utilities would have to deplete
122. its reserves. My opinion would then be that Rolla Municipal Utilities would then
123. pass those expenses onto its customers thus having a rate increase.

124. **III. Summary**

125. Q. Could you summarize your testimony and if you can, please do so.

126. A. Yes. The association known as the Southside Neighbors is opposed to the transfer
127. of electric services to Rolla Municipal Utilities. This opposition is for several
128. reasons as I have previously testified. In summary, I would give the following
129. reasons:

130. 1. Excellent service that has been provided by Intercounty,
131. 2. The reliability of Intercounty;

132. 3. The many outages that the City of Rolla has had in the past with electric
133. service;
134. 4. That the Southside Neighbors are members of Intercounty and elect the
135. Board of Directors giving us the ability to control and have input into the
136. direction for services;
137. 5. The ease of access to management along with their proper responses;
138. 6. The ease of access to the office of Intercounty;
139. 7. The fact that Rolla Municipal Utilities has used utility money to help fund
140. economic development versus reimbursement for utility costs only;
141. 8. The fact that the City of Rolla represented during the annexation process
142. that our electric service would continue to be provided by Intercounty;
143. 9. That the rates that will be charged by Rolla Municipal Utilities will be
144. greater than Intercounty;
145. 10. That Intercounty routinely provides rebates or credits to customers for
146. electric services;
147. 11. That Rolla Municipal Utilities will place us on a low priority for service of
148. electric service as a result that we are within the new annexation area;
149. 12. That we have faith in Intercounty supplying our electric service while we
150. do not with the City of Rolla and Rolla Municipal Utilities.
151. Q. Does this conclude your Rebuttal testimony?
152. A. Yes, at this time.

STATE OF MISSOURI)
 Pulaski) ss
COUNTY OF PHELPS)

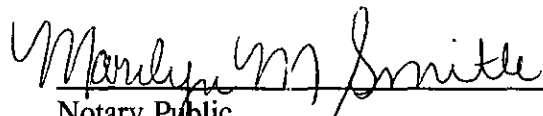
Don Priest, of lawful age, being first duly sworn upon his oath states that he has read the foregoing document and the statements contained therein are true and correct to the best of his knowledge, information and belief.



Don Priest

Subscribed and sworn to before me this 18th day of July, 2000.





Notary Public

My Commission EXPIRES: 5/21/02

CERTIFICATE OF SERVICE

The undersigned certifies that a true and complete copy of the above and foregoing **Prepared Rebuttal Testimony of Don Priest for Southside Neighbors** was served by placing the same in an envelope, with first class postage affixed thereto, addressed as set forth below, and by then depositing the same in a U.S. Mail receptacle in Waynesville, Missouri, on this 18th day of July, 2000.

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OFFICES OF THE
STATE AUDITOR OF MISSOURI
JEFFERSON CITY

CITY OF ROLLA, MISSOURI
YEAR ENDED SEPTEMBER 30, 1997

MARGARET KELLY, CPA



Report No. 98-19
March 23, 1998

CITY OF ROLLA, MISSOURI

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STATE AUDITOR OF MISSOURI

JEFFERSON CITY, MISSOURI 65102

MARGARET KELLY, CPA
STATE AUDITOR

P. O. Box 869
(573) 751-4824

To the Honorable Mayor
and
Members of the City Council
City of Rolla
Rolla, Missouri 65402

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Rolla, Missouri. The city had engaged Davis, Lynn & Moots, P.C., Certified Public Accountants, (CPA firm), to perform a financial audit of the city for the year ended September 30, 1997. To minimize any duplication of effort, we reviewed the report and substantiating workpapers of the CPA firm. Our audit of the city included, but was not limited to, the year ended September 30, 1997. The objectives of this audit were to:

1. Perform procedures we deemed necessary to evaluate the petitioners' concerns.
2. Review compliance with certain constitutional provisions, statutes, ordinances, and attorney general's opinions as we deemed necessary or appropriate in the circumstances.
3. Review certain management practices which we believe could be improved.

Our audit was made in accordance with generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. We also reviewed council minutes, city policies and ordinances, and various city financial records.

Our audit was limited to the specific matters described above and was based on the selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention which would have been included in this report.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the city and was not subjected to auditing procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings and recommendations arising from our audit of the city of Rolla, Missouri.

A handwritten signature in cursive script that reads "Margaret Kelly". The signature is written in dark ink and is positioned above the printed name and title.

Margaret Kelly, CPA
State Auditor

December 11, 1997

HISTORY AND ORGANIZATION

CITY OF ROLLA, MISSOURI HISTORY AND ORGANIZATION

The city of Rolla is located in Phelps County. The city was incorporated in 1861 as a third-class city. The population of the city in 1990 was 14,090.

The city government consists of a mayor and twelve-member council. The twelve council members are elected for two-year terms. The mayor is elected to a four year term and presides over the city council. The Mayor, City Council, and other principal officials at September 30, 1997, were:

<u>Elected Officials</u>	<u>Term Expires</u>	<u>Actual Compensation for the Year Ended September 30, 1997</u>
Elwyn E. Wax, Mayor	April 1998	\$ 22,500
Kenneth Smith, Council Member	April 1998	1,200
Monty Jordan, Council Member (1)	April 1999	549
Ed Owsley, Council Member	April 1998	1,200
Donald Z. Barklage, Council Member (2)	April 1999	549
Susan Eudaly, Council Member	April 1998	1,200
Carolyn Trundle, Council Member (3)	April 1999	549
Mark Rolufs, Council Member	April 1998	1,200
Louis Magdits, Council Member	April 1999	1,200
Jim Williams, Council Member	April 1998	1,200
Brian DeFriese, Council Member (4)	April 1999	549
Mary Daily, Council Member	April 1998	1,200
Robin Kordes, Council Member	April 1999	1,200
Patrick L. King, City Prosecutor	April 1999	16,000
William E. Hickie, Municipal Judge	April 1998	15,000
<u>Other Principal Officials</u>		
John Butz, City Administrator (5)		28,846
John Beger, City Counselor		38,636
Carol Daniels, City Clerk		31,074
Daniel Murphy, Finance Director		52,501
Steve Hargis, Public Works Director		58,914
Keith Crowell, Fire Chief		36,301
Dave Pikka, Police Chief		41,612
Kenneth Kwantes, Parks and Recreation Director		48,814
Steve Femmer, Solid Waste Director		35,217
Thomas R. Hosmer, Planning Director		36,226

- (1) Replaced Edward D. Rothwell in April 1997.
- (2) Replaced Gladys Light in April 1997.
- (3) Replaced Wilton Painter in April 1997.
- (4) Replaced Ray Hoevelmann in April 1997.

- (5) Appointed City Administrator in April 1997 after the retirement of Merle Strouse. Mr. Butz's annual salary is \$62,000.

The city's Board of Public Works oversees the operations of the Rolla Municipal Utilities (RMU) and is appointed by the Mayor with the approval of the City Council. This board is responsible for providing electric and water services to the businesses and citizens of the city. The members and principal officials of the board at September 30, 1997 were:

	Actual Compensation for the Year Ended September 30, 1997
Dr. James Stoffer, Board President	\$ 900
Maurice Alfermann, Board Vice President	900
H. Dain Ward, Board Secretary	900
Wm. (Bill) Jenks, Board Member	900
Dan Watkins, General Manager	52,200
Dave Stogsdill, Operations Manager	44,095
Tom Wassilak, Office Manager	29,674

Assessed valuation and tax rate information for tax years 1997 and 1996 are as follows:

ASSESSED VALUATION

	1997	1996
Real estate	\$ 82,277,078	67,616,165
Personal *	<u>24,131,046</u>	<u>21,703,100</u>
Total	<u>\$106,408,124</u>	<u>89,319,265</u>

* The city does not levy taxes on personal property.

TAX RATES PER \$100 ASSESSED VALUATION

General	\$.67	.76
Library	.28	.31
Park	<u>.17</u>	<u>.19</u>
Total	\$ <u>1.12</u>	<u>1.26</u>

The city had the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date
General	0.010	None
Transportation	0.005	None
Capital improvement	0.005	None

The city also had the following tourism tax; rate is per \$1 of related sales:

Rooms/accommodations	0.03	None
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MANAGEMENT ADVISORY REPORT

CITY OF ROLLA, MISSOURI
SUMMARY OF FINDINGS

1. Purchase of Police Station Building (page 9)

The city expended over \$950,000 on a renovated building for the police station without soliciting competitive bids on the renovation work.

2. Expenditures (pages 10-14)

The city made several expenditures which do not appear to be a prudent use of public funds. Fuel purchases are not bid and bid documentation is not always retained. Change orders on contracts are not approved by the city council. The city made payments to two not-for-profit organizations without monitoring how the funds were spent or the extent of services actually received. Supporting documentation was not retained for some credit card purchases. The city does not have a formal policy regarding cellular phone usage. Some additional compensation payments were not properly reported to the IRS. A detailed list of expenditures is not provided to the City Council for its review.

3. Former City Administrator's Expense Reimbursements (pages 14-16)

Several reimbursements to the former City Administrator for travel, meals, and other miscellaneous expenses disclosed expenses which appear questionable and/or were not supported by adequate documentation.

4. Expenditures of the Rolla Municipal Utilities (pages 16-19)

The Board of Rolla Municipal Utilities (RMU) made various expenditures totaling over \$1.3 million to promote economic or industrial development and city related expenditures even though it does not appear the RMU has the authority to participate in such activities. Bonuses totaling approximately \$25,000 were paid to RMU employees in 1995.

5. Expenditures Related to Ballot Issue (pages 19-20)

The RMU expended over \$1,200 related to a ballot issue on costs which are questionable.

6. Tourism Tax Monies (pages 20-21)

The city has contracted with the Rolla Area Chamber of Commerce (RACC) to provide the marketing services for the city. The city disburses tourism tax monies monthly based on the amount of tourism tax collections without requiring documentation to support how the monies are being used and the city has not established formal procedures to monitor the use of the monies. An annual audit of the tourism tax monies has not been provided to the city as required by the contract.

7. Closed Meetings (pages 21-22)

Decisions made in closed meetings were not always subsequently disclosed to the public in open meetings as required.

8. Financial Statements and Budgets (pages 22-23)

The city did not publish semi-annual financial statements until such statements were published for the six months ended March 31, 1997. In addition, that published financial statement as well as prior annual published financial statements did not include detailed information. The city budgeted deficit fund balances for some funds.

9. City Contracts (pages 23-24)

The city does not solicit bids for their depository banking services. In addition, the city's written agreement with the City Counselor expired in April 1996.

10. City Vehicles (page 24)

The city does not have a formal policy governing the use of city vehicles. In addition, mileage logs are not maintained to help ensure vehicles are used for official city business only.

11. Controls Over Receipts (pages 24-25)

Some receipts are not recorded and deposited on a timely basis.

CITY OF ROLLA, MISSOURI
MANAGEMENT ADVISORY REPORT

1.	Purchase of Police Station Building
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In May 1993, the City Council entered into an agreement with a local contractor for the future purchase of a building to be used as the new police station. The purchase was handled as a "turn-key" project in which the city agreed to subsequently purchase a building that was to be renovated by the contractor to meet city specifications. The project involved the acquisition of an existing building by the contractor from a local bank. The completed building was subsequently purchased by the city from the contractor on December 30, 1993, for approximately \$950,000.

The manner in which this procurement was handled prevented the solicitation of competitive bids on the building's purchase or renovation. It appears the city discussed the possibility of purchasing the building outright and bidding out the renovation work; however, it ultimately decided to purchase the renovated building from the contractor without the solicitation of bids. Although the city's purchasing policy requires competitive bidding related to contracts of \$5,000 or more, it appears the city justified this transaction by considering it a sole source procurement and an appropriate exception to the purchasing requirements. Based on our review of this situation, it does not appear this transaction represented a sole source procurement as contended by the city.

As a result of this situation, the city did not assure itself that it received the lowest and best price on the completed project since the renovation work was not competitively bid. Competitive bidding procedures for major construction projects provide a framework for the economical management of resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding also helps ensure all parties are given an equal opportunity to participate in the city's business.

WE RECOMMEND the City Council ensure transactions involving the purchase/renovation of city buildings are structured to allow for competitive bidding procedures, if possible. In addition, exceptions to the city's purchasing policy should be allowed only in necessary and appropriate situations.

AUDITEE'S RESPONSE

The City Council provided the following response:

The city did not pursue competitive bids on the renovation of the new police station due to the unique characteristics of the project. The city will follow the competitive bid process as prescribed in the city's "Purchasing Manual" on all future public improvement projects.

A. We noted the following expenditures which do not appear to be a prudent use of public funds:

1. The city holds an annual employee awards banquet which all city officials and employees, their spouses, and children are invited to attend. The city pays all the costs of this function and expenditures related to the banquet for the year ended September 30, 1997 totaled approximately \$2,546. Although most of the costs related to the banquet were for the meal and facility, other items included gifts for the children totaling approximately \$300 and entertainment totaling \$150.
2. During the year ended September 30, 1997, the city spent approximately \$571 for flowers for employees, members of the council, or their families for sickness or other reasons and for retirement gifts. The city has a policy allowing city funds to be spent on flowers or plants in such instances. Flowers and gifts for employees or family members or retirement gifts could be funded through employee contributions or an employee association.
3. It appears the city has historically given year end bonuses to all employees who have been employed with the city for at least a year. The bonuses are in the amount of \$5 for each year of service. These bonuses totaled approximately \$5,200 in December 1997. In addition, the city pays cash awards or bonuses during the year of \$100 for the employee of the quarter and \$500 for the employee of the year.

Bonuses given to employees appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

The city's residents place a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The above expenses do not appear to represent a necessary and prudent use of public funds.

B. Although the city has an established procurement policy, bids were not solicited or bid documentation was not retained in the following instances:

1. The city made fuel purchases totaling approximately \$89,620 from four different companies during the year ended September 30, 1997. Bids were not solicited for these fuel purchases.

2. Although employees indicated bids were solicited through telephone quotes for the purchase of a \$3,005 computer, no documentation was maintained indicating the bids received or the reasons for selecting the successful vendor.

Bidding procedures for significant purchases help to ensure the city receives fair value by contracting with the lowest and best bidder. The city should ensure purchases are bid in accordance with its established policy.

C. Change orders/modifications to construction contracts are not approved by the City Council. Examples noted of significant change orders included:

1. In 1997, four change orders totaling \$128,543 were made to the contract for reconstruction of Vichy and Vienna roads. These change orders represented approximately 24 percent of the original contract amount.
2. In 1997, three change orders totaling \$138,613 were made to the contract for street improvements on Gale Drive, Soest Road, and Second Street. These change orders represented approximately 23 percent of the original contract amount.

The City Council should authorize all significant changes to city construction contracts to ensure any additional expenditures represent valid and appropriate costs to the city.

D. The city made payments to two not-for-profit (NFP) organizations without entering into contracts. While city officials indicated the city received services in exchange for these monies, the city did not attempt to monitor the extent of services actually received. These expenditures include the following:

1. In 1996, the city disbursed \$2,500 to "A Community Organized to Restore Nature" (ACORN) for city-wide landscaping and beautification services.
2. The city disbursed \$3,382 to the "Achievement of Better Lifestyles for the Elderly" (ABLE) Commission for reimbursement of expenses incurred in providing services to the elderly.

If the services provided by these entities are determined to be desirable, city-funded services, the city should enter into formal written agreements defining the services to be provided and providing the city with a mechanism to evaluate and monitor such services.

E. The city has eight credit cards that are used primarily for city-related travel expenses. It appears adequate supporting documentation is not submitted or retained for some charges. During our review, we noted several items for which no supporting documentation was retained. In other instances, the only documentation available for the purchase was a signed charge slip. Copies of the original receipts were not retained.

Adequate supporting documentation should be retained for all credit card purchases and reconciled to credit card statements to ensure the propriety of the charges.

Without adequate supporting documentation, the city cannot evaluate the necessity and reasonableness of credit card purchases..

- F. The city does not have a formal policy regarding cellular phone usage. Monthly cellular phone expense ranged from \$680 to \$1,100 for the city's 17 cellular phones.

In addition, it appears the cellular phone bills are not reviewed for propriety. We reviewed the bills for the cellular phones for one month and noted a few calls which may have been personal in nature. On six of the bills, these calls resulted in some additional charge to the city. While we noted one employee identified and reimbursed the city for personal calls, it appears the city was not reimbursed for the cost of any other questionable calls noted. While the additional charges noted were not significant, it does not appear the city funds should be used to pay for personal telephone usage.

A policy is needed to ensure that cellular phones are used only for business purposes. Such a policy should address which employees need a cellular phone, proper use of the phone, and a reimbursement policy if the council authorizes the phone to be used for personal purposes. Procedures should be implemented to monitor cellular phone usage and review invoices for propriety.

- G. Federal payroll reporting requirements were not met for some payments to employees. Bonuses paid to city employees for employee of the quarter and employee of the year were not included on the applicable employees' Forms W-2. In addition, in accordance with established policy the city pays employees leaving city employment through retirement or resignation an amount equal to \$20 for each year of service. These amounts were also not reported on the Forms W-2.

The Internal Revenue Code generally indicates individuals treated as employees should have all compensation reported on Forms W-2. These payments represent taxable income and should be reported on the employees' Forms W-2.

- H. A detailed list of expenditures is not routinely provided to the City Council. The city code requires a monthly statement of all expenditures be furnished to the City Council. Failure to provide the City Council with a detailed list of expenditures increases the possibility of inappropriate expenditures of city funds.

WE RECOMMEND the City Council:

- A. Ensure all expenditures from city monies are a prudent use of public funds.
- B. Ensure bids are solicited in accordance with the city's established purchasing policy and all bid documentation is properly retained.
- C. Establish a policy requiring council approval for all significant change orders related to construction projects and ensure that approval is documented. If the council wishes to allow appointed city officials to authorize less significant change orders without council approval, that should be addressed in the policy.

- D. Ensure any payments made to NFP organizations be made pursuant to written contracts which specifically state what services are to be provided to the city and provide a means of evaluating and monitoring the services.
- E. Ensure adequate supporting documentation is submitted for all credit card purchases and reconciled to credit card statements to ensure the propriety of the charges.
- F. Develop a policy regarding the use of cellular phones including an assessment of which employees need a cellular phone and procedures to monitor their use.
- G. Ensure all compensation paid to employees is included on Forms W-2.
- H. Require a detailed list of expenditures be submitted to the City Council monthly as provided by the city code.

AUDITEE'S RESPONSE

The City Council provided the following response:

- A. *The city in an attempt to reward and motivate, has provided flowers for sick employees and related funerals, a \$20 per year of service retirement "gift" for departing employees, a "holiday gift" of \$5 per year of service, and the "Employee of the Quarter/Year Award". While insignificant in cost, the city will eliminate such expenses in their current form and refer the matter to the Employee Advisory Committee for consideration. It is anticipated that the City Council will consider a performance-based recognition program as it relates to safety and cost-saving efforts.*
- B. *The city will bid out all services and purchases deemed reasonable in accordance with the city's "Purchasing Manual" to include retainage of all required bids. Due to the complexity of bidding fuel purchases, the city will maintain the practice of allowing each department to purchase fuel from a variety of vendors providing the most flexibility, best price, and best service.*
- C. *Public improvement change orders are poorly detailed in the city's "Purchasing Manual". The City Council will adopt a formal policy establishing guidelines for routine change orders and Council approval on substantial change orders to maintain the integrity of the bid process.*
- D. *The city will formalize "contracts for services" for the provision of shared public/private partnerships deemed appropriate and reasonable. The city has entered into a formal agreement with ACORN and is in the process of reviewing same with the ABLE Commission.*
- E. *The city will continue the practice of requiring receipts for all expenses, including credit card expenses. Employees will be responsible for personal payment of charges if the receipts are not submitted and cannot be substantiated.*
- F. *The city will develop a formal policy on cellular phone usage and long distance telephone calls to be adopted by the City Council.*
- G. *All payments to employees other than reimbursable expenses will be reported as W-2 wages.*

- H. *The City Council will review the requirements of city code with respect to a Monthly Detail of Expenses for reasonableness and comply with such requirements.*

3. Former City Administrator's Expense Reimbursements

During our review, we noted that reimbursements to former City Administrator Strouse for travel, meals, and other miscellaneous expenses totaled \$25,743 for the period from October 1, 1995 through April 24, 1997. Prior to December 1996, the City Administrator was allowed to authorize and approve his own reimbursement requests without any type of independent review. A review of several reimbursement requests of this former city official disclosed expenses which appeared questionable and/or were not supported by adequate documentation as follows:

- A.1. In September 1995, the former City Administrator attended a conference in Denver, Colorado. He and his wife flew out three days before the conference and charged meals and the cost of a rental car during that time. The former City Administrator indicated it was necessary to arrive early because they were meeting the two individuals from Australia who were participants with the city in the Manager Exchange Program. The former City Administrator said he was responsible for showing them around Denver prior to the conference. However, there was no documentation indicating the City Council had authorized the former City Administrator to incur these expenses.

While the former City Administrator did not charge the cost of his wife's plane ticket for the trip, it appears he did charge some of her meals and for her shuttle ride from the hotel to the airport.

In addition, the former City Administrator claimed a dinner charge at a Rolla restaurant the evening of the day he returned from the conference. There was no explanation as to why the local dinner charge was necessary.

The expenses which appeared questionable related to this trip totaled approximately \$390.

2. In February 1997, the former City Administrator attended a two-day conference in St. Louis. Although the conference included scheduled luncheon speakers both days, the former City Administrator charged \$9 and \$19 for lunches those days. In addition, the conference was scheduled to end at 2 p.m. on the last day. However, the former City Administrator charged a \$78 dinner for six in St. Louis that evening. No other city personnel attended this conference.

When we asked the former City Administrator about these charges he indicated he apparently did not attend the luncheon sessions on those days and he must have paid for the meals of a group of city managers for the dinner charge in question; however, this information was not documented on the reimbursement request.

- B. We noted numerous instances where the former City Administrator charged meals that ranged from \$46 to \$120 for between four and eight people. Often, it appears the former City Administrator was the only city employee at the dinner.

1. Adequate documentation was not submitted to support many of these meal expenses. Receipts submitted with the reimbursement requests often consisted of only a calculator tape or a guest check receipt stub, which included only the total amount of the meal. The copies of some receipts were such that the date and name of the restaurant could not be determined. No documentation was provided to indicate those individuals present at these meals or the purpose to show justification for the city incurring the expense.

The city's personnel manual requires sufficient details be submitted for all expenses including a list of the individuals on whose behalf expenses are incurred and justification for the expenses. By not requiring sufficient supporting documentation for all expenses incurred, the city does not have adequate assurance that expenses claimed for reimbursement were proper.

2. Many of the meal expenses noted above were incurred within the city of Rolla. The purpose and need to incur meal expenses within the city limits was not generally documented. In addition, the city's policy regarding employee expense reimbursements does not address expenses incurred locally, but only addresses expenses incurred outside of Rolla.

The city should review the need for reimbursing expenses incurred within the city limits. If the city determines the need for reimbursing local meal expenses is a necessary cost of the city, guidelines should be established defining those expenses eligible for reimbursement.

- C. Some meal expenses claimed by the former City Administrator exceeded the maximum meal reimbursement rates established by the city. The personnel manual indicates meals are to be reimbursed subject to limits established by the City Administrator. In November 1992, the former City Administrator issued a memo establishing maximum meal reimbursements of \$7 for breakfast, \$7 for lunch, and \$20 for dinner. However, city personnel indicated these maximums were never enforced. Instead, employees are reimbursed for actual expenses incurred regardless of the amount.

To prevent excessive meal charges, meal reimbursements should be based on actual costs within the established maximums approved by the city council (unless the circumstances and location require a deviation from the established policy).

- D. The former City Administrator's employment contract provided for him to receive a car allowance of \$300 per month; however, during the period from October 1, 1995 through April 1997, he also claimed mileage reimbursements totaling \$1,563. The former City Administrator indicated the car allowance was to cover mileage when traveling less than 125 miles from the city, and trips in excess of 125 miles were eligible for reimbursement. However, neither the personnel manual nor the employment contract defined the mileage expenses that were to be covered by the car allowance.

To ensure proper reimbursement of travel expense, formal guidelines should be established to define those expenses to be covered by employee car/expense allowances.

At the recommendation of the city's independent auditors, the Mayor began reviewing the former City Administrator's reimbursement requests in December 1996, and the current City Administrator's reimbursement requests are now reviewed by the Mayor or Finance Director. However, city policy has not been updated to formalize the procedure requiring an independent review and approval of the City Administrator's reimbursement requests.

WE RECOMMEND the City Council ensure city policy is revised to formally require an independent and thorough review and approval of the City Administrator's reimbursement requests. In addition, the council should:

- A. Ensure any expenses claimed for reimbursement are necessary and reasonable. Any unusual circumstances related to expenses being claimed should be documented.
- B.1. Ensure sufficient supporting documentation is submitted for all meal expenses incurred, including a list of individuals on whose behalf expenses are incurred, if applicable, and the justification for the expenses.
- 2. Review the need for reimbursing local meal expenses. If this is determined to be a necessary operating cost of the city, a formal policy should be established defining those circumstances where such expenses would be eligible for reimbursement.
- C. Ensure meal reimbursements are kept within established maximums.
- D. Establish guidelines defining those expenses to be covered by employee car/expense allowances.

AUDITEE'S RESPONSE

The City Council provided the following response:

The city has internally remedied this matter by requiring a full-accounting of all travel and business-related expenses. The City Council will formalize appropriate procedures by amending city code.

4.

Expenditures of the Rolla Municipal Utilities

- A. Historically, the RMU has transferred 5% of its utility revenues to the city's General Revenue Fund quarterly. This specific amount was authorized by ordinance until 1987, when the ordinance was revised; however, the RMU has continued to make transfers which approximate this amount to the General Fund. These transfers represent the equivalent of a gross receipts tax on utility operations (whether privately or publicly owned), which appears to be a common practice in municipal governments. For the year ended September 30, 1997, these transfers from the RMU to the city totaled \$560,000.

However, in addition to these transfers, the RMU has expended approximately \$1.3 million during the past five fiscal years to promote economic or industrial development within the city of Rolla or pay general city expenses. Expenditures of this nature do not appear to be appropriate uses of municipal utility monies. While Section 349.012, RSMo 1994, provides a city with authority to expend city funds to promote economic or industrial development and for general city operations, RMU monies are earned from the municipal utility and should be used only for that purpose.

In June 1993, the RMU contributed \$200,000 to the city toward the construction of the city's recycling center. In February 1994, the RMU contributed \$100,000 to the city toward the purchase of the city's new police station. It appears the city should have been responsible for these costs rather than RMU.

In June 1995, the RMU participated with the city in purchasing a building in which a private corporation subsequently located a new factory. This building was provided as an incentive to the private corporation to locate in the Rolla area. The RMU contributed \$775,000 toward the purchase of this building.

In addition, the RMU has participated with the city in an economic development incentive program based on utility consumption. This program offers utility rebates to new industries within the city's enterprise zone. During the three years ended September 30, 1997, the RMU reimbursed the city over \$250,000 related to utility rebates the city paid to businesses that qualified under this program.

While the \$1.3 million of expenditures noted above may be proper for certain city monies, they do not appear appropriate for municipal utility monies. As a result of this situation, utility rates and charges may be set higher than required to recover actual costs. Also, city utility customers are subsidizing the promotion of economic or industrial development and general city expenses through the payment of their utility bills.

- B. In October 1995, the board of the RMU approved 50th anniversary bonuses to be given to all RMU employees. Bonuses of \$50 per year of service up to a maximum of 25 years were given to all employees. These expenditures totaled approximately \$25,000.

Bonuses represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a governmental agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

WE RECOMMEND the City Council:

- A. Ensure the RMU limits expenditures to only those which are necessary to properly operate the city's utility operations.
- B. Ensure the RMU refrains from paying bonuses in the future.

AUDITEE'S RESPONSE

The City Council provided the following response:

- A. *The city recognizes the financial integrity of the Rolla Municipal Utilities as an "Enterprise Fund". However, the city and RMU will continue to cooperate in economic development opportunities that will ensure the financial integrity of both while maintaining the competitive pricing of our utilities. In addition, the City Council and RMU Board of Directors will consider establishing a percentage of gross receipts for internal fund transfers.*
- B. *The city and RMU will ensure that compensation earned during service but taken after the period of service will be based on performance and in compliance with the State Constitution.*

The Rolla Board of Public Works provided the following response:

- A. *Missouri Revised Statutes, Section 349.012, authorizes the city's governing body the power to spend its funds to promote commercial and industrial development, to engage in any activities either on its own or in conjunction and by contract with any not-for-profit organization which it deems necessary to carry on such promotional work. In addition, Chapter 91, Section 91.590, suggests that a municipally owned utility is granted all of the same rights and powers as the city and additional rights in Sections 91.560-91.590. Given the foregoing, it seems reasonable to assume that the Board of Rolla Municipal Utilities and the city of Rolla does have the authority by state statutes to actively pursue economic development and industrial growth.*

With regard to the specific information submitted in your report, the board would like to state these additional facts. (See supporting table presented below) The total operating revenues for the Rolla Municipal Utilities from fiscal year 1992 - fiscal year 1997 totals \$77,007,000. Five percent of this total equals \$3,850,350. The actual contributions to the city of Rolla for the same period which includes the specific items noted in your report, equals \$4,494,112, which is approximately 5.8 percent of gross revenue. We would also note the quotation presented after the table presented below from the recent Missouri Municipal Review magazine which would suggest that this percent (5.8 percent) would not be deemed excessive in most municipalities in the state of Missouri.

<u>Year</u>		<u>Operating Revenues</u>	<u>Operating Transfers to City of Rolla</u>
1992	\$	10,522,000	508,000
1993		12,570,000	713,000
1994		12,595,000	607,000
1995		12,806,000	1,304,000
1996		14,121,000	561,600
1997		<u>14,393,000</u>	<u>800,512</u>
Total	\$	77,007,000	4,494,112
		<u>x 5%</u>	
	\$	<u>3,850,350</u>	

*Actual % of RMU's revenues
transferred to the city of Rolla. 5.8%*

1". . . on the level of municipal gross receipts taxes and franchise fees. These taxes and fees are computed as a percentage of the local utility's gross receipts. The rates applicable to Union Electric currently range from zero to 11 percent, with an average rate of five percent. . . . The total for all utilities in the state obviously was much higher."

1 Paul A. Agathen, "Options for Restructuring the Electric Utility Industry," Missouri Municipal Review, January 1998, p. 14.

- B. *The board acknowledges payment of the 50th year anniversary bonuses as reward for years of dedicated service from the RMU employees. The board will ensure that in the future, compensation earned during service but taken after the period of service will be in compliance with the law.*

AUDITOR'S COMMENT

- A. The statutes in Chapter 91, RSMo, cited in the Board of Public Works' response do not support the board's assertions. In addition, these statutes do not apply to the city of Rolla. The Board of Public Works' authority and power is limited to managing municipal utilities. Any expenditures of utility monies for non-utility purposes translates into higher utility rates than necessary to operate and maintain the municipal utilities.

5. Expenditures Related to Ballot Issue

In March 1996, an election was held involving the establishment of a rural water district in an area outside the Rolla city limits. A portion of this area has been under consideration for annexation by the city. Prior to the election, the RMU expended over \$1,200 related to this ballot issue on paid advertisements and informational packets that were mailed to voters in the proposed water district. Section 115.646, RSMo 1994 prohibits the expenditure of public

funds to advocate, support or oppose a ballot measure. The materials we reviewed appeared to promote arguments exclusively against the establishment of the water district.

The only safe harbor that Section 115.646, RSMo provides is the authority for public officials' to make public appearances and issue press releases to the media. Therefore, the expenditures noted are questionable, although we have not concluded these expenditures were clearly a violation of state law.

WE RECOMMEND the City Council and the Board of RMU ensure public funds are not expended to advocate, support, or oppose ballot issues.

AUDITEE'S RESPONSE

The City Council provided the following response:

The city and RMU recognize it is inappropriate to expend city funds to promote a vote for or against any ballot issue. Funds will be expended only to educate and inform citizens on such election issues.

The Rolla Board of Public Works provided the following response:

As stated in the response to 4.A., the board believes that RMU has the same powers generally as the city, and is permitted to expend funds in an effort to educate the general public on issues that may be voted. The paid advertisements and informational packets were deemed by a cross section of the public to be a statement of facts without bias to the voter. The RMU Board recognizes it is inappropriate to expend city funds to promote a vote for, or against a ballot issue.

6.

Tourism Tax Monies

In April 1993, the city's voters approved a tourism tax proposal pursuant to Section 94.830, RSMo. This proposal provided for the collection of a 3 percent tax on hotel and motel charges. The city began collecting these taxes in July 1993. Section 94.830, RSMo requires the tourism tax monies to be used solely for funding a convention and visitors bureau for the promotion of the city as a convention, visitor and tourist center.

Since the establishment of the tourism tax, the city has contracted with the Rolla Area Chamber of Commerce (RACC) to provide the marketing services for the city. The contract provides that 90% of the tourism tax revenue will be paid to the RACC. The remaining 10% of the revenues have been retained by the city to offset expenses incurred in collecting the tourism tax monies. The city has distributed over \$600,000 in tourism tax monies to RACC through September 30, 1997. A review of this situation disclosed the following concerns:

- A. The city disburses tourism tax monies to the RACC monthly based on the amount of tourism tax collections. This is done without requiring the RACC to provide any detailed documentation to show how these monies were used. In addition, it does not appear the city has established any formal procedures to monitor the use of the tourism tax monies.

To ensure the proper use of the city's tourism tax monies, the city should establish formal procedures to monitor the use of tourism tax monies and require detailed information from the RACC to document how these city funds are used.

- B. The contract with the RACC requires that entity to provide the city with audited financial statements related to the tourism tax monies on an annual basis. While audited financial statements were provided to the city for 1994, the RACC only provided a compilation of the tourism tax monies to the city for the two years ended December 31, 1996. A compilation does not constitute an audit; therefore, the RACC does not appear to be in compliance with this contract provision.

The city should ensure the RACC complies with all provisions of the contract agreement and ensure audited financial statements are submitted to the city as required. If the city does not believe the audit requirement is necessary, the contract terms should be amended accordingly.

WE RECOMMEND the City Council:

- A. Adequately monitor the use of the tourism tax monies.
- B. Ensure the RACC complies with all terms of the contract, including the provision to provide the city with an annual audit of the tourism tax monies.

AUDITEE'S RESPONSE

The City Council provided the following response:

The Chamber is now providing a more detailed quarterly report to monitor the use of funds and an independent annual audit will be submitted to the City Council in compliance with the terms of the agreement.

7.	Closed Meetings
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Some decisions made in closed meetings were not subsequently disclosed to the public in open meetings as required. For example, we noted the terms of an employment contract with a city official and the purchase of a parcel of real estate were not publicly disclosed.

Section 610.021, RSMo 1994, allows the council to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel issues; however, that statute requires certain matters discussed in closed meeting to be made public upon final disposition.

WE RECOMMEND the City Council ensure decisions reached in closed meetings are subsequently disclosed to the public as provided by state law.

AUDITEE'S RESPONSE

The City Council provided the following response:

The City Council will ensure the public release of all "final action" taken in executive session in accordance with the Missouri Sunshine Law.

8. Financial Statements and Budgets
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- A. During our review of the city's published financial statements, the following concerns were noted:

1. Until recently, the city did not publish semi-annual financial statements as required by law. The city published a semi-annual financial statement for the six month period ending March 31, 1997; however, prior to that, financial statements were only published annually.
2. The published financial statements did not include detailed information but only presented total revenues, expenses, and beginning and ending balances for each fund. In addition, the published financial statements did not include the city's indebtedness. We noted that the published financial statements for the six months ended March 31, 1997, did not include a note payable or capital lease obligations of the city at that date.

Section 77.110, RSMo 1994, requires the city council to publish, semi-annually, a full and detailed account of the receipts, expenditures, and indebtedness of the city. The publication of such financial statements are intended to provide information to citizens regarding the financial activity and condition of the city.

- B. During our review of the city's approved budget for the year ending September 30, 1998, we noted budgeted expenditures exceeded budgeted revenues plus beginning available resources for the Park, Airport, and Street/Capital Improvement Funds resulting in budgeted deficit fund balances.

While it appears these budgeted deficits were not significant and occurred due to oversight, care should be taken to ensure deficit budgeting does not occur. Section 67.010, RSMo 1994, provides that in no event shall proposed expenditures from any fund exceed estimated revenues plus unencumbered balances.

WE RECOMMEND the City Council:

- A. Ensure financial statements are published semi-annually and include adequate detail as required by state law.
- B. Ensure budgeted expenditures for the various funds do not exceed estimated revenues and beginning available resources. In addition, the city should consider revising the budgets for the applicable funds.

AUDITEE'S RESPONSE

The City Council provided the following response:

- A. *The city will publish detailed, semi-annual financial statements in a manner prescribed by the City Council. It is anticipated that the detail will provide a general accounting of the major revenue categories by fund type and expenditures by division, department, and fund. Semi-annual financial statements will also contain a reference that "additional financial detail is available at City Hall".*
- B. *The city will ensure future budgeted expenditures do not exceed budgeted revenues and unencumbered fund balances.*

9.	City Contracts
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- A. While it appears bids are solicited for the investment of some of the city's excess funds, the city does not periodically solicit proposals or bids for its depository banking services. To ensure the city is receiving competitive banking services, the city should consider periodically seeking depository banking proposals or bids from area banks.
- B. The city annually appoints a local attorney to serve as City Counselor. The same attorney has served in this position since January 1995. At that time, the city entered into a written agreement with the attorney, defining the services to be rendered and compensation to be paid for the legal services. However, the written agreement expired April 30, 1996, and had not been renewed at the time of our review.

Section 432.070, RSMo 1994, requires contracts for political subdivisions be in writing. Any contracts which are extended beyond the original term should be formally extended.

WE RECOMMEND the City Council:

- A. Consider seeking proposals or competitively bidding the city's depository banking contract on a periodic basis.
- B. Enter into a current contract with the City Counselor and ensure future contracts are formally extended, if applicable.

AUDITEE'S RESPONSE

The City Council provided the following response:

- A. *Due to the complexity of bidding and changing depository banking services, the city will opt out of the bidding requirements in accordance with RSMo 95.280 as long as the banking services negotiated are reasonable and competitive. The city will continue to bid out the investments accordingly.*

- B. *The city will ensure future contracts for all professional and business services (including the contract for City Counselor services) are current and in effect.*

10.

City Vehicles

The city, through its various departments, owns and operates over 90 vehicles. The city has not adopted a formal policy regarding the use of city-owned vehicles, including any personal usage. In addition, mileage logs are not maintained for the vehicles documenting their use. A formal policy would help ensure that vehicles are used in a manner approved by the City Council. Logs are necessary to document appropriate use of the vehicles and to support gasoline charges.

The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. These logs should be reviewed by the city management to help ensure vehicles are used for city business only, are being properly utilized, and help identify vehicles which should be replaced. Information on the logs should be reconciled to gasoline and other maintenance charges.

WE RECOMMEND the City Council establish a formal policy governing the use of city vehicles and require complete and accurate mileage logs be maintained for each vehicle. The logs should be reviewed by city management periodically for completeness and reasonableness.

AUDITEE'S RESPONSE

The City Council provided the following response:

A standardized policy for all city vehicles and related car allowances will be formulated and presented to the City Council for consideration.

11.

Controls Over Receipts

During our review of the handling and accounting for receipts, we noted some receipts are not recorded and deposited on a timely basis. Business license fees are not recorded and deposited until the license has been approved and all necessary paperwork has been obtained. In December 1997, we noted eleven unrecorded and undeposited business license payments totaling \$307 were on hand, some dating back to June 1997. In addition, the city had accepted a check for \$162 as a partial payment on a real estate tax statement. The payment had not been recorded or deposited and was being held in the vault pending receipt of the final payment.

In addition, traffic ticket payments are not recorded and deposited until the corresponding ticket information has been entered into the court's computer system. Tickets are entered into the computer approximately once a week.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be recorded when received and all monies should be deposited on a timely basis.

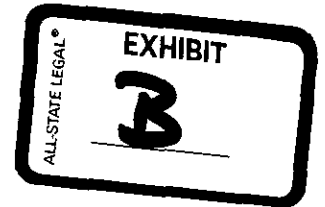
WE RECOMMEND the City Council ensure all receipts are recorded when received and deposited on a timely basis.

AUDITEE'S RESPONSE

The City Council provided the following response:

Staff will ensure the timely deposit of all receipts entrusted to its care. It is anticipated that the business license fee will be altered to a business license "processing" fee.

**SPECIAL CITY COUNCIL MEETING MINUTES
MONDAY, MARCH 20, 1995
CITY COUNCIL CHAMBERS
7:00 P.M.**



Mayor Elwyn E. Wax called the meeting to order.

Council Members in Attendance: Irvin I. Adams, Kenneth Smith, Ed Owsley, Gladys Light, Fred Krueger, Wilton Painter, Jim Waterman, Mark Rolufs, Jimmy Dale Williams, Ray Hoevelmann, Mary Daily, William Louis

Council Members Absent: None

Department Heads in Attendance: Public Works Director Steve Hargis, Parks and Recreation Director Ken Kwantes, Planning and Economic Development Director Robert Simonds, Fire Chief Bill Oliver, Finance Director Daniel Murphy.

Department Heads Absent: Chief of Police Mike Snavely

Others in Attendance: City Administrator Merle Strouse; City Counselor John Beger; Police Captain David Pikka; Rolla Municipal Utilities General Manager Dan Watkins; Phelps County Environmental Sanitarian David Ray; Fourth Ward Council Candidate Louis Magdits; Fifth Ward Council Candidate Joseph Osborne III; and City Clerk Carol Daniels

Mayor Wax began the meeting by pointing out to the audience that this meeting has been scheduled for discussion only by the City Council on the annexation issue.

Presentation by Staff on Annexation Issue & Discussion of Annexation Issue by Council: City Administrator Merle Strouse explained that a public hearing will be conducted in May. Since this meeting was scheduled to give the City Council an opportunity to fully understand the proposed annexation issue and to decide whether to pursue it further, no citizen comments are expected to be entertained at this meeting. Mr. Strouse also noted that tonight's meeting will be similar to the presentation made on March 7th at the Community Hall to the residents in the proposed annexation area.

Public Works Director Steve Hargis introduced Phelps County Environmental Sanitarian David Ray who advised Council that part of his department's job is to insure proper water quality and sewage disposal in the four-county area served by his department. Mr. Ray stated the reason he and the Health Department support the annexation is because of the extreme decline of water quality in the County and the dismal array of septic systems that have been installed. The Parkview, Ozark Terrace, Shady Lane/South Rolla Street and Line Barnitz/Longview sub-divisions, are an example of some of the areas

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Presentation by Staff on Annexation Issue & Discussion of Annexation Issue by Council (continued): that have been poorly developed and, as a result, have poor water quality, septic system failures, contaminated ground water and surface waters. Mr. Ray noted that some home owners are experiencing difficulty in selling their homes due to these problems.

Because of the septic system problems pointed out by Mr. Ray, City Administrator Merle Strouse explained that the residents in the shaded areas on the transparency presented (Parkview, Ozark Terrace, Shady Lane/South Rolla Street and Line Barnitz/Longview sub-divisions) approached the City requesting annexation. Approximately 80% of the residents in the Ozark Terrace and Parkview Additions requested annexation, as well as 100% in the Shady Lane Addition. While there was no written petition received from the residents in the Line Barnitz/Longview area, they too are experiencing septic system problems.

Public Works Director Steve Hargis recapped the proposed area of annexation, comprised of approximately 1400 acres, by pointing out the area on an overhead transparency (copy attached). The highlighted areas on the transparency, are the proposed Neighborhood Improvement Districts. The Neighborhood Improvement District will be the mechanism that will be used to pay off the investment for the installation of the sewer and water lines.

Public Works Director Steve Hargis outlined the City services which will be provided to the annexed areas. The services are as follow: immediate fire protection from the City of Rolla Fire Department; fire rates will decline from Class 9 to Class 5 which should decrease homeowners' insurance rates; City fire hydrants will be installed as the water systems are constructed. The City will utilize its tanker truck in those areas where fire hydrants are not currently available. Police protection would be provided immediately by the Rolla Police Department. State Law mandates that a city cannot take the sanitation business away from private sanitation haulers without two (2) years' notice. At the resident's request, residents may switch from the private haulers to the City of Rolla before the end of the two-year period. The residents would also be eligible for the City fall and spring pickups. Street lights would be installed as the electric distribution system is installed to these areas. The City will maintain the streets in their present conditions. Snow and ice removal will also be provided. By petition, these residents would be eligible for the City to improve their streets through a cost-sharing program. Planning and Zoning/Subdivision Regulations would also be applied to this area. Presently, there are no specific plans to locate a park in the area. And, finally, the driving force behind the proposed annexation is to provide City water and sewer.

SPECIAL CITY COUNCIL MEETING MINUTES

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Presentation by Staff on Annexation Issue & Discussion of Annexation Issue by Council (continued): Regarding the sewer and water system, Mr. Hargis explained that staff is proposing to build the water and sewer system out of the capital improvement budget. The plan is to forego capital improvements during the next three years inside the present City limits and use those funds to construct the water and sewer system into these areas. Mr. Hargis continued by elaborating on the costs, etc., per household for providing the sewer and water to the newly annexed areas (please reference attachment). Council discussion then followed regarding the above presentation.

Public Works Director Steve Hargis then compared the estimated average monthly utility/tax expenses of city versus rural based on a property value of \$75,000 with water usage of 6,000 gallons and electrical usage of 2,000 KWH. Depending on the insurance company, insurance rates are considerably less. Since a City resident is taxed by both the City and County, the taxes will be higher. Since fire protection charges are included in the City taxes, there is no additional amount charged for fire protection. Currently, water and sewer service is not available in the proposed annexed areas. Consequently, there is no way to compare these costs. It is estimated that the cost to provide this service to the newly annexed areas will be \$45.00 per month. Under the "Flip-Flop" law, the City cannot take any of InterCounty Electric's present customers. However, any new homes would be provided electric service through Rolla Municipal Utilities. The costs for electric service would essentially be the same. Currently, there are two sanitation service providers in the proposed annexed areas. The City is very competitive with their rates. The City cable television rates appear to more expensive. However, the City's cable television company provides more channels.

City Administrator Merle Strouse then outlined the proposed annexation process as follows: At its April, 1995, meeting, the Council will be asked to consider a resolution of intent to annex the south-side area. An ordinance to introduce the plan of intent and to schedule a public hearing will be considered at a special council meeting around April 17th. The public hearing would then be scheduled about May 22nd.

Public Works Director Steve Hargis then explained that during this time, petitions would be circulated to the proposed Neighborhood Improvement District. At least two-thirds of the owners of the property involved must return the petitions to be considered for the annexation. The petitions basically state that if the property is annexed and the property owner desires that the City of Rolla form the Neighborhood Improvement District at a cost of \$4,250.00 to construct the water and sewer system, they are agreeing to pay it off in 20 years. If the petition does not return with a two-thirds majority, then proceeding with the annexation may need to be reconsidered. In order to set up the mechanism to retire the debt on the sewer line construction, the

MARCH 20, 1995

SPECIAL CITY COUNCIL MEETING MINUTES

MARCH 20, 1995

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Presentation by Staff on Annexation Issue & Discussion of Annexation Issue by Council (continued): Neighborhood Improvement District must be formed. The petitions would need to be submitted to the City Clerk in June, 1995.

Assuming that both the May public hearing and the petitions received are favorable, City Administrator Merle Strouse explained that the next step would be for the City to approach the Circuit Court with the plan of intent of the services to be provided. If the Circuit Court chooses to not make a ruling, they may let the citizens decide. The people in the area to be annexed as well as the city seeking the annexation must both vote in the affirmative to effectuate the annexation. If the annexation issue goes to ballot, it could be voted on in November, 1995.

If the annexation is approved by the voters in November, 1995, Public Works Director Steve Hargis noted that the effective date on the ballot would be January 1, 1996. Immediately following the annexation, Rolla Municipal Utilities and the Public Works Department will begin preparing plans for the improvements with an April, 1996, deadline for the plan completion. The Neighborhood Improvement District formation and sewer line construction will then begin in May, 1996. Legally, the City will be required to complete the project within three years in the Neighborhood Improvement District, even though it will probably not take the three years.

Council person Light asked what effect the rezoning would have with the residents on Highway O who own cattle and horses. Since a great majority of the land in that area is either forested or pasture land or some sort of active farming, Planning Director Robert Simonds advised that a rural zone would be established. The agricultural land would continue in its present state until such time as there is enough urban pressure to develop the area into lots.

Adoption by Motion of Annexation Proposal: Following some discussion, a motion was made by Williams and seconded by Hoevelmann to adopt the annexation proposal as submitted by staff. A voice vote on the motion showed unanimous approval. Motion carried.

A motion was made by Williams and seconded by Hoevelmann to adjourn the meeting into executive session pursuant to RSMo. 610.021(3) dealing with personnel. A voice vote on the motion showed unanimous approval. Motion carried.

The meeting adjourned into executive session at approximately 8 p.m. following a brief recess.

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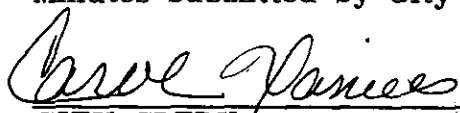
SPECIAL CITY COUNCIL MEETING MINUTES

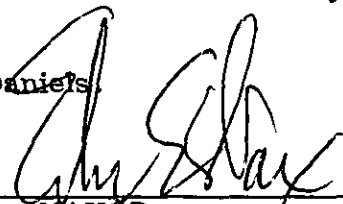
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The meeting reconvened into open session and adjourned at approximately 9:40 p.m.

Minutes submitted by City Clerk Carol Daniels.


CITY CLERK


MAYOR

MARCH 20, 1995

ROLL CALL RECORD

1

NAYES

	ATTEND	MOVED	SEC'D	AYE	NAYE
SMITH	✓				
WILLIAMS	✓				
DAILY	✓				
ADAMS	✓				
HOEVELMANN	✓				
ONSLEY	✓				
LOUIS	✓				
LIGHT	✓				
WATERMAN	✓				
KRUEGER	✓				
ROLUFS	✓				
PAINTER	✓				

NAYES:

	ATTEND	MOVED	SEC'D	AYE	NAYE
HOEVELMANN					
LOUIS					
OWSLEY					
WILLIAMS					
ADAMS					
DAILY					
WATERMAN					
KRUEGER					
ROLUFS					
LIGHT					
PAINTER					
SMITH					



CITY OF ROLLA

REVISED
PLAN OF INTENT FOR THE
SOUTHSIDE ANNEXATION

ROLLA CITY COUNCIL

Elwyn E. Wax, Mayor

Edward Rothwell, Ward 1-
Kenneth Smith, Ward 1
Gladys Light, Ward 2
Ed Owsley, Ward 2
Wilton Painter, Ward 3
Susan Eudaly, Ward 3

Louis Magdits, Ward 4
Mark Rolufs, Ward 4
Ray Hoevelmann, Ward 5
Jim Williams, Ward 5
Robin Kordes, Ward 6
Mary Daily, Ward 6

CITY OF ROLLA STAFF

Merle Strouse, City Administrator

John Beger, City Councilor
Keith Crowell, Fire Chief
Steve Femmer, Solid Waste Director
Steve Hargis, Public Works Director
Bob Hosmer, Planning Director

Ken Kwantes, Parks and Recreation Director
Dan Murphy, Finance Director
Mike Snavely, Police Chief
Dan Watkins, RMU General Manager
Carol Daniels, City Clerk

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REVISED PLAN OF INTENT FOR THE PROPOSED SOUTHSIDE ANNEXATION AREA

I. Introduction

Missouri law requires that prior to annexation a report be prepared and presented at a public hearing setting forth the provision of major services presently provided by the city, a proposed time schedule for these services, the level at which the city assesses property and the rate at which it taxes that property, how the city proposes to zone the area to be annexed and when the proposed annexation will become effective. Therefore, the purpose of this Plan of Intent is to provide the citizens of Rolla and the residents of the un-incorporated area information relating to the services that the City of Rolla is proposing to provide to this area. The following events will need to occur before the City can extend its limits.

Chronology of Events

1. Adoption of the resolution of intent to annex,
2. Preparation of the plan of intent,
3. Introduction of the annexation ordinance,
4. Holding of public hearing,
5. Adoption of annexation ordinance,
6. Obtaining declaratory judgment and
7. Election.

The proposed Southside annexation area is approximately 3 quarters mile in depth and 3 miles wide. The area is generally described as south of the existing City limits, north of Phelps County Road 5020, west of Highway 72 and east of US Highway 63 and the Parkview residential subdivision area. The proposed southern edge follows County Road 5020 and would extend due east from Highway 63 to Highway 72. The topography of the area is composed of gently rolling terrain. It is covered with a scattering of upland forested areas and a large amount of open land. This area is primarily in one watershed that lies on either side of the Deible Branch that divides the area. The lowest point is approximately 970 feet in elevation above mean sea level and the highest point is approximately 1,130 feet above mean sea level. This annexation would give the southern edge of the City a more uniform boundary between Highway 63 and Highway 72. The City Council of the City of Rolla, Missouri, has expressed an intent to annex the area as generally defined above.

The following information has been compiled by the principle departments of the City of Rolla, Missouri, which would be responsible for the provision of services to the newly annexed area. A series of maps accompanies and is an integral part of this report. These maps indicate the proposed City boundary extension, the proposed sanitary sewer collection system, the proposed boundary of the improvement districts, the existing streets, the proposed electrical system, the future transportation systems for Rolla, the existing land uses and the proposed zoning of the area.

II. Municipal Government Revenues and Expenditures

The Missouri state law prohibits the City of Rolla from assessing property at a higher rate than is assessed by the county assessor. Assessed valuation of property is computed at 12% for agricultural property, 19% for residential property and 33% for commercial property. The present City property tax rate is \$1.26 per \$100.00 assessed valuation. The City and County property taxes are depicted in the following chart.

1996 Property Taxes

Type of Tax	Per \$100 of Assessed Property Value
City Property Tax	
General levy	\$0.76
Library levy	\$0.31
Park levy	\$0.19
County Tax	\$0.15
School Tax	\$3.37
State Tax	\$0.03
Road and Bridge Tax	\$0.10
Developmentally Disabled Tax	\$0.10
Total Tax	\$5.01 **

Source: City of Rolla Finance Department, 1996 ** Does not include 0.38 Commercial Surtax

The City of Rolla, like other cities, relies on taxes and or user fees to generate revenues. The largest revenue generator for the City of Rolla is the City sales tax. The City sales tax rate in 1996 was \$0.02 per each sales dollar spent in the City of Rolla. The sales tax in Rolla generated 2.3 millions in 1995. This was a 4.89% increase over the 1994 sales tax revenue of 2.2 million dollars. The overall revenues and fund transfers for the City of Rolla grew by 12.36% from 1994 to 1995. The City of Rolla has increased revenues due mainly to sales tax revenues. This is attributed to the City's status as a regional trade center.

Revenues and Fund Transfers for the City of Rolla 1994-1995

Type of Revenue or Transfer	Total 1994	Total 1995	Percent Change
Ad valorem tax	\$466,424	\$473,874	1.60%
Gasoline tax	\$301,040	\$332,076	10.31%
Intangible tax	\$25,492	\$22,538	-11.59%
City sales tax	\$2,215,310	\$2,325,675	4.98%
Transportation sales tax	\$1,107,483	\$1,163,826	5.09%
Railroad tax	\$5,117	\$4,808	-6.04%
Utility franchise tax	\$215,926	\$303,083	40.36%
Motor vehicle tax	\$134,811	\$140,388	4.14%
Payment in lieu of tax	\$3,456	\$1,943	-43.78%
Mail order tax	\$201,828	\$200,236	-0.79%
Lodging tax	\$108,733	\$161,671	48.69%
Cigarette tax	\$115,906	\$118,921	2.60%
Liquor tax	\$12,101	\$15,280	26.27%
Taxes subtotal	\$4,913,627	\$5,264,319	7.14%
Occupational licenses	\$35,662	\$36,078	1.17%
Building permits	\$26,528	\$29,718	12.03%
Other	\$11,833	\$19,019	60.73%
Licenses and Permits subtotal	\$74,023	\$84,815	14.58%
Landfill	\$16,410	\$14,637	-10.80%
Grants	\$0	\$14,379	100.00%
Intergovernmental Revenues subtotal	\$16,410	\$29,016	76.82%
Fire dues and assessments services	\$32,000	\$33,120	3.50%
Street services	\$71,406	\$86,033	20.48%
Cemetery income services	\$13,890	\$66,395	378.01%
Charges for Services subtotal	\$117,296	\$185,548	58.19%
City court fines	\$140,333	\$107,521	-23.38%
Police training fees	\$0	\$1,506	100.00%
Other	\$3,028	\$32,000	956.80%
Fines and forfeitures subtotal	\$143,361	\$141,027	-1.63%
Lease and rent	\$16,217	\$23,482	44.80%
Interest	\$125,917	\$160,879	27.77%
Animal shelter	\$530	\$11,144	2002.64%
Sale of property	\$74,953	\$18,051	-75.92%
Administrative charges to other funds	\$307,001	\$307,095	0.03%
Other	\$82,200	\$79,037	-3.85%
Miscellaneous subtotal	\$606,818	\$592,457	-2.37%
Economic development fund	\$276,983	\$135,658	-51.02%
Cemetery fund	\$6,501	\$15,054	131.56%
Airport fund	\$470,590	\$195,672	-58.42%
Park fund	\$524,953	\$498,890	-4.96%
Solid waste fund	\$1,286,580	\$1,724,329	34.02%
Sanitary sewer fund	\$973,874	\$1,122,362	15.25%
RMU	\$606,897	\$1,304,000	114.86%
TOTAL	\$10,057,735	\$11,300,378	12.36%

Source: City of Rolla Finance Department, General Purpose Financial Statements Year Ended September 30, 1995, Davis, Lynn & Moots P.C., 1995.

The annual budget for the City of Rolla is approved by the Mayor and a twelve member City Council. The fiscal year begins on October 1 of each year. It is the responsibility of the City Administrator to prepare annual budgets from each department request. The budget is then submitted to the Mayor and the City Council for final approval. Annual budgets are managed throughout the budget year by the City Council, City Administrator and the Finance Department. The 1995-1994 budget increased by 10.18% from the 1994-1995 budget. The following chart is a comparison of budget expenditures between the 1994-1995 fiscal year and the proposed 1995-1996 fiscal year.

Budget Expenditures for the City of Rolla 1994-1996

Type of Expenditure	1994-1995	Proposed 1995-1996	Percent Change
Administrative	\$642,402	\$679,347	5.75%
City Administration	\$111,381	\$113,206	1.64%
Finance	\$363,461	\$398,470	9.63%
Legal services	\$38,764	\$38,924	0.41%
Mayor's office	\$24,472	\$24,472	0.00%
City court	\$51,224	\$50,756	-0.91%
Police	\$1,371,517	\$1,518,715	10.73%
Fire	\$896,794	\$897,758	0.11%
Buildings	\$44,884	\$45,695	1.81%
Cemetery	\$59,120	\$58,934	-0.31%
Street	\$1,264,840	\$1,298,024	2.62%
Vehicle maintenance	\$74,921	\$73,755	-1.56%
Engineering	\$1,057,298	\$1,582,401	49.66%
Code enforcement	\$120,369	\$138,229	14.84%
Planning	\$81,147	\$76,587	-5.62%
Economic development	\$100,000	\$290,000	190.00%
Sewer fund	\$1,153,932	\$1,228,481	6.46%
Solid waste fund	\$1,306,026	\$1,543,306	18.17%
Parks fund	\$516,572	\$498,056	-3.58%
Airport fund	\$642,897	\$377,383	-41.30%
TOTAL	\$9,922,021	\$10,932,499	10.18%

Source: City of Rolla Financial Plan 1995-1996

III. Municipal Services

The City of Rolla is classified as a third class city in the State of Missouri. The City operates under a City Administrator form of government. The City government is made up of twelve councilpersons elected for two years' terms and a mayor who is elected from the city at large for a four year term. The City is departmentalized into seven departments and the Rolla Municipal Utilities. The seven departments consist of the Finance, Fire, Parks and Recreation, Police, Planning, Public Works and Solid Waste. The City of Rolla employs approximately 188 full time employees which includes the City Administrators office and RMU. The following services are currently provided to the residents of the City of Rolla.

1. Building and Codes Enforcement

The City of Rolla has four full time employees in the Public Works Department Division of Codes Enforcement. This division is responsible for issuing building permits for new and renovated structures. Building plans are reviewed by the Codes Administrator in accordance with BOCA and National Electrical codes that includes building, mechanical, plumbing and electrical compliance. The Codes Administrator is also responsible for the enforcement of the zoning ordinance in addition to nuisance abatements.

2. Electric, Water and Street Lighting

RMU Personnel Structure

Water System:

The Rolla Municipal Utilities (RMU) is the provider and distributor of water for the City of Rolla. RMU maintains a water system comprised of 15 water wells with a total capacity of 8,500 GPM, five times the current average daily use, and 100 miles of distribution mains ranging in size from 16 inch down to 2 inch. In addition, RMU has two elevated water tanks, three standpipes ranging from 100,000 gallons to 1.65 million gallons' capacity with a total storage capacity of 4.65 million gallons. There are seven full time employees, out of a total of 44, whose primary responsibility is the operation and maintenance of the water system.

Electric System:

RMU currently has a total of 44 full time and 4 part-time employees. The RMU business office is staffed by 12 full time and 2 part-time employees and with the remaining employees working out of the service department. The remaining employees, except for the seven full time employees are responsible for the operation and maintenance of the electric distribution system. RMU maintains 101 miles of distribution lines that consist of 87.25 miles of overhead lines, 13.75 miles of underground lines and 10 substations.

Enterprise Funds

Assets	Water	Electric	Total
Cash in Bank	\$421,553.93	\$782,885.90	\$1,204,439.80
Reserves	\$1,983,475.90	\$3,683,598.10	\$5,667,074.00
Inventory	\$208,301.48	\$205,369.31	\$413,670.79
Totals	\$2,613,331.20	\$4,671,850.30	\$7,285,184.59

Source: Rolla Municipal (RMU), 1996

Timetable For Service Delivery

Within 90 days after the effective date of annexation:

Finalize the location of municipal street lights

Within 365 days after the effective date of annexation:

Substantial completion of municipal street lighting

Street Lighting:

The City of Rolla provides residential street lights at intersecting streets, at points of street curvature that might obstruct street vision, or with spacing of approximately 600 feet. The estimated cost of electricity for the operation of these lights is \$5.25 per month per light. Street lights along State Highways are spaced as required by the Missouri State Highway and Transportation Department. These lights cost \$21.00 per month per light.

Street Lighting Maintenance Fees

Location	Number of Lights	Cost
Parkview Subdivision	18 - 100W HPS	\$1,134
Ozark Terrace Subdivision	2 - 100W HPS	\$126
South Bishop Avenue	6 - 400W HPS	\$1,512
Shady Brook Drive	3 - 100W HPS	\$189
State Highway "O"	9 - 100W HPS	\$576
State Highway 72	19 - 400W HPS	\$4,788
Line-Barnitz Subdivision	14 - 100W HPS	\$882
County Road #3050	4 - 100W HPS	\$252
South Rolla Street	6 - 100W HPS	\$378
Lion's Club Drive	6 - 100W HPS	\$378
Total	81 Lights	\$10,215

Source: Rolla Municipal (RMU), 1996

Proposed Cost of Street Lighting Installation

Location	Length	Number of Lights	Cost
Parkview Subdivision	6,416	18 - 100W HPS	\$21,040.20
Ozark Terrace	650	2 - 100W HPS	\$2,277.80
S. Bishop Avenue	3,000	6 - 400W HPS	\$24,360.00
Shady Brook Drive	1,400	3 - 100 W HPS	\$4,479.20
State Highway "O"	5,280	9 - 100W HPS	\$12,342.49
State Highway 72	6,870	19 - 400W HPS	\$58,595.00
Line-Barnitz Subdivision	9,000	14 - 100W HPS	\$27,069.60
County Rd #3050	2,000	4 - 100W HPS	\$6,305.60
So. Rolla Street	2,600	6 - 100W HPS	\$6,586.40
Lion's Club Drive	3,500	6 - 100W HPS	\$10,708.40
Totals	37,516	81 Lights	\$173,764.69

Source: Rolla Municipal (RMU), 1996

Electricity:

The Rolla Municipal Utilities is owned by the City of Rolla and provides electric service for residential and commercial customers within the City limits of Rolla. RMU is governed by the Rolla Board of Public Works, which is a four member board approved by the Rolla City Council. RMU serves approximately 7,264 customers for an average 72 customers per mile of the electric distribution system. RMU currently has a total of 44 full time and 4 part-time employees. The RMU business office is staffed by 12 full time and 2 part-time employees and with the remaining employees working out of the service department. RMU maintains 101 miles of distribution lines that consist of 87.25 miles of overhead lines, 13.75 miles of underground lines and 10 substations. RMU is a full requirement contract customer of Union Electric Company. The electricity utilized in Rolla is purchased from Union Electric. This electricity supplied by Union Electric originates at multiple sources. These sources are Union Electric's Labadie coal-fired Missouri River generating plant, the Callaway County nuclear facility or Bagnell Dam at the Lake of the Ozarks. In addition, surplus power is frequently bought and sold from other electrical facilities. Rolla's electricity needs are but a small part of Union Electric's overall system demands. The local availability of electricity will not be a limiting factor relative to future development of the proposed annexation area.

The areas within the proposed annexation that are now receiving electric service from a rural electric CO-OP would continue to do so. RMU would not be allowed to serve any of these properties. Any new development within this area would receive electric service from RMU. It is the policy of RMU to absorb the cost of any electric extension and this would continue to be the case. The proposed financing of electric extensions into the proposed annexation area is to use electric reserve funds to install any new lines.

Proprietary Enterprise Fund Departments

Water System:

The Rolla Board of Public Works is responsible for operating and supervising the electric and waterworks systems throughout the City. All improvements and extensions of the City are under their supervision. The Board is responsible for establishing the electric and water rates to be paid by consumers of electric and water services. The Board of Public Works is authorized to appoint a General Manager to manage the operation of the electric and water systems. The RMU water department consists of an operations manger, an operations foreman, a water foreman, and six (6) full-time employees. RMU also operates the only laboratory in the Rolla area that has been certified by the Missouri Department of Natural Resources for the microbiological examination of drinking water.

Rolla's water system consists of fifteen (15) operational wells, two (2) elevated tanks, three (3) standpipes ranging from 100,000 to 1.65 million gallons and two booster pumping stations. The total storage capacity of the water system is currently 4.65 million gallons of water. The wells produce a combined capacity of 12 million gallons of water per day and are operated on a 24 hour rotational cycle. All of the wells are equipped with fluoridation and chlorination treatment equipment. RMU has been approved, by the Missouri Department of Natural Resources, to be a self supervised water system.

Rolla's water system is intended and designed to serve individual households as well as high-volume commercial and industrial users. The water system must meet exacting requirements relative to flow and hydrant supply, so that the community can provide a high standard of fire protection to keep property insurance rates comparatively low.

The existing water storage facilities and mains are designed so that the future requirements indicated in the development of the annexation area will not pose a problem either with water service or fire protection.

When water mains are extended from the RMU water distribution system to serve new customers and fire hydrants, RMU will construct the extension in accordance with City of Rolla codes and RMU specifications. The total cost of the extension will be recorded by RMU and the pro-rated cost will be determined at the time the extension is made by taking the total cost of the extension less a pipe allowance applicable to the size of the main installed. The cost per foot divided by the total amount of frontage, will equal the pro-rated cost per foot of the main. All developers of new subdivisions within the annexation area will be required to install and pay for the subdivision's water main system in its entirety, less any applicable pipe allowance.

The Rolla Municipal Utilities has prepared tentative plans and cost estimates for extension of the public water system. The following is a summary of the proposed water extensions.

Parkview Subdivision

This area will be served by connecting on to an existing eight inch main located on Kent Lane and extending the main west to Parkwood Drive and then south along the westernmost street of this subdivision to Missouri Highway CC and then east to Bishop Avenue. The interior of this subdivision and that portion facing Bishop Avenue will be served with 6 inch mains. There will also be a connection to an existing 8" main extended across Bishop Avenue just north of Missouri Highway CC. Fire hydrants will be installed at the appropriate intervals in order to better facilitate fire protection.

Ozark Terrace

This subdivision will be served by extending an existing eight inch main from Lion's Club Drive south along Bishop Avenue to the southern extents of this subdivision and installing a six inch water main along Keeton Road. Fire hydrants will be installed at the appropriate intervals in order to better facilitate fire protection.

South Bishop Avenue

This area will be served by extending eight inch mains from existing mains, along both sides of Bishop Avenue south to County Road #5020. Fire hydrants will be installed at the appropriate intervals in order to better facilitate fire protection.

County Road #5020

This area will be served by the installation of a six inch water main along County Road #5020 between Bishop Avenue and Rolla Street. Fire hydrants will be installed at the appropriate intervals in order to better facilitate fire protection.

South Rolla Street

The South Rolla Street area will be served by the installation of a water main of a minimum size of six inch beginning at the existing twelve inch main at the existing City limits and continuing south to the new city limits. Fire hydrants will be installed at the appropriate intervals in order to better facilitate fire protection.

Shady Brook Drive

This subdivision will be served by the installation of a six inch water main that will connect to an existing twelve inch water main on Rolla Street. Fire hydrants will be installed at the appropriate intervals in order to better facilitate fire protection.

Highway "O"

This area will be served by the installation of a water main of a minimum size of six inch beginning at the existing eight inch main at the existing City limits and continuing south to the

new city limits. Fire hydrants will be installed at the appropriate intervals in order to better facilitate fire protection.

Line-Barnitz Subdivision

This area will be served by the installation of a twelve inch water line connecting to the existing twelve inch main at Highway 72 & Commercial Drive and extending south along Highway 72 to the new city limits, and an eight inch water main along the entire length of Phelps County Road #5110 and connect at each end to the new twelve inch main installed on Highway 72. The interior of this subdivision will be served by installing six inch water mains. Fire hydrants will be installed at the appropriate intervals in order to better facilitate fire protection.

Lion's Club Drive

This area will be served by the installation of an eight inch water main connecting to the existing eight inch main on Lion's Club Drive and extending east to connect to the existing twelve inch main on Rolla Street. Fire hydrants will be installed at the appropriate intervals in order to better facilitate fire protection.

Highway 72 - Dewing Lane to proposed City Limits

This area will be served by the installation of a twelve inch water line connecting to the new twelve inch line at the intersection of Highway 72 and County Road #3050 and extending south to the proposed new city limits. Fire hydrants will be installed at the appropriate intervals in order to better facilitate fire protection.

The entire annexation area, as indicated in the projects listed above, will have water service available and fire protection provided within the three year period.

Proposed Cost of Water Extensions

Location	Length	Unit Price	Project Cost	Anticipated Completion Date
Parkview Subdivision	11,851	\$18.93	\$224,339.43	4 months
Ozark Terrace	1,790	\$18.93	\$33,884.70	12 months
So. Bishop Ave.	6,550	\$19.11	\$125,170.50	18 months
Shady Brook Dr.	1,400	\$18.75	\$26,250.00	6 months
So. Rolla Street	2,600	\$19.11	\$49,686.00	9 months
Highway "O"	5,280	\$18.80	\$99,264.00	17 months
Line-Barnitz	13,130	\$18.93	\$248,550.90	6 months
Lion's Club Dr.	2,030	\$18.85	\$38,265.50	12 months
Co. Rd #5020	3,917	\$18.75	\$73,443.75	24 months
Highway 72	3,200	\$19.11	\$61,152.00	15 months
Total	51,748	\$18.93 Avg.	\$980,006.78	--

Source: Rolla Municipal (RMU), 1996

These anticipated completion dates are based upon final approval of the annexation. The average cost per foot for installation is \$18.93.

The initial meetings with residents in the area to be annexed were focused mainly upon four subdivisions. Those subdivisions are, Parkview, Shady Lane, Ozark Terrace and Line Barnitz/Longview. The estimated total cost of providing water service to these four areas is \$533,025.03. The proposed financing of the extension of water mains to serve these areas are to use water reserve funds to install the new mains. The users will reimburse the city over a twenty year period by using a combination of user and connection fees. The estimated monthly cost to provide water service to these four areas for existing residences, including debt retirement for twenty years, is \$22.00 per month. Any new homes in the area will be required to pay a connection fee of \$2,196.00.

3. Fire Protection

The Rolla Fire & Rescue will be able to respond to fires in the proposed area with two pumper/tanker apparatuses with 1000 gallons of water each. These fire apparatuses will both be equipped with a fire fighting crew with an average of ten personnel. On a second alarm, the department can bring in an additional 50 ft. pumper/ladder and a 100 ft. pumper/aerial ladder. Off-duty recalled personnel can add as much as 16 firefighters to the scene operations. Mutual aid agreements with area fire departments can increase the amount of transported water and personnel upon call. There will be no direct added cost to our operation to serve the proposed area. Response time would be between four to six minutes. Upon annexation, the area will be subject to grading by the Insurance Services Office (ISO) for proper insurance grade

classification. Upon completion of the water supply system by RMU, the area will be subject to the present ISO rating, which is currently class 5.

4. Parks and Recreation

The Parks and Recreation Department oversees the operation of approximately 197 acres of park land and park facilities. The Parks Department consists of five divisions; the Park Maintenance, Cemetery, Pool, Concessions and Recreation. The Department maintains a 24-hour hotline to inform individuals of current park activities.

The Park Maintenance Division maintains over 197 acres of park land and facilities that include a 500,000 gallon Olympic-size swimming pool, eighteen rest rooms, five batting cages and four concession stands (Table 6.10). There is a total of 25 parks in Rolla, 15 that are developed and 10 that are undeveloped. The largest park in Rolla, the Ber Juan park, consists of 84.49 acres of park land on the east side of the City. The Ber Juan Park facilities during the baseball and softball season are used by over 3,000 people. The Holloway House located in the Ber Juan Park and maintained by the Parks Department was built in 1896. The house is used by the senior citizens "Achieving Better Lifestyles for the Elderly" (ABLE) program.

The staff of the Parks and Recreation Department has determined that three (3) City parks (Silverleaf, Ponzer and Maggi Place) are on the northern border or within a block of the area proposed to be annexed. There is also a large private park (Lions Club) which is available to public and adjoins the proposed annexed area. The Parks & Recreation Department also indicates that existing park sites and planned improvements should adequately serve the area. Recreation programs and facilities are open to both City residents and nonresidents with a cost difference in some instances (in pool fees and pavilion rental fees). The proposed annexation would have little impact on recreational revenues or programs.

5. Planning and Zoning

The City of Rolla Department of Planning has two full time and one part time employee. The Planning Department is responsible for reviewing rezoning requests, subdivision plats, annexations and other development requests within the City. These requests are forwarded to the Planning and Zoning Commission for recommendations to the City Council. The Planning and Zoning Commission is composed of eight voting members and two ex-officio non voting members which are the Mayor and Public Works Director. In addition, the Planning Department is also responsible for carrying out the City's long range comprehensive planning. The City of Rolla zoning codes has eleven zoning districts which consist of the following categories;

1. Rural Residential District (R-R)
2. Single Family Residential District (R-1)
3. Two Family Residential District (R-2)
4. Multi-family Residential District (R-3)
5. Office Commercial District (C-O)
6. Neighborhood Retail District (C-1)
7. General Retail District (C-2)
8. Commercial District (C-3)
9. Light Manufacturing District (M-1)

10. Heavy Manufacturing District (M-2)
11. Planned Unit Development District (PUD)

The existing land uses and the proposed zoning for the proposed annexation area are depicted in the attached map (see appendices). The proposed zoning of the land in the Southside annexation area will occur by a public hearing after the effective date of the annexation. Once the land is zoned the normal process of rezoning property will take place at the owners request. There will be no added cost to the residents in the annexation area for planning and zoning services.

6. Police Protection

The Rolla Police Department would not require additional personnel or capital outlay to serve the area at the present time.

Also, we could offer the residents of that area special community policing services that are not currently available to them from other enforcement agencies in this area. These services would include Vacation Security Checks, The Neighborhood Watch Program, and various crime prevention programs and activities.

The first table (*Table 1*) reflects the population based approach which is the most widely used statistic when considering adequate police protection. The Uniform Crime Reports of 1994, published by the US Department of Justice reflects 2.1 sworn officers per 1,000 inhabitants in the Midwestern States, or a national average across the United States of 2.2 sworn officers per 1,000 inhabitants. The 1996 International City Manager Association Yearbook reflects a 1.83 sworn officer ratio per 1,000 inhabitants for cities with similar demographics as the City of Rolla. Since this data tends to be somewhat more conservative in its approach and more recent at time of this writing, the latter was used for the purpose of this report. Finally, a one percent growth factor for each year since 1990 was figured into the population of Rolla based on the 1990 US Census figure.

Table 1

Year	1990	1991	1992	1993	1994	1995	1996	*1997	1998	1999
Pop.	14,090	14,231	14,373	14,517	14,662	14,809	14,957	15,107	15,767	15,925
Cops	23	23	24	24	24	25	25	28	28	28
Ratio	1.63	1.62	1.67	1.65	1.64	1.69	1.67	1.85	1.78	1.76

Source: Rolla Police Department, 1996 *Denotes Population figures of 504 for Proposed Annexed Area

The above table is illustrative of the fact, that based on the increase of officers we received as a result of the US Crime Bill in 1996, our officers per 1,000 ratio are well within the ratio as outlined by the ICMA. Specifically, speaking we would be 7/100ths of an officer under the average.

The second chart (*Table 2*) represents information concerning Calls for Police Service for the calendar year 1995 and projected for the year 1996. Call for Service is one of the most commonly used measurements of police service. Calls for Service are wide ranging and measure all levels of service from the Rolla Police Department. This would include answering a 'dog barking' type of call, and the investigation of a 'homicide'. We could have simply measured reported Part 1 Crimes (serious crime) but this would not have been indicative of our true level of service. Statistical data used for this

report was taken from the Rolla Police Department 1995 Annual Report. In addition, projections were made for the 1996 calendar year based on an eight month average ending in August of 1996.

Table 2

ACTIVITY	1995	1996 (Projected)
Total Calls for Police Service	30,221	35,160
Call Average per Resident (14,809)	2.04	2.35
Population Increase in Proposed Annexation	NA	504
Increase in Calls due to Annexation (Projected)	NA	1,184
Average Calls per Day	82.8	99.6
Average Calls per Hour	3.45	4.15
One Call per Average Minutes	17.39 Minutes	14.46 Minutes

Source: Rolla Police Department, 1996

Finally, the third approach to the annexation was based on Available Time versus Unavailable Time. The following table reflects committed time to police service when compared to non-committed time. According to the Local Government Police Management 2nd Edition, it states, "*The general rule for uncommitted or preventative patrol should average between twenty five (25%) and thirty five (35%) of the total time allocated for patrol. The remaining sixty five (65%) to seventy five (75%) percent should be apportioned for administrative assignments and calls for service.*" Based on this information the following assumptions can be made concerning uncommitted patrol time for the Rolla Police Department.

Table 3

ACTIVITY	1995	1996
Total Number of Patrol Officers	19	22
Total Available Man Hours	36,480	42,240
Total Committed Man Hours	11,539 or 32%	Unknown
Total Uncommitted Man Hours	24,941 or 68%	Unknown

Source: Rolla Police Department, 1996

This table reflects that the Rolla Police Department far exceeds the amount of necessary uncommitted time as outlined by the referenced material on the previous page. Even though the calls for service are estimated to increase by nearly 15% for calendar year 1996, with the addition of the three new patrol officers I am anticipating no reduction in Uncommitted Man Hours, thereby providing adequate patrol time to the proposed annexation.

7. Public Library

The Rolla Public Library offers free library services to all City residents at no cost. This service would be extended to the residents of the Southside area upon the effective date of the annexation at no additional cost.

8. Sanitary Sewer System

The City of Rolla operates and maintains a wastewater collection and treatment enterprise utility. The operation is funded by user fees. The system consists of approximately

110 miles of sanitary sewers and 3 wastewater treatment facilities. The current total of wastewater collected and treated is 3.22 MGD. The current staffing levels would be adequate to provide sewer service to the proposed annexed area. The current available funds as of October 1, 1996 are:

Available Funds

Item	Assets
Cash in Bank	\$14,427
Reserves	\$652,759
Outstanding Reimbursable	\$230,000
Total	\$897,186

Source: Public Works Department, 1996

Over the past two decades the City of Rolla has made many improvements in both the treatment and collection facilities. The system now serves virtually all of the areas of Rolla except for areas where physical constraints such as elevation or distance to the main makes it uneconomical for the user to connect. In these cases private sewage disposal approved by the Phelps County Health Department is used.

Under current City of Rolla policy new collection mains are extended to areas on a 50-50 basis whereby the owners of the tract of land and the City of Rolla share equally in the cost of extending service. Collection systems within the tract of land to be served are constructed at 100% of the cost by the owner of the tract.

During meetings with residents in the area proposed to be annexed four areas stood out as areas where municipal sewer service was immediately needed. Those areas are the urbanized areas of Parkview, Shady Lane/South Rolla Street, Ozark Terrace and the Lines Barnitz/Longview areas. Attached is a drawing showing the area to be served and the approximate location of the sewers to be provided (see appendices).

The total estimated cost to provide the Parkview, Shady Lane/South Rolla Street, Ozark Terrace and the Lines Barnitz/Longview areas with sewer service is \$490,300. The funds to construct the sewer system for these four areas will be used from the Sewer Fund reserves. The users will pay back the City over a 20 year period by using a combination of user and connection fees. The estimated average monthly cost to provide the sewer service to these four areas for existing homes, including debt retirement for 20 years, is \$23.00/month. Any new homes in the area will be required to pay a connection fee of \$2,346.00.

The land uses outside of the four areas is rural and commercial. To provide sewer service to all of these tracts would add an estimated \$615,000. This would be financed under current policy whereby the owner and the City share equally in the cost of extending sewer service. The approximate location of the proposed sewer system for these additional tracts is shown on the attached drawing (see appendices).

The total up-front expense to the City of Rolla to provide service to all areas would be \$797,800. The proposed schedule for providing sewer services is to have the four urbanized areas served within two years of the effective date of the annexation and the formation of the

Neighborhood Improvement District (NID). The remaining areas would be served either as the area is developed or within two years of a received petition from residents for sewer service.

9. Street Maintenance

The City of Rolla currently operates and maintains approximately 90 miles of City streets. The primary funding source for maintenance is a ½ cent transportation sales tax, which generates approximately \$1,225,000 per year. Capital improvements or street reconstruction is funded by a ½ cent capital improvement tax which also generates \$1,225,000 per year.

The City has just increased staffing in both the street and engineering departments. The increase was done to allow for more resources to be allocated in the street maintenance and reconstruction areas. Existing personnel will maintain the increase in the number of miles of streets with no needed increase in personnel or equipment.

The condition of almost all of the existing roads in the area would be classified in the fair to good range. These streets will be maintained by the City at there current standard. Chip and seals will be the primary maintenance activity that will be used. The estimated cost for maintenance is \$1,500.00/YEAR/MILE. The estimated cost to reconstruct these streets to City standard is \$320,000.00/MILE. The reconstruction of streets to City standards would be on the basis of petition from property owners. Typical petition projects are funded on an 85% City-At-Large or operating budget and 15% property owners. Almost all of the existing roads in the area of the proposed annexation are constructed to less than urban standards without curb and gutters. Most are asphalt mat with the remainder being gravel. The approximate footage of roadways by type of construction is as follows:

Proposed Annexation Area Roads

Road	Asphalt	Gravel	Total
Shady Lane	140	500	640
Keeton Road	1,100	0	1,100
Parkwood	800	150	950
Basswood	1,700	1,150	2,850
Elmwood Drive	1,100	0	1,100
Tucker Lane	550	0	550
Maplewood Drive	300	1,000	1,300
Boxelder Drive	750	0	750
Cottonwood Drive	500	550	1,050
County Road 5010 (Rolla Street)	5,350	0	5,350
Forest Place	800	0	800
Barnitz Avenue	1,100	0	1,100
Line Avenue	1,100	0	1,100
Longview Lane	800	0	800
County Road 5110	4,300	0	4,300
County Road 5020	2,800	0	2,800
Total Lineal Feet	23,190	3,350	26,540

Ample sales tax revenue exists to fund reconstruction of the existing streets within the proposed annexed area if the newly annexed citizens' petition. The typical time frame for petition projects is for the improvement to be completed within 2 to 3 years from when the petition is received. Petitions received after October 1st normally must wait until the following October 1st for funding and accounts for the 1 year leeway. The existing streets in the area would be maintained by City personnel after the effective date of the annexation. Any new streets in the area would be constructed to City of Rolla Subdivision Standards.

10. Solid Waste Collection and Recycling

The City of Rolla provides solid waste collection services for residential and commercial customers through the Solid Waste Department. A once a week collection service is provided to residence and commercial collection can either be collected weekly or two to five times per week. There are special collections provided to both residential and commercial customers. In the City of Rolla there are approximately 6,800 residential customers receiving solid waste collection services. Currently a crew of one driver and one worker provides a weekly service for 800 to 1,000 residence. The current monthly rate for solid waste collection is \$11.43 per month per customer. In addition to normal refuse service, the Solid Waste Department also provides curb side recycling services to City residents and a recycling center drop off site. The Department also provides free fall and spring trash pick up.

Upon the effective date of the annexation solid waste collection will be extended to all residences and businesses in conformance with Missouri state statutes' section 260.247. The private haulers now serving this area will be able to continue for a period of two (2) years after the effective date of the annexation. Revenue received from customers in the proposed annexation area will be sufficient to fund the operating expenses for the extension of solid waste services to this area.

IV. Timetable of Municipal Services

The City of Rolla can provide the proposed annexation area with normal City services. These City services will be provided after the effective date of the annexation. There are four existing subdivisions in the Southside annexation proposal which are Parkview, Ozark Terrace, Shady Lane and the Line Barnitz/ Longview Subdivisions (see map). These four areas will form the boundaries of the Neighborhood Improvement District (NID) for the Southside annexation. The formation of the Neighborhood Improvement District (NID) will be formed in accordance with RSMo 67.453 to 67.475. The NID will be formed by a separate election held simultaneously with the election for the annexation. The Neighborhood Improvement District (NID) will form a special assessment district for the repayment of sewer and water facilities. Should the annexation pass and the NID not pass, land owner requested sewer services would be paid at a cost of 50% by the owners and the City would pay the other 50% of the cost. The cost for water would be based on a per linear foot cost. Both would be owner initiated by individual petitions or requests.

The residents outside the four subdivisions and new development will obtain sewer and water service in the same manner as other City residents. Sewer services in these areas will be obtained as requested by residents at a cost of 50% paid by the City and 50% paid by the owner. Water services will be obtained in these areas by a per linear feet cost to the customer. The City has the ability to furnish normal municipal services to the unincorporated area within a reasonable time not to exceed a three year period as mandated by RSMo. 71.015. The following services, timing and financing are described in the table below (*Timing of all services is subject to the effective date of the annexation and the Neighborhood Improvement District (NID) formation).

Timetable of Municipal Services

Service Presently Provided by City	Timing *	Financing as Presently Used in City
Building and Codes Enforcement	Immediately	City-at-large (fee supported)
Electric	Immediate for all new development	City-at-large/ RMU
Fire Hydrants	With water lines	City-at-large
Fire Protection	Immediately	City-at-large
Licensing	Immediately	City-at-large (fee supported)
Parks and Recreation	Four (4) park sites are immediately available	City-at-large
Planning	Immediately	City-at-large
Police Protection	Immediately	City-at-large
Refuse Collection	After two (2) years	City-at-large (fee supported)
Sewer Mains (NID)	Within 2 years of formation of NID or by petition	100% Special Assessment
Sewer Mains	When petitioned for by owner outside the NID	50% City--50% owner
Sewer Laterals (NID)	Within 2 years of formation of NID or by petition	100% Special Assessment
Sewer Laterals	When petitioned for by owner outside the NID	50% City--50% owner
Street Lights	Immediately	City-at-large
Street Maintenance (includes snow removal)	Immediately, but maintenance is according to priority schedule of the Public Works Department	City-at-large
Water Laterals (NID)	Within 2 years of formation of NID or by petition	100% Special Assessment
Water Laterals	When petitioned for by owner outside the NID	Per linear foot cost
Water Mains (NID)	Within 2 years of formation of NID or by petition	100% Special Assessment
Water Mains	When petitioned for by owner outside the NID	per linear foot cost
Zoning	After effective date of annexation/ public hearing	City-at-large
All other City Services	Immediately	City-at-large

V. Reasonableness and Necessity of Annexation

The current growth trend for the City of Rolla is in a southeasterly direction. This growth trend is expected to continue. The growth of the City to the North and west is hampered by physical barriers such as Interstate 44 and steep terrain. In addition, the City's growth to the north, west and east of Rolla is hampered, to some degree, by the presence of the Phelps County Public Water Supply District #2. Land to the south and east of Rolla consists of relatively mild topography. However, these areas have poor soil conditions for sanitary septic systems. Many homes in this area have had problems with septic systems. Since the County does not have planning and zoning, there are no means for continued growth. The proposed Southside annexation is a high priority for Rolla's continued growth pattern and for the protection of the environmental quality for both the City and the County residents.

Growth Occurrence:

The City of Rolla has experienced growth in every census year except between the 1910 and 1920 census. In the fifty year period from 1940 to 1990 the population of Rolla changed by +174.1% (see table). This population change is significant when compared to population changes of Phelps County, the State of Missouri and the United States all of which grew at a much slower pace during that period. The population changes that occurred between 1940 and 1990 can be attributed to increased enrollment at the University of Missouri at Rolla, rural to urban migration and annexations that occurred between 1950 to 1970.

Population Change 1940-1990

Geographic Area	1940	1990	Number Change	Percent Change
Rolla	5,141	14,090	+8,949	+174.1%
Phelps County (Including Rolla)	17,435	35,248	+17,813	+102.2%
Phelps Co. (Excluding Rolla)	12,294	21,158	+8,864	+72.1%
Missouri	3,784,664	5,117,073	+1,332,409	+35.2%
United States	131,669,275	248,709,873	+117,040,598	+88.8%

Source: City of Rolla Department of Planning, 1994 and the US Census Bureau, 1940 to 1990

The population of Phelps County in 1990 was 35,248. The Bureau of Census estimated that the County has grown by 6.3% or to 37,477 between 1990 and 1995 (US Bureau of Census Mo. Office of Administration). The State of Missouri only grew at approximately 4.0% during the same time span. In 1990 the population of Rolla and the three townships surrounding Rolla contained 66% of the total population of Phelps County. Therefore, if the Rolla area maintains 66% of the total population of Phelps County, there could be a population of 24,735 people in or around Rolla. Rolla and the Rolla area are experiencing and will experience population growth.

In 1990 the population of Rolla was 14,090. The state of Missouri State Data Center estimated that from April 1, 1990 to July 1, 1994 Rolla grew by 687 people or to 14,777 a 4.9% change in population in a four year period. If this trend continues to the year 2000 Rolla could

have a population of 15,897. However, a more likely estimation of the population of Rolla for the year 2000 could be between 14,496 to 15,670 and for the year 2010 between 15,939 and 17,122 (see table). Therefore, if the average between these population projections is taken it is estimated that Rolla could be at 15,077 by the year 2000 and at 16,615 by the year 2010. These population projections did not take into consideration annexations, dramatic population changes or shifts in economic conditions.

Population Projections for the City of Rolla

Projection	2000	2010
Exponential	15,670	17,122
Modified Exponential	14,496	16,784
Step Down	15,066	15,939
Average of all three	15,077	16,615

Source: Rolla Department of Planning, 1996.

The building permits in the City of Rolla from 1985 to 1995 have increased by 138%. The largest increase during this period occurred in the areas of two family dwellings. This area changed by 900% from 1985 to 1995.

New Construction Building Permits in Rolla from 1985 to 1995

Type	1985	1995	Percent Change
One Family Dwelling	27	65	+140.74%
Two Family Dwelling	1	10	+900.00%
Multi-Family Dwelling	6	3	-50.00%
Commercial	18	46	+155.55%
Total	52	124	+138.00%

Source: City of Rolla Public Works Department, 1996

Environmental Problems:

One of the main reasons behind this annexation is health and safety problems caused by densely populated areas south of the City of Rolla. The developed area, in the proposed annexation, consists of four subdivisions which include Parkview, Ozark Terrace, Shady Lane and the Line Barnitz/ Longview Subdivisions. These four single family residential subdivisions were constructed with individual septic systems and lagoons for sewer treatment. Many of the lots in these subdivisions are ill equipped to handle treating the sewage properly. This has led to problems with drinking water and related health hazards. The proposal to annex this area and a larger undeveloped area will ensure that future developments do not run into similar problems.

Many of the established subdivisions in the Southside annexation have unacceptable sewage collection and treatment systems. Soil in this area is composed of tightly compacted clays that do not function to absorb the effluent of sewage waste. In addition, lagoons have been cited by the Department of Natural Resources (DNR) for violations. This has led to a potential contamination of water wells as septic systems drain into fissures and then finds its way into the water aquifer. This is polluting the water for many of the wells in the area and if left unchecked could spoil the water aquifers for the City of Rolla.

Planned Growth:

The proposed annexation area is near to the developed areas inside the City of Rolla. This is the path of one of the major growth areas for the City (see table on Population around Rolla). The 1990 population of the three townships around the City of Rolla was 9,271. The proposed annexation area is in Phelps County that does not have any mechanism to manage growth. There is no planning authority available in the County to prepare the area for long range development. Development occurs, in some cases, haphazardly. Streets, buildings and land uses are subject to no coordinated development standards.

Population Around the City of Rolla

Townships Around Rolla	Population 1990	Minus the City of Rolla	Total Pop in County Around Rolla
Rolla Township	14,625	11,991	2,634
Dillon Township	6,453	1,797	4,656
Minus part of the City of St. James	-145	--	-145
Miller Township	2,428	302	2,126
Total	23,361	14,090	9,271

Source: US Bureau of Census, 1990

This area has no major east/west road system and no right-of-ways have been established for future access to interior properties. The City has a long range transportation plan that includes an east/west connection between Highway 72 and Highway 63 (see appendices).

The Southside area has no land use regulations to avoid haphazard development. The proposed annexation would greatly enhance the value of land with City services and a mechanism for controlled growth. The annexation area will benefit from the uniform application and enforcement of municipal zoning used by the City. This area will also benefit from the application and enforcement of municipal building, plumbing, mechanical and electrical codes that the area does not presently have. All these mechanisms are in place in the City and the City is capable of providing these services to the annexation area once it is annexed.

Need for Land to Develop:

The amount of undeveloped land in the City of Rolla has dwindled from 59.5% of the total land uses in 1970 to 29% of the total land uses in 1995. This is due to the growth that has occurred in Rolla over the last 15 years. In addition, Rolla has had an estimated 11.57% change in population from 1970 to 1994 (US Census Bureau, Missouri Office of Administration). Rolla is still growing and is estimated to have a population of 14,777 in 1994. The following chart depicts the land uses in the City of Rolla compared to a typical City of similar size.

Land Use Percentages for a Typical City and Rolla from 1970 to 1995

Land Uses	Typical City	Rolla 1970	Rolla 1995
Residential Use	30.0%	13.1%	25.0%
Industrial and railroad Use	8.0%	1.8%	3.2%
Commercial Use	4.0%	2.8%	8.2%
Institutional Use (parks, public buildings, streets & roads)	35.0%	22.8%	34.6%
Undeveloped Land (vacant or agricultural land)	23.0%	59.5%	29.0%
Total	100.0%	100.0%	100.0%

Source: Land Uses in American Cities, 1983, Rolla Planning Department, 1995, the 1976 Comprehensive Plan, and the Land Use Update, 1984.

Rolla has grown to the edge of the corporate City limits. This area is the logical growth pattern for the City to provide land for residential and commercial development. In reviewing the local realty company's listings of vacant land there was a total of 65.51 acres of land for sale. Many local realty companies have expressed that there is a need for more vacant land for the City of Rolla to develop.

Need For Land to Develop

	Typical City	City of Rolla		Annexation Area	
	Percent	Percent	Acres	Percent	Acres
Total Land	100%	100%	5,684.80	100%	1,352.00
1. Total Developed Land	77%	71%	4,027.35	21%	285.14
2. Total Undeveloped Land	23%	29%	1,657.45	79%	1,066.87
3. Undeveloped Land (due to environmental constraints)	--	--	1,145.30	--	270.00
Total of #2 minus #3 equals land available for development	--	--	517.15	--	796.87
Total land not presently available for sale	--	--	451.638	--	--
Total land available for sale 10-20-96	--	--	65.512	--	--
Total acres needed to sustain Rolla's growth for 2010	--	--	859.27	--	--

Source: City of Rolla Planning Department and City of Rolla Comprehensive Plan, 1996

The excess in undeveloped land is attributed to a large amount of land that is undeveloped due to environmental constraints such as flood plains, water, steep slopes and poor soils.

The proposed annexation if approved by the voters will make the City boundaries more uniform and regular and will increase the efficient distribution of City services. In addition, this annexation will protect the environmental quality for the un-incorporated area as well as the City. The City of Rolla has the ability to furnish normal municipal services to the unincorporated area within a reasonable time not to exceed a three year period as mandated by RSMo. 71.015.

VI. Effective Date of Annexation

The annexation shall take effect on the **first day of January** following the approval of the annexation by the qualified voters of the City and area to be annexed as required by law.

VII. Appendices

Map of Proposed Annexation Area Lighting

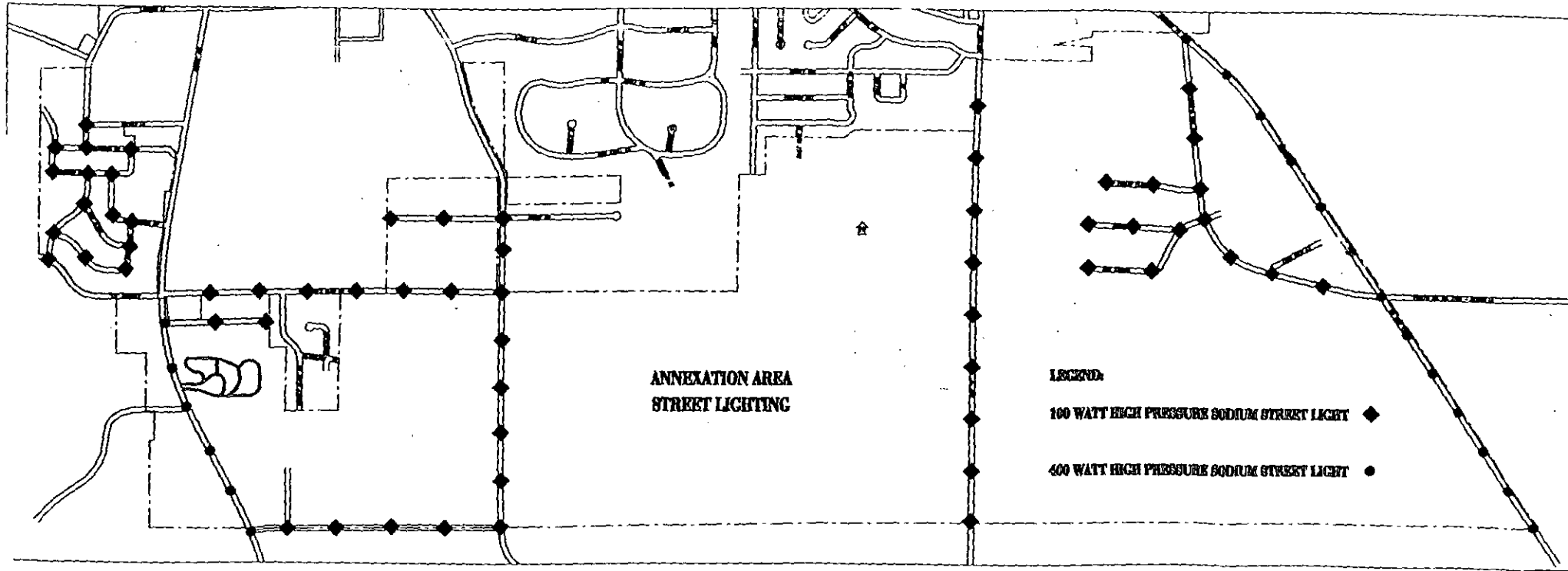
Map of Southside Annexation Existing Land Uses

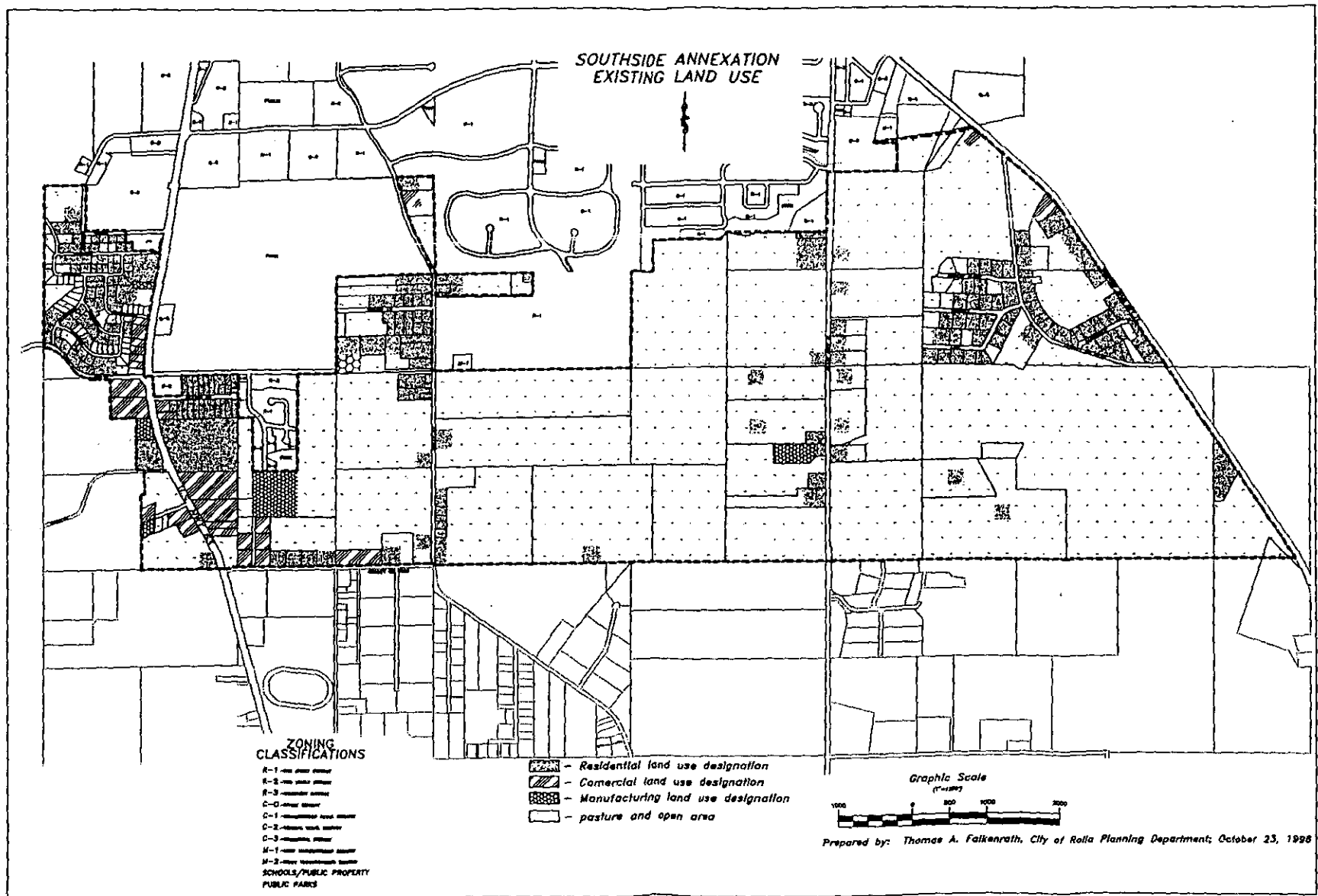
Map of Southside Annexation Proposed Zoning

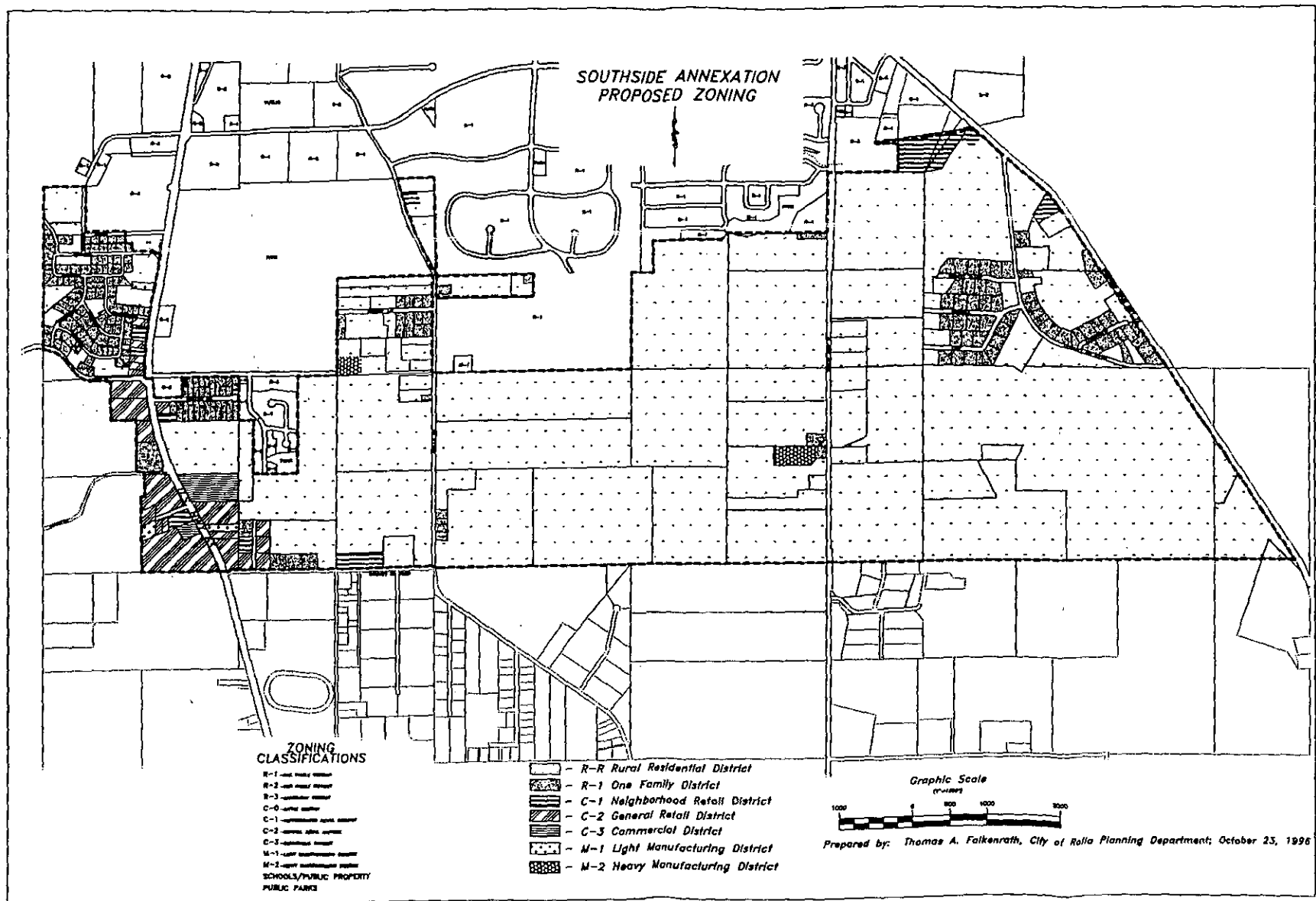
Map of Southside Annexation Proposed Sewer Improvements

Map of Southside Annexation Existing Streets

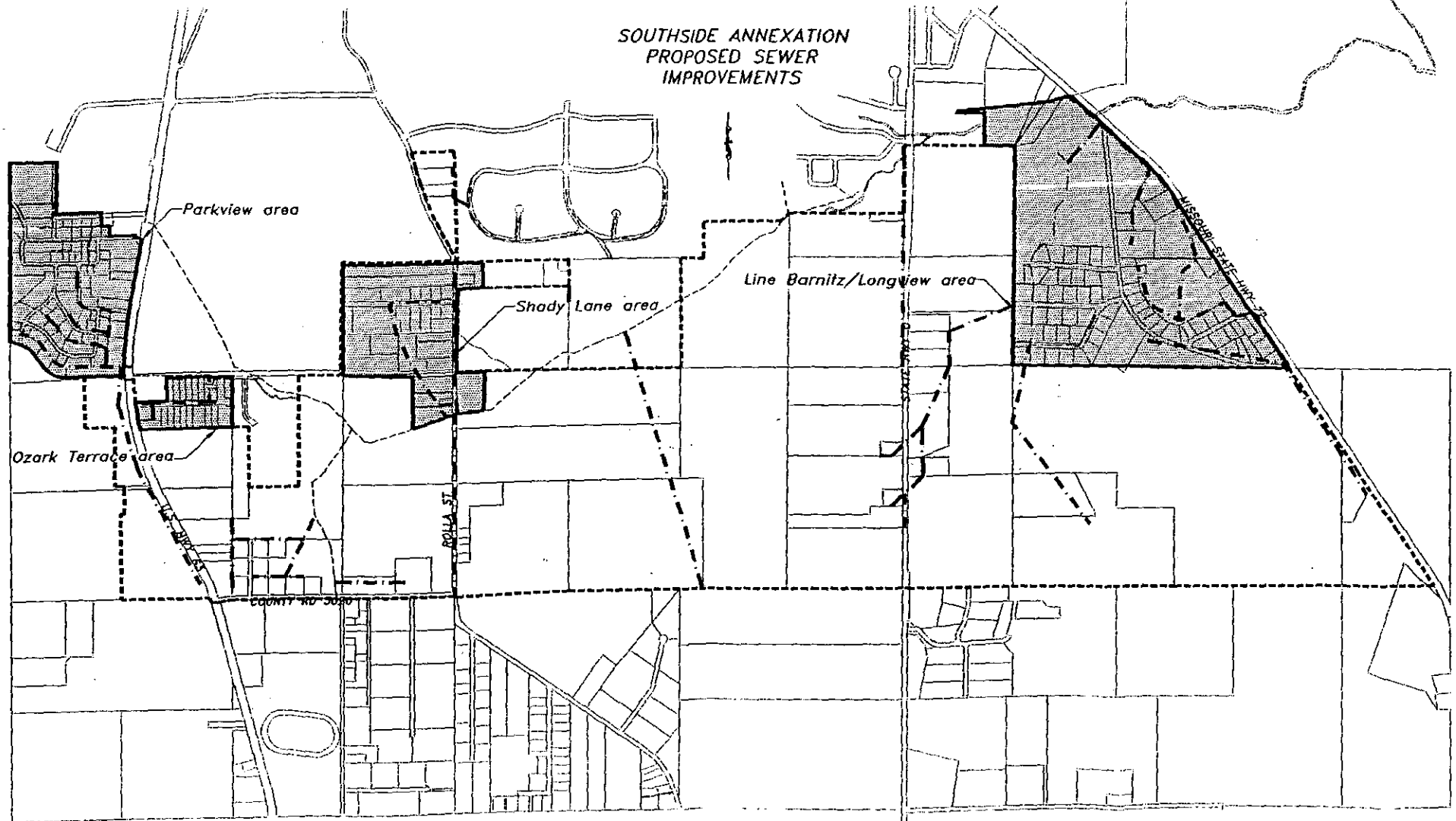
Map of Future Transportation Plan for the City of Rolla







SOUTHSIDE ANNEXATION PROPOSED SEWER IMPROVEMENTS



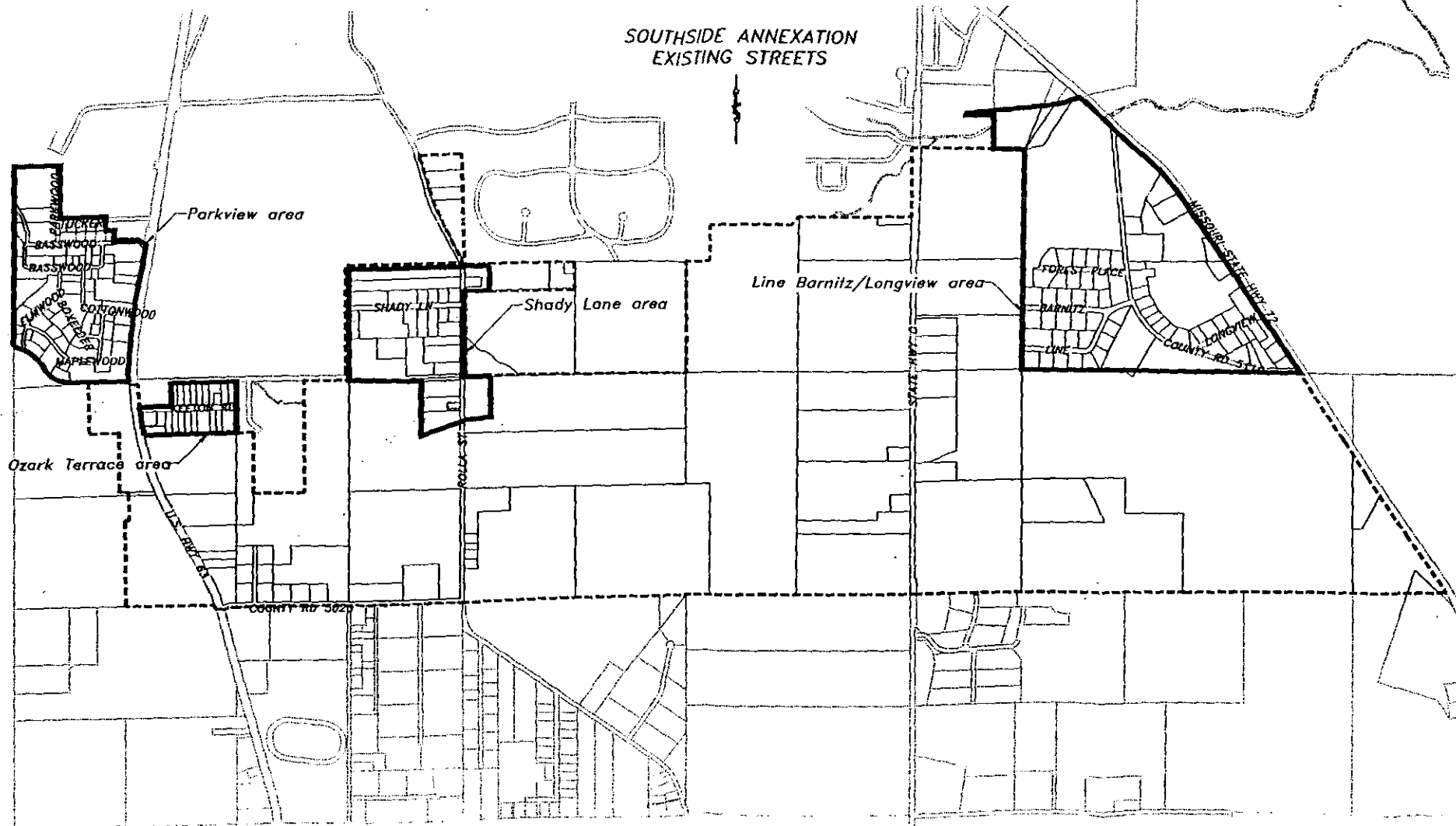
- - - Boundary of proposed annexation area
- Neighborhood Improvement area
- - - Existing sanitary sewer
- - - Proposed sanitary sewer improvements

Graphic Scale



Prepared by: David Forshoe, City of Rolla Public Works Department; October, 1996

SOUTHSIDE ANNEXATION EXISTING STREETS

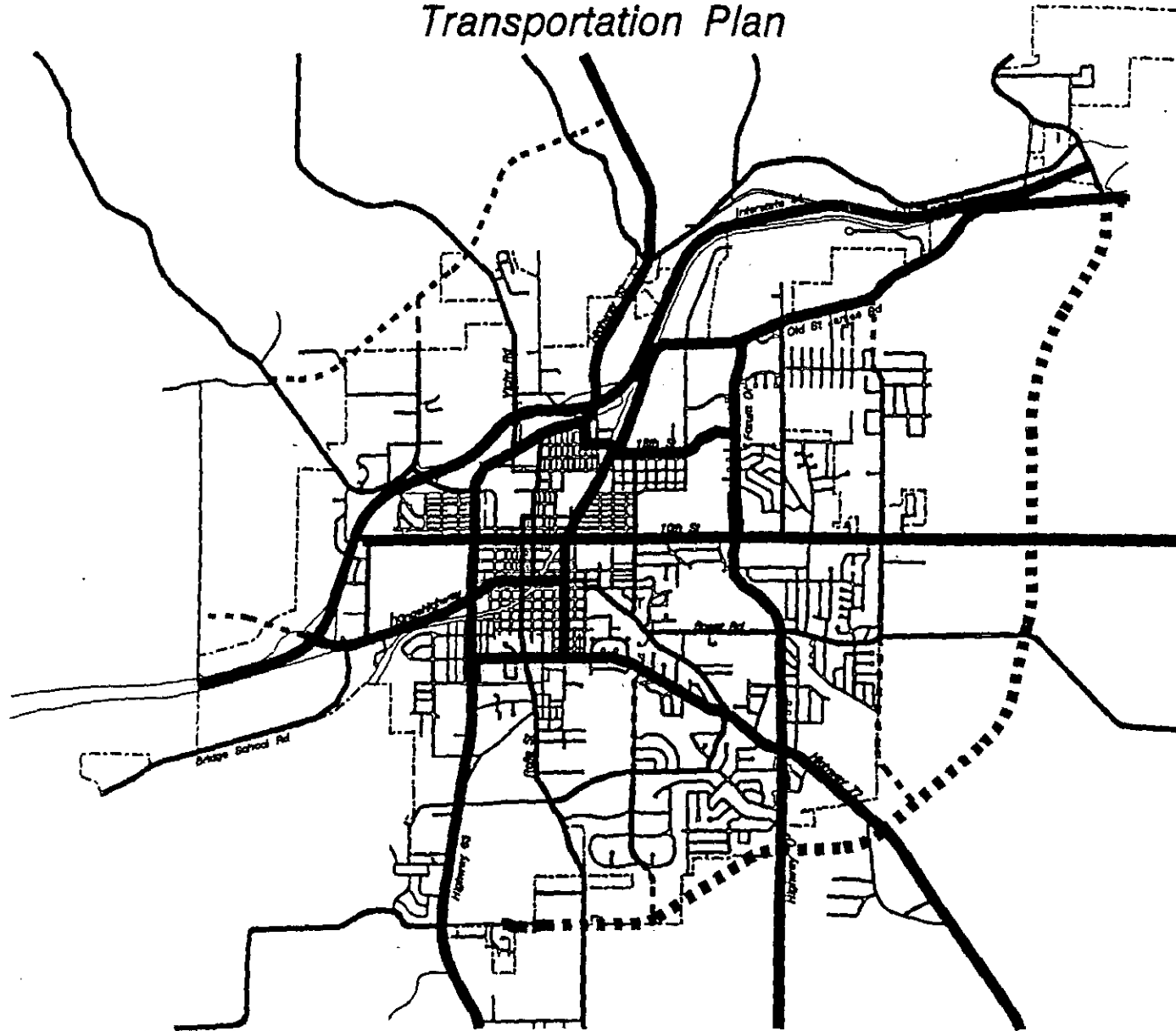


--- - Boundary of proposed annexation area
 ——— - Boundary of neighborhood improvement area



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Transportation Plan



Rolla, Missouri Comprehensive Plan



legend

- existing arterial street
- - - existing collector street
- ▤▤▤ proposed arterial street
- · - · - proposed collector street
- · - · - corporate limits
- street right of way

2400 0 2400 4800 Feet

map date March 25, 1996
source: City of Rolla Public Works Department

City of Rolla
Department of Public Works
Engineering Division

Prepared by: Anna Polkovich
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Plate 20