

## Chapter 2

### ADMINISTRATION\*

Art.	I.	In General, 2-1-2-15
Art.	II.	Board of Commissioners, 2-16-2-29
Art.	III.	Finances, 2-30-2-63
Art.	IV.	Officers and Employees In General, 2-64-2-80
Art.	V.	Board of Health, 2-81-2-98
Art.	VI.	Engineering Department, 2-99-2-111
Art.	VII.	Park, Recreation and Forestry Board, 2-112-2-119
Art.	VIII.	Economic Development and Creating the Economic Incentive Fund, 2-150-2-152

#### ARTICLE I. IN GENERAL

##### Sec. 2-1. Annual inventory.

The various City department superintendents and all persons having supplies belonging to the City shall, on or before the first day of January of each year, make a full, true and correct inventory of all stock, supplies, tools and other property belonging to the City and to their several departments, and shall file the same with the City Auditor.  
(Code 1953, 8.0502)

##### Sec. 2-2. Records.

The records of all elective and appointive officers of the City shall be in such form and be kept in such manner as prescribed by the state department of legislative audits.  
(Code 1953, 8.0301)

##### Sec. 2-3. Use or Sale of Public Property.

The use, lease or sale of City owned real property by the public or individuals is hereby prohibited subject to the following exceptions:

1. The City may lease real property only upon the specific terms and conditions to be set forth in a written lease which shall include a provision that in the event the real property is needed for City purposes the lease may be terminated on ninety (90) days advance notice.
2. The City may authorize temporary use of City property for the storage of materials and/or equipment during construction projects for two consecutive terms, each term shall not exceed ninety (90) days.
3. In conformity with South Dakota laws the City may lease, sell or offer for sale real property of the City to other governmental bodies, not-for-profit agencies, or the public subject to terms, conditions and covenants as specified by the City.
4. The City commission shall approve all requests for use, lease or sale of City property.

(Ord. No. 1378, 7-5-05)

##### Secs. 2-4-2-15. Reserved.

**ARTICLE II. Board of Commissioners****Sec. 2-16. Regular meeting.**

The regular meeting of the Board of Commissioners shall be held in the Commission Chambers in City Hall on Monday of each week. The time for the meetings shall be established by resolution by the Board of Commissioners. Authority to cancel or change the time, day or place of an individual regular meeting shall be vested with the Mayor upon 72 hours advance notice. (Ord. No. 1232, 10-14-96, Ord. No. 1288, 09-13-99)

**Sec. 2-17. Special meetings.**

Special meetings of the Board of Commissioners shall be called by the Mayor or by any two (2) commissioners. (Code 1953, 8.0111; Ord. No. 547, 5-14-62)

**State law reference**-Special meeting, SDCL 1967. 9-9-12.

**Sec. 2-18. Wards and precincts.**

The boundaries of all wards and/or precincts shall be as established by law.

**State law reference**-Precincts and wards, SDCL 1967, 8 12-14- 1.

**Cross references**-Airport board, 3-16 et seq.; Planning and Zoning Commission, 15-49 et seq.  
**State law reference**-Municipal government, SDCL 1967, Title 9.

**Sec. 2-19. Authority to employ and discharge.**

Authority to employ individuals for all positions of service to the City is vested in the City of Madison. All discharges shall be conducted in compliance with the provisions of City policy. Those positions required by statute law, including the Finance Officer, Attorney, Engineer and Chief of Police shall be appointed by the governing body (Commission). All other positions including superintendents shall be recommended for appointment by the Commissioner in charge of the department with the approval of the governing body (Commission). (Ord. No. 1093-A, 11-06-89)

**Sec. 2-20. Terms of Office.**

The terms of office for the members of the Board of Commissioners shall be for a period of three years. (Ord. No. 1093, 10-19-89)

**Editor's Note** - Ord. No. 1093 was intended to add 2-19. That Section already exists; therefore this number was assigned.

**Section 2-21. Agendas.**

- (a) The City Finance Office shall receive items and all supporting documents for Monday Commission meetings until Friday at 11:00 a.m. Anyone wishing to modify, delete, amend or add to the agenda after 11:00 a.m. shall be responsible for notifying and providing the changes and supporting information to all City Commissioners and media representatives to comply with South Dakota Codified Law requiring that agendas be posted at least 24 hours prior to a meeting.
- (b) The person wishing to place an item on the agenda that requires approval or disapproval shall first get permission from his Commissioner. After he receives permission, he shall immediately notify the remainder of the Commissioners of the item, and finally will submit all supporting documentation to the City Finance Office by the agenda deadline of 11:00 a.m. on each Friday. If the City is not open on Friday, the deadline shall be Thursday at 2:00 p.m.

(Ord. No. 1419, 12-4-06)

**Secs. 2-22-2-29. Reserved.**

**ARTICLE III. FINANCES**

**Sec. 2-30. Handling of moneys generally.**

All money belonging to the City derived from taxation, licenses, fines, forfeitures, the operation of the public utilities owned by the City, or from any other source, shall be paid into the City treasury, and the Board of Commissioners shall designate to what fund or funds such money shall be applied.

(Code 1953, 8.0207)

**State law reference**-Similar provisions, SDCL 1967, 9-22-1.

**Sec. 2-31. Written order for purchases.**

Repealed.

(Ord. No. 1477, 6-8-09)

**Sec. 2-32. Itemized invoice and verified voucher required for claim -- Retention.**

Before any claim against any municipality for any property or services for which it is liable is allowed, an itemized invoice accompanied by a voucher verified by the appropriate municipal official that the services, other than those provided by municipal employees, or materials have been received. The invoice and voucher required by this section shall be filed in the office of the municipal finance officer.

**State law reference** – For similar provisions, see SDCL 1967, 9-23-2.

(Ord. No. 1477, 6-8-09)

**Sec. 2-33. Claims to be itemized; memorandum in minutes.**

No claim against the City shall be audited or allowed unless it be fully itemized and a memorandum of the same entered upon the minutes of the meetings of the Board of Commissioners.

**State law reference**-For similar provisions, see SDCL 1967, 9-23-2.

**Sec. 2-34. Warrants generally.**

Unless otherwise ordered by the Board of Commissioners or specially provided, no money shall be paid out of the treasury except upon the warrant of the Mayor, countersigned by the City Auditor, except bonds and interest coupons, which when due may be paid upon presentation, or in case the same are payable at some place other than the City, then the money for their redemption shall be sent to the place where they are payable in time to meet such payment when due.

**State law reference**-For similar provisions, see SDC:L 1967, 9-23-3.

**Sec. 2-35. Warrants required for municipal boards.**

Unless otherwise ordered by the Board of Commissioners or specially provided, all funds to be expended by duly authorized municipal boards shall be by written requisition, signed by the board president, or in his absence or disability, the vice-president, and countersigned by the board secretary, upon the City for warrants upon the City Finance Officer to be issued as provided in Section 2-34 of this Code.

**State law reference** – For similar provisions, see SDCL 1967, 9-23-2.1.  
(Ord. No. 1477, 6-8-09)

**Sec. 2-36. Warrants paid or registered on presentation.**

Every warrant on the City Treasurer shall be paid upon presentation. If there is sufficient money in the fund upon which it is drawn to pay the same. If not paid, it shall be registered as provided by law.

**State law reference**-For similar provisions, see SDCL 1967. 9-23-4.

**Sec. 2-37. Warrants paid in order of presentation.**

All warrants upon the City Treasurer shall be paid out of the fund on which they were drawn in the order of their presentation.

**State law reference**-For similar provisions, see SDCL 1967, 6 9-23-5.

**Sec. 2-38. Notation on back of paid warrant.**

The City Treasurer shall note on the back of each warrant presented the date of such presentation, when payment is made, and the date of such payment.

**State law reference**-For similar provisions, see SDCL 1967.0 9-23-6.

**Sec. 2-39. Endorsement of warrant for payment by depository.**

Every warrant for the payment of money issued by the City, which is not registered because of lack of funds with which to pay such warrant, shall be countersigned by the City Treasurer who shall also endorse on such warrant an order to the depository, by which such warrant is to be paid, to pay such warrant to the order of the payee and charge the same to the account of such Treasurer. Such warrant so countersigned and endorsed shall have the same force and effect as a check drawn by said Treasurer upon such depository. No such warrant shall be paid by the depository unless so countersigned and endorsed by such Treasurer. No warrant shall be countersigned by the Treasurer so long as there are any registered warrants outstanding.

**State law reference**--For similar provisions, we SDCL 1967, 9-23-7.

**Sec. 2-40. Register of warrants.**

The City Treasurer shall keep a warrant register which shall show the number, date, and amount of each warrant presented, the particular fund upon which the same is drawn, the date of presentation, the name and address of the person in whose name the same is registered, the date of payment when made, the amount of interest and the total amount paid thereon, with the date when notice to the person in whose name such warrant is registered is mailed as provided in Section 2-51 of this Code.

**State law reference**--For similar provisions, we SDCL 1967, 9-23-8.

**Sec. 2-41. Registration of warrants presented but not paid.**

Whenever any warrant shall be presented to the City Treasurer for payment and there shall be no funds in the treasury appropriated for that purpose, he shall enter such warrant in his warrant register for payment in the order of presentation.

**State law reference**--For similar provisions, see SD-CL 1967. 9 9-23-9.

**Sec. 2-42. Endorsement of warrants not paid for want of funds; registration not required.**

(a) Upon each warrant registered pursuant to Section 2-41 of this Code the City Treasurer shall endorse the registry number, date of registration, and the words "not paid for want of funds," and sign such endorsement.

(b) The holder of any warrant need not register the same.

**State law reference**--For similar provisions, see SDCL 1967, 9-23-11.

**Sec. 2-43. Registered warrants paid in order of registration.**

All such registered warrants shall be paid in the order of their registration.

**State law reference**--For similar provisions, see SDCL 1967, 9-23-1 1.

**Sec. 2-44. Interest payable on warrants not paid for want of funds.**

Warrants shall draw interest after presentation for payment at the office of the City Finance Officer and endorsement by that officer as "not paid for want of funds" at a rate of interest to be determined by the Board of Commissioners.

**State law reference**--For similar provisions, see SDCL 1967, 9-23-2.1.

**Sec. 2-45. Resolution for annual payment of interest on register of warrants.**

The Board of Commissioners may determine by resolution that interest shall be paid annually on all outstanding registered warrants of the City.

**State law reference**-For similar provisions, see SD-CL 1967, 9-23-13.

**Sec. 2-46. Tax levy for annual payment of interest on warrants; separation of funds.**

Repealed.

(Ord. No. 1477, 6-8-09)

**Sec. 2-47. Call of registered warrants for annual payment of interest.**

- (a) As soon as there is sufficient money in said special warrant interest fund to pay one year's interest on one or more outstanding warrants, the City Treasurer shall notify the holder of the oldest registered warrant or warrants to present the same for payment of interest. The Treasurer shall continue to call outstanding warrants for payment of interest in the order of registration as fast as funds are available therefore except as otherwise provided.
- (b) No warrant shall be called for payment of interest until the same shall have been registered for at least one year.

**State law reference**-For similar provisions, see SDCL 1967, 9-23-15.

**Sec. 2-48. Loss of priority by failure to present warrant for annual interest; name and address filed with Treasurer.**

Any warrant holder who shall fail to present his warrant to the Treasurer within thirty (30) days after the Treasurer shall have mailed him notice to present the same, addressed to such holder's last known address, shall lose his right to payment in the order provided in Section 2-47 of this Code. No holder of a registered warrant shall be entitled to payment in the order provided in said Section unless he shall first have filed with the Treasurer a description of the warrant or warrants held by him and his name and post-office address.

**State law reference**-For similar provisions. see SDCL 1967, 9-23-16.

**Sec. 2-49. Endorsement and receipt for annual interest payment.**

All interest payments shall be endorsed by the Treasurer on the back of the warrant, and the warrant holder shall execute and deliver duplicate receipt for such payment to the Treasurer, who shall retain one and deliver the other forthwith to the City Auditor.

**State law reference**-For similar provisions, see SDCL 1967, 9-23-17.

**Sec. 2-50. Priority retained by registered warrants not presented for annual interest payment.**

All registered warrants, together with the interest thereon earned but not paid, shall continue to be paid in the order of their registration as provided in Section 2-43 of this Code.

**State law reference**-For similar provisions, see SDCL 1967, 9-23-18.

**Sec. 2-51. Call of registered warrants for payment; termination of interest.**

- (a) The City Treasurer, as soon as money sufficient for the payment of such warrants is received to the credit of the particular fund upon which the same are drawn, shall immediately notify by mail the persons in whose names the same are drawn, or, if he shall receive written notice from some other person that he is the holder of any such warrant, then the Treasurer shall notify such other person.
- (b) Thereupon interest upon such warrants shall cease.

**State law reference**-For similar provisions, see SDCL 1967, 9-23-19.

**Sec. 2-52. Cancellation of warrants on payment.**

The City Treasurer shall pay and cancel such warrants upon presentation.

**State law reference**-For similar provisions, see SDCL 1967, 9-23-20.

**Sec. 2-53. Investment Policy.**

**1) Policy**

It is the policy of the City of Madison, South Dakota to invest idle public funds in a manner to meet the daily cash flow demands of the City with the primary objectives, in priority order, being:  
a) Safety b) Liquidity and c) Return.

**2) Delegation of Authority**

Authority to manage the investment program is granted to the Finance Officer who shall regain from personal business activity that could impair his ability to make impartial decisions. The Finance Officer acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. In case of extended leave of absence, the City Commission shall appoint a replacement Officer.

**3) Authorized Financial Dealer and Institution**

Financial institutions will be authorized to provide investment services in an executive order issued by the Commission designating them as official depositories for municipal funds. All financial institutions that desire to become qualified bidders for investment transactions and/or custody must supply audited financial statements annually, or in lieu of an audited financial statement qualified bidders may provide other regulatory examination reports that will be determined by the City Commission.

**4) Authorized and Suitable Investments**

The City of Madison is empowered by SDCL 4-5-6 and all amendments thereto invest in the following types of securities with maturity dates no longer than 18 months from the date of purchase unless received from donors or are not necessary to pay for current operating needs:

- Money Market Mutual Funds.
- Interest bearing checking accounts.
- Repurchase agreements full collateralized by securities authorized by SDCL.

### **5) Collateralization**

In accordance with the SDCL 4-6A, 51-10-9, and 52-5-20 Qualified Public Depositories will furnish collateral in the sum equal to one hundred percent (100%) of the public deposit accounts which exceed deposit insurance. The financial institution shall submit a copy of their collateralization report to the Finance Officer.

### **6) Reporting**

The Finance Officer shall prepare an investment report not less than quarterly, that provides a clear picture of the status of the current investment. The report will include the following:

- Breakdown by security type (CD, US Treasury, and money market funds).
- A listing, by maturity date, of individual securities held at the end of the reporting period.
- Breakdown of portfolio which each financial institution holds.

### **7) Interested Earned**

The interest earned from investments shall be credited to the respective fund.

(Ord. No. 1399, 3-13-06; Ord. No. 1427, 7-2-07; Ord. No. 1490, 12-28-09)

### **Sec. 2-54. Depreciation Reserve.**

There are hereby created Depreciation Reserves within the Water Fund, Electric Fund, Sewer Fund, Solid Waste Fund and Recycling Fund accounts called a "Reserve for Depreciation" that will not exceed the accumulated depreciation of the fixed assets of the respective funds.

(Ord. No. 1524, 11-28-11)

### **Sec. 2-55. Capital Replacement Reserve.**

There are hereby created Capital Replacement Reserve Accounts within the General Fund and the Parks Fund called "Reserve for Capital Replacement" that shall not exceed 50 percent of the value of the general fixed assets of the respective funds.

(Ord. No. 1524, 11-28-11)

### **Secs. 2-56-2-63. Reserved.**

### **Sec. 2-64. Term of office.**

The term of office of appointive officers of the City shall be as provided by state law.

(Code 1953, 8.0102; Ord. No. 525, (1), 12-12-60)

**State law reference**-For similar provisions, see SDCL 1967, 9-14-1.

**Sec. 2-65. Appointment.**

City officers shall be appointed as provided by state law.  
(Code 1953, 8.0101; Ord. No. 525, 1, 12-12-60; Ord. No. 548, 5-14-62)  
**State law reference**-Appointment of officers, SDCL 1967, 9-14-1, 9-14-3.

**Sec. 2-66. Personnel policies.**

The Board of Commissioners shall establish all personnel policies by resolution.

**Sec. 2-67. Surrender of effects of office.**

All City officers and employees shall, upon the termination of their employment or service as such, surrender to their successor or supervisor the effects of their office.

**ARTICLE IV. OFFICERS AND EMPLOYEES IN GENERAL\***

**Sec. 2-68. Turn over of monies.**

All City officers and employees shall turn over to the City Auditor at least once each week all monies coming into their hands which belong to the City.

**Sec. 2-69. Duties.**

The duties of the appointive City officers and employees shall be those as are prescribed by state law, Ordinances and the directions of the City commission to those under their appointment or otherwise and such further duties as are incident to and customarily performed by such officers and employees.  
(Code 1953, 8.0103; Ord. No. 525, 1, 12-12-60)

**State law reference**-Power of City to prescribe duties of municipal officers, SDCL 1967, 9-14-27.

**Secs. 2-70-2-80. Reserved.**

\* **Cross reference**-Interference with City officers and employees, 13-2.

**ARTICLE V. BOARD OF HEALTH**

**Sec. 2-81. Established.**

There is hereby established a Board of Health.  
(Code 1953, 5.0102)

**Sec. 2-82. Composition.**

The Board of Health shall be composed of three (3) members, one of whom shall be the health officer, who shall act as secretary of such board; the other two (2) members shall be the City Attorney and the Chief of Police. Said officials shall serve without additional compensation.  
(Code 1953, 5.0102)

**Sec. 2-83. President.**

The Board of Health shall elect one of its members as its president.  
(Code 1953, 5.0103)

**Sec. 2-84. Quorum.**

A majority of the members of the Board of Health shall constitute a quorum to do business.  
(Code 1953, 5.0105)

**Sec. 2-85. Health officer.**

At the time of the appointment of the other appointive officers there shall be appointed a health officer who shall be a physician in good standing and in active practice in the City, and who shall hold office for one year, or until his successor is appointed and qualified. He shall receive such compensation as the Board of Commissioners shall determine and before entering upon the duties of his office, shall take the usual oath of office and furnish such bond for the faithful performance of his duties as the board shall require.  
(Code 1953, 5.0101)

**Sec. 2-86. Duties of secretary.**

The secretary of the Board of Health shall keep a full and accurate record of the proceedings of the board in a book provided for that purpose. In it shall be entered all orders, rules and regulations made or passed by the board, as well as all other proceedings of the board.  
(Code 1953, 5.0104)

\* **Cross reference**-Nuisances, Ch. 12.

**Sec. 2-87. Powers.**

The Board of Health shall exercise a general supervision over the health of the City, with full powers to take all steps and all measures necessary to promote the cleanliness and healthfulness thereof, to prevent the introduction into the City of malignant, contagious or infectious diseases; and to remove or otherwise take care of any person infected with such disease; and to adopt in reference to such person any rules, regulations or measures deemed advisable.  
(Code 1953, 5.0106)

**Secs. 2-88-2-98. Reserved.****ARTICLE VI. ENGINEERING DEPARTMENT****Sec. 2-99. Generally.**

There is hereby established an engineering department consisting of a City Engineer, to be appointed by the Board of Commissioners, and an engineering technician to be appointed by the City Engineer with confirmation of the Board of Commissioners.  
(Code 1953, 8.0701; Ord. No. 745, 2-5-73)

**Sec. 2-100. Qualifications of City Engineer.**

The City Engineer shall be a graduate engineer from an accredited engineering school and be a licensed professional engineer registered for practice in the state.  
(Code 1953, 8.0702; Ord. No. 745, 2-5-73)

**State law references**-City Engineer, SDCL 1967, 09 9-14-1, 9-14-24.

**Sec. 2-101. Duties of City Engineer.**

It shall be the duty of the City Engineer to locate lines and grades of all streets, sidewalks, alleys or other public ways, and to determine the position, size and construction of all sewers, waterworks, reservoirs, culverts, conduits, aqueducts, bridges, viaducts or other public works, and to prepare plans, maps or profiles of the same, and to make estimates and furnish specifications for any of said work, whenever required to do so by the Board of Commissioners. He shall have general supervision of all contracts and other work for the City, and see that they are performed in a workmanlike manner, and in accordance with the authorized plans, and in conformity with the terms of the contracts and specifications.

(Code 1953, 8.0703; Ord. No. 745. 2-5-73)

**Secs. 2-102-2-111. Reserved.**

**ARTICLE VII. PARK, RECREATION AND FORESTRY BOARD\***

**Sec. 2-112. Purpose.**

The City of Madison hereby establishes a board to be known as the Madison Park, Recreation and Forestry Board with the purpose to establish, improve, care for, regulate and manage a system of public parks, parkways and boulevards, to operate a system of public recreation, playgrounds and parks in and for the City, and provide for forestry and related activities for the City.

(Ord. No. 1044, 1, 3-2-87)

**Sec. 2-113. Powers, limitations, immunities.**

The board shall have all those powers and be subject to the limitations and enjoy those privileges and immunities as provided for in SDCL Section 9-38, as now and as hereafter amended. Whenever the prior approval of the governing body of the City of Madison is required before the board can act, such approval shall first be obtained, otherwise the board shall be charged with the supervision and management of all City park and recreational facilities and programs and forestry activities and functions of the City.

(Ord. No. 1044, 2, 3-2-87)

**Sec. 2-114. Appointment of board members; terms of office; filling of vacancies.**

- (a) The Mayor shall nominate, with the approval of the governing body, five (5) members to the board, each of whom shall be a resident of the City. In addition thereto, the Mayor may nominate, with the approval of the governing body, one of its own members to sit as a non-voting, ex-officio member of the board.

(Ord. No. 1156, 5-10-93)

- (b) The term of office of the individual members of the Madison Parks, Recreational and Forestry Board shall be three (3) years.

(Ord. No. 1395, 1-23-06)

- (c) Repealed.

(Ord. No. 1156, 5-10-93; Ord. No. 1395, 1-23-06)

(d) In the event of a vacancy on the board prior to the expiration of the term as herein before provided, the Mayor shall nominate and the governing body shall appoint a member to fill such vacancy for the unexpired portion of the term. In the event the member of the board appointed to the position as the Mayor of the City shall cease to be a member of the City Council and fills such position, then, in that event, the successor to the position of the Mayor of Madison shall be appointed by said City Council and fill the unexpired term.  
(Ord. No. 1044, 3, 3-2-87)

**Sec. 2-115. Board compensation.**

All members appointed to serve on the Madison Park, Recreation and Forestry Board shall serve without compensation except for expenses accrued during the authorized travel outside the City of Madison in fulfilling the obligations of their appointed duties. Said expenses shall be reimbursed on the same basis as other City employees upon the terms and conditions set forth in the City's personnel and policy directives.  
(Ord. No. 1044, 4, 3-2-87)

**Sec. 2-116. Board rules and regulations.**

The members of the board, subject to the approval of the governing body, may establish bylaws, rules and regulations for the orderly transaction and conduct of its business and operation of the department as long as such bylaws, rules and regulations are not in conflict with the laws of the State of South Dakota and the rules and regulations as established by the City of Madison.  
(Ord. No. 1044, 5, 3-2-87)

**Sec. 2-117. Required action by commission.**

If it shall become necessary for the board to obtain approval of the governing body, the commission of the City of Madison, such approval shall be sought in the form of a resolution submitted to the governing body. When any Ordinance or resolution of the governing body is passed upon the recommendation of the board, it is necessary for such Ordinance to recite at length the resolution of the board recommending the same.  
(Ord. No. 1044, 6, 3-2-87)

**Sec. 2-118. Reports and inspections.**

The board shall make an annual report to the governing body of its actions and all of its expenditures, showing the condition of all affairs under its control. The board shall submit monthly reports to the City Commission. From time to time the governing body may require a report from the board. At all times the records, books, papers and accounts of the board shall be subject to inspection by the Mayor, finance officer or any committee appointed by the governing body for that purpose.  
(Ord. No. 1044, 7, 3-2-87)

**Sec. 2-119. Dedication of land for park or playground purposes in newly annexed areas.**

- (a) When any land, with the exception of commercial or industrial zoned property, is annexed into the City limits of this City, the person or persons requesting such annexation shall dedicate an area equal to five (5) percent of the land to be set aside for use as parks or playgrounds, under the jurisdiction of the Park, Recreation and Forestry Board of the City.

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\* **Editor's note**-Ordinance No. 1044, adopted March 2, 1987, while intending that its provisions be included in the Code, did not provide for the exact nature of their inclusion; therefore, at the editor's discretion, 1-8 of Ord. No. 1044 have been included herein as a new Art. VII, 2-112-2-119, of Ch. 2. **Cross reference**--Parks and recreation generally, 14-1 et seq.

- (b) The location of such park and playground land shall be determined by the board. In the event the owners of the land to be annexed are unsatisfied with the decision of the board, an appeal to the City Council may be taken within thirty (30) days after notification to the owner in writing by the board.
- (c) The board may allow the owner to donate a sum in cash equal to one (1) percent of the value of the property to be annexed (but in no event less than one hundred dollars (\$ 100.00)) in lieu of dedication of land. Such decision shall be solely at the board's discretion. The value shall be determined by the City assessor, and if not accepted by the owner, the valuation may be appealed to the City Council. Monies derived from this article shall be placed in a special fund for the sole purpose of park and playground acquisition and/or development.
- (d) This article shall not apply to forced annexation unless specifically set out in the annexation resolution.  
(Ord. No. 1044, 8, 3-2-87)

**Secs. 2-120-2-149. Reserved.****ARTICLE VIII. ECONOMIC DEVELOPMENT.****Sec. 2-150. Economic Incentive Fund.**

- (a) There is hereby created a fund entitled "the Economic Incentive Fund" within the City of Madison to be used to assist new or expanding businesses within the City of Madison creating a minimum of five or more full-time positions within one year of application. The program will offer cash incentives to these businesses located within the City of Madison for the creation of new full-time positions.
- (b) Cash incentives up to \$1,500.00 per job will be provided to businesses creating five or more full-time jobs based on the following criteria:
- 1) Salary
  - 2) Benefits
  - 3) Industry or type of position

(c) Prospective businesses wishing to apply for the economic incentive program will contact the Lake Area Improvement Corporation for assistance in submitting the application for funding. The applicant, with the assistance from the LAIC, shall submit information to the City of Madison. After receiving the recommendation from the LAIC Board of Directors, the City of Madison will act on the application at a regular or special commission meeting. The economic incentive program may be used in conjunction with other economic development programs offered by the City or any other agency.

(d) The Finance Officer shall review the application, coordinate the placement of the application for the city commission agenda and account for all the funds of the economic incentive fund.

The Lake Area Improvement Corporation shall act as a liaison for the applicant by assisting with the application requirement, submitting the information to the city and obtaining the necessary wage and employment reports as required in the individual incentive programs.

(e) The City of Madison shall disburse the funds from the Economic Incentive Fund to the applicant in accordance with actual wage and employee figures submitted and verified by the Lake Area Improvement Corporation 90 days after the approval of the application. At each six month anniversary of the disbursement of the initial funds, the LAIC shall obtain wage and employment figures from the company and provide these figures to the city of Madison for the additional contribution of funds or the return of funds as compared to the previous wage and employment figures. The LAIC shall obtain these reports on each six months' interval for a period of three years after the initial approval of the application.

(Ord. No. 1394, 2-13-06)

**Sec. 2-151. Growth Incentive Program.**

**1) Creation**

There is hereby created the growth incentive program designed to help stimulate community growth through two programs designed to reimburse employers who create employment opportunities in Madison. Funding for the programs will be available through Heartland Consumers Power District and shall continue throughout the term of Heartland's economic development program.

**2) Cash Incentive Program**

For new or expanding businesses for those businesses creating five or more full-time positions based in Madison.

A. Wage or salary-equivalent requirement

<b>Minimum Wage</b>	<b>One-Time Incentive</b>
\$8.00 per hour	\$300.00 per new job
\$12.00 per hour	\$500.00 per new job
\$16.00 per hour	\$700.00 per new job

B. Qualifying new jobs will be evaluated on, and paid at the business's startup or beginning of the expansion and on each six-month anniversary of the startup for a total of three years (36 months). Each anniversary's evaluation will be measured against the highest level of employment of all the previous anniversaries.

**3) Growth Rebate Program**

A. For a new retail customer or expanding customer of the City of Madison creating five or more full-time positions based in Madison.

<b>Electric Growth Rebate</b>	<b>Eligible Time Period</b>
Fifty percent (50.0%)	During each of first twelve (12) months
Thirty-five percent (35.0%)	During each of months 13-24
Twenty percent (20%)	During each of months 25-36

B. Measurement of load growth will be determined on a monthly basis based on kilowatt-hours of energy compared to the average of the two previous years of the same month and rebated on an annual basis. In the event a business is less than two years old, the measurement will be based on the previous year’s bill of the same month. Any month whose previous two-year average electric load is greater than the month under consideration will not be eligible for a refund.

**4) Implementation Procedure**

Business shall provide the application and adequate documentation of each new position to the Lake Area Improvement Corporation including startup wage/salary and employment status (full-time permanent) to be eligible for the cash incentive and rebate program.

Businesses shall submit adequate documentation of additional jobs and total employment since startup or commencement of expansion to the Lake Area Improvement Corporation on each six-month’s anniversary for additional cash incentives or rebates.

The City of Madison shall provide Heartland with all electric consumption data for the program.

The City of Madison, if requested by Heartland Consumers Power District, shall collect the incentive program funds from Heartland and forward to the business.

(Ord. No. 1401, 3-13-06)

**Sec. 2-152. Community Development Fund.**

**1) Creation**

There is hereby created the Community Development Fund created for the purpose for economic development purposes. The purpose of the establishment of these parameters and guidelines is to assist in insuring the public sales tax monies are committed to worthy projects.

**2) Eligibility Requirements**

Any industry that is a new start-up or an expanding existing industry creating new and additional jobs which will result in more employment opportunities in the Madison area will be eligible to apply for the use of the local economic development funds. Industry shall be defined as either a business involved directly in the manufacturing processing, fabricating, or compounding of a product, or providing a service to customers and will not be in the retail business.

**3) Fund Expenditures**

The local economic development funds should be used for (1) land acquisition and related development, 2) building construction, acquisition, related remodeling projects or equipment

which is determined to enhance industrial development growth, 3) debt retirement incurred for the purpose of industrial development, and 4) other economic development activities. The City may also consider subsidizing a loan from another lending agency. It is the intent of the City Commission that the economic development funds in effect be used as a low-interest secured and amortized over 20 years with a 5-year balloon for buildings or amortized over 10 years with a 5-year balloon on equipment. Failure to meet the employment projections shall result in a recall of a portion of the loan or a change in the interest rate unless waived by the City Commission for extenuating circumstances. Security for the loans shall be in the form of mortgages, liens, personal guarantees or other security.

**4) Project Impact Factors**

The City Commission will review, evaluate, and make decisions on specific project applications, after receiving a recommendation from the LAIC Board of Directors. The following factors and other factors deemed appropriate with each application will be given due consideration.

- 1) Number and quality of new jobs to be created.
- 2) Annual payroll and related pay structures.
- 3) Benefit versus cost effects.
- 4) Effect on utilities and other services.
- 5) Effect on environment, health, and safety.
- 6) Business type and feasibility.

It is the intent of the City Commission that the interest rate of the loans be offered at a below market condition rate to be set by the City Commission. The minimum interest rate may, under certain circumstances, provide that the business not be required to repay the full principal amount due to the level of the prime rate existing at the time of the loan approval. In determining the interest rate and the loan amount to be set for a specific project, the City Commission will give due consideration to the quality of the jobs created. The following chart has been developed to provide a general guideline regarding rating projects for interest rate purposes. For purposes of this table, annual payroll is defined as annual Gross Wages as listed on IRS W-2 Forms for Madison employees divided by total hours worked.

**TABLE 1**

<b><u>PROJECT IMPACT EVALUATION</u></b>	<b><u>AMOUNT PER FTE</u></b>	<b><u>MINIMUM INTEREST RATE</u></b>
Annual Payroll of \$40,000 per FTE	\$ 9,000	Prime rate less 5%
Average Annual Payroll of \$30,000 per FTE	\$ 7,000	Prime rate less 4%
Average Annual Payroll of \$25,000 per FTE	\$ 6,000	Prime rate less 3%
Average Annual Payroll of \$20,000 FTE	\$ 5,000	Prime rate less 2%

**5) Application Requirements**

Prospective industries will contact the Lake Area Improvement Corporation for assistance in submitting an application for economic development funding. The applicant with assistance from the Lake Area Improvement Corporation shall submit information to the City on application forms prepared by the South Dakota Economic Development Board and also on application forms prepared by the City.

After receiving a written recommendation from the LAIC Board of Directors, the City will acknowledge the application at a regular or special Commission meeting and place the resolution approving the loan on the Commission agenda the next week. This resolution becomes effective 20 days after its publication. The City Attorney shall prepare the final loan documents. All closing costs shall be paid by the City. Closing costs shall be defined as document preparation fees, recording fees, city representative attorney fees, loan closing fees, and flood certification fees.

**6) Duties**

The City Attorney shall be responsible for completing the final loan application documents and appropriate filings.

The Finance Officer shall review the application, place the application on the City Commission agenda, account for all the funds of the CDLF, assist with coordinating the loan closing and maintain files on all loans for the information submitted by the City Attorney.

The Director of the Lake Area Improvement Corporation shall act as the liaison for the applicant by assisting with the application requirements, submitting the information to the City, coordinating the loan closing with the City Attorney, and obtaining the employment reports as required in the loan documents.

(Ord. No. 1400, 3-13-06)

[The next page is 400]