

2012 Civic Improvement Interviews – July 15, 2005 – 12 Noon, Caucus Room

Attending – Committee Members: Kroeger, Johnson, Chapman, Gundersen Olson, 2012 Civic Improvements Chair Dennis Popp, Kay Rippentrop.

Tom Johnson, Council President, explained to each group that there was a strict time schedule for the groups – fifteen minutes each with a five minute break between proposals and that the committee would adhere to the schedule. He explained that certain groups were asked to come because there were some questions, however it was not that one project was favored over another and it was not done to indicate approval or rejection of a project. Johnson said there are a lot of good projects, and it was taking a little longer in reviewing the proposals. Popp said there were many projects they wished they could have recommended but just not enough dollars.

Hospice House: Dodie Brown, Tim Sughrue and Mike Gibbs represented the Hospice House proposal.

The first question pertained to ownership of the facility. Sughrue said that it would be a part of the hospital as a 501C3 organization to be governed by a board of trustees that will serve exclusively to serve the mission of Rapid City Regional Hospital. The Foundation Board has been instrumental in terms of championing the project and the force behind the project. Johnson said in the past round of projects there had been concerns and discussion about ownership issues and wondered if the Hospice House had talked with Attorney Green on the issue. Brown said she had not specifically talked with the City Attorney but at the Town hall meetings, Jeff Partridge had addressed the concern and that it was not an issue under the Civic Improvement criteria. She noted that they have made it very clear that Hospice House is under the Hospital, and Partridge's comments have led them to believe that it was a "non-issue". Popp noted that there had been a concern and that the Hospital's attorney had contacted Green, and as far as it was reported, it was not an issue.

Question from Gundersen-Olson pertained to the moratorium on nursing homes by the State and how that affected this project. Sughrue noted that there is indeed a moratorium by the State as seen in Rapid City and the entire mid-west with the number of assisted living facilities now being built. The Hospice House is truly an "end of life" facility custom tailored to fit those needs for those patients who have less than six months to live. Brown added that this facility will be licensed as a hospital, so will be required to meet all the fire and safety codes but can be focused in a more economical way because it is geared to certain care. With this type of facility, the diagnostic labs, and things of an acute traditional hospital are not necessary. They will provide acute care for those patients who are dying and need special needs and equipment, skilled personnel to provide twenty-hour nursing care. The residential care is different for those who are close to end of life but yet cannot be treated at home because they need constant care. The respite care or short term stays for someone who could be cared for in a home but because of circumstances, many families may not be able to provide care for a few days, so they could come to this facility where they would get supervised care. Brown also pointed out that often times, children who are terminally ill may need respite care if the family wants to keep the child at home as long as possible but for some do not want them to die at home. All twelve bedrooms are designed the same, so there is flexible use and can be used for the most critical need.

Chapman asked about the cost of the project, noting that the proposal requested \$300,000 wondering how the rest was being raised and where the match was coming from. Brown provided a current report, (land was not included in the \$2.7 million) showing that they have raised up to \$2,267,175 which is about 67% needed and does not include the request for 2012 funds. They have just really started to publicize the project they feel they have done very well. Sughrue commented they feel there has been tremendous community support for this project.

Johnson asked where the project was in relationship to plans and time schedules. Brown noted that the plans have been drawn by an architect and cost estimates completed. They feel very confident with the construction cost presented.

Kroeger asked about the pay-as you go concept for 2012 and when would they need their requested fund. Sughrue and Brown both indicated that they didn't see it as a problem to upfront the funds if there was assurance that the

funds would be awarded and forth coming. Brown noted that this has been a community grass-roots program that will take care on anyone who needs help and hospice has done that. She added that the program has grown to where there is a need for additional care and she feels that the project is so important because it is something that everyone will need at some point in his or her life. She feels that this is something that the citizens and City of Rapid City should want to be a partner in as fits into the vision and health of the community. It was noted that interesting, all of the 2012 projects affect different aspects of life within the community, but this particular one deals with the end of life issues and speaks volumes as to how a community cares for the terminally ill. Brown provided copies of their brochure and their capital campaign goals. She noted that the site is on Elk Street, a natural area that has a beautiful residential feel yet close to the hospital for support services. It is designed for efficient patient care yet will provide quality care for the terminally ill and dying patient.

Skyline Drive: Chuck Tinant, Carol Brown and Roger Heacock were present to answer questions about the Skyline project.

Gundersen Olson asked how the group was coming along with donations to the project. Heacock noted that it was difficult, they have already raised \$1.3 million and currently they are having a difficult time, and part of the problem is that they have been doing this for about ten years. Chapman asked if they had received 2012 money in the past. Brown said they had not but that funds had come from grants and matching funds. The 501C3 application has not yet been received (has been applied for the first part of June, but not received). Tinant explained how they had worked through the Rapid City Foundation and then the Spearfish Foundation that would hold the land until the 501C3 was received. Tinant said that he hoped they would get their temporary permit soon so that they could get started with the next phase.

Chapman asked about the real estate taxes (approximately \$8000 annual) Heacock said they would have to do annual fund raising for that. Johnson asked for a listing of recent donations for either land acquisition or for taxes. Brown noted that much of the information was available in the packet presented but would get an up-to-date list to the committee. The request is for \$800,000 – they need a little over \$800,000 for principle, interest and back real estate taxes. There is \$743,901 outstanding for the land mortgage, however that changes every day with the interest charges. Brown said this was for 150 acres of land at a pretty good value. Heacock commented that it was important to remember that this was something that was for the whole community, and as an example the mountain bikers have donated dollars to help maintain some of the trails. Brown noted that the 1949 master plan for the City of Rapid City showed this entire area as a Park Forest preserve and these 150 acres have been preserved 55 years later. She noted that with the growth of the city, this is a perfect time to protect this area from growth; this area should be considered as our own “Central Park”. There is over ten miles of trails in the area and will become a destination point. These are all natural trails and will not be cemented or hard surfaced.

During the break, one concern of the committee was the use of 2012 dollars for payment of back taxes. Also there was concern about turning over the land to the city, would the city of Rapid City be responsible for payment of back taxes. Johnson said he was concerned that they had apparently not applied for the 501C3 until just recently and it is very important that they should have done this quite some time ago. Gundersen Olson noted that until recently this has been pretty much left up to Chuck Tinant and now they do have an active board to work on issues – listing of the Board members is available in the master file.

Civic Center Expansion: Mike Diedrich, Board Chairman and Dave Davis, Board Member was present to discuss the Civic Center Memorial Park Expansion project.

First question to the Civic Center concerned funding, and what their plans were if they were not totally funded. Davis commented that they were only allowed to have the amount that has been recommended then obviously, the project proposed could not go forward. The Civic Center does not have the ability to bond for the difference, there was some confusion and misunderstanding there, although the Civic Center has the ability to bond up to the level that the City has, they also look at fiduciary responsibility to repay which is around three and a half million. The money used to repay the bonds could not be used to do the necessary ongoing projects. Davis noted that this is a thirty-year-old building and some of the codes have changed and projects such as those going on currently in the arena must be paid for with their general funds. This project was over \$500,000 and last year they had a \$300,000 project doing utility work. So, those funds we are talking about to redeem a bond are the same ones that

pay for the ongoing maintenance projects. Diedrich commented that they would not have the ability to do both. Kroger said that was really the committee's main question, with the funding amount recommended, what did it do to the Civic Center project? Davis stressed that they didn't want to become another project that is under funded and they have to keep coming back for additional funds, this is a fifteen million dollar project and without the funds they can not move forward. He added that there are places in the arena that could use three and a half million dollars, but this proposal could not go forward. Diedrich noted that on the long-term maintenance plan covers over four million in electrical, ADA, and other major repairs. He added that if the Council were to give three and a half million, those monies could certainly be absorbed into the scheduled upgrades. Diedrich said the Civic Center would much prefer to build the new project and continue to fund the upgrades out of their general fund. Davis pointed out that the new addition is 22,000 square feet of convention and trade show space and he and Diedrich further emphasized the need for this additional space.

Gundersen Olson asked about the new arena, Davis said that anything that used the floor, there would be an additional 4500 seats, (indoor hockey, soccer, etc.). Anything that would be such as a speaker, there would be 6500 seats available.

Davis noted the history of the 2012 program and that it would not exist without the Civic Center. He pointed to the original cost of the facility thirteen million plus the fourteen million additional upgrades, have given them a facility that is valued at one hundred thirty million or five times the amount invested in it which is a pretty good return on the investment. The past 2012 plans have been a seven year bond and while there has been discussion by the Council to "pay as you go", the City Finance has projected out for the Civic Center what is available if the City were to continue with either the five or seven year bonds. Davis said the difference happens to be about sixteen million dollars, which is the cost of the Civic Center project. The negative of this is that it cost some dollars to bond for the two additional years, that cost is estimated by Coleen Schmidt to be about \$700,000 to \$750,000. The cost to build now versus waiting five or six years would more than offset the cost of the additional two years. Davis commented that if they had the additional two years and could get the sixteen million, they could return the three and a half million to be used for other 2012 projects. He said this is a proposal they feel has history and the ability to work. Johnson noted that the seven years takes it two years into the five-year plan and with the pay as you go, you don't have those two years.

Chapman commented that he thinks the Civic Center is making it crystal clear that if the Council goes with the pay-as-you-go, and they hold true to the recommendations of the committees of three and a half million, then this proposed project can't happen. Davis stated that is correct. Chapman asked if the Civic Center had made this clear when they met with the committees at the public hearings, Davis said it was not asked that clearly but the plea was made clearly that this project really needed to be fully funded as per the past history of 2012. He added it was not added as a threat or to say give us all or none. Diedrich echoed the sentiments, adding that it was really time to reinvest in the Civic Center, pointing out the competition in the surrounding area is noted, the competition with athletics is increasing with the different venues coming into play, in addition to the economic impact it has on the community. The different stage shows will also be affected as facilities open and/or expand in surrounding communities.

Alliance of Tribal Tourism Advocates: (prior to meeting with the representatives, Civic Improvement Chairman Popp explained that the Civic Improvements group saw this as a tourism, cultural and outreach proposal that if properly placed and run, could be an excellent outlet for the Native Americans in the Rapid City area. Popp commented that he was not sure of their financial packaging other than they had been funded for a period of time by federal grants. They have been around for several years, but not necessarily in the Rapid City area.)

Robert Cournoyer, Randy Ross and Daphne Richards-Cook represented the proposal by ATTA. Johnson asked if the request of \$812,000 was all for capital construction, and if not, what were the other components of the proposal. Cook said that it was for capital construction. Gundersen Olson asked how long ATTA had been in Rapid City? Cook noted that they had been located in Lower Brule for three years, then Sioux Falls in 1996, and 1997 in Cheyenne River, and now has made more sense to move to Rapid City. When asked about ongoing operation expenses, Cook noted the \$136,000 grants were granted through the ANA. She added that if they could get the pow wow garden, they could utilize this to leverage this for other grants. Cook noted that ATTA would be used as a model for other tribes across the state for financial reporting and business management. Ross said the funding request for 2012 dollars for this proposal would help in leveraging other funding request to make the project a

reality. They will be looking at a good business plan and good solid community partnership. Johnson asked about the \$400,000 that is shown, will that be available for project. Cook said they would have their business plan done by October, and have applied for a grant through the Department of Commerce as well as the South Dakota Foundation and Bush Foundation. They want to reach the European market and feel that these grants will help them do that as ATTA has been reviewed as a model project. Cook said there are other foundations they are looking at to receive additional funding to help with the tourism possibilities.

Johnson asked specifically how much of the \$400,000 shown would be available for start up costs of the project or is it all programmed? Cook responded that \$250,000 is for staff. Ross said the next grant for the ANA would go to setting up the project which would be for three years - \$500,000 each year. Johnson asked specifically about the ongoing operation/maintenance and capital costs, as they are most concerned that there is ongoing funding to make this work, as the City would not be interested in funding ongoing operation costs. Ross said they would have \$100,000 for the maintenance/operation costs per year. Cook commented that they would then use these dollars to leverage for other grants.

Chapman asked about the relationship with the local CVB and State tourism and secondly, the maintenance shown says it would be taken care of by the City. He expressed concern that ATTA would expect the city to do the maintenance, maintaining structures, cutting grass, etc. Ross said they had not really discussed that aspect, but thought it could be a lease agreement arrangement like the city has with baseball fields but they would have to meet with city staff to discuss. He added they are thinking about an entrance fee that could be used, but the costs could be minimal because they could be open during summer and closed in the winter. Cook said that they have developed a good relationship with the Chamber of Commerce and different tourism groups and that Susan Edwards and Mason Short of the Airport were working with them to help produce some numbers for an aggressive marketing campaign as to what they can anticipate. She again stressed the ability to leverage the information and current grants to work toward other grants to help with international and national marketing.

Gundersen Olson asked if the facility would be owned by the City or leased and maintained. Ross said it would not be owned by ATTA, but in their business plan they would have to come up on how to pay the maintenance/operations costs like other city facilities. Cook said there were many components to the business plan that they are looking at such as environmental, marketing, tourism and animation. Gundersen Olson asked if they were prepared to pay for the maintenance costs and Ross said that would be built into the business plan. The \$130,000 is for five employees, and Cook said they are looking to break down the personnel component into different areas. Johnson asked if the committee could see a copy of the construction costs. Skull Construction has given an approximate estimate of \$812,500 to construct the proposed facility, noting that it is very rough with a lot of unknowns. In regards to the business plan, Cook said they are to meet with different agencies/people and think that they can reach about 10% of those that attend go to Mt. Rushmore. Johnson said he would like to know who the ATTA is working with on their business plan as well as when it could be completed. Johnson cautioned that they needed to reduce numbers rather than aiming at 10%. Ross said that ATTA will be helping with their business plan and hoped that a preliminary picture would be available in a month.

Gundersen Olson asked about the Lewis & Clark project they recently did with the State. Cook said that this was an exciting event, supporting the art auction, tourism, marketing data, and worked on opportunities for all the tribes to come together. She commented that it was a learning process for them to know that they needed policies on all aspects of the project relationships. Cook noted that they are currently working on policy manuals for collaborations and partnerships, defining objectives and finding out what works but that the Lewis & Clark project was an opportunity to grow and learn. Cournoyer commented that the Lewis & Clark project gave everyone the opportunity to learn what their purpose was and the involvement of the Native Americans with Lewis & Clark.

Chapman asked about land – where are they looking, that because the proposal does not include land costs, is ATTA looking to the City to provide land or what happens if they do not. Ross said they have been looking at some contingencies and other projects might drive some decisions.

Concern was expressed by the 2012 committee members about the need to have a solid business plan and solid financial information.

Homeless Coalition: (Popp expressed concern about the Section 8 funding for this project). Randy Allen, Alys Ratigan and Barb Garcia appeared representing the project.

First question concerned funding sources- where would they come from. Garcia presented information showing funding from South Dakota housing 108 funds, homes and the SHP Grant. Johnson asked if they had received commitments from any of the grants. Garcia said not at this point the applications have been submitted and all look favorable but not yet committed. Chapman noted the use of CDBG monies wondering where that stood if there were cuts. Garcia commented that if cuts come it would be after 7/06 and looking at 10%.

Gundersen Olson asked about land. Garcia said that land from Doyle Estes was donated to WAVI who in turn has made it available to this project. Actual ownership would be Cornerstone. The land is located on East Boulevard on the left side going up to Signal Drive. It was noted that there had been some discussion about drainage issues but that it was thought they had been resolved per the architect.

Regarding ongoing expenses for operation, Garcia said that the application for \$646,000 is for three years and does include the operation/maintenance budget. The amount in the application would be covered in the rents received and supportive services are in-kind donations. It is estimated that operating expenses would run \$102,418 a year. It is not anticipated that the 2012 dollars would be needed until the first part of 2007. The proposal is for 24 – 3 bedroom units, a three story building with community and commons area. Regarding the drainage issue, Garcia said she had reviewed and it does not appear to be a problem.

Westside Wrestling/Stevens Gym Addition: Popp noted that this was a project that the name was misleading and when explained, it made a lot of sense for a variety of reasons. Sam Benne, Mike Kenton, Kevin Klapprodt and Dr. Pete Wharton were present for the proposal.

The first question was that the name was misleading, that the project is far more than just a wrestling club facility. It was agreed that a name change was probably necessary – be it Stevens Gym expansion or something like the community gyms at West and south are named. Kroeger asked what would happen if they didn't get the funds in 2007, Dr. Wharton said that they (School District) would upfront if they knew for sure that the funds had been approved. The different clubs and organizations raised \$100,000 for the project and the advantage of doing as soon as possible is to keep the cost as low as possible. Concerning a question on who would run and have access to the facility, Wharton said it would be same as with the two other gyms, school use during day hours and city recreation after school hours with a joint use schedule. Chapman commented that he would like to make sure the community had access for use when not used by the school such as the early morning drop in court time. Benne provided a copy of the outside groups that use the current facility and with the addition more would be available for community use.

(Concerning bleachers at SDSMT – this was discussed at CIP and all in favor of the project. Kroeger asked if the school had a way to upfront until the 2012 became available. Wharton said this was a similar case, if they know funds are forthcoming, they will upfront however in fairness to the Board and Dryden he would want to make sure before final commitment. Wharton said they would want some type of agreement that the funds would be coming.)

Humane Society: Chuck Baldwin appeared before the committee regarding the request of the Humane Society. The original request for a trailer for spaying and neutering has been met through a major donation. The Humane Society asked then to have a remodeling project to the existing shelter in the amount of \$50,000. The facility would be used to treat the animals that are recovering from surgery. Baldwin noted that they are handling between 6,000 and 7,000 animals a year at the shelter. The spaying and neutering project is important to control the animal population and this remodeling would take the animal back into a clean environment after surgery. He explained that they continually disinfect but overcrowding is a problem and creates unhealthy conditions. The \$58,000 would purchase some stainless steel cages as well as additional recovery room. Bids have been received from MAC and are believed very solid. He commented that they would need the monies as soon as possible as the need is there. The Humane Society has continual fund raising and grants writing and for the first time in many years is in the black. They would like to be able to assist the low-income people with the spaying/neutering of pets, as the cost at the vet clinics is quite high. Baldwin asked when the monies might be available as they are hoping to get this funded very

soon due to the critical need. Those present agreed that the time frame the committee is looking at is probably close to the first of the year.

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The committee will meet on July 22nd at 12 noon on the economic development recommendations.

7/15/05—2:45 pm.