A Capital Improvements Program Committee meeting was held at the City/School Administration Center in Rapid City South Dakota, on Friday, August 17, 2018 at 8:00 a.m.

The following members were present: Ritchie Nordstrom, Amanda Scott, Laura Armstrong and Darla Drew; the following members arrived during the course of the meeting: Lisa Modrick; and the following were absent: None

Others present included: Finance Officer Pauline Sumption, Deputy Finance Officer Tracy Davis, City Attorney Joel Landeen, IT Director Jim Gilbert, Parks and Recreation Director Jeff Biegler, Fire Chief Rod Seals, Compliance Specialist Cassie Furchner, Community Planning Director Ken Young, and Administrative Secretary Angie Boeve.

ADOPTION OF THE AGENDA
Motion was made by Scott, second by Armstrong and carried to adopt the agenda.

CONSENT ITEMS – Items 3-8
Motion was made by Drew, second by Nordstrom and carried unanimously to approve items 3-8 as they appear on the Consent Items.

3. Approve Minutes for July 20, 2018
4. Next Meeting: Friday, September 21, 2018 @ 8:00 a.m./2nd Floor Council Chambers
5. No. CIP081718-03 – Approve Capital Plans for Government Facilities – (Fire & Emergency Services, Parks & Recreation, CSAC, Summary)
6. No. CIP081718-04 – Approve Capital Plan for Fire Vehicles
7. No. CIP081718-05 – Approve Capital Plan for Parks & Recreation
8. No. CIP081718-06 – Approve Capital Plan for Information Technology

NON-CONSENT ITEMS – Items 9-10
Nordstrom read in item (No. CIP081718-01) Acknowledge Financial Report (Summary, DCA Charges and Debt Service). Davis stated that the addition discussed last month has been made to Debt Service and the account now has a balance for $522,000.00. Drew asked Davis to clarify her comment; Davis referred to the discussion the last couple of months in regards to payment attempt to Pennington County for the Evidence Building loan. Last month there was a negative balance as the funds had not been added back in. Scott asked Davis to elaborate on her comment.

Davis explained that the City was trying to save on some interest and refinance through a bank, unfortunately the City was not allowed to do that as per the contract with the County. Sumption and Landeen have been working with the County on refinance options. Sumption added that the agreement with the County allowed for early payoff, but the interest through the life of the loan would still be paid so there would have been no additional savings; the county refunded the City's prepayment and the bank has been paid back. The City is paying the County again. The County has refinanced a piece of it and Sumption is talking with the County about a lower interest rate. At the time, Julie Pearson said the interest rate would be lower. Sumption is trying to get the correct verbiage in a new agreement; there are also finalized costs; the original contract was based on contractor estimates. The City is still looking to pay approximately $290,000.00 in December which is what has been done in the past. The mother sheet will need to be adjusted as Sumption had already adjusted it to reflect what would be at the bank, about a $40,000.00 a year savings. She is hopeful the savings will be somewhere in-between that number. The City will go forward with paying the County instead. Scott summed up the topic; the City and County entered into an agreement and both are paying interest, so in order for the City to pay off early, without the County negotiating a new loan, the County would be responsible for paying the interest on the continuing loans and that is why the County didn't want early payoff. Sumption confirmed this and added that the County has a couple bond issues and they are not callable. If they were callable, they could have applied the City's payment to the callable bond. Scott was intrigued by Sumption's mention of the county refinancing at a lower interest loan and if the County wanted to keep the contract the same, they would have made money from the City, Scott would not tolerate that. Sumption agreed, she wanted to refinance because she could get a much lower interest rate and saved money. There was miscommunication between Sumption and the City Attorney's office; she asked if they could pay off the loan early, but did not inquire about any penalties, paying the interest in full is a penalty in her mind. Scott agrees as long as neither governmental entity is hurt by the transaction. She understood the County's position, but feels there needs to be transparency if the County negotiated a better interest rate and they should have initiated the conversation with the City to make sure both parties are treated fairly. Scott thanked Sumption and the Attorney's office for their
diligence in trying to make sure the City’s interests are well maintained. Motion was made by Drew, second by Armstrong and carried to acknowledge.

Nordstrom read in item (No. CIP081718-02) Approve Capital Plan for PW Infrastructure (Formerly called Capital Plan for Streets, Drainage, MIP Projects) Furchner commented that there are only two major changes to report this month; the Maple Avenue, Nebraska Street, Cemetery Sewer contract and the Tower Court Outfall Stabilization project. Scott asked for updates on the $180,000.00 San Marco Street project that shows it is to be done this year. Furchner responded that this project just bid and it will be updated on next month’s sheet and construction has started. Scott noted a couple other projects in past years that have no comments and asked that they be updated as to why they haven’t been done for the next meeting. Furchner agreed to update the sheet. Modrick inquired about the Tower Road Stabilization project, when it entails as there is also an item on the City Council agenda coming up. Furchner read the project description; slide at the location of Tower Court Storm Sewer Out Fall has resulted in severely disturbed and eroded slope with unknown damage to the City’s eight inch pvc water main. Brandon Quiett is the project manager. Modrick inquired if the project will be soil tested or engineering involved before the $32,000.00 project that is on the City Council agenda, there are some pretty serious issues with the entire side sliding down. Furchner assumes so, but cannot answer specifically to the scope of the project. The total budget for the project is $250,000.00 and additional funding coming from the water enterprise fund in addition to the $187,500.00 listed. Modrick asked if the project on Monday’s agenda would be put on hold until the slope is prepared, Furchner replied that it could possibly be put on hold. Modrick hopes that is the direction this project is going in and thanked Furchner. Nordstrom offered to clear this matter up a bit, the project was just written up, the next step is staff review and the internal workings of the project, the next step will be the bidding process through Public Works. This should all happen shortly, Modrick reiterated that it is important to stabilize the area before putting the new pipe in and Nordstrom said Quiett is working through all of this. Modrick then asked where the Out of the Dust list of projects comes from and what the projects are. Furchner responded the list is kept by the Project Manager and they continually evaluate alleys and streets that are gravel and then prioritize the projects. Modrick asked that a copy of the report be given to the Committee from time to time so they can see the projects in their Wards. Drew asked if residents have any say in the Out of the Dust project as she has spoken with people who do not want their alleyways paved. Furchner does not know for sure; she is sure it all plays into it. Drew was advised to send residents to the project manager with their questions and concerns; this is where most of the items on the list come from after people call in. Nordstrom added that most requests come in to the front desk and is then given to the staff for internal review, then a site visit which includes the staff going door-to-door visiting with the residents. If there is enough interest, they sign a petition. Motion was made by Scott, second by Modrick and carried to approve.

DISCUSSION ITEM – Item 11
Nordstrom read in item (No. CIP081718-07) Stormwater Drainage Discussion and turned the discussion over to Lisa Modrick. Modrick thanked the Committee for allowing her to bring this discussion to the meeting. There have been issues with drainage for years and it needs to be addressed, not put off for another year. She discussed the drainage issues and showed pictures attached to the agenda. Areas of concern include Hillside Drive onto Mount Rushmore Road, Clark Street, and the drainage ditch by the Lazy U motel all of which could affect the thirty million dollar Mount Rushmore Road project and the Centennial Street ditch. Modrick voiced concern of potential damage to sewer drainage from the gravel and debris running down the streets. These areas are in three different wards of the city and some have been moved down the list multiple times already. She brought these items to CIP under the direction of City staff. Modrick visited with Dale Tech in regards to the brand new flap that was installed behind the Lazy U motel, that may or may not have been working properly; she hoped that this would be a warranty item. The Centennial ditch project was done last year that helped with this year’s rain and Modrick is grateful for that, but there is a lack of drainage and pooling took place. This is a seventy foot drainage easement that is pooling from edge-to-edge and even with nine or eleven-day dry and there is still pooling. She expressed that this area needs to be cleaned and is really a maintenance issue but with all of the mosquitos this year, it really needs to be addressed. Modrick brought these items to CIP because they are item brought to her and other Council members by the taxpayers. She thanked Public Works because Brandon Quiett and Mary Bosworth have been out to view these issues and they told her their hands are tied until CIP sees and knows there are problems.

Nordstrom commented that the Lazy U / Perkins issue is being reviewed and will most likely be addressed from another venue. He asked Modrick if anyone had told her how long it takes City staff to clean up the silt on Mount Rushmore Road; she said the street gets cleaned quickly but they do not clean the driveways or sidewalks. Nordstrom added there is an inter-departmental discussion that needs to happen when drainage is involved and it is typically resolved within 24 hours. When there are clogged drains, the projects are moved up on the list which moves projects like Centennial ditch down the list. Nordstrom assured the committee that these items are being reviewed by staff. Modrick said that she was told project studies had to be initiated by CIP and without discussion,
nothing happens. Nordstrom responded that the actual process is internal review and then the bidding process for projects. Sumption added that the drainage fund is an enterprise fund, just like water and sewer and any studies for drainage go through that fund. The only drainage projects that go to CIP are those in conjunction with street projects. The Out of the Dust projects go through CIP, but the items discussed were more for the Enterprise Fund than for CIP Fund and there are limitations to funding for projects that needs considered as well. Nordstrom added that funds are divided into percentages at the beginning of the calendar year in March and April; at which time Modrick was not a member of the CIP Committee at that time.

Drew asked Furchner if there was any indication that paving would help the drainage problems explained by Modrick. Furchner said that it could possibly, the scope of the project is in the hands of the Project Manager; she controls the budget and looks to see what can be moved down or off the list to reallocate funds to the priority projects. Landeen added that, he is not an engineer, but if you pave it you’re not going to have a big pile of rock at the bottom but you may have other issues; it would be an impervious surface so you might end up with more water at the bottom, but no rock. Drew referenced the flap and warranty, Furchner stated the construction group is responsible for the warranty work and she assumes that Klare Schroeder is looking into this. Landeen commented that his understanding is that there is some disagreement as to if the flap is working properly or not and that needs to be determined first. If it is determined a warranty issue, Public Works can take it to the attorney’s office, CIP does not need to be involved. They need to determine if the flap is supposed to be open or closed. Drew would like to see this resolved in the next couple weeks. Drew feels there is a possibility of underground water in the Centennial ditch area if the water continues to pool as described; if that is the case, there isn’t much to be done about Mother Nature. If these are items for the enterprise fund then they need to be given to them to address. She thanked Modrick for the work she has done and would think with a little effort, these items can be addressed. Modrick added that the public will appreciate the efforts of the committee. These items have been going on since before 2012, not just this year. Scott thanked Modrick for bringing this to CIP as it helped define where the different items should be housed. This discussion among City Council members shows the public they are being heard. A drainage utility fund was established as an enterprise fund with a portion of the funds going to capital improvements and for clean-up over the last couple of years. Amazing work has been done the last couple of years; the staff is working on it and it comes down to funding issues. If time is not taken to study the issue, issues will not be fixed, just re-routed. Everyone that owns property, private or public is affected by this year’s weather. Motion was made by Scott, second by Drew and carried to acknowledge.

ADJOURN
There being no further business to come before the committee, motion was made by Scott, second by Drew and carried to adjourn the meeting at 8:42 a.m.