

LEGAL AND FINANCE COMMITTEE MINUTES
Rapid City, South Dakota

October 31, 2018

A Legal and Finance Committee meeting was held at the City/School Administration Center in Rapid City, South Dakota, on Wednesday, October 31, 2018, at 12:30 p.m.

A quorum was determined with the following members answering the roll call: Laura Armstrong, Steve Laurenti, Jason Salamun, Becky Drury and Chad Lewis. Absent: None.

(NOTE: For sake of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents are on file with the Master Agenda.)

ADOPTION OF AGENDA

Motion was made by Salamun, second by Lewis and carried to adopt the agenda.

GENERAL PUBLIC COMMENT

None.

CONSENT ITEMS

John Roberts spoke regarding item number 6, specifically line 17 under assessments. This property is one of many properties that he is a part owner of through this group. They buy and rehabilitate properties for affordable housing within Rapid City. This is a three bedroom property that is rented for \$835 per month. Their group tries to keep the rent of these properties within 70-80% of the market value. He was invoiced on September 20, 2018 with a due date of October 4, 2018. He had his property manager send a check on October 16, 2018 because it had not been on an agenda yet. The check was then returned to the property manager because there was a late fee assessed. Roberts finds it strange that he was assessed a late fee before he had an opportunity to speak on the item. He does not mind paying the \$202.00 but he feels that the Council should take a look at the process of assessments. He got an estimate from a professional lawn service company and they gave him a quote for about a quarter of the cost that the City is charging him. He feels the City should RFP each property to help save the citizens some money. Roberts reiterated that he is willing to pay the amount of \$202.00 but he is very curious why he can be charged a \$100 late fee before he had a chance to speak on this item at this meeting.

Motion was made by Drury, second by Laurenti and carried to approve Items 1-19 as they appear on the Consent Items with the exception of Item Nos. 6 and 14.

- 1) Approve Minutes for October 10, 2018

FIRE DEPARTMENT

- 2) LF103118-09 – Authorize Staff to Apply and Accept, if Awarded, the Assistance to Firefighter Grant

FINANCE DEPARTMENT

- 3) Acknowledge the Following Volunteers for Worker's Compensation Purposes: Ginny Merrill (RSVP+), Annette Brant (RSVP+), Cora Fried (RSVP+), Jerri Harn (RSVP+), Dawn Keegan (RSVP+), Janet Saylor (RSVP+), Calli Winkelman (RSVP+), Debra Renken (RSVP+), Ciara Breen (RSVP+), Vicky Hix (RSVP+), Timothy Kaiser (Police Department)
- 4) LF103118-01 – Approve Resolution No. 2018-061 a Resolution to Update Change Funds
- 5) LF103118-02 – Acknowledge August 2018 Sales Tax Report

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- 6) LF103118-10 – Lewis moved to send Approve Resolution No. 2018-078 a Resolution Levying Assessment for Abatement of Nuisances to Council without recommendation. Second by Salamun. Motion carried.
- 7) LF103118-11 – Acknowledge September 2018 General Fund Cash Balance Report

COMMUNITY DEVELOPMENT

- 8) LF103118-03 – Authorize Mayor and Finance Officer to Sign Funding Approval/Agreement for FY2018 Community Development Block Grant (CDBG) Funding
- 9) LF103118-04 – Authorize Mayor and Finance Officer to Sign FY2018 Community Development Block Grant (CDBG) Contract with Behavior Management Systems, Inc. (BMS)
- 10) LF103118-05 – Authorize Mayor and Finance Officer to Sign FY2018 Community Development Block Grant (CDBG) Contract and Indenture of Restrictive Covenants for Black Hills Works
- 11) LF103118-06 – Authorize Mayor and Finance Officer to Sign FY2018 Community Development Block Grant (CDBG) Contract and Indenture of Restrictive Covenants for Community Health Center of the Black Hills (CHCBH)
- 12) LF103118-07 – Authorize Mayor and Finance Officer to Sign FY2018 Community Development Block Grant (CDBG) Contract with Pennington County Health & Human Services (PCHHS)
- 13) LF103118-08 – Authorize Mayor and Finance Officer to Sign FY2018 Community Development Block Grant (CDBG) Contract and Indenture of Restrictive Covenants with Feeding South Dakota
- 14) LF103118-13 – Salamun asked Community Development Director Ken Young to give additional information on this item. Young stated due to Barb Garcia planning to retire from her position and the resignation of her administrative assistant, they decided to review the entire program and see how we can do this program in a more efficient way. They decided to contact the Black Hills Council of Local Governments (BHCOLG) and a couple of other entities in the community to see if anyone would be interested. It was discovered that the BHCOLG does a lot of the same functions that the administrative assistant was doing such as the environmental reviews for the projects that are receiving funding and some other administrative functions. Rather than filling the administrative assistant position, we are contracting with BHCOLG to do that portion of the work and then hire a replacement for Garcia's position. Drury moved to Authorize Mayor and Finance Officer to Sign FY2019 Performance Contract between the City of Rapid City and Black Hills Council of Local Governments (BHCOLG). Second by Laurenti. Motion carried.
- 15) LF103118-14 – Authorize Mayor and Finance Officer to Sign FY2017 Community Development Block Grant (CDBG) Contract with Freeland Ranch Community, Inc. (Hagg Development)
- 16) 18TP033 – Approve the 2019 Unified Planning Work Program – Final Report
- 17) 18TP034 – Approve Agreement between the City of Rapid City and the South Dakota Department of Transportation for Accomplishing the Rapid City Area Transportation Planning Process in the Amount of \$972,117.00

CITY ATTORNEY'S OFFICE

- 18) LF103118-15 – Authorize Mayor and Finance Officer to Sign the Standard Form Agreement Between Owner and Construction Manager as Constructor (AIA Doc. A133-2009) and General Conditions of the Construction Contract (AIA Doc. A201-2007) with M.A. Mortenson Company for the Rushmore Plaza Civic Center Arena Project

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- 19) LF103118-16 – Authorize Mayor and Finance Officer to Sign First Amendment to the Consulting Agreement with Tegra Group, Inc. to Act as the Owner’s Representative for the Rushmore Plaza Civic Center Arena Project

END OF CONSENT CALENDAR

NON-CONSENT ITEMS – **Items 20 – 21**

Public Comment opened – **Items 20 – 21**
Public Comment closed

FINANCE DEPARTMENT

- 20) LF103118-12 – Laurenti moved to approve Introduction and First Reading of Ordinance No. 6289 Regarding Supplemental Appropriation #7 for 2018. Second by Drury. Motion carried.

COMMUNITY DEVELOPMENT

- 21) 18TI004 – Community Development Director Ken Young and Long Range Planning Manager Patsy Horton presented the 2018 TIF Policy Overview. We invited the City of Sioux Falls to give a presentation on how their TIF program works and found their information to be very helpful. Sioux Falls has a total of 21 TIF districts, 18 in the core areas, with 12 active. Their main focus is on improving their downtown and core neighborhoods. City staff feels the policy revisions are needed in order to focus on promoting new infill development and redevelopment within the core areas of the community; to improve and simplify the staff review and certification processes; and to ensure that the TIF public financing tool is used responsibly and only when determined necessary such as, the project could not be built without TIF. The proposed targeted areas would be the Community Core ([see map on page 4 of presentation](#)) plus one mile, one to two mile buffer from Community Core, revitalization nodes and revitalization corridors. There will be two main targeted TIF uses: 1) Priority Use – may contain both blight and economic development. The phrase “economic development” has an enhanced definition as stated by the 2017 Rapid City Economic Development Foundation Annual Report as “New or expanded wealth generating industries targeting healthcare and life sciences, research, financial and insurance, professional business services (including engineering and IT), metals manufacturing, energy and small-scale food and beverage manufacturing. The project will generate at least one new fulltime job from at least one of these industries for each \$75,000 in principal value of the Tax Increment Financing; or would create a significant number of new jobs that meet or exceed the targeted hourly rate by Rapid City Economic Development.” An additional targeted use would include the implementation of plans that are already in place such as Plan Rapid City, Rapid City’s Comprehensive Plan, Downtown Master Plan, Utility System Master Plan, and Community Development Block Grant Consolidated Plan; and 2) Blight and Affordable Housing. The term “blight” has a refined definition identified in this policy as residential areas with at least 20% eight year taxable valuation decrease; or non-residential areas with stagnant growth determined by less than 30% increase in eight year taxable valuations. The new policy would include project management with a TIF Review Team with members from Finance, Community Development, Public Works and the Economic Development Partnership President. The applicant would meet with staff and the TIF Review Team to discuss their proposal prior to submittal. The TIF Review Team then shares and presents TIF information to the School District and County. The project plan and agreements are prepared and the City manages public improvement projects including design, construction and construction management. Several guiding principles that will guide the review and application process: no guarantee of approval; necessity of TIF as an incentive; payoff within 10 years encouraged; affordable housing development tool; economic development tool; TIF use for blight and excessive development costs; private funding; financing costs based on increased value; compliance with regulations; taxation waiver; overlapping district boundaries; performance measures/clawbacks; economic development grants; TIF project costs. The eligible costs have been revised as follows:

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eligible costs tied to public infrastructure needs; administration fee is \$20,000 or .05% of the total TIF costs, whichever is greater; City will refine Developer's project costs as necessary; overlap allowed of 2 districts (exceptions), may not have identical boundaries, maximum 3 year time frame for the City to accept the public improvements (addressed through performance measures). In performing an evaluation of the application staff determined a list of base requirements the application needs to meet: determination of necessity; financial feasibility and fiscal impact; cost projections; market analysis; and a legal review. In reviewing the merits of the application, we have created a list of 18 items ([see page 15 of presentation](#)) establishing criteria upon which points can be achieved. This is an effort to clean up the process to make sure we are working with worthy projects that are actually eligible under all of the areas identified. A project criteria score of at least ten points is required to qualify for TIF approval. A score of twelve is required in order to qualify for a TIF time frame exceeding ten years.

Salamun thanked Young and Horton for the presentation. He appreciates the clarity of the process he likes that we are using actual metrics that we can measure like the AMI and where that threshold is for affordable housing. The clarity of the process will hopefully help with the speed of the process so if there is an eligible TIF that it is not waiting for too long and they are not missing their milestones and increasing their costs. Laurenti also appreciates the hard work staff has put into this. He feels this is a step in the right direction. Most importantly is the transparency in government because citizens can understand what a TIF is and how it is used and applied. It brings credibility and accountability to the process. He wants to clarify if the oversize costs is part of that excessive development cost. Horton confirmed that it is included in that. Salamun moved to Acknowledge TIF Policy Overview Presentation 2018. Second by Laurenti. Motion carried.

ADJOURN

There being no further business to come before the Committee at this time, motion was made by Drury second by Laurenti and carried to adjourn the meeting at 1:18 p.m.