

LEGAL AND FINANCE COMMITTEE MINUTES  
Rapid City, South Dakota

February 13, 2019

A Legal and Finance Committee meeting was held at the City/School Administration Center in Rapid City, South Dakota, on Wednesday, February 13, 2019, at 12:32 p.m.

A quorum was determined with the following members answering the roll call: Laura Armstrong, Steve Laurenti, Jason Salamun, Lisa Modrick for Becky Drury, Richie Nordstrom for Chad Lewis.

(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 Laurenti and carried to adopt the agenda.

**GENERAL PUBLIC COMMENT**

Gene Tyon is asking for reconsideration of their application for Community Development Block Grant funds (CDBG). Mr. Tyon works in the substance abuse and recovery field. The Oaye Luta Okolakiciye is a nonprofit cultural based program with a focus on cultural identity development for those who have been disconnected from their way of life for a variety of reasons. They would like to use the funds for rent of pending office space with Hani Shafi on Kansas City Street and start-up costs. Mr. Tyon provided a packet of information on the program to committee members.

**CONSENT ITEMS**

Motion was made by Modrick, second by Nordstrom and carried to approve Items 1-10 as they appear on the Consent Items with the exception of Item No. 5.

- 1) Approve Minutes for January 30, 2019

**FIRE DEPARTMENT**

- 2) LF021319-03 – Authorize Staff to apply and accept if awarded the FY 2019 South Dakota Office of Emergency Management Hazardous Materials Emergency Preparedness Training Grant in the Amount of \$2,000.00
- 3) LF021319-10 – Authorize Staff to apply and accept if awarded the 2019 Homeland Security Grant for a Confined Space Air Cart (\$10,000) and a Water Rescue, Diver Operations Boat (\$100,000) for a total Amount of \$110,000

**FINANCE DEPARTMENT**

- 4) Acknowledge the Following Volunteers for Worker's Compensation Purposes: Sandra Franke (RSVP+), Mary Mackinlay (RSVP+), Diane Minion (RSVP+), and Paul Cohen (Library)
- 5) LF021319-09 – Sarah Hanzel, Long Range Planner, from Community Development, provided a presentation detailing the new parking plan. The proposed plan is requesting a \$713,000 investment as an outright purchase or through a lease, of new parking technology and related services with IPS Group Inc. For over more than a year, an extensive amount of research has been conducted, a pilot project was completed, and numerous public outreach events were held. Hanzel detailed the products and services requested in this purchase agreement to improve downtown parking. The bulk of the purchase request is for "Smart Meters" which offer several different payment methods which include credit card, coins, mobile app, and digital payments. The meters also have a free button for quick trips which the City can program to allow 10 or 15 minutes of free parking for those coming downtown for just a very short stay. The meters offer a high level of

consumer security features and are highly customizable so over time, as the City wants to adapt to changing conditions downtown, there is the opportunity to change rates, where meters are located, and hours of enforcement. The purchase requested identifies a need for 620 meters. This number was determined by the parking study that was completed last year parking demand. The boundary has been extended slightly in order to accommodate parking demand created by the YMCA, the school facility, the TURNAC building and the Federal Courthouse. There will be a \$1.00 minimum per hour for credit card payments which is the basic minimum to cover transaction fees. This parking solution comes with a mobile app which will work at the smart meters and also the pay stations. The convenience of this feature allows you to purchase additional time from your phone and be able to add multiple vehicles and accounts. Businesses can also use this to validate their customer parking if they would like if they know the parking space number. There are also mapping features with the sensor meters, which will be able to tell us where parking spots are available. Hanzel explained the sensors detect the presence or absence of a vehicle in a parking space. This offers many benefits to the City and parking division as it has real time occupancy data that will give valuable information for parking management. We will be able to determine how often a space is used and the duration a vehicle is there so we can watch the parking trends over time to see how the demand is changing. The sensors also create the capability and option to reset the meter when a vehicle leaves alleviating the next person parking from using any remaining time. The sensors also prevent meter feeding if and where prohibited. They are not currently proposing to instate time limitations on the meters, however, if there was a point in which demand was such that we needed to, the sensors can be programmed to prohibit someone from feeding it continuously. Sensors also improve the effectiveness of the quick trip or courtesy time if we use this option as it will immediately move the time to zero when a vehicle leaves. This is a very cost effective tool that is expected to pay for itself within one year if the reset capacity is enabled. The proposed parking plan also includes three pay stations to be installed in the parking garage. This technology uses license plates and accepts a wide range of payment methods. Pay stations are the industry standard for parking ramp environments because they can manage a high number of spaces with a minimal amount of technology which saves energy and time. The pay stations in the pilot project this summer brought concerns and critique from the community which gave the City great feedback and many lessons were learned. During the pilot project there was some confusion with pay stations among users since there were three different companies with three different types of technology all in one location along with only temporary signage. Once there is just one company /technology, most of that will automatically go away. There were also concerns regarding potential waiting lines, so with this in mind, the request is now for 3 pay stations rather than two that were used in the pilot. Once the public is comfortable with the new technology, more will begin to use the mobile app and will not have as many actually paying at the pay stations. All concerns are being addressed that were brought up in the pilot. The purchase agreement has a small purchase of a \$1,000 collection cart which will substantially improve the efficiency of the collecting process and safety and security of the way we collect coins from the meters. They are designed to integrate right into the meter so the coins go directly into the canister which then go into a trolley and straight to the bank. Staff will not have to interface with the cash at any time during the transaction. In addition to the hardware solutions, there are also some software requests to include the ability to accept payments online. There are monthly fees for these enforcement services which are included in the agreement and the quote. Similarly, they would like to create more online programs for permit parking. Currently there are lease permits but would like to introduce employee on street permits, and potentially a daily permit. This is an online solution IPS offers building it for us, that would allow people to purchase permits online and we can manage them in a more cohesive and holistic way. There is a onetime set-up charge of \$4,000 and there would be a per permit fee going forward. Included with the purchase of the technology, IPS provides assistance in developing public information tools to educate the public which include graphic design, a website design that integrates into the City's website and populates informational videos and other information. Hanzel also reviewed two different scenarios in the cost revenue analysis for projected costs in revenues

anticipated with the system. The scenario with sensors, the anticipated cost recovery is within eighteen months leaving the remaining life of the technology to accrue profit estimated at 2.1 million after five years. Since the life expectancy is beyond that (6 to 7 years), we would have profit potential beyond the five year period. Under the scenario with sensors and sensor resets, the anticipated cost recovery is just over a year with a total profit after five years of 3.1 million. IPS built the projections using very conservative estimates. If the purchase is approved, they will begin building out the software for the mobile application, working on employee/resident permitting enforcement tools, and also develop a waitlist feature with the focus on the employee permit system. They can then start to prepare the ground for meter poles to be installed quickly in June before the tourist season begins. The other important need will be to have an ordinance amendment completed to officially adopt the policy changes. Salamun asked Finance Officer, Pauline Sumption where the revenue funds are going to go. Sumption explained nothing has been determined, but right now the money goes into the parking lot area fund, (an enterprise fund), where it is held and tracked separately. The City Council decides how the money is spent. She is hoping that after the five or six years, the bonds are already paid off and the focus can then be on improving existing parking or looking at other avenues for parking structures. This system will truly determine where the parking needs are to help decide what the next steps will be. Sumption added that currently, parking is under-funded, even in maintaining the parking we already have with our surface lots that are in need of some repair. A couple of ideas that have been discussed are having better technology in the lots such as an arm to monitor rather than having parking enforcement going through them; and, to have parking become its own division with a parking manager, rather than spread into three different departments (Police Department, Finance Department, Public Works) that have a part of the work, as it is currently. Salamun asked Hanzel how the new plan will affect employees who work downtown. Hanzel explained they are looking to create 30 additional lease permits in the 6<sup>th</sup> and St. Joe lot and also adding an on street employee/resident permit program which looks at the peripheral areas of downtown to allow parking for more than 2 hours if you have the employee permit. City Attorney Landeen added that we are currently losing money on the downtown parking system and the first thing revenues will be used for is maintenance of the current parking. He also explained the importance of a parking manager because of the difficulty in the City trying to manage the downtown parking the way it is currently structured, with it being spread out among departments. Landeen shared information regarding the Sioux Falls parking system and how they manage it. Nordstrom asked Hanzel to explain the plan regarding public education on the new parking. Hanzel stated once the details are ironed out, there will be multiple means of communications that will go out to the public via public meetings, online and also going door to door downtown. Nordstrom is concerned about the permit side of the parking with regards to contractors and events. Hanzel addressed the current contractor's policy that allows them to obtain a permit to work in the right of way and occupy parking spaces, which will likely remain the same. They are currently looking into options for people needing to extend the two hour parking for a longer period of time with a possible daily pass, but no determinations have been made. Nordstrom moved to authorize the Mayor and Finance Officer to Sign Agreement to Purchase Parking Technology and Related Services with IPS Group, Inc. Second by Laurenti. Motion carried.

- 6) LF021319-05 – Approve Resolution No. 2019-013 a Resolution Levying Assessment for Abatement of Nuisances
- 7) LF021319-06 – Acknowledge December 2018 Sales Tax Report
- 8) LF021319-07 – Authorize Mayor and Finance Officer to sign Covered Agency Security Authorization with RBC for Managed Account

**COMMUNITY DEVELOPMENT**

- 9) LF021319-02 – Authorize the Mayor and Finance Officer to sign the FY 2018 Youth and Family Services (YFS) Community Development Block Grant (CDBG) Reallocation Contract and Indenture
- 10) LF021319-04 – Authorize Staff to Purchase 2 -2019 Dodge Journey vehicles from Liberty Superstores, Rapid City, SD: EPA Standard Sport Utility Vehicle, State Contract #17259 number 8, Page 14, in the amount of \$47,600

END OF CONSENT CALENDAR

**NON-CONSENT ITEMS** – Items 11 - 20

**Public Comment opened** – Items 11 - 20  
**Public Comment closed**

**POLICE DEPARTMENT**

- 11) LF021319-01 – Nordstrom asked Assistant City Attorney Kinsley Groote to explain to the public what we want to accomplish with this ordinance amendment. Groote explained we are repealing what we currently have for aggressive solicitation (panhandling) and are looking at behaviors that are problematic in public spaces. The change will be to regulate conduct to address problematic behaviors instead of regulating speech. Lt. Sitts from the Police Department explained that education to the public will be handled through press releases, through public service announcements, and several public meetings that will occur over time. He will also go door to door and speak directly to business owners. Police Chief Jegeris added that it is a clear policy at the Rapid City Police Department for officers to always consider alternatives to arrest whenever possible. The aggressive solicitation ordinance has not been enforced for about two years due to constitutional issues, so this proposed ordinance would restore officers' ability to take enforcement action on problematic behaviors. When dealing with a person exhibiting problematic behaviors, the Rapid City Police Department's intention would be to try to stop the behavior with alternatives to arrest. But in those special cases where someone is absolutely not going to be compliant, the Police Department needs an enforcement tool to keep the public safe. Salamun asked for verification that the amendment establishes a behavior based ordinance to ensure that members of the public have a right to go on their way unhindered, but the ordinance does so without violating the free speech rights of other people. Attorney Groote reiterated the change creates an ordinance that is behavior based only, creating safety for the community without infringing upon free speech. Nordstrom moved to approve the Introduction and First Reading of Ordinance No. 6303, An Ordinance to Repeal Section 9.08.020 of the Rapid City Municipal Code and to Enact and Amend Provisions Concerning Certain Behaviors that are a Public Safety Risk. Second by Modrick. Motion carried.

**FINANCE DEPARTMENT**

- 12) LF021319-08 – Salamun asked Finance Officer Sumption to update the Committee on these funds and where they are coming from. Sumption explained that in 2005 as part of the vision plan 2.8 million was allocated to downtown parking ramps. The City has tried to use that money periodically over the years with the 6<sup>th</sup> and St. Joe parking ramp, using 1.1 million for part of that process that is still not completed and nothing is happening currently. There is approximately 1.7 million left in the fund. In 2008 The City added the third level of the parking ramp in which bonds were taken out and refinanced in 2014 and in 2015. She expressed that a new parking ramp on 6<sup>th</sup> and St. Joe would easily exceed 11 million, so the amount we have is really a drop in the bucket and we would have to look at different funding sources to fund something of that nature. Sumption's request would be to take approximately \$1,640,000 of the remaining 1.7 million allocation and call the current parking revenue bonds due on June 1, 2019, leaving roughly \$50,000 in the vision fund that could

go back to the bottom line. Doing this would save roughly 1.7 million in interest expense if we were to pay off these bonds over time, as well as being able to eliminate the bond covenants that we are required to follow every year. We currently have approximately \$900,000 in the parking lot and revenue fund and could pay for the new parking meters and all of the technology outright instead of leasing it. If we were to take a loan on that purchase, it would be an additional 4.5% interest on that \$700,000, so you would have to add that to the 1.7 million. The interest on the current bonds is at 2.95% which is more than what we are making at the bank currently. Salamun asked Hanzel what explain the differences in leasing verses buying. Hanzel stated the maintenance and one year warranty are the same so essentially leasing will just add interest. Sumption commented that leasing is through a third party vendor so there is no real savings at all. Salamun asked how this affects the 6<sup>th</sup> and St. Joe parking lot that the money was earmarked for or other future projects and or developments. Sumption replied that they are still figuring out feasibility for the corner on 6<sup>th</sup> and St. Joe to determine the best plan. City Attorney Landeen expanded that with the way the 6<sup>th</sup> and St. Joe project evolved, whoever decided to develop it was going to be forced to incorporate a public parking structure which complicated the project. Moving forward with the project there is probably going to be a change in the philosophy in which the developer will be the driver and if they want to include or discuss a public parking structure, we can certainly have that discussion. The 2.8 million we have is a very small amount; therefore, if we would choose to participate with a private developer, further discussions would need to take place then, but right now we do not know when that would occur. We have a need for the money right now, so the question is, do we continue to sit on the money for another couple of years, or do we use it now and then look at the project in a couple of years. He reiterated Sumption's comment of using it now and freeing up the bond covenants. Since there are leased spots in this parking lot, whether or not there is a public parking component, if we were to enter into an agreement with a developer in the future, and that area is no longer used for public parking, we would have to look at some replacement parking. Laurenti offered his support and emphasized the importance of paying off the debt pointing out the amount of interest savings that will exceed the principal balance of the debt. Nordstrom moved to approve the Request for Authorization to use Vision Fund allocation designated for Downtown Parking Ramp to Call Outstanding Parking Revenue Bonds. Second by Modrick. Motion carried.

### **COMMUNITY DEVELOPMENT**

- 13) 18OA016 – Laurenti moved to approve the Second Reading and Recommendation of Ordinance No. 6295 – An Ordinance to Allow the Historic Sign Review Committee to Adopt Guidelines for Administrative Approval of Sign Permit Applications by Amending Subsection 17.50.080Q of the Rapid City Municipal Code. Second by Nordstrom. Motion carried.
- 14) 18OA017 - Laurenti moved to approve the Second Reading and Recommendation of Ordinance No. 6296 - An Ordinance to Update and Clarify the Criteria and Procedure for Granting Variances to the Zoning Code by Amending Section 17.54.020 of the Rapid City Municipal Code. Second by Nordstrom. Motion carried.
- 15) 18OA018 – Salamun moved to approve the Second Reading and Recommendation of Ordinance No. 6297 - An Ordinance to Amend the LDR-1 Zoning District to add Townhouses as a Conditional Use by Amending Section 17.10.030 of the Rapid City Municipal Code. Second by Laurenti. Motion carried.
- 16) 18OA019 – Laurenti moved to approve the Second Reading and Recommendation of Ordinance No. 6298 - An Ordinance to Revise the Conditional Uses in the Medium Residential Zoning District by Amending Section 17.12.030 of the Rapid City Municipal Code. Second by Salamun. Motion carried.

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- 17) 18OA020 – Laurenti moved to approve the Second Reading and Recommendation of Ordinance No. 6299 – An Ordinance to Amend Screening Requirements Between Zoning Districts by Amending Sections 17.18.080, 17.20.080, 17.30.070, 17.32.070, 17.36.080 and 17.40.070 of the Rapid City Municipal Code. Second by Nordstrom. Motion carried.
- 18) 18OA021 – Nordstrom moved to approve the Second Reading and Recommendation of Ordinance No. 6300 - An Ordinance to Revise the Uses Permitted in the Light Industrial Zoning District by Amending Section 17.22.020 of the Rapid City Municipal Code. Second by Laurenti. Motion carried.
- 19) 18OA022 – Salamun moved to approve the Second Reading and Recommendation of Ordinance No. 6301 - An Ordinance to Allow a Car Wash as a Permitted Use in the General Commercial Zoning District by Amending Section 17.18.020 of the Rapid City Municipal Code. Second by Nordstrom. Motion carried.
- 20) LF013019-01 – Laurenti moved to approve the Second Reading and Recommendation of Ordinance No. 6265, An Ordinance to Amend Chapter 15.26 of the Rapid City Municipal Code to Adopt the 2018 International Mechanical Code. Second by Modrick. Motion carried.

**ADJOURN**

There being no further business to come before the Committee at this time, motion was made by Salamun second by Modrick and carried to adjourn the meeting at 1:21 p.m.