

LEGAL AND FINANCE COMMITTEE MINUTES
Rapid City, South Dakota

April 10, 2019

A Legal and Finance Committee meeting was held at the City/School Administration Center in Rapid City, South Dakota, on Wednesday, April 10, 2019, at 12:30 p.m.

A quorum was determined with the following members answering the roll call: Jason Salamun, Laura Armstrong, Becky Drury, Steve Laurenti 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 Drury and carried to adopt the agenda.

GENERAL PUBLIC COMMENT

None.

CONSENT ITEMS

Motion was made by Laurenti, second by Drury and carried to approve Items 1-11 as they appear on the Consent Items with the exception of items No. 2 and No. 7.

- 1) Approve Minutes for March 27, 2019

MAYOR'S ITEMS

- 2) LF041019-06 – Salamun asked Nick Stroot, Director of Human Resources, if we have a master facilities plan for all of the City's assets. Stroot explained the intention today is to fill the immediate need to make sure we have someone in place for this building to do the facility maintenance as the school will be moving out on or around July 1, 2019, otherwise there will not be anyone. Stroot indicated right now it is City Hall focused with the potential to have discussions for growth. He told the Committee there has been some discussion in regard to growing this into more of a buildings and grounds type of department leader position, which could consolidate the various contracts we have, or determine whether to bring things in house; however, this is more of a policy vision question that he would defer to the Mayor. Salamun's hope for approving this position is to see a master facilities plan in the future to manage all of the buildings and grounds the City operates to put maintenance/upgrades on a schedule which can be budgeted and planned for so we are maintaining and upgrading as we go, therefore, investing wisely in our facilities to reduce having to rebuild and/or renovate. Laurenti asked Stroot what the City is doing today for facilities management. Stroot deferred to Finance Officer Pauline Sumption, who explained that we do not have personnel in this building but have an agreement with the school district and they provide their personnel or contracted personnel to do the routine maintenance. The school also has contracts with various companies for Hvac and other specific services. Those contracts come up July 1, 2019. If the school is gone, we have the option to extend those contracts or go out and bid those services ourselves. In addition, the school district has hired AMS for janitorial services in which we pay 60% and the school pays 40%, which also comes due July 1, 2019. We again have the option to renew with AMS or choose to do something different. Sumption has copies of all of the contracts but does not have a summary of those with her today. Our contracts with the school will end when they move out. Salamun moved to approve the Authorization of the Mayor and Human Resources Department to Create a Facilities manager Position for CSAC. Second by Drury. Motion carried.

FINANCE DEPARTMENT

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- 3) Acknowledge the Following Volunteers for Worker's Compensation Purposes: Susan Bass (RSVP+), Sam Bockover (Library), Theresa Stelzle (Library), Matthew VanVugt (Library)
- 4) LF041019-07 – Approve Resolution 2019-026 a Resolution Declaring Miscellaneous Property Surplus to be traded
- 5) LF041019-08 – Approve Resolution No. 2019-027 a Resolution Levying Assessment for Abatement of Nuisances
- 6) LF041019-09 – Acknowledge February 2019 Sales Tax Report
- 7) LF041019-10 – Drury asked Pauline Sumption, Finance Officer where the \$145,000.00 is coming from. Sumption stated the Parks Department will be paying the loan on an amortization schedule which will come out of their operating budget. The 2019 budget did not include the purchase outright which is why they are going through the loan process with the bank, however, they have budgeted for debt service. Lewis moved to approve the Authorization of the Mayor and Finance Officer to sign loan documentation with Black Hills Community Bank for Parks Division Equipment in the amount of \$145,000.00. Second by Laurenti. Motion carried.

FIRE DEPARTMENT

- 8) LF041019-02 – Authorize Staff to Apply and Accept if awarded the LEPC (Local Emergency Planning Committee) Grant for the Amount of \$826.00. Funding is for Carbon Mitts and Wipes, for Decontamination (\$331.00) and Hazardous Material ID PEAC Software (\$495.00).

COMMUNITY DEVELOPMENT

- 9) LF041019-03 – Approve Final FY2018 Community Development Block Grant (CDBG) Recommendation of Fund Reallocation
- 10) LF041019-04 – Approve Final FY2019 Community Development Block Grant (CDBG) Recommendation of Funds Allocation
- 11) LF041019-05 – Authorize the Mayor and Finance Officer to sign the FY2019 Community Development Block Grant Contract and the Indenture of Restrictive Covenants with Black Hills Works

END OF CONSENT CALENDAR

NON-CONSENT ITEMS – Items 12 – 15

Public Comment opened – Items 12 – 15

Curt Small spoke to the committee on behalf of the Elks Theatre with regards to the parking changes coming up with the meters and the time change from three hour to two hour parking. He has concerns with his matinee attendance which is approximately 1200 people a day during the summer months during enforcement hours, and is critical to his business to have places for these customers to park. Mr. Small has been to every forum and public event we have had regarding downtown parking. He does think downtown needs more standardization especially for those customers who don't frequent downtown. Mr. Small is okay with the meters in the core, and believes customers are willing to bear paying \$1.00 an hour to park but is not sure it will help with employee shuffling. He states that there is already more private parking downtown than there is public in the historic core. His observations show 2650 private parking spots and 2600 public spots. The main concern he has is the number of metered parking spaces to give people the opportunity to come and stay in our downtown longer than 2 hours is too small. He was informed by Sarah Hanzel, Long

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Range Planner, there is 620 parking spaces available for people to stay longer than two hours. The theatre alone holds more than that. Everything beyond that area is two hour parking which does not work for his business and does not allow his customers the opportunity to stay downtown to do other things. Planning could not give him an exact number of two hour metered spaces but just by what he has looked at, believes that the percentage of eight hour meters is in the 35% range which means 65% of all the downtown parking is at a two hour hard limit and he doesn't feel this number is reasonable. He would like to see the meter numbers increase or an even easier solution would be to make everything that is designated two hour parking on this proposal be three hour parking, which he believes would be a reasonable solution until the parking meters can generate some money and the City could then get a better handle on how that actually affected the parking flow downtown without damaging his business and other businesses.

Public Comment closed

COMMUNITY DEVELOPMENT

12) 18TI002 – Laurenti asked Patsy Horton, Transportation Planning Coordinator, if this agenda item was denied at committee level and if staff is still recommending approval under the new guidelines. Horton said the item was continued last fall to work out a solution with the Developer on some regional detention costs and then was approved in October of 2018. The staff still recommends approval with the new guidelines. The resolution does qualify as a TIF because it scores 11 points based on the existing evaluation chart, is within the priority areas that we identified, and targets not only affordable housing but also workforce housing. Horton stated that if they do not meet the affordable housing requirements based on state law, the Department of Revenue most likely will not identify it as a housing district then property tax fares within the school district will pay for the school's portion of the increment instead of a statewide allocation. Horton added that the agreement for both affordable housing and workforce housing meets both the City and State requirements. She further detailed the City's existing policy that identifies affordable housing as anything that meets the housing and urban development requirement which is 80% or less of the area median income. She included that the state qualifications are different with their income requirement being approximately \$72,000.00 for the County and the purchase price of a home at \$250,000.00 which meets the states definition of an affordable housing TIF. Lewis moved to Approve Resolution 2018–081 – A request by Sperlich Consulting, Inc. for Park Hill Development, Inc. to consider an application for a **Resolution Creating Park Hill Tax Increment District** and Approval of Resolution 2018 – 082 - **Approving Project Plan** for property generally described as being located north of Sydney Drive, east of Smith Avenue and west of Cambell Street. Second by Salamun. A roll call vote was taken with Lewis, Drury, Salamun and Armstrong voting yes. Laurenti voting no. Motion carried.

CITY ATTORNEY'S OFFICE

13) LF032719-09 – Drury asked City Attorney Joel Landeen to address the concerns Mr. Small brought to the meeting today. Landeen explained the meters will not have a time limit and there will be a phone app in which you can add time to your meter without going back to the actual meter. The recommendation for outside of the metered area (which is primarily on Main Street, St. Joe and the cross streets), is to be designated two hour time limit parking and the rest of the downtown area. Previous and prior consultants have indicated to the City that traditionally 2 hours is standard and three hours is too long. To better utilize our parking resources outside of Main Street and St. Joe, there will be some on street parking permits added for residents and employees that have no place to park. Landeen addressed employee shuffling and assured everyone that parking enforcement can verify this actually does occur. Landeen pointed out this discussion right now is one of the problems we have always had because we try to make our parking downtown be all things to all people and we need to understand we will not be able to please everyone. Landeen asks for the committee to consider following the recommendation to implement this proposal, see how it works and address any issues as they arise, rather than anticipating problems that we don't know will

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actual become a problem. One of the things that has been changed with these ordinance amendments is more authority and flexibility for staff to make changes as needed, so if issues do arise, they can be addressed fairly quickly. Landeen expressed that there will also be a downtown parking board created that will have input into the parking regulations to make recommendations and any policy changes or adoption of rules the City would consider would also be brought before the board for their input before making the changes. After more than two years of studying the parking downtown, the staff feels strongly that this is the best way to proceed to properly manage the parking and suspects that there may be a few bumps in the road but believes the ordinances now allow us the flexibility to deal with those. Drury asked Sarah Hanzel who the Parking Board will be made up of and what their duties would be. Hanzel explained the Parking Advisory Board will consist of seven members of which at least four of them must have a stake in downtown such as a property owner, business owner or employee. The Board would be tasked with looking at parking policy, how the operation of the new system is working, how the capacity is going based on the data that is being collected, and also look at appeals of parking citations. Through the online system that we will be using, some appeals will be easily handled at the staff level and those that are more contentious would be forwarded to the board. Salamun asked Hanzel to comment on Mr. Smalls comments. Hanzel stated that there are an additional 90 metered spaces in the parking ramp which would put that number over 700 that would be available for any amount of time you purchase. There will also be several block faces along Columbus Street to park that will be unmonitored entirely where you can park all day. Another option that is being developed is a daily permit in the two hour zone that can be purchased. Salamun asked Hanzel to explain the on street permit plan. Hanzel detailed the on street permit process which allows employees or residents to purchase a permit via a website. An individual would log on, set up an account, look at a map of the parking system and select a couple of options for where they would like to purchase a permit (which will be limited by block space). City staff will then look at demand and figure out where the needs are and assign those. This permit allows you to park in the two hour zone (non-metered spaces) all day within a certain block area and will be based on your license plate number so you won't have a hang tag. The cost of the permit will be \$30.00 a month. Meters will be a \$1.00 an hour with a minimum of \$1.00. Hanzel said they are looking at a demo of the website next month and would like the website and permit process up and running for about a month before we go live on June 1, 2019, to give the public the opportunity to sign up for permits. Implementation of the meters and permits will go live at the same time. Lewis expressed his sensitivity to Mr. Smalls needs but also understands the City has spent \$100,000.00 of tax payer money for a parking study to come up with a plan that was neutral, which takes the committees opinions out of it. Lewis believes it would be a disservice to the people of Rapid City to spend the money on resources and developing a plan to turn around and change it again. Lewis asked Hanzel what the parking will be for East Boulevard and 5th Street. Hanzel said 5th Street to East Boulevard along Main and St. Joe will be two hour parking and the side streets will be unmonitored. Salamun added that he wants to make sure that we are continuously informing the public of the new plan. Laurenti likes the plan, agrees there has been a lot of time and effort put into this and feels it is a great effort in getting away from the ala carte style of trying to satisfy everyone. He is hoping that future councils will honor the proposal, give it time to work out the kinks without going back to changing things and instead making smart decisions. Drury Moved to approve the Introduction and First Reading of Ordinance No. 6321 An Ordinance Allowing the Installation of Parking Meters and Revising the Existing Time Zones in Downtown Rapid City by Amending Chapter 10.44 of the Rapid City Municipal Code (RCMC). Second by Laurenti. Motion carried.

- 14) LF041019-11 – Drury Moved to approve the Introduction and First Reading of Ordinance No. 6324 An Ordinance Updating and Revising the General Parking Regulations of the City of Rapid City by Amending Chapter 10.40 of the Rapid City Municipal Code (RCMC). Second by Laurenti. Motion carried.

ALDERMAN ITEMS

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15) LF041019-01 – Shannon Rittberger Director of Equalization, delivered a power point presentation on the property tax process and shared handouts of the presentation with the committee. He began with a review of the Property Tax Timeline Calendar and an explanation of tax definitions. He simplified how a property's assessed value is determined using a mass appraisal process and listed reasons why property values always change every year. He gave an overview of the Assessment notification and Appeal process. Laurenti asked if there is an online appeal form. Rittberger stated currently no, however the Department of Revenue is currently working on putting all of their forms online which will include an appeal form. Rittberger, however, does not require the form to be filled out, only that the appeal be in writing as state law requires, whether it be an email, sticky note or other. Next on the presentation was a thorough delineation of how assessed values are set, the tax formulas that are used and how taxable value is defined. He then went on to give an explanation of an Equalization Taxable Factor. Laurenti asked for an example of how the tax levy goes up. Rittberger walked through the steps: 1) County assessor assess all of the property (which gives the County taxable value) 2) Department of Revenue gives the County a taxable factor to equalize assessed values to 85% of market value (which gives the County taxable value) 3) Total taxable value is the available valuation you are going to collect property taxes from. Therefore, if the levy goes up, one of the other parts of that formula has to change. An example then, is if taxable value stays the same but you want more property taxes, the levy has to go up to give you more money from the same valuation. He made an important point that the levy is only a mathematical result after deciding how much property tax is put in the budget which then shows how much taxable value is available and the level is just a result. Rittberger also went over different variables of the tax formulas. Also in the presentation was a graph of the City's budget showing the proportion of property taxes at 27%. He explained the Property tax budget request and limitations. The two exceptions to the limitations are: 1) CPI (Consumer Price Index) (making a note that State Law allows for certain entities to store any unused CPI from the previous three years). and 2) Percentage of new construction that occurred within the last year. He specified that you can increase your budget by the same amount as that new growth will contribute in taxes. The new growth does not affect the levy if you opt to increase the budget by the same amount of taxes that the new property will pay because it is a wash. The presentation gave clear and precise definition on the calculation of levies and how levies change in response to changes in taxable value and budgets. Every variable in the formula changes, (taxable value, budget, and taxable factor). There is never a situation where one of those stays exactly the same from year to year. After the last formula of taxable value was reviewed, tax exemptions, Tax Increment Financing (TIF) and Agricultural Land classification criteria were covered. Lastly, Rittberger shared the Rapid City 2019 assessment. Salamun moved to acknowledge the Property Tax Process Presented by Shannon Rittberger, Pennington County Equalization – Amanda Scott. Second by Laurenti. Motion carried. This video presentation is available online at:

<https://www.youtube.com/watch?v=lb66QziOVSo&list=PL2srjb8vLj1Fic3GTUyOxYU66rac2LH1y&index=1>. A copy of the power point presentation is available on the City's website at: https://www.rcgov.org/index.php?option=com_docman&view=download&alias=13803-lf041019-01-assessment-and-taxation-2019-1&category_slug=04-april-lf-3&Itemid=149

ADJOURN

There being no further business to come before the Council at this time, motion was made by Salamun second by Laurenti and carried to adjourn the meeting at 1:51 p.m.