

LEGAL AND FINANCE COMMITTEE MINUTES
Rapid City, South Dakota

May 29, 2019

A Legal and Finance Committee meeting was held at the City/School Administration Center in Rapid City, South Dakota, on Wednesday, May 29, 2019, at 12:30 p.m.

A quorum was determined with the following members answering the roll call: Jason Salamun, Laura Armstrong, Steve Laurenti and Chad Lewis. Absent: Becky Drury

(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

None.

CONSENT ITEMS

Motion was made by Salamun, second by Lewis and carried to approve Items 1-11 as they appear on the Consent Items with the exception of item No. 10.

- 1) Approve Minutes for May 29, 2019

POLICE DEPARTMENT

- 2) LF052919-06 – Authorize Staff to Purchase Dodge Caravan for \$23,361.00 at State Bid Price to Replace Aging Vehicle in the Police Department Fleet

FINANCE DEPARTMENT

- 3) Acknowledge the Following Volunteers for Worker's Compensation Purposes: Grayson Tech (Parks and Recreation), Mark Rafferty (Parks and Recreation), Ron Yahne (Parks and Recreation), Victoria Hagg (Parks and Recreation), Hawky Cummings (Parks and Recreation), Mike Madsen (Parks and Recreation), Karise Madsen (Parks and Recreation), Code Hart (Parks and Recreation), Brandon Inman (Parks and Recreation), Nicholas Hernandez (Parks and Recreation), Jacob Padoll (Parks and Recreation), Jon Machacek (Parks and Recreation), Caden Mollman (Parks and Recreation), Mitchell Vance (Parks and Recreation), Beth Vance (Parks and Recreation)
- 4) LF052919-02 – Acknowledge April 2019 General Fund Cash Balance Report
- 5) LF052919-03 – Approve Resolution No. 2019-040 a Resolution Removing the Rapid City Special Assessment on Lot B, Block 75, North Rapid Addition #2
- 6) LF052919-04 – Approve Resolution No. 2019-042 A Resolution Correcting an Error in Resolution No. 2019-034 a Resolution Levying Assessments for Abatement of Nuisances
- 7) LF052919-07 – Approve Resolution No. 2019-043 a Resolution Declaring Miscellaneous Personal Property Surplus to be traded

COMMUNITY DEVELOPMENT

- 8) 19RD002 – Approve Resolution No. 2019-041 a Resolution Requesting a Road Name Change from Coal Bank Court to Coal Bank Drive

May 29, 2019

- 9) 19TI001 – Approve Resolution No. 2019-038 a Request by Sperlich Consulting, Inc. for Doeck, LLC to Consider an Application for a Resolution to Approve TID #67 Project Plan Amendment #1 to Reallocate Project Plan Costs for Property Generally Described as Being Located East and West of Haines Avenue and North and South of Country Road
- 10) LF052919-05 – Lewis moved to continue at request of staff Acknowledge Public Comments Received on Consolidated Annual Plan Performance Evaluation Report (CAPER), Approve the FY2018 CAPER and Authorize Mayor and Finance Officer to Sign the SF 424 and Certifications to the June 12, 2019 Legal and Finance Committee meeting. Second by Salamun. Motion carried.

ATTORNEY’S OFFICE

- 11) LF052919-09 – Authorize the Mayor and Finance Officer to Sign Agreement Between the City of Rapid City and Senior Citizens Incorporated d/b/a Canyon Lake Activities Center for the Use of City Vision Funds to Construct Pickleball Courts at its Facility on Canyon Lake Drive

END OF CONSENT CALENDAR

NON-CONSENT ITEMS – Items 12 - 13

Public Comment opened – Items 12 - 13

Public Comment closed

FINANCE DEPARTMENT

- 12) LF052919-01 – Lewis moved to approve the Introduction and First Reading of Ordinance No. 6336 Regarding Supplemental Appropriation #4 for 2019. Second by Laurenti. Motion carried.

ATTORNEY’S OFFICE

- 13) LF052919-08 – Lewis asked City Attorney Joel Landeen if the original motion was for the City to purchase the property or was it to contribute to the purchase of the property by OneHeart. Landeen explained that it has always been the understanding the property would be owned by the City. The discussions with the Mayor and initial negotiations were, if the City was to purchase the property, the City would have an ownership interest which would ensure the property was used as intended and also protect the tax payer investment. Since the property is worth more than five million, if for any reason this project would fail, the City has an asset that is worth more than the investment and could potentially sell the property and recoup the City tax payer investment in the property. Landeen said the estimated property value he has heard has been as high as fifteen million but will defer to Charity Doyle, Project Manager of OneHeart. Doyle informed the committee the property was appraised twice approximately six or seven years ago under the direction of the current owner and it was valued at over ten million then. Doyle said with inflation and improvements that have gone into the property, we are looking at about a twelve million dollar property now. She also shared that on top of the twelve million, OneHeart will be putting in another four million in improvements to the buildings and the grounds as well. Doyle explained there is a very diverse funding portfolio that has been put together for OneHeart operations. She stated the project is fully funded for the first year, overall 70% funded for the first five years, and they have a development plan that is launching that will bring them over 100% funded with a reserve fund for the first five years. The way in which OneHeart will be tracking data, will position them to draw in those outside dollars to help further the funding sustainability. Salamun asked Landeen what the City’s role will be once the City takes ownership of the property with there being current occupants on the property. Landeen explained this is part of the reason he brought this forward as a resolution because we are looking at trying to have the closing before the end of the month and avoid any lag in between since we cannot

May 29, 2019

lease property we do not own yet. The resolution authorizes the Mayor to enter into a lease, so right after the closing, the City would enter into a lease avoiding any lag between us taking ownership and being assigned to OneHeart. OneHeart has hired a property manager who will be the landlord and manage the property. OneHeart will collect the income off of the property and use that to fund their operations. Right now, part of the reason they would like to move forward, is the funding source for their property manager is the revenue from the building so they currently have a property manager without revenue funding that position. The City will not be property managers and will have no one on staff to manage that property; therefore, it is important to have someone in there to have that seamless transition and OneHeart does have the ability to manage the property. Laurenti's opinion is that this is a five million dollar investment by the tax payers through vision funds and we want to make sure we protect that investment and by taking ownership of a piece of property that is growing in value, it protects the tax payer's investment at a minimum. He asked if the final agreement will clear the City of any encumbrances of any tenants. Landeen said the City, as owners, would have to approve any encumbrances on the property which is another reason for the City to own it. There is not another lease agreement coming forward. This lease agreement allows OneHeart to sublease, but also allows the City to have input to be sure it is being used the way the City intended it be used when the Council authorized the Vision Funds for the project. Landeen assured the Committee there are terms in the lease, that if they are not in compliance with the lease agreement, the City has the ability to terminate the lease. Lewis is concerned about maintenance costs and trying to limit the City's liability. Salamun moved to approve Resolution No. 2019-044 a Resolution Authorizing the City to Purchase Certain Real Property and Upon Completion of the Property Acquisition Execute a Lease with OneHeart to Operate a Transformation Campus with Transitional Housing and Other Support Services on the Property. Second by Laurenti. Motion carried.

ADJOURN

There being no further business to come before the Council at this time, motion was made by Lewis second by Laurenti and carried to adjourn the meeting at 12:50 p.m.