

LEGAL AND FINANCE COMMITTEE MINUTES
Rapid City, South Dakota

October 14, 2020

A Legal and Finance Committee meeting was held at the City/School Administration Center in Rapid City, South Dakota, on Wednesday, October 14, 2020, at 12:30 p.m.

A quorum was determined with the following members answering the roll call: Darla Drew, Lance Lehmann, Laura Armstrong, Jason Salamun and Pat Jones. 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 Jones second by Lehmann to adopt the agenda. Motion carried unanimously.

GENERAL PUBLIC COMMENT

None.

CONSENT ITEMS

Motion was made by Armstrong, second by Jones to approve Items 1-9 as they appear on the Consent Items with the exception of item nos. 4, 6 and 7. Motion carried unanimously.

CONSENT ITEMS -- Items 1 – 9

Public Comment opened – Items 1 – 9

Public Comment closed

Remove Items from the “Consent Items” and Vote on Remaining Consent Items

- 1) Approve Minutes for September 30, 2020

MAYOR’S ITEMS

- 2) LF101420-07 – Confirm the Appointments of Val Simpson and Chris Huber to the Community Investment Committee

FINANCE DEPARTMENT

- 3) Acknowledge the Following Volunteers for Worker’s Compensation Purposes: Marcia Aiken (RSVP+), Richard Mayforth (RSVP+), Alwyn Thoreson (RSVP+), John McManigal (Police Department), Darlene Swartz (RSVP+), Joyce Yale (Library), Carol Coburn (RSVP+), Barry Sullivan (RSVP+), Harold Haivala (RSVP+), Mary Wendt (RSVP+), Marna Bergstrom (RSVP+), Teresa Hill (RSVP+), Myrna Schamber (RSVP+)
- 4) LF101420-01 – Drew asked Deputy Finance Officer Tracy Davis to explain the addendum on this item. Davis said the addendum outlines the timeline of all the different steps in the process, deadlines to meet, and certain obligations related to the fiscal year audit that must all be completed by September 30, 2021. Armstrong moved to Authorize Mayor and Finance Director to Sign Engagement Letter with Addendum with Ketel Thorstenson, LLP for the FY2020 Audit. Second by Lehmann. Motion carried unanimously.
- 5) LF101420-05 – Approve Resolution No. 2020-077 a Resolution Levying Assessment for Abatement of Nuisances

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- 6) LF101420-06 – Drew asked Davis to give a run-down of the sales tax revenue. Davis said the numbers show the City is up .99% through the month of August 2020. Drew asked Davis if she has any insight as to where this is coming from and if the City is now receiving sales tax from Amazon. Davis said we did have some tourism this year and the City should be receiving sales tax from Amazon, but the City does not receive notifications specific to a particular retailer such as Amazon because it is proprietary information; therefore, the Department of Revenue is not able to release that information. Salamun moved to Acknowledge August 2020 Sales Tax Report. Second by Jones. Motion carried unanimously.

INFORMATION TECHNOLOGY

- 7) LF101420-02 – Salamun asked IT Director Jim Gilbert to explain what this project entails. Gilbert said the City is currently running an exchange platform which is the email server that is running out of life and in order to maintain support from Microsoft, an upgrade needs to be made to a supported version. The City is also currently in an active directory environment which is where our accounts are stored with the County and because active directory and exchange are so tied together, it makes it very difficult for us to upgrade either. There are so many moving parts to coordinate to make sure the jail can have outage, so this as an opportunity to split not only the exchange off but our active directory infrastructure as well. Binary Trees software and support services will be used to accelerate that as much as possible; however, it will still be a very long process because we will be moving over one department at a time. He added that the exchange will happen very quickly because it can be done separately but all of the active directories will take approximately a year to finish. Gilbert explained that active directory is something that is not generally backed up directly because it replicates everything to all of the other active directory machines in the environment. He expressed that there is more concern on the City's part about making sure everyone's permissions are carried over correctly, which is where the Binary Tree software comes into play. This software involves a lot of behind the scenes work to help the transition go smoothly in splitting the exchange and the active directories. Salamun moved to Authorize Mayor and Finance Director to Sign Contract and Statement of Work for Professional Services between Binary Tree and the City of Rapid City and Authorize Staff to Purchase Required Software Licenses from Binary Tree and Software House International (SHI). Second by Armstrong. Motion carried unanimously.

COMMUNITY DEVELOPMENT

- 8) LF101420-04 – Approve the Preliminary Recommendations for the FY20 Community Development Block Grant CV Funding
- 9) 20TI004 – Authorize the Mayor and Finance Director to Sign Agreement between the City of Rapid City, Rapid Valley Sanitary District and Yasmeen Dream LLC, for Construction, Operation and Maintenance of Orchard Meadows Lift Station (TID 82)

END OF CONSENT CALENDAR

NON-CONSENT ITEMS – Items 10 – 14

Public Comment opened – Items 10 – 14

Public Comment closed

FINANCE DEPARTMENT

- 10) LF101420-03 – Armstrong moved to approve the Introduction and First Reading of Ordinance No. 6446 Regarding Supplemental Appropriation 7 for 2020. Second by Jones. Motion carried unanimously.
- 11) LF101420-08 – Salamun moved to approve the Introduction and First Reading of Ordinance No. 6448 an Ordinance to Amend Provisions Concerning Purchasing Procedures and Delegation of

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Purchasing Authority by Amending Sections in Chapter 3.04 of the Rapid City Municipal Code.
Second by Lehmann. Motion carried unanimously.

CITY ATTORNEY'S OFFICE

12) LF101420-09 – Armstrong referenced the attached memorandum that was generated in July of 2019 recommending streamlining meetings and agendas. The memorandum was then brought forward to the last City Council working session held in October of 2019 and it was collectively agreed upon to try this. The reason for combining the meetings is to be more transparent, more efficient, saving time which equates to saving money and also to streamline City business. One of the recommendations is to combine three meetings into one work session that would replace Agenda Review, Public Works Committee, and Legal and Finance Committee meetings. Currently, the City Council members are divided in half, with half attending Public Works meetings and the other half attending Legal and Finance meetings. This would bring everybody to the table so that not only can these working sessions be streamlined but the City Council meetings as well. Staff is currently attending pre agenda meetings, then agenda review meetings, and Public Works meetings and Legal and Finance meetings. Armstrong mentioned that there are other municipalities that also blend these working sessions together. Jones brought forth that initially his first concern was if there would be missed opportunities for public input and would the public lose an opportunity to bring things forward and ask questions; but after further discussions he found that from the items he listed below, he is in support of trying this seeing it as a great opportunity for more interaction with staff, to learn more and also be able to take things to the full City Council that are ready.

1) No formal action would be taken at these working sessions but rather would be used by the City Council, staff, and the public, to become better informed on issues.

2) The Council can ask questions with much more interaction with staff and then can decide what items are ready to go to the full City Council for final action.

3) This trial would give council a chance to see if they like the new process or if it is better to keep the other one.

4) The Department Directors and staff would have an opportunity to present more things to the council on a more significant level in turn being able to dive into things and find out more.

Salamun said he is in support of this item with the trial period only with item 6(a) in the memorandum removed as he would like to see the work session filmed and streamed for the sake of transparency for the public/media to be able to hear the discussions, so when presented to City Council, the public has had the opportunity to hear everything rather than just hearing a decision at that meeting. He is also not in favor of 6(c), (a roundtable setting in a conference room), but rather it be held in the Council Chambers for the sake of technology and for the public to easily have a place to be especially during this era of social distancing. Salamun will not be on board unless these items can be changed. Drew commented that she was not in favor of this when she first heard about it as she feels the Legal and Finance Committee and Public Works Committee are a more deliberative body that can really take time to look at all of the issues and speak more freely and give more time. She does feel it is a good training ground for newer members and likes the idea of having time to deliberate in the public and can see where it can save a lot of time for people, so she will vote for it and give it a chance, but will be looking at it very closely moving forward. Armstrong said the resolution was written fairly loosely to be able to improve and evolve as they learn. Community Development Director Ken Young said that the most important thing beyond the saving of time which is very significant, is this allows a better communication forum between the Department Directors/staff and the City Council. Jones asked if there is a date in mind as to when this would be rolled out. Armstrong said the time and details will be determined at the next City Council meeting on Monday, October 19th but also reminded everyone that the items on the memorandum are just recommendations. She added that item number 2 of the memorandum regarding date and time, after speaking with Vice President Lehmann, believes they are leaning towards the Wednesday at either 12:00 or 12:30 pm., but feels that discussion should take place at a City Council meeting. Drew asked Armstrong why or how this effort would streamline City Council meetings. Armstrong said that pre conversations can take place to see what the pros are and what

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the opposition might be. There are several examples that can be used, but if something gets postponed for a month, at that point an explanation can be given as to why it is getting postponed and allows more fact finding abilities to do more research. Another example is if a staff person has one item on the agenda currently, they need to attend the pre-agenda review, agenda review, the committee meeting, and the City Council meeting; therefore, if they are giving a presentation they are showing that one presentation possibly three separate times. Lehmann moved to Approve Resolution No. 2020-080 A Resolution Creating a Trial Program for Conduct of Official City Business by Combining the City's Current Public Works and Legal and Finance Committee Meetings into a Joint Council Working Session. Second by Armstrong. Motion carried 4 to 1 with Salamun voting "no".

- 13) LF101420-10 – Jones spoke on the overall bid process and he has questions about the way bids are opened at the City. He is confident that the rules are being followed but wants to know why the council cannot see more of what goes on instead of having to go to the bid opening or why it cannot be a more public open transparent process. He would like to see the City take a look at the bid opening process so the City Council can perhaps know more about who is bidding, the amounts that are being bid and why the bids are accepted, etc. Jones asked Civic Center Manager Craig Baltzer to speak on this resolution. Baltzer explained that the Civic Center's intention was not necessarily to specifically bring a resolution before City Council, but rather simply asked a question to the City's legal department about the process of already approved monies for these FF&E items but then having to get them reapproved again, and this resolution ended up being the answer the legal department came up with. The Civic Center's concerns are a timing issue which could potentially add two weeks for items to get through council, a large number of things would be coming in front of council, and there have been some items that have already gone through council which have brought some confusion to the public with regard to the items being above and beyond the approved budget for the Civic Center, which they are not. The budget for the Civic Center of 130 million dollars out of the vision funds is mostly made up of the contract with Mortensen who handles most of the items. The FF&E (furniture, fixtures and equipment) items are handled by the Civic Center directly, so for each one of those items to go before council creates a time issue and some confusion in the public. Jones said his understanding is it seems that without something like this resolution, then the council has to reapprove what has already been approved which adds to the level of confusion; therefore, he sees this as a request to have more autonomy to be able to move the project forward. Baltzer said that is accurate. Salamun asked Deputy City Attorney Wade Nyberg for clarity and weigh in to address some of the concerns and why passing this resolution is a good idea. Nyberg explained that the City Council already delegates these types of purchases on a smaller scale to Department Directors. He said there is a process for making purchases or implementing a public improvement. There are different numbers or limits for different things with public improvements set at a larger number of \$100,000.00 and purchasing of equipment set at \$50,000.00 for example. Some things are exempt from public bidding altogether such as IT infrastructure. Department Directors have a certain authority to sign a contract for whatever dollar figure that might be so this is following the same rules and statutes and is basically just expanding that delegation for this one particular project in the one particular area of FF&E using monies that are already budgeted for it. Nyberg said bid requirements are the same so if something is required to be bid, it would still have to be bid in compliance with statutes and would generally involve the City Attorney's Office assisting with those types of things and to review any contracts before department directors sign them. Salamun asked Davis if the Finance Department has any concerns. Davis said their only concern is making sure that it is documented somewhere either in the minutes or some mechanism that shows what is being purchased, who it is being purchased from, and the dollar amount, for auditing purposes. Salamun understands that it can be quite a lengthy process with the Civic Center Board overseeing the Civic Center, then going to staff and then it coming through City Council to get bills paid. He just wants to make sure everything is being done the right way, make sure it is within the parameters of how the finance Department likes to work, that it does not cost any additional money, and there are appropriate checks and balances

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in place. Drew requested that a special notice be sent to the City Council of upcoming Bid meetings and what projects are being bid at that session. Davis said that each department schedules their own bid meetings and after the required publications, Finance opens the bids that have been submitted at those meetings which are open to the public and also broadcast on the City Facebook page and YouTube. Davis said getting a notification out to the City Council as well can be discussed. Jones moved to Approve Resolution No. 2020-081 A Resolution Authorizing the Executive Director of the Rushmore Plaza Civic Center to Enter into contracts for the Acquisition of Furniture, fixtures, and Equipment for the Arena Expansion Project Consistent with the Amounts Already Budgeted from the City's Vision Fund. Second by Lehmann. Motion carried unanimously.

COMMUNITY DEVELOPMENT

14) 20TI005 – Patsy Horton from Long Range Planning provided a presentation regarding the project to extend the road on Homestead Street. The purpose of the TID (tax increment district) is to construct a portion of Homestead Street (approximately 900 linear feet) that is currently unconstructed and located between Timmons Boulevard and Missoula Street. Additionally, it will eliminate the loop-de-loop route that the taxpayers and residents of this community have to go through to get from east to west. Horton shared the master plan showing the proposed revenue generators in the area which include: 59 single family homes, a 40 unit apartment complex, two 12 unit apartment complexes, and one 15 unit apartment complex. She pointed out that even though residential is all that is currently being identified to generate taxes, within this district boundary there are several undeveloped commercial and office commercial properties that are also anticipated to be developed before this is paid off. In the event that does happen, the TIF could be paid off sooner rather than later. Horton reviewed the proposed project costs that included the TIF funded and Non-TIF funded costs for street, water, sanitary sewer, storm sewer, professional fees, contingency fees, financing costs and administrative fee to total an approximate 2.7 million dollar TIF. She also shared the impact to the taxing entities (school, County, City). The TIF will be considered an economic development TIF which is important to the residents within the school district because 1.7 million will be paid by property taxpayers throughout the whole state not just within the school district. She wanted to make sure everyone understands that the school district will still receive those funds it just comes from a statewide school formula instead of within the localized school district. It is anticipated the TID will be paid off by mid- 2033. The County is foregoing \$720,000.00 through the life of the TIF, the City \$480,000.00, the Water District \$3,600.00, and the Rapid Valley Sanitary District \$47,000.00 for a total of roughly 2.9 million that will generally be created with this district. Lastly, Horton went over the amortization schedule showing just a little over one million for interest. The TIF Committee and the Planning Commission both recommended approval. Horton informed the committee that the state law changed in 2018 to a regulation where a TIF is either blighted or it creates economic benefit for not only the district but statewide and this will create that economic benefit. Jones Moved to Approve Resolution No. 2020-071 and Resolution No. 2020-072 Resolutions to Create a TID and Approve a Project Plan for the Homestead Street Extension for Property Generally Described as Being Located at Homestead Street East of Elk Vale Road Between Timmons Boulevard and Missoula Street. Second by Lehmann. Motion carried unanimously.

ADJOURN

There being no further business to come before the Council at this time, motion was made by Jones second by Lehmann and carried to adjourn the meeting at 1:17 p.m.