

PROCEEDINGS OF THE SPECIAL CITY COUNCIL MEETING  
Rapid City, South Dakota

August 23, 2021

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Rapid City was held at City Hall, 300 Sixth Street, in Rapid City, South Dakota on Monday, August 23, 2021 at 5:30 P.M.

The following members were present: Mayor Steve Allender and the following Alderpersons: Greg Strommen, Lance Lehmann, Jason Salamun, Ritchie Nordstrom, Darla Drew, Ron Weifenbach, Bill Evans, John Roberts and Pat Jones; the following Alderpersons arrived during the course of the meeting: None; and the following attended telephonically: Laura Armstrong; the following were absent: None.

Staff members present included: Finance Director Pauline Sumption, City Attorney Joel Landeen, Deputy Finance Director Tracy Davis, IT Director Jim Gilbert, Communications Coordinator Darrell Shoemaker and Administrative Coordinator Heidi Weaver.

**ADOPTION OF THE AGENDA**

Council President Lehmann called the meeting to order at 5:33 p.m. Motion was made by Salamun, second by Jones and carried to adopt the agenda.

**GENERAL PUBLIC COMMENT** - No speaker request forms received.

**NON-PUBLIC HEARING ITEMS** - Items 1-2

**NON-CONSENT ITEMS** – Items 1-2

**2022 Mayor Allender's Budget Presentation**

Lehmann opened the meeting and introduced Mayor Allender. Mayor stated he would be giving a summary of the 2022 proposed budget. He indicated this budget is prepared directly in response to the growth of our city and increased activity over the last year. He thanked Sumption and Davis, as well as all of the Department Directors who contributed to the budget.

Mayor Allender presented the seven core values of the City of Rapid City. These values are important when budgeting. The values are: a balanced pattern of growth; a vibrant livable community; a safe, healthy, inclusive and skilled community; efficient transportation and infrastructure systems; economic stability and growth; outstanding recreational and cultural opportunities; and responsible, accessible and efficient governance.

One of the economic indicators that affect the budget are South Dakota's gross domestic product. It was down 17.1% in 2020. Rapid City's GDP also took a reduction of 8.1%. Despite these results, the economy is off to a great start in 2021. The average weekly wages increased despite the pandemic. However, this was in part because of the COVID payments and payroll protection. Rapid City Regional Airport Enplanements have increased drastically from 1400 people in April 2020 to over 50,000 people in July 2021. Hotel occupancy was 32.5% in July 2020 and 83% in July 2021. The housing demand is extremely high with the median sales price being \$365,500 in July 2021. General sales tax collections have been a sustained condition in 2021. Building Permit Valuation has gone up since the start of the pandemic.

Some of the challenges to the 2022 budget: Overdependence on sales tax revenue; Vision projects adding operational costs over time without sufficient revenue collection; Stagnant fees and charges; Lack of cost recovery policy / philosophy; The property tax CPI debate; Demand for city services is growing; Utility bills used for solid waste disposal; Homeless population quickly; Emergency services employees are overworked, underpaid and understaffed; Increased need for human services delivery; Workforce is lean, bordering on scarce; and Community / Political division

General fund revenue is up significantly. Cash that has not been spent is undesignated cash. The unspent budget authority is different. It is the money that was budgeted the previous year that went unspent. Mayor Allender proposed to earmark \$2.8 million dollars of 2021 funds that will not be spent and to roll over in one year into 2022. Sales tax is 41% of all the general fund revenue. He discussed the general fund expenses and the reasons each has increased or decreased. Enterprise funds and infrastructure spending were addressed as well.

The list of opportunities in Rapid City are: Positive growth is occurring; Fourth hottest housing market in the nation; Building industry is healthy and productive; Elevate Rapid City now has the innovation incubator open with 75% occupancy; Fifth and St. Joseph Street lot decision is near; Ellsworth named the primary B-21 base; Recent influx of young professionals; Downtown living is on the rise; Currently dozens of new companies considering locating in Rapid City; Several national chain retailers / restaurants are considering Rapid City

Several council members spoke regarding different aspects of the budget. They indicated they would email the mayor's office if they have additional questions. Subjects of interest included: the tons of garbage being taken to the landfill; the 5<sup>th</sup> Street and St. Joseph property; expenses the city incurs regarding the homeless; and the need for more infrastructure repairs. Sumption explained the budget is recalibrated when revenues and expenses change. Sumption said the undesignated cash amount is around \$8 million. Allender indicated the worse the homeless problems become, the less emergency personnel can tend to other problems in Rapid City.

Motion was made by Nordstrom, second by Drew and carried 9-0 to acknowledge the 2022 Budget Presentation.

**ADJOURN**

There being no further business to come before the Council at this time, motion was made by Nordstrom, second by Roberts and carried to adjourn the meeting at 6:47 p.m.

ATTEST:

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Finance Director  
(SEAL)

CITY OF RAPID CITY

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Mayor