LEGAL AND FINANCE COMMITTEE MINUTES
Rapid City, South Dakota

January 12, 2022

A Legal and Finance Committee meeting was held at the City Administration Center in Rapid City, South Dakota, on Wednesday, January 12, 2022, at 12:33 p.m.

A quorum was determined with the following members answering the roll call: Lance Lehmann, Darla Drew, Jason Salamun, Ron Weifenbach and Ritchie Nordstrom 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 Lehmann second by Nordstrom and carried to adopt the agenda.

GENERAL PUBLIC COMMENT
None

CONSENT ITEMS
Motion was made by Nordstrom second by Lehmann and carried to approve Items 1-13 as they appear on the Consent Items with the exception of Item Nos. 1, 3, and 10.

CONSENT ITEMS -- Items 1 – 13

Public Comment opened – Items 1 – 13
Public Comment closed

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

ALDERMAN ITEMS
1) LF011222-01 – Community Development Block Grant Program Manager Michelle Schuelke provided a presentation on the process, methods and strategies the Community Investment Committee uses for making recommendations to City Council for CDBG funding. Drew asked for an explanation of what CDBG funding is and where it comes from. Schuelke defined CDBG as community development block grant funding that is a federal fund/program in which Rapid City is considered an entitlement community. If reports and documentation are submitted on an annual basis, the City will receive CDBG money every year. The amount is determined by HUD (Housing and Urban Development) because it is a U.S. Department of Housing and Urban Development Program and the amount is based on a formula; but in general, the City receives between $500,000 and $550,000 every year. Schuelke said the Community Enrichment Division is tasked with setting strategies and plans with the planning process serving as a framework to involve community members and stakeholders. Many listening sessions were involved in the strategic planning which helped with a community-wide dialogue to determine which priorities the City will be working on through the community development program. The process resulted in a five-year strategic plan that coincides with the State of South Dakota Housing Development Authority’s strategic plan. An annual action plan was also developed. The plan details high priority needs, expected outcomes and how much CDBG funding is expected to be used in meeting those outcomes. The current plan runs through March 2023. She made note that goals for the public service and public facility component of the program have been achieved already; however, the affordable housing goals are chronically underachieving. Schuelke shared a slide showing the members of the investment committee that is comprised of seven members-five voting members and two alternates. The committee reviews the applications and makes funding recommendations to the City Council through the selection of sub-recipients. She pointed out that her division is not tasked with giving money away to organizations but rather setting strategies, setting high priority needs, and choosing
the best partners (sub-recipients) to carry out the goals of the City. The committee recently implemented an LOI (letter of interest) which is then followed by a formal application. The committee deliberates on all of the LOI’s and the applications that come forward. The abbreviated process with the LOI helps the committee see what type of projects might be wanting to apply which gives them the opportunity to have conversations with the potential applicants so they have an understanding of what the program requirements might be and the applicants can then choose to apply from there. The committee uses a three phase method for qualification: 1) Does the activity meet a national objective of the program (does it serve low, moderate income individuals, address slum and blight, or is an urgent need); 2) Is the activity and the expense eligible under the program; and 3) Does it fit the high priority needs of the community. Additionally, the committee looks to see if the goals are clearly defined, if the cost is reasonable, is there an established method for qualifying the beneficiaries, and do they have a way to document income of the beneficiaries. To understand the capacity of an organization the committee evaluates items such as: how much time will be needed, how many resources will need to be allocated to the project/program, how long will the project take, are there financial systems in place with the organization (effective control over funds or assets purchased with the CDBG funds), and are there internal controls, policies, and procedures in place. Lastly, the committee looks at the program-wide obligations of the City such as spending the funds in a timely manner and meeting the public service cap of 15% annually. Schuelke said her division is tasked with providing technical assistance to help the sub-recipients achieve the goals of the program. Community Investment Committee Chair Liz Hamburg pointed out that the CDBG dollars require a lot of work, are very restrictive and specific, and grantees have to have the capacity to provide the reporting that is required for these dollars to go out. She explained that the Letter of Interest process developed this past year helps the committee determine how the request will work with the dollars available. Thirteen LOI’s were received this previous round. Community Investment Committee member Alan Solano said coming from a foundation and knowing a lot of what is going on in the non-profit community helps him leverage that knowledge and what he looks at in reviewing the applications. He said that when looking at some of the goals such as an affordable housing development in particular, the committee has found that it is hard to spur affordable housing development with just $350,000.00. Solano takes an approach of what can actually be accomplished with a $350,000 or $500,000 investment into an affordable housing project that has to be layered because CDBG funds themselves are not going to create the affordability. What they are able to do with the funds is purchase affordability, so not developing the rental unit or affordable house itself, but purchasing the affordability for a long period of time. Jamie Toennies from United Way shared the difficulty in determining the organizations who will have the capacity to deliver on all of the requirements and manage and track the funds. Nordstrom introduced new Housing Coordinator from Elevate Rapid City Laura Jones. Nordstrom asked Schuelke to define her role as a Manager of the CDBG program. Schuelke said her job as manager is to keep sub recipients in compliance and help them reach the goals of the program. She also described the information that must be tracked by the sub-recipients which is reported to her office and then compiled and submitted to HUD along with the annual report called the CAPER. Lehmann moved to acknowledge the Report on Community Investment Committee Process for Making Recommendations for CDBG Funding – Michelle Schuelke (Request by Ritchie Nordstrom). Second by Nordstrom. Motion carried unanimously.

MAYOR’S ITEMS
2) LF011222-06 – Authorize the Mayor and Finance Director to Sign the Agreement Between the City of Rapid city and Volunteers of America, Northern Rockies Inc. for Community Co-Response Services

HUMAN RESOURCES
3) LF011222-13 – Weifenbach voiced his frustration with how this item was handled, pointing out one particular component regarding the healthcare benefits to retirees or persons close to retirement. His understanding was that worst case scenario there was going to be a grandfather clause or
some other work around, but that the City was not going to take this away from people. Weifenbach is not sure directors had any input on this and is very disappointed that this came to the committee in this manner. He will never support this item. Salamun also voiced his disappointment in some of the changes made by the HR department and is not sure where some of these changes came from or how they got slid in. He said there was a discussion by council this past summer and they made it very clear that they want to honor the commitments to the retirees and the employees that the City hires and if changes are made, they are to be grandfathered in. Nordstrom mentioned that he will be traveling to Pierre the beginning of February to sit in with a group of people who will be talking with legislators about this particular issue (retiree healthcare benefits) and to try to come up with some permissive language and get the state law amended so the City is not breaking the law. Weifenbach moved to continue the Adoption of the Updated Non-union Guide and Employee Handbook to the February 2, 2022 Legal and Finance meeting. Second by Nordstrom. Motion carried unanimously.

POLICE DEPARTMENT
4) LF011222-10 – Authorize Staff to Purchase Two F-150 Trucks for $36,501 each from McKie Ford to Replace Aging Vehicles in the Police Department for a Total Cost of $73,002.00

5) LF011222-11 – Authorize Staff to Purchase 1 Ram 1500 Truck ($34,980), 4 Dodge Chargers ($30,796 each), and 4 Dodge Durangos ($37,530 each), for a Total Price of $308,284.00 from Wegner Auto to Replace Aging Vehicles in the Police Department Fleet and to Account for the Needs of Increased Staffing, and Authorize Staff to Trade 2 Ford Interceptors and 2 Dodge Chargers Which are Retired PD Fleet Vehicles with Wegner Auto for a $21,000.00 credit toward the New Purchase for a Total Cost of $287,284.00

FINANCE DEPARTMENT
6) Acknowledge the Following Volunteers for Worker’s Compensation Purposes: Jacki Clancy (RSVP+), Judith Conley (RSVP+), Terry Elwood (RSVP+), Dolores Ginter (RSVP+), Dawn Hlavac (RSVP+), Lola Killam (RSVP+), Mike MacDonald (RSVP+), Judy Messmer (RSVP+), Marilyn Pruter (RSVP+), Rhoda Summers (RSVP+), Shirley Barnes Tate (RSVP+), Larry Wilbur (RSVP+), Yvonne Wilber (RSVP+)

7) LF011222-02 – Acknowledge November 2021 General Fund Cash Balance Report

8) LF011222-03 – Approve Resolution No. 2022-007 A Resolution Levyin Assesment for Abatement of Nuisances

9) LF011222-04 – Approve Resolution No. 2022-006 A Resolution Establishing 2022 Encumbrances

10) LF011222-09 – Drew asked Finance Director Pauline Sumption to explain where the City is with their TID’s. Sumption said there are currently 19 TID’s remaining at the end of 2021. There are some that are pending but there are 4 that will pay off and be dissolved in 2022. State law says that the City can have 10% of their valuation in tax increment districts and the City is at 3.03% which includes those that were dissolved in 2021; so that percentage will decrease once they are removed from the spreadsheet. There are a couple of TID’s that will expire before they are paid off but the risk is on the bank and the developer and there is no risk on the City to make those loan payments after that 20-year time period. Drew asked if the City is seeing an increase in applications as the City is growing. Community Development Director Vicki Fisher said her department has been scheduling several meetings with applicants that would like to put together a TIF package on some rather large projects. She said that TIF’s seems to be a tool that works for the developer and works for the City for the costs of off-site utilities and drainage expenditures. She anticipates in the near future as many as three applications coming forward for some large projects. Sumption mentioned that a couple of years ago the interest rates were anywhere from 3% (low) up to 6% (high) so it is...
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nice to see those interest rates dropping and the banks have been very good about dropping interest when their clients are getting close to their max interest that Sumption can pay on that to get that TID paid off faster. She also pointed out the assessed base valuation for the TID’s on the current list are at $203 million dollars and the current equalized value of those are almost $850 million which is over $600 million in additional valuation to the City tax base. Lehmann moved to Acknowledge 2021 Annual TID Report to Council. Second by Salamun. Motion carried unanimously.

11) LF011222-12 – Approve Resolution No. 2022-008 a Resolution Declaring Miscellaneous Personal Property Surplus to be Surplused as Traded

PARKS & RECREATION
12) LF011222-05 – Authorize Mayor and Finance Director to Sign Resolution No. 2022-005, a Resolution to Enter into a Use Agreement with Rapid City BMX, Inc.

COMMUNITY DEVELOPMENT
13) LF011222-08 – Approve Final FY22 Community Development Block Grant (CDBG) Funding Recommendations

END OF CONSENT CALENDAR

NON-CONSENT ITEM – Item 14

Public Comment opened – Item 14
Public Comment closed

FINANCE DEPARTMENT
14) LF011222-07 – Finance Director Pauline Sumption reviewed the map with the grey lines being the current wards and the colored blocks being the proposed new ward boundaries based on the census data, residential clustering of voters with common interests, locations of municipal boundaries, census tracts, where the current elected officials resided, legislative district boundaries, landmarks and/or geographical features and the desire to keep a district relatively close together. She explained how the new districting was determined. The reason for the larger shift in ward 2 is due to a large amount of growth in ward 1 so some of the residents had to be shifted out of ward 1 into ward 2. Boundaries were maintained to make sure the current elected officials remain in their current wards. There is some major shifting between ward 5 and ward 3 due to growth in those areas and also to keep the total counts within a 10% variance of the ideal balance. There is a line along 5th Street instead of over on West Boulevard since that would have split up that district to keep the numbers in line and there was also a request by Council President Lehmann to keep the West Boulevard neighborhood together. Jackson Boulevard becomes the line between ward 3 and 5. Ward 4 is unchanged based on census data since it was right where it needed to be on population numbers. Also included under Ward 1 is the airport area which has zero population so does not have an impact on Ward 1. The numbers on the bottom of the map show the variance. The Voter Act suggests that the highest population and lowest population is looked at to figure the variance which is recommended to not be more than 10%. Sumption said that after rounding up the variance, it is currently at 9%. The committee worked with the County Auditor’s Office and drew boundaries that coordinated with the legislative boundaries so that there are no split wards and legislative districts which makes it easier on the election workers as well. Salamun voiced his concerns regarding the changes especially with Ward 3 going up 4.2% (15,610 people) and Ward 5 decrease almost the same percentage at 4.1% (14,308 people). He asked why the committee did not try to keep all 5 wards as close to even as possible rather than stack Ward 3. Sumption said before the rest of West Boulevard was added in, it was pretty close. She said the east side of West Boulevard would have been in Ward 5, the west side would have been in Ward 3 which was 654 people. West Boulevard neighborhood is currently all in Ward 5 and will all be
shifted to Ward 3. Weifenbach asked if there is a handbook for redistricting and is it a legislative or administrative process. Sumption said the three times she has been involved with redistricting it has been a staff/committee function who would bring a recommendation but the legislative body has to approve the ordinance. Weifenbach would like to have a process in place in the future. He asked who had input into these decisions. Sumption said the committee consisted of the Mayor, the City Attorney, herself, Lori Severson from the Auditor’s Office, Angie Talon from GIS, Coy Sasse from the School District, Lloyd Lacroix and Lance Lehmann. Weifenbach said he would like to know what the guidelines were, what the goals were and what the legal requirements were to be met but does not expect all of that to be answered today. He also asked if there is another option available right now. Sumption indicated that currently what is being presented is the best option the committee looked at after going through the data that matched the legislative districts. Weifenbach recommends some sort of handbook be put in place for future councils. City Attorney Joel Landeen informed the committee that the reason for having first reading now is to get the map into place before it is time to circulate petitions for the municipal election. Landeen pointed out that from a legal perspective, the biggest issue is making sure the population of the wards are balanced consistent with law. He suggests that if any of the council members have some tweaks or suggestions they would like to have discussed to submit any recommendations, questions or suggestions before Monday night’s City Council meeting for staff to be able to run some options and make sure compliance is met with ward population numbers. Salamun wants to make sure the public has an opportunity to have their voices heard and also for there to be some representation from the City Council going forward. Salamun moved to send the Introduction and First Reading of Ordinance No. 6528 an Ordinance Repealing Chapter 1.08 of the Rapid City Municipal Code Relating to Wards and Precincts and Adopting a New Revised Chapter 1.08 of the Rapid City Municipal Code to council without recommendation. Second by Weifenbach. Motion carried unanimously.

ADJOURN
There being no further business to come before the Committee at this time, motion was made by Weifenbach second by Nordstrom and carried to adjourn the meeting at 1:36 p.m.