A Legal and Finance Committee meeting was held at the City Administration Center in Rapid City, South Dakota, on Wednesday, June 15, 2022, at 12:31 p.m.

A quorum was determined with the following members answering the roll call: Darla Drew, Ritchie Nordstrom, Lance Lehmann and Jason Salamun Absent: Ron Weifenbach

(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 Salamun and carried to adopt the agenda.

GENERAL PUBLIC COMMENT
Mark Millar who lives in north Rapid City spoke regarding the graffiti in North Rapid that is not being taken care of by the City.

CONSENT ITEMS
Motion was made by Lehmann second by Nordstrom and carried to approve Items 1 - 9 as they appear on the Consent Items with the exception of Item Nos. 2, 3, 4, 8 and 9.

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 June 01, 2022

MAYOR’S ITEMS
2) LF061522-07 – Mayor Allender explained that this item is in direct response to the ever rising inflation and the inability through the typical negotiation processes to keep up with that inflation, which is now up over 8%. The goal is to take this calendar year 2022 and get every city employee up to 7.9%. He said that some employee groups have received cost of living increases thus far, some 5% some less so this is filling in the gaps to make everyone up to 7.9% at the end of the year. Allender said in most cases these increases could not anticipate the magnitude or reality of the rise in inflation over the past year so the financial impact is significant but the alternative is to continue to lose employees. The City is currently having great difficulty hiring employees which puts the City’s service delivery at risk. He informed the committee that the number of employees showing interest in important positions in Rapid City is very concerning because just a few years ago the City might have had a hundred applications for a single position where now there may be three or five and not all of those are qualified. This leaves positions staying open longer and in the last six months not only are there more openings in general but they are also the critical positions within departments that are affecting things such as landfill operation hours as the council has seen. It is also affecting Finance and on the verge of happening in many other departments. Allender added that this is a significant financial investment for the remainder of 2022 and the recommendation is that it takes place immediately for the remainder of 2022. The funding source for the increase will be from undesignated cash for the rest of 2022. Starting in 2023, that increase would become part of the wage and benefit budget. Allender also mentioned that there has been some concern about a possible economic downturn or adjustment which is possible and likely, but
it is also likely that Rapid City will not experience it as dramatically as many other places in the country which has been seen in the past. He said the City is at a point where it has to invest in its employees to be able to make investments into its service delivery so that the City can invest into the community. He is not telling the committee it is going to be easy or convenient to budget for in the future, but it is more convenient and more affordable than seeing all of these openings, having service disrupted, and having the council and other department heads taking the brunt of the complaints and general dissatisfaction about some of the service. Allender noted that the Gallup polling every year in the past, showed that employees were leaving jobs for reasons such as not feeling appreciated, not having proper direction, and so on, with wages being farther down on the list of. In the last year, wages are the number one reason employees are leaving positions. Inflation is costing everyone additional money and will cost this government organization additional money to keep the current scope of services and quality of services. He pointed out that currently in public safety alone, the Police Department has 22 open positions and the Fire Department has 18. Total, there are upwards of 60 openings in the City. Salamun is not sure that a one-size-fits-all blanket increase for everybody regardless of position is the best approach and seems to him the best approach would be to take each position and determine what the market value is of that position to make sure it is based on data and that we are not artificially inflating anything. His concern is what the cause and effect of this might be down the road such as revenues not meeting projections in a year or two. He asked Allender for his feedback. Allender said taking each position and evaluating what the appropriate ranges given this region and their scope of work, etc., would be part of the future wage study. He pointed out that the hard data on inflation is very clear and that is all that is being responded to. Allender noted that every single city employee working in January or the middle of last year are now effectively earning less than they were a year ago because of the cost of goods and services they are forced to buy in order to live their lives. In the near future there will be a non-union wage analysis. Starting in the 2023 budget there will be a union group wage analysis beginning with AFSCME and will be done in successive years for three years running and then start back with the non-union and go through the whole cycle again. There is a plan to continually do market analysis on the wages and benefits. Allender also pointed out that the inflationary variants between wage ranges is something that is experienced year to year and typically you would see a cost of living raise handled separately from a grade adjustment. Community Development Director Vicki Fisher voiced that the COLA is to ensure that every employee has the same buying power that they had a year ago and are in part requesting this in order to retain those employees that acknowledge that there are so many companies within the community and the State that have taken into account the inflation and have already granted 8% COLA’s, and people are looking. She said every week the City sees a valued employee hand in their notice because they are leaving for a job that pays more than they can make at the City. Fisher remarked that the 7.9% increase is still under what the national average is for inflation but it would give the City a good competitive standing with other competitive companies in the community. Human Resources Director Nick Stroot added that what they have seen in the exit interviews (all exit interviews are anecdotal and not everyone takes the exit interview), is that people are leaving for more money where that was not the case before. The reasons they saw before were things like a lack of ability to promote or people wanted to try something different. Nordstrom mentioned the City has lost a large number of employees leaving through retirement as well which now has the City facing rehiring those positions. He said it is important as a committee to show support for the employees to help them get through this hopefully temporary inflation and encouraged his fellow committee members to pass this to send a good and positive message to the employees. Salamun wanted to make it clear that he absolutely supports the employees but does not want to see a situation where there is an economic downturn and then have to reduce staff. Nordstrom moved to Authorize City of Rapid City Employees to Receive an Additional Cost of Living Adjustment (COLA) in July of 2022 to Account for Unusually High Inflation Rates. Second by Lehmann. Motion carried unanimously.
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3) LF061522-06 – Salamun asked Fire Chief Jason Culberson to provide a summary of this item. Culberson explained that this is a continuation grant for the next five years which the fire department has been doing since 2013. The grant provides job opportunities for veterans to join the fire department in the wildfire mitigation group. The group is working on the survivable space initiative and tree cutting and thinning type of things. The match for the grant from the City is wages for Lt. Eric O’Connor which is a big portion of his job in the prevention division-fire & life safety which is wildfire mitigation and the survivable space initiatives the fire department has with the wildland urban interface. Nordstrom moved to Authorize Staff to Apply for and Accept Continuation of Funding/Bureau of Land Management’s Community Assistance Program for a Minimum of $125,000.00 for 2022, and an Equal or Greater Amount in the Subsequent Four Years for a Total of up to $1,000,000.00. Second by Salamun. Motion carried unanimously.

FINANCE DEPARTMENT
4) Salamun moved to Acknowledge the Following Volunteers for Worker’s Compensation Purposes: Stephanie Kirchmeier (Library), Mary Ann fisher (RSVP+), Gail Rentz (RSVP+). Second by Nordstrom. Motion carried unanimously.

5) LF061522-02 – Acknowledge April 2022 General Fund Cash Balance Report

6) LF061522-03 – Finance Director Pauline Sumption pointed out the sales tax through April for month-to-month and accumulative is starting to decrease over what was seen last year and is not keeping up with the inflation rate of 8.6%, which means people are starting to slow down their spending. Acknowledge April 2022 Sales Tax Report

7) LF061522 04 – Approve Resolution No. 2022-041 a Resolution Levying Assessment for Abatement of Nuisances

COMMUNITY DEVELOPMENT
8) LF061522-05 – Salamun asked CDBG Program Manager Michelle Schuelke to summarize this item. Schuelke explained that this item is requesting approval of the Investment Committees recommendation to reallocate Cares Act money through the CDBG program. There was $450,000.00 previously allocated to sub recipients in which the projects did not move forward, so this process reallocates this money to different programs to keep that money moving. Nordstrom moved to Approve Preliminary FY20 CDBG-CV Reallocation Funding Recommendations. Second by Lehmann. Motion carried unanimously.

9) 22TP005 – Long Range Planner II Kelly Brennan reviewed the population estimate for the committee. The City official population estimate in 2019 was approximately 77,000 people. When the census came in in 2020, it put the City back to 74,703 people. Then the City had to kind of offset the building stages and dates and time frames that are looked at for building permits and demolitions and so forth, which is how they came up with the new estimate of 78,159 for 2021. Brennan said she is currently working on the 2022 population estimates and when there is a correction year like this, it will be interesting to see what the actual trend of population increases will be without the census sort of muddling things up. Nordstrom said his observation was that the 2020 census was undercounted by about 5000 people for a variety of reasons which included the Census Bureau being understaffed, going through COVID and a lot of people not being able to respond to the census. He asked if there can be an application for a recount. Brennan said there can be a recount if the percentage between what the City’s estimate was and what the new census numbers are is within a certain parameter, but the City is not within that parameter at this time. Nordstrom asked if there are additional grants available once the City gets to a certain population point. Fisher said there is a federal program known as the “Home Program” and Rapid City does not qualify for that currently because the population count is not high enough but it is getting close.
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Lehmann moved to Approve the 2021 Population Estimate. Second by Salamun. Motion carried unanimously.

END OF CONSENT CALENDAR

NON-CONSENT ITEMS – Items 10 – 12

Public Comment opened – Items 10 – 12
Mark Millar spoke on item 11 regarding his concerns on vision fund spending.

Public Comment closed

FINANCE DEPARTMENT

10) LF061522-01 – Lehmann moved to approve the Introduction and First Reading of Ordinance No. 6542 Regarding Supplemental Appropriation #2 for 2022. Second by Nordstrom. Motion carried unanimously.

ALDERMAN ITEMS

11) LF060122-04 – Salamun explained the reason he put this item on the agenda is to get public input and to begin having conversation about the fund. He said the percentage of sales tax going to the vision fund currently is 42% with 58% going to CIP (Community Improvement Program) and his question is whether that percentage should be adjusted to meet the City’s demands. Nordstrom identified that the Parks Department came in over budget on the five-year plan for government buildings by approximately two million dollars and the City is now looking at different ways to adjust that and be able to address the issues and meet the needs of the City. He is hoping the money can be found through the general fund budgeting process. Salamun made a motion to send Adjusting some of the Vision Fund toward Increasing Infrastructure Funding-Jason Salamun (continued from the June 01, 2022 Legal and Finance Meeting) back to the CIP Committee Meeting for further discussion (June 17, 2022 meeting). Second by Lehmann. Motion carried unanimously.

ITEMS FROM THE PUBLIC

12) LF061522-08 – Nordstrom moved to deny the Request from Josh Amundson to Waive Clean Up Assessment Fees at 327 Crestwood Drive. Second by Lehmann. Motion carried unanimously. Community Development Director Vicki Fisher provided an update on the property stating it was inspected this morning and there is still an ongoing violation, so the property owner will be receiving another citation to address those issues in the near future.

Drew took a point of privilege to say this is her last Legal and Finance meeting and she feels honored and privileged to have served with some of the finest people who really care about Rapid City. She has enjoyed her time on the City Council and it has given her opportunities to do things, understand things, and see things she never would have seen. She thanked everyone for their patience, time and energy put into Rapid City including the department heads especially and the great people on the council.

ADJOURN

There being no further business to come before the Committee at this time, motion was made by Salamun second by Lehmann and carried to adjourn the meeting at 1:39 p.m.