

LEGAL AND FINANCE COMMITTEE MINUTES
Rapid City, South Dakota

July 13, 2016

A Legal and Finance Committee meeting was held at the City/School Administration Center in Rapid City, South Dakota, on Wednesday, July 13, 2016, at 12:30 p.m.

A quorum was determined with the following members answering the roll call: John Roberts, Amanda Scott, Steve Laurenti, Jerry Wright and Lisa Modrick. 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 Laurenti, second by Modrick and carried to adopt the agenda.

GENERAL PUBLIC COMMENT

None.

CONSENT ITEMS

Motion was made by Modrick, second by Wright and carried to approve Items 1-8 as they appear on the Consent Items with the exception of Item Nos. 3 and 8.

- 1) Approve Minutes for June 15, 2016

FINANCE DEPARTMENT

- 2) Acknowledge the Following Volunteers for Worker's Compensation Purposes: Dennis Lyons, Craig Groseth, Brent Kertzman, Kari Bortnem, Jason Kadletz, Shawntera Kennedy, Corey Kennedy, Lisa Ricci, Matt Reed, Josh Dailey, Si Kent, Dave Kent, Dave Grundstrom, Stephanie Kirchgesler, Luke Anderson, Kent Jacobs, Seth Keene, Mike Maybee, and Melvin Prairiechicken.
- 3) LF071316-02 – Wright moved to approve Acknowledge Annual Reports to Council per Rapid City Municipal Code 2.40.080 and 3.28.040(B). Second by Modrick. Motion carried. Wright asked with regard to the City's current investments, what is the approximate rate of return and the average interest rate we are paying. Is there an evaluation going on with fleet replacement and how we are going to adjust that for future fleet replacement. Finance Officer Pauline Sumption stated the approximate rate of return is a little over 5%. The City does draw out the interest that we earn on our investments on a monthly basis to help with the operations of the City. Usually at the end of the year there is a market adjustment. In 2015 there was a decrease in market value but when we put the interest back in that we have earned throughout the year it is still a positive. The bond interest rate is approximately 3-4% interest right now. With regard to the fleet replacement, Sumption stated there has been some steps in place and some departments have moved to doing outright purchase. Solid Waste just purchased 10 or 11 garbage trucks outright. Most of the departments have a replacement schedule.
- 4) LF071316-03 – Acknowledge Report on Retail (on-off sale) Malt Beverage Licenses Eligible for Video Lottery
- 5) LF071316-04 – Resolution No. 2016-050A Resolution Fixing Time and Place for Hearing on Assessment Roll for a Business Improvement District 2016

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- 6) LF071316-05 – Resolution No. 2016-052 Resolution Declaring Miscellaneous Personal Property Surplus
- 7) LF071316-08 – Award Contract to Ketel Thorstensen to Perform Audit of the Financial Statements of the City of Rapid City for Calendar Years 2016, 2017 and 2018

COMMUNITY RESOURCES

- 8) LF071316-01 – Laurenti moved to approve Resolution No. 2016-049 to Increase Solid Waste Clerk From .625% to One Full Time Employee. Second by Modrick. Motion carried. Laurenti asked Solid Waste Manager Karl Merbach if the position is currently open, if he intends to fill the position before the end of the year and if so will the budget need to be supplemented. Merbach explained that the position is currently open and they do hope to fill it before the end of the year. A supplement to the budget will not be necessary due to the position being open for so long they have not used any of the funds.

END OF CONSENT CALENDAR

NON-CONSENT ITEMS – Items 9 – 12

Public Comment opened – Items 9 – 12

Public Comment closed

Item No. 10 – Jafar Karim, Director of Corporate Affairs for Black Hills Corp. stated they are still assessing this proposal and at this point they do not have enough information to move forward. They are looking into how it will affect other TID's in the area including TID 77.

Item No. 10 – Kent Hagg, President of Alta Terra Development Company has a request for the reallocation of line item costs that were set forth in the original project plan and the reallocation is specifically provided for in the developer's agreement in the project plan. Please note that this is a reallocation of costs not an increase of the overall costs. There has not been an increase in the size of the district which does not reset the base of the district. The request to increase the scope of the project has been withdrawn to eliminate any confusion between the reallocation of costs and the increase which would reset the base. Alta Terra Development Company respectfully requests that this item be approved.

COMMUNITY PLANNING & DEVELOPMENT SERVICES

- 9) No. 16CA002 – Wright moved to Approve a Request by City of Rapid City for Rapid City Arts Council to Consider an Application for an Amendment to the Comprehensive Plan by adopting the Experience Rapid City Cultural Plan (Draft) *(continued from the June 15, 2016, Legal and Finance Committee meeting)*. Second by Laurenti. Motion carried. City Long Range Planner Sarah Hanzel and Pepper Massey from the Rapid City Arts Council presented a short slideshow of the Rapid City Cultural Plan Long Range Goals: Cultural Equity, Education for Creativity, Cultural Tourism/Local Audience Development, Non-Profit Organization Sustainability, Creative Economic Development, and Cultural Leadership. This program is at no cost to the City the entire bill has been covered by the Rapid City Arts Council. They have raised over \$80,000 to fund this plan.
- 10) No. 16TI003 – Wright moved to take Highway 16 Sewer - A request by Kent Hagg for Alta Terra Development to consider an application to Amend Project Plan for Tax Increment District No. 70 - Highway 16 Sewer for property generally described as being located Catron Boulevard from 5th Street to South U.S. Highway 16, then south along U.S. Highway 16 to Sammis Trail and east to the proposed Hyland Crossing Subdivision *(continued from the June 15, 2016, Legal and Finance Committee meeting)* to Council without recommendation. Second by Laurenti. Motion carried.

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City Planning Coordinator Patsy Horton presented slides containing the changes that are being proposed to the project. The proposal has changed since the June, Alta Terra has removed the previously submitted drainage pond proposal so the base will not be reestablished. This is only a reallocation of line item costs and changing of the base valuation. Laurenti asked Kent Hagg to explain the project's drainage plan. Since each project plan and development is required to have a drainage plan, he questioned why there is a change in drainage when one has to be presented for each TID. Hagg clarified that they do not propose any additional drainage ponds at this time. That request has been withdrawn. Laurenti questioned if the total cost of the TID is not changing why even submit a reallocation. Patsy Horton stated it is very common at the end of a project to adjust the line items to more consistently match what was actually expended. So in the end when it is certified if that number is lower than what was actually expended that difference is not reimbursable. Wright asked if the drainage ponds will be built but paid out of reallocated money. Hagg stated no, the ponds at this time do not have a means to which to be paid. The majority of the detention ponds have been done and they are looking for additional funds to finish the two retention ponds that were approved back in 2008. This reallocation does not include any money for the construction of detention ponds. Wright asked why if the amount of money financed and approved already by City Council why does this have to be approved again. Horton explained that the base valuation has to be re-determined if you add a project cost. By adding a new line item that was not in the original plan which is not allowed unless you re-determine the base. With the increment that we are capturing now, we lose altogether because the new base is estimated at \$30 million and it will take longer to pay off and it will effect TIF 76 and 77. Sumption stated the base has to be re-established if they add the retention ponds as a regional item on the project plan, State law says that you have to have your projects under construction in the first five years that the TID was created which this one is from 2008. Also, the City has previously adjusted line items within the project plan itself. Laurenti asked Horton if we are reallocating funds in shared areas where TID's overlap? Horton stated no, part of the sewer line was included in Buffalo Crossing. The overlapping occurs from the revenues generated from 76 and 77 go toward paying off the costs that are in front of you today. Where TIDs 76 and 77 share boundaries with 70, are there increases there because the increment from all of those need to go to 70 first? Horton replied, yes with their financing costs. There are changes here but it does not trigger a re-evaluation of the base. Wright asked if it would be possible to get some resolution from all of the parties by Monday night. Horton stated they will do their best to discuss this before the meeting. Roberts would like to know if the capital costs and interest costs changed in the project but the overall budget stayed the same. Why are the finance charges changing on the other two TIFs? Horton stated because the loan amount was approximately \$900,000 lower than the information she received in the beginning. Wright requested to have current documents from today instead of from May for Monday's City Council meeting. Patsy Horton will have them ready for the Monday meeting.

CITY ATTORNEY'S OFFICE

- 11) LF071316-06 – Wright moved to approve Introduction and First Reading of Ordinance No. 6132, an Ordinance to Modify the Procedure for Approval of Vision Account Projects by Amending Section 3.16.090(B) of the Rapid City Municipal Code. Second by Laurenti. Motion carried.

- 12) LF071316-07 – Laurenti moved to approve Introduction and First Reading of Ordinance No. 6133, an Ordinance to Update the Contracting Authority Delegated to Department Directors by Amending Section 3.04.090 of the Rapid City Municipal Code. Second by Wright. Motion carried.

ADJOURN

There being no further business to come before the Council at this time, motion was made by Laurenti, second by Wright and carried to adjourn the meeting at 1:33 p.m.