

PROCEEDINGS OF THE CITY COUNCIL
Rapid City, South Dakota

August 24, 2016

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Rapid City was held at the City/School Administration Center in Rapid City, South Dakota on Wednesday, August 24, 2016 at 6:30 P.M.

The following members were present: Mayor Steve Allender and the following Alderpersons: Ritchie Nordstrom, Darla Drew, Jason Salamun, Charity Doyle, Brad Estes, Amanda Scott, Steve Laurenti, and Lisa Modrick and the following Alderpersons arrived during the course of the meeting: NONE; and the following were absent: Jerry Wright and John Roberts.

Staff members present included: Finance Officer Pauline Sumption, Deputy Finance Officer Tracy Davis and Administrative Coordinator Heidi Weaver-Norris.

Mayor Allender acknowledged that he released answers to council and media this afternoon. He said each council person's name was listed along with their question and his answer. He went over all the questions and answers submitted by each council person. He stated that the priority based budgeting software was not completely ready yet. Once the software is running, the scoring will make more sense.

President Estes asked each council person who submitted questions if they got the answers they needed or if they had any follow up questions. In response to a question from Nordstrom regarding the Budget Analyst position, Mayor said they are moving forward on that position. He said he has a description drafted but it hasn't been graded yet. Salamun suggested we look at other municipalities to see how they run their Humane Society. In response to a question from Salamun, Mayor stated that priority based budgeting is a scoring system that asks many different questions and the answers are weighted which creates the priority in the budget. Mayor said he would send out scoring sheets and it would make more sense when they can see the sheets. Laurenti said he would need more information before he'd agreed to the budget. He stated he is the liaison for the Humane Society and feels that public safety should be the number one priority. He said the cost of services for them is \$518,000, yet they were budgeted \$278,000, the same as last year. He doesn't understand why the Humane Society doesn't receive more funding but the golf course has an increase of \$80,000. Since both are under evaluation, why is the golf course receiving a budget increase when a critical service, like animal control, gets the same allocation as 2013. In response to a question from Laurenti, Mayor said that the Humane Society requested the amount of \$278,000 in their agreement with the City (under Proposal A) from March of 2016. Mayor indicated that there is still four months left to negotiate the contract and he is hopeful that all parties will be satisfied when it's over. Laurenti doesn't think the Humane Society should even be on the evaluation list because their organization is involved with public safety. Laurenti would have liked to see a cost comparison of hiring out services in water versus hiring new FTE's. Laurenti does like the direction and discipline with the budget and appreciates the Mayor's efforts but needs answers to these questions before he will be satisfied with the budget. Doyle said it's been an interesting process and a nice change going through the budget this way. In response to a question from Doyle regarding the \$1 million dollar SAFER grant that the fire department is receiving, the Mayor said there would be no adjustments made to the budget at this time. However, he needs to read through the grant documents more clearly to give a definite answer. The mayor clarified that if a

substantial change is made between the first reading and second reading then the first reading would have to be done over. The burden is on the City as to what "substantial" means.

Sumption said she was contacted by the airport and was informed that the airport and the fire department had negotiated that the airport would cover additional costs for 1.5 FTE's at the fire station. So at some point they will need to add \$124,789 to the airport fire station budget.

President Estes suggested they could have first reading tonight and get remaining questions answered between now and second reading. Laurenti said he felt there were a lot of questions still unanswered and they shouldn't even consider first reading at this point. He said there are a large number of FTE's and the council needs a better explanation of why they are needed and if they are cost effective. He does not want to waste the tax payer's money.

Scott said she had very specific questions to the budget and since she just got the answers this afternoon, she will need to review those to see if all of her questions were answered adequately. She is in favor of Priority Based Budgeting. She said she liked the Mayor's projection of 2017 being the year of change. They will gather the information, readjust thinking and take care of priority items, primarily in the general fund. She said there are only so many funds that make up the general fund revenue which are: property tax, sales tax, and fees which include permit fees. In previous years they have relied upon undesignated cash to balance the budget. Scott recalled Sumption stating every year that undesignated cash is not a revenue source. Scott has a problem with passing an ordinance where undesignated cash balances the budget. She said Department Directors need to spend the money that is allocated to them. She proposed doing a 6% reduction from each department in order to not use \$3 million dollars in undesignated cash to balance the budget. She suggested the Mayor remove \$50,000 allocated to City Council contingency because they would use undesignated cash anyway. She is asking her peers not to balance the budget with undesignated cash.

Modrick thinks the budget was well thought out and explained. Line items were detailed and justified. She is happy that there are no tax increases. She said there has been a summary request on every single FTE and they are justified. She thinks the City has held back on FTE's and the need for them is there. She said the numbers are appropriate and feels it's a good budget. She thinks 6% across the board is radical and unfair. She doesn't think anything needs to be changed. In response to a question from Doyle, Mayor said he went back to 2007 to look at historical data regarding undesignated cash and every year it has been used to balance the budget. He said the trend since 2013 is showing an increase in undesignated cash to balance the budget. He believes it's too high and the trend is bad. He said action needs to be taken now. He can't explain why the budget has never been balanced without undesignated cash in the past ten years.

Doyle thinks this is a good budget. She said the impact analysis using 6% across the board is not equal. She would need to see the impact on each department before she would consider an equal cut to every budget. In response to a question from Doyle, Mayor said there are two options: we go in and cut the bottom line figure and see how it goes and come back at the end of the year and ask for supplemental appropriations; or make a cut that we intend to sustain for the rest of the year. He said we are at \$3.5 million using undesignated cash and on an upward trend. Traditionally we run the numbers and fill in the gap with undesignated cash. Starting next year, they can commit to a dollar amount of undesignated cash that will be used and stick to that and adjust from there.

Salamun said he would like to propose that the Humane Society be taken out of the evaluation process as one of the potential agencies that could be cut. He does not think the 6% cut across the board is fair. Crime is the biggest burden on the community. It doesn't make sense to take money away from the police department. In response to a question from Salamun, the Mayor stated that the Council members are ultimately who decides what the priorities are in the City of Rapid City. He said he hoped they would come to an objective conclusion. The Council then needs to do to subjective analysis. Salamun said the Council needs to ask themselves what their priorities are and get those in order. He is not in favor of a 6% across the board cut.

Nordstrom said the suggestion of a 6% cut is too dramatic. He does not want the citizens to think this is an emergency situation because it isn't. The Council needs to get the budget done by October 1st and there is not enough time to debate the 6% cut. He said that it's not appropriate to make that change. He stated that supplemental appropriations would come from undesignated cash anyway. He is comfortable with the budget and the direction the Mayor is taking it with Priority Based Budgeting. He said the seven agencies up for evaluation shouldn't be fearful of this process, but look at it as an opportunity. He has confidence in the evaluation process and knows the Council will make the right decisions regarding these agencies.

Drew stated that a budget is their best guess. She thinks the number of FTE's is large and needs more justification on why all of them are needed. She doesn't think the score cards are very enlightening. She said the Council seems to each have their own priority and hers is more arts and culture. But she believes the budget is fair and can support it as it is.

Laurenti asked the Council to reconsider the 6% cut and pull back all undesignated cash from all the departments and have them come to the Council with supplemental appropriations. He said if the request makes sense, then the Council will approve the request, if not, then they won't. It puts accountability on the council members. Laurenti stated that he had a question for the Humane Society. Estes said they were not having presentations this year. Laurenti again said he had a question for the Humane Society. Estate said he could direct his question to the Mayor. He said through the entire budget process, they did not invite anybody else. Laurenti said he understood that but he has a question about the Humane Society's budget and wants to help the Council to understand that they are being earmarked for \$278,318 and this is not a subsidy, it is a contract for services for public safety. Laurenti said they have always had people answer questions. Estes said they have not published or scheduled anyone to speak. Laurenti asked Estes if he needed to make a motion to have a question answered by the Humane Society. He advised Laurenti that he'd have to make a motion to allow a presentation by the Humane Society at a future meeting. Laurenti said he did not want a presentation. He wanted to ask a question. He said they were the best source to answer the question. Estes said there was a process. Laurenti stated there was no process communicated to him or the Council that they couldn't ask a question of an individual of the public. Estes said the process was established at the last meeting. Laurenti said he disagreed. Estes said that's fine. Laurenti stated he wanted to be shown where it says that he can't ask a question. He said nobody here (pointing to the Council) can answer his question. Laurenti asked why he couldn't ask his question. Estes said that has not been the way this budget hearing has preceded. Laurenti said it was exactly how the hearings have proceeded. Estes said that's how they were in the past. Estes said the Mayor said at the first meeting that if Council had questions, he wanted them directed to him. Laurenti said the Mayor cannot answer questions for the Humane Society. He said he would ask one last time if he could ask his question to the Humane Society. Estes said as it stands right now we are not taking public testament. Laurenti asked if there were ground rules sent to them. Estes said the ground rules were to send the questions in writing to the Mayor and he would answer them. Estes said the question should have gone to the Mayor. Laurenti said the Mayor tried to

answer but the answer was insufficient. He said the best people to answer his question are the Humane Society. He said there were no ground rules written or sent to the Council. Nordstrom asked a parliamentary question that if Laurenti wanted to put the Humane Society on the next agenda for a presentation that he would support that. Estes said it would be the only fair action to take so that other organizations would be allowed to speak as well. Laurenti said it's fair because this was a publicly published meeting and met the requirements by the State. He said the Humane Society was here tonight and if any other group that was getting money from the City wanted to be here tonight, they could be and they could be asked questions as well. He said there was equal opportunity for everybody from the public to come tonight. Doyle asked that Laurenti be allowed to ask his question. Estes asked that a vote be taken on Laurenti asking a question of the Humane Society. Motion was made by Doyle, second by Scott to allow Laurenti to ask the Humane Society a question. Motion carried 7-1. In response to a question from Laurenti, Ron Sasso said the Humane Society is still on 2012 funding. Their expenses have continued to rise, minimum wage has risen, and building expenses have gone up significantly. Between the animal services enforcement expenses and the facility expenses, they don't have enough funds to cover expenses. He said the City is 63% of the service calls. He said the Humane Society has raised \$139,000 in the last six months and they are exploring Vision funds for other expenses. Laurenti wants to close the gap between the cost of services and revenue. He wants to increase the Humane Society's budget by 20% and decrease the golf course budget by the same amount.

In response to a question from Doyle, Sumption said it typically takes 60-90 days from start to finish for a supplemental appropriation to be passed and effective. Doyle wants to equip the departments now instead of having them ask for money later through a supplemental appropriation.

Motion was made by Salamun, second by Modrick to approve First Reading, Ordinance 6142 FY2017 Appropriation Ordinance. He believes passing the ordinance is the most efficient way to serve the citizens, prolonging the process is a disservice. Nordstrom said he would support the motion. He thinks if the Council does the 6% cut across the board it will send out a bad message. He is afraid that if they do the 6% cut that some departments will come back more often than others for supplemental appropriations and it will look like Council is showing favoritism if they approve their requests.

Nordstrom asked that other groups get a fair chance to speak if the Humane Society is going to get to speak. Estes told the Council that if they want to hear from everyone then they better make themselves more available for hearings because every group will want to speak. Laurenti made a friendly amendment to include the 20% increase to the Humane Society, and taken from the subsidies from the golf course and allow Public Works to decide which fund the amount comes from. Friendly amendment failed due to lack of a second. He wants the golf course to increase fees but they have refused the last three years. He does not want to subsidize the golf course anymore. Modrick called the question. Calling the question failed 7-1 with Modrick voting yes. Amendment to the motion was made by Nordstrom, second by Salamun to increase the airport budget by \$124,789 as indicated by the Finance Officer earlier. Motion passed 8-0 to amend the motion. Motion carried as amended 6-2, with Scott and Laurenti voting no.

Sumption read in South Dakota state statute SDCL 9-8-10 which states that majority vote of the council as a whole is required to pass an ordinance. Because the Council is ten people, it would require 6 votes to pass as the majority. Laurenti made a motion for another hearing on August 31 or September 7 and there was no second. Therefore, second reading will be on the September 6, 2016 regular City Council Agenda.

There being no further business to come before the Council at this time, motion was made by Scott, second by Laurenti and carried to adjourn the meeting at 8:56 p.m.

Dated this 24th day of August, 2016.

ATTEST:

Finance Officer
(SEAL)

CITY OF RAPID CITY

Mayor