

MINUTES
CAPITAL IMPROVEMENTS PROGRAM COMMITTEE
10:00 A.M., November 18, 2016

A Capital Improvements Program Committee meeting was held at the City/School Administration Center in Rapid City South Dakota, on Friday, November 18, 2016 at 10:00 a.m.

The following members were present: Mayor Steve Allender, Ritchie Nordstrom, John Roberts, and Charity Doyle; the following members arrived during the course of the meeting: Jerry Wright and Brad Estes; and the following were absent: None.

Others present included: Finance Officer Pauline Sumption, Deputy Finance Officer Tracy Davis, Acting Public Works Director Dale Tech, Fire Chief Mike Maltaverne, IT Director Jim Gilbert, Parks and Recreation Director Jeff Biegler, Planning Commissioner John Brewer, Assistant Fire Chief Rod Seals, Parks & Recreation Landscape Architect Alex Desmidt, Public Library Representatives Jim McShane and Sean Minkel, Compliance Specialist Cassie Furchner, Police Chief Karl Jegeris, Community Resources Director Jeff Barbier, Finance Administrative Secretary Paula Arthur and Administrative Coordinator Heidi Weaver-Norris.

ADOPTION OF AGENDA

Motion was made by Doyle, second by Roberts and carried to adopt the agenda.

CONSENT ITEMS -- Items 3 – 8

Motion was made by Doyle, second by Roberts and carried to approve Items 3-8 as they appear on the Consent Items.

3. **Approve Minutes** for August 19, 2016
4. **Next Meeting:** Friday, December 16, 2016 @ 10:00 a.m./3rd Floor WEST Conference Room
5. No. CIP111816-03 – Capital Plans for **Government Facilities** – (Fire & Emergency Services, Parks & Recreation, CSAC)
6. No. CIP111816-04 – Capital Plan for **Fire Vehicles**
7. No. CIP111816-05 – Capital Plan for **Parks & Recreation**
8. No. CIP111816-06 – Capital Plan for **Information Technology**

NON-CONSENT ITEMS

Nordstrom asked that the summary be addressed for item (No. CIP111816-01) - **Financial Reports** (Contingency, DCA Charges, Matching Grants, Penn Co Loan). Nordstrom stated he wanted to bring attention to numbers in parenthesis on the right (for streets and government facilities). The deficit amount for Streets currently shows (\$107,531.64) and the deficit for Government Facilities is (\$122,025.72). In reference to the Streets deficit columns for 2016 and 2017 are negative but the column for 2018 is in the positive. The numbers for these items eventually balance out on the 5-year plan. Sumption said in the end it's in the positive and they always know there will be some carryover. Furchner said there is a change every time the City awards a project or when change orders are submitted. In reference to the Government Facilities deficit, Sumption advised that this is due to the Transit building upgrades. A supplement will be needed for the entire cost of the project, with grant revenues offsetting it, instead of just the City's share, which was originally budgeted. **Motion was made by Wright, second by Doyle and carried to acknowledge.**

Tech presented the (No. CIP111816-02) Capital Plan for Streets, Drainage, MIP Projects calling attention to the September report for bid award updates. The October report shows the addition of Elm Avenue and changes that were made to fit the construction. In response to a question from Wright, Tech said this is just CIP funding, this does not include all other revenue sources. Tech said Pennington

County will be working on Deadwood Avenue North. He said numbers were worked out to partner with Pennington County to do the resurfacing project. In response to a question from Wright, Tech explained that blue highlights were additions and yellow highlights were in the plan but had to be moved around. Tech explained that Council directed them to go to CIP for additional funding in order to fund Elm Avenue. In response to a question from Wright, Tech said there is not any undesignated cash not being used in the CIP for any other projects. Sumption referenced the April mother sheet showing there was approximately \$1 million dollars left in undesignated cash in CIP. Wright asked Sumption if the mother sheet could be revised for the next meeting to see how much cash is left to finish these other projects without delaying them. Sumption thought that either Elm Avenue or Deadwood Avenue could be funded but not both. Estes asked if the City has used their own cash reserves to create their own TIF. Sumption said the City has done their own TIF's before and used TIF 42 as an example. Sumption stated it's not the preferred method. Wright said he'd like to put it back on the table. Doyle said that the motion from Council was for no TIF. Wright would like to get some original money back in the program and other projects back on schedule. **Motion was made by Wright, second by Doyle to approve Capital Plan for Street, Drainage and MIP Projects.**

DISCUSSION ITEMS

Nordstrom brought forward item (No. CIP111816-07) CIP Supplemental Discussion for better understanding of how the process works. Sumption stated that the CIP committee approves carry over amounts and those go to Council as a supplemental appropriation. When the City received nearly \$6 million from the State last year for STP funds, the City bought the property on Maple Avenue with it out of that fund and then they decided the best way to track it was not in the general fund because it's very easy to get lost. They wanted to protect and preserve that cash for the purposes it was intended so they moved that over to the CIP fund. It was in the budget supplemental as one lump sum but they did not do it all at once because they didn't want the general fund to take the hit of \$5 million dollars in one month. She didn't want people to get unnecessarily excited about it so they did a little over \$500,000 the first time and \$500,000 per month every month since then. So they have two more months to take care of it in November and December and then all of that will be transferred over to CIP. They bring those items to CIP for the committee's attention, not for permission but for awareness. In response to a question from Doyle, Sumption said she only evaluates for the government facilities items. But in the case of Public Works, they don't designate the money to a certain project every year. Money is not automatically designated to the next project, it's just carried over. Wright stated the jurisdiction of this committee is strictly in the ½ cent program. Sumption said the funding is called consolidated construction. Wright wants to clarify how "this" is explained to the Council. He thinks CIP funding is confusing and it needs to be made more clear. Sumption agreed that funding needs to be more clear to Council. Sumption stated that STP funds are in CIP, Wright said they are not CIP money, Sumption said it is grant money and it does go through CIP. Tech said that all other capital improvement funding goes through the regular City budget. He said reports are set up to show projects moving forward that have funding. He said his department has needs that outreach their funding. Sumption stated that the TYLER contract management modules need information to be inputted in order to be effective. Estes suggested getting a SDSMT student in to do a live spreadsheet in real time. Sumption said the spreadsheet is only as good as the person entering the data. And if they aren't inputting the data it isn't going to help anyone. Estes feels that some money is held too long and the City is not using the taxpayer's money to its full potential and effectiveness. **Motion was made by Wright, second by Estes and carried to acknowledge discussion.**

Mayor Allender asked to speak on Item (No. CIP111816-08) to Address CIP Funds. He asked to discuss how to get more buying power in the CIP fund. He thinks the committee and city policy should narrow the scope of the use of CIP funds. He said infrastructure is the most common thing that needs fixed. He said the City does not have the ability to fund infrastructure needs because they are spending the money elsewhere. In the CIP fund specifically, the additional ½ cent, is seen as the easy place to go when the departments can't fund things themselves. He said an example would be vehicles such as fire trucks. He believes it's an unnecessary burden on the CIP fund. He would like to work on a 5-7 year plan to start

reducing the demand on CIP and building up the budgeting within the departments. He said its taxpayer money from a different designated source. It would add money to the general fund budget. He said they are counting on priority based budgeting to find the money. When we can start lessening the burden on CIP, then the City eventually gets to the point where there is more buying power. He said there is no plan but to take the first small steps when they start the 2018 budget. In response to a question from Nordstrom, the Mayor said the reoccurring costs should be looked at first. He said if there is annual need for something it should be in the annual budget, it should not be in the CIP budget. He believes the focus needs to be more on infrastructure than anything else. Capital improvements were outlined to be used for specific items and now it's become something more. Doyle said her understanding of making the fire truck payments were because they couldn't have that much carryover. The Mayor said the capital outlay reserve should be used for items such as fire trucks. He believes the goal should be, to put the burden in the annual budget allocation. Wright said that the Council needs to support the Mayor's quest to do this. Wright said that prior Council's haven't been in favor of raising property taxes to pay for any of these items, that's why they have got stuck in programs like CIP. He said a 6% increase in property taxes would pay for most of the City fleet needs for Streets and Fire. Wright said tough decisions have to be made on the part of Council in order to the support the Mayor. In response to a question from Maltaverne, Mayor said that the money for these fleets is already here, it just needs to be reprioritized. We need to stop spending money on lower priority programs. But it is based on the economy and if there are any glitches, it sets the whole plan back. No department, no matter what funds, is guaranteed anything. The Mayor said that if there is a recession, we need to look at personnel not equipment or training when it's time for cost saving. He said it's the most cost effective way to reduce funds as seen from the private sector. He said that we are not caught up from the 2010 recession. In response to a question from Doyle, Sumption said property taxes could be raised in regards to CPI or 3%, whichever is less, plus growth plus claw back, not to exceed a total of 10%. However, Doyle said CIP is not the right forum for property tax discussion. Estes is anxious to see what programs people want to cut in order to achieve this priority based budgeting goal. **Motion was made by Doyle, second by Wright and carried to acknowledge discussion.**

ADJOURN

There being no further business to come before the committee, motion was made by Wright, second by Estes and carried to adjourn the meeting at 10:54 a.m.