May 17, 2016

Rapid City Common Council
300 6th Street
Rapid City, SD 57701

Re: Soccer Loan Forgiveness

Dear Members of the City Council:

During the City Council meeting held April 18, 2016, the City Council approved forgiving a loan balance of up to $550,000 for lighting improvements at the Black Hills Soccer Federation soccer fields. I spent more than a week struggling with the possibility of vetoing this action.

The soccer fields have been in discussion for over 10 years and serious planning and progress has taken place since 2012. I am not questioning the value of the soccer fields to Rapid City, its citizens and our economy. The soccer field concept was vetted through the Vision Fund process and ultimately approved as part of a public/private partnership. The Vision Fund committee originally committed $3.8 million to this project with the understanding that an additional $2,000,000+ would be raised privately. The Soccer Federation has done a remarkable job by championing one of the most successful fund drives in recent Rapid City history.

Since only a project concept is introduced in the Vision Fund process, the exact dollar estimates for construction cannot be achieved until design and engineering are complete and sometimes these estimates are allowed to age for up to five years prior to the start of a project. This has become typical on Vision projects and in the case of the soccer fields, these overruns have led the City Council to award $4,680,500 in Vision funding thus far.

Recently, the soccer group indicated a desire for lighting on eight of the soccer fields rather than four fields as originally proposed. The additional lighting, which realistically is an expansion of the project, will result in approximately $400,000 of additional funding. The soccer group came to the City Council looking for funding options and were granted a loan for up to $550,000 for the additional lighting.

At the April 18, 2016 Council meeting, a lone City Council person proposed the loan be forgiven. Alderman Weifenbach stressed, and there is every reason to believe, that he was not asked by the Soccer Federation to bring this item forward for council approval.

My initial concerns in reviewing the council action, was that the loan itself and the subsequent forgiveness were outside the typical and articulated process concerning Vision Funds. In researching various Vision Fund projects, there are cases where project concepts have changed in size and scope after being approved. In those cases, it was the City Council that
approved the expansion of scope and cost. Although that particular process appears to be haphazard, and ultimately creates an environment where cost overruns are typical, it is a practice that has been used by the City Council, as recently as the Horace Mann swimming pool project.

My second concern was based on South Dakota codified law 9–8–10:

**Recording of votes by councilmembers-number of votes required for action.**

"The yeas and nays shall be taken up on the passage of all ordinances and on any proposal to create a liability against the first or second class municipality or for the expenditure or appropriation of its money, and in all other cases at the request of any member, which shall be entered on the Journal of its proceedings.

*It shall require a two thirds vote of all the alderman to sell any city property."

Simply stated, this state statute requires that "a majority of all the aldermen" is required to spend taxpayer funds. If you remember, the vote was called and resulted in 5 in favor and 3 against. It is my belief after speaking with the City Attorney that the liability to the City occurred when the Council agreed to the loan as opposed to forgiving the loan, so an issue of an improper vote cannot be easily made. There was in fact, a majority vote on the issuance of the loan.

The reason only eight members of the Council voted is that Charity Doyle abstained due to her close relationship with the Soccer Federation, and John Roberts was late to the meeting.

My analysis of the situation follows:

In the beginning, the Soccer Federation asked for Vision money but offered to raise a substantial amount of the funds needed to complete the project. I believe, starting with the initial Vision Fund meeting and throughout the process, a message was inadvertently created that suggested the soccer fields was a private project. The group's fundraising efforts certainly solidified their position as the name and face of the soccer field project and this probably reinforced the initial message. To flash forward to recent history, the City Council giving the Soccer Federation a loan (as opposed to additional award) again reinforced the message. Similarly, when the loan was forgiven, the message was again reinforced.

My research into past Vision projects indicates that a typical Vision project would simply come back to the council and ask for more funds when they needed them and an additional award would be made; there's a history, and a precedent for this concerning Vision projects. Somehow, through the inadvertent messaging and resulting perceptions, this procedure was made unavailable to the Soccer Federation so they asked for and received a loan instead.

The above issue does not give justification for a veto. If I were to veto, only the Soccer Federation would be punished and the veto would not correct what I believe are sloppy funding procedures.

State law requires six votes to spend taxpayer money. I contemplated vetoing this issue based on that fact alone. The fact of the matter suggests if I were to veto the measure because of a possible procedural mistake, or to punish sloppy funding practices, only the Soccer Federation would be punished; I am relatively certain the council would not award six votes if the issue
were to come back to the table. I believe the confusing message sent at the onset of this project has polluted the thought pool and this, or funding procedures could not be corrected with a veto.

I believe the problems at the core of this issue are communication and policy.

I do not believe the Soccer Federation’s project has been properly communicated. Whether that failure is on them or on the City, the City must claim responsibility for this. It is our process, our Vision Fund, our soccer fields, and most importantly our responsibility to take care of tax payer money.

I also believe that had Alderman Weifenbach chose to build a team prior to adding the item to the agenda, this debacle may have been avoided. As it stands, Alderman Weifenbach was viewing the Vision Fund project and process correctly, and most of the rest of us were viewing it incorrectly. His attempt to correct this by simply adding the item on the council agenda may have added to the division of the Council and the interested segment of the community.

My recommendation is to conduct Vision Fund policy review and take steps that will ensure a more careful and deliberative process is undertaken.

If you have questions or would like to discuss this issue further, please let me know.

Sincerely,

[Signature]

Steve Allender, Mayor
Rapid City, South Dakota

Cc: Rapid City Common Council