

MINUTES
CAPITAL IMPROVEMENTS PROGRAM COMMITTEE AGENDA
10:00 A.M., February 17, 2017

A Capital Improvements Program Committee meeting was held at the City/School Administration Center in Rapid City South Dakota, on Friday, February 17, 2017 at 10:00 a.m.

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

Others present included: Finance Officer Pauline Sumption, Deputy Finance Officer Tracy Davis, Acting Public Works Director Dale Tech, Interim Fire Chief Rod Seals, IT Director Jim Gilbert, Parks and Recreation Director Jeff Biegler, Landscape Architect Alex DeSmidt, Compliance Specialist Cassie Furchner, Operations Management Engineer Rod Johnson and Administrative Coordinator Heidi Weaver-Norris.

ADOPTION OF AGENDA

Motion was made by Wright, 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 December 16, 2016
4. Next Meeting: Friday, April 21, 2017 @ 10:00 a.m./3rd Floor WEST Conference Room
5. No. CIP021717-03 – Capital Plans for Government Facilities – (Fire & Emergency Services, Parks & Recreation, CSAC)
6. No. CIP021717-04 – Capital Plan for Fire Vehicles
7. No. CIP021717-05 – Capital Plan for Parks & Recreation
8. No. CIP021717-06 – Capital Plan for Information Technology

NON-CONSENT ITEMS – Items 9 – 11

Nordstrom read in item (No. CIP021717-01) Financial Reports (Contingency, DCA Charges, Matching Grants, Penn Co. Loan) Davis stated the reports are for the end of December 2016. She said the total uncommitted budget is \$1.2 million. In response to a question from Wright, Tech said that \$6 million in future money is state money from DOT for reconstruction of E. North Street and East Blvd. Motion was made by Doyle, second by Roberts and carried to approve.

Nordstrom read in item (No. CIP021717-02) Capital Plan for Streets, Drainage, MIP Projects. Tech said there were normal updates on the report and they will start talking about the next 5-year plan during the next meeting in April. In response to a question from Wright regarding the report showing \$45 million in urban systems, Tech said that was not correct and that number needed to be updated. Furchner excused herself from the meeting to get the report corrected. The committee agreed to return to this item after they get the corrected report.

Nordstrom read in item (No. CIP021717-07) CIP carry forward from 2016. Davis directed everyone to her memo with the breakdown of all of the different projects. The carryover amount is \$18,223,144.00. Sumption stated that Streets, Drainage and MIP is split between CIP funds and STP funds that make up the \$14 million. In response to a question about roof replacement, Davis said that figure is for Public Works annual projects. In response to a question from Wright, DeSmidt said their funds are being carried forward to 2018 to do remodel, addition and repave at the Cemetery all at the same time. Motion was made by Wright, second by Doyle and carried to approve.

DISCUSSION ITEMS – Item 12

Sumption addressed item (No. CIP021717-08) Sales Tax Projection and 5-Year Plan Discussion. She stated the sales tax increase is a .63% between 2015 and 2016. Typically in CIP they budget 3% increase every year. She stated she went back to 2%, which leaves less than \$500,000.00 in undesignated cash / reserves at the end of the 5-year plan. She normally likes to have \$1 million in reserves. She said that nothing needed to be decided today because they will start working on the next 5-year plan at the April meeting. She asked the committee if they wanted to look at also changing the annual increases in the projects that are already budgeted on the spreadsheet. They used to do 3% on top for revenue and 3% below on projects and if they change it 2% on top and stay with 3% below, eventually they will run out of money. Wright said the costs of projects should be adjusted by inflation. Tech said he builds that into Streets CIP. Seals said inflation is built into fire apparatus on their end. DeSmidt said they maintain a separate contingency of 5% of their total, which is currently \$50,000 per year. Sumption said she could get reserves up to \$1 million if they took out the matching capital grants funds. She said no one even asked for those funds in 2016. Sumption also said they could think about removing Contingency, but she does not advise to remove both. Tech said in the last three months the bid prices have gone down. He has no idea where that trend is going to go. Sumption said the current CPI for 2016 is not out. Wright said CPI is used for retail products. Sumption said another thing to think about is that Amazon is coming online in February and we should get some of the first payments soon. She will have a better idea of sales tax in April and they should continue to monitor it. She would not have predicted ending 2016 so low. Doyle said a lot of things are happening outside of our area that impact our economy that we don't see directly. Johnson suggested getting projects designed and holding off on the bids. Wright said we don't want to do long-term harm by cutting too drastically. Motion was made by Doyle, second by Wright to acknowledge the discussion.

Nordstrom called attention back to Item 10. Furchner said the new total for urban systems was \$16 million. She said it didn't change the overall dollar amounts in the summary. Wright stated they need to talk about how to fund the maintenance of Main & St Joseph. This is very expensive infrastructure and we are way under budget. Sumption stated that they have talked before about their hands being tied and the only way to get funding in the current state is to have a street maintenance assessment. She doesn't think the public would support it. She said even if property taxes were increased it wouldn't be enough anyway. If the street assessment was done, that money could only be used for streets and nothing else. Wright said that other states have a gas tax and South Dakota doesn't. It will take a lot of political will to get money for these projects. Motion was made by Doyle, second by Wright to approve CIP021717-02 with the new totals.

In response to a question from Nordstrom, Gilbert said if they cut back, they will move things out a little bit. Costs seem to be going down. Johnson said the new maintenance building has turned out great and is good for morale. He also noted that City workers have started work repairs at the Minneluzahan.

ADJOURN

There being no further business to come before the committee, motion was made by Doyle, second by Roberts and carried to adjourn the meeting at 10:36 a.m.