

LEGAL AND FINANCE COMMITTEE MINUTES
Rapid City, South Dakota

March 15, 2017

A Legal and Finance Committee meeting was held at the City/School Administration Center in Rapid City, South Dakota, on Wednesday, March 15, 2017, at 12:30 p.m.

A quorum was determined with the following members answering the roll call: Jerry Wright, Lisa Modrick, Steve Laurenti and Amanda Scott (arrived at 12:36 p.m.) Absent: John Roberts

(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 Laurenti and carried to approve Items 1-15 as they appear on the Consent Items with the exception of item numbers 3, 13, 14, and 15.

- 1) Approve Minutes for March 1, 2017

FINANCE DEPARTMENT

- 2) Acknowledge the Following Volunteers for Worker's Compensation Purposes: Shanea Hardwick, Jacob Restemayer, Thomas Tyran, Alyn Gravatt
- 3) LF031517-01 – Community Resources Director, Jeff Barbier would like to remove number 10 on the assessment roll. There was confusion whether she had one or two bills. She actually had two, so he would like to remove that from the assessment roll and the Finance Officer has agreed to waive the \$100 late fee so her remaining balance will be \$87. An amended resolution will be ready for Monday night. Modrick moved to Approve Resolution No. 2017-012B a Resolution Levying Assessment for Cleanup of Miscellaneous Property. Second by Laurenti. Motion carried.
- 4) LF031517-02 – Approve Resolution No. 2017-014B a Resolution Levying Assessment for Cleanup of Miscellaneous Property
- 5) LF031517-03 – Approve Request for Property Tax Abatement as Follows: Black Hills Corporation, 2016, \$13,250.72; Black Hills Corporation, 2016, \$64,827.22 (Total for City of Rapid City: \$78,077.94)
- 6) LF031517-04 – Authorize Mayor and Finance Officer to Sign Electric Cooperative Agreement with West River Electric Association and Black Hills Electric Cooperative for FY2018
- 7) LF031517-05 – Acknowledge January 2017 General Fund Cash Balance Report
- 8) LF031517-07 – Approve Resolution No. 2017-025 a Resolution Writing Off Uncollectible Account Receivable Accounts (Parking Violations)

March 15, 2017

- 9) LF031517-14 – Acknowledge January 2017 Sales Tax Report

COMMUNITY RESOURCES

- 10) LF031517-08 – Approve Resolution No. 2017-020 a Resolution to Create Position of Parks and Recreation Electrician
- 11) LF031517-10 – Approve Resolution No. 2017-022 a Resolution Authorizing Staff to Consolidate Existing Employee Policy Resolutions into Employee Policy Manual

HISTORIC PRESERVATION COMMISSION

- 12) LF031517-09 – Authorize Submission of the Historic Preservation Commission Certified Local Government Grant Application for 2017-2018 and Receipt of Funds Associated with the Grant

CITY ATTORNEY'S OFFICE

- 13) LF030117-02 – Laurenti asked Finance Officer Pauline Sumption to narrow down the TIF costs not related to infrastructure. He knows there was also concern about the professional fees as to the total TIF. Sumption states she has not looked at the percentage of professional fees that are applied to infrastructure. In looking at it now, it looks like they are requesting \$118,000 in professional fees and the total expense for the project costs are around \$1.4 million which is approximately 10% which is reasonable in her opinion. Phase 1, they have about \$187,000 in professional fees that they are requesting and their project cost is around \$1.8 million which is also approximately 10%. Sumption stated that Patsy Horton has thoroughly gone through the certifications for TID 38 and we are waiting for some information to come back from the developer before we know what the final numbers will be. As Horton is going through those invoices, she is looking to see if it is within the TID boundaries and if it is for approved project costs. So anything that is not within the TID boundaries or not for approved project costs, will not be including in the certification. Laurenti moved to send Authorize Mayor and Finance Officer to Sign Second Amended Contract for Construction of Public Improvements Through Private Developer Tax Increment District Number Thirty-Eight Between Heartland Retail Center LLC and City of Rapid City (*continued from the March 1, 2017 Legal and Finance Committee Meeting*) to council without recommendation. Second by Modrick. Motion carried.
- 14) LF030117-03 – Laurenti moved to send Authorize Mayor and Finance Officer to Sign Third Assignment Agreement for Tax Increment District No. 38 Between the City of Rapid City, Heartland Retail Center, LLC, and CorTrust Bank (*continued from the March 1, 2017 Legal and Finance Committee Meeting*) to council without recommendation. Second by Modrick. Motion carried.
- 15) LF031517-13 – Laurenti asked City Attorney Joel Landeen to speak on this item regarding the possible changes to the agreement prior to Monday night's meeting. Landeen explained that this has been set up as a lease because if Summer Nights for some reason ceased to use the stage, since the taxpayers paid for it, the City would be able to retake possession of the stage and use it for community purposes. By having the City hold the title to the stage was the easiest way to secure the City's interest in it. It prevents them from putting any liens on it or taking any loans on it that would impair our ability to repossess the stage. It also saves them a little bit because we can license it cheaper than they can. Summer Nights will store it, maintain it and they will also insure it for loss and have it covered under their general commercial liability policy. They did want an opportunity at some point to own it outright. Currently, it is listed in the agreement as after five years. Landeen asked for input from the Committee whether or not this is a sufficient time period. Landeen is hoping to push for a longer lease period or at least an option for the City to repurchase it at the cost of what they paid, if they cease to use it. Landeen would feel more comfortable corresponding the lease term to the amortization. He is having discussions with Summer Nights representatives and hopes to have more information on Monday night. Laurenti asked Sumption if she has any idea how long the lease typically would be on an item like this. Sumption suggested a 7-10 year

March 15, 2017

amortization. Laurenti supports that and would like to see them take possession at that point. Scott asked Landeen if this lease is similar to a Parks and Recreation lease where after the five years it automatically renews or it is a time to renegotiate it. Landeen stated that was their initial proposal and that is why it is in there now. Their concern is the stability and not having the rules change in five years when there is a new council in place. They would like a long term lease to secure their interest in it and have the option to generate revenue from it. Laurenti moved to approve Purchase of Stage with Vision Funds for Use by Rapid City Summer Nights and Authorize Mayor and Finance Officer to Sign Lease Agreement with Rapid City Summer Nights for Use of Stage. Second by Scott. Motion carried.

END OF CONSENT CALENDAR

NON-CONSENT ITEMS – Items 16 - 20

Public Comment opened – Items 16 - 20
Public Comment closed

ALDERMEN ITEMS AND COMMITTEE REPORTS

16) LF031517-12 – Wright asked Dale Tech to explain the attached memo on City streets and bridges. Tech explained that City staff prepared a memo outlining the costs of infrastructure on roadways and bridges. Generally speaking we lack funding in this area. If the expectation of the community is to fix more streets, additional funding will be necessary. This report shows the actual funding available is \$13 million per year and based on general calculations made to have a replacement program on our streets we would need about \$38 million dollars per year. Wright thanked Tech for the report. Several council members have heard from constituents that our streets are in terrible shape. They want them improved, they want them maintained and repaired. We have a huge investment in our streets and we should be discussing how we can improve them. What level of service do we as a community want? We owe it as elected officials to oversee this issue. There is a shortage of funding for the streets. As a community, we need to explore how to fund it better. Scott stated that in the past the City has always concentrated on redoing the roads with City funds and not looking at a special assessment. When it comes to local roads, Scott asked Tech if we have ever explored the option of a special assessment on the adjoining properties. Tech stated it is an option allowed by State statute. In the last 20 years he cannot recall anything like that being done. Laurenti stated it has been very difficult to allocate funds. He encourages people to ask potential alderpersons what type of support they intend to give toward infrastructure and how they intend to find funding for it. He is hoping in the next round of 2018 vision funding that some City projects are included. He does not believe raising the burden on the taxpayers is the answer. Modrick stated the reality of the numbers in this memo makes it very apparent how much of a need there is to find the funding for our streets. By the study that Tech presented, the deficit is \$25.5 million a year that we need to find, fund or tax. If we consider vision funds for 2018, priority based budgeting or reallocating she believes we can hit that number. We are in a momentum period right now and catching up from decades of this being put aside. Tech wanted to add that he has explored other cities comparable to our size and this is not a unique issue to Rapid City. All communities in our size, struggle with funding for residential street reconstruction. Scott moved to acknowledge Briefing on Street Pavement Maintenance. Second by Laurenti. Motion carried.

FINANCE DEPARTMENT

17) LF031517-06 – Scott asked Finance Officer Pauline Sumption to clarify this supplemental appropriation. Sumption explained the carryover from CIP is on this appropriation as well as some from the airport, police and fire departments. The police department is from the grant that was approved where they pay 75% and about \$75,000 was going to be paid by undesignated cash that came after the budget was approved. The other is between the airport and the fire department because the airport used to pay for the ARFF personnel out of their enterprise funds. In the new

LEGAL AND FINANCE COMMITTEE

March 15, 2017

MOU, the general fund will pay for that now and then we will bill the airport. Scott moved to approve Introduction and First Reading of Ordinance No. 6170 Regarding Supplemental Appropriation #1 for 2017. Second by Laurenti. Motion carried.

PARKS AND RECREATION

18) PW022817-10 – Laurenti moved to approve Second Reading and Recommendation of Ordinance No. 6113 an Ordinance to Amend Park Use Regulations by Amending Chapter 12.24 of the Rapid City Municipal Code. Second by Scott. Motion carried.

CITY ATTORNEY'S OFFICE

19) LF030117-06 – Laurenti moved to approve Second Reading and Recommendation of Ordinance No. 6167 an Ordinance Narrowing the Municipal Licensing Requirements for Ambulances by Amending Sections 5.16.010 and 5.16.020 of the Rapid City Municipal Code. Second by Modrick. Motion carried.

20) LF031517-11 – Scott asked Sumption to confirm her understanding of this ordinance. The Convention Visitor Bureau (CVB) is reforming. So this ordinance is reallocating those dollars to the newly organized name. Sumption stated the Chamber of Commerce oversees the CVB currently. The ordinance says that the Chamber is our marketing person that gets 25% of our BBB tax. The Chamber and the CVB are splitting into two entities and the CVB is changing its name. Since the Chamber is not involved anymore, we want to make sure the money is going to the CVB with their new entity name and that is what this ordinance does. Modrick moved to approve Introduction and First Reading of Ordinance No. 6171 an Ordinance to Update the City's Promotion Agency for Purposes of the Municipal Gross Receipts Tax by Amending Sections 3.18.050, 3.18.060, and 3.18.070 of the Rapid City Municipal Code. Second by Laurenti. Motion carried.

ADJOURN

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 1:14 p.m.