

MINUTES  
CAPITAL IMPROVEMENTS PROGRAM COMMITTEE AGENDA  
10:00 A.M., April 21, 2017

A Capital Improvements Program Committee meeting was held at the City/School Administration Center in Rapid City South Dakota, on Friday, April 21, 2017 at 10:00 a.m.

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

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, Medical Operations Division Chief Jason Culberson, Operations Management Engineer Rod Johnson and Administrative Coordinator Heidi Weaver-Norris.

**ADOPTION OF AGENDA**

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

**CONSENT ITEMS**

The following items were removed from the Consent Items:

6. No. CIP042117-04 – Capital Plan for Fire Vehicles
7. No. CIP042117-05 – Capital Plan for Parks & Recreation
8. No. CIP042117-06 – Capital Plan for Information Technology

Motion was made by Estes, second by Doyle and carried to approve Consent Items 3-5 as they appear on the Consent Items with the exception of Items 6, 7, and 8.

3. **Approve Minutes** for February 17, 2017
4. **Next Meeting:** Friday, May 19, 2017 @ 10:00 a.m./3<sup>rd</sup> Floor WEST Conference Room
5. No. CIP042117-03 – Capital Plans for **Government Facilities** – (Fire & Emergency Services, Parks & Recreation, CSAC)

END OF CONSENT ITEMS

**NON-CONSENT ITEMS**

Nordstrom read in item (No. CIP042117-04) **Capital Plan for Fire Vehicles**. In response to a question from Wright, Seals said that the remaining \$500,000 is for the pumper and it will be ordered this year. Motion was made by Doyle, second by Estes to approve.

Nordstrom read in item (No. CIP042117-05) **Capital Plan for Parks & Recreation**. In response to a question from Wright, Biegler said there was \$243,000 in the cemetery road paving and irrigation budget. Wright said that the \$50,000 for fire suppression for Dinosaur Park has been carried over that past few years. Biegler said it would be used at the end of this year's concession season, around September 2017. Biegler said in order to put in a system like this they have to upsize the supply line to the building. Motion was made by Doyle, second by Estes to approve.

Nordstrom read in item (No. CIP042117-06) **Capital Plan for Information Technology**. Wright said there is about \$600,000 in process since 2014 and asked about the delay. Jim Gilbert said

that the money has been used and is just waiting to clear, probably within the next month. Gilbert said one of the big line items for 2018 is for the fiber optic run between CSAC, Police Department, Fire, Streets and Utility Maintenance. He said they will likely have to do a bid for the fiber optic project. In response to a question from Wright regarding the financial software and loan payment, Sumption said there is a little bit left to be paid. Gilbert said he put most of the inlay for this year into contingency. Most of the IT time has been put into the Civic Center for the ICPC (International Collegiate Programming Contest). Wright is concerned with the large amounts of money being carried over. Sumption said a large amount of the IT budget was set aside for the programming of the financial software and IT doesn't want to reallocate funds until they know all of the software needs are met for the new software. Wright thinks more money should be moved around to cover other needs instead of money being rolled forward year after year. Motion was made by Doyle, second by Wright to approve.

Nordstrom read in item (No. CIP042117-01) **Financial Reports** (Contingency, DCA Charges, Matching Grants, Penn Co Loan). Davis said the report goes through the end of March. Motion was made by Wright, second by Estes to acknowledge the report.

Nordstrom read in item (No. CIP042117-02) **Capital Plan for Streets, Drainage, MIP Projects**. Tech said they are within budget for the 5-year period. In response to a question from Doyle, Tech said typically when the economy goes south, they get better bid prices. Tech said 2017 has carry over in it from the prior year. So 2018 on, is the standard CIP budget. Tech said there is a 3% increase across. Wright asked why there is \$3,895,418 in the 2017 Utility Support Fund and only \$1.5 million for 2018-2022. Sumption said the \$1.5 million was originally set up for 10 years so the last year will be 2020. Sumption explained in 2005, under the streamlining of sales tax, they were required to set a sales tax rate that would keep the revenue neutral. So at the time, Rapid City did 1.84% for sales tax to keep it neutral. Prior to 2005, Rapid City did not tax food at the grocery store. So after that, they added the .16% so there was a full 2% sales tax and the extra .16% was to be put into the utility support fund. Tech said that staff will recommend extending the \$1.5 million after 2020. Tech said he thinks the current fund transfer is working and to leave it that way. Motion was made by Wright, second by Estes to approve.

Wright said that Council has a working session on May 20, 2017. He said big discussion will be on infrastructure and funding. He would like a summary of revenues and expenditures provided for that meeting. Estes would like to share the 5-year plan.

Nordstrom read in item (No. CIP042117-07) **Approve \$200,000 in CIP grant match funds for West Memorial Park Improvements and up to an additional \$25,000 for a proposed 2017 Stearns Grant Application**. Biegler said the West Memorial Park project has a drainage component and a beautification component. They have a couple of grants where they are seeking matching funds for. The beautification committee has a Stearns Grant that they are seeing matching funds for. In addition, Rod Johnson, Public Works, has secured some DOT funds in a TAP Grant for \$134,000.00. They are asking for \$200,000.00 out of the grant match line item CIP to match those two grants. Biegler said they are also applying for another Stearns Grant. In response to a question from Doyle, Davis said there was no matching grant money used last year. Doyle said since no funds were used last year, she would like to see the money used and will support the project. Motion was made by Estes, second by Wright to approve.

Nordstrom read in item (No. CIP042117-08) **5-year CIP Plan**. Sumption said when she first did this she decreased the expenditures to a 2% increase each year over the next five years starting in 2019. She said they are still in the hole at the end of the 5-year plan. Then she started doing more research and TID 64 (the Cabela's TID) is starting to pay into the CIP fund.

Total repayment amount shows \$1.3 million added to 2017, 2018 and \$200,000 to the 2019 budget. Then she was able to leave the increases at 3%. However, you will also see that after 2018, there are no more matching grant funds either. In addition, you will also see \$1.5 million being transferred out to CIP funds for utility support. This transfer process started in 2012 and there were times where they would miss transferring the funds. When Sumption was reconciling utility support and CIP she found there was an extra transfer done last year, that she needs to undo and they will be back on track. So there is a negative revenue source because of that because it needs to be corrected. She asked if they wanted to do revenue increases at 2% and expenditure increases at 3% or do they want them to be consistent at the 2% starting at a certain time period. Wright said projected expenses should equal projected revenues in the real world. In response to a question from Doyle, Sumption said she is watching the 2% monthly. She said there is carry-over, so there is a little cushion. Doyle said there has to be more than one factor contributing to the shortfall. Sumption said the State keeps pointing back to the agriculture. She said the categories are so broad that you can't pinpoint which industry is hurting. Sumption said she noticed that car sales are extremely down. But the City doesn't get the typical amount from car sales as they do from just going to the store. Sumption said that stores are busy. Restaurants and bars are busy. She said there is nothing they can pinpoint right now. Sioux Falls is still up and they budget at 4%. Statewide there is an average of 2.9% decrease She stated that we are above the state average. But it's still not just a Rapid City problem. Sumption said they budgeted 2% last year and it came in at 0.63%. Sumption said TID 71 (South Robbinsdale, which includes Walmart) should pay off in May so they can start dissolving that in June. Sumption said she will start adjusting the budget starting in 2018. They can look at it one more time in May.

Sumption spoke on item (No. CIP042117-09) **5-year Government Facilities Plan**. She sent out a deadline of April 7, 2017 for items anyone wanted added for 2022. The following were submitted by Parks: \$200,000 for Swim Center Diamond Finish Renovation; \$300,000 for Park System Restroom / Shelter Improvements; Sumption explained that Tech asked to remove \$150,000 for PETT building and add the \$150,000 to 2018 for a West Side Salt Storage facility. There was a little over \$300,000 in 2020 for the Sweeper Wash Facility but they need \$500,000, so they changed the roof replacement line item to \$150,000. They had to add \$16,584 out of contingency to equal the \$500,000. Public Works added \$150,000 to 2021 and 2022 for annual roof replacements. They also added a line item for parking lot improvements. The city owns and is responsible for many parking lots within the City. Don Jarvinen and Rod Johnson have been working on a map for all the city facilities including the parking lots. Sumption said this is her recommendation to them for the items received by the deadline. She received an email request from the Journey on April 19, 2017 for additional items to be added after the deadline. Their items include \$21,000 as carry over from last year for parking lot repairs; \$60,000 in 2022 for Exterior Caulking Project and \$50,000 for HVAC System replacement. Sumption said if the committee decides to accept the Journey's request, then the other numbers will need to be reduced. Nordstrom said he asked Johnson to take another look at the Journey parking lot. Johnson doesn't think much of the parking lot can be completed with just \$21,000. Nordstrom asked Johnson to get together with the Journey the week of April 24-28. Nordstrom said the caulking could be delayed one more year but it is something that needs to be done every 5-7 years. Johnson thought the caulking could be done every 10 years. Most sealant should last a lot longer than five years. Wright said he'd like to include the Journey items because it is a City building and they need to take care of those items. Sumption asked which item he would deduct the money from because they are all needed and all City owned facilities. Doyle said if these projects can be extended a year, then that's what she would vote for. Sumption said she can put the Journey items on the next 5-year plan so they are reminded to include them then. Nordstrom said their HVAC system is not a simple fix. There are a lot of parts to it. They have

already done minor maintenance to fix the chiller system. Wright doesn't think the Journey should be penalized for their late submission. Estes said he's fine with not adding it to 2022, but would like it to be shown in 2023. Sumption said if something happens between now and then there is always money in contingency. She stated that Rod Johnson should look at the system and be included in any future conversations regarding the building or the HVAC system. Johnson said he would contact Upper Deck and they might have a better idea of the life of the caulking since they did that project. Motion was made by Doyle, second by Estes to approve. Sumption said she would make 2% adjustment to this spreadsheet as well. Wright said adding the parking lot line item is a good idea but has a feeling that \$200,000 per year is not enough. Johnson and Sumption both said this is a starting point. In response to a question from Estes, Tech said that chip/seal is not the right treatment for parking lots. Johnson said they need to do a better job with crack/seal. No vote was taken as Sumption requested that she be allowed to make changes to the expenditure projections on the "Mother Sheet", which would have an impact on the Government Facilities 5-year plan.

### **DISCUSSION ITEMS**

Wright asked department managers if they have a training session for managers on building maintenance. He said the federal highway department had a program that was excellent. Johnson said they would have to hire someone to train staff. Wright said the managers need more training on what to look for regarding maintenance. He feels managers need to know how to do the correct inventory on buildings and proper training would help them do that.

### **ADJOURN**

There being no further business to come before the committee, motion was made by Doyle, second by Estes and carried to adjourn the meeting at 11:04 a.m.