

PROCEEDINGS OF THE CITY COUNCIL
Rapid City, South Dakota

August 21, 2017

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Rapid City was held at the City/School Administration Center in Rapid City, South Dakota on Monday, August 21, 2017 at 5:30 P.M.

The following members were present: Mayor Steve Allender and the following Alderpersons: Lisa Modrick, Becky Drury, Ritchie Nordstrom, Steve Laurenti, Jason Salamun, Chad Lewis, John B Roberts, Amanda Scott, Darla Drew and Laura Armstrong; and the following Alderpersons arrived during the course of the meeting: None; and the following were absent: None.

Staff members present included: Finance Officer Pauline Sumption, Deputy Finance Officer Tracy Davis, City Attorney Joel Landeen, Budget Analyst Sean Kurbanov and Interim Administrative Coordinator Sharlene Mitchell

Discussion of Reallocation of Sales Tax – In response to a question from Scott, Mayor Allender indicated that the ordinance to reallocate the sales tax revenues does require council approval noting that the ordinance must be approved prior to the start of the 2018 fiscal year. In response to a question from Scott, Sumption addressed the impact to the 2018 budget and the actions required by council should the reallocation ordinance not be approved. In response to a question from Laurenti, Sumption addressed the 2017 revenues to the Vision Fund. Laurenti voiced his support for the proposed funding reallocation. Laurenti expressed his appreciation for Mayor Allender's initiative on the revenue issue and urged consideration of increasing the Capital Improvements funding. Lewis voiced his support for the maintaining the funding level of the Vision fund in view of the citizen support for the program. Modrick voiced support for the sales tax reallocation proposal increasing the Capital Improvement funding noting the need for additional funding in the General Fund. Modrick stated that the Vision Fund addresses projects that enhance the quality of life and urged protection of the fund. Drew voiced support for the proposed sales tax reallocation noting the citizen support for the Vision Fund and the community enhancements provided by the arts. Referring to the 2016 revenues, Scott outlined the funding changes to the General, CIP and Vision funds noting that the Vision Fund will experience only a slight funding decrease. Scott recommended that council provide direction on the use of the additional CIP funding to insure that the funds are earmarked for existing infrastructure improvements. Salamun addressed the funding provided from the utility enterprise funds for infrastructure projects. Nordstrom addressed the CIP 5 Year Plan noting that the additional funding will advance projects in years two, three and four. Scott voiced her support for the proposed sales tax reallocation with the stipulation that new monies to the CIP fund be earmarked for infill projects. In response to a question from Drury, Sumption addressed the reallocation of the .16 Utility Support fund. Roberts voiced his opinion that the CIP allocation should be increased noting the need to address infrastructure needs that support growth. Laurenti voiced support for a motion that would earmark funds for the rehabilitation of streets most in need of repair. Addressing the annual growth in city revenues, Laurenti indicated that the revenues to the Vision program would continue to experience growth. Motion was made by Nordstrom, second by Laurent to support the Reallocation of Sales Tax and to request the Mayor to authorize staff to prepare an ordinance reflecting an allocation of 1% to the General Fund, .58% to the CIP Fund; and .42% to the Vision Fund. A substitute motion was made by Roberts, second by Laurenti to request the Mayor to authorize staff to prepare an ordinance

reflecting an allocation of 1% to the General Fund, .62% to the CIP Fund; and .38% to the Vision Fund with the funding increase to the CIP Fund earmarked for rehabilitation of those streets most in need of repair. Lewis advised that he could not support either motion noting the need to protect the funding to the Vision program. Scott voiced her support for the main motion noting that council can address specific funding issues at the time the ordinance is brought forward for discussion. Drew indicated that she could support the main motion noting her desire to preserve the original intent of the Vision fund. Roberts addressed the concerns of constituents regarding road repairs noting that the proposed reallocation will help to fulfill promises to the tax payers. Discussion followed regarding the proposed reallocation of sales taxes. Upon vote being taken the substitute motion failed (3-7) with the following voting AYE: Roberts, Drury and Laurenti; NO: Salamun, Modrick, Nordstrom, Drew, Scott, Armstrong and Lewis. Upon vote being taken the main motion carried (9-1) with Lewis voting No.

Discussion of Draft CIP Policy – Mayor Allender recommended that council work in conjunction with Tech and the Public Works Department regarding the prioritization of infrastructure projects. Mayor Allender addressed the immediate impact of the sales tax reallocation. Mayor Allender stated that the CIP policy revisions will insure that the funds remain dedicated to infrastructure projects noting the funding of non-infrastructure projects currently being funded under the plan. Scott suggested that the revised policy could also be used to address specific issues such as infrastructure rehabilitation and growth. Nordstrom voiced support for the proposed changes to the CIP policy and encouraged Mayor Allender to bring the draft policy forward for council action. Nordstrom addressed the numerous projects currently being brought forward for CIP funding consideration noting the impact the proposed funding threshold will have on the volume of projects. In response to a question from Nordstrom, Sumption advised that, once adopted, implementation of the policy would be at council direction. Scott recommended that staff be allowed to provide direction on the reallocation of the funding between the rehabilitation of existing infrastructure and new growth infrastructure.

Discussion of Interdepartmental Charges & PILT – Scott thanked Mayor Allender, Kurbanov and staff for completing the reallocation of the central services interdepartmental charges. Scott encouraged staff to address the reallocation of the enterprise fund interdepartmental charges for the 2019 budget. Laurenti recommended that the interdepartmental charges be accurately measured through the use of time-tracking by the charging departments. Laurenti encouraged more accountability of the interdepartmental charges.

Discussion of Property Tax Evaluation – Laurenti urged the council discuss the CPI included in the budget proposal noting that a separate vote to take the CPI is required by council prior to adoption of the 2018 budget. Laurenti advised that taking the CPI increase will impact the tax payer in perpetuity and questioned the need for the CPI in view of the growth that the city has experienced over the past ten years. Scott addressed the division of property taxes between the schools, Pennington County and the City. In response to a question from Scott, Sumption indicated that the revenue projections included in the 2018 budget include an expired Tax Increment District, growth and the CPI. Sumption clarified that the tax increment district and growth are not included in the CPI calculation. Lewis addressed the increased expenditures for wages noting that the CPI insures that the city can continue to provide the same level of services and maintain pace with inflation. Nordstrom voiced support for taking the CPI noting the cost to provide fire and police protection.

Motion was made by Scott, second by Laurenti and carried unanimously to continue the balance of the agenda, beginning with Discussion of Property Tax Evaluation, to Thursday, August 24, 2017 at 5:30 p.m. and to adjourn the meeting at 6:45 p.m.

ATTEST:

CITY OF RAPID CITY

Finance Officer

Mayor

(SEAL)