

PROCEEDINGS OF THE CITY COUNCIL
Rapid City, South Dakota

August 24, 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 Thursday, August 24, 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, Assistant City Attorney Wade Nyberg, Budget Analyst Sean Kurbanov and Interim Administrative Coordinator Sharlene Mitchell

Salamun outlined the process for the meeting noting that council can ask questions of the individuals in attendance. Salamun advised that public comment would be available prior to Item 7.

Discussion of Property Tax Evaluation – No additional discussion

Discussion of 2018 Proposed Budget Cuts

RSVP – A motion was made by Nordstrom, second by Roberts to reinstate the RSVP program funding of \$40,000. In response to a question from Scott, Sumption advised that the motion to reinstate funding must identify a corresponding funding source. Nordstrom accepted the friendly amendment by Roberts to identify the funding source as the savings from the Detox program. Nordstrom addressed his concerns with the reasons provided for defunding the program. In response to a question from Modrick, Sumption addressed the inability to reallocate contingency funds to the RSVP program noting the impact the proposed sales tax reallocation will have on the CIP contingency. In response to a question from Modrick, Sumption outlined the options for reinstating funding to the program. Scott stated that she would be unable to support reinstating any program to the budget without an identified corresponding budget reduction. Salamun commented on the proposal to fund the Body Cam program from the Detox program savings. Laurenti voiced his support for the identified budget cuts noting his opinion that the budget could be reduced event further. Laurenti recommended that the city allow the private sector to step forward on these types of programs prior to providing any financial support. Laurenti urged the council to support the reallocation of the Detox savings to the Body Cam program. Laurenti indicated that the Performing Arts had presented the past funding request as a stop-gap request noting that the program has become a line item in the budget. A substitute motion was made by Roberts, second by Laurenti to reinstate the RSVP program funding of \$40,000 with \$36,100 being reallocated from the Performing Arts program and the balance being reallocated from the Mission program. Drew indicated that she could not support the elimination of the Performing Arts program noting that there are existing programs that could absorb the RSVP program. Lewis indicated that he could not support eliminating the Performing Arts program noting his support for diversionary programs that benefit the community. Modrick voiced support for the RSVP program and voiced concern with the proposal to eliminate the Performing Arts program without a full understanding of what the program provides to the community. Modrick recommended that the city develop a strategic plan for the budget reduction process. In response to a question from Scott, Salamun clarified the proposed funding reallocation from the Performing Arts and the Mission to reinstate RSVP.

Laurenti reiterated that the Performing Arts funding request had been presented as a one-time stop-gap request noting that the program also received funding through the Vision Fund. Laurenti expressed concern with the efforts to reinstate programs with funding the city does not have and voiced his support to reduce government spending. In response to a question from Drew, Lynn Taylor of 211, advised that the Sioux Falls 211 program has assumed the RSVP program noting that the program director has indicated they would not assume the Rapid City program. Taylor addressed the process 211 follows when working with volunteers noting that she was unaware of any local programs that could assume the RSVP program. Discussion followed regarding other programs that can support or partner with RSVP, volunteering opportunities within the school system and community support for the senior volunteers. In response to a question from Lewis, Nick Johnson of Performing Arts, addressed the city funding provided to the program in 2013, 2016 and 2017. Modrick addressed the city support for the Performing Arts program noting that she could not support the substitute motion. In response to a question from Modrick, Johnson addressed the Performing Arts programming noting that the program continues to experience increases in attendance. Johnson addressed the program's reasons for not participating in the Allied Arts program and the composition of the board membership. Salamun addressed the proposed cuts to the arts and the contributions of the arts with regard to tourism and sales tax revenues. Salamun encouraged investing in divisionary programs that benefit the city, support the citizens and improve the quality of life. Roberts left the meeting at 6:17p.m. Salamun complemented the city's rich history in supporting the arts. In response to a question from Nordstrom, Sumption addressed the grant funding for the RSVP program noting that the current grant funding is insufficient to support the cost to staff the program. In response to a question from Nordstrom, Taylor advised that 211 cannot assume the RSVP sponsorship. Nordstrom suggested reviewing the sponsorship to determine if the program could continue in a reduced capacity. Scott clarified that the substitute motion would require a \$3900 reduction in the Mission funding allocation noting the program funding has already been reduced from the 2017 funding level. Scott voiced her opinion that there is sufficient program cross over to support the RSVP program cut. Scott stated that as the general fund is a limited funding source the council must make decisions on which programs to support noting her concern with overspending the 2018 budget. Armstrong addressed her concern with the current motion in view of the budget items remaining to be addressed. In response to a question from Salamun, Mayor Allender addressed the purpose of the FTE positions identified in the 2018 budget and recommended retaining the positions and associated funding to insure that the Human Resources staffing needs are adequately addressed. In response to a question from Modrick, Sumption addressed the funding available in undesignated cash, the status of the city reserve fund and the lack of an ordinance requirement addressing replenishment of the reserve fund. The substitute motion to reinstate the RSVP program funding of \$40,000 with \$36,100 being reallocated from the Performing Arts program and \$3,900 being reallocated from the Mission program failed with Laurenti voting Yes. Nordstrom accepted a friendly amendment from Lewis to amend the main motion to reinstate the RSVP program funding of \$40,000 with \$40,000 from undesignated cash. Upon vote being taken the motion failed (3-6) with the following voting AYE: Nordstrom, Lewis and Modrick; NO: Drew, Scott, Drury, Laurenti, Armstrong and Salamun.

IT Live Streaming – Motion was made by Lewis, second by Laurenti to approve the IT Live Streaming budget cut. In response to a question from Modrick, Jim Gilbert, IT Officer, addressed the monthly cost to live stream the council hearings noting that the use does not support the expenditure. Gilbert advised that recorded meetings will continue to be posted to the web and broadcast on public access TV. In response to a question from Modrick, Gilbert advised that staff is researching alternative no-cost live streaming services. In response to a question from Scott, Gilbert advised that live streaming will be eliminated noting that the meetings can be viewed on-line once the recording has been posted to the web. Motion carried unanimously.

Crossing Guard Program (transferred to RCAS) – Motion was made by Laurenti, second by Armstrong and carried unanimously to approve the Crossing Guard Program budget cut.

Journey Museum – Motion was made by Nordstrom, second by Drew to reinstate \$30,000 to the Journey Museum with \$10,000 being reallocated each from Water, Water Reclamation and Solid Waste. Nordstrom addressed his concerns regarding the funding reduction noting that the Journey had not been advised of the proposed reduction. Nordstrom expressed his opinion that the Journey has addressed all issues identified by the city with the exception of renaming and relocating the facility. A substitute motion was made by Lewis, second by Armstrong to reinstate \$30,000 to the Journey Museum with \$30,000 being reallocated from undesignated cash. Lewis expressed his desire to support the arts noting his opinion that the cuts do not represent the city's best interests. Drew suggested that the budget reduction is untimely in view of the success of the efforts to promote the facility. Drew addressed the importance of the collections housed at the facility noting her confidence in the Journey leadership. In response to a question from Modrick, Troy Kilpatrick, Journey Museum Executive Director, addressed the contributions the facility provides to the community and the increased attendance resulting from program changes. Kilpatrick addressed the positive balance at year end 2016 noting that the proposed reduction will most likely result in a shortfall for 2018. Kilpatrick addressed the improved health of the facility and urged the council to support the program. Laurenti suggested that the funding allocation would not survive a public vote and express concern with the substitute motion in view of the status of the undesignated cash fund. Sumption clarified the status of the undesignated cash fund noting that the funding source will be utilized to balance the 2018 budget request. Sumption addressed the state rules governing the use of undesignated cash noting the policies of other South Dakota communities with regard to the use of undesignated cash. Sumption advised that undesignated cash is a one-time funding source noting the economic factors that impact the balance of the undesignated cash fund. Salamun addressed the need for guidelines on the use of undesignated cash. In response to a question from Drury, Mayor Allender addressed the proposed budget reduction and his discussions with the Executive Director and Board regarding community support for and location of the facility. Mayor Allender stated that the proposed budget cuts are a part of a systematic review of all city programs. In response to a question from Nordstrom, Kilpatrick addressed the continued efforts to build programs and increase attendance and annual memberships. Kilpatrick suggested that the increased participation in the education programs and summer camps offered by the facility is evidence that the community does value the facility noting the continued efforts develop programming that will engage and serve the community. In response to a question from Nordstrom, Kilpatrick addressed the cost to relocate the facility noting that most museums are located in the downtown core. Kilpatrick addressed the continuing efforts to improve and promote the museum and urged support for the facility. Laurenti called the question; no objection to calling the question was voiced. Upon vote being taken, the substitute motion to reinstate \$30,000 to the Journey Museum with \$30,000 being reallocated from undesignated cash carried (6-3) with the following voting AYE: Drew, Armstrong, Lewis, Salamun, Modrick and Nordstrom; NO: Scott, Drury and Laurenti.

Human Services Community Investments – Motion was made by Lewis, second by Armstrong to approve the Human Services Community Investments budget cut. In response to a question from Modrick, Mayor Allender addressed the funding allocation to the Allied Arts and the Health Services programs noting the manner in which the funds are then awarded in smaller amounts to numerous agencies. Mayor Allender stated that the intent is to develop a strategic plan that will direct these funds to those organizations that reach a larger portion of the citizens. The motion to approve the Human Services Community Investments budget cut carried with Modrick voting No.

Allied Arts – Motion was made by Lewis, second by Armstrong to reinstate \$27,000 to the Allied Arts program with \$27,000 from undesignated cash. Modrick addressed the responses she has received from the community regarding the Allied Arts program. In response to a question from Modrick, Joe Doyle, Board member, addressed the creation of the Allied Arts program and the services provided by the organizations under the Allied Arts umbrella. Doyle indicated that the Arts are an economic engine to the city through tourism and the generation of sales tax revenues noting that the proposed reduction will undercut the program. In response to a question from Drew, Doyle addressed the program funding raised in addition to the city funding and the funding expended on administration costs and grants. Drew expressed concern with the level of funding expended for administration costs and encouraged the program to increase their fund raising efforts for the organizations they support. Upon vote being taken the motion to reinstate \$27,000 to the Allied Arts program with \$27,000 from undesignated cash carried (6-3) with the following voting AYE: Armstrong, Lewis, Salamun, Modrick, Nordstrom and Drew; NO: Scott, Drury and Laurenti.

Senior Center – balancing – Motion was made by Modrick, second by Armstrong to approve the balancing of the Senior Center funding. A substitute motion was made by Laurenti to revert the Senior Center funding to previous levels; motion failed for lack of a second. Motion to approve the balancing of the Senior Center funding carried unanimously.

Mayor Allender addressed the use of the PBB program to understand and score the subsidy programs. Addressing the council's support for increasing infrastructure funding, Mayor Allender addressed the need to look at all aspects of the budget including revenues, expenditures, and long and short term programs in order to build long term stability in the budget. Mayor Allender recommended establishing a set percentage of the general fund to be dedicated to the arts noting that as the general fund grows the funding to the arts will also grow.

Noting the time, Salamun asked for a vote on continuing the meeting. Sumption requested that action be taken on first reading of the Appropriation ordinance. Motion to continue the meeting carried with Scott voting No.

Lewis recommended that first reading of the Appropriation Ordinance be moved forward. Modrick acknowledged the citizens in attendance that are interested in the future of the Vision program. Sumption addressed the ability of those in attendance to offer comment during the public comment period. Laurenti voiced his opinion that the appropriate time to address the Vision Fund would be when the reallocation policy is brought forward for council action. In response to a question from Scott, Nyberg advised that the structure of the proposed ordinance will outline the reallocation of sales tax revenues to the various funds noting that the City Attorney's Office and the Finance Office are currently working on the ordinance.

Discussion of 2018 Vision Fund – Discussion on the 2018 Vision Fund to be addressed at the time the ordinance is brought forward for council consideration.

Public Comment

Susan Fedell, Youth & Family Services, indicated that she promotes the Vision Fund program to other communities. Fedell voiced support for the Vision Fund noting that the program enhances the quality of life and makes Rapid City an extraordinary community. Joe Doyle voiced support for the arts programming noting that the arts are a strong foundation for the city. Karen Gundersen Olson stated that she welcomes the opportunity to participate in the discussions regarding the city funding of the arts.

Motion was made by Lewis, second by Nordstrom to approve First Reading (CC081517-01) Ordinance 6194, FY2018 Appropriation Ordinance with the following additions: \$14,500 Pennington County Emergency Management, \$30,000 Journey Museum, \$27,000 Allied Arts with undesignated cash as the funding source; \$100,000 Body Cam program with Detox savings as the funding source; \$9,000 to Civic Center marketing salaries/wages with an internal transfer from the Civic Center revenues; \$2,573 to undesignated cash with the balance of Detox savings as the funding source. Motion was made by Scott to reduce funding to the Library by \$60,000; motion failed for lack of a second. Motion was made by Scott, second by Drew, to reduce the Parks & Recreation budget by \$268,000 with the funding to be reallocated to undesignated cash. Scott addressed the reduction to bring the budget to the 2017 funding level and recommended that the reduction be addressed through adjustments to the temporary staffing. Nordstrom addressed his concerns with the amendment noting the increasing demands on the parks staffing. Discussion followed regarding the impact of moving the cemetery and golf enterprise programs to the general fund. Scott addressed the ability of all departments to request funding for specific projects. Discussion followed regarding the types of special projects that could be presented for funding from undesignated cash. Laurenti addressed the previous procedure to amend the Appropriation Ordinance noting that he also had funding requests to be forward for consideration. Discussion followed regarding the procedure for offering and voting on amendments to the appropriation ordinance. Sumption recommended addressing the amendments individually noting that council has taken action of the Journey Museum and Allied Arts funding items. In response to a question from Modrick, Mayor Allender advised that the current motion reducing the Parks budget has not been addressed with the department director. Mayor Allender advised that this level of budget reduction will result in a reduction of services. Sumption identified the level of budget reductions that have been made to the Parks budget. Discussion followed regarding the proposed reduction to the Parks budget and the use of undesignated cash to balance the budget. In response to a question from Scott, Sumption addressed the city's use of undesignated cash noting the use of year-end unexpended budget authority to replenish the fund. Upon vote being taken the motion to reduce the Parks & Recreation budget by \$268,000 failed (4-5) with the following voting AYE: Drury, Laurenti, Drew and Scott; NO: Armstrong, Lewis, Salamun, Modrick and Nordstrom. Motion was made by Lewis, second by Nordstrom to add \$14,500 to the Pennington County Emergency program from undesignated cash. Salamun addressed the funding agreement for the emergency program. In response to a question from Scott, Sumption indicated that the additional funding is required to meet the requested funding allocation. Motion carried unanimously. Motion was made by Modrick, second by Nordstrom and carried unanimously to allocate both \$100,000 for the Body Cam project and \$2,573 to undesignated cash from the Detox program savings. Motion was made by Lewis, second by Laurenti and carried unanimously to allocate \$9,000 to Civic Center marketing salaries/wages with an internal transfer from the Civic Center revenues. Sumption addressed the purpose of the funding noting that it was inadvertently not included in the original budget request. Motion was made by Scott, second by Laurenti to reduce the Public Works budget by \$500,000 with the funding to be reallocated to undesignated cash. Scott stated that the intent of the motion is to eliminate the use of undesignated cash to balance the budget. Scott addressed her justification for the budget reduction noting the additional funding available to Public Works through the CIP program. Upon vote being taken the motion to reduce the Public Works budget by \$500,000 with the funding to be reallocated to undesignated cash failed (3-6) with the following voting AYE: Drury, Laurenti and Scott; NO: Armstrong, Lewis, Salamun, Modrick, Nordstrom and Drew. Motion was made by Laurenti, second by Modrick to leave the Cemetery program in the General Fund and to remove the Golf Program from the General Fund and reinstate the program as an Enterprise Fund. Laurenti addressed the need for the enterprise funds to be self-supporting through the fees and rates charged. Laurenti indicated that the success or failure of the enterprise fund is easily communicated to the council if and when they request funding subsidies. Motion carried with Nordstrom voting No. Motion was made by Scott, second by Laurenti to remove the

CPI revenue stream from the 2018 budget. Scott addressed her difficulty with increasing tax payer costs noting the anticipate increase in property tax revenues from growth and the ability to utilize undesignated cash to balance the budget. In response to a question from Lewis, Sumption indicated that the CPI provides the city's only avenue for maintaining pace with increases in costs. Sumption addressed the impact of the 2017 growth and the expired tax increment district could have on the 2019 mill levy and the resulting impact on property taxes. Sumption addressed the impact of the approved budget additions and removal of the CPI on undesignated cash noting that as the Finance Officer she cannot recommend or support the motion. Laurenti addressed the average increase in tax revenues over the past ten years and voiced his appreciation for the Mayor's direction and the continued review of city programs through the PPB process. Laurenti addressed the permanent impact of the CPI on property taxes and urged the council to be accountable to the tax payer. Drury addressed the actions taken in support for the arts noting that she could not support increasing property taxes. Sumption addressed the calculation of the mill levy and its impact on property taxes with or without the city taking the CPI. Nordstrom voiced support for taking the CPI noting the funding required to support the police department and the impact the newly annexed areas will have on the demand for city services. The motion to remove the CPI revenue stream from the 2018 budget failed (3-6) with the following voting AYE: Scott, Drury and Laurenti; NO: Modrick, Nordstrom, Drew, Armstrong, Lewis and Salamun. Upon vote being taken the motion to approve First Reading (CC081517-01) Ordinance 6194, FY2018 Appropriation Ordinance as amended carried (6-3) with the following voting AYE: Nordstrom, Drew, Armstrong, Lewis, Salamun and Modrick; NO: Scott, Drury and Laurenti.

ADJOURN

There being no further business to come before the Council at this time, motion was made by Laurenti, second by Drury and carried to adjourn the meeting at 8:58 p.m.

CITY OF RAPID CITY

ATTEST:

 Finance Officer

 Mayor

(SEAL)