A Capital Improvements Program Committee meeting was held at the City/School Administration Center in Rapid City South Dakota, on Friday, January 19, 2018 at 10:00 a.m.

The following members were present: Ritchie Nordstrom, Becky Drury, and Lisa Modrick; the following members arrived during the course of the meeting: Laura Armstrong; and the following were absent: Darla Drew, John Roberts and Chad Lewis

Others present included: Finance Officer Pauline Sumption, Deputy Finance Officer Tracy Davis, IT Director Jim Gilbert, Fire Chief Rod Seals, Parks and Recreation Director Jeff Biegler, Budget Analyst Sean Kurbanov, Public Works Director Dale Tech, Compliance Specialist Cassie Furchner, Community Planning Director Ken Young, Administrative Secretary Angie Boeve and Administrative Coordinator Heidi Weaver-Norris

ADOPTION OF THE AGENDA
Motion was made by Drury, second by Modrick and carried to adopt the agenda.

CONSENT ITEMS
The following item was removed from the Consent Items:
6. No. CIP011918-04 – Approve Capital Plan for Fire Vehicles

Motion was made by Drury, second by Modrick and carried to approve Consent Items 3 - 9 as they appear on the Consent Items with the exception of Item 6.

3. Approve Minutes for October 20, 2017
4. Next Meeting: Friday, February 16, 2018 @ 10:00 a.m./3rd Floor WEST Conference Room
5. No. CIP011918-03 – Approve Capital Plans for Government Facilities – (Fire & Emergency Services, Parks & Recreation, CSAC)
7. No. CIP011918-05 – Approve Capital Plan for Parks & Recreation
8. No. CIP011918-06 – Approve Capital Plan for Information Technology
9. No. CIP011918-07 – Acknowledge CIP Policy Reminder

NON-CONSENT ITEMS
Nordstrom read in item (No. CIP011918-04) Approve Capital Plan for Fire Vehicles. Drury voiced that she doesn't think fire vehicles should be part of CIP. She would like to see the vehicles as part of the fire department budget. Seals said the fire vehicles used to be partially funded out of the fire department budget and CIP both. When the fire department budget got tight, fire vehicles were dropped and added to CIP because it is a more stable funding source. Seals said he has talked to the Mayor and the Mayor would like to see those go back to the operational budget and be partially funded by both the department and CIP. Sumption stated in 2005 state statute allowed for emergency service vehicles to be funded through capital improvements. She said there are peaks and valleys for fire trucks. The general fund can't take a hit with big purchases so fire vehicles were kept in CIP. She said property tax doesn't pay enough to cover fire vehicles. Seals said they are going to slowly try and get fire vehicles back in their budget. Drury agreed with moving them back to the fire budget slowly. Seals said CIP allowed them to pay cash and avoid doing leased purchases which saved them interest. Modrick asked about the balance in the fund, Davis said the committee is only acknowledging what was spent in 2017. Nordstrom said they will see different numbers in April-May 2018 for the 5-year plan. Sumption said the numbers will look different because of the change in the CIP policy. Motion was made by Modrick, second by Drury and carried to approve.
Nordstrom read in item (No. CIP011918-01) Acknowledge Financial Reports (Contingency, DCA Charges, Matching Grants, Penn Co. Loan). Motion was made by Drury, second by Armstrong to acknowledge. Davis said this was the summary through the end of 2017. Sumption stated per the new CIP policy, there will no longer be any funds for contingency or matching grants. They will prepay the county loan through Black Hills Community Bank and will have monthly payments to the bank instead of yearly payments to the county. In response to a question from Modrick, Sumption said the updated numbers will be reflected in March-April, than council will get it. The policy changes some allocations and they still need the final information from the utility support fund. Davis asked Modrick if she was referring to the spreadsheet the public works gives the council. Modrick said it was a binder and Davis clarified that comes from public works and is separate. Tech said the council will have the binders in May-June. Tech said they are waiting for the vote on the utility rates because they will effect what projects get done by public works. Motion carried.

Nordstrom read in item (No. CIP011918-02) Approve Capital Plan for Streets, Drainage, MIP Projects. Motion was made by Drury, second by Armstrong to approve. Furchner said there have been several changes and updates since the last meeting in October. She referred to her spreadsheet to see the updates. Tech said there will be some changes to the 5-year plan when they review the projects. Modrick noted that the items in red do catch themselves up as the years go by. Tech said they do bids about every two weeks and said it’s currently a good bidding climate. Motion carried.

DISCUSSION ITEMS
Nordstrom read in item (No. CIP011918-08) Acknowledge Developer Deferred Projects. Nordstrom said he asked staff to bring forward a report about developer deferred projects. Tech called attention to the report and noted that the projects listed had no specific criteria other than project manager recall and was not intended to be extensive or all-inclusive but rather intended to demonstrate development improvements that likely will be funded by the public or already have been funded by the public. He gave 26 examples of deferred developer projects. He said most were road improvements and there were some utility projects as well. He used Feather Ridge Court as the first example. He said the developer was allowed to plat and bond for the improvements. The project drug on and there was a lawsuit but when the city went to cash in the bond, there was not nearly the money they needed for the remaining improvements. The unfinished portion comes out of CIP. Another example was Elm Avenue. He said the developer signed a WORP and tried assessing the cost of the improvements to the homeowners. Council voted that the owners would not be assessed. This item is now budgeted. Biegler said he has similar situations with parks. He said the developers put in beautiful landscaping then it gets turned over to the city for maintenance. He said additional funding, time and personnel are needed to keep up with the projects. He gave examples of Mt. Rushmore Road, Omaha, E. Minnesota, Buffalo Crossing and the new Orchard Meadows project. He said Johnson Ranch built a park and turned that over to the city. He said he will likely be asking for additional funding for landscaping and improvement projects. In response to a question from Modrick, Biegler said the parks department is given projects from DOT such as I-90. Drury asked if the areas could be eco-scaped, where there is little to no maintenance. Biegler said there will always be maintenance. Modrick asked if the entrances to developments could be turned over to homeowner associations to maintain and pay for. Biegler said the entrance could be taken over by HOA but the landscaping in the medians has to be maintained by the city. He said not all subdivisions have HOA’s and they are fading away. Homeowners don’t want to volunteer. Tech said it goes beyond landscaping, he said public works also maintains the roadway lighting. Modrick said council did the right thing by not making the Elm Avenue homeowners pay for the development. Tech said that money is earmarked until council decides what they want to do with the development. Nordstrom said since that money is earmarked; the city can’t do other projects. Tech said existing infrastructure is a higher priority. Young said he is concerned with kicking the can down the road. He said these incomplete projects are a financial burden to future citizens. He said most of the incomplete projects, don’t get done. He said these mismatched improvements take away the quality and value of the community. He stated these little projects stack up over time. Modrick asked if improvements could be put on property owners as
assessments. Sumption said she wouldn’t suggest doing that. Modrick stated there needs to be a mechanism that makes the owners complete their projects. Sumption suggested that council not allow exceptions. Young agreed. He said variances are granted because they don’t fit in a particular box. Sumption feels exceptions are requested because the developer doesn’t want to pay the higher costs and years later the city gets stuck paying for it. Tech feels that home costs are high enough and assessed improvements should not be added on later. They already pay a mortgage. They shouldn’t be surprised with an assessment down the road. Modrick said that some situations do call for an assessment. Modrick asked if there could be a street assessment because streets are the public’s number one complaint. She wants to come up with something now instead of passing it onto the next council. Young said that financials should not be the deciding factor. The developer should be responsible for the entire development. He said affordable housing is a buzz word and being over used. Nordstrom said they have the opportunity now to deny exceptions. Modrick suggested that the city explores what other communities are doing. Sumption said some communities do a TID. Young said in other cities where he has worked, the appeals don’t go to council. The appeals would go to the board of appeals. The appeals would not be heard before a political body. This allows emotional decisions to be taken out of the equation. Drury asked if our ordinance could be revised. Modrick thinks this is a good topic for a working council session. Nordstrom said the Mayor wanted the council to research how other communities do exceptions. Motion carried.

Sumption called attention to the guidelines included at the bottom of each Capital Improvements agenda. She said those words would no longer appear on the agenda because of the new policy. Nordstrom acknowledged the words would be deleted.

**ADJOURN**
There being no further business to come before the committee, motion was made by Drury, second by Armstrong and carried to adjourn the meeting at 10:52 a.m.