

RAPID CITY PROGRESS REPORT



Mayor Steve Allender

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January - December 2017

PRIORITY BASED BUDGETING

- 2017 was the first implementation year. All recurring City costs were allocated to programs and all programs were scored and ranked. A number of budget reductions were proposed for the 2018 budget year based on PBB data and some were approved.
- In November 2017, Rapid City rolled out its first Citizen Budget Priority Survey, which sought to incorporate more citizen input into how the PBB scoring criteria should be weighted.
- Through mid-January 2018, Departments optimized their program inventories to improve functionality and minimize redundancy. As a result of this optimization effort, the total number of the programs was reduced from 1,136 to 817.
- All ongoing costs and revenues for the 2018 budget have been allocated to programs.
- City Departments have finalized scoring of new programs. The peer-review process to score new programs is currently underway and expected to be complete in the coming weeks.
- In March 2018, updated PBB data for the 2018 budget is expected to be available to City decision-makers and the public to guide the 2019 budget year resource allocations.

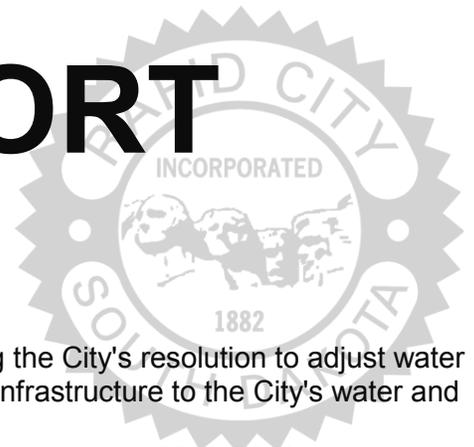
CITIZEN PRIORITY SURVEY

- 1,665 residents and 9 Council members responded. Wards 1, 3, and 5 had the most responses. All socio-demographic groups represented. 80% of respondents are homeowners and 3/4 of respondents have lived in Rapid City for more than 10 years.
- The objective of the question asking to rank City's Strategic Goals is to incorporate citizens' input in prioritizing programs within PBB. Responses to this question have the biggest long-term impact.
- Residents ranked Safe, Healthy, and Skilled Community as the most important followed by Economic Stability and Growth. Outstanding Recreational and Cultural Opportunities and Balanced Pattern of Growth were ranked least important.
- 62% of respondents prefer higher user fees if revenues fall short. 20% favor tax increases and 18% favor service level reduction. For the council, responses are: 89% in favor of user fees, 11% in favor of reducing service levels and none favored increased taxes.
- Respondents allocated the most tax dollars to Police (\$146), Street Repair and Maintenance (\$137), and Fire (\$128) and least amounts to Building Permits and Inspections (\$30), Code Enforcement (\$33), and Land Use, Planning and Zoning (\$33).
- Above results are cross-validated in question asking residents to identify a course of action for each service. Most respondents prefer higher user fees for Building Permits and Inspections, Code Enforcement, and Land Use, Planning and Zoning as well as Libraries, Recreational Facilities and Programs, Arts and Culture Programs among others.

SALES & PROPERTY TAX REPORT

- In 2017, Rapid City observed growth in monthly sales tax reports for 9 out of the 11 recorded months.
- An average annual growth of 2.50% was observed through November for the 2017 year.
- The sales tax receipts for the month of December are projected to enter in at roughly \$2.3 million (general fund only).
- With this average in mind, and December's projection, the City is estimating an overall increase of 2.31% in sales tax receipts from 2016.
- Our projected growth for 2017 was 2.0%. This equates to a projected sales tax growth of roughly \$576,000 for the 2017 budget year.
- Property taxes for the 2017 year totaled approximately \$16.3 million, compared to 2016's total of \$15,643,923.76.

RAPID CITY (continued) PROGRESS REPORT



UTILITY RATE STUDY

- A special election will be held in Rapid City Tuesday, February 20 regarding the City's resolution to adjust water rates to support construction projects that replace, improve or provide new infrastructure to the City's water and sewer systems.
- The last utility rate study was conducted in 2008 and adjustments were implemented in 2009-2013.
- Water and Water Reclamation Rates were last adjusted five years ago in January 2013. It was nine years before another utility rate study was conducted (2017). The Utility Rate Study's findings call for adjustments in the 2018-2022 period.
- Utility rate adjustments are needed to fully and adequately fund annual utility operations and maintenance expenses; adequately fund renewal and replacements and fund future necessary capital improvements; and meet financial policies at the end of the five-year utility rate period.
- Utility rates pay for engineering and construction projects that replace, improve or provide new infrastructure to the City's water and sewer systems. These projects can consist of replacement of aging water and sewer mains, replacement or improvements to booster stations, new or replacement storage reservoirs, additions or improvements to treatment facilities, or a host of other items necessary to keep the City's water and sewer systems operational. A system replacement or improvement that goes beyond the day to day maintenance of the system is considered a capital improvement.

K-12 PUBLIC TRANSPORTATION

- The RapidRide youth passenger program continues to surpass daily records in assisting our youth in getting to school.
- During the week of January 25th, we reported consecutive days of youth passengers exceeding 800 trips.
- Through the 2017 calendar year, nearly 148,000 youth passenger trips were recorded since the program's inception at the start of the 2016-2017 school year.

FUTURE OF THE BARNETT ARENA

- On Monday, February 12 at 6:30 p.m., I will be giving my seventh public presentation since September regarding the future of the Barnett Arena. This will take place at the Rushmore Plaza Civic Center at 6:30 p.m.
- On Monday, February 26 at roughly 7:00 p.m., the City Council will be voting to determine whether we should pursue building a new arena or remodeling the current arena for ADA and DOJ compliance.
- The City is working with Stone Planning, LLC to provide an up-to-date feasibility study for this project.
- In addition, the City is also working with the TEGRA Group to serve as our owner's representative.
- RFQ's have been submitted and returned for both Architectural firms and Construction Managers at Risk.
- RFP's will be released with a deadline of February 12, 2018, and interviews for both fields will be conducted on February 22 & 23, 2018.

RAILROAD QUIET ZONE TASK FORCE

- The Railroad Quiet Zone Task Force selected SRF Consulting to conduct a feasibility study for Rapid City Quiet Zones.
- SRF Consulting is currently working to coordinate meetings with the Federal Railroad Authority, the South Dakota Department of Transportation, and the RCP&RE.
- Once SRF Consulting has met with all mentioned parties, the Railroad Quiet Zone Task Force will begin meeting again.

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DOWNTOWN MASTER PLAN

Recap

- The Downtown Master Plan was adopted in October 2016. The top priorities for the Downtown Master Plan include:
 - Providing housing everywhere
 - Creating and promoting new jobs and innovation
 - Making Rapid City a “college town,” not a town with a college
 - Developing places for people
 - Implementing a parking management program
 - Making downtown safe and clean
 - Improving key streets for pedestrians and bicyclists
 - Enhancing connections to Rapid Creek, SDMS&T, and surrounding neighborhoods
 - Revising the zoning and land use code to be more ‘mixed-use’ friendly

Zoning

- Following adoption of the Plan, City staff began creating a new zoning category for the East of 5th District that would support many priorities from the plan.
- The proposed District is called Urban Commercial. The Planning Commission is reviewing the ordinance that will create the District at their meeting on February 8. Then there will be two public hearings at City Council, estimated for February 20 and March 5.
- The new District can be thought of as a “hybrid” Central Business District that allows a broad mix of uses, substantially reduces parking requirements, and introduces urban design standards to support a pedestrian oriented environment. The District encourages infill and redevelopment at greater densities than are currently allowed. The District introduces new uses to support the “Innovation and Creative Sectors” and a range of multi-family housing types.
- The proposed zoning regulations were developed with input from an advisory committee, stakeholder focus groups, and three public open houses held over the past year.
- Once the ordinance to approve the district is created the next step will be to rezone property to the new category. There are about 120 parcels, 50 acres (does not include Right of Way), that will be rezoned. The timeline for this is anticipated February 22 Planning Commission and March 5 & 19 City Council hearings.

Historic Preservation Architectural Survey

- The Historic Preservation Commission utilized grant funding in 2016-2017 to perform an architectural survey of the East of 5th District. The survey resulted in a finding that nine properties within the East of 5th area are eligible for listing on the National Register of Historic Places. Listing these properties to officially designate them historic would be a property owner decision. This can be a powerful redevelopment incentive tool because there are tax incentives at both the State and Federal Level for rehabilitation of historic property.

Innovation District/Redevelopment Site

- The Downtown Master Plan identifies the East of 5th area as an “Innovation District,” a dedicated area of the community with intentional clustering of entrepreneurs, university talent, startups, business accelerators, etc. in a walkable, urban environment.
- In November the City agreed to donate the 4.3 acre parcel at 108 E. Main Street to the Rapid City Economic Development Foundation. The site will be developed as an innovation center for entrepreneurs and startup companies and builds on the vision of the Downtown Master Plan in partnership with community entities.

RAPID CITY (continued) PROGRESS REPORT



DOWNTOWN MASTER PLAN (CONTINUED)

Parking

- In 2017, the City hired a Parking Consultant to analyze existing conditions and project future needs for parking. The Parking Study was created through guidance of a Steering Committee, stakeholder focus groups, a public open house, and an online survey. The study is being wrapped up and will be presented to Council and public in the coming months. The report is extensive and built on data collected about Rapid City's parking system and projected growth. The recommendations emphasize strategies for Rapid City to better manage its existing parking supply through technology upgrades and pricing.

6th & Saint Joseph Street/Redevelopment Site

- Completion of the Parking study is the first step in initiating a path forward for the City owned lot at 6th and Saint Joseph Street.

The Promenade/6th Street Corridor Planning

- Long Range Planning Division along with downtown stakeholders and community members will be developing a vision and Plan for the Promenade/6th Street Corridor that connects the Performing Arts Center, Main Street Square, Memorial Park, and the Civic Center. The process is in its early stages. Over the next year the Plan will look at physical improvements as well as opportunities for activities and programming.

BUILDING PERMITS

- For the second consecutive year, the City of Rapid City issued building permits with a combined total valuation in excess of \$300 million.
- In 2017, the City issued 3,936 building permits with a total valuation of \$302,570,950. In 2016, the City issued 3,242 permits with a total valuation of \$320,054,359. There were 38 permits issued in 2017 with a valuation of more than \$1 million.
- The top 10 permits in valuation issued by the City's Building Services Division in 2017:
 - 1) Rapid City Regional Hospital, Phase 2 Expansion, \$38 million
 - 2) Rapid City Regional Hospital for its Advanced Orthopedic and Sports Institute facility, 1635 Caregiver Circle, \$34.9 million
 - 3) Presbyterian Retirement Village for a new Westhills Village facility, 133 Texas Street \$14,511,493
 - 4) GCC Dakotah Inc. for a kiln upgrade, 501 N. Saint Onge Street, \$9,899,324
 - 5) Pennington County for its new County Health Building, \$9,135,000
 - 6) Icon Holdings LLC/Simet for Icon Senior Living Apartments, 1770 Tablerock Road, \$7,213,700
 - 7) Black Hills Federal Credit Union, interior finish, 2700 N. Plaza Drive, \$6,146,147
 - 8) Rural America Initiatives, new facility, 2112 S. Valley Drive, \$6,108,911
 - 9) Pennington County, Highway Depot Shop and Office Building, 3601 Cambell Street, \$5,458,107
 - 10) Wellspring, Inc. for its Wellfully facility, 22 Waterloo Street, \$4,142,100
- In January of 2018, Rapid City's Building Services Division issued the largest building permit in the City's history. The permit, with a valuation of \$92,500,000 was issued to Rapid City Regional Hospital for its Phase II Expansion.

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CITIZEN VISION COMMITTEE

- 2017 Vision Fund projects are currently underway, and a few projects have already been completed.
- Summer Nights purchased their portable events stage in the Spring of 2017.
- The Central States Fair stall barn expansion project was complete in the Spring of 2017.
- Wellfully broke ground on the Premier Adolescent Care Center on August 1, 2017
- DAV Flag Pole Ceremony took place on October 7, 2017
- Rural America Initiatives broke ground on their Community Center on October 30, 2017
- The Community Health Center of the Black Hills' agreement was approved by Council in December of 2017 for the Mental Health Pod. An architect is currently being selected.
- Rushmore Little League's field lighting project was completed in 2017.
- SDSM&T reached a funding agreement with the City for the field turf beautification project. It is still in progress.
- ASA Softball concessions project is still in progress.
- The Skin Center's shade structure project is still in progress.
- The 2018 Citizen Vision Committee has yet to be established.
- We are anticipating this process will be initiated by March of 2018.

CITY/SCHOOL ADMINISTRATION CENTER

- In 2019, the City/School Administration Center will become City Hall.
- The Rapid City Area School Administration has purchased space in the old Black Hills Energy building now owned by the YMCA.
- In turn, the City Council approved of buying the School administration out of its share of the CSAC facility.
- These purchases will allow for both administrations to secure the necessary space for staff members.
- Since 1987, both organizations have outgrown the original space.
- A CSAC space study will be finalized in 2018, and this will assist us in efficiently utilizing the additional space come 2019.

COMMUNITY RESOURCES REORGANIZATION

- In June of 2017 the Community Resources Department began a reorganization.
- This process was finalized in October of 2017 when Nick Stroot joined the City as the new director of Community Resources/Human Resources.
- Code Enforcement and CDBG now are organized under Community Development.
- Communications now falls under the Mayor's Office.
- GIS is structured under the Public Works Department.
- Risk Management is now structured under the City Attorney's Office.
- IT is operating independently for the time being.

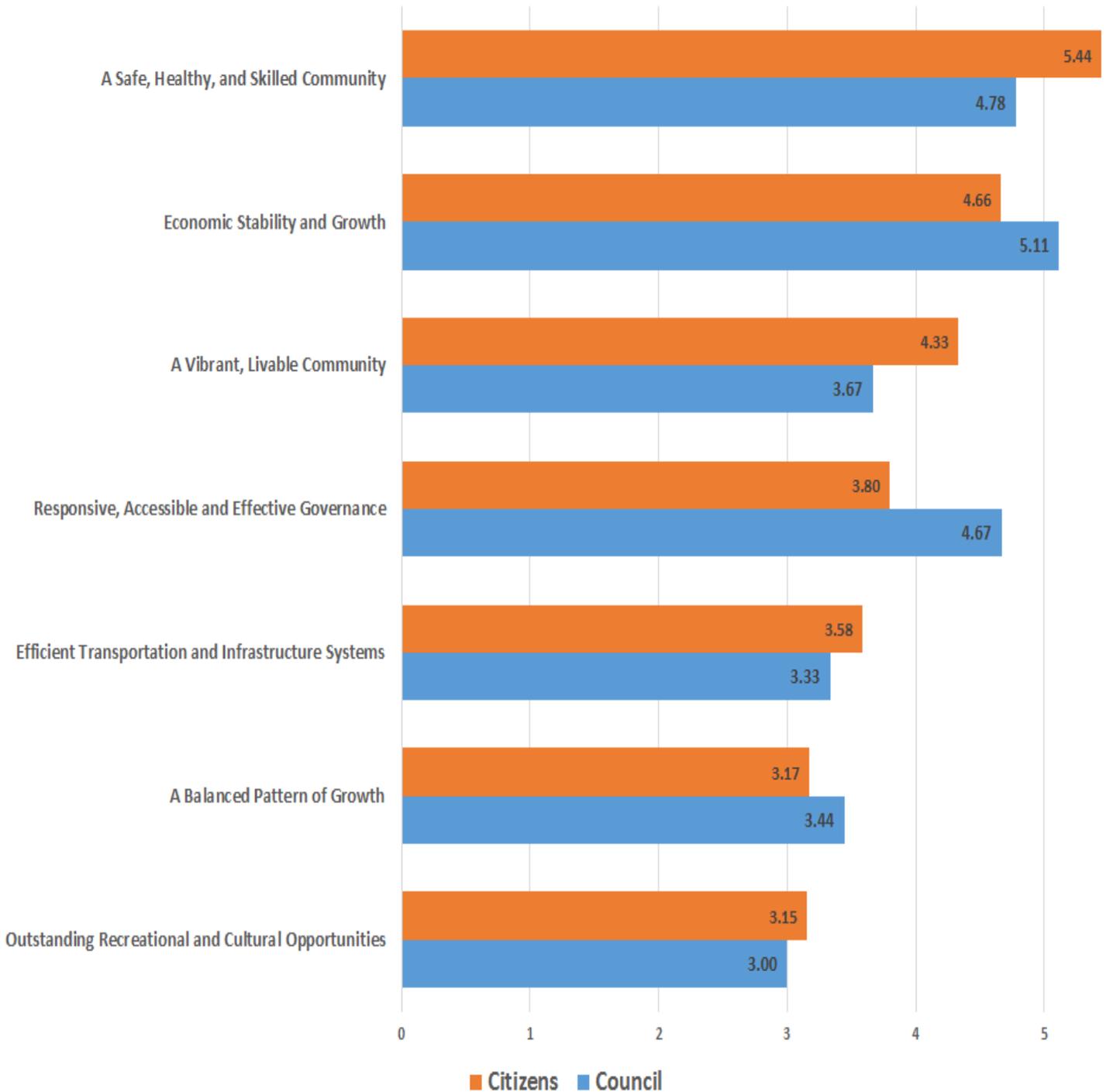
2017 HIGHLIGHTS

- The Mayor's Office hired a City Budget Analyst as approved in the 2017 budget process.
- City Engineer Dale Tech was appointed as the Public Works Director.
- Ken Young was appointed as the Community Development Director.
- Rod Seals was identified as the candidate to become the 18th Fire Chief. His appointment took place in 2018.
- Rapid City Regional Airport observed a record breaking year and secured a new service to Newark, NJ.
- The Airport received a perfect FAA Safety Inspection, and the department also launched a new airport website for citizens and visitors alike.
- The Parks & Recreation Department rolled out the Robbinsdale Park Master Plan. www.robbinsdalepark.org

It is important to note that the items listed in this report are the result of a joint effort between City Council, Department Directors, our employees, citizens, and myself.

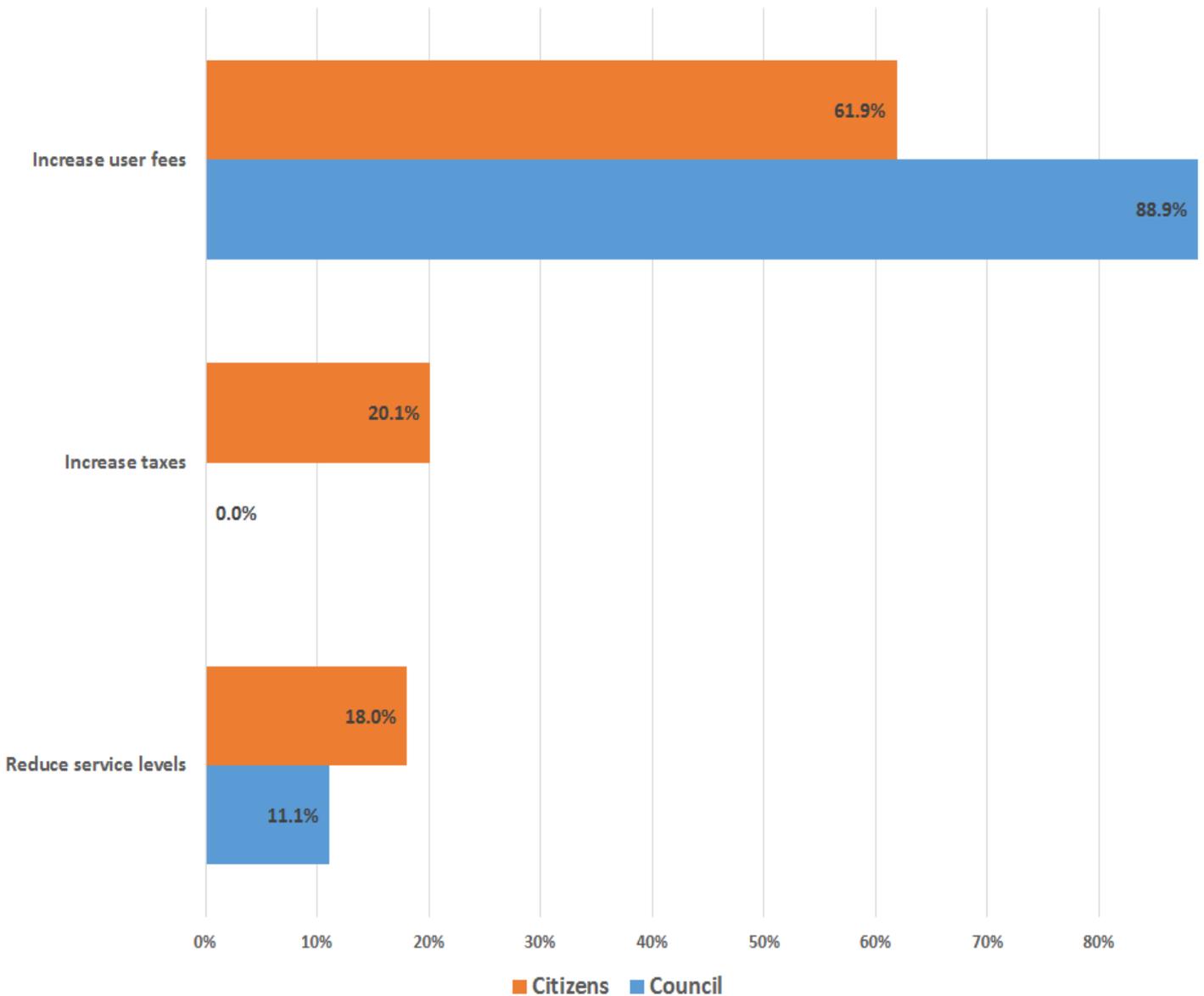
RAPID CITY (continued) PROGRESS REPORT

Q1. PBB Ranking of Strategic Goals



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Q2. What do you prefer the City to do if revenues don't keep pace with spending?



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Q3. How would you allocate \$1,000 of your tax dollars?

