
Black Hills Council of Local Governments

1602 Mt. View Road, Suite 104 · P.O. Box 9686 · Rapid City, South Dakota 57709-9686

December 1, 2000

Ms. Coleen Schmidt
Assistant City Finance Officer
City of Rapid City
300 Sixth Street
Rapid City, SD 57701

Dear Coleen:

Thank you for your call requesting additional information to support the Black Council of Local Governments' (BHCOG) request for an increase in the management services contract with the City of Rapid City for transit management services. As you are aware, in 1984 the City of Rapid City requested that the BHCOG provide transit management services for the Rapid Transit System (RTS). The initial contract called for a three-quarter time manager position. Early on in the initial contract it became evident that the program required full-time management. As a result, full-time management was provided with compensation remaining at a three-quarter time level.

Over the past sixteen years the scope of management services provided has changed, along with an increased level of responsibility. Commencing in 1986, the BHCOLG transit management employee assumed daily responsibility for management of the Milo Barber Transportation Center. Additionally, and most significantly, the transit system has experienced tremendous growth in terms of the number of passengers transported, size of staff and increase in overall budget. In 1984, the system was comprised of a fleet of four mini buses and five employees. The annual transit budget was approximately \$150,000 with approximately 30,000 passenger trips provided per year. Presently, RTS has a fleet of eighteen buses, twenty-three full- and part-time employees, an annual operating budget of about \$1 million and transports well over 250,000 passengers per year.

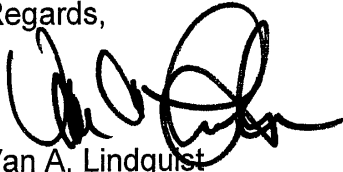
During the past few years, you and I have, on occasion, had discussions regarding the management services contract and have discussed the fact that past and present contracts have never covered the full cost of the services provided. BHCOLG has, in effect, annually absorbed the shortfall. Based on recent discussions, it has been my understanding that future contract budgets could be increased to compensate for this shortfall. During preparation of the RTS 2001 transit budget, I requested that Rich Sagen, BHCOLG transit management

Ms. Coleen Schmidt
December 1, 2000
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employee, include within the budget, the required dollar amount to fully fund the management contract. He has subsequently informed me that the funds were included in the appropriate line item and that the budget was approved by the Mayor and Rapid City Common Council as requested. The information that I have provided you previously, breaks down in detail the compensation request and the sources of revenues to cover the contract costs. As revealed in the information provided, the local share for the entire contract amount is \$15,509 or approximately 32%.

If you should require any additional information regarding this matter, please do not hesitate to contact me or Rich Sagen.

Regards,

A handwritten signature in black ink, appearing to read 'Van A. Lindquist', written over a horizontal line.

Van A. Lindquist
Executive Director

EXHIBIT A

BLACK HILLS COUNCIL OF LOCAL GOVERNMENTS
Projected Contract Costs
January 1, 2001 through December 31, 2001

Itemized Personal Costs

Salary	\$39,482
Retirement	\$ 1,975
FICA	\$ 3,020
Insurance	\$ <u>3,940</u>
Total Management Contract	\$48,417

BLACK HILLS COUNCIL OF LOCAL GOVERNMENTS 2001 CONTRACT BREAKDOWNS

MANAGEMENT CONTRACT

Wages	\$39,482.00
Retirement	\$1,975.00
FICA/Medicare	\$3,020.00
Health Insurance	\$3,181.00
Dental Insurance	\$459.00
Life Insurance	\$300.00
TOTAL	\$48,417.00

FUNDING SOURCE BREAKDOWN

FEDERAL	\$19,510.00
NON-FEDERAL	
LOCAL	\$15,509.00
STATE	\$1,474.00
FAREBOX	\$11,924.00
TOTAL	\$48,417.00

MPO PLANNING CONTRACT

Wages	\$12,233.00
Retirement	\$611.00
FICA/Medicare	\$936.00
Health Insurance	\$986.00
Dental Insurance	\$142.00
Life Insurance	\$92.00
TOTAL	\$15,000.00

FEDERAL	\$12,000.00
NON-FEDERAL	
LOCAL	\$3,000.00
TOTAL	\$15,000.00

COMBINED CONTRACT TOTALS

FEDERAL	\$31,510.00
NON-FEDERAL	
LOCAL	\$18,509.00
STATE	\$1,474.00
FAREBOX	\$11,924.00
TOTAL	\$63,417.00

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Phone (605) 394-2681 · Fax (605) 394-2684

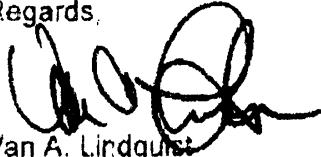
SERVING LOCAL GOVERNMENTS IN THE BLACK HILLS AREA

Ms. Coleen Schmidt
December 1, 2000
Page Two

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Regards,



Van A. Lindquist
Executive Director

2606

11-16-98

(Transit Sys/
Planning)

*Approved
KLN
12-24-98*

CONTRACT BETWEEN
THE CITY OF RAPID CITY
AND THE BLACK HILLS COUNCIL OF LOCAL GOVERNMENTS
TO PROVIDE MANAGEMENT SERVICES FOR THE RAPID TRANSIT SYSTEM

For and in consideration of mutual benefits to accrue therefrom, this agreement by the Common Council of the City of Rapid City of December 7, 1998, is by and between the City of Rapid City (hereinafter referred to as "CITY") and the Black Hills Council of Local Governments (hereinafter referred to as "COUNCIL").

I. PURPOSE

The purpose of this agreement is to establish the intent, amount, duration, terms and conditions for a contract regarding professional services by the COUNCIL to provide management services to the City for the Rapid Transit System.

II. INTENT

The intent of the management services contract is to provide management services for the operation of the Rapid Transit System. This shall include but not be limited to operation, vehicle maintenance, oversight, staff hiring and supervision, development of grant applications, systems development for proper compliance with federal regulations, development of specifications for vehicles, preparing annual budgets, and completion of all federal, state and local reports as required.

III. TERMS

This Contract shall become effective on January 1, 1999, and will terminate on December 31, 2001. It is agreed that this Contract shall be subject to renewal upon consent and approval by both parties to this agreement. Such renewal is subject to negotiations regarding expanded, reduced, or continued level of management services.

IV. COMPENSATION AND EXPENDITURE OF FUNDS

Subject to the terms and conditions set forth in this Contract, the CITY agrees to compensate the COUNCIL the sum of THIRTY NINE THOUSAND FOUR HUNDRED AND NO/100 (\$39,400) during the initial year of this Contract. Compensation for the following two (2) years of the Contract (2000 - 2001) shall be negotiated each respective year. The COUNCIL does hereby covenant and warrant that it will expend the funds contracted with the CITY pursuant to this Contract for no purpose other than to provide services at the budgeted amounts as described in Attachment A (projected contract costs). The CITY agrees to reimburse the COUNCIL for all travel and travel-related items (lodging, per diem,

etc.) associated with the Management Contract. The reimbursable travel expenses would be for out-of-area travel required by the Federal Transit Administration (FTA) as part of the grant between the CITY and FTA.

V. PAYMENT

The CITY shall pay the COUNCIL in accordance with submitted vouchers for services rendered. Payment shall be made to the COUNCIL as earned, in accordance with the monthly submitted vouchers, within thirty (30) days of receipt of voucher.

VI. ADMINISTRATIVE CONTROL OF FUNDS

The COUNCIL shall make monthly reports to the City of Rapid City Community Development Department as to the operations of the Rapid Transit System, including but not limited to, revenue generated, miles driven, passengers transported, fuel records, cost per mile for transit service and days of operation for each month.

VII. INSPECTION OF WORK

The CITY shall, at all times, be accorded the right for review and inspection of the expenditure and service delivery of the Rapid Transit System. In addition, the CITY shall also, at all times, reserve this same right to authorized personnel of the Federal Transit Administration (FTA).

VIII. TERMINATION

The CITY reserves the right to terminate this agreement for cause. Such termination shall be by thirty (30) days written notice to the COUNCIL, at its office in Rapid City. Monthly voucher billing shall be determined as of the date of termination.

IX. AUDITS

The COUNCIL shall provide to the City of Rapid City an annual audit prepared by a certified public accountant showing disbursement of all funds received by the COUNCIL. This audited statement shall be due one hundred and twenty (120) days after completion of the COUNCIL's fiscal year, with an additional audited statement due for the balance of the contract year if this Contract is terminated.

X. FEDERAL AND STATE LAWS/REGULATIONS

The COUNCIL shall comply with all applicable Federal and State laws and regulations regarding the management of the Rapid Transit System.

XI. MODIFICATION

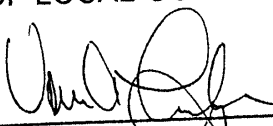
No modification of this agreement either as to be performed or as to payments to be made, shall be effective unless made in writing and signed by authorized agents of each party.

XII. SPECIAL CONDITIONS

Attached to and made a part of this Contract is Exhibit A, which is the Proposal and budget adopted by the Common Council for the City of Rapid City on Nov. 16, 1998.

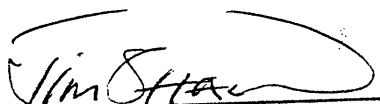
Dated this 17 day of Nov., 1998.

BLACK HILLS COUNCIL
OF LOCAL GOVERNMENTS



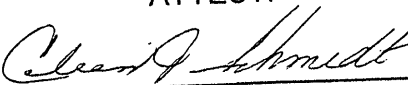
Van A. Lindquist, Executive Director

CITY OF RAPID CITY



Jim Shaw, Mayor

ATTEST:



Jim Preston, Finance Officer

(SEAL)