

DRAFT

PROCEEDINGS OF THE DOWNTOWN BID BOARD Rapid City, South Dakota

August 10, 2010

The Downtown BID Board met at 4:30 p.m. on Tuesday, August 10, 2010, with the following members present: Terry G. Nelson, Frank Morrison, Diane Alberts, Mary Ann Pembroke, Robert Fuchs, Clancy Kingsbury, Peter Schmid, Gene Williams, Mike Brummer and Sandra Schwan. Members absent: None. Others Present: Mayor Alan Hanks, Jason Green, Wade Nyberg, Deb Hadcock, Pauline Sumption, and Beth Hottel.

ADOPTION OF THE AGENDA

Motion was made by Schwan, second by Williams and carried to adopt the agenda as posted.

INTRODUCTIONS

Each member of the Board introduced themselves.

ELECTION OF OFFICERS

It was indicated the Board needs to elect a Chairman, Vice Chairman and Secretary. Nelson, as temporary Chairman, opened the floor for nominations for Chairman. Motion was made by Schmid, second by Alberts and carried to nominate Terry Nelson for Chairman.

Motion was made by Brummer, second by Fuchs and carried to cast a unanimous ballot for Terry Nelson as Chairman.

Nelson opened the floor for nominations for Vice Chairman. Motion was made by Morrison, second by Fuchs and carried to nominate Sandy Schwan for Vice President.

Motion was made by Fuchs, second by Brummer and carried to cast a unanimous ballot for Sandy Schwan for Vice Chairman.

Nelson opened the floor for nominations for Secretary. It was indicated that the Secretary's duties include signing off on the minutes and filling in for the Chair or Vice Chair in their absence. Motion was made by Fuchs, second by Brummer and carried to nominate Clancy Kingsbury for Secretary.

Motion was made by Schwan, second by Pembroke and carried to cast a unanimous ballot for Kingsbury for Secretary.

DETERMINE AMOUNT OF REVENUE NEEDED FOR 2011

It was indicated the amount of revenue needed for 2011 is \$178,867.05. Green explained that this amount is raised through the assessment and the funds will support the operations of Main Street Square. Sumption explained that once the assessment roll is approved the property owners have 30 days to pay. If the payment is not made after 30 days, 9% interest will be charged with the full payment due by April 30th, and if the payment is delinquent, it will be added to the property taxes. The payments could start arriving as early as September, and

DRAFT

Green explained that if the assessment roll is not approved now it cannot happen for another year. The annual payment will come due each August with the hearing held in July.

APPROVE PROPOSED ASSESSMENT ROLL

Hadcock expressed concern that there would be a lot of opposition based on the short amount of time given for property owners to make the payment. It was indicated the 9% interest is set by statute and cannot be changed. Sumption added that the County charges a 10% penalty if the payment is not made by April 30th, which is in addition to the 9% charged by the City.

Motion was made by Schwan, second by Kingsbury, to recommend the City Council approve the assessment roll as attached for the total amount of \$178,867.05. It was indicated that Black Hills Corporation is centrally assessed so they are not included in the assessment roll. However, the Mayor explained they will work on getting a sponsorship from them. In response to a question from Fuchs, Green said that the payment dates cannot be pushed back, and Schwan pointed out that the businesses are already aware of the amount they owe. Hadcock suggested property owners pay half the amount for the first year, and Green confirmed that the assessed amount is subject to the recommendation of the Board and Council approval. It was indicated the amount will cover start up costs which will help get Main Street Square operational. Brummer suggested that half the payment could be made now with the other half paid in April or May, but Green indicated that is not legally possible. Hadcock was concerned that they will not get the buy-in from property owners if the 9% and 10% fees are charged, and Mayor Hanks felt that those in opposition will oppose it either way. Green pointed out that the intent is for the project to be complete in May, and Schmid added that they will miss the tourist season if it is not complete. Responding to Nelson, Green explained that the City Council needs to allocate the 2012 funds, and once the funds are allocated, they can start work to complete the project and start generating revenue. He said the timing of the payment cannot be changed unless a change goes through the state legislature. He stated that some type of recommendation must move forward on the assessment roll. Pembroke pointed out that if there is a shortfall the funds will have to come from somewhere else. Alberts questioned if there has been research done on expected delinquency amounts, and Schwan pointed out that the budget might be low as salaries could be higher and there might not be an event right away. Kingsbury asked if there is a way to allow property owners until April to pay without the 9% interest. Responding to Hadcock, Sumption indicated that the County gets the 10% interest, and the City would maintain the 9% interest as an administration cost. She pointed out that details have not been finalized and noted that the City has already paid approximately \$1,300 for the mailing until details are worked out. It was indicated that if the payment is not made the amount will be added to the property taxes, and any payment made will be applied to the assessment first with the remainder to property taxes. It was also noted that the average assessment is approximately \$411, which would mean an interest amount of approximately \$35. Schmid suggested spending time to educate people instead of delaying the assessment as there really is not a choice. Suggestions were also made regarding softening the letter to property owners to explain the possible interest, and Sumption explained that the letter will not address the 10% charged by the County. It was confirmed the Board will be voting based on the budget as proposed by Destination Rapid City, but whether or not they are named as the management firm remains to be seen. It was indicated this is a City project as the 2012 funds would be used and private funds will go to the City as donations. Motion to recommend approval carried.

DISCUSSION OF FUTURE BID BOARD ACTION

DRAFT

Nelson pointed out that the City Attorney's Office is currently working on bylaws, and an RFP still needs to be done for the management contract. Green indicated the next step is the allocation from the City Council for the 2012 funds. They also need a lease between the BID Board and City Council for the Main Street Square and a management contract, which needs to be publicly advertised. Once everything is in place, the Board meetings will be mainly to look at financials, but until then, the Board may have several meetings.

It was indicated the design drawings should be done on August 28th as Destination Rapid City continued to work on them at no cost to the City even though this was referred to a vote. The project should be ready for bid by September 1st, and once 2012 allocations are approved, the City can go out for bid. If everything remains on track, the bid should be able to be awarded at the first Council meeting in October. Mayor Hanks confirmed that the management contract can still move forward and be in place in the next 30 days. In order to open by Memorial Day 2011, Destination Rapid City is looking at purchasing some equipment as there is not enough time to include it in the City bid package. They will then donate the equipment to the City. It was also indicated that Destination Rapid City will be paying any shortfalls.

It was noted that a key component for the Manager is their ability to raise private funds. Each year the Manager will bring forward a budget to the Board for approval, and the Board's roll is to determine the needs and set the assessment roll to match. Currently, the assessment is at the maximum amount per the ordinance. The goal is if the Main Street Square cash flows the BID Board can then look at funding other projects. Regarding a question from Hadcock, it was indicated the purpose in the ordinance is specific to Main Street Square but also gives flexibility to take on other projects.

Green indicated that future questions can be directed to Assistant City Attorney Wade Nyberg.

ADJOURN

As there was no further business to come before the Board at this time, motion was made by Pembroke, second by Brummer and carried to adjourn at 5:38 P.M.

BID Board Secretary