



CITY OF RAPID CITY

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MEMO

To: Mayor Sam Kooiker & Common Council
From: Pauline Sumption, Finance Officer
Date: September 17, 2012
RE: Second Reading of Budget Appropriation

The second reading of Ordinance No. 5848, FY2013 Appropriation Ordinance is before you tonight. I will begin by stating that my preference is that this is approved as previously amended, which includes:

- Adding language to the ordinance that is commonly referred to as the “emergency clause”
- Include budgeting an additional \$15,000 for road striping
- Include budgeting \$500,000 for 5th St oversizing (south of Catron Blvd); Process is to transfer \$500,000 from SAB 28 Fund to .16 Utility Facility Fund to establish a loan; transfer \$500,000 from .16 Utility Facility Fund to CIP Fund; increase CIP Streets budget \$500,000. In FY2014, a loan payment from .16 Utility Facility Fund to SAB 28 Fund will need to be included in the budget
- Include budgeting an additional \$30,000 in the General Fund Community Development – Nongrant budget for the Administrative Assistant salaries/benefits

In regards to the “emergency clause” language, I would like to state that it does not hurt to have the language included in the ordinance even though it really is not necessary. I reviewed all of the prior appropriation ordinances back to FY2005 (not the supplemental appropriations) to determine if Finance had missed the boat on this. I could not find where this language was included in those ordinances. We DO typically include the language in the final supplemental appropriation ordinance of each year however.

In regards to the loan from SAB 28 Fund to .16 Utility Facility Fund, the .16 Utility Facility Committee would need to bring back a recommendation to the Council as to what the terms of the loan would be for the FY2014 budget, i.e. length of term, interest rate, etc.

In regards to IFAS, I want to clarify the hesitation that I have in trying to budget for a new software package at this time. A committee has been established to work on an RFP for new financial management software. The plan of the committee is to come before the Council in October to get authorization to go out for an RFP. It is very clear in the RFP that the City is unable to make any down payments due to SDCL 9-23-1 (payment cannot be made unless the goods or services have been received) but the payment process is to be negotiated with the selected vendor. In addition, we are requesting an implementation plan be included in the proposal. Until those proposals are returned, the companies thoroughly vetted and a decision made as to which software package would best suit the needs of the City, including cost and payment process, I would not feel

comfortable adding money to the budget. At that time, we would also have a better how to allocate the costs equitably to all of the various users.

There has also been some discussion about budgeting for the annual debt payment for the new County/City Evidence Building, which the construction is projected to be complete in January 2013 and the first payment due in December 2013. I had originally taken this request to the CIP committee for consideration. That being said, I just reviewed my initial memo when this project was brought forward and the recommendation at the time was to take the initial payment out of the Vision Fund, although CIP Fund was one of the four options presented. Whichever fund is designated for this first payment, it should go through the appropriate committee. This is true for the .16 Utility Facility Fund, as well. There are processes in place to vet these types of expenditures against other needs and I feel strongly that those processes need to be followed prior to adding this cost to the FY2013 budget. We typically prepare 4-5 supplemental appropriation ordinances each year in which it would be very easy to include this payment to whichever fund's budget is determined to be used by the committees and subsequently the Council.

While I respect and understand the efforts of trying to budget for everything that the Council has become aware of between the time of the Mayor's presentation and the Council's approval of the budget, I don't think it is realistic to expect that we can budget for absolutely everything. In addition, we are in a good position for FY2013 as this is the first year in which we have seen growth in the budgets as well as using very limited undesignated funds in which to balance the budget as amended by the Council thus far. In fact, the budget as originally presented did not use any undesignated funds.

As you are all well aware, we have a deadline to meet in which we are required to submit the City's tax levy request to the County Auditor, October 1, and therefore I urge you to approve the second reading of the budget for FY2013 as amended at the September 4, 2012 council meeting.