

CAPITAL IMPROVEMENTS PROGRAM COMMITTEE MINUTES  
City of Rapid City, South Dakota  
C/SAC -- 3rd Floor, West Conference Room  
10:00 A.M., Friday, March 16, 2012

Finance Officer Pauline Sumption called the meeting to order at 10:00 A.M. with the following committee members present: Aldermen: Charity Doyle, Ritchie Nordstrom, Bonny Petersen, Gary Brown (proxy) and Jerry Wright (proxy); Planning Commission: John Brewer, and city staff: Public Works Director Terry Wolterstorff and Parks Division Manager Lon VanDeusen (proxy); and the following members arrived during the course of the meeting: None; and the following were absent: Dave Davis, Jordon Mason, Linda Marchand and Brett Limbaugh

Others present included: Chief Accountant Tracy Davis, City Engineer Dale Tech, Compliance Specialist Amber Sitts, Landscape Architect Alex DeSmidt, IT Officer Russ Tiensvold, Assistant Library Director Terri Davis and Administrative Coordinator Sharlene Mitchell.

The following items were added to the agenda: Dinosaur Park structure maintenance and CSAC maintenance. Motion was made by Nordstrom, second by Petersen and carried to **approve the agenda** as amended.

Motion was made by Nordstrom, second by Petersen and carried to **approve the minutes** of the February 17, 2012 meeting.

Sumption presented the (No. CIP031612-04) **Review 5-year plan and proposed FY2013 Budget for Streets & Drainage, Parks, Government Buildings and IT** noting the need to amend the plan to include the Fire Department land purchase. Sumption advised that the previous sales tax revenue projections of a 1% increase for FY2013/2014 and a 4% increase for the remaining years would result in a cash balance falling below the recommended threshold. Sumption indicated that the Plan as presented reflects a 1.5% increase for FY2013/2014 based on the current sales tax provisions for the general fund. In response to a question from Wolterstorff, Sumption reviewed the cash, accrual and actual budget basis utilized in the Plan noting that for conservative purposes the Plan, as presented, is based on the FY2012 budget. Sumption called attention to the inclusion of the .16 Utility project funds noting the need to address the changes to FY2013 and the addition of FY2017. Sumption clarified that expenditures reflect at 1% increase for FY2013/2014 and a 4% increase for the remaining years. Sumption addressed the lack of information on how each fund base amount and the respective growth projections were established. Sumption recommended utilizing the Vision Fund allocation process in which a specific percentage is allocated to each type of use. Discussion followed regarding the current project expenditures and DCA charges allocated to the various use funds. Sumption addressed the loss of purchasing power resulting from the static budgets. Wright addressed the need to develop a budget that reflects the actual costs to fund and maintain City operations. Sumption addressed the sales tax limitations on the CIP revenues. Discussion followed regarding the utilization of the street and utility maintenance fees or a municipal bond issue to provide a secure resource for these types of projects. In response to a question from Wright, Tech addressed the level of annual funding required to maintain a forty year street/utility reconstruction cycle. Brewer suggested that the CIP fund be utilized to build streets with the general fund utilized to maintain streets. Brewer recommended that IT projects should be addressed as an expense due to the rapid turnover in technology. Discussion followed regarding the original infrastructure intent of the IT fund and the need to maintain the fund to address on-going infrastructure improvements. Brewer recommended that IT infrastructure expenditures be addressed from the general budget. Sumption advised that an ordinance amendment would be required to remove the IT fund from the CIP program. Tiensvold stated that the purpose of the CIP fund is to insure that the funding is available to maintain an up-to-date IT infrastructure. Tiensvold address the impact to the interdepartmental charges should the CIP funding be eliminated. In response to a question from Nordstrom, Tech addressed the limiting factors, outside of funding, for street and utility projects. In response to a question from Doyle, Tech addressed the issues associated with doing in-house street and

utility projects. Doyle requested that staff provide a breakdown of the cost advantages/disadvantages of projects handled in-house or by an outside contractor. In response to a question from Sumption, Doyle voiced support for the 1.5% revenue projection for FY2013/2014 due to the projected increase in fuel costs. Discussion followed regarding the revenue projections and the ability to revise those projections in response to changes in the economy. In response to a question from Wolterstorff, Sumption indicated that only funds in excess of the established threshold would be available for expenditure. Motion was made by Nordstrom, second by Petersen and carried to approve the **proposed FY2013 Budget for Streets & Drainage, Parks, Government Buildings and IT** as presented.

Sumption advised that the current Plan reflects at 4% revenue increase for FY2017 noting the need to address the funding for the Fire Department land purchase and fire apparatus upgrades. In response to a question from Brewer, Sumption advised that the outstanding needs would be presented for review at the April meeting. In response to a question from Wright, Sumption addressed the current building maintenance management system due to the lack of a City Facilities Manager. Motion was made by Doyle, second by Nordstrom to request that staff research the cost of a municipal bond to fund street/utility maintenance projects. Brewer addressed the impact of the current financial environment on bond interest rates. Nordstrom addressed the funding security provided by the bond revenue noting the ability of political influence to impact the continued use of a street maintenance fee. Discussion followed regarding establishing funding for the annual street/utility maintenance projects. Motion carried.

In response to a question, Sumption advised that the 5-year Plan is reviewed annually and recommended that the committee also review the establishment of the base allocations and annual increases to those allocations. Motion was made by Brewer, second by Nordstrom and carried to approve the **5-year plan for Streets & Drainage, Parks, Government Buildings and IT**.

Tiensvold presented the (No. CIP031612-03) **Request to move \$26,931.19 from the IT CIP Contingency to a new project titled "Fiber optic connection between CSAC and Library"** noting that the funding is available in the CIP IT contingency fund. Tiensvold indicated that the project will provide a city owned connection to the Library eliminated the need for the current leased line. Tiensvold indicated that this is part of the on-going IT infrastructure improvements. In response to a question from Petersen, Tech advised that the Presidential Plaza project would not impact the IT project. In response to question from Nordstrom, Tiensvold addressed the factors associated with the Airport IT service and the limited ability to recoup the cost of extending IT service to the Airport. Tiensvold addressed the centralized system that will be provided by the Library connection project. In response to a question from Nordstrom, Tiensvold advised that there would be no change in the security standards with the connection project. Motion was made by Nordstrom, second by Petersen and carried to approve the reallocation of \$26,931.19 from the IT CIP Contingency to the CSAC/Library Fiber Optic Connection project.

Wright requested that consideration be given to advancing the **Dover Street Drainage** projects forward in the 5-Year Plan. Staff acknowledge the request to consider advancing the Dover Street Drainage projects in the 5-Year Plan. Wright and Petersen left the meeting at this time 10:53 a.m.

VanDeusen addressed the damage to the **Dinosaur Park structure** noting that the estimated cost to repair the structure exceeds the budget allocation for parks maintenance. Discussion followed regarding the engineering, artistic and concrete elements of the structure repair. Tech recommended a contact for the concrete work. Brewer addressed the community value of Dinosaur Park and recommended that consideration be given to requesting financial assistance from the general public. VanDeusen addressed the efforts to establish a foundation for Dinosaur Park as the community has a vested interest in the preservation of this high profile area. Sumption recommended that the project be presented to the Parks and Recreation Board and the Historic Preservation Commission for funding consideration. Discussion followed regarding the status of the CIP contingency fund. Motion was made by Nordstrom, second by

Wolterstorff and carried to recommend that the Parks Department review alternative funding options and provide a report at the April meeting.

Tech presented the **CSAC maintenance projects** identified for FY2012: backup generator \$70,000; treated lumber replacement \$7,000; parking lot repairs \$25,000; outside security improvements \$17,000; walkway lighting \$13,000; and front entry replacement \$68,000. Tech advised that the maintenance costs are shared on a 60/40 basis noting that the City share of the identified projects would be \$120,000. Tech addressed the schedule for the School to review the projects and approve their portion of the project funding. Discussion followed regarding the need to establish an on-going building maintenance fund. Tiensvold addressed the importance of the backup generator project in maintaining the IT systems during a power failure. In response to a question from Brewer, Tech addressed the inefficiencies of the building management system noting that a Facility Manager is essential to manage and preserve the existing city facilities. Motion was made by Nordstrom, second by Doyle and carried to acknowledge the CSAC maintenance projects report.

There being no further business to come before the committee, motion was made by Doyle, second by Wolterstorff and carried to **adjourn** the meeting at 11:13 a.m., and it was noted that the next scheduled meeting is Friday, April 20, 2012 at 10:00 a.m. in the CSAC, 3<sup>rd</sup> Floor West Conference Room.