

CAPITAL IMPROVEMENTS PROGRAM COMMITTEE MINUTES
City of Rapid City, South Dakota
C/SAC -- 3rd Floor, West Conference Room
10:00 A.M., Friday, May 18, 2012

Finance Officer Pauline Sumption called the meeting to order at 10:00 A.M. with the following committee members present: Aldermen: Dave Davis, Ritchie Nordstrom, Bonny Petersen and Gary Brown (proxy); and city staff: Public Works Director Terry Wolterstorff and Parks and Recreation Director Jerry Cole; and the following members arrived during the course of the meeting: Jerry Wright (proxy); and the following were absent: Jordon Mason, John Brewer, Linda Marchand and Brett Limbaugh

Others present included: Assistant Finance Officer Mary Floto, City Engineer Dale Tech, Compliance Specialist Amber Sitts, Assistant Fire Chief Jason Culberson, Landscape Architect Alex DeSmidt, IT Officer Russ Tiensvold, IT Tech Supervisor Jean Hawkinson, Assistant Library Director Terri Davis Library Facilities Maintenance Supervisor Carlos Ramirez and Administrative Coordinator Sharlene Mitchell.

Motion was made by Nordstrom, second by Brown and carried to **adopt the agenda**.

Motion was made by Brown, second by Nordstrom and carried to **approve the Minutes** of the April 20, 2012 meeting.

Sumption presented the (No. CIP051812-01) **Financial Reports** calling attention to the expenditures for the Cambell Street, Canyon Lake Drive Watermain, Hoefer Avenue Bridge, Greenway Trails, and Fire Station #4 projects and the Fire Station #1 land purchase. Sumption called attention to the available balance in the contingency fund line item.

Sitts presented the (No. CIP051812-02) **Capital Plan for Streets, Drainage, MIP Projects** calling attention to the decreases in the Elm Avenue and West Chicago projects, the addition of the Dyess Avenue drainage project, and increases in the West Chicago and Miscellaneous improvement projects. Sitts advised that the 5 Year Plan continues to maintain an overall positive balance. Tech addressed the joint Department of Transportation projects and the resulting savings allowing the City's urban systems project funds to be carried over for a future project. Tech advised that the City will be required to provide the 20% grant match for the future project. Tech indicated that information regarding the future street project would be provided when available. Motion was made by Petersen, second by Brown and carried to approve the Capital Plan for Streets, Drainage, MIP Projects.

Sumption presented the (No. CIP051812-03a) **Government Buildings 5-Year Plan** and reviewed the process utilized by the department directors to identify and rank the projects. Sumption presented the FY2017 projects noting that the balance of the funds will remain in Government Buildings to address any cost overruns. Discussion followed regarding the upgrades to Fire Station 5. In response to a question from Tech, Sumption indicated that maintenance improvements to the parking ramp would not be eligible for CIP funding as the parking ramp is an enterprise fund. Motion was made by Petersen, second by Nordstrom and carried to approve the Government Buildings 5-Year Plan.

Tiensvold presented the (No. CIP051812-03b) **Information Technology 5-Year Plan** noting the impact the pace of technology improvements has on the projections. Tiensvold addressed the provisions for the on-going maintenance needs noting his election to allow the new IT officer to identify specific projects. Tiensvold indicated that the new IT Officer will most likely offer project recommendations after reviewing the current system. Tiensvold advised that Jean Hawkinson will serve as the Interim IT Officer. Motion was made by Petersen, second by Brown and carried to approve the Information Technology 5-Year Plan.

Motion was made by Brown, second by Petersen and carried to continue (No. CIP042012-11) Rapid City Enhancement Program to the June 2012 CIP meeting.

Sumption presented the (No. CIP042012-04) Discussion to establish a **Use Fund base allocation and annual percentage of increase**. Sumption indicated that the Use Fund would operate similar to the Vision Fund noting that the current static allocation is inadequate for funds such as Government Buildings. Sumption identified the line items receiving annual increases and presented the proposal to adopt a policy that would allow all line items paid for from sales taxes to increase annually by the projected sales tax increase. Sumption indicated that this would assist in addressing the issues associated with a no-growth budget. In response to a question from Brown, Sumption addressed the advantages of the sales tax recalibration proposal. Cole addressed the current process which provides for an annual increase of the parks and recreation funding. In response to a question from Petersen, Sumption reviewed the recalibration impact on the reserve balance noting that these funds are used to address emergency projects and funding shortfalls. In response to a question from Nordstrom, Sumption addressed the use of the contingency funds. Nordstrom suggested that placing the increase in the contingency line item would allow for economic downturns. Sumption addressed the manner in which the 5 Year Plans were revised to address the recent economic downturn noting that the new proposal provides for a more fluid plan. In response to a question from Davis, Sumption clarified that the reserve funds are committed to the CIP fund. Discussion followed regarding the philosophy and intent of the CIP reserve fund. Sumption called attention to the impact the Fire Station #1 land purchase had on the reserve fund balance noting that projects have not gone unfunded because of the reserve account. Cole advised that the reserve funding has been utilized to address emergency projects noting that the use of the reserve funds is restricted to capital improvement projects. Discussion followed regarding the purpose and use of the reserve and contingency line items. In response to a question from Petersen, Sumption clarified that the budgeted increase in the sales tax percentage would be budgeted to the expenditure line items that are paid from sales taxes. Motion was made by Petersen, second by Cole and carried to implement the annual percentage increase to all line items paid for from sales tax revenues with the exception of the contingency line item.

Sumption presented the results of the staff review of the (No. CIP042012-05) **Benefit analysis of municipal bonding for street/utility maintenance project funding** noting the results of the financing scenario provided by a bond advisor. Sumption indicated that based on the financing analysis bonding is inappropriate at this time due to the debt service on the bond. Sumption addressed the impact that level of funding would have on project costs and project implementation. Motion was made by Petersen, second by Brown to acknowledge the report on municipal bonding for street/utility maintenance project funding. In response to a question from Wright, Sumption addressed alternative revenue sources for funding capital improvements. In response to a question from Wright, Tech advised that a five year transition would allow the City and the area contractors to increase staffing accordingly. In response to a question from Nordstrom, Tech advised that during 2011 bid prices remained stable indicating that the local contractors were capable of handling the schedule projects. Tech advised that the current project level can be sustained noting that cost increases are occurring. Discussion followed regarding the staffing increases required to support an increase in project activity. Motion to acknowledge carried.

Sumption presented the proposal to add (No: CIP051812-04) a Line Item for "**Capital Grants Matching Funds**". Sumption indicated that the fund would be utilized to assist in meeting the match percentages for grants. Sumption indicated that the department director's direction was to provide for an undesignated line item and to allow the funding to be utilized as grant programs become available. Cole addressed the benefit the line item will provide in processing and securing grant funding. Sumption advised that this line item would also increase in conjunction with the sales tax projections. Petersen recommended that a grant funding line item be established in the individual budgets within the 5 Year Plan. Sumption advised that the matching funds would be utilized for capital projects only. Motion was made by Nordstrom, second by Brown to create the Capital Grants Matching Funds line item. Sumption indicated that she has requested legal review of the line item proposal noting that the funding will be

carried over it not expended. Discussion followed regarding non-city entities access to the match funding. Motion carried.

Sumption presented the proposal to (No. CIP051812-05) combine all **DCA lines into one Administrative Charge** line item. Sumption addressed the current DCA assessment process, the manner in which the consolidation would be handled and the percentage to be assessed. Discussion followed regarding the application of the DCA percentage to the Utility/Facilities funding. Cole addressed the benefit of the individual line item on the Parks & Recreation budget. Motion was made by Nordstrom, second by Wolterstorff and carried to consolidate the individual DCA line items to one Administrative Charge line item and to exempt the Utility/Facility line item from the DCA calculation.

Motion was made by Davis, second by Nordstrom to acknowledge (No. CIP051812-06) **Consideration of New 5-Year "Master" CIP Budget**. Sumption advised that the revised master budget would be presented for review at the June meeting to allow for the consolidation of the DCA charges. Motion carried.

Motion was made by Wolterstorff, second by Petersen and carried to reschedule the June CIP meeting to Friday, June 22, 2012 at 10:00 a.m. in the 3rd Floor West Conference Room

There being no further business to come before the committee, motion was made by Nordstrom, second by Wolterstorff and carried to **adjourn** the meeting at 11:03 a.m.