



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701

Public Works Department

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TO: Public Works Committee, Mayor Kooiker and City Council

FROM: Terry Wolterstorff, PE *TLW*
Public Works Director

DATE: March 28, 2014

RE: Agreement for managing Stormwater Drainage Utility fee database and performing fee collection

An agreement between the City of Rapid City and Pennington County Auditor for the collection of Stormwater Drainage Utility fees is currently being considered by the City Council. The agreement details an exchange for services with Pennington County for the design of a database to calculate the drainage fee, and for Pennington County to assess and administer collection of the fee. The fee will be assessed to all tax parcels within the contiguous city limits – approximately 26,000 parcels. This number includes approximately 1,200 parcels that currently do not receive a tax notice because they are tax exempt.

This memo is intended to briefly present some of the probable costs and possible problems for the City of Rapid City to design and manage the database and assess and collect the fee. The info provided below has been collected from the City's Finance and IT Departments, who would be largely responsible for the task.

From City's Finance Department

The software that Finance Department uses for doing special assessments is \$900/year per "unit". One "unit" will handle 60 special assessments. The city receives a 40% discount based on the number of units they purchase each year. The Finance Department would need to purchase approximately 434 units based on the number of tax parcels within the city. The annual license cost to perform drainage fee assessments would be \$234,360 using their current software. In addition, the Finance Department pays a 20% annual maintenance fee on the non-discounted cost. The annual maintenance fee would be \$78,120, bringing the total cost to \$312,480 in software cost alone. Additional staff would also be added to assist in the collection of the fee.

From City's Information Technology Department

Estimated hours for database setup is approximately 100 hours of time to identify a system to hold the data and design the automation process for consolidating the information. Each year an estimated 40-60 hours of time would be necessary to manually investigate changes in the information from the County. City's IT department has the following concerns if the City should undertake the responsibility for the database creation and management:



EQUAL HOUSING
OPPORTUNITY

EQUAL OPPORTUNITY EMPLOYER

1. The data that we will be getting from the County is not current. It is not good practice to begin a process with less than accurate data.
2. While many areas of the data preparation can be automated, this automation would be maintained by a single person in IT. This incorporates a risk that if that person leaves the process cannot be maintained.
3. We will be using several different data sets to reverse engineer an existing data set. This introduces several opportunities for error and is also a duplication of effort between the City and County. We would also need to create a process for dealing with discrepancies between our data and the County data.
4. Errors or changes in the data will have to be manually investigated. GIS staff say that this process is very time consuming due to the way that parcel identification numbers are issued and changed.
5. Since the City does not “own” the data, we cannot enforce data rules. This means that the file formats could be changed and requires a rework of all automated processes.
6. Time constraints would need to be identified so that staffing levels and functions could be modified if needed.
7. The County stated that the property ownership data could be several months old by the time we do our assessments and they will not allow us access to the current owner information. Therefore, we would have to manually investigate any differences between the GIS data and the file ownership data. Both the County and City GIS suggest as high as 2% of the current data may be different from the previous year’s ownership data.

Exchange for services with Pennington County

The agreement to be considered by Rapid City Council is an agreement to exchange Pennington County’s drainage fee for the services of creating and managing a stormwater drainage fee database and assessing and collecting the fee for all 26,000 tax parcels within the contiguous city limits. A conservative estimate of the county’s drainage fee is \$34,000 per year. Considering the cost and staff time necessary to undertake the services that the county can provide, and the potential for errors during the exchange of data, it would be greatly beneficial for the City of Rapid City to reach an agreement with Pennington County in order to exchange their fee for services.

