

PROCEEDINGS OF THE CITY COUNCIL  
Rapid City, South Dakota

September 14, 2009

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Rapid City was held at the City/School Administration Center in Rapid City, South Dakota on Monday, September 14, 2009 at 5:30 P.M.

The following members were present: Mayor Alan Hanks and the following Alderpersons: Bill Waugh, Sam Kooiker, Aaron Costello, Lloyd LaCroix, Malcom Chapman, Patti Martinson, Ron Weifenbach, Ron Kroeger and Deb Hadcock; and the following Alderpersons arrived during the course of the meeting: None; and the following were absent: Karen Gundersen Olson.

Staff members present included Finance Officer Jim Preston, Assistant Finance Officer Pauline Sumption, Chief Accountant Tracy Davis, City Attorney Jason Green, and Administrative Coordinator Amber Sitts.

Council President LaCroix called the meeting to order and reviewed the decisions made at previous budget meetings. The following topics were identified by Council for discussion: Downtown Rapid City Economic Development, Mayor and Council Travel Expenses, CPI, Year-to-Date Totals, Humane Society and Detox. LaCroix confirmed Council could add items later in the meeting as well.

Chapman indicated that he asked for an audit from Downtown Rapid City Economic Development but did not request that they show up at this meeting. Kooiker requested a breakdown of \$128,084 that was specified for salaries and said it would be important information to know. Mayor Hanks reminded the Council that Destination Rapid City committed that they would not use City tax dollars for salaries and said their salary expenses are paid for through private donations. He also pointed out there is a breakdown included in their report of how the funds from the City are being spent. Kooiker reiterated his concern for salary information and said it needs to be made available publicly at the next meeting. Mayor Hanks indicated a request would be sent to John Brewer for a breakdown.

Kooiker expressed his interest in more transparency regarding the expenses for the Mayor's vehicle. Motion was made by Kooiker, second by Waugh, to move \$4,700 from the Police Department budget to line item 4273. Kooiker indicated this would bring the balance in line item 4273 from \$8,000 to \$12,700. Chapman pointed out that this would move the expenses to travel and education which would not make the vehicle expenses transparent. Mayor Hanks said line item 4260 might be the appropriate place for the expenses, and Preston indicated they could break it out. It was indicated that the expenses have been under the Police Department because it is a police vehicle. Mayor Hanks said there is also police equipment in the vehicle, and it is considered an undercover vehicle. Kooiker requested to amend his motion to ask the Finance Officer to bring forward a recommendation on dividing the expenses between line items 4250 and 4260 and the subset line items. Waugh agreed to this change in the motion. Preston indicated he will work with Police Chief Allender to do this. Motion carried.

Motion was made by Weifenbach, second by Kooiker, to remove the CPI from the budget. Hadcock said some numbers are down year-to-date such as liquor licenses and building permits. She asked where we make up the funds that we are short, and Preston explained that we still have 5 months of revenue to come in including property tax and sales tax. Preston also

explained that we will most likely not spend the entire estimated budget, but if funds were short, they would come from reserves. He does not believe we will have to use those funds but indicated he could do research to find out if we have had to use the reserve funds in the past. Responding to Hadcock, he also said that if the Council does not take the CPI for 2010 the undesignated cash would be \$2.273 million. Hadcock expressed her concerns and said she is not in favor of taking the CPI. Weifenbach referenced the Council mission statement. He said there is room to not take CPI and be perfectly fine. Responding to Kooiker, Preston indicated October 1, 2009 is the deadline to let the County know if we will be taking the CPI. Kooiker reminded the Council of the compounded loss to constituents by taking the CPI and said this is an opportunity for savings. He said the CPI should be removed. Chapman said he understands the discussion but will advocate for taking the CPI due to the compounded loss in the future, and he suggested thinking more creatively. One suggestion was to take the CPI and then give the funds back to property owners in the form of rebates if we do not need it. Then the base will not be affected. Hadcock said the Mayor set forth a zero growth budget with no CPI and that sends a message to Council. He made suggestions but did not say he wanted the funds in the budget as those items are not things we need. Chapman said that we can take the CPI and help the citizens. He said he is trying to do something in the best long-term interests of the City but at the same time not hurt taxpayers. LaCroix said everyone has valid points, but he cannot vote down the CPI knowing they are subsidizing police and fire through sales tax. Weifenbach pointed out that we give TIFs with the understanding it will generate sales tax revenue and said without the facts he will not take that into account. He said there is no reason to take the CPI as the funds are better spent by the constituents. Preston advised Council that the loss of \$369,000 is ongoing, and Weifenbach pointed out that taxpayers would also continually pay that amount every year in their property taxes. LaCroix pointed out previous discussions from the budget meetings and reiterated that something creative can be done. Kroeger said the bottom line is that sales tax revenue is down and there are some shortages in other line items. He said it does not make sense to not take the CPI because the budget is balanced on \$1.9 million in undesignated funds. Preston explained that reserve is 15% of projected revenue and undesignated cash is funds not committed to a previous budget. Kroeger said until we can balance the budget without these funds it is not logical to not take the CPI. We are not growing, so he is not in favor of the motion. Responding to Weifenbach, Preston said we have always used undesignated cash to balance the budget because we anticipate some funds coming back. It was indicated that in 2009 we had \$1.7 million in undesignated cash and this year we have \$1.9 million. Chapman explained his understanding of undesignated funds and reserves, and Preston then briefly explained how they calculate the funds. Hadcock said she believes we can balance the budget without the \$400,000 and make it fiscally responsible. She said the Mayor and Council have done well with the budget. Kroeger said we know we will be going down for sales tax, and if we ended the year on August 31st, we would have spent \$2 million more than projected of undesignated funds. He said the percentage of the CPI is very small compared to the millions collected in property tax each year. He added that if the Council wants to do their job they should focus on the property taxes. He said we get stuck on issues that sound good but taking out the CPI is irresponsible. Waugh said he is in favor of the CPI. He pointed out that constituents do not want taxes raised, but they do want streets fixed and parks mowed. Weifenbach said we need to start somewhere in making sure costs are controlled and said not taking the CPI is a step in the right direction. He said we do not have a huge necessity to take a property tax increase, and this sends a message to constituents that we are on their side. Hadcock said we can learn to live with what we have and does not believe we will need to use reserves even though this is a bad year. Chapman said before we approve the budget he would like to hear from the City Attorney about the rebate idea, and Green agreed to provide information at a later date. Upon vote being taken, the following voted AYE: Martinson, Kooiker,

Costello, Chapman, Weifenbach and Hadcock; NO: Waugh, LaCroix and Kroeger. Motion carried.

The Chair recessed the meeting at 6:57 P.M. and reconvened at 7:10 P.M.

Green clarified that the item on this agenda is not the ordinance, so the previous motion is a recommendation for the next Council meeting. Discussion ensued regarding the process of making an amendment. Green explained that there can be two versions of the Ordinance at the next meeting, and the Council can take up the appropriate version. LaCroix noted that the previously identified topics of Humane Society and Detox can be removed from this agenda, and Weifenbach commented that those items can be revisited after the budget is approved.

Motion was made by Hadcock and seconded to adjourn. Upon vote being taken, motion failed.

Costello questioned the amount of funds requested by Destination Rapid City, and it was indicated they have requested \$100,000. Mayor Hanks clarified that \$50,000 does not show on the audit report because their fiscal year ended June 30th. Costello commented that he is not sure how much they are giving back to the community right now, and it would be good to make sure the funds are spent wisely with the majority of downtown in mind.

As there was no further business to come before Council, the meeting adjourned at 7:27 P.M.

CITY OF RAPID CITY

ATTEST:

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Mayor

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Finance Officer

(SEAL)