

PROCEEDINGS OF THE CITY COUNCIL
Rapid City, South Dakota
September 27, 2010

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 27, 2010 at 5:00 P.M.

The following members were present: Mayor Alan Hanks and the following Alderpersons: Bonny Petersen, Ron Weifenbach, Dave Davis, Deb Hadcock, Ron Kroeger, Aaron Costello, Sam Kooiker, Bill Waugh, Gary Brown and Jordan Mason; and the following Alderpersons arrived during the course of the meeting: None; and the following were absent: None.

Staff members present included Finance Officer Pauline Sumption, Assistant Finance Officer Jeff Barbier, Chief Accountant Tracy Davis, City Attorney Jason Green, Public Works Director Robert Ellis, Growth Management Director Marcia Elkins, Fire Chief Mike Maltaverne, Police Chief Steve Allender, Community Resources Director Kevin Thom and Administrative Coordinator Sharlene Mitchell

Motion was made by Brown, second by Waugh and carried to approve Second Reading, Ordinance 5661, An Ordinance Annual Appropriation Ordinance for FY 2011.

Motion was made by Weifenbach, second by Mason and carried to reconsider Second Reading, Ordinance 5661, An Ordinance Annual Appropriation Ordinance for FY 2011.

Motion was made by Brown, second by Waugh to approve Second Reading, Ordinance 5661, An Ordinance Annual Appropriation Ordinance for FY 2011.

Hadcock recommended elimination of the Community Resource Director position noting that in her opinion that the position duplicates the responsibilities of other individuals. Hadcock indicated that following the capital budget reductions further cuts, if required, will be in the FTE positions. Hadcock referenced the recommendations of the Lehe report regarding staffing changes for increased efficiency. Hanks addressed the reorganization of the various divisions under the Community Resources Department and the resulting improvements to the Information Technology, Human Resources, Code Enforcement and Community Development divisions. Hanks addressed the prior conflict resulting from the Finance Officer overseeing the Human Resources division. Kooiker voiced support for the Community Resources Department noting the previous problems that resulted from the Finance Officer overseeing the Human Resources division. Kooiker indicated that the FTE information provided does reflect an increase in FTE's from 2004 to 2010. Kooiker recommended that the City delay in filling the Community Resource Director position until a review of necessity for the position can be completed. Kooiker indicated that the Community Resource Director position is necessary to insure employees are properly supported. Mason encouraged reviewing the City for improvements in operational efficiencies noting the burden created by redundant operations. Discussion followed regarding the increases in FTE positions incurred from 2004 to 2011. Hanks clarified that the majority of the increased FTE positions are support by grant programs, enterprise funds or County programs. Hanks supported the recommendation to review open positions to determine their necessity. Weifenbach requested clarification of the FTE grant supported positions. Discussion followed regarding the reducing non-essential positions through attrition and the resulting impact on the Community Resources division managers with the director position. Kooiker suggested removing the position funding at this time with the understanding that a budget supplement can

be requested should it be determined that the position is necessary. Kooiker stated that he could not support placing the Human Resources division under the Finance Office. Kooiker briefly addressed the impact prior management salary increases have had on the unencumbered reserve funds. Hanks advised that interviews have been scheduled for the Community Resource Director position.

An amendment motion was made by Weifenbach, second by Hadcock to remove the Community Resource Director funding in the amount of \$140,000.00 from the Annual Appropriation Ordinance for FY 2011 with the stipulation that a funding supplement can be requested at a future date to should the position be determined to be necessary.

Weifenbach recommended that the Council consider the difference between the requested budget and actual expenditures as reflected by the FY 2009 number when approving the FY 2011 budget request. In response to a question from Hadcock, Sumption addressed the procedure and timeframe for processing a budget supplement. In response to a question from Brown, Hanks clarified that the director position is funded to year end noting that the organizational structure would require review. Green advised that an ordinance amendment would be required to restructure the department. In response to a question, Hanks indicated that Thom is expected to leave the position November 1 noting the impact on the division managers. Costello voiced support for elimination of the position funding with the understanding that implementation of the necessary changes would be addressed quickly. Discussion continued regarding the proposed elimination of the funding for the Community Resource Director position, the City's organizational structure and the resulting impact on the division managers. In response to a question from Mason, Green clarified that the organization structure is a feature of the aldermanic form of government. Discussion followed regarding ordinance amendments to address the changes to Community Resources, providing a cost efficient government to the tax payer, and fully vetting positions to insure they are essential prior to filling. Petersen recommended that the department heads be responsible for finding more efficient ways to work noting that the division managers may be unable to assume the director responsibilities. Petersen recommended that the Council focus on across the board cuts as opposed to line item cuts. Discussion continued regarding elimination of the Community Resource Director position. Hanks indicated that he would work with Hadcock regarding the restructuring of the Community Resource department and would report the findings to the Council. Kooiker called the question. Upon vote being taken, the following voted AYE: Mason, Weifenbach, Hadcock, Costello and Kooiker; No: Waugh, Brown, Petersen, Davis, Kroeger the motion failed (5 to 5).

Weifenbach requested that the Re-Entry program be added to the discussion list.

An amendment motion was made by Weifenbach, second by Hadcock to remove the temporary wages plus benefits from the Mayor's Office. In response to a question from Costello, Weifenbach stated that in his opinion the position was un-necessary noting that the savings can be better utilized elsewhere. In response to a question from Costello, Hanks indicated that the position is required to provide prompt customer service to the Council and the general public. Hanks addressed the demands on the Mayor's Office noting the reduction to FY 2011 budget. Hanks addressed the impact the loss of the position will have on customer service. Costello stated that the temporary position provides support for the two full time positions during the learning process. Discussion followed regarding the historic staffing levels of the Mayor's Office. Kooiker addressed the qualifications of the Executive Assistant and expressed concern with utilizing secretarial staff to handle mailing of Christmas cards. Costello called for point of order requesting clarification on how specific office duties relate to the discussion is on the temporary position. Kooiker stated that the intent was to clarify the efficient use of resources. Hanks

indicated that the Christmas mailing is a tradition of the Mayor/Council. Hanks addressed the cost of the 2009 mailing noting that the project had been outsourced. Discussion followed regarding the use of staff from other departments to assist the Mayor's Office when necessary. In response to a question from Weifenbach, Hanks addressed the salaries of the Executive Assistant and two Administrative Secretaries. Discussion followed regarding the necessity of the temporary position and the funding source for the position in the FY 2010 budget.

An amendment to the amendment motion was made by Weifenbach, second by Hadcock to remove the Temporary position funding in the amount of \$12,000 plus benefits from the Mayor's Office budget. Discussion followed regarding clarification of the funding allocation for the Temporary position. The motion carried.

In response to a question from Kooiker, Sumption addressed the number of cell phones, data lines and the usage contract. Davis addressed the structure of the pooled minutes plan noting that personal use of the City cell phones is limited with the exception of emergencies. Kooiker encouraged a full review of the cell phone usage and to work with the vendor to reduce the contract minutes and costs. Kroeger requested that staff research the cell phone cost reductions and provide a report to the Legal & Finance Committee.

Kooiker presented the proposal to reduce the Council and Mayor travel budgets. Kooiker commented on the training and educational opportunities available and encouraged the Council to be judicious when requesting travel.

An amendment motion was made by Kooiker, second by Waugh and carried to reduce the City Council Travel budget to \$16,000.00

An amendment motion was made by Kooiker, second by Weifenbach to reduce the Mayor Travel Budget to \$4,500.00

In response to a question from Davis, Kooiker indicated that he would not offer a recommendation to reallocate the proposed budget savings. Discussion followed regarding the travel schedule for the Mayor's Office and the impact the budget reduction would have on short notice trips. Hanks addressed the need to attend hearings in person to assure that the City funding requests receive full and complete consideration. Hadcock indicated that building relationships for the City's benefit requires in person meetings noting her opposition to the proposed budget reduction. Kooiker suggested that a funding reallocation could be approved to facilitate emergency travel for the Mayor's Office is required. Discussion followed. Upon vote being taken, the following voted AYE: Weifenbach and Kooiker; No Brown, Mason, Petersen, Davis, Hadcock, Kroeger, Costello, and Waugh the motion failed (2 to 8).

Petersen recommended that the Council address across the board reductions to the budget as opposed to individual line item cuts. Petersen stated that the department heads are more knowledgeable on their individual budgets and can recommend when reductions should be made. Mason addressed the need to not only reduce the budget but to address operational changes to improve efficiency. Kooiker recommended that this item be addressed at the future budget hearings and that the department heads provide recommendations to reduce their respective budgets by 5 percent. In response to a question from Kooiker, Green clarified that the department heads receive direction directly from the Mayor. Kooiker expressed concern with the City Attorney's Office information as it restricts the Council's ability to work directly with the department heads. Hanks recommended that the budget meeting be held in February to insure

receipt of the final 2010 sales tax revenues. Discussion followed regarding the reorganization direction provided by the Lehe report.

Motion made by Costello, second by Mason and carried to recess for 10 minutes at 7:30. Council reconvened at 7:37.

Kooiker recommended that the across the board budget reductions be referred to the upcoming budget meetings.

Hanks addressed the issues associated with the refinance and consolidation of existing loans. Hanks assured the Council that the outstanding loans would be reviewed on a case by case basis and a report would be provided in the next 30 days. Mason complemented Sumption for her initiative with the prior loan refinance and resulting savings.

Kooiker indicated that the November/December budget hearings were addressed at the previous meeting and supported Hanks recommendation to move the meeting to mid-February to insure the entire 2010 sales tax revenues are available.

Hanks advised the Council that the Re-Entry Program is a fully funded grant program which supports one FTE and a percentage of the Community Development Specialist position. Sumption stated that the correct grant program funding amount is \$176,929.00 and with corresponding revenues results in no fiscal impact to the budget. Discussion followed regarding the corrected funding for the grant program and the type of expenditures to be funded from the contingency line item. In response to a question from Hadcock, Sumption clarified the full grant amount is \$177,000.00. Hanks clarified that the program is State funded and the City is under no obligation to continue the program at the end of the grant period. In response to a question from Mason, Sumption indicated that the work is for the South Dakota Department of Corrections and facilitates transitional assistance to newly released individuals. In response to a question from Kooiker, Sumption clarified the grant accounting and reporting procedures. Discussion followed regarding the continuation of the program past the grant term. In response to a question from Hadcock, Green stated that the City is the only party involved with the program. Discussion continued regarding the clarification of the grant amount to be reflected in the final budget and the revenue neutral status of the grant program. An amended motion was made by Waugh, second by Brown and carried to amend the budget funding for the Re-Entry Program to be revenue neutral.

Weifenbach indicated that he had requested that the 2009 budget, 2009 expenditures and 2009 sales tax revenue numbers be provided for informational purposes.

Waugh recommended that the Energy Cost item be addressed at the future budget hearings. Waugh addressed the work of the Energy Committee in reviewing the City's energy costs and recommended that the Mayor and department heads review energy costs on a regular basis.

Kooiker addressed the value of having separate legal counsel for the City Council noting the structural issues associated with the current City Attorney arrangement. Kooiker expressed concern with the Council's inability to make requests directly to the City Attorney. Kooiker expressed concern with the process experienced with the landfill issue noting his opinion that he was stymied when trying to bring the issue forward. Kooiker indicated that a City Attorney's Office that serves the Council and the City, and not responsible to the Mayor's Office, would insure that issues are reviewed objectively. Mason concurred noting there is an inherent conflict of interest based on the organizational structure. Mason indicated that the City Attorney is

responsible to protect the City from liability and the Council is responsible to protect the tax payer from misuse of funds. Weifenbach supported further discussion on the issue and recommended utilization of an outside study to determine available options. Hanks clarified the options available to the City Council for securing outside legal counsel. In response to a question from Hadcock, Hanks indicated that outside legal counsel has been secured for the landfill civil action. Hadcock thanked Kooiker for the discussion and suggested researching how other communities address the issue. Discussion followed on the manner in which the City Attorney's Office reviews issues. In response to a question from Petersen, Kooiker recommended that the City Attorney's Office budget be reduced by \$100,000.00 and the funding placed under Council contingency for the purpose of hiring outside legal counsel. Kooiker indicated that this discussion could be held at a later date but encouraged the Council to not lose sight of the issue. In response to a question from Petersen, Green indicated that he was not aware of any community that employs outside counsel on a regular basis. In response to a question from Hadcock, Kooiker clarified that the intent is to provide funding for the Council to hire outside counsel when deemed appropriate noting that the City could also bid out the functions of the Attorney's Office. Discussion followed regarding hiring outside counsel and the available funding source.

Hanks indicated his support for reviewing the City departments for efficiency and savings opportunities. Hanks recommended that the second floor reorganization be completed prior to initiating an efficiency audit. Discussion followed on the value of third party reviews and the resulting savings to the tax payer. Mason supported the use of third party reviews in conjunction with internal audits.

An amendment motion was made by Costello, second by Petersen and carried to recommend that the savings realized from the elimination of the Temporary position from the Mayor's Office budget be reallocated to the Dahl Fine Art Center.

Sumption requested that the following items be addressed: Equipment purchases, hiring moratorium and funding transfer from Growth Management to the Engineering Division.

An amended motion was made by Weifenbach, second by Hadcock to fully fund the identified equipment purchases and to supplement the budget accordingly from undesignated cash. Weifenbach encouraged the Council to approve purchasing equipment outright noting that the use of capital leases increases the actual cost by the added interest. Hanks advised that the use of undesignated cash will reduce the City's reserves. Discussion followed regarding the advantages of the capital lease purchase option. Hanks spoke against the use of cash reserves to facilitate equipment purchases noting that the City currently utilizes the capital lease program. Discussion followed regarding the impact of the motion on the requirement to provide a balanced budget. In response to a question from Hadcock, Ellis addressed the proposed equipment purchases noting that the capital lease provided the best opportunity to reduce the overall budget. Ellis indicated that the equipment purchases can be delayed until October 2011 to allow revenues to be reviewed prior to finalizing the financing vehicle. Discussion followed regarding the impact on undesignated cash and the proposal to delay the purchases.

Brown called the question. Upon vote being taken, the following voted AYE: Mason, Weifenbach, Hadcock, Costello and Kooiker; No: Waugh, Brown, Petersen, Davis, Kroeger the motion to call the question failed (5 to 5). Weifenbach withdrew the motion, Hadcock concurred.

Weifenbach recommended continuing the discussion on the hiring moratorium to allow finalization of the Lehe report recommendations and the internal audit process. Petersen

encouraged the Mayor and Hadcock to address the issue of the Community Resources Director position and to provide a recommendation when the FTE comes forward for approval.

An amended motion was made by Davis, second by Costello to approval the transfer of \$585,012.00 from the FY 2011 Growth Management budget to the FY 2011 Engineering budget. In response to a question from Weifenbach, Sumption indicated that the reallocation is based on the actual positions transferred. Hanks indicated that the Dominicak position was not transferred but will be reviewed for necessity prior to posting the vacancy. Motion carried.

Ordinance No. 5661 (No. LF090110-11) An ordinance Annual Appropriation Ordinance for FY 2011 having passed its first reading on September 7, 2010; motion was made by Brown, second by Waugh and carried that the title, as amended, be read a second time. Upon vote being taken, the following voted AYE: Petersen, Weifenbach, Davis, Hadcock, Kroeger, Costello, Kooiker, Waugh, Brown and Mason; No: None; whereupon the Mayor declared the motion passes and Ordinance No. 5661 was declared duly passed upon its second reading.

Costello thanked everyone for their work on the budget. Kooiker encouraged the Council to continue with the items carried forward for future discussions and to start budget discussion earlier. Kooiker expressed his disappointment with the lack of vote on the capital lease program. Discussion followed regarding starting budget discussion earlier. Motion carried.

In response to a question from Petersen, Sumption indicated that the following items have been moved forward to the future budget discussions: request department heads provide recommendations to reduce their respective budgets by 5 percent, utilization of outside counsel, cell phones, Council leadership and Mayor to evaluate the Community Resource Director position, loan consolidation, energy costs, and hiring moratorium.

There being no further business to come before the Council at this time, motion was made by Waugh, second by Brown and carried to adjourn the meeting at 9:23 p.m.

CITY OF RAPID CITY

ATTEST:

Mayor

Finance Office

(SEAL)

Published once at the total approximate cost _____