

MINUTES

Monday, January 3, 2011

Fiscal Committee Meeting
Sioux Falls City Council

5:37 PM
Carnegie Town Hall
235 West Tenth Street

Members Present: Vernon Brown, Sue Aguilar, Greg Jamison, and Rex Rolwing

Staff Present: Debra A. Owen, City Clerk/Chief of Council Operations and Jamie Palmer, CMC, Assistant City Clerk

Guests: Dave Pfeifle, Karen Leonard, Mark Cotter, Tom Huber, Dave Fischer, Don Kearney, Tory Miedema, Mike Cooper, Cheryl Rath, Jim Entenman, Darrin Smith, Gerald and Jeanne Gerken, Rich Oksol, Michelle Erpenbach, and Megan Luther

1. Call To Order

Committee Chair Brown called the meeting to order at 5:37 p.m.

2. Approval of Minutes dated Monday, December 6, 2010

A motion was made by Aguilar and seconded by Rolwing to approve the minutes dated Monday, December 6, 2010. Brown called for a voice vote and all members voted yes.
Motion Passed.

3. Reports and Updates

A. Discussion of the authorization of city contracts (SDCL9-1-5 and Sec. 34 ½-1).

Brown asked Debra Owen, City Clerk/Chief of Council Operations to give a brief history on this topic. She reviewed an email regarding the total number of contracts that the city entered into for years 2008-2010. She also reviewed a memo that she prepared regarding authorization of contracts by the governing body and the council's desire to approve contracts. She added that if the council wishes to approve these items, they could be placed on the council meeting Consent Agenda and therefore approved when the consent agenda is approved. If at any time a member wishes to discuss an item, it can be moved to the Regular Agenda for discussion purposes.

Aguilar asked for clarification between an agreement and contract. Karen Leonard, Assistant City Attorney, said that essentially they are the same thing as they both bind parties to the terms outlined in the document. Discussion followed about contracts that have gone through a formal bid process and the fact that the city enters into many more contracts than the number indicated by Purchasing.

Council Member Jim Entenman said that he feels contracts are essentially approved by the Council during the budget approval process. He agrees that there is a need to look at compliance with major existing operational contracts when dealing with large

public assets. He expressed a concern about the amount of time that it would require for the part time Council Members to review all city contracts and said that it may not be a good use of time. He said, at some point in time, we need to trust that the directors and employees are doing their jobs.

Aguilar expressed concern over consistency as far as which contracts are to come before the council and those that don't. She feels that operational contracts should be reviewed to assure facilities are in compliance.

Leonard said all contracts that involve appropriated money, do not come before the Council. She added that contract terms that are longer than five years include a statement which doesn't bind future council members to the agreement. She said that land purchase agreements, franchise agreements, statutes on property, contracts that involve appropriation of money are examples of contracts that come before council. She said that department directors decide if the contract comes before council.

Mark Cotter, Director of Public Works, said their department does a significant number of contracts each year. After the CIP is approved, it currently takes a full 30 days to get a contract through their internal process and if they are required to come before council too, it will impact the timeliness of projects. Rolfing asked about the procedure that is followed when there are changes in the approved CIP plan. Cotter said that if something changes with a Public Works project in CIP, the remaining funds would be reassigned to the next priority project and the Council would be notified of that transfer.

Jamison stated that this discussion began when there was confusion on which contracts the Council is required to approve and which they are not. He proposed that a list be compiled of the contracts that the council approves and then go from there to decide if they want to add more to that list. Brown added that the intent for this process is transparency. Discussion occurred about a list of the contracts that Council approves and Pfeifle said that no such list exists. He said that it would be too cumbersome to compile such a list. Rolfing asked if they could get a list of the total number of contracts that the city enters into and the answer was yes.

No action was taken on this item at this time.

- B. An Ordinance of the City of Sioux Falls, SD, Amending the Revised Ordinance of the City by amending Section 34 ½-13 Capital Program (Action on this item is pending until the CIP report is released by Internal Audit).

Brown asked Owen to give a brief overview on this item. She said that the item was referred back to committee at the City Council meeting held on December 13, 2010. She reviewed the memorandum prepared by her regarding this issue. The committee recommended that the language "development driven streets" be struck from subsection 2 of Section 34 ½-13. Owen also provided copies of several resolutions regarding priority order of projects that have been approved in the past.

Sec. 34½-13. Capital program.

The capital program required by Article V of the Charter shall be a five-year plan for annual capital acquisitions to meet capital needs for the city. It shall identify and project funding to finance each project.

- (1) Capital improvements consist of capital acquisitions including, but not limited to, land, buildings, equipment, and infrastructure improvements. Capital improvements shall be defined within the city's accounting manual and become capital assets on the city's balance sheets.
- (2) All pooled development driven street projects shall be prioritized by the capital improvement program committee and approved by the city council.
- (3) The city council may amend the current capital program by resolution.
(Ord. No. 83-96, § 1, 8-5-96; Ord. No. 25-01, § 1,3-12-01; Ord. No. 13-04, § 1, 2-9-04; Ord. No. 82-05, § 1, 8-5-05)

Discussion followed about the ordinance referencing a CIP committee that no longer exists. Aguilar asked why the committee no longer exists and said that she heard comments from constituents during her campaign about this issue. Pfeifle said that the CIP Committee was abolished in January of 2009 by an Executive Order issued by Mayor Dave Munson. He said that the Infrastructure Review Advisory Board (IRAB) is performing essentially the same function as the previous CIP Committee. Pfeifle said that the ordinance should be amended to reflect that the committee has been abolished.

Mike Cooper, Director of Planning & Building Services, gave a brief history of the CIP Committee and said that it has gone through several changes over the years. He shared about the member requirements and how the changes in the budgetary process led to the committee being abolished. He said that the responsibility to approve the CIP still remains with the City Council. He said that IRAB primarily reviews development driven streets but not much else.

Tom Huber, Assistant Director of Finance, spoke and said that in the past only the directors that were required to be on the CIP Committee were involved in the CIP process but currently all directors have become much more involved in the budget process.

Cotter said that a resolution with a new priority was not brought forward in 2010 because they are still working from that same list and it would have been a duplicate of Res. 101-09. He reviewed the factors that are considered regarding changes and said that those changes are presented to IRAB. He discussed how the priorities can change – new schools being built, new developments, etc.

Jamison said that the process is good but there needs to be way to see that council/public has more information about the projects that are on the priority list.

No action was taken on this item at this time.

4. Open Discussion

Discussion occurred about the Budget Analyst position. Brown said that a committee has been appointed and he asked that a status update be given at the next committee meeting.

5. Adjournment

A motion was made by Jamison and seconded by Aguilar to adjourn at 6:22 p.m. Brown called for a voice vote on that motion and all members voted yes. **Motion Passed.**

Jamie L. Palmer, CMC
Assistant City Clerk