

MINUTES	Monday, July 18, 2011	
Fiscal Committee	* 5:50 PM	
	Carnegie Town Hall	
	235 West 10th Street	

Members Present: Vernon Brown, Sue Aguilar, Greg Jamison , and Dean Karsky

Members Absent: None

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

Guests: Tracy Turbak, Chad Huwe, Dean Borchardt, Scott Russ, Don Kearney, Mike Cooper, Cheryl Rath, Kenny Anderson Jr., Jeanne Gerken, Jonathan Ellis, Rich Oksol, Dave Pfeifle, Michelle Erpenbach, Jim Entenman, and Rex Rolwing.

1. Call To Order

Committee Chair Brown called the meeting to order at 5:50 p.m.

2. Approval of Minutes

A Tuesday, July 5, 2011

A motion was made by Council Member Sue Aguilar and seconded by Council Member Dean Karsky to approve the minutes.

Brown called for a voice vote on that motion 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 1/2-1).

Brown said that the first order of business is to decide which draft the committee desires to work from and on a threshold amount. Karsky recommended that the language be "state bid limits" instead of setting specific dollar amount. Owen said that there are some contracts that aren't subject to state bid law limits. Discussion followed.

The consensus of the group was ordinance version 3.3 which states a \$25,000 threshold amount. Brown asked Debra to explain the additional change he asked her to make. Owen said that a change was made to Section 34 1/2-2 to add "All manuals relating to the procedures for administering the budget shall be subject to council approval by resolution per city charter section 5.09. The change was not substantitive.

Tracy Turbak, Finance, urged the committee members to reconsider using the city attorney's version of the ordinance.

Brown spoke about an email he received from Mark Cotter, Director of Public

Works and asked if Dean Borchardt could address the issue. Borchardt explained how this proposal will impact the processes in the Public Works department. Chad Huwe spoke about the informal contract process and how it will be affected.

Scott Rust, Finance, shared his concerns about per vendor/per calendar year issue. Brown reminded Rust that the contracts would be placed on the consent agenda and approved with one vote. Rust believes the city attorney's draft version of the ordinance is a better option because of the efficiency it provides. Karsky asked for the number of contracts at a threshold of \$250,000 and Rust replied approximately 70 contracts. If you lower that that \$50,000, the council would see about 150 contracts and if that threshold amount is lowered to \$25,000, the council would see over 200. By following the city attorney's version, the council would see all contracts over the bid limit prior to it going out to bid. Brown said that he would like to see that step add regardless of any decision made on the contract authorization ordinance.

Don Kearney, Parks and Recreation, said that their department completes approximately 20-30 capital improvement projects each year and the majority would fall into the \$25,000 threshold amount. He said that the current contract approval process is too slow. He spoke about the Park Board approval requirement process and said that the Board currently approves the management agreements and gifting agreements but they do not approve any bid awards or procurement type contracts. He explained the timing difficulties in getting the items approved by the Park Board and then the City Council. Brown stated that there wasn't a change made to the Park Board requirement in the 3.3 version. Discussion followed.

Mike Cooper, Planning & Building Services, asked for clarification on Section 34 1/2-1.1 Contracts involving public facilities and prior to contract negotiations, the city council will be given notice by administration in writing. The intent was that the council gets notice that the contract is up for renewal and that an RFP will be completed. He suggested changing the language "Prior to contract negotiations" to "Prior to request for proposal".

Kenny Anderson Jr. commended the committee for their work on this process. He explained his frustration with contracts in that the Council has been asked to approve the contract one year but not the next. He believes transparency is a critical part of this process.

Huwe spoke briefly about the loss of construction time and gave the example: if they weren't able to meet the agenda deadline for May 16, then item wouldn't be on an agenda until June 6 which would cause a delay of 2 weeks. He asked for clarification on effective dates and publication dates on resolutions. Owen replied that the effective date of a resolution is 20 days after publication. Huwe asked how a \$6000.00 change order would be addressed. Brown responded that it would only come before the council if the change order to the contract is in excess of \$25,000. Huwe asked about emergency decisions and Owen explained that the emergency provision would be one of the exceptions to the process and a written determination would be provided to the city council within seven days of that contract.

A motion was made by Council Member Greg Jamison and seconded by Council Member Dean Karsky to forward this proposed ordinance draft 3.3 to the full council

for their consideration with changes to include setting the threshold limit in Section 34 1/2-1 to \$25,000; changing language "Prior to contract negotiations" to Prior to Request for Proposal" in Section 34 1/2-1.1; adding "All manuals relating to the procedures for administering the budget shall be subject to council approval by resolution per city charter section 5.09" to Section 34 1/2-2.

Brown called for a voice vote on that motion and all members voted yes.
Motion Passed.

4. Open Discussion

Jamison asked about the items from the last meeting: water rate freeze proposal and the water rate study discussion and Brown stated they will be the first two items on the September agenda.

5. Adjournment

A motion was made by Council Member Greg Jamison and seconded by Council Member Dean Karsky to adjourn at 6:25 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