

## MINUTES

### Informational Meeting

Tuesday, March 5, 2019 at 4:00 PM

Carnegie Town Hall, 235 West 10th St., Sioux Falls, SD 57104

#### 1. Call To Order

Council Members Present: Janet Brekke, Christine M. Erickson, Rick Kiley, Greg Neitzert, Curt Soehl, Pat Starr, Theresa Stehly

Council Members Absent: Marshall Selberg

Council Chair Christine M. Erickson called the meeting to order at 4 p.m.

#### 2. City Council Open Discussion

Council Member Curt Soehl spoke about the Events Campus Study Group, which he is a part of. The group had their first meeting which included introductions, a tour of the facilities, and a report on the Public Facilities Strategic Planning Report.

Council Member Pat Starr spoke about his role as a "celebrity timer" at this past weekend's State A swim meet held for the first time at the MIDCO Aquatic Center. He commended the swimmers, how the meet was conducted, and the meet's benefit to the facility and the community.

Council Member Janet Brekke spoke about her participation in a partnership between the National League of Cities and National Veterans Intermediary in a collaborative effort to assist transitioning service members and their families. Locally, NVI is working with Sioux Falls Community Action for Veterans. On March 9, Brekke will attend a conference in Washington, D.C. to hear from other communities working on building collaborations in this area.

Council Member Theresa Stehly provided a recap of the Wednesday, February 27, 2019, working session. She noted that the Citizens' Survey results would be a useful tool in developing the budget, but it will not be available until April 16. She recommended the Council hold another working session prior to March 22, in order to prioritize the priorities developed on February 27, using the results of the 2018 Citizens' Survey results.

Council Chair Christine M. Erickson spoke about a discussion she had with the South Dakota State Penitentiary warden about a community work program and how the City can partner with the penitentiary. She noted that the City Administration has been working on this and discussed areas of possible collaboration. She has asked Council staff to arrange possible dates for a tour of the penitentiary and to discuss ongoing efforts with the City. Stehly noted that she has discussed the idea of utilizing inmates and spoke about her interest in having inmates trim trees for Project TRIM.

#### 3. Presentations

##### A. 2018 Financial Results by Shawn Pritchett, Director of Finance

Presentation: Approximately 20 minutes followed by discussion

Shawn Pritchett, Director of Finance, began by noting that the City finished

2018 in a solid financial position. He provided a snapshot of the economy. Unemployment remains low relative to the rest of the nation. Building permit valuations continue to rise with 2018 setting a record. Sales tax collections provide approximately 39% of the City's revenues; there was a slowdown in sales tax collections in 2017, but it began to pick up again in 2018. The year ended with sales tax collections at a 4.5% 12 month rolling increase over 2017. Entertainment Tax collections similarly ended higher in 2018 than 2017.

General Fund revenues were \$161.6M, which is \$3.9M higher than what was originally anticipated. Expenditures were \$156.6M, \$5.1M less than anticipated. Overall, the General Fund generated revenues in excess of expenditures in the amount of \$5M. This is the second year in a row where the City achieved revenues in excess of expenditures, although the original budget for each year did not anticipate this being the case. Pritchett further detailed General Fund Revenues by showing that sales tax and licenses and permits came in higher than anticipated; property tax did not vary significantly from 2017, and charges for services was less than anticipated. Property tax growth has been consistent over time--about a 4.2% increase per year over the past five years. Sales tax showed a marked improvement in 2018, but was not on-pace with 2014 and 2015. He explained that the decreased expenditures of \$5M are generally attributable to unfilled or hard-to-fill positions.

The beginning General Fund available fund balance was \$46.7M; the ending available fund balance was \$52M, or 32.2% available to the budget. This allows the City to meet the reserve fund balance target of 25%.

2018 Capital Investments (\$121.5 total) included: Highways and Streets (\$48.7M); Utilities (\$29.7M); Culture and Recreation (\$12.8M); Public Safety (\$4.2M), and other investments (\$26.1M). Some of the major projects invested in included: City Center, the Brown Bear exhibit, and several major road projects. In 2018 the sales tax remaining available balance was \$4.6M.

Enterprise funds all saw positive cashflow in 2018 and almost all had an increase in their available cash. Parking saw a reduction in cash which was a result of the commitment and restriction of cash going toward the parking project as planned.

There was an increase of \$6M of outstanding debt which is attributed to advances on debt for different projects. Through regular payments, debt was paid down by approximately \$25M in 2018; additionally, the City refunded and paid down a 2007 bond by \$5M. Overall debt was paid down by approximately \$30M and approximately \$36M in debt was borrowed. Over the past eight years, debt has been reduced by about \$90M since 2012. Per Capita Debt is also lower than it has been in the past eight years. He noted additional debt will be taken on for upcoming projects.

Pritchett concluded with a forward outlook: taking care of what we have; meeting the demands of a growing city; managing risk; investing in innovation; leveraging private investments; and maintaining the City's strong financial position.

Discussion followed about: recommendations for above-target reserves and capital surplus; the lodging tax decrease; improvements over 2017; and total outstanding debt.

B. Core Institutional Growth by David Fliceck, Avera McKennan President/CEO; Mike Cooper, Director of Planning and Development Services

Presentation: Approximately 20 minutes followed by discussion

Mike Cooper, Director of Planning and Development Services, provided an overview of Campus/Institution Master Planning. He noted that the Shape Sioux Falls Comprehensive Plan (and previous plans) identifies general neighborhood areas for the purpose of core planning. He also included four of the major institutions the City has worked with in the core: Augustana, Avera McKennan, Sanford, and USF. Over the course of many years, the City has discussed with each institution where their growth will occur. He explained the trends for each of the institutions and why growth occurs in certain directions over others. He concluded by discussing the expansion of the Avera McKennan campus between 1992 and now.

Dave Flicek, President/CEO, discussed: Sioux Falls MSA population trends; Avera Heart/Avera McKennan Inpatient Discharges (excluding newborns); average daily census; transfers and diverts; employee needs; the pressures impacting tertiary care; Avera McKennan Unit Bed Count; the inpatient rehabilitation unit; the intensive care unit; multiple campus planning; Avera on Louise; the Addiction Care Center; the Human Performance Center; Sioux Falls demographics; position openings; workforce challenges; and the Walsh Family Village.

Discussion followed about: neighborhood conservation areas and the number of homes removed from the area in the past 25 or 30 years. Members of the Council expressed appreciation for the presentation.

C. 2019 SculptureWalk Program by Jim Clark, SculptureWalk Executive Director

Presentation: Approximately 15 minutes followed by discussion

Jim Clark, SculptureWalk Executive Director, provided background about SculptureWalk. Through 2018, 777 sculptures have been a part of the program Downtown, 195 of which were sold. He provided brief details about the 59 sculptures and alternates.

Discussion followed about: the number of entries we typically receive, particularly for this year; the increase in "sculpturewalks" in other communities; how they are transported; and the history of SculptureWalk.

D. Overlook Caf Management Agreement by Jackie Nelson, Parks and Recreation Administrative Manager

Presentation: Approximately 5 minutes followed by discussion

Jackie Nelson, Parks and Recreation Administrative Manager, provided background about the Overlook Cafe and noted that the last RFP was in 2013 with that agreement expiring January 30, 2019. The most recent RFP was posted on November 16, 2018, and the Parks and Recreation Board unanimously approved the recommendation to award to Stendland Enterprises, Inc. The agreement will be formally be presented to the Council on March 12. The terms of the agreement are similar to the previous agreement: no management fees; five year agreement with an option to extend for another five years; 10% of the gross receipts are paid to the City of Sioux Falls; the exclusive right to rent the Cafe facilities, and it is branded as "Falls Overlook Cafe by Stendland." Nelson discussed the proposed hours of operations and menu. Stensland's key responsibilities are: set the hours of operation, with Director approval; employ, supervise, and direct employees for the successful delivery of food services; provide insurance; provide daily maintenance and janitorial services; and obtain and maintain all licenses and permits necessary for the manager to manage and operate the Cafe. Key City responsibilities are: provide grounds maintenance; provide exterior building maintenance and repairs; provide snow removal for the parking lot and walkways; be responsible for maintenance and

payment of utilities; and, subject to availability of funding, provide for repairs in excess of \$250 to City property and equipment inside the Cafe.

Discussion followed about the menu, collection of payments, and reporting.

4. Public Comment

There was none.

5. Adjournment

Council Chair Christine M. Erickson adjourned the meeting at 5:43 p.m.

Thomas M. Greco, City Clerk