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| MINUTES                            | Tuesday, November 7, 2017 |
| Informational City Council Meeting | 4 PM                      |
| Sioux Falls City Council           | Carnegie Town Hall        |
|                                    | 235 West 10th Street      |

Members Present: Christine M. Erickson, Michelle Erpenbach (arr. 4:34 p.m.), Rick Kiley, Greg Neitzert, Rex Roling, Marshall Selberg, Pat Starr, Theresa Stehly  
Members Absent: Mike T. Huether

1. Call To Order

2. Land Use Committee

A. Tuesday, October 17, 2017

Council Member Marshall Selberg reviewed the Parking Strip discussion held during the previous Land Use Committee meeting.

3. City Council Open Discussion

Council Member Christine Erickson noted there will be a Tax Increment Financing Forum (TIF) Forum on November 13th, from 3 to 5 p.m. at the Chamber of Commerce.

Council Member Greg Neitzert participated in a sleepout at the Bishop Dudley House this past weekend, getting a sense of the challenges of homelessness. He also noted that he recently took a Lyft ride. He also met with an architect and a contractor recently, getting firsthand knowledge of the Event Center siding by observing it up close.

Council Member Marshall Selberg noted that November is Hunger and Homeless Awareness Month, and encouraged others to take part in the Homeless Advisory Board's Pick 6 Challenge. The Challenge encourages participants to share their time and energy in learning and sharing about homelessness and hunger.

Council Member Pat Starr spoke about a recent tour of Foundation Park and thanked the Sioux Falls Development Foundation and Slater Barr for their efforts. Starr also noted that he was invited to Anne B. Sullivan Elementary School to observe their "code immersion" program where students learn about computer coding.

Council Chair Rick Kiley noted that he participated in Read for the Record campaign, which encourages shared reading for early learners. He noted that Sioux Falls set a City record for this event.

Council Member Rex Roling discussed a recent opportunity he had to attend the Police Department's evac driving school. He encouraged other council members to take the same opportunity.

#### 4. Presentations

##### A. Cable TV & OVS Fee Audit Report by Kim Schroeder, Internal Audit Manager Presentation: Approximately 5 minutes followed by discussion

Kim Schroeder, Internal Audit Manager, discussed background information, objectives, and the scope and methodology of the audit. The City currently has a Cable System Franchise Agreement with Midco and an Open Video System (OVS) license with Clarity Telecom d/b/a Vast Broadband. Results of the audit focused on three areas: recalculation and payment of fees, insurance requirements, and contract monitoring. The report showed that proper coverage levels for certain required insurance are in place and policies are up to date with both franchises. Schroeder noted that Midco identified a period from January 2011, through May 2015, when the franchise fee was calculated at two percent instead of two and a half percent on the Local Broadcast Transmission Fee. The issue was identified and corrected in May 2015. It is recommended that: 1) Midco remit the amount of uncollected franchise fees within the recovery period in the amount of \$12,046.48 and are to be remitted prior to December 31, 2017; and, 2) management and internal audit develop a plan for the routine review of revenue received from the Cable TV & OVS franchise agreements. Roling commented that a centralized process for monitoring contract compliance does not exist.

##### B. Accounts Payable Audit Report by Ashley VanDeBerg, Internal Auditor Presentation: Approximately 5 minutes followed by discussion

Ashley VanDeBerg, Internal Auditor, discussed background information, objectives, and the scope and methodology of the audit. Results of the audit focused on four areas: vendor management, invoice handling, duplicate payments, and AP reconciliations. It was determined that several internal controls exist over the process of vendor setup, maintenance, and validation. It was also determined, based on a review of the Master Vendor File, that there are duplicate vendors, vendors with identical addresses, vendors with no activity during the past three years, and some vendor names are not in agreement with the Master Vendor File Naming Convention Policy. The Master Vendor File has not been thoroughly reviewed since the implementation of MUNIS in 2014 and there may be unnecessary access to the File. The audit found that adequate controls are in place to ensure payments are mathematically accurate, properly supported, authorized, and remitted in a timely manner. No duplicate payments were identified, which provides assurance that proper internal controls are in place to prevent duplicate payments to vendors. Reconciliations are materially accurate and properly completed each month. It is recommended that management ensure the Accounts Payable Policy and Master Vendor File Naming Convention Policy are consistently followed and duplicate vendor records should be corrected and the accuracy of vendor information should be verified. Management noted the steps they will take to clean up the master vendor file. It is also recommended that management ensure proper segregation of duties exists by requesting those with unnecessary access to various accounts payable activities in MUNIS are deactivated. Management stated steps are being taken to mitigate any risk of loss. There was no discussion.

C. SMG Management, Washington Pavilion Management Inc., and Spectra Management Agreements Presentation by Tracy Turbak, Director of Finance  
Presentation: Approximately 20 minutes followed by discussion

Tracy Turbak, Director of Finance, provided a brief introduction. All three agreements are expiring from five year terms; there are very few substances changes to the proposed agreements. The City is very satisfied with the performance of each of the three entities. Each agreement was presented separately.

Terry Torkildson, SMG General Manager, provided a detailed review of the results of SMG's efforts during the previous contract period. He explained the steps the company continues to take in order to improve the experience at the facilities it manages. Turbak explained that the proposed agreement includes the addition of Sioux Falls Stadium--the Canaries' lease will remain in place, but SMG will step in and fulfill the role the City has been performing. Other noteworthy changes include greater participation by SMG in capital planning and support, to include the long-range capital R&M schedule and long- and short-range forecasting of major upgrades, capital improvement, and equipment schedules. Other changes include deletions from the existing agreement that addressed pre-opening and grand opening services. The term of the proposed agreement is five years with an option to extend five years. The Management Fee, consisting of two components--base fees and incentive fees--will remain similar to the current agreement. Turbak explained each fee in detail as it relates to the proposed agreement. Under the proposed agreement SMG will be providing a \$500,000 capital improvement contribution to the operating account to augment the City funding to improve the facility, revenue growth, and efficiency.

Discussion followed regarding: management of Sioux Falls Stadium maintenance, recent projects at the Events Center, availability of the proposed agreements, event plans for the stadium as they relate to the CSL study, costs for booking events, extension options, bond payments, incentives, and potential impacts to changes in use of the Arena.

Chad Stoner, Spectra General Manager, provided an overview of recent successes by discussing food innovation, community outreach, and event highlights. Turbak explained the relationship between Spectra, SMG, and the City. He noted that the Spectra agreement will also include Sioux Falls Stadium and many services will remain the same. Spectra has agreed to add a catering sales manager position and the agreement term is five years. Turbak outlined the financial provisions of the agreement explaining that commission rates vary by venue and type of sale. Spectra will also make a \$350,000 capital contribution for equipment.

Discussion about the disposition of gross sales, revenue sharing, and debt payment followed.

Darrin Smith, Washington Pavilion Management Inc. President & CEO, provided an overview of recent-years highlights and forthcoming changes to the website, Science Center, Visual Arts Center, and patron engagement model. He also noted various programs to attract members and increased attendance at the facility. Turbak noted the term of the proposed agreement is five years with an option to

extend for five additional years by mutual agreement. The financial provisions are unchanged from the current agreement and City funding is subject to the annual City budget process. Discussion about capital improvement decisions, City contributions to the overall budget, escalators, community outreach efforts, naming rights, successes, and areas for improvement followed.

D. Request for Proposals (RFP) Process by Scott Rust, Purchasing Manager  
Presentation: Approximately 20 minutes followed by discussion

Scott Rust, Purchasing Manager, explained what a Request for Proposal (RFP) is, the difference between a competitive sealed bid and RFP, responsibilities of the applicable City Department and Purchasing Division, statutory and internal guidance to the RFP process, elements of an RFP, the evaluation process, and contract award.

Discussion followed about the disclosure of non-selected proposals, disclosure of proprietary information, comparison of proposals, history of use of the process in the City, the bid analysis process, RFPs as a policy making tool, appeals for RFP non-selection, and selection transparency.

5. Adjournment

Council Chair Rick Kiley adjourned the meeting at 6:40 p.m.

Thomas M. Greco  
City Clerk