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Saturday April 2, 2005

SIOUX FALLS, SOUTH DAKOTA

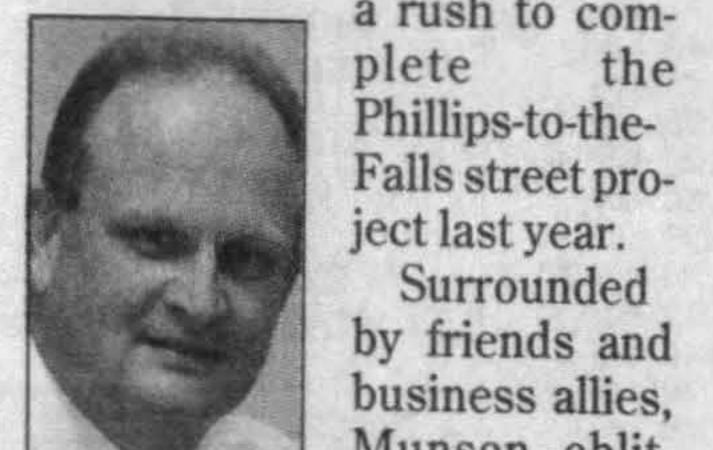
50 Cents

Mayor admits breaking city rules

Council left out of loop in rush to finish project

BY JENNIFER SANDERSON

jsanders@argusleader.com Mayor Dave Munson admit-



erated the higher costs.

"In my haste to get the project done, I neglected to formally

consult with the City Council about the excess costs of the project and to get their official ted Friday that he bypassed the approval" for the additional City Charter's spending rules in money, he said during a news a rush to com- conference.

> While he's proud of finishing Phillips Avenue and a railroad underpass at Pasley Park, he said he was not proud he "failed Surrounded to comply and consult with the by friends and council."

The mayor was joined by Munson oblit- council Chairman Gerald any Beninga, who produced staterumors of his ments proving councilors could resignation. Standing in City have seen shortfalls as early as Hall's open foyer, he apolo- August 2004. But several coungized for signing a work con- cilors said the line items were tract worth more than coun- lost in hundreds of pages of othcilors had authorized and for erfinancial documents and came not telling them sooner about months after Munson already had committed the money.

See MUNSON, page 4A

Cardinal:

'There is

no more

hope'

BY VICTOR L. SIMPSON

Associated Press

John Paul II was near death

as dawn broke today, his

breathing shallow and his

heart and kidneys failing,

the Vatican said. Millions of

faithful around the world

paid homage, many weep-

ing as they knelt with bowed

ragan, head of the Vatican's

health care office, told the

Mexican television network

Televisa. "I talked to the

doctors, and they told me

St. Peter's Square, where as

many as 70,000 people

prayed and stood vigil in the

chilly night, Angelo Comas-

tri, the pope's vicar general

for Vatican City, said, "This

evening or this night, Christ

opens the door to the pope."

ing fell so silent the sound of

the square's trickling foun-

tains was audible. At other

points, the crowd sang,

square, the crowd was con-

siderably diminished, with a

group of about 100 faithful

continuing their vigil from

overnight. They huddled

around a message, written

with prayer candles placed

on the ground, that read

"con te," Italian for "with

In a sign of the pope's

decline, several cardinals

said they were heading to

Rome, including Roger

Mahony, archbishop of Los

Angeles, and William Keel-

er, archbishop of Baltimore,

Maryland. After the official

mourning period following

the death of a pope, cardi-

nals hold a secret vote in the

Sistine Chapel to choose a

Around the world, priests

readied Roman Catholics

for John Paul's passing.

Many expressed hope that

his final hours would be

"Now he prepares to meet

See POPE, page 6A

successor.

peaceful.

As dawn broke over the

"Stay with us!"

At times the huge gather-

Addressing the crowd at

there is no more hope."

Joaquin

Navarro-Valls

heads, oth-

ers carry-

ing candles

in prayer

for the 84-

The pope

"is on the

verge of

death," Car-

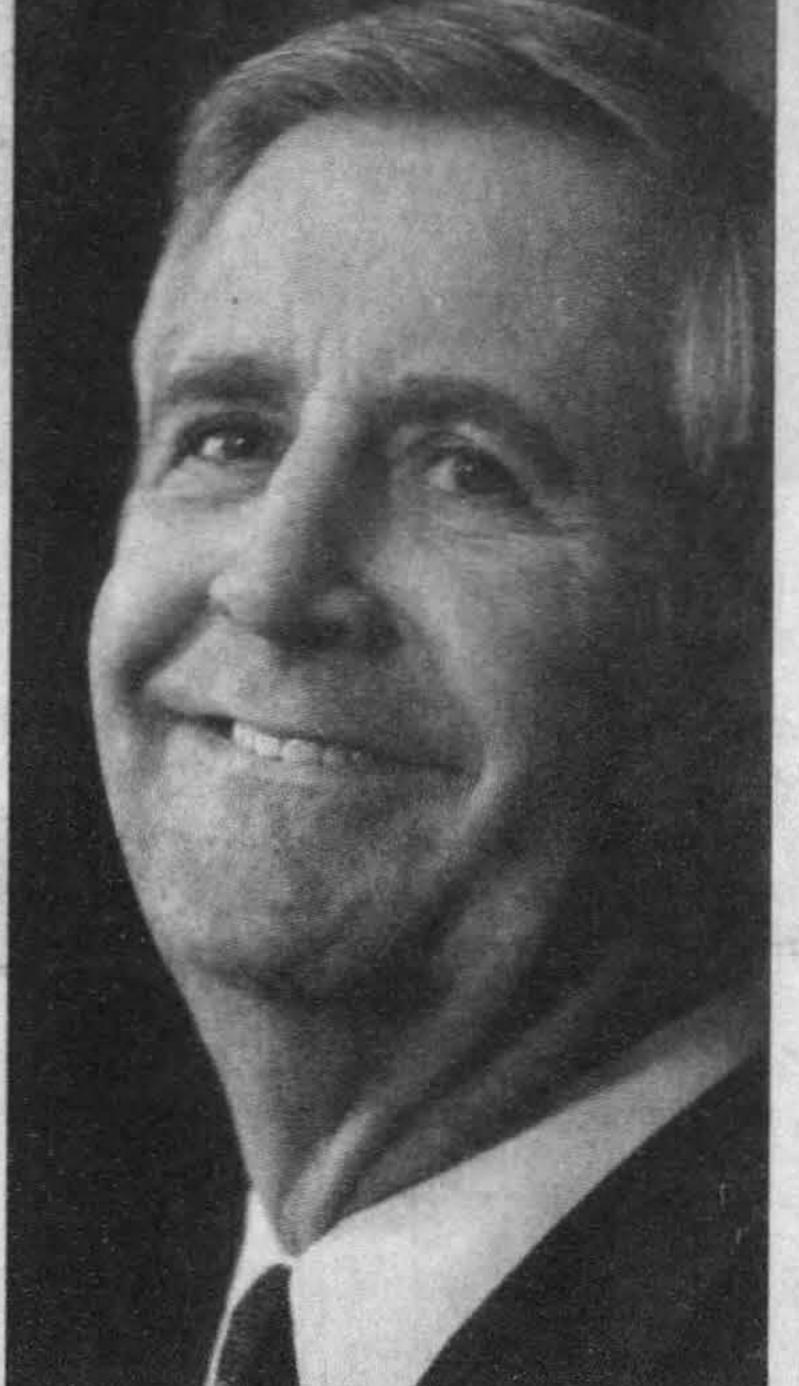
dinal Javier

Lozano Bar-

year-old

pontiff.

VATICAN CITY - Pope



STUART VILLANUEVA / ARGUS LEADER Mayor Dave Munson smiles while receiving applause Friday after saying during a news conference at City Hall that he will not resign.

Pep-rally feel permeates news conference

BY PATRICK LALLEY and JENNIFER SANDERSON

Argus Leader

Mayor Dave Munson's news conference in the marbled foyer of City Hall on Friday had the feel of an election rally rather than a discussion with the media, as he responded to a growing controversy that could threaten his spot in Sioux Falls' highest office.

About 200 community dignitaries gathered for the event, including old for an "outpouring of support" that friends, Chamber of Commerce "has really lifted me up." executives, two college presidents and an array of public officials. They applauded when Munson emerged from his first-floor office following an introduction.

There were hugs, handshakes and backslaps for the first-term mayor as he pressed through the crowd to reach a temporary stage and blue curtain backdrop brought in for the event.

Embroiled in the growing debate over Phillips to the Falls construction contracts, Munson called the

UITUUU IU LIIT

event to explain his position.

Munson admitted he made a mistake when he didn't tell the City Council the project was exceeding the planned budget. He said he was taking steps to make sure it didn't happen again and vowed to press on.

And when he said he would not resign, the crowd responded with extended applause that surpassed the earlier burst. He later returned the praise, thanking those gathered

Munson refused questions from reporters and allowed City Council Chairman Gerald Beninga to make a few remarks. Then he walked off the stage, accepted a few more well wishes, and returned to his office.

The entire event lasted about 15 minutes.

Councilors were nabbed by reporters. Other observers collected in twos and threes to chat. Supporters came for a variety of

See SCENE, page 4A

IF YOU GO

At Monday's City Council meeting, Mayor Dave Munson will ask councilors to approve an independent audit of spending and procedures. Some councilors think that might not be enough. The meeting is at 7 p.m. in Carnegie Town Hall.

INSIDE

Residents weigh in on the news conference and the issue that prompted it. 4A

ONLINE

To watch a video of Mayor Dave Munson's statement, read the text and take part in a forum, log on to www.argusleader.com.

TODAY'S BRIEFING

LOCAL & REGION Report card change to offer more details

▶ Beware, students. A change in elementary school report cards in Sioux Falls means parents will receive more detailed information on how you're doing in classes starting next year. Study up! 1B

LIFE

Lessons learned from 1-room schools

▶ It's a scene not so common anymore in South Dakota: Schools in which students of all ages learn together. So what can educators of today learn from one-room schools of yesterday? A symposium April 9 will tell. 10

SPORTS

Skyforce could win it all tonight

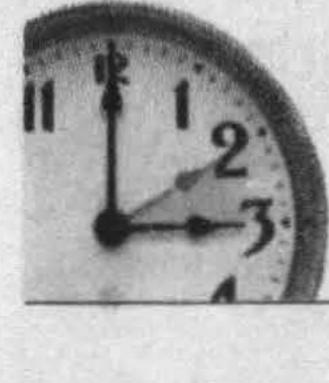
▶ It's Game 4 of the CBA Finals tonight, and the Skyforce needs one more win to clinch its first title since 1996. 1C



CORRECTION

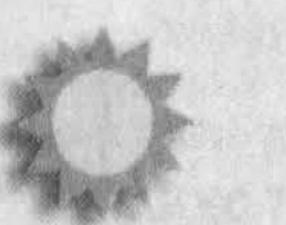
State reports for 2002 showed that 39 percent of adult Native Americans in South Dakota were smokers. That information was incorrect in Tuesday's Argus Leader.

Spring ahead Daylight savings time



starts at 2 a.m. Sunday. Remember clocks ahead

TODAY'S WEATHER



HIGH 65°

Mostly sunny Full report, 2A

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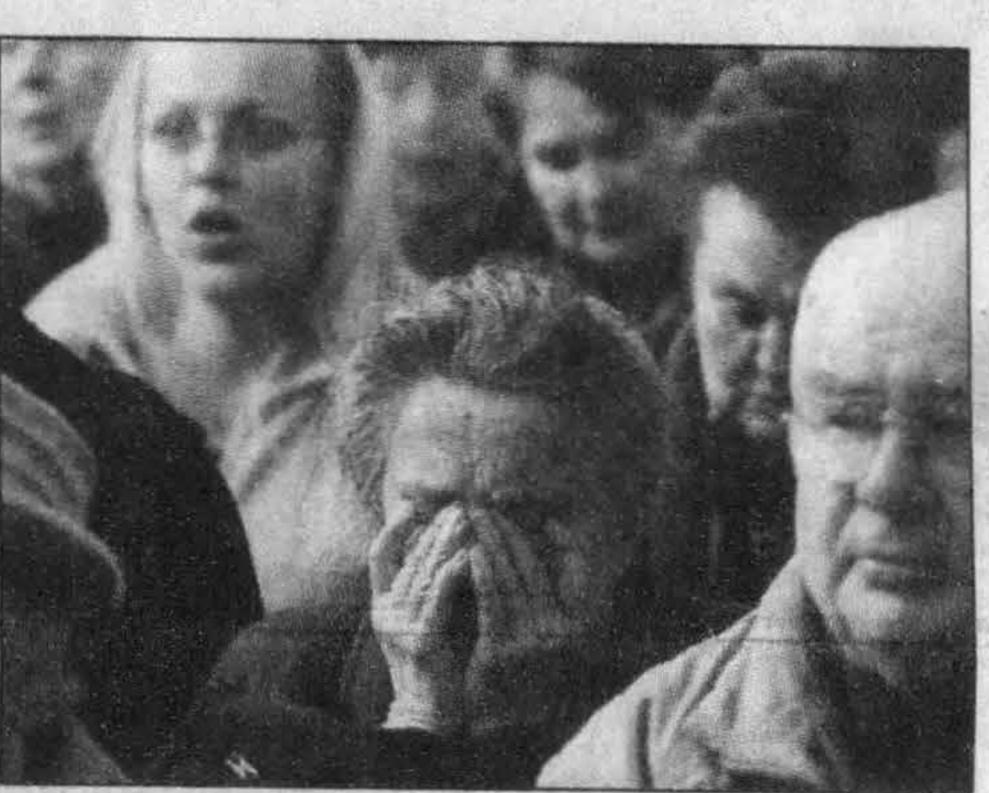
BETHLEHEM, West Bank



ODED BALILTY / AP

A Roman Catholic nun sits inside the Grotto, believed to be the birthplace of Jesus, at the Church of the Nativity in Bethlehem, West Bank.

WARSAW, Poland



The faithful pray during a special Mass for Pope John Paul II's health Friday in a church in Warsaw, Poland. The pope is a native of Poland.



CARACAS, Venezuela

LESLIE MAZOCH / AP

Rosa Romero holds a candle as she prays Friday in a church in Caracas, Venezuela. Pope John Paul II has traveled more than any other pope.

Sioux Falls faithful ask God to grant John Paul II peace

BY MONICA LABELLE mlabelle@argusleader.com

As Pope John Paul II faced his final hours Friday, Catholics across the region prayed and spoke of his place in history.

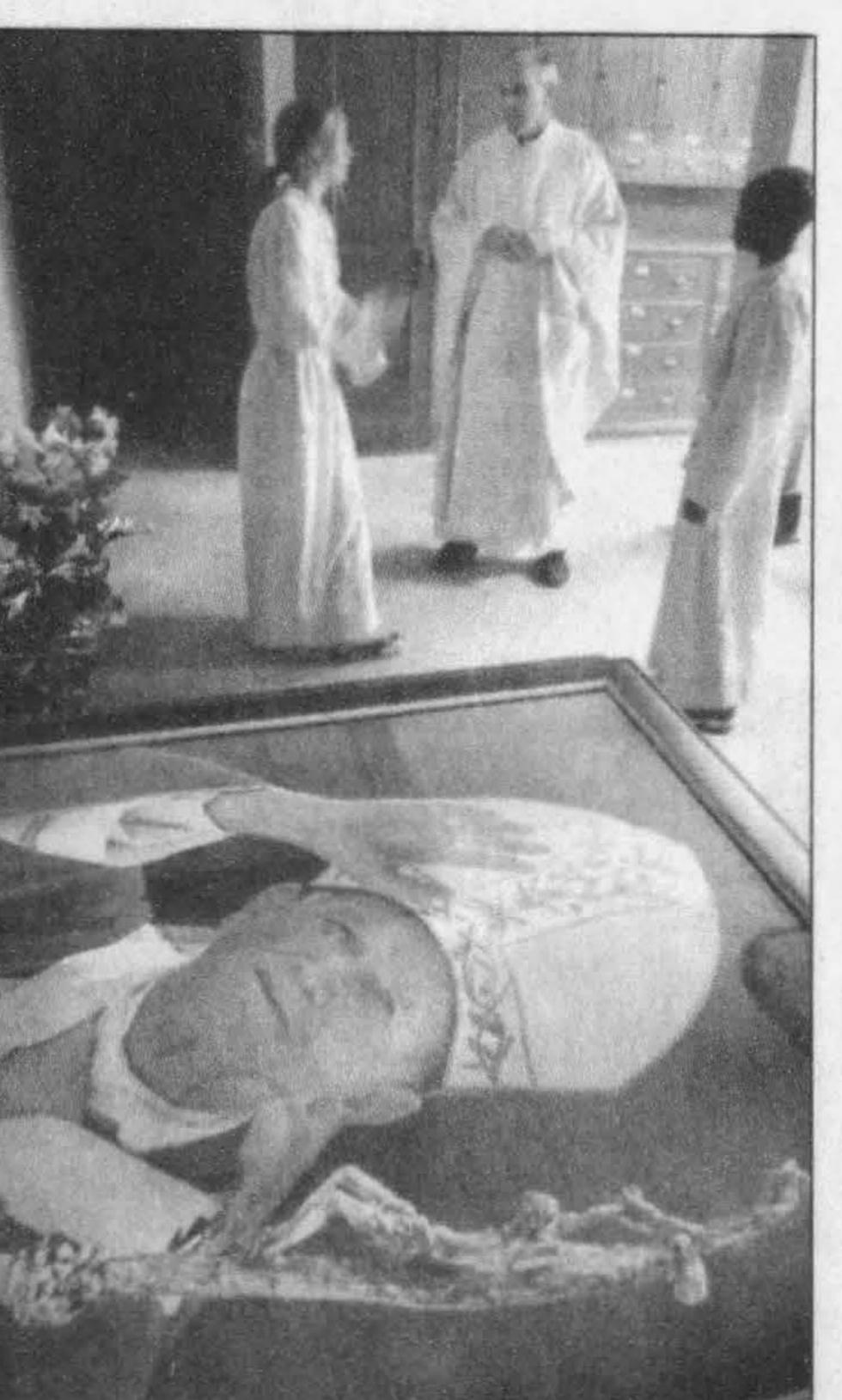
"I think he's been one of the most important figures in the last half of the 20th century," said Greg Bierbaum of Sioux Falls as he entered St. Joseph Cathedral for noon Mass. "He's showing us how to die with dignity and in peace."

The pope's legacy, his role in fighting communism and his firm stance on controversial life issues resonated with local Catholics.

Inside the cathedral, parishioners prayed for the pope. People sniffled and wept at the end of noon Mass when the pontiff's death was falsely announced. Two women left the cathedral with linked arms and solemn faces.

See FAITHFUL, page 6A

SIOUX FALLS



STUART VILLANUEVA / ARGUS LEADER

A framed photograph of Pope John Paul II rests on a table as the Rev. Terry Anderson speaks with altar servers Rayna Pearson (left) and Josephine Sebit before a noon Mass on Friday at St. Joseph Cathedral.



GREGORIO BORGIA / AP VATICAN CITY: Thousands of faithful gather to pray Friday for Pope John Paul II at St. Peter's Square at the Vatican. Tourists and pilgrims began arriving at St. Peter's late Thursday as word spread of the 84-year-old pontiff's worsening health. As many as 70,000 people stood vigil in the chilly night, at times singing, at times nearly silent.

Supporters say mayor honest; others unsure

BY MELANIE BRANDERT and NANCY KELSEY

Argus Leader

As Mayor Dave Munson admitted Friday that he went ahead on spending tax dollars for the Phillips-to-the-Falls project without telling the City Council about cost overruns, Sioux Falls residents' reactions ranged from anger to indifference.

"If one of us had done that, we'd be at the little house we are paying for," Carol Fisher said, pointing east toward the recently built Law Enforcement Center and Minnehaha County Jail.

"I think he was hiding it from the council. I think he wanted it (Phillips to the Falls) to go through so bad."

Dick Murphy, owner of Mrs. Murphy's Irish Gifts store downtown, said he has watched the sit- ment of his authority," said David was supposed to get an OK'-to me, mayor said he isn't resigning.

"I absolutely support our mayor in all of his decisions to better our community," Murphy said. "Mayor Munson has proven to us that he's a capable and strong office." leader."

Several residents said Munson should have informed the council as soon as he learned of the cost. overruns. Even some residents on the north end, where Munson grew up, criticized the mayor's handling of the situation.

"I thought it was mismanage-



CHRISTOPHER GANNON / ARGUS LEADER

Sloux Falls Mayor Dave Munson greets well-wishers and is applauded Friday while making his way to the podium before his news conference.

uation closely and was pleased the Pyper, who lives across the street that seems a little far-fetched." from Ken's Korner. "It's not his money he's spending."

> Paul Wiche added: "First, he said it was an honest mistake. If he's that stupid, he shouldn't be in

Becky Otten, who lives in southeast Sioux Falls, said Munson's neglect was not an oversight.

"There's a difference when it's \$3,000 going over budget and \$3 million between the two (projects, Phillips to the Falls and a railroad underpass at Pasley Park)," she said. "Saying, 'I didn't know I

James Sanden, who lives in central Sioux Falls, said if Munson violated a law, he should be pun-

The city charter states that anyone who knowingly commits public money beyond levels approved by the council may be removed from office and held personally liable for expenses.

"Politicians are getting by with way too much," Sanden said. "It's time they live up to the rules and regulations we all have to follow."

council so they could track

unspent amounts across city

departments. Friday, Rowen-

horst said the mayor's comments

Some councilors aren't as cer-

tain, though they agree Munson

was right to accept responsibility.

The charter passage he men-

tioned outlines the council's right

to an independent audit of annu-

al finances. The audit covering

the time span in question already

The council has greater powers

under another section, which

allows members to launch an out-

side investigation. That might

include issuing subpoenas, taking

testimony under oath and requir-

ing witnesses to produce evidence.

some kind of investigative action,

and he's willing to work with us,"

said Councilor Darrin Smith, who

said Munson on Friday did what

was most critical: "He finally admit-

But Smith said some hybrid of

the procedures outlined in the

two charter sections will be the

best approach. Beninga said any

independent audit must be car-

ried out by individuals with "no

personal interest." A local firm

could serve that role, Beninga

said, and could examine proce-

parameters of the audit and make

sure it accomplishes the goals

everyone has stated," said

Howes, who joined Smith in

In the meantime, a February

executive order from Munson's

desk requires the finance direc-

tor and city attorney to review all

contracts before they're signed

by the mayor. A charter revision

commission could help make that

policy permanent through a pub-

lic vote during the April 2006 city

Reach reporter Jennifer Sanderson at

Licensed. Bonded & Insured

"We'll be able to discuss the

dures as well as finances.

made no decisions yet.

elections.

575-3629.

ted that wrongdoing occurred."

"He recognizes we must take

has been issued and released.

"clarified everything."

Jon Bot, an acquaintance of

Munson's and owner of Jono's, at 1700 W. Burnside St., said the mayor is an honorable man and would not do anything illegal.

"He's not trying to hide it," Bot said. "He is owning up to his mis-

Residents differed on whether the city attorney or an outsider should investigate the city's finances. Munson said Friday he would call for an independent audit on Monday.

"If we hire someone outside, it's going to cost us more money," Pyper said. "That's what we're paying the city attorney for."

But Wiche, a 50-year resident, said hiring an independent consultant makes sense.

"You don't investigate your boss and give a fair answer," he said.

Murphy said that he would like to see a continued "watchdog system" monitor government spend-

"We elect some good people. ... Just let the government work its own way out," he said.

Michelle Niehaus said she has not followed the situation closely. But she said knowing something was brewing in City Hall and had prompted talk that the mayor might resign is enough to make her more skeptical of city govern-

Reach reporter Melanie Brandert at 977-3926 and reporter Nancy Kelsey at 331-3238.

2004

TIMELINE OF EVENTS

JANUARY: City officials begin the fiscal year with ambitious plans to finish Phillips to the Falls. City Council members already have appropriated \$1.185 million for the project from the 2004-09 capital improvements plan, or CIP. Burlington Northern Santa Fe Railway Co. representatives also push for another project: improved safety for a crossing at the entrance to Pasley Park. The council set aside \$1,422,383 for that effort.

JAN. 29: Mayor Dave Munson is the city's negotiator in a threeway agreement that also includes the state's Department of Transportation and the BNSF. With Munson's signature, Sioux Falls obligates to reimburse the railroad for constructing a train bridge over the planned roadway at Pasley.

FEB. 17: Munson approves an outgoing bid request that estimates it will cost \$3.8 million for street work on Phillips Avenue. The amount is more than three times the agreed-upon level for that year.

MARCH 10: Munson signs a bid award recommendation declaring \$3,090,799 the lowest price for this phase of the Phillips project. It's more than twice the approved amount. The same day, he officially commits the city to spending the money, signing a work contract with a local firm.

MAY 10: Munson approves an outgoing bid request that estimates it will cost \$1,880,000 million for the technically complicated Pasley Park underpass. The amount is nearly \$500,000 more than the agreed-upon figure.

MAY 27: Munson signs a bid award recommendation declaring \$1.337 million as the lowest price for the Pasley project. That's under the council's cap, but it's not the full price. The city still must pay the railroad for bridge materials and a private engineering firm. Altogether, the project costs \$1.99 million - \$500,000 more than appropriated.

JULY: Eugene Rowenhorst, who worked with Munson at Citibank, starts his job as city finance officer. He discovers the differences between money appropriated and money spent and raises the issue with the mayor. Munson, Rowenhorst said, decides to wait before asking the council to approve extra money.

JULY-NOVEMBER: At the mayor's request, Rowenhorst monitors citywide departments, trying to find unspent money that can cover

Phillips and Pasley costs. OCT. 30: Munson opens Phillips to the Falls

with a community celebration that includes a parade and a ribboncutting ceremony.

Eugene

Rowenhorst

Gary Colwill

NOV. 29: Munson sends a memo to council members asking for \$2.77 million in supplemental appropriations for several projects, including Phillips to the Falls. At an informational meeting, council members hear about another request. Munson wants to shift \$3.37 million from other departments to public works and parks. Council members say this is the first time they have heard that costs for Phillips and Pasley exceeded agreed-upon levels.

DEC. 6: Seeing no choice but to honor city commitments for completed work, the council passes a resolution moving the almost \$3.37 million among departments. The action has no effect on the overall budget. Phillips to the Falls receives an additional \$2.58 million and Pasley an extra \$480,599.

DEC. 13: The council passes a supplemental appropriations ordinance that transfers the roughly \$2.77 million from various surplus funds into the current year's budget. Phillips to the Falls gets an almost \$160,000 boost from the sales and use fund, whose cash reserves came from second-penny sales tax revenues.

2005

EARLY FEBRUARY: Munson issues an executive order requiring the finance director and city attorney to review any contracts before they reach the mayor's desk. City Attorney Gary Colwill begins an internal look at the matter.

MARCH: Sioux Falls' official 2004 audit is released. It reveals the city spent almost \$7 million from unobligated cash reserves in its sales and use fund, whose surplus is generated by the second penny of sales tax. Council members say project overruns are partly to blame, not realizing the contracts themselves set higher prices. MARCH 17: In an interview, Munson says he

signed work contracts for Phillips to the Falls and Pasley Park not knowing the amounts exceeded approved levels. He also says he went to the council the moment he knew about the higher costs.

MARCH 24: The mayor highlights the completion of Phillips to the Falls among the examples of local progress in his 2005 State of the City address.

MARCH 25: Colwill says he thinks Munson "violated the spirit of the charter" by signing contracts before getting council approval for money to cover them. Public works director Lyle Johnson confirms the contracts stipulated higher amounts.

MONDAY: City Council members ask Colwill to study the issue and are surprised to hear he's been working on a report for almost two months. He says he will present his findings at the April 11 meeting. Finance director Rowenhorst says in an interview that he and Munson first talked about the cost differences in July.

TUESDAY: Council members question whether it's fair to ask Colwill to investigate the man who appointed him and say an external review may be needed.

THURSDAY: Munson meets with council members and lawyers in the morning and spends the afternoon and early evening in closed-door sessions with friends, lawyers and other advisers. Rumors swirl about his possible resignation. Meanwhile, several news outlets obtain the bid paperwork that connects Munson to the higher project costs. Council members say an outside investigation is unavoidable, citing Section 2.09 of the City Charter.

FRIDAY: At a news conference, Munson for the first time says he should have consulted with council members before signing work contracts. He says he will ask council members to approve an independent audit, as contained in Section 2.10 of the charter. The section sets forth procedures for the city's annual fiscal review. Council members applaud the mayor for taking responsibility, but some say a review alone will not provide the answers they need.

Munson: Won't answer questions

Continued from 1A

The mayor refused to answer any questions Friday, setting the not doing so, and that criticism is stage for negotiations at Monday fair," he said. "I accept it." night's council meeting. Munson

City Attorney Gary Colwill had but councilors worried it was together. unfair to ask Colwill to question the man who appointed him.

"Clearly, the mayor should have come to us immediately. cilor De Knudson, who hugged Munson as he made his way to the podium. "But I was not concerned because Sioux Falls is in such great financial shape, I never doubted that we had the money to complete these projects."

Munson's supporters have said all along that any mistakes he made were unintentional ones. The money he spent without reserves in the sales tax fund - is the council got it." all accounted for.

But the charter bans officials from obligating more money than appropriated and states that anyremoved from office and held personally liable for expenses.

authorize the money in late November, after the ribbon-cutting for Phillips to the Falls. Seeing no choice but to honor contracts for completed work, the council freed up dollars where they were needed before the end of the fiscal year.

Friday's prepared statement was the first time Munson publicly acknowledged he'd seen that budgeted and actual costs didn't align, prior to signing contracts. Bid documents from the city's engineering division show Munson approved higher estimates for Phillips Avenue in February 2004, the month before he signed the contract. Similar documents for Pasley Park last May show a projected expense greater than allowed by city rules.

Each sheet also lists the top amount appropriated in the year's capital improvements plan, or CIP.

The mayor's Friday remarks followed the previous afternoon's closed-door sessions with close friends and advisers. Earlier on Thursday, the mayor invited two councilors to a private meeting with lawyers from a local firm.

Munson said Friday he should have gone to the council "formal-

ly with a monthly update, inviting conversation" about the problems. "I have been criticized for

The financial documents said he will ask the council to Beninga cited as "good bedtime greenlight an independent audit reading," covering last July and allowed under one section of the August, list pages of CIP line City Charter. But some coun- items. Negative project balances cilors say that might not be appear in the columns nearly as enough and could press for a often as do positive numbers. more formal investigation speci- Figures that help tell a single profied in a different charter passage. ject's story, highlighted yellow in Friday's handouts, are scattered been asked to study the matter, throughout instead of grouped

"It's a totally useless document for the council," said Vice Chairman Andy Howes, who called the CIP reports "the budgetary equiv-That was an error," said Coun- alent of a needle in a haystack." Howes said he and fellow finance committee members Beninga and Bob Jamison have been working with the city's top money manager, Eugene Rowenhorst, to revamp streamlined updates with clear, concise dollar summaries and verbal descriptions.

"I would argue that getting these with no explanation whatsoever is not even getting them council permission - more than informally," Howes said. "The \$3 million from other depart- way it was provided on Friday is ments and \$160,000 from cash certainly not the manner in which

Knudson said Beninga's comments were a worthwhile reminder that councilors should more thoroughly track how the one who knowingly did so may be city follows prescribed budgets.

Though encouraged to see Munson reassert himself as an emphasizing the council had Munson asked the council to honest and trustworthy leader, Councilor Vernon Brown said he remains frustrated about the scant guidance given part-time officials.

> "Financial highlights are something I've asked for from the start," Brown said. "I want Gene to sit down with us monthly."

> Though councilors would have appreciated any heads-up to the year-end requests on the way, Howes pointed out the consideration would not have expanded their options.

"The contracts had already been signed by July," he said, "and there was nothing, absolutely nothing, we could have done at that point" except cover the money already spent.

Rowenhorst previously had said Munson made a deliberate decision to delay going to the





Scene

Continued from 1A

reasons, from curiosity to loyalty. An e-mail to members of various boards and committees of the city's Chamber of Commerce encouraged attendance "to learn more about this current community issue."

"I am here as a citizen in support of the mayor," said Pam Homan, superintendent of Sioux Falls public schools.

"I just thought I'd come over and see what he said," said Minnehaha County Sheriff Mike Milstead, "and be here as a friend." Council member Darrin Smith,

who did not attend, said he respects the mayor for taking responsibility but was critical about the event's tone. "It was a who's who dog-and-pony show where the common person couldn't receive answers to their questions," he said.

Within a half hour of Munson's departure, workers tore down the stage, lights and podium, and citizens were back, trying to find the office to pay a ticket or get a license.

A few old friends came and went from the mayor's office.

Recently retired planning director Steve Metli showed up, dressed in jeans and baseball cap. Longtime friend and prominent

car dealer Dave Billion emerged after talking with Munson. They didn't talk about spending, Billion said. They talked about the old days, about growing up on the North End.

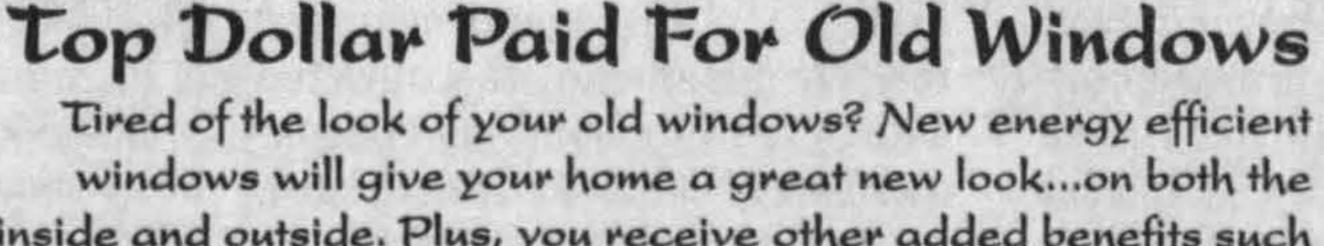
"Everybody makes mistakes. You try to do what you think is best," he said. "The real question is, 'Are you a good person, and honest? Are your intentions good?' I don't think he's done anything to violate the public trust. He didn't follow procedure, and people need to know he just made a mistake."

Reporter David Kranz contributed to this report. Reach assistant managing editor Patrick Lalley at 331-2291.

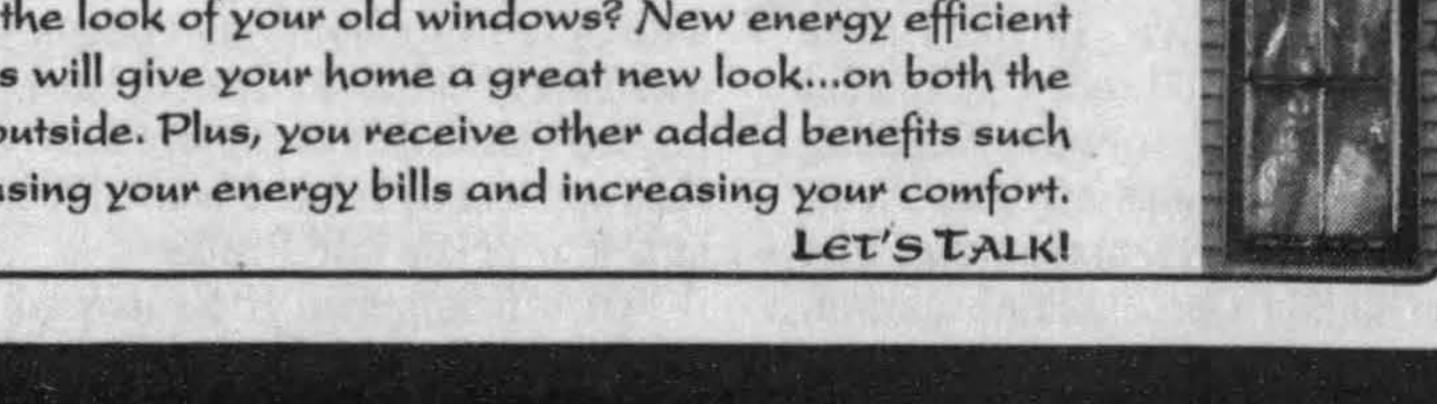
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