



City of Columbia, Missouri

Meeting Minutes

City Council

Monday, April 16, 2018
5:00 PM

Work Session

Conference Room
1A/1B
Columbia City Hall
701 E. Broadway

I. CALL TO ORDER

The meeting was called to order at approximately 5:05 pm.

Present: 7 - Ruffin, Trapp, Thomas, Peters, Treece, Skala, and Pltzer

Council Member Finance Q & A

Attachments: [Council Work Session Packet](#)

City Manager Matthes stated that the focus tonight will be the budget. He explained that we canvassed council for questions that they wished to have responses for and questions have been consolidated if more than one council person asked that same or similar questions.

Exhibit A-1: Equity in Pooled Cash

Mr. Matthes understood more information was wanted on the pooled cash account. The pooled cash account is every dollar we have that we haven't needed to spend, though it may be intended to spend. This is spread over many funds, but the total of the general fund is \$37,386,635. Many of these funds are already earmarked for projects and can't be spent on other needs. Mr. Matthes confirmed that we need to have funds for projects in hand before we can contract on them. Ms. Nix added that some funds can only be used for certain purposes. The park sales tax fund can only be used for projects relating to that. These amounts can change daily depending on what we collect for utilities, etc. These funds contain bond proceeds, amounts collected for grants, tax payments, utility payments, parking receipts, and more. Once we hit \$8 million in receipts at our bank, it gets wired out to us and into these accounts. Mayor Treece asked how the number on this sheet compares to last day of business. Ms. Nix stated that it's quite close, just a little higher.

Ms. Nix walked through Exhibit A-1 line by line to explain each amount. It was noted that that market-to-market values fluctuate daily. She explained how the cash and cash equivalent is calculated; how the unassigned fund balance is calculated; how general fund ending cash reserves are determined; how budgeted cash reserve targets are calculated and then how she determined the above cash reserve target.

Exhibit A-2: General Fund Cash Reserves vs Target

Ms. Nix stated that the cash reserve target is calculated at 20% of the budgeted expenditures for the last fiscal year. In the case here, the budgeted cash reserve is \$16,750,297. But, of that amount, \$3.8 Million is above the cash reserve target. That \$3.8 is available to spend as council sees fit. Appropriated funds can be unappropriated. Encumbered funds cannot be changed as typically an agreement is in place and funds are committed. There are some other restrictions with funds such as grant monies being

required for use on specific purposes. Page 29 of the CAFR shows a schedule that lays out what is included in the \$9M of non-spendable funds. Mayor Treece asked if this same flow chart available for each fund account. Nix stated that it can be computed, but is not prepared for today, though they have the same structure. Each will end up with different cash reserve amounts.

Exhibit A-3 Summary: Cash Reserves and Targets

Ms. Nix explained the Exhibit A-3 Summary document noting that these do not including operating costs. Mr. Pitzer asked the difference between CIP and Public Improvement Funds. Ms. Nix replied that a portion of the CIP includes list of projects to achieve. Public Improvement Projects are 4.1% of the 1% put into a capital fund for a given project. A Public Improvement fund has more flexibility. CIP has regulations that require it be spent on CIP approved projects. Ms. Peveler added that the other 96% goes to the General Fund, of which Public Safety receives the lion share of over 70%.

Ms. Nix reviewed the funds noting that some are below cash reserve targets. Cash in special revenue funds for tourism is pulled in from tourism tax, so the voter approved tax determines the purpose for which the funds can be spent. Mayor Treece inquired if we can ask voters to sweep in the excess cash reserves from some funds for a different purpose. Ms. Thompson stated that it is allowable for something that has voter approval. She would need to be sure what we are seeking voter approval for is allowable and more research is needed. As far as enterprise funds go, charging customers more than what is needed for operations and then transferring excess to the General Fund may be a Hancock amendment issue. There is an issue with charges appearing to be more of a tax than a charge. Ms. Nix stated that the purpose of cash reserve is if something operationally occurred we have three months worth of reserve to continue operations. Internal service funds are meant to recover costs over time. Custodial maintenance charges are based on square footage in a department and each department pays that fund based on that formulation.

Exhibit A-3 Detail: Cash Reserves and Targets

Ms. Nix stated that this is the same document we just reviewed but in more detail on what the fund is and how it is used and calculated. Mr. Pitzer asked if the funds above the 10% requirement were established by internal policy. Mr. Matthes stated that is set by ordinance. Council could go back to just the 10%, but it's a good practice to keep above that for planning for emergency needs. 20% seems to be the standard across the country. Ms. Nix added that GFOA recommends 20% be the minimum.

Exhibit A-4: Pooled Cash Interest

Ms. Nix explained that this shows from FY16 how much interest we earned in one year and how we allocated it out. Interest earned is wrapped in totals on page 3 and in each funds annual budgets. Mayor Treece asked if there is an attempt to collect unpaid or late municipal court fees, liens we attempt to collect back, etc. and where those are collected. Ms. Nix stated that needs to be done again, but done November of last year. Last time we wrote off \$700,000. Utility related write-off's and then misc. fees (liens, false alarm fees, etc.). Utility accounts are not accurate since the new system is not assessing them right now. Discussion needs to occur on what types of things we want to try to enforce collection on. Mr. Pitzer asked about interest paid. Ms. Nix replied that's basically all bond debt.

Exhibit B: Quarterly Finance Report Information

Ms. Nix explained that quarterly financial documents and other budget items can be found on the city web site by clicking the "city government" tab at the top and then clicking on "Financial Reports". It takes a months to get information from providers, make

entries, reconcile and make statements. We should close March this week and statements will be out next week. Sales tax lags on reporting by about three months, so we close the books with what data we have and preceding months correct to actual numbers.

Exhibit C: Performance Audit Report

Mr. Matthes explained that there is a report on the agenda tonight regarding the requested state audit and this can be discussed more at that time. Mr. Skala understood the estimate was \$500,000-\$700,000 for all offices of the city. He wanted to stress that this is a performance audit since we already have an external financial audit. If we wish to focus resources on specific departments, we may consider utilities and one or two other areas by taking a focused approach. He also felt that the timeline of several years until completion doesn't allow for timely information in order to make decision based on the audit results. Mayor Treece asked if we have had a state audit before. Mr. Matthes replied that departments have had audits periodically for specific reasons and that we have a third party financial audit annually. They randomly check things, verify numbers, check controls for cash and payments, etc. In addition, we have nine accredited departments which have all undergone extensive audits from the industry. He noted that in the case of the state audit, they would need to hire outside certified consultants in order to properly audit our NERC and FERC areas. They are largely equipped to handle performance audits for a city government. Mayor Treece stated that the goal is to find recommendations to be leaner and more efficient. Reports would be released over time as department audits are completed. Mr. Matthes stated that if council wants to proceed, that state wants a memorandum of understanding to commit to next steps. They would conduct a survey to see what questions to ask of each department. Those could be prioritized. After that is completed a more specific cost estimate would be ready and an engagement letter completed. Mr. Matthes was not sure how much the survey would be in order to determine a more exact cost. Mayor Treece suggested we also look at each fund and have a prorated amount for each department to be billed back, based on their portion of the budget. He would like the survey completed so we can have an exact amount to work with and the City Manager could come back with a recommendation on how to pay. Ms. Peters suggested waiting until budget work sessions are done before deciding. Mr. Trapp felt unsure that an audit would find \$750,000 in savings to make this worth the cost. He added that the Missouri Quality Award is a process improvement assessment and performance audit in itself and held to a very high standard. Mayor Treece felt that MQA doesn't ascribe dollar amounts. Mr. Skala added that this could be helpful in deterring improvements for the Baldrige Award.

Exhibit E: Infrastructure Updates Requested and Residential Parking Permit Program

Ms. Nix stated that this section includes infrastructure updates for Mr. Skala in the form of a bullet point list. Mr. Nichols provided updates on the projects noting that Clark Lane was a GetAbout project. The Route B connector has had some delay due to MoDOT turnover. Projects were rebid and are ready to go. Ballenger Lane is in easement acquisition. Staff is working with the Benton-Stephens neighborhood on a parking permit project and the first Parking Management Task Force meeting is scheduled.

Exhibit D-1: Enterprise Rentals and Commissions

Mr. Thomas stated that he hopes to have a policy conversation on airport fees noting that we are not charging fees when many other airports do. As our airport grows, we should begin to consider some of these fees. He felt that it would be legitimate to charge a \$5/day parking fee. Data shows several hundred vehicles parked which equates to millions per year. Additional fees could be charged for off-airport operations and for car rental services at the airport. This could generate revenue to support airport operations. Mr. Matthes stated that we do charge a 10% gross receipts fee and charge counter rent

to car rental companies. Mr. Thomas stated that he would like to consider reducing the subsidy that goes toward the airport from transportation sales tax, which could go toward other things such as the transit system and implementation of the consultants recommendations. The airport is doing well, but the bus system is not and that could be an opportunity to adjust that. A change could occur with the budget or when the terminal is built or phased in. Mr. Matthes stated that there is a cost of revenue, if we move that direction, a good economic fee study should be completed. Mr. Thomas stated that we could also add a good transit shuttle to airport and not add more parking.

Mr. Matthes stated that this discussion would be continued at the May 7th Pre-Council meeting.

II. ALL OTHER ITEMS THE COUNCIL MAY WISH TO DISCUSS

None.

III. ADJOURNMENT

The meeting adjourned at approximately 6:58 pm.