



City of Columbia, Missouri

Meeting Minutes

City Council

Monday, May 7, 2018
6:00 PM

Pre-Council

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

I. CALL TO ORDER

The meeting was called to order at approximately 6:05 p.m.

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

Continued Council Member Finance Q & A

Attachments: [Council Member Finance Q & A Packet](#)
[May 7 Council Member Finance Q & A Packet](#)

This pre-council work session is a continuation from the April 16, 2018 work session.

The discussion began with questions from Ward 4 regarding attachment D.

- a. Should we charge a "per car-day" fee on car rental companies that do business in the airport terminal in FY19?
- b. Should we charge a customer parking fee for the lot in front of the terminal (in FY19 or when the new terminal is constructed)?
- c. What about charter buses, UBER/LYFT, and taxicabs?

City Manager, Mike Matthes directed Council to pages 22-54 of the budget information packet from April 16 (old packet). This information provides revenues from the car rental companies (exhibit D-1) by month and year, number of parking spaces utilized (exhibit D-2), agreements with car rental companies and ordinances that put those into effect (exhibit D-3).

Councilman Skala stated that looking at the parking spaces utilized data that the highest percentage was 93% and wanted to make sure that meant that parking was never completely full? He mentioned the spillover into the gravel/satellite lots at the airport. Mr. Matthes stated that the gravel lots were added by airport staff by utilizing the remnants of tearing up an old taxiway, and that the city thought the gravel from this taxiway would provide enough for many years, however the city is out of gravel. Mr. Matthes stated this was an excellent use of resource and allowed the City to add parking but over the holidays there were still people parking in the grass areas at the airport. Mike Parks, Airport Manager, stated that it's easier to count the empty spaces on days like that rather than counting cars for a more accurate number. Councilman Thomas asked that the Airport Advisory Board and City Staff review different ways of producing revenue for the airport including parking fees and what the city charges the car rental companies. He wanted to

ensure this is comparable to other airports. Councilman Thomas asked that a breakdown of the transportation sales tax dollars over the last 10 years, among roads, transit and airport. This was provided in the information packet (new) for the May 7 worksession on page 31. Page 31 is a page from the City's ten year trend manual. Mr. Matthes stated that not every city does this and that this information provides a look back at 10 years of the fund. The chart available on this page states the Fiscal year and then shows the amount that was allocated to streets and sidewalks, transit operating subsidy; airport operating subsidy; street lighting which was discontinued in 2012; streets and sidewalks capital improvement projects (CIP); Transit CIP; and airport CIP. For example, to get the total spent on streets and sidewalks, the streets and sidewalks amount as well as the streets and sidewalks CIP amount should be added together. Councilman Thomas highlighted that if you add the airport operating subsidy and the airport CIP together that the city has been transferring on average \$2,000,000 a year of the transportation sales tax to subsidize the airport. He pointed out that sales tax is a regressive tax and that poorer people pay a higher percentage of their income to sales tax compared to middle income and wealthier people. He stated that he's not sure how appropriate it is to subsidize the airport when these poorer people are paying a higher percentage of their income and not getting any benefit from it especially if other revenue sources for the airport are available. Councilman Thomas passed around a form that was created by the Airport Advisory Board that listed other revenue sources including parking fees and contracts with rental car companies. Councilman Thomas asked that a qualified economic analyst to look at whether adding parking fees would drive people away from using the airport and at what level. Councilman Thomas requested a report from the Airport Advisory Board and staff on these possible revenue sources and the impact it would have on the ability to start cutting the transportation sales tax subsidy from the airport and moving that money to a more appropriate use like the bus system. Councilman Thomas highlighted the bus system report done by a consultant that the city has been unable to fully implement because of the decline in sales tax and the cutting of the bus budget and cutting of bus routes. Councilman Thomas stated that improving the bus system would fit into the social equity framework of the strategic plan. Councilman Skala wasn't convinced that the spending of the transportation sales tax on the airport was inappropriate. The transportation sales tax goes to roads, transit and the airport and over the years we have changed the proportion. He agreed with Councilman Thomas that sales tax tends to be regressive but that there are benefits of the spending of the transportation sales tax on the airport to the people who are underserved because of bringing revenue in the city from outside sources. Councilman Skala wasn't opposed to having more information on the possibility of a realignment of how the money is allocated. Mr. Matthes stated that there is a policy that when the city receives more sales tax than in a previous year that the city will emphasize transit funding over others. This has not occurred in the last few

years because there has not been new growth in sales tax. Councilman Thomas asked that if the sales tax declines that transit also absorbs more of the decline than others? Mr. Matthes stated that wasn't true. He pointed out the 10 year percent change of transit and airport is much more than streets however, part of that is relative to what the starting number is. Mr. Matthes recommended that if Councilman Thomas wanted an economist to study charging for parking at the airport, that the economist should also look at how that would affect the competitive advantage of the airport in the market. Councilman Thomas spoke on airports in similar college towns to Columbia and stated that Lexington charges \$14 a day for short term airport parking and \$10 a day for long term airport parking, Fort Collins charges \$5 a day for overnight parking, and Gainesville charge \$12 a day for short term and \$9 a day for long term. Councilman Thomas believes it's very unusual to have completely free parking as an airport. Mayor Treece disagreed because the transportation sales tax allocations are reflective of the multi-modal transportation that Columbia encourages. He also mentioned that the transfer out of the fund to the airport is less than 20% of the total. Mayor Treece stated he was reluctant to raise fees when there was no new benefits or just to deter behavior for consumers but that it might be different if the fees being raised were to better the services offered such as maintaining the gravel lots, etc. He believes the free parking is factored in for people when they choose to fly out of COU versus St. Louis or Kansas City. Councilman Thomas asked Mayor Treece if he would support having the Airport Advisory Board and City staff to research other airports and bring back the information. Mayor Treece said he would not at this time but maybe in a year. Councilman Skala said he's not opposed to more information but that when the information is gathered that it compared cities to cities, airports to airports, etc. to make sure the information is in context. Councilman Pitzer said he isn't interested in the information at this time either because he believes that the parking is a competitive advantage and that the City is still trying to maintain that competitive advantage from the huge strides made in the last few years since it's not solidified. Councilman Trapp stated that he agreed with Councilman Pitzer. Councilman Trapp also mentioned that there would be a larger terminal with more operating money. Councilman Thomas asked about the car rental contracts research being done. He stated that since they take up such a large portion of terminal space that this could be beneficial. Councilman Skala stated that he expects that information would come forward with the new terminal and that having that information researched now would not be terribly useful. Councilman Ruffin stated that the airport issues are a premature discussion. He believes that this research should be done during the process of building the terminal if these issues arise. Councilman Thomas asked about the implementation of the strategic plan and the Olsson study for the bus system. Mr. Matthes mentioned that staff is currently reviewing how to fully implement the study in transit through cuts that have to be made to cover the cost. He stated that he believed that it would be coming to

Council in the budget cycle on how we can fully implement or as closely as possible align to the Olsson study that makes sense. Councilman Thomas stated that during last year's budget, there was a \$500,000 deduction from the previous year's budget but that deduction wasn't reflected in the transit subsidy. Laura Peveler, Budget Officer, stated that some of that deduction in funding to transit was because of the allocation of funds for the Olsson Study. Councilman Thomas asked if there was a projection for the transit subsidy for 2018. Mr. Matthes stated that this was not the only revenue source for transit and that there was probably this much in federal money among fares and other revenues. He also mentioned that this document (p.31) shows the last 10 years of this one fund. He stated that the deduction in the transit budget last year came from the expenses side not the revenues and is an attempt to get the expenses to match the revenue. The cuts didn't quite get them there but the revenue that was dedicated to transit was not cut. Mr. Matthes stated that this can be shown more clearly on the Transit CIP column where the funding varies from \$69,304 in 2010 to \$650,630 in 2011 and that this further shows that the need varies year to year. Laura Peveler further explained that the City is now leasing the electric buses which allow the money to be taken from Transit CIP and moving it to operations.

Councilman Thomas verified that there was no support for asking the Airport Advisory Board to gather this information. Councilman Skala clarified and stated that there was support for more information but in conjunction with the project itself. Councilman Thomas stated that he believed it was up to 5 years away for that. Mayor Treece disagreed and stated that he believed it was 1-3 years.

Councilman Thomas then stated that if it was 1-3 years then the information should be gathered now. Councilman Skala clarified again that he did not believe he had the support for the request for more information until it was in conjunction with the process. Councilman Thomas stated that it did not seem logical to him.

The next question came from Councilman Pitzer and asked that a discussion on how costs are determined, how they have changed over time and exactly how expensive it is (~40% of total cost for police/fire) and how it's different than LAGERS. While it is somewhere in the budget, we typically lump it all into "personnel" and don't think about it too often. This information can be found on page 56 of the old budget information packet attached to this evening's pre-council work session agenda. The information on page 56 highlights the number of retirees, active members, the percent funded, contribution rate among other information. Page 57 shows the 4 pensions for the City: Police, Fire, LAGERS and LAGERS Utility. Mr. Matthes explained that the LAGERS Utility being separate reflects that the job of a line worker is more dangerous than the typical role of a LAGERS employee. The next chart on page 57 shows the percent funded for the pensions. Mr. Matthes explained that the percentages dropped from 2015 to 2016 due to the City assuming less return on investments. The chart on page 58 shows the change in the dollar amount invested. Councilman Pitzer stated he asked for this information because

it's important to keep good on the promises made but that this is a cost of lower interest rates over the last decade. Councilman Pitzer stated that in the Comprehensive Annual Financial Report (CAFR) there is a note that an increase in interest rates by just 1% would lower the total liability of the pension by \$27 million and the unfunded liabilities by \$68 million. He doesn't believe this would happen overnight but in the future if there is a continuation in the raising of interest rates there could be deduction of future costs. Mr. Matthes discussed the second chart on page 58. It shows the pension costs and other personnel costs. From 2008- 2012 the pension costs were increasing, but in 2012 there were some changes made and the pension costs have plateaued for the most part at 20%. This could be considered a solution to the problem; however it is a solution that won't be seen in full for at least 30 years. Councilman Skala asked about the \$300 million fund that the press has referred to with a bank in Switzerland. He stated that UBS is a management company not a bank account where this money is being held. Union Bank of Switzerland (UBS) as a management company provides the City advice as to how to invest that pooled account and that money does have contributions from the pension funds. Mr. Matthes stated that was correct. Page 3 of the old packet, shows the pooled cash balances and sources. The fiduciary fund and specifically the police and fire pension payroll (approximately \$1.2 million) is invested with UBS but the largest part of this fiduciary fund is invested elsewhere.

Mr. Matthes discussed Exhibit G which answers a question asked by Councilwoman Peters to understand how the PILOT fee is calculated. Page 59 of the old packet shows a sample bill for utilities with the Electric and Water PILOT highlighted. Page 60-69 shows how the PILOT is calculated as well as the ordinances from City Code which refer to this. The Electric PILOT is calculated by taking 7.5268 (the payment in lieu of gross receipts tax) and multiplying that by the base charge for electric (15.91). An additional 7.5268 is then multiplied by the amount of kilowatt hours used. The two totals for PILOT are added together for the PILOT fee. Mr. Matthes pointed out that the fee can vary based on the amount of electricity used.

Councilwoman Peters stated that she received this question when she was campaigning and was asked why the PILOT wasn't just increased and then that money used for police and fire fighters. Councilwoman Peters was told by the City's law department that this could not be done because it's in lieu of tax and PILOT fees are already placed in the General Fund so it already funds police and fire. Mr. Matthes stated that increasing the PILOT can be done to fund police and fire but it would take a ballot to do so.

Mr. Matthes then moved into the new budget packet for the May 7 worksession and the questions from Council. The first question from the Mayor asked "Did the quarterly financials ending March 30, 2018 make it into the deck? The answer is yes and they can be found at

[<https://www.como.gov/finance/accounting/financial-reports/>](https://www.como.gov/finance/accounting/financial-reports/)

The next question is from Councilman Ruffin, Ward 1 and is regarding the funding sources for land and property purchases with specific information on the purchase

of the McAdams property and the proposed development of Founders Park. Are they dedicated or transferable funds? Exhibit A of the new packet answers this question. City Manager Matthes clarified that purchasing land is an allowable expense for almost every fund of the City and is really dependent on the needs for that fund. Councilman Skala asked if the McAdams purchase was from the Parks and Recreation fund. Mr. Matthes stated that it was not, the purchase of McAdams property was from the Capital Projects Fund Investment Income. This chart is on Page 3 of the new information packet. Laura Peveler explained that general fund departments capital projects funds make up this fund. She stated that the amounts within the fund can vary greatly and can be based on the amount that interest rates are. The allocation of this account can be seen in the chart on page 3. An additional source of funding that goes in this account is the Centerstate TDD, which is from the Vandiver interchange project. They are paying the City back for this project. There is a total of \$30,718,671.25 that can be appropriated but there is only \$2,471,230.68 that has not already been allocated. Councilman Thomas asked if this money was being stored in the UBS account. Lynn Cannon stated that any funds that are used in day to day operations are pooled in this account managed by UBS. The City then buys securities to enhance the portfolios return instead of receiving a smaller interest rate at a local bank. Lynn Cannon further explained that if the City knows they have a project 3 years out, they can invest the money in this account and allocate it, so that it is earning more revenue while we wait for the project to be ready. Councilman Thomas asked about \$2.4 million of this fund being unrestricted? Lynn Cannon stated that, yes, that was part of it, but that \$94 million of the proceeds are from bond revenue therefore they cannot be spent on anything other than what the bond was issued for even though it's in the pool so that the City earns better rates. The Mayor asked about the \$14.5 million allocated to transportation and where it came from; Sales tax, debt, or both? Lynn and Laura stated that this came from any revenue that got put in the capital projects fund for transportation. Mr. Matthes tried to clarify this and stated that this fund is made up of interest earned on capital projects funding since 1996. Everything except for the \$2.4 million is spent, shown in graph on page 3. The rest of the graph shows the percent of this fund that has already been allocated by department. Pages 4-6 of the new information packet show a detailed account of everything that this account has been used for. This fund is often used for land purchases because it is an allowable use of that fund and the detailed list show similar projects that have been done in the past. The Mayor asked about the spend down scenario for the \$14.5 million for transportation? Mr. Matthes stated that this money was already completely spent or almost all spent. Laura Peveler stated that when the Capital Improvement Sales Tax wasn't coming in like expected and money was needed to finish Scott Blvd., this was one of the funds that the finance department looked at. Councilwoman Peters furthered clarified that this was an aggregate from 1996 not from the last year. Mr. Matthes stated this was correct.

Mr. Matthes moved on to the other questions submitted by Council. Wards 2 and 3 had no additional questions submitted. Ward 4's question had already been answered earlier in the meeting. Councilman Pitzer had a question regarding the interest paid by fund. This answer can be found in the new pack on page 39. The information shows the amount of money paid on debt service. An additional

question by Councilman Pitzer requested additional disclosure on the Public Improvement Fund. This information can be found on page 41 of the new information packet. This information is from the ten year trend manual. On this page Laura Peveler explained that the Public Improvement Fund allocation of the 1% sales tax has decreased to 4.1% from a high of 13.21% in FY1990 and FY1991. Development fee increases are also shown on this page. Beginning on page 48, this shows what has been used to pay for out of this fund. Development fee revenue can only be spent on collector or arterial street construction. The 4.1% of the 1% General Sales Tax can be used for anything which is reflected on the projects listed such as public safety and administrative. Councilman Pitzer asked what was considered an administrative capital project? Laura Peveler listed examples such as the COFERS Project and Avenue of the Columns. Page 47 shows a chart that lists the unassigned cash reserve of the public improvement fund. Laura Peveler explained that the dark blue part of the bar is from the development charges and is limited on what it can be spent on. The smaller portion, lighter blue section of the bar is from the sales tax, which can be spent on anything. Defining fund balance and net position on page 51 of the new packet shows the literal definitions from GASB. GASB 63 was the last change. Lynn Cannon stated that these definitions essentially state what the organization has, what the organization owes and what is left. What is leftover is the equity the organization has. Mr. Matthes clarified that the equity is not always cash but could be the value of a building.

II. ALL OTHER ITEMS THE COUNCIL MAY WISH TO DISCUSS

There were no other questions from Council members. Mr. Matthes stated that Council could expect the State of the City in May, which would list out programs and priorities. A recommended budget would be provided to Council members at the second Council meeting in July.

III. ADJOURNMENT

The work session adjourned at 6:53 p.m.