



# City of Columbia, Missouri

## Meeting Minutes

### City Council

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Wednesday, August 23, 2017  
8:00 AM

#### Budget Work Session

Council Chamber  
Columbia City Hall  
701 E. Broadway

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#### I. CALL TO ORDER

The meeting was called to order at approximately 8:13 am. Councilmember Trapp arrived at approximately 8:42 am.

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

#### City Manager Overview

**Attachments:** [Full FY 2018 Budget Work Session Presentation](#)

City Manager Mike Matthes reviewed four goals for this budget including: balancing the general fund budget, avoiding layoffs of full time employees, monetary compensation for employees, and Council's strategic plan goals. He noted challenges we face in this budget including: low sales tax growth, rising health care costs, increasing pension costs, and transit costs. He noted that the General Fund budget totals \$83,602,143. This is down from last year by \$702,200. He noted that there are no scheduled fleet replacements and a continued 45 day hiring delay. There are added civilian positions on Police to return four officer positions to duties that require sworn officers. He reviewed the allocation of General Sources by department noting that Police receives 49.76% of the General Fund Budget. He reviewed General Fund positions noting that these position changes result in a 16.79% decrease in total employees per thousand population from FY 2008 to FY 2018.

#### General Fund Budgets

**Attachments:** [General Fund and Internal Service Fund Costs by Service Area](#)

Chief Burton stated that the Police Department receives almost \$23 million from the General Fund. Pension and insurance costs have increased and has been the bulk of the budget increases. 21 sworn officers have been added over the past ten years, but having 1.7 officers per 1,000 citizens is conservative. They are working on a false alarm ordinance which will allow for some cost recovery. There is an ordinance already in place for that, but it needs strengthening. The Council briefly discussed this approach. Chief Burton added that more responsibility should be put on the owner and the goal is to have fewer police responses to those calls. Mr. Ruffin asked for reasoning on the increased pension costs. Chief Burton stated that pensions were given to employees years ago, but with rates as they are, they are not earning what they should on the pensions. Some adjustments were made in the pension to make it more viable. Mr. Matthes added that there are three funding sources on pensions: earnings, employee, and city payments. As interest rates go down, that means employees or the City must pick up the difference. So we adjusted our assumptions on interest moving forward. There is still \$130 million unfunded liability that needs to be addressed over many years.

Mayor Treece asked how many vacancies they currently have. Chief Burton stated there are 11 vacancies at this time. Positions are hard to fill due to the climate of the nation

and there are also many officers eligible to retire soon, which may change that number. National trends show officers leaving this line of work, the department is taking more time with new recruits to discuss these issues with them. There were approximately 75,000 calls for service last year. (108 calls per month/patrol officer) Total overtime for the department is 14,000 hours to date. Mayor Treece noted that forcible rapes are going up. Chief Burton replied that particular crime is the most under-reported and he hopes that number is only up because more are being reported. The group discussed police interactions with mental health issues. Deputy Chief John Gordon noted that they transport three to four suicide attempts to the hospital each day. Chief Burton added that additional training for officers on mental health is being looked into.

Chief Burton stated that there is a growing concern among police that there is a need for a pay increase, which would help with recruiting. Starting salary for a Boone County Officers and University of Missouri is slightly more than the Columbia Police Department. We have also not given raises to officers when other entities have continued that. We have lowered the standard of required education to high school, with college preferred. This will allow for more recruitment from people that may have military experience or other related experience. Mayor Treece inquired if budget savings could be used for a sign-on bonus to set goals for recruitment. Chief Burton stated they are looking into that right now. Deputy Chief Schlude added that this calendar year there are 10 people eligible to retire. Additionally there are five people eligible to retire through the DROP program. Around 10-15 officers are eligible to retire each year. Chief Burton acknowledged that there are other departments that have made cuts to their departments so that Public Safety can have what is needed. Those sacrifices should be acknowledged as they are much appreciated. Mr. Matthes added that they intend to use their General Fund savings on patrol car replacements and adding funds to the Downtown Building Renovation project. Chief Burton added that fleet replacements need to be looked at down the road. They cannot depend on savings when patrol replacements are needed. Mr. Matthes overviewed a slide that explains where discretionary funds are allocated within the department and the impact. He noted that this format of slide will appear on each department as we move through the day. The group briefly discussed the Community Outreach Unit and the work they are doing with engaging with the community. Mr. Matthes noted that each department will also have a slide noting changes from last year. The notes column will be helpful to explain the changes.

Chief White explained their budget is \$17,961,740 most of which is funded from general sources. They have 145 full time positions which equates to 1.18 employees per 1,000 population. In the past 10 years, their budget has increased about \$4.4 million mostly due to an increase of 7 full time employees. There are no current vacancies at this time and there are six in recruit school. Starting salary is \$38,000-39,000 which is less than peer communities, although those communities don't offer as competitive of a benefit package. 29 of 130 of our firefighters are licensed paramedics and receive an additional stipend for that. He noted that their general fund savings will go toward a fleet replacement item and accreditation costs. He reviewed the Fire budget by service area noting that the emergency service division accounts for 87% of their budget. He briefly reviewed changes this year which are mostly due to increased pension costs. Mr. Pitzer asked what the timing might be for a new Fire Station. Chief White stated due to geographic issues, there is a need for three new stations. There are three areas that fall outside the four minute response time standard. The east side (south of I-70 east of 63), southwest, and the northwest side of the community need stations and 15 additional firefighters could allow for proper staffing of those. He estimated a station may cost \$2 million. Mr. Thomas felt a new development impact fee should be considered as areas expand and the need for more infrastructure grows. Mr. Pitzer asked if they are adequately equipped to handle high rise structure fires. Chief White felt that they have

always had tactics in place to handle high rise fires which do require more personnel. This tactic includes fighting a fire from the inside instead of outside. The various trucks used also serve different needs during a fire.

Mr. Griggs stated that the Parks & Recreation budget is up \$770,597 over the last ten years mostly due to LAGER's fees, expired grants and internal support costs. They have added 4.06 positions offset by Parks Sales Tax. They have .389 employees per 1,000 population. Their savings will go toward fleet replacement and previous savings have been fully spent. He reviewed the budget by service area noting the Parks Sales Tax has funded their parks programs for some time with the exception of the CARE program. They are working with Public Works on the demolition of Founders Park and there will be a committee to work with as we move forward with that park and the Downtown CID Gateways project. Mr. Griggs reviewed changes from last year much due to intergovernmental charges.

Ms. Browning stated their budget is \$7.5 million. The department has increased their budget \$347,009 over ten years mostly due to grants and an increase of 6.9 full time employees. There are no new requests for positions and leaves them with .556 employees per 1,000 population which is a decrease over the past ten years of nearly 13%. She reviewed the proposed fee increases which include food establishment inspections and plan review fees for food establishments. She added that they also inspect food trucks which are required to have a depot of some kind to clean equipment and store food, etc. She reviewed the proposed general fund savings allocations which include Vision Zero implementation (geared toward education), strategic planning, community health plan, accreditation, weatherization, building improvements, temporary help, and software implementation. Ms. Browning explained that much of that savings was predominantly from staff turnover when many nurses left, there were also savings from changes made in purchasing. She added that there is a partnership with Animal Control and the Central Missouri Humane Society (CMHS). CMHS has outgrown their space and are preparing for a campaign and are looking for new land. There is potential for a piece of the Potterfield tract which would allow enough space to have Animal Control located with CMHS in that space. The prescription drug monitoring program is going well and new people are signing up to be part of the program. Provider feedback has been very positive. The goal is to increase to 35% of providers being signed up next year. She reviewed the budget by service area noting there are seven divisions and reviewed the changes from last year.

Ms. Nix explained that the City General budget was \$2,955,387 million all of which is general source funded. There is a 10 year decrease of \$2.6 million due to intergovernmental charges moving back to departmental budgets, CEO Pilot payments ending, and Street Lighting and Journey to Excellence moving to departments. She reviewed the City General savings which will be used to payout vacation for long term employees and she reviewed the City General budget by service area and changes from last year.

Ms. Nix explained that the budget for Finance is \$4,541,882. 46% of the budget comes from general sources and the remainder is mainly from fees charged for services provided to other departments outside of the general fund. In the past 10 years, the budget for the Finance Department has increased by \$1,133,196. This is primarily made up of expenses related to personnel. Over the last 10 years Finance added 13.9 full-time positions across all 5 divisions. This was necessary to handle the increased workload from online transactions, pro-card purchases, more in-depth financial regulations and higher volume of City transactions in general. Over the prior ten-year period, only 3.75 positions were added in the department. There are no new FTE requests in the FY18 budget. The FY18

budget has increased over FY17 by 2.51% primarily due to the pension administrator position which was left unfunded in FY17 as a temporary budget cut. The funds from this position will be used in FY18 to hire an assistant controller to help the accounting division achieve knowledge transfer from long-term employees and achieve succession planning goals. The FY18 budget reflects reduced fees from transportation network companies (such as UBER and LYFT) in the business license division as a result of the state assuming oversight for these programs. General Fund savings are proposed to be spent on part-time help due to needs created by the new system implementation and long-term retirements, training to keep certifications and regulatory knowledge up-to-speed, and replacement of office equipment and furniture. She noted that the department is divided into 6 divisions that provide centralized services to other City departments and the public. The group discussed Utility Billing and how it interacts with the Finance Department in terms of roles, reporting relationships and ordinance changes. She noted changes from last year which are primarily due to the pension administrator position which was not funded in FY17 as a result of budget cuts. This amount is included in the FY18 budget.

Mr. Teddy explained that the Community Development budget is \$4.2 million, of which \$1.8 are general sources. This is an increase over 10 years due to positions from Public Works moving to Building and Site Development. They have 41.25 full time employees. CDBG and HOME funds are not included in this budget. He reviewed the budget by service area noting that Volunteer Services supports the community as a whole; there are also areas of Neighborhood Programs; Building and Site Development which is mostly supported by fees; and Planning and Zoning which includes intake requests, plan approvals, and ordinance amendments as needed, plan implementation, code writing, and more. He reviewed changes from last year most of which are personal and associated costs. The group briefly discussed the UDC process and how that has gone since it was in adopted in March 2017.

Ms. Thompson stated that the Law budget is \$1.9 million of which 66% is general source funded. This is an increase over the past ten years due to the addition of the Citizen Police Review Board, Fair Housing activities, and centralized case management including the addition of a paralegal. She reviewed the general fund savings and plans to use those dollars toward software, furniture and training. She reviewed the budget by service area and noted changes from last year.

Judge Noce commented that Municipal Courts are facing severe challenges that come from the Federal level. They are doing all they can to expand and exceed operations. They are open 50 hours per week and have two night courts with no staff changes, only some shift differential pay. They have eliminated a position in the past year which was vacant. Those funds were moved to temporary help to cover expanded services and fill in staffing gaps during vacation and other turnover. He commented that the first night court had six cases on the docket and the second had 81. It was difficult to accommodate that load, even when only half were in attendance. They have also added a Community Support docket, where once a month, the docket is held for the homeless and veteran population. These cases typically need a different slate of services including a partnership with Turning Point to provide an address for mail for homeless persons. The Community Support docket is experimental and the attendance is growing with more people showing up. Some outcomes have been very successful for attendees, while some have gone to prison. He has been partnering with departments on work that needs to be done that could be handled through community service hours and are working on a warranty amnesty program followed by a warrant round-up. He noted that if cuts were proposed for his department, he would have to cut weddings and Friday arraignments, which is obviously not ideal. If funds were available he would like to see a statistician and social worker that can help connect services to those that need them.

Mr. Nichols stated that the Streets & Engineering budget is \$8.9 millions of which 7% is general source funded. Over the last ten years this has increased \$1.2 million, though the FY18 budget shows a decrease of \$489,982 due to fuel costs and others. He reviewed the General Fund savings which included winter weather, Vision Zero, safety equipment, maintenance research, strategic plan implementation, temp help, ADA ramp and sidewalk installation. He reviewed the budget by service area and changes from last year which shows among other things, a \$413,468 decrease in utilities as the County Road Tax funding for FY18 has been reduced. Mr. Ruffin asked what the Vision Zero safety materials and ADA ramps included. Mr. Nichols stated that Vision Zero would include outreach efforts. There are plans in place to add ADA ramps as sidewalks are added or maintained. The Vision Zero funding is flexible on what it may be used for and could be used for temporary staffing to conduct studies or do other work. Mr. Nichols stressed that staffing has been an issue for his department as well and does cause a delay in operations.

## II. LUNCH BREAK

The group broke for lunch at approximately 12:12 and agreed to skip the remaining general fund budget slides in order to move to the afternoon agenda and stay on time for the day. They reconvened at approximately 1:24 pm.

### Suggested Council Allocation of FY2016 General Fund Savings

Mr. Matthes reviewed his proposal for how Council allocate their portion of the General Fund savings. These include a one time payment to employees, strategic plan implementation, matching funds for Job Point to purchase a building, Vision Zero implementation, a grant to taxi providers for accessible vehicles, Community Engagement process, pay down unfunded accrued police and fire pension of unfunded liabilities. The total Council allocation amount is \$2,203,947.

Mr. Skala confirmed in regard to the one time payment to employees, that this is not a bonus and that it is legal to proceed with. Mr. Matthes confirmed that it is just a one time payment in lieu of a raise, it is not a bonus. He felt secure that the 25 payments is the easiest way to administer it on the payroll side and the Legal Department also felt that helps to clarify that it is not a bonus. The \$40 is still taxable at the individual rate for that employee and lump sums are taxed higher than the spread out payments.

Mayor Treece suggested that the \$2.2 million surplus be banked for future needs and that it not be spent right now. Mr. Thomas asked if there is a clear financial benefit to not spend it or put it in the pension fund or back in the General Fund. Mr. Skala suggested that some could be spent and some left unspent for a rainy day fund or for years where there is no surplus. He felt that funding the strategic plan is valuable and has brought tangible results. Mr. Trapp supports the proposed list in particular the one time payment to employees since employee retention issues have been raised. Mr. Matthes stated that unspent savings go back to the General Fund unless it is allocated somewhere. Mr. Ruffin agreed that this is a good list, he felt uncertain about the \$250,000 for Job Point. He asked if we could hold those funds in reserve until they present a plan to raise the rest of the money. Mr. Thomas shared those same concerns. He added that this request was also made to the Community Development Commission and it was denied because another project received it instead. He preferred to stick with the established processes to run this through the existing programs through Community Development or Social Services to be thoroughly evaluated. Mr. Skala felt it's a good proposal, but may be premature and he supports the idea of holding the funds until they can provide a plan for raising the remaining funds. Mr. Trapp supports the funding for the organization as they provide valuable service to community and they relate to our strategic plan.. Mr. Pitzer

was uncertain about the funds for Job Point as well. They were also facing financial difficulty a few years ago, so he felt that they should ensure they can maintain financial stability. He plans to ask for an amendment to have the pension funds allocated to a fire station instead since that is too small of an amount to have a meaningful difference in the pension. Mayor Treece felt a better use for the \$150,000 for the Innovation Center would be to partner with the University of Missouri on a Maker's Space for artists, students, and entrepreneurs. Mayor Treece asked if the funds for Vision Zero is in addition to the departmental plans. Ms. Cole confirmed there are \$71,000 from departmental savings and \$100,000 from Council totaling \$171,000 to kick off the three year plan and those funds would stretch the entire three years.

Mayor Treece felt that the engagement at the NAACP meeting last night was helpful on the community engagement piece. Ms. Peters suggested keeping the \$50,000 as a placeholder to support that continued engagement. Mr. Thomas agreed and felt that funds are needed for continued engagement and possibly bringing in out of town speakers, etc. Mr. Skala felt that there is no direct plan for moving forward on the community engagement. Mr. Thomas suggested merging this amount with the strategic plan efforts. Mayor Treece stated that an RFP process should be followed for a community engagement effort. He felt that the meeting last night was better than anything they could have paid for and a formal contract may not even be needed. Ms. Peters agreed but still felt that funds should be set aside for future needs. Mr. Trapp agreed that we need to continue to press forward with robust measures to ensure continued engagement. Mr. Matthes suggested adding it to the "other" category which leaves flexibility.

Mr. Matthes summarized the intent of the Council for the purpose of starting an amendment sheet: Leave the employee payment, but will look into other options such as a quarterly payment; move the funding in the "engagement" piece to the "other" line; remove Job Point funds until there is a specific proposal (Mr. Thomas added that he does not support that, but will state that when the amendment sheets is voted on); change to a start-up innovation plan with the University for a Maker's space; no change on the proposed amount for Vision Zero or taxis; move pension to future fire station. Mr. Matthes also suggested a change to the process in the future so Council has more input ahead of time on the savings and how to spend it. He suggested doing a pre-council when we know there is a savings so they can have the discussion before the budget is refined and proposed. The group briefly discussed the process and incentive based budget program including the option of not continuing that practice. Mr. Matthes added that if the incentive based budget is removed, there will likely not be future savings like this among departments. Mr. Trapp feels that it's a beneficial program and has cushioned a lot of other financial blows to departments when they have this additional funds to rely on when available. Consensus was to continue the program and try discussing options at a pre-council.

### Transit

Mr. Brooks stated that the Transit budget is \$9.3 million. The large spike in funding shown is largely from grants received. They have 56.5 full time employees. Recruitment and hiring is a key issue for them and they have many employees on high overtime as services cannot stop. They project being over budget on personnel by about \$300,000 next year due to this. Many applicants also don't have the required CDL, which takes time to obtain, in addition to training.

He reviewed three scenarios of 1) removing three routes; 2) making no route changes; or 3) reducing routes, increase para-transit fees and fund flex routes. Option one would be \$397,575 below cash target; Option 2 would be \$1,054,338 below cash target; Option 3 would be \$700,957 below cash target. Proposed routes to remove are the three lowest performing routes with average ridership well below the other routes. Proposed revenue

increases include paratransit fares from \$2.00 per ride to \$3.00 per ride. The average cost per ride is \$26.53 some of which is reimbursed. The increase would help offset costs of this service that are not reimbursed. He reviewed expense reductions of routes and overtime for events and transit changes from last year. Mr. Pitzer asked if events costs could be recovered. Mr. Brooks stated that many of the FTA funds received have charter rules tied to them stating that they cannot accept funds for services; so those negotiations can become tricky. Mr. Brooks stated that the proposal saves \$575,000 and they could begin flex routes some time in January. Mr. Matthes summarized that Option 1 would decrease reserves every year and we would run out of cash in 5 five years; Option 2 we would run out of cash in 2020; Option 3 we would run out of cash in 2022. The group discussed the rates, routes and ridership. Mr. Thomas added that he has not found a community that offers transit where university students and sometimes faculty don't travel for free. This is at the cost to the University based on student population and oftentimes paid through student fees. Recently the University has shown some interest in a partnership on this, although they have backed away again in recent months. The student leadership group on campus has shown very strong interest in a partnership. He plans to strongly advocate for a partnership with the University and to continue service as best we can until a partnership can be made. He is strongly against cutting routes or raising fees for paratransit services. He supports Option 2 to buy time until a partnership can be made. Routes with low ridership could be altered to peak times rather than being cut. Mr. Thomas added that a likely option for University funding would be to charge each student a set fee that is not-optional, of around \$100 which would allow for free ridership. There was also a survey of students several years ago, which showed support of this concept. They discussed other opportunities for the Transit Center such as a more permanent location for food trucks or other ideas to utilize that asset more. Mr. Brooks will look into that and any regulations the FTA may have on that. Mr. Trapp agreed that a more functional core is necessary and he does not support anything that would be a negative impact to the population that needs the service the most. There was general consensus that Option B would be the best way to proceed while continuing to look at things that are flexible to change without negative impact.

### Utility Departments

Mr. Johnsen stated that the Water budget is \$29.1 million with a proposed rate increase which would support water projects going forward. Over ten years they have added positions, but there is still a decrease of employees per 1,000 population. He reviewed the financial condition noting that future years remain below cash reserve targets. Mr. Johnsen stated that we are looking at a 4% rate increase which is expected to generate about \$900,000 in utility revenue and \$68,000 in General Fund revenue. Mayor Treece asked what the objective is for the rate increase. Mr. Johnsen replied that there are enterprise capital projects planned. They are also looking into a water bond that is coming up so most of the capital projects will be intensified on the enterprise revenue source of the fundings to make those projects move forward. The bond project is an integral piece of planning for the water utility and that needs to be put together to make firm long range plans. For this year, it is capital projects that are driving the rate increase. Mr. Johnsen explained that there are .815 employees per thousand population which is a 2.98% decrease over the past year. They have been doing more with less in the Water Utility as more programs have been added here with less staff.

Mr. Johnsen stated that the water utility is a pretty fixed cost driven utility. When there is less variable usage, it impacts reserves and needed cash revenues. He added that they are also going through the water resource planning process and one of the things they hope to come out of that are some water conservation programs. Mayor Treece asked where we are right now in meeting expected cash reserves which is relevant when considering a 4% rate increase. Mr. Johnsen stated that for FY17 there is a cash reserve target of \$8 million, with a projected year end around \$6 million. Mayor Treece understood

those were projected and he would like to know actual numbers based on last months report. Mr. Johnsen stated that he does not have a report for last month. Mr. Windsor explained that financial reports when provided, are always a few months behind, but are not considered when preparing a budget anyhow. Mayor Treece understood that it is a real time cash management tool and he would like to know where we are in respect to meeting target cash reserves, which is very relevant when asking for a 4% rate increase. Mr. Windsor stated that it is relevant when looking at what your cash position is based on known costs and your budget for the following year, which is what they do every year. He added that financial statements are not used for that purpose. Mayor Treece asked how real time revenue is determined. Mr. Johnsen stated that the finance documents have estimated year end numbers and projections are estimated. Mayor Treece stated that revenues go up and down since people don't pay the same each month. Mr. Windsor stated that budgets are not built based on what happens in just one year and our rates are determined based on forecasts. The cash position of where we were at the end of FY16, which was audited, shows that the Water Utility is well below where we need to be. Mayor Treece asked when the last rate study was conducted against residential and commercial users. Mr. Windsor stated an out-of-house study was done two to three years ago. Mayor Treece asked when talking about the water bond coming up in 2018, if there has been a rate study to determine the revenues we need from the water side to pay off the bonds. Mr. Windsor stated that when they come forward with a bond proposal, they will have estimates of what the costs are. Mayor Treece asked when will a cost of service study be done that will look at different scenarios and what the potential rate differential is, including conservation, against all classes. Mr. Windsor replied that a cost of service study does not look at bond proposal rates, instead you estimate what the rate changes will be. Mayor Treece understood that a budget includes revenues from the preceding fiscal year and he is frustrated that there hasn't been a financial report provided since September 2016 and the Water and Light Advisory Board hasn't looked at any financials or discussed a 4% rate increase or taken a stance on this. Mr. Windsor stated that the Water and Light Board did look at the information and no members voiced an issue with the water proposal. Mr. Johnsen added that they have done the best they can to educate the Water and Light Board on the information going into the City Manager's Budget document so that they are prepared to give recommendations and feedback to the Council. Some years they make recommendations and some years they don't. Mayor Treece stated that he will not support a rate increase until the financial reports are brought up to date and there is an independent rate study done. Mr. Skala agreed that it is perplexing on why there are no financial reports. Mr. Matthes added that financials have been difficult to provide since we switched to a new software system of a large magnitude. The implementation of the software included the reporting feature. This should be caught up and fixed quickly. Mr. Skala asked if this information can be provided by staff instead of the software that would at least be a reliable estimate. Ms. Nix stated that the first four months are closed in the system and staff that has access can look at the information it just doesn't generate a report. Mr. Thomas asked what percentage of expansion costs are covered by fees. Mr. Johnsen replied that on the water side they are fairly well covered by fees and the expansion of the system is covered by the developer. Mr. Thomas estimated that about 60-65% of fees are covered for water, which indicates that the customer is paying the rest. Mr. Thomas added that there is no connection fee for electricity and rate increases are needed to cover those. It's a decision that we need to make on whether we want customers to pay that. Mr. Johnsen added that there is a council agenda item coming soon on an electric connection fee. Mr. Johnsen reviewed other rate changes for commercial rate base charges and water tap fees based on the meter size. He reviewed changes from last year noting that the bond will be a critical piece moving forward. Mr. Thomas feels that the base charge is too high and the cfcc charge should be higher based on usage. The group discussed the water rates noting that the Water and Light Advisory Board did not vote to endorse this rate increase. Mr.



Johnsen stated that there was consensus for the Chair to write a letter in support, but he was not clear if the content of the letter had the board approval and would likely be discussed at their next meeting. The group discussed the water commercial rate increase for base charges and the water tap fees which are based on meter sizes.

Mr. Johnsen explained that the electric budget is \$144.4 million which is up in the past ten years based on varied capital project funding. FY17 is projected to be \$249,770 above the cash reserve target though FY18 is projected to be almost \$48,000 below. Future years project being below cash reserve targets due to capital project funding required and increasing debt payments. They are proposing a 1% operating rate increase which is an average monthly customer impact of \$0.59 and the Water and Light Board was in favor of this. Mayor Treece understood that Council approves capital projects and Finance signs off a fiscal note that says the funds are available for that project, so he asked why there would be a gap in the cash reserve if the money is in place. Mr. Johnsen stated that the monies were appropriated from the cash reserves to pay for that. Mayor Treece understood that funds were not taken from the cash reserve, but from the capital improvement project budget. Mr. Johnsen stated that funds are appropriated from the cash reserves to a project. Mayor Treece felt that was just compounding the cost of a project, if in the future, we need to raise rates to replace target cash reserves from the representation to council that money was already in place. Mr. Matthes added that this is a common practice in utilities. There is a mix of decision making variables, delaying projects does cost more down the road though, which is why we sometimes take advantage of the cash reserves. Mayor Treece asked if Mr. Johnsen looks at recent revenues to see where they are compared to projections. Mr. Johnsen stated that is done on an account by account basis. He would not look as a single account unless it was a cause for concern. Mr. Windsor added that he does look at this on a monthly basis, but not every month. Expenses are looked at more frequently. Mayor Treece felt that revenues should be examined more closely and more often before rates are increased. Mr. Windsor stated that this is examined through a cash flow analysis and what they are proposing is based on a five year forecast. Mr. Matthes added that the controller in finance does watch these on a daily basis. Mr. Johnsen added that there is an increase in debt in FY18 of \$1.5 million per year for a debt refinancing that was done several years ago that ended up on a levelized repayment schedule. This means we will pay more for the next three to four years. Energy efficiency and renewable energy rebates program budget are being increased as well since there is a lot of activity there. There are also some bonds where some reallocation is needed and in 2019 they expect the second issuance of the bond which will be a \$2.9 million expense. He noted that they are trying to keep the revenue on pace. Mayor Treece assumed that this is a similar situation where there are no financials and the Water and Light Advisory Board has not officially endorsed this 1% rate increase. Mr. Johnsen stated that is correct. Mayor Treece cautioned against representing that boards position to the City Council. Mr. Matthes noted on the forecast side for electric, that it is 1%, 2%, 2% and 1% for coming years. Mr. Johnsen reviewed expenses by division noting that capital projects are down and that they are trying to control expenses and keep rates manageable and consistent.

Mayor Treece stated that he gets more complaints about utility billing than anything else. He asked what is being done to correct these issues. Mr. Johnsen understands that utility bills are the front face of the utility. The software change was problematic and they are making good progress on correcting issues. One step is to increase staff for billing to free up time to address issues especially during rush times. Another step is to coordinate with the Call Center. They are working now to address how they can work with them to help with calls they can handle too.

Mr. Johnsen explained that the budget for sewer is \$31.1 million which is up in the past

ten years based on varied capital project funding. He added that the change in positions and employee per population is mainly due to changes from temp to permanent employees. FY17 is expected to be \$377,488 above the cash reserve target. FY18 will be above cash reserve target by \$174,834 if the 1% voter approved rate increase and 5% operating rate increases are approved. He reviewed a proposed rate increase of 6% rate increase, or an average of \$1.39 per month per customer. He reviewed a chart showing connection fees and hauled liquid waste fees and those proposed changes, which were calculated on a cost of service study about four years ago. He briefly reviewed allocation changes from last year.

Mr. Johnsen stated that they are looking at a 4% increase in residential solid waste fees which averages a \$0.62/month impact to customers. The increased fees are to assist with needed fleet replacements, principle and interest for a landfill expansion, and recycling program are incurring expenses for apartment programs. They are also planning for future landfill closing costs and landfill cell expansion. He added that the change in positions and employee per population is mainly due to changes from temp to permanent employees. He added that the rate increase is to keep them on track for cash reserve targets. A cost of service study showed the need for a commercial subsidy, so this is the final year of a commercial rate rebalancing. He stated that the 4% operating rate increase would be an average monthly customer impact of \$0.62. He noted that the landfill minimum fee is being raised to \$25.00.

Mr. Johnsen stated that storm water includes voter approved rate increases needed for the utility. Employees per thousand population will go up as we hire more people to manage new projects. There are two more years of rate increases approved by ballot. He reviewed changes from last year (by division) showing where most of the increases are coming in. He noted that biggest change are the capital projects.

#### **CDBG and HOME requests**

This was not discussed.

#### **All other budgets**

This was not discussed.

### **III. GENERAL COMMENTS BY PUBLIC, COUNCIL AND STAFF**

John Clark, 403 N. 9th street, stated that the City Manager, staff and Council decided to go through a huge transition from a massively outdated system while understaffed. That is a flawed decision. The cash flow statements being requested now were also requested by Gary Kespohl in August 2011. The Council rejected a 3% increase at that time and made it a 2% increase instead. He thanked Council for their great questions. The CAFR Reports on the Finance page are simply net change of fund balances and that is being used to determine savings which is a disastrous way to do this. IBB should be forgotten since the linkage of actual savings is not evident. For example unexpected revenue should not be considered savings as it is in the IBB program. This is an insult to the departments and finance team to pressure them to save money. This program should be ended and departments should make cases to Council for funding.

Cheryl Price, 511 Parkade Blvd, Chair of Public Transportation Advisory Commission, stated that they have discussed this and are in favor of her comments, but they did not specifically approve her comments. They are not in favor of increased para-transit fares or the elimination of routes that help get people to where they need to go. She inquired if there will be stipulations on the rates taxis will be charging for a ride utilizing the accessible taxis that the Council is considered providing a grant for. Busses going back to Wabash would be a good idea and everyone she has talked to agrees. She visited

three of the college towns to look at transit along with others. Those cities had tremendous student buy-in and there is great leadership in the Mizzou Student Association that are ready to move forward. There is a PTAC member in charge of transit at the University who can also help lead efforts in collaboration with the University.

#### **Council budget amendments**

Mr. Thomas would like to accelerate the pace of getting residential parking programs in place. Staff came up with an approach to raise meter rates by 10 cents per hour; that could fund staff to implement a residential parking program. Staff is looking to raise permit rates by \$20/month in two garages, he felt we could also do a \$10/month raise in the other four garages in order to look into a parking program. Mr. Skala added that there was a robust discussion in East Campus on a parking program, but it has not been agreed upon. They agreed to request an amendment on that. Mr. Matthes will sort through that and bring back something for consideration.

Mr. Pitzer stated that he has been looking at the self-insurance fund. He feels it is significantly overfunded although it's hard to forecast future needs there. He is also not comfortable with the justification for City General Funds to zero out the Misc. Contractual line. He would like to know the cost of what we are spending on the paramedic firefighter stipend and where we could try to increase that amount. He would like to formalize the notion of keeping unexpected revenues out of the IBB process and those should be presented and decided upon separately. Mr. Matthes will include those moving forward. Mayor Treece added that there were slides on self-insurance not covered today and they could be covered at the next meeting prior to requesting an amendment.

#### **IV. ADJOURNMENT**

Mr. Ruffin left at approximately 5:04 pm. The meeting adjourned at approximately 5:09 pm.