Columbia Downtown Leadership Council

Infrastructure Report

to

Columbia City Council

August 21, 2014

Downtown Columbia Looking North 2014 – Photo Credit: Paul Jackson

Types of Infrastructure

The Citizens of Columbia are served by both “hard infrastructure” – pipes, wires, roads and parking and “soft infrastructure” – police and fire protection, schools and libraries, solid waste and recycling. The City government and other taxing agencies provide most infrastructure services, while some are provided by the private sector.

Hard Infrastructure

- Sanitary Sewer
- Storm Sewer
- Electric Service
- Water Service
- Transportation

Private Sector Hard Infrastructure

- Telephone
- Natural Gas

Soft Infrastructure

- Fire Protection
- Police Protection
- Court System
- Public Health
- Public Schools
- Public Libraries
- Public Universities
- Recycling Services
- Solid Waste

1 Letter from Brent Gardner & Nick Peckham, FAIA

July 2014

Columbia City Council
City of Columbia
Eighth & Broadway
Columbia, Missouri 65201

Dear Mayor & Members of Council:

In response to your request, the Downtown Leadership Council (DLC) and the Infrastructure Committee hereby submit this report on Columbia Infrastructure, with a focus on the DLC study area.

In doing this important work, it has become clear to us that all cities typically deal with both hard and soft infrastructure. The City of Columbia pays for the infrastructure using various income streams (taxes, fees, grants, interest income). Other public players are involved--the school district, the University of Missouri, Daniel Boone Public Library, Boone County and the State of Missouri governments-- to name a few.

We have discovered a serious disconnect between infrastructure needs and infrastructure funding. Possibilities for addressing this problem are presented in chapter 6.

This report shows that the City needs new staff activities and communications in order to fulfill the responsibility of City government to plan, fund and build infrastructure long-range. Columbia will continue to grow, and therefore needs significant additional infrastructure assets.

We respectfully submit this report with the intention of helping the City Council address these issues.

COLUMBIA DOWNTOWN LEADERSHIP COUNCIL

Brent Gardner
DLC Chair

Nick Peckham, FAIA
Infrastructure Committee Chair

Preface

In April 2014, the Mayor and City Council asked the Downtown Columbia Leadership Council to work on Columbia's infrastructure issues beginning with a clear analysis of capacity and shortfalls, to develop a broad citizen-engagement process, to identify potential revenue sources and to make recommendations to improve future infrastructure planning processes.

Since then, city staff has proposed a Downtown Sewer Funding Strategy to postpone certain sewer projects and spend wastewater reserve funds. This was adopted by the City Council.

The City Council also voted to ask voters to approve a proposal to establish a new system of levying fees for residential and commercial development fees.

In addition, the City Manager has proposed to:

- increase sanitary sewer utility rates,
- increase sanitary sewer utility connection fees,
- increase rates for water service lines,
- and increase electric rates.

Amid the backdrop of the infrastructure discussion has been two citizen petitions to repeal a downtown development agreement followed by a temporary restraining order enjoining the city from action relating to this specific development.

While the Downtown Columbia Leadership Council could have delivered a more extensive analysis of all options available to the City of Columbia by the fall of 2014, it appears that decisions on the immediate issues facing Columbia's infrastructure needs will not wait. Our report, including recommendations to improve public trust in the decision-making process, is included.

We look forward to the opportunity to provide continued input to build a Downtown Columbia that illustrates the best aspirations of its residents, stakeholders, property owners, citizens, and community.

Sincerely,

DOWNTOWN COLUMBIA LEADERSHIP COUNCIL

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Columbia, Missouri looking northwest, 2007. Photo credit: Clayton Cobb

2 Overview of current infrastructure

Countries worldwide are experiencing severe infrastructure needs, owing to growing populations, economic growth, increasing urbanization and aging legacy assets.

While demands are skyrocketing, supply is impeded by various factors, resulting in Columbia infrastructure investment gap of about $1billion by 2050.

To bridge the gap, Columbia must construct new assets, improve the utilization, efficiency and longevity of the existing infrastructure stock – in short, make the most of existing assets by means of optimal operations and maintenance (O&M) and carefully-planned future infrastructure. Without a carefully executed Geographic Information System (GIS) model of the DLC area it will be difficult to plan future infrastructure.

Columbia has woefully neglected existing downtown infrastructure. Meanwhile, current O&M practices are often seriously deficient. The City has come to the time when we cannot permit buildings, that meets our zoning and building codes, to be built. Inadequate sewers and electric service need both short-term and long-term solutions.

Maintenance is all too often neglected. Natural disasters are becoming more common and more destructive because of climate change. As a result of the maintenance backlog and the lack of resilience measures, existing downtown infrastructure assets deteriorate much faster than necessary, shortening their useful life.

A feasible solution to this threatening scenario will require a change in infrastructure asset management.

Columbia Sustainable Infrastructure solutions are affordable. We can reduce infrastructure per capita costs while enhancing Columbia's environmental footprint.

Finally, our report outlines what we believe are City of Columbia best practices for operating and maintaining not only current infrastructure assets, but infrastructure planning through mid-century. Our report highlights best practices for efficiently and effectively delivering new infrastructure assets by identifying and prioritizing projects in an integrated infrastructure plan and preparing bankable public-private partnership (PPP) projects.

Hard Infrastructure
Storm Sewers
Sanitary Sewers
Electricity
Water
Transportation

Private Sector Hard Infrastructure
Telephone
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Public Universities
Recycling Services
Solid Waste


Columbia, Missouri looking northwest, 2009. Photo credit: Clayton Cobb

Columbia Sustainable Infrastructure Best Practice Framework

Note: HSE = Health Safety Environment; CBA = Cost-Benefit Analysis

Steps to Operate and Maintain Infrastructure Efficiently and Effectively

- Apply demand management
- Optimize availability/ reduce downtime
- Enhance peak capacity and effective throughput
- Enhance the end-to-end user experience
- Use smart technologies to refine user performance
- Adopt a customer-centric operating model
- Redesign and coordinate management and support functions
- Optimize procurement costs and outsourcing
- Implement lean and automated processes
- Cooperate with relevant stakeholders
- Make sustainability/HSE routine
- Create comprehensive sustainability/HSE plans: 2025, 2035, 2045, 2055.
- Enhance disaster resilience
- Control excessive asset consumption and stress
- Invest in preventive and predictive maintenance
- Select contracting mode for best value for money
- Prepare for efficient project delivery
- Prioritize project options with whole life cycle CBA
- Capture ancillary business opportunities
- Apply inclusive user charges
- Have a specific infrastructure maintenance fund, as per city charter

- Conduct training and develop talent
- Apply data, benchmarks and tools
- Introduce asset management planning
- Consider private-sector participation & competition
- Foster cooperation between agencies
- Corporatize and professionalize public agencies

This work must use a market approach. The community needs to receive a return on the investment (ROI) it makes - not a private rate but something positive. Positive is not always in dollars. In hard infrastructure it probably should be, e.g., the parking structures pay for themselves. Water, sewer and electricity should pay for itself. Who pays and who gets the return? Balance is the goal and remember, that past development - current residents - were subsidized. We all benefit from community leadership..

Implementation Best Implementation Practices

The DLC emphasizes that the downtown is changing rapidly: density is increasing, gross sales and property taxes are increasing, and this is what the community said it wanted!! Consider past downtown plans, Sasaki, H3, DLC and statements by the various downtown groups 10 years ago. Downtown is changing faster than anyone predicted. It is this rapid change that is causing the various capacity issues. The market is working.

1.1 Maximize asset utilization.

Given the challenge of public financial and often space constraints on building new infrastructure assets, Columbia should maximize the utilization of their existing assets.

Example: for transportation, enhancements in the CoMo Transit system can reduce parking demands. For electricity and water: harnessing leakage detection technology, properly maintaining and repairing networks, and investing in new equipment.

Steps to Operate and Maintain Infrastructure Efficiently and Effectively

Columbia will solve its problem of traffic congestion by improving its model of public transport, parking and road maintenance.

Another impediment to optimized infrastructure utilization is an absence of “future growth” models. This can be addressed with a coordination of all departments and the use of a full-featured GIS model.

1.2 Improve quality for users.

We suggest Columbia adopt a customer-centric operating model by applying proven techniques pioneered in consumer industries: customer research, customer segmentation and willingness-to-pay analysis.

- Smart Meters
- Publically accessible GIS data-base and mapping

1.3 Reduce Operations and Maintenance (O&M) costs.

Proactive cost management, often neglected, is becoming increasingly important owing to public budget constraints. Columbia can reduce waste by using a broader application of lean principles to revamp existing infrastructure processes.

A five-step approach for guiding the implementation of lean techniques:

1. Specify value from the standpoint of the end customer by product family.
2. Identify all the steps in the value stream for each product family, eliminating whenever possible those steps that do not create value.
3. Make the value-creating steps occur in tight sequence so the product will flow smoothly toward the customer.
4. As flow is introduced, let customers pull value from the next upstream activity.
5. As value is specified, identify value streams so as to remove wasted steps. Introduce flow and pull, begin the process again and continue it until a state of perfection is reached in which perfect value is created with no waste.

Consequently, Columbia can greatly reduce operating expenditures by systemically using new technologies in areas such as remote asset inspection, autonomous operations, and integrated scheduling and system control.

Performance-based outsourcing contracts (with financial rewards for contractors who achieve stipulated performance targets) have reduced the cost of service provision by 10-40%.

Finally, Columbia needs to adjust the overheads and organizational structures of its many legacy organizations, by, for example, delayering, introducing shared services and optimizing the level of (de-)centralization. The Columbia Sustainability Director is an office well suited to this task.

1.4 Mitigate externalities.

Because of growing negative environmental and social impact tied to infrastructure, the public is increasingly demanding more and stricter regulations. To respond to these challenges, Council should craft a comprehensive program of sustainability measures, based on a Strategic Infrastructure Plan.

For example, by increasing the use of methane from waste-to-power generators, the Columbia wastewater treatment plant can change from being net energy consumer to net energy producer. Ideally, sustainable practices should be deeply embedded in everyday operations by 1) making sustainability a management's top responsibility, 2) engaging the broader workforce and not just creating a sustainability department and 3) measuring and improving sustainability just as any other business process.

Columbia should engage as a multi-stakeholder, actively communicating with communities in outreach campaigns and collaborating with local building owners and users to generate a greater positive impact across the infrastructure system.

1.5 Extend asset life.

Once a costly infrastructure asset has been built, each additional year of lifetime provides huge value, as the marginal costs of operations are relatively low. Clearly, Columbia should invest in preventive and predictive maintenance. Extending asset life should be part of the Infrastructure Strategic Plan.

Steps to Operate and Maintain Infrastructure Efficiently and Effectively

Any maintenance, repair and construction strategy requires close cooperation across different, often siloed, departments. Therefore, the strategy must be customized to the specific asset context and based on a rigid assessment of the vulnerability and efficiency of each piece of equipment.

With population growth projections in Columbia of nearly 3 percent per year, our population would reach about a quarter million by 2050. By then, the existing sewer treatment plant and water treatment plant will be woefully inadequate unless Columbia starts to fund and build new sewer and water capabilities very soon.

Due to climate change, natural disasters are an increasingly major risk to infrastructure. The economic losses caused by storms, flooding and earthquakes worldwide over the past 30 years are estimated at $3.5 trillion US dollars. To address this, Columbia must identify and assess those risks, develop cross-departmental master plans and incorporate more resilience into existing assets.

1.6 Reinvest with a life cycle view.

Since most of the downtown infrastructure was constructed prior to the 1950s, many assets are approaching the end of their life cycle and need to be rehabilitated or replaced. However, before committing to major capital expenditure, Columbia should first identify all possible project options and investigate more cost-effective solutions. These would include loss reduction, demand-side measures, system-wide capacity balancing and targeted investments to inflow and infiltration (I&I) problems at existing sites.

The infrastructure projects should then be selected on the basis of a rigorous cost-benefit analysis, taking the whole life cycle into account. In many cases, the life cycle analysis reveals that the long-term costs of O&M are actually much greater than the initial costs of construction. Thus, life cycle cost analysis needs to be performed early on and in the specific asset context, since the majority of life cycle costs can still be influenced through shrewd design and engineering decisions -- such as advantages of paving a road with concrete rather than asphalt.

After committing to a particular project, the most efficient delivery mode – public sector, PPP or private sector – should be chosen on the basis of a value-for-money assessment, taking into account the potential quality of service but also the degree of risk to the government budget. For example, by delivering the new North Light Building as a PPP, a “greener” infrastructure facility produced energy savings estimated at 20%.

Enablement Best Practices

In addition to implementing existing infrastructure O&M best practices, Columbia also needs to create the right conditions for optimizing infrastructure for the long term. Columbia needs to ensure funding, build capabilities and reform governance.

2.1 Ensure funding.

A typical source of funding for infrastructure requirements is annual appropriations from the government budget. However, these are vulnerable to political expediency and so are often ill-suited to Operations and Maintenance or new infrastructure, which requires a very predictable and sustainable source of funding. More suitable models include dedicated maintenance funds that earmark, and ring-fence, user taxes, user-charge models and revenues from ancillary businesses.

User charge models not only ensure a dedicated funding contribution from each user, but also encourage customers to use the available capacity responsibly and sparingly. Introducing or increasing user charges requires a sophisticated stakeholder communication strategy, and a delicate balancing of economic objectives as well as social considerations.

Finally, ancillary business opportunities can generously supplement the funding of the core infrastructure business; for example, best practice airports can realize more than 50% of their revenues from retail, hotels, advertising and parking.

2.2 Build capabilities.

Sustainable infrastructure performance is compromised, not just by the shortage of individual capabilities, but also by the common lack of institutional capabilities. Columbia must prioritize infrastructure projects in an integrated cost-benefit framework, alongside greenfield projects, as well as

ensure the continuity of the maintenance program beyond election cycles. Columbia should conduct regular assessments of the existing asset base, and create an infrastructure balance sheet that shows 1) how the stock of assets has evolved and 2) forecasts the required maintenance funding. Make this part of the Infrastructure Strategic Plan.

Columbia should also introduce standardized infrastructure asset management processes and frameworks (such as ISO 55000), and make full use of data, benchmarking and modeling for optimizing infrastructure procedures and expenditures.

2.3 Reform governance.

Columbia has to deal not only with legacy assets, but also with legacy organizations and cultures. The right governance model is a crucial factor in motivating agencies and their staff(s) to optimize infrastructure.

One approach is incorporate public agencies. The goal is to capture the advantages of a privately run company, including enhanced productivity, streamlined processes, commercial orientation and financial sustainability. Meanwhile, the city remains accountable to the public and serving the public interest. Improvements are needed not just to individual agencies, but also to coordination across sectors, government levels and even city limits.

A more immediate option is to have one City office coordinate the financial and public interest aspects of all infrastructure services. While interviewing the department heads, one office emerged as the logical choice for this task: the Sustainability Office.

Finally, additional private participation could enhance infrastructure O&M by tapping the private sector's skills in managing infrastructure assets. In water treatment, some major US cities have recorded savings of over 30% in operating costs.

The pressing need to shore up Columbia (and U.S.) infrastructure is undeniable. A dearth of public and private investment in recent years has exacerbated the imperative to act now. In response, some 25 states, including Missouri, have enacted legislation to enable private-sector participation in infrastructure projects. These public-private partnerships (PPPs), already commonplace in many parts of the world, combine the best of public-sector governance with the most valuable of private-sector efficiencies. The Hamilton Project (named after President Hamilton) has written a detailed report: http://www.ncppp.org/wp-content/uploads/2013/03/PS-Feb2011-HamiltonProject.pdf . And US investors are beginning to show an increasing appetite for PPPs because infrastructure investments provide relative stability.

Given the current strong interest of private institutional investors in low-risk, long-term infrastructure investments, Columbia may consider granting concessions or selling some assets on favorable terms and recycling the proceeds into new projects – but only if such transactions provide value for money to society.

The Way Forward

While Columbia already applies some of these infrastructure best practices, in some cases we fail to achieve anything near the full optimization potential. Understaffed Police, and the over-burdened sewer plant are examples. Columbia should begin by systematically reviewing and benchmarking their long-range infrastructure practices and policies against the complete best practice checklist above.

After identifying the most critical issues in downtown Columbia's particular context, Columbia will need to establish a broad action plan. While inevitably some trade-offs will have to be made when crafting it, Columbia should always try to find win-win solutions; these are increasingly available now, thanks to new technologies and process innovations.

Many of the implementation best practices can provide quick fixes, and are essential for short-term efficiency improvements that can unlock funds for larger transformations. However, Columbia should treat infrastructure not only as an operational necessity aimed at reducing costs, but also as a strategic element that optimizes the value of an infrastructure asset for society. By increasing the asset's utilization, availability and service levels, we enhance the quality of life in Columbia.

Columbia thus has the opportunity to boost their its' infrastructure services, strengthen Columbia's competitiveness and foster socio-economic progress and prosperity.

Columbia, Missouri looking northwest, 2009. Photo credit: Clayton Cobb

3 GIS Requirements for Infrastructure Planning

The City of Columbia has several departments using Graphical Information Systems (GIS) distributed by ERSI. Matt Gerike, PhD, is head of the Columbia GIS office. To this date (June 2014) Columbia does not have the City software needed for a smart three-dimensional model of the DLC area.

Mr. Gerike, Bimal Balakrishnan, PhD, Newton D'Spousa, PhD, and Nick Peckham, FAIA met to discuss possible MU/City joint work on this GIS requirement. Neither the City nor the iLab has ERSI GIS City software.

The Graphical Information System (GIS) City software is the logical tool for showing the size in square feet and number of floors of each of the existing buildings in the DLC area. This software can do many other things useful to the City of Columbia. Creating a build-out model of the DLC area would allow for long-term planning of the infrastructure.

3D GIS Model of Warrenton, England. Credit: http://www.gislounge.com/gis-news-arizona-wildfire-map-3d-of-warrington/

4 DLC area Infrastructure needs and costs by 2050

Much of the current dialog about infrastructure concerns the present situation: not enough sewer and electric capacity in the DLC area. Without funding to address these issues we find ourselves rearranging the funded portion of the Capital Improvements Plan (CIP).

One way or another, all funding comes from the public. Columbia needs a long-range strategic plan that looks ahead to a City with another 100,000 residents and even more visitors.

Columbia is one of the best places to live, period. The population doubled over the past thirty-five years, and the City will continue to grow. Now much of the hard and soft infrastructure is barely meeting current needs. And future needs for pipes and wires, personnel and equipment, and maintenance and repair could easily reach a billion dollars. **We need an overall Strategic Infrastructure Plan.**

The Strategic Infrastructure Plan for Columbia will be about meeting Columbia's future needs. Infrastructure is everywhere in our daily lives. It is the roads and trails, the hospitals, schools, parks and sports fields, the Police and Fire services, the water and waste management systems and other items discussed in this report. It enables the city's economic and social systems to work well.

Infrastructure is expensive to build, operate and maintain. But it is long-lived and delivers benefits across generations. Today's Columbians are reaping the benefits of infrastructure investments provided by their parents and grandparents.

The plan must outline what Columbians now need to do to build new infrastructure, overhaul and update existing infrastructure, and avoid bottlenecks so that the city is left in good shape for future generations.

This must be a plan to take Columbia through the coming thirty-five years and beyond. It must cover all aspects of the city's infrastructure – physical built assets, delivery of infrastructure for social services and natural heritage.

The plan must set both broad and specific priorities and marks the government's resolve to meet them, but it is not chiseled in stone. It is rather a living, unfolding plan that will grow and change over time to meet new challenges and take up new opportunities. Columbia must invest in its infrastructure, about a billion dollars over the next three or four decades. That investment must come from the public and private sectors. There is no time to waste.

5 Current Infrastructure Needs and Funding

by Tony Grove with Tony St. Romaine

Sixth and Elm, Seventh & Locus Storm Drain Replacement:

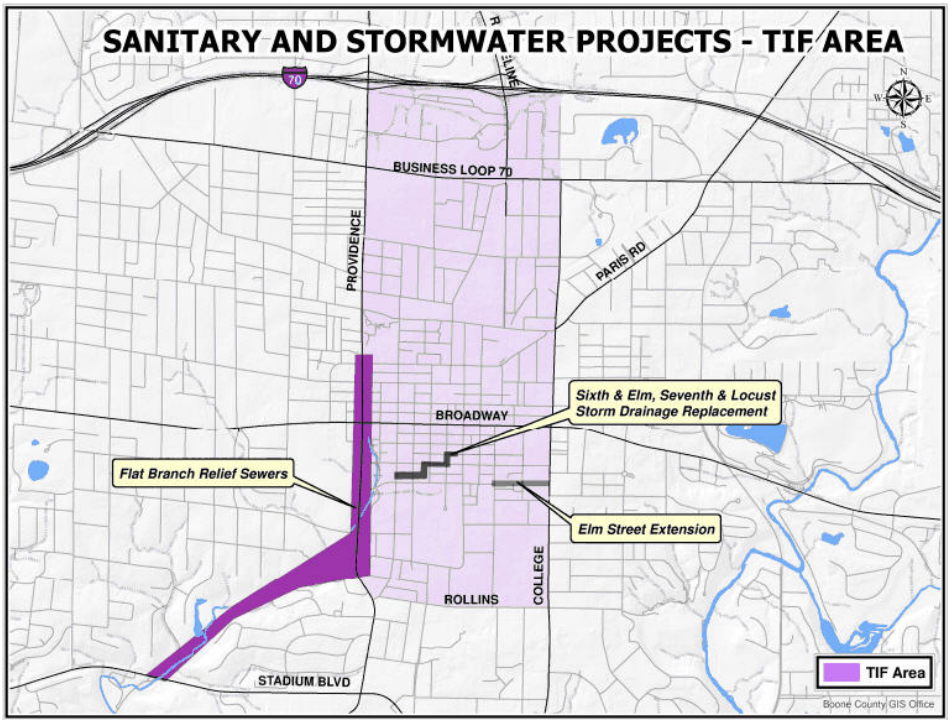
This project involves replacing approximately 1,000 feet of 100-year old storm drainage system in the central portion of the TIF Area. The existing drainage system is in very poor structural condition and does not have sufficient capacity that results in street flooding during heavy rains. This project will provide new and adequately sized drainage facilities that will better protect the area from flooding.

Budget: $2,000,000

Flat Branch Relief Sewers:

This project involves constructing approximately 40,000 linear feet of relief sewers in the various locations within the Flat Branch watershed. These sewers provide sanitary sewer service for the DLC area. Currently, we do not have adequate capacity to serve additional developments in the DLC area. Most storm and sanitary sewers downtown are between 50 and 100 years old. Once this project is complete, the sanitary sewer collection system will have sufficient capacity to serve all foreseeable future developments.

Budget $6,750,000



Map of the proposed TIF area voted down by City Council

Water:
There is currently 10,000 feet of four-inch water main within the DLC area with an age between 50-120 years. As development within the area proceeds, these water lines will need to be upgraded to eight inch to support domestic demand and fire flow requirements. The estimated cost to upgrade these water mains is $250/foot.

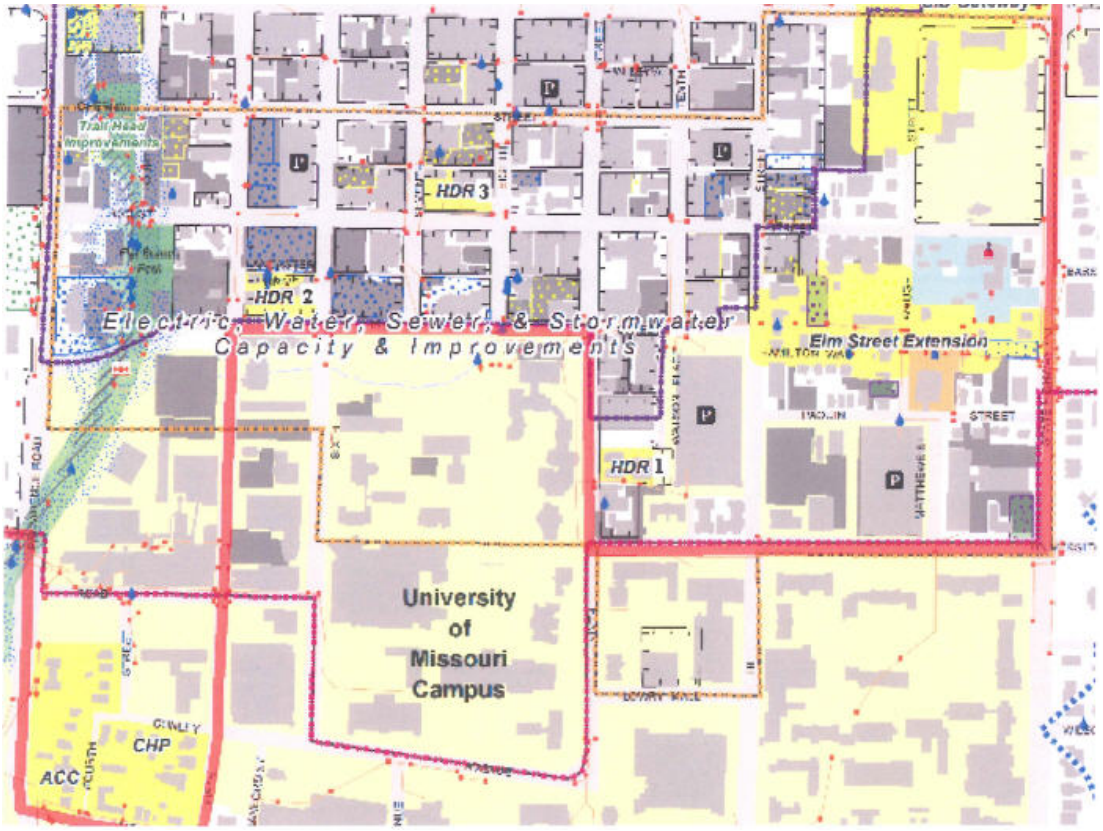
Budget: $1,000,000 to $2,500,000

Electric:
Substation feeder capacity to the area is approaching maximum capacity. Current plans include adding some additional capacity with a feeder from Rebel Hill substation. Proposed high-density residential projects will require additional feeder capacity in order serve the electric load. It is estimated at the two feeders could be constructed from the Hinkson Creek substation to provide the additional capacity.

Budget: $10,000,000

Parking Garage:
Location: TBD
Would support additional residents in the area, the proposed Museum Project (SHSM), and public parking.

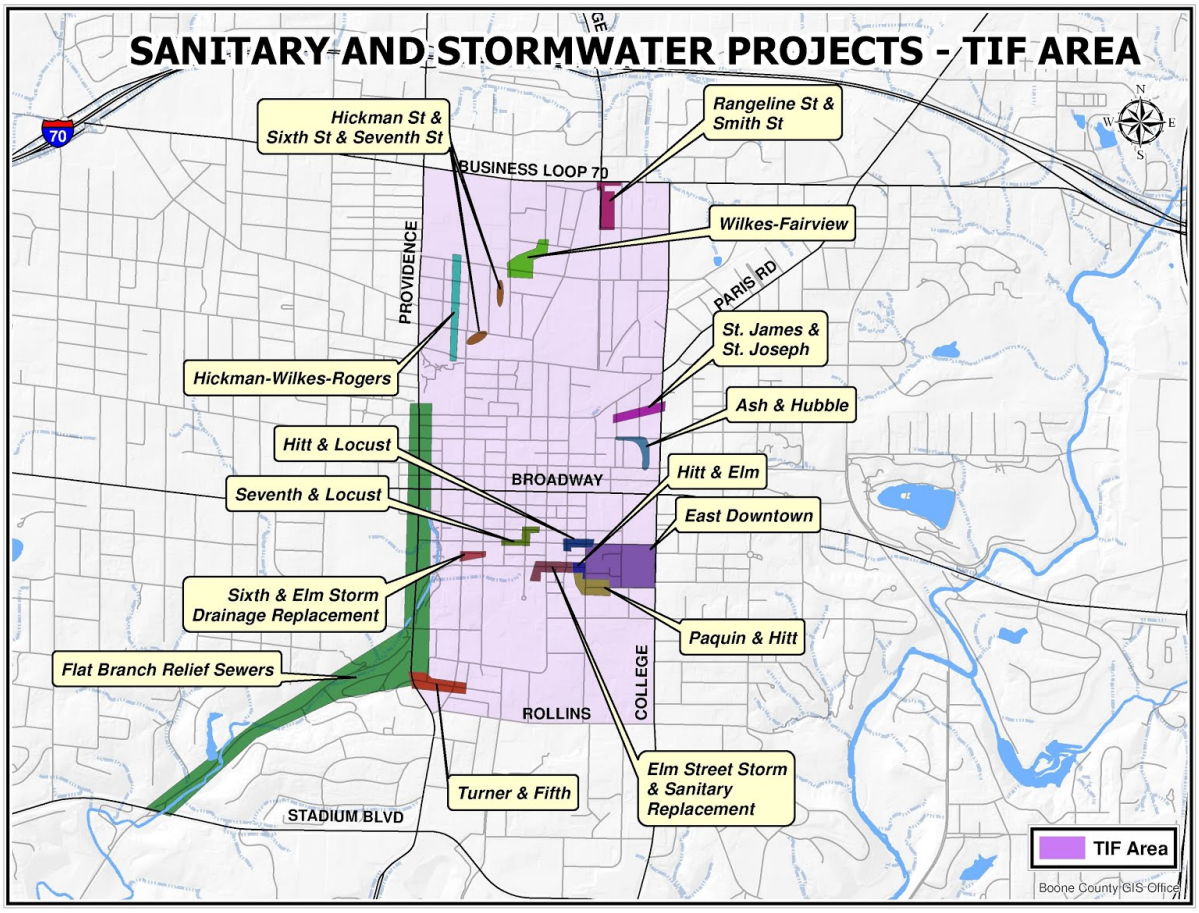
Budget: $18,000,000



Stormwater:

Ash & Hubble	$175,000
East Downtown	$1,500,00
Hickman & 6th & 7th	$950,000
Hickman-Wilkes-Rogers	$525,000
Wilkes & Fairview	$336,000
Hitt & Elm	$100,000
Hitt & Locust	$500,000
Paquin & Hitt	$885,000
Rangeline & Smith	$225,000
St. James-St. Joseph	$1,300,000
Sewer	
Turner & 5th	$500,000

Budget: $6,996,000



Budget Summary:

Immediate:

A. Water	$1,000,000
B. Electric Capacity Imp.	$10,000,000
C. Sewer	$6,750,000
D. Stormwater	$2,000,000

Immediate total: $19,750,000

Future:

E. Stormwater	$6,496,000
F. Sewer	$500,000
G. Electrical (UG BL)	$3,950,000
H. Parking Garage	$18,000,000
I. Elm Street Ext. (SAS & H3)	$5,000,000
J. Broadway Streetscape (H3)	$2,000,000
K. Providence Rd. Streetscape (H3)	$1,000,000
L. College Ave Streetscape	$1,000,000
M. Train Depot/COLT (H3)	$750,000
N. Museum District (SAS)	$5,000,000
O. Downtown Gateways (H3)	$250,000
P. Ameren Site (H3)	$2,000,000
Q. Affordable Housing	$1,000,000
R. Homeowner Improvement	$500,000
S. Fiber to the Premise	$2,800,000
T. Park Ave Bike Blvd/Bioswales (H3)	$250,000

Future Total: $50,496,000

Grand total $70,246,000

Additional Unfunded Projects:

-Downtown Gateways	$250,000
-Acquisition & Development of Site	$2,000,000
-Broadway streetscape improvements	$2,000,000
-Providence streetscape improvements	$1,000,000
-College Ave streetscape improvements	$1,000,000
-Affordable Housing Projects	$1,000,000
-Homeowner Improvement Program	$500,000
-Museum District	$5,000,000
-Fiber to the Premise (FTTP)	$2,800,000
-Train Depot/COLT line improvements	$750,000
-Park Ave Bike Blvd/Bioswales	$250,000

Total: $16,550,000

Elm Street Extension:
This project was recommended as part of the Sasaki study and proposed extending Elm Street from 10th Street to College Ave.

With additional high density residential development in this area, this project would provide a much needed east-west connection through the downtown contributing to a decrease in through traffic on Broadway, and creating additional opportunities for pedestrian scale development.

Budget: $5,000,000

NOTE: In addition to these short-term immediate needs, the City can look ahead to a $500 million new sewer plant (Black & Veech report), an additional $90 million new water plant (Water and Light Board), and a proportional increase in all hard and soft infrastructure needs. The financial scope of this future work, presently unfunded, is about a billion dollars.

6 Funding Options to Cover Anticipated Shortfall

Funding

Columbia does not have adequate funding for its' infrastructure needs. The Downtown Leadership Council discussed several ways to fund the infrastructure shortfall:

- Bond Issue
- Increase Building Permit fees.
- Increase re-zoning fees.
- Create Development fees
- Create TIF District
- Transportation Development District (TDD)
- Create a Community Infrastructure Fund
- Accelerate the downtown part of the current Zoning Ordinance consultant's work.
- EPA Sources http://water.epa.gov/infrastructure/greeninfrastructure/gi_funding.cfm
    - Section 319 Nonpoint Source Management Program
    - Clean Water State Revolving Fund
- Electrical demand reduction by requiring LEED Certification.
- Building permit refund for LEED Gold buildings
- Stormwater Fees
- Public Private Partnerships (PPP)
- Private Participation in Infrastructure (PPI)
- Community Infrastructure Fund (CLIF) http://cifflp.com/investment/

Related Tactics

- Renewable Energy for increased energy demands
- Consider Parking and transport for future demands
- NREL Geothermal Strategies (May 2014) http://www.nrel.gov/docs/fy14osti/61477.pdf

Sustainable Savings

In order for Columbia to continue to rank among the best cities in America we must have a strategic view of the future. Reducing the cost of infrastructure will increase individual disposable income.

We all know energy will cost more as fossil fuel supplies dwindle. Foe Columbia, we the people must determine how will alternate energy – solar, wind, etc. – will figure into this scenario. Rather than the single variable "first cost" thinking of those who can pass the utility and other infrastructure cost on to others, consider a "long-term" vision. In other words, include "total project cost" into the equation making sustainable infrastructure a wise option.

Here are a few items that will be considered when Item 1, Chapter 8 is implemented:

- Architecture 2030 www.architecture2030.org

- Create “Energy Insights Online” similar to the ComEd program. www.comed.com/eio
- Small wind turbines.
- Photovoltaics
- Solar Thermal
- Biogas
- Biofuel
- Fuel Cells
- Geothermal
- Urban Agriculture
- Carbon tracking
- Flush and Flow fixture rebates
- Smart grid and net metering
- Water and Electric meters on every dwelling unit
- Reduced permit fee for LEED Gold and Platinum buildings

The world economy runs on energy. The Central Intelligence Agency (CIA) points out that the current world population is producing 89 million barrels of oil per day, and that the proven oil reserves are 1.63 trillion barrels
What the future will hold for fossil fuels is uncertain. That the supply will run out is almost certain, but when it will happen -- and the effect it has on society -- remains only speculation.

Ecotricity, Britain’s leading green energy producer reports:

The End Of Fossil Fuels

Fossil fuels, as the name suggests, are very old. North Sea oil deposits are around 150 million years old, whilst much of Britain’s coal began to form over 300 million years ago. Although humans probably used fossil fuels in ancient times, as far back as the Iron Age[1], it was the Industrial Revolution that led to their wide-scale extraction.

And in the very short period of time since then – just over 200 years – we’ve consumed an incredible amount of them, leaving fossil fuels all but gone and the climate seriously impacted.

Fossil fuels are an incredibly dense form of energy, and they took millions of years to become so. And when they’re gone, they’re gone pretty much forever.

It’s only a matter of time

Clearly fossil fuel reserves are finite - it's only a matter of when they run out - not if. Globally - every year we currently consume the equivalent of over 11 billion tonnes of oil in fossil fuels. Crude oil reserves are vanishing at the rate of 4 billion tonnes a year – if we carry on at this rate without any increase for our growing population or aspirations, our known oil deposits will be gone by 2052.

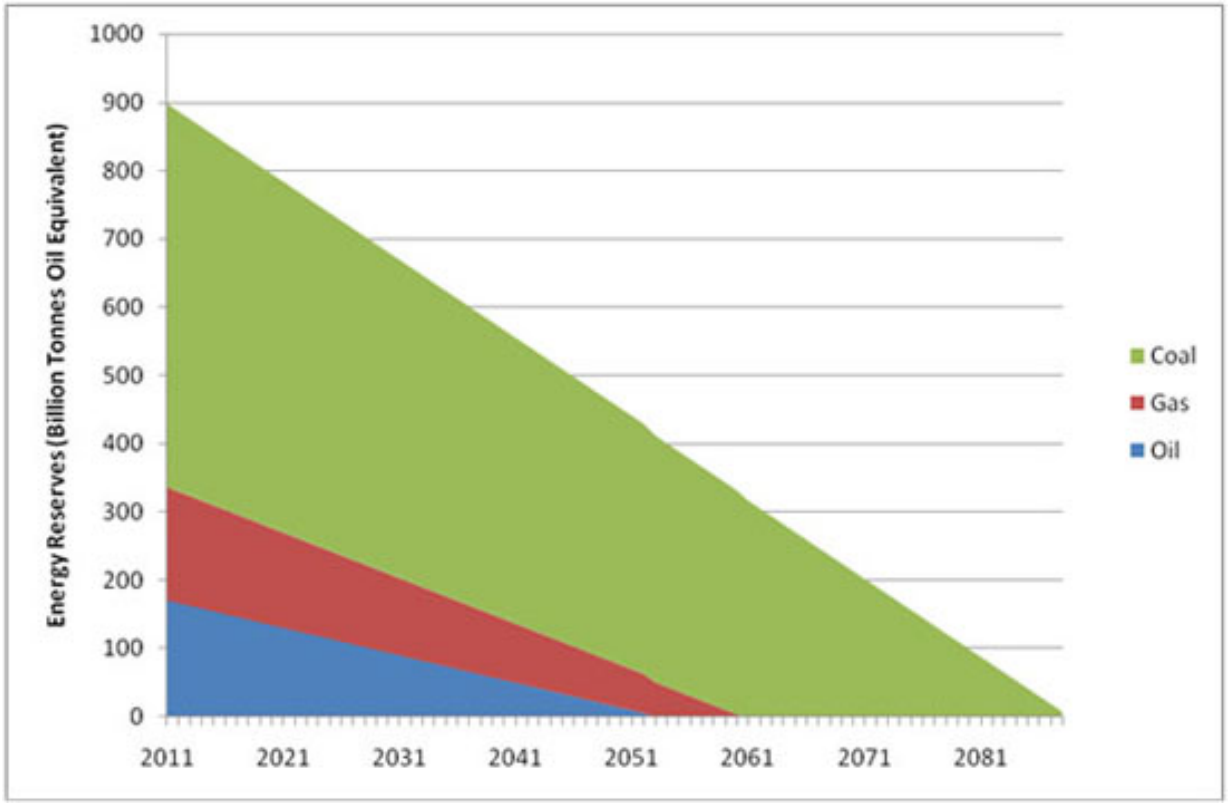
We’ll still have gas left, and coal too. But if we increase gas production to fill the energy gap left by oil, then those reserves will only give us an additional eight years, taking us to 2060. But the rate at which the world consumes fossil fuels is not standing still, it is increasing as the world's population increases and as living standards rise in parts of the world that until recently had consumed very little energy. Fossil Fuels will therefore run out earlier.

It's often claimed that we have enough coal to last hundreds of years. But if we step up production to fill the gap left through depleting our oil and gas reserves, the coal deposits we know about will only give us enough energy to take us as far as 2088. And let's not even think of the carbon dioxide emissions from burning all that coal.

So does 2088 mark the point that we run out of fossil fuels? The simple answer is no. Some new reserves will be found which will help extend this deadline slightly, but these can't last forever. New reserves of fossil fuels are becoming harder to find, and those that are being discovered are significantly smaller than the ones that have been found in the past.

Take oil, for example, we're probably already on a downward slope. Sixteen of the world's twenty largest oil fields have already reached their peak level of production (the point at which they are producing their largest annual oil yield), whilst the golden age of oil field discovery was nearly 50 years ago.

Renewables offer us another way, a way to avoid this (fossil fuelled) energy time bomb, but we must we start now. As the Saudi Oil Minister said in the 19



70s, "The Stone Age didn't end for lack of stone, and the oil age will end long before the world runs out of oil."

References

[1] All fossil fuel reserve and consumption data from CIA World Factbook.

7 Public Meetings

Town Hall Meetings Summary

The Downtown Columbia Leadership Council hosted two Town Hall Meetings. The meetings were schedule for 7:00 p.m. on Wednesday, May 7, 2014, and at 12:00 noon on Saturday, May 10, 2014 to encourage participation from as many stakeholders as possible. The City Manager, Deputy City Manager, Director of Public Works and the Director of Water and Light were available to answer questions. Participants could either submit questions anonymously or at a microphone. Key takeaways from the meeting included:

Key takeaways:

- The City should repair the sewer backup problems (often many years old) immediately.
- City has partial solutions for short-term problems
- City should list "Capital Improvements Projects" that are funded in a separate document from "Un-funded CIP"
- Two major downtown infrastructure constituencies: residential users & commercial developers.
- The downtown sewer infrastructure, even if lined and repaired, is not adequate for the anticipated population growth by mid-century.
- The existing sewer treatment plant is not adequate for the anticipated mid-century use.
- The existing water treatment plant is not adequate for the anticipated mid-century use.
- The City's policy for future renewable energy needs to be improved.
- The City should implement a reduced fee for net-zero projects
- There is a need for the DLC to propose alternative funding options for the infrastructure (hard and soft) we need.
- Citizens are concerned with curbs, gutters and sidewalks.
- Columbia needs more modern management.
- Columbia needs better in-house communication.
- We need to improve the "public realm".
- Transparent presentation on infrastructure costs.
- Commitment to past planning documents.
- Extract shared cost from developers.

8 DLC Recommendations to City Council

RECOMMENDATIONS TO RESTORE PUBLIC TRUST IN THE PLANNING PROCESS

1. The City Manager should clarify December 2013 statements.

On December 7, 2013, Columbia City Manager Mike Matthes announced "The city's infrastructure can't handle any new downtown or central city building. The pace of development in the area has outstripped the electric and sewer capacity, which is 100 percent utilized." ["The changing face of downtown Columbia"; by Jacob Barker; Columbia Daily Tribune; December 7, 2013.]

According to the Columbia Daily Tribune:

Matthes said no new projects can open until the city upgrades its infrastructure. There are five or six projects that would have started already, he said, but the city doesn't have the electric and sewer capacity to accommodate them. Without more funding, he said, downtown Columbia will look the same as it is now for a long, long time.

"We are really at the point where if we want to see anything developed downtown, we have to see that infrastructure improved," Matthes said.

Matthes's comments and subsequent action by city staff and council approving intensive residential development projects downtown created confusion for voters and taxpayers. This confusion likely contributed to the repeal effort currently underway.

At a minimum, the City Manager should clarify his December 2013 comments in the context of new development now authorized for downtown. To the extent his comments were fallacy designed to enhance the prospects of tax increment financing[1], the City Manager should retract the comments with his apologies.

2. Reconstitute Infrastructure Commission to monitor infrastructure capacity.

The Downtown Columbia Leadership Council heard testimony from the Mayor and City Council members that they were "caught off guard" and unaware of the City's infrastructure shortfall until the City Manager's pronouncement in the Columbia Daily Tribune in December 2013.

An Infrastructure Task Force was established at the July 6, 2010 meeting of the City Council. The Infrastructure Tax Force was charged with establishing guidelines for determining fair and balanced cost allocations and funding sources among stakeholders

[1] "The city manager built this box by declaring earlier no additional downtown development could occur without infrastructure improvement, implying at the time that improvement required approval of a tax increment financing district. Since then, the fallacy of this threat has become clear. The city is finding other ways to expand infrastructure, including subsidies from developers, the very solution many skeptics urged all along." Repeal 6214; by Henry J. Waters, III; The Tribune's View; July 7, 2014.

and to ensure infrastructure implementation is aligned with the comprehensive growth plan. Appointed by the Mayor and City Council, task force members included developers, bankers, realtors, attorneys, planning and zoning members. The City Manager recommended this task force be eliminated after its work to ensure infrastructure implementation is aligned with the comprehensive growth plan was completed in mid- to late-2012.[2] [3] The Infrastructure Task Force, staffed by the City Manager's Office, issued its final report in June 2011 and does not appear to have met since.

The Downtown Columbia Leadership Council recommends that the City Council re-appoint an Infrastructure Task Force to monitor all existing capacity of hard and soft municipal infrastructure including water, electric, sewer, road, public safety, parking, etc. and issue a regular green light, yellow light, or red light infrastructure warning for city planners, Planning & Zoning Commission and City Council members.

3. <u>Establish a Blue Ribbon Commission.</u>

The Downtown Columbia Leadership Council received conflicting testimony regarding the cause of infrastructure shortfalls and trouble spots. Members of the Downtown Columbia Leadership Council are not experts in engineering, sewer pipes, water lines, or electric generation and transmission. But there are experts within the City of Columbia who are.

The Downtown Columbia Leadership Council recommends the creation of a Blue Ribbon Commission to:

- Create an Infrastructure Strategic Plan for Columbia 2050 with 5-year benchmarks.
- Create an Infrastructure Development Code.
- Review all forms of infrastructure to identify sustainable practices. This may include replacing streets with permeable pavement (www.citylab.com) or adopting high-efficiency LED lighting for streets, parking garages, and buildings. See also: www.tauranga.govt.nz
- Develop a "smart streets" design that integrates infrastructure for paving, landscape and underground infrastructure.
- Monitor implementation of 2050 buildout.

The Blue Ribbon Commission should include Columbia's former Water & Light Director, former Sewer Superintendent, and other citizen appointees with expertise in municipal infrastructure.

4. <u>Retain an independent Infrastructure Consultant.</u>

The City of Columbia should hire an independent Infrastructure Consultant to analyze Columbia's existing infrastructure capacity and make recommendations for expansion.

Working with the DLC or the Blue Ribbon Commission, the consultant should provide the City of Columbia a brief written report on the infrastructure requirements for downtown Columbia now, and over 5-year steps through 2050. The selected consultant must be familiar with the zoning of the Downtown Leadership Council Study Area (See attached

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2 Recommendations for City Boards, Commissions, Committees and Task Forces; REP 2016-11.

3 Feedback Summary of City of Columbia Boards, Commissions, Committees, and Task Forces.

Map). Using these zoning regulations, the consultant will prepare a three-dimensional "build-out" diagram of the study area. The consultant will describe the range of possible occupancies, and expected demands on the electric services, water services, sanitary services and storm water services by 2020 and by 5-year increments thereafter until 2050. The consultant will also show expected population growth by 2020 and by 5-year increments thereafter until 2050.

The selected consultant will be required to review related City of Columbia reports and plans. The selected consultant will be required to submit an illustrated report (10 copies), and make a final presentation to the DLC/City Council.

An independent consultant will also answer constituents, ratepayers, and taxpayers questions regarding "Are we really out of infrastructure?" Are we "Closed for business…"? Or, is infrastructure indeed "flexible" as some have said?

In April 2014, the Downtown Columbia Leadership Council voted to recommend the hiring of an independent Infrastructure Consultant to develop infrastructure projections for 2050 with no response. We restate this recommendation.

5. Develop a Report Card on 2004 infrastructure plans.

As a minimum alternative to DCLC's recommendation to hire an independent Infrastructure Consultant, the City should hire a consultant to develop on ongoing Report Card on the 2004 Black & Veatch plan.

In 2004, the City of Columbia hired Black & Veatch to develop a Wastewater System Facilities Planning Report. The 305-page report includes historic flows and loads, population and per capita unit factors, future flows, and future peak loads. Black & Veatch also recommended System Development Charges to pay for necessary wastewater improvements that include:

- Wastewater utility revenue and customer growth,
- Cash financing,
- Debt financing,
- Connection fee sensitivity analysis,
- And Equitability.

It has been 10 years since this report. The City should ask Black & Veatch to develop a report card to gauge the City's progress towards completion. The report card should also evaluate whether the city's 2004 projections are still valid, is population growth occurring where anticipated, or does the city need to adjust its schedule of capital improvements.

6. Maintenance vs. Growth

The Downtown Columbia Leadership Council heard clear public testimony during our monthly meetings and our infrastructure townhall meetings: The City should pay for maintenance of water, sewer infrastructure but developers should pay for increased capacity.

The DCLC recommends the City develop a clear, predictable formula which identifies the percentage of cost attributable to maintenance of aged infrastructure and the percentage of improvement cost attributable to increased capacity driven by demand. The formula should be transparent and applied equally to all proposed developments that require increased capacity.

7. Develop a formula to charge developer fees that accurately consider cost of infrastructure.

As the City of Columbia develops a predictable formula for cost-sharing of new infrastructure (as referenced in 6. Maintenance vs. Growth), developer fees should accurately consider the cost of infrastructure. A Historical Budget Analysis of New Development Charges compared to Infrastructure Capacity Expansion Costs developed by Ian Thomas is attached to this report.

8. Re-establish a Sufficiency of Services test.

Prior to 1988, the City of Columbia required a sufficiency of services test on all residential in C-2 zoning. Prior to November 1988, residential dwelling units in C-2 zoning required a Conditional Use Permit reviewed by the City's Board of Adjustment with consideration given to the following standards:

- *"conformance with the character of the adjacent area"*
- *"the location, type and height of buildings or structures"*
- *"the type and extent of landscaping and screening on the site"*
- *"off-street parking and loading areas are provided"*
- *"adequate utilities, drainage, and other such facilities"*
- *"adequate access designed to prevent traffic hazards and minimize traffic congestion."*

Code 1964, § 19.200; Ord. No. 9958, § 1, 10-3-83

The return to a strict standard for "adequate utilities, drainage, and other such facilities" along with "off-street parking and loading areas" particularly for residential developments downtown would provide a clear objective standard for city planners prior to approval of residential uses in C-2.

9. Eliminate Silos between Public Works and Community Development.

The Downtown Columbia Leadership Council's Infrastructure sub-committee heard comments from the Mayor and others that communication silos between the Planning & Zoning Commission, Department of Public Works, Community Development Department, and the City Council may have contributed to a gap in existing infrastructure.

The City should adopt a policy that forces building permit staff to calculate additional square footage, housing units, toilets, etc. communicate with Public Works to make certain approved construction matches capacity.

10. Implement a fully-integrated GIS system for the City of Columbia.

The research for the infrastructure report should act as a catalyst for the development of a design and planning tool to calculate demands on the City's various infrastructure components. This parametric model will function as part of the data model. The data model is focused on the existing conditions of the City. The parametric model will focus on the future of Columbia.

The Downtown Columbia Leadership Council recommends the City of Columbia purchase the needed City View GIS software and appropriately staff a GIS department to coordinate an effective planning tool for the City across all departments including Community Development--Planning, Public Safety, Water & Light, and Public Works including sewer and transportation.

11. Update the H-3 Charette.

In 2009, with the help of H-3 Studios, the Downtown Columbia Leadership Council completed a major review of downtown planning issues in two emerging areas of downtown. The public engagement process reflected in the H-3 Charette report offers important guidelines as the City of Columbia considers infrastructure investments in the downtown area. We encourage you to revisit the Charette's major recommendations that were carefully vetted in a broad stakeholder process.

Several organic changes have occurred within Downtown Columbia since H-3's recommendations 5-years ago. H-3 should continue long-term study of downtown zoning, working in tandem with the City's Planning Department.

The Downtown Columbia Leadership Council recommends updating the H3 Charette report to reflect rapid changes occurring the study area. We believe H-3 Studio's intimate knowledge of downtown Columbia could be an asset in creating a public discussion of the vision for downtown.

12. Tap CID sales tax revenues to bond ongoing infrastructure costs.

The Downtown Columbia Leadership Council also considered the Mayor's recommendation to use sales tax revenue as a potential revenue source for downtown infrastructure needs.

In the Downtown Community Improvement District's (CID) Petition to Establish, which was adopted by the City Council, a majority of Downtown property owners asked the City to establish a community improvement district to fund "all or part of the cost" of improvements made within the district.

Chapter 67, 1461 RSMO gives the CID authority to pay for utilities and sewer improvements. The Petition also gave the District authority to issue bonds to pay for the improvements with the proceeds from the sales and property tax. Per the property owner's petition, the bonds are secured with a lien against downtown property.

The CID's Petition to Establish, adopted by the City Council, states *"The undersigned property owners…do hereby petition and request that the City create and establish a community improvement district as described herein* ***to fund all or part of the cost of services and improvements*** *to be provided and made within the District under the authority of* ***Sections 67.1401 to 67.1571 RSMO.****"*

The Downtown CID's Petition to Establish also allows the District to issue Bonds:

"The District may issue tax-exempt obligations, the proceeds of which shall fund the District Projects. The CID Obligations will be secured by the special assessments, which constitute liens against the real property within the District, and shall be payable from the revenues generated by the special assessments and the additional sales tax."

According to Chapter 67.1461, a Community Improvement District has the authority to pay for all or part of utilities and sewer systems:

(16) Within its boundaries, to provide assistance to or to construct, reconstruct, install, repair, maintain, and equip any of the following public improvements:

Pedestrian or shopping malls and plazas;

Parks, lawns, trees, and any other landscape;

Convention centers, arenas, aquariums, aviaries, and meeting facilities;

Sidewalks, streets, alleys, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, ***utilities, drainage, water, storm and sewer systems, and other site improvements;***

Parking lots, garages, or other facilities;

Lakes, dams, and waterways;

Streetscape, lighting, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls, and barriers;

Telephone and information booths, bus stop and other shelters, rest rooms, and kiosks;

Paintings, murals, display cases, sculptures, and fountains;

Music, news, and child-care facilities; and

Any other useful, necessary, or desired improvement;

Before requesting additional tax, fee, or rate increases, the City Council should ask the CID to consider issuing bonds to pay for utility improvements attributable to downtown growth. The bonds would be repaid by future sales tax revenues collected by The District that are generated from growth in downtown Columbia.

13. <u>Establish and appropriately fund a Depreciation Fund.</u>

During the Downtown Columbia Leadership Council's Townhall Meeting on May 7, 2014, the DCLC heard conflicting testimony regarding the City of Columbia's Depreciation Fund.

The City Manager stated:

"As a nation, we never funded depreciation. We don't put money away each year saving up to pay for replacement of the interstate system. We just borrow the money again and fix it. That has been the nationwide approach to infrastructure. That is also true in Columbia."

Later, in response to a question about the depreciation fund, the City Manager clarified his comments: [4]

> Q. How would you respond to the question about the depreciation fund. The City Charter and Code of Ordinances specify a formula to fund that depreciation fund. Does the City have a depreciation fund?
>
> Matthes: Yes.
>
> Q. And if so, how much money is in it?
>
> Matthes: That's specific to Water and Light is my understanding. And so there's two meanings to that word in city government. One is defined by GASB, the Government Accounting Standards Board. And one is defined by our Charter. They're not the same. And so I want to first stress that. They're not the same thing. When I used the term depreciation earlier, I was talking about more of the GASB approach to it. We do do that. We account for depreciation.

At the same meeting, John Conway[5], Chairman of the City's Water & Light Advisory Commission stated:

> "In the Water and Light Department, Depreciation is treated as a non-expense item. It's a line item on the budget. And its budgeted based at a level coming off of the depreciation books…as assets are brought on and depreciated…and that it is a part of the budget. And I would want you to think about once its budgeted, and you look at the revenue statement and if it all comes true with the depreciation being a non-expense item, that at the end of the year, the depreciation would flow to the balance sheet as a reserve. And that's typically, historically, what it's done. That would be true in the water department as well as in the electric department.
>
> Q. Can I interrupt you there? Is that real money or is that an accounting procedure?
>
> Conway: "No, it is real money. In an accounting sense, it is treated as a non-expense item. You can look at the revenue statement. It says depreciation on there. It's in the millions. And then if the budget is true, and is followed, and what will be realized is that since its treated as a non-expense item, it will flow to the bottom as net income and would flow to the balance sheet as a reserve."
>
> Q. So the Charter says, the code of ordinance say, the city can use that money for emergency or extraordinary repairs. Would you consider this infrastructure crisis an extraordinary or emergency repair?
>
> Conway: "I'm not sure if that's for me to answer."

In fact, Columbia's City Charter requires the creation of "an adequate depreciation fund for the purpose of making renewal and replacements."[6]

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[4] Downtown Columbia Leadership Council Infrastructure Town Hall Forum One; May 7, 2014; 1:30:27.
[5] Downtown Columbia Leadership Council Infrastructure Town Hall Forum One; May 7, 2014; 2:17:12.
[6] City Charter; Section 102; Rates and Finances.

Section 102. Rates and Finances.

The city council shall from time to time fix, establish, maintain and provide for the collection of such rates, fees or charges for water and electricity and water and electric service furnished by or through the water and electric light works of the city as will produce revenues sufficient to pay the cost of operation and the maintenance of said works in good repair and working order; to pay the principal of and interest on all revenue bonds of the city payable from the revenues of said works; ***to provide and maintain an adequate depreciation fund for the purpose of making renewals and replacements****; to provide a fund for the extension, improvement, enlargement and betterment of said works; to pay the interest on and principal of any general obligation bonds issued by the city to extend or improve said works; and to pay into the general revenue fund of the city annually an amount substantially equivalent to that sum which would be paid in taxes if the water and electric light works were privately owned. Such revenues so produced shall be devoted to the purposes so enumerated. The provisions hereof shall be subject at all times to the performance by the city of all covenants and agreements made by it in connection with the issuance, sale or delivery of any revenue bonds of the city payable out of the revenues derived by the city from the operation of its water and electric light works, whether such revenue bonds be heretofore or hereafter issued.*

In the fixing of such rates and charges it shall be the policy of the council, so far as feasible and consistent with the above requirements, to fix and maintain the same at a level not to exceed charges made for the same services by privately owned utilities similarly situated.

Payments from the revenues of said water and electric light works shall be made into the depreciation fund monthly in such amounts as may be required by standard engineering and accounting practices applicable to the operation of utilities by municipalities. Said depreciation fund shall be expended only for making renewals and replacements of said water and electric light works or making unusual and extraordinary repairs thereto.

Payments into the fund established for the making of extensions, improvements, enlargements and betterments of said works shall be made monthly in such sums as may be determined by the council, subject to the provisions of the next succeeding paragraph relating to surplus, and such fund shall be expended only for the purposes specified. Said depreciation fund and the fund established for the making of extensions, improvements, enlargements and betterments shall be kept invested as provided by law, or, in the discretion of the council, in bonds, certificates or other obligations of the United States of America.

If any surplus revenue be produced from the operation of said water and electric light works after meeting all of the requirements set forth above, there shall be paid into the fund established for the making of extensions, improvements, enlargements and betterments of said works not less than twenty (20) percent of such surplus, or an amount which, together with payments made into such fund under the above requirements, shall equal twenty (20) percent of said surplus. *Provided, however, that such fund may be used for the redemption of any outstanding bonds issued by the city for the same purposes, and for the meeting of any extraordinary emergencies that may arise in the operation of said water and electric light works; and, provided further, that said*

payment from surplus shall not be required to be made cumulative on and in addition to the requirement in Section 7 of the Revenue Bond Ordinance of April 19, 1948, for the retention of twenty-five (25) percent of the surplus for extension, improvement and bond redemption purposes, so long as any of the revenue bonds of the city dated May 1, 1948, remain outstanding. The remainder of any surplus shall be paid into the general revenue fund of the city and budgeted like other revenues of the city for any proper municipal purpose, and expended through the regular appropriation process; or such surplus may, in the discretion of the council, be made the basis for reduction of rates in the future. **[Emphasis added]**

The City of Columbia's Code of Ordinances Section 27-44 relating to the Water and Electric Depreciation Fund states:

> ***There is hereby created a fund known as the "water and electric depreciation fund." Into such fund there shall be transferred monthly, from the water and light fund, and deposited a sum equal to the depreciation chargeable against the properties from time to time constituting the water and electric light works of the city. The amount of depreciation and the amount to be transferred monthly into the fund hereby created shall be determined according to a formula heretofore or hereafter determined by the consulting engineers employed by the city. The sums so deposited into such fund shall be expended only for unusual and extraordinary repairs and replacements of the water and electric light works and for emergency expenses of such works.*** **[Emphasis Added]**

To reconcile the testimony from the City Manager, the Water & Light Advisory Board and the requirements of the City Charter and Ordinances, the Downtown Columbia Leadership Council asked the City to clarify this issue in writing.

In response to the DCLC questions, the City of Columbia Finance Director John Blattel responded:

> *Chapter 27-44 that is referred to in question 3 was passed at least 50 years ago. To our knowledge there has not been a "depreciation fund" for at least 30 years. Sections 27-42 and 27-43 are also outdated and reference bonds issued "under date of May 1, 1948.*
>
> *The premise of 27-44 is that the W & L utility will set aside funds for future replacement and renewal. As referred to above current practice is that bonds have been issued and the funds that would have been set aside are used for debt service, achieving the same end. W & L does appropriate millions of unrestricted dollars every year for capital projects with the amount determined by actual project needs. The city charter does not define "surplus". This annual appropriation of enterprise revenue could be construed to meet the charter provision.*
>
> *I think the intent of the charter Sections102 and 27-44 is to plan for future capital needs and that is addressed with the capital improvement plan.*
>
> *I am also attaching the Policy Resolution that was passed in 2013 for W & L cash, which also addresses some of these issues.*

The City also said:

The third paragraph of Section 102 underlined below states payments from revenues of the Water and Light Department shall be made into the depreciation fund monthly in such amounts as may be required by standard accounting practices applicable to the operation of utilities by municipalities. Standard accounting practices do not require transfers to a depreciation fund. Standard accounting practices do require that we record depreciation expense which the city does. The current accounting practices is for revenue over(under) expenses to be recorded as a change in Net Position. The Net Position is broken down into Net Investment in Capital Assets, Restricted for Debt Service, Restricted for Capital Projects, Restricted for Statutory Restrictions and Unrestricted. The Restricted for Capital Assets and the Unrestricted accounts are used for the maintenance and repair of utility assets as well as the construction of new assets to the extent of the funds available in these accounts. When funds are needed in addition to the amounts in these accounts voter authorization is sought to issue bonds. Once bond issuance is authorized by voters bond debt is incurred to fund constructions projects. The bonds are repaid by the utilities. This is the current standard practice within the municipal utility industry.

A complete copy of the DCLC's questions and the City's Response is included in this report. Regardless of current practices within the municipal utility industry, the City's Charter clearly requires a depreciation fund funded by a monthly revenue contribution.

The Downtown Columbia Leadership Council recommends the City adapt its current practice to comply with the Charter by establishing and appropriately funding a Depreciation fund.

Or, the City should amend the City Charter and Ordinance to reflect current practice. This will require a vote of council and a ballot measure. But it will give the City the opportunity to educate and persuade elected officials and constituents about municipal utility finance.

14. <u>Begin budgeting now.</u>

The City of Columbia will likely require a new water treatment plant, sewer treatment plant and power plant in the next 30 years. The City should create an Infrastructure Master Plan that anticipates the financial cost of replacement facilities and begins setting aside resources to offset the expected burden.

15. <u>A tax increase should be a last resort.</u>

Finally, the City of Columbia should exhaust all potential sources of revenue before asking voters to approve a tax increase for infrastructure. There should be an ongoing dialogue regarding current and future infrastructure needs and a transparent public examination of all potential revenue sources. The Downtown Columbia Leadership Council recommends that voters be asked to approve a tax increase only after all other financing mechanisms have been considered.

9 Columbia Downtown Leadership Council

Members of the Columbia Downtown Leadership Council

- Nick Peckham - Term Ending May 1, 2015 (Chair of DLC Infrastructure Committee)
- Brent Gardner - Term Ending May 1, 2017 (DLC Chair)
- Brian Treece – (Historic Preservation Committee Representative) (DLC Vice –Chair)
- Randy Gray - Term Ending May 1, 2016
- Andrew Sommer - Term Ending May 1, 2017
- Janet Hammen - Term Ending May 1, 2015
- Pat Fowler - Term Ending May 1, 2016
- Karen Miller (Boone County Commission Representative)
- Heiddi Davis (University of Missouri Representative)
- Bob Hutton (Columbia College Representative)
- Richard Perkins (Stephens College Representative)
- Deb Sheals (Downtown Community Improvement District Representative)*
- Sara Loe (Planning & Zoning Commission Representative)
- Brian Treece (Historic Preservation Commission Representative)
- Phil Steinhaus (Columbia Housing Authority Representative) (Non-Voting member)
- Tim Teddy (Director of Planning and Development) (Non-Voting member)
- Mike Brooks (Director of Economic Development) (Non-Voting member)

*Special thanks to Tony Grove for replacing Deb Sheals on the Infrastructure Committee.

10 Appendices

April 1, 2014

Columbia City Council
City of Columbia
Eighth & Broadway
Columbia, Missouri 65201

Dear Mayor & Members of Council,

Mayor Bob McDavid has asked the Downtown Columbia Leadership Council to lead the way on gathering public input to help inform the Columbia City Council and city administrators on what funding sources they should seek to pay for central-city infrastructure improvements.

In addition, Fourth Ward Councilman Ian Thomas has asked the Downtown Leadership Council to host one or more public meetings with a focus on "transparent staff presentations of the technical issues, unfettered opportunity for public comments and questions, and a visible policy discussion by City Council" with a priority towards restoring public trust in city government.

The Downtown Columbia Leadership Council is well-qualified to help lead this discussion. Appointed by the City Council, the Downtown Columbia Leadership Council has broad representation from three at-large community residents, Stephens College, Columbia College, University of Missouri, the Downtown Community Improvement District, Planning & Zoning and neighborhood associations. As such, the DCLC offers a perspective from neighborhoods, residents, academia, and the public. We look forward to providing that input to Council.

Section 2-263 of the City Code of Ordinances gives the Downtown Columbia Leadership Council broad authority to "review and comment on downtown public finance mechanisms, monitor implementation of downtown planning projects, conduct downtown planning activities and provide downtown awareness and outreach."

The scope of work suggested by Mayor McDavid and Councilman Thomas may be best accomplished under the Downtown Columbia Leadership Council's authority to "work on other projects requested by the City Council" in Section 2-263(10).

If requested by Council, the Downtown Leadership Council proposes the following scope of process, review, and resources designed to improve public trust in the decision-making process:

Scope:

- Define infrastructure including a clear analysis of existing capacity, maps of existing insufficient infrastructure, and projections of future needs.
- Develop a broad citizen-engagement process including one or more public hearings and listening sessions that include:
    - Facilitation of public comment.

- Presentations by City Manager and staff.
- Questions and comments by developers and property owners.
- Questions and comments by members of the public.

Questions and comments by City Council members.

- Investigate cause(s) of current infrastructure situation.
- Provide an independent analysis of infrastructure shortfall, if any.
- Make recommendations to improve future infrastructure planning processes.
- Identify potential revenue sources to fund infrastructure shortfall.
- Assess the pros and cons of ways to address capacity shortage.
- Make recommendations designed to restore public confidence in planning process.
- Coordinate future downtown (20-year) infrastructure needs with the C-2 rezoning "build-out".

Resources required:
The Downtown Leadership Council will require access to city staff and data. Assuming the City waives any research and production costs for reports, public records, and data, the Downtown Leadership Council may require additional resources to promote public hearings and for staff time to help prepare the report to Council.

Timeframe:
The DLC's work will culminate in a Report to Council that helps the City Council achieve consensus on downtown infrastructure needs and funding options. The Downtown Leadership Council will complete a draft report within 4-5 months. A final report to Council will be delivered in 8-9 months but before the end of 2014.

We look forward to the opportunity to provide continued input to build a Downtown Columbia that illustrates the best aspirations of its residents, stakeholders, property owners, citizens, and community.

Sincerely,

DOWNTOWN COLUMBIA LEADERSHIP COUNCIL

Brent Gardner, Chair

April 29, 2014

To: Columbia City Council

From: Brent Gardner, Chair, Downtown Leadership Council

Thank you for trusting the Downtown Leadership Council to work on our city's infrastructure issues. I thought I would give you a progress report.

The DLC Infrastructure Subcommittee has met 5 times to discuss the infrastructure issue. We are proceeding first by defining infrastructure. Then we have been gathering data and information so that we can try and understand sewer, water, electric, storm water, etc… There is much to know. We brought John Glascock and Tad Johnson into a meeting. We had Mayor McDavid at another meeting. We have talked with Bill Weitkemper. We have spoken with several developers. We have invited CID to our meeting scheduled for Wednesday April 30. We hope to have Barbara Buffaloe talk to us about sustainability in the near future.

At the April DLC meeting, we voted to ask Council to allow the DLC to hire an independent infrastructure analyst. Nick Peckham and I are working on the specific wording of this request, and hope to have it shortly. Infrastructure is a complex issue, and we owe it to ourselves as a city to have it analyzed and defined properly before we can proceed with making recommendations as to how to fund it.

The DLC also set two infrastructure town hall meetings. They will both be in Council chambers and will be televised. The first will be May 7th at 7pm. The second will be Saturday May 10th at 1 pm. We hope to have as many council members there as possible. We have invited Mike Mathes, as well as other department heads to field questions. We hope this is the start of open dialog between citizens, council and our city staff.

If you have any questions, please feel free to contact me or Nick Peckham.

Sincerely,

Brent Gardner
Chair, Downtown Leadership Council

Additional request from Council

It looks like the minutes from the May 19th Council Meeting were not approved by Council, so they are not posted online and are still only in draft form. However, her (Barbara Hoppe) request was entered into our "Council Tracker" and this is the exact language that was provided to Tony St. Romaine and Brent Gardner regarding her request during Council comments.

"At the 5/19/14 City Council Meeting, Council person Hoppe asked the DLC (or it's Infrastructure Sub-Committee) to also look at the Comprehensive Plan and other downtown plans & look at the mix of retail & residential that we need to assess going forward. She feels we need to look at more than just the next 5-10 years, but also the next 20-30 years, so that we can have a vibrant downtown. She would also like them to look into an affordable housing component in downtown."

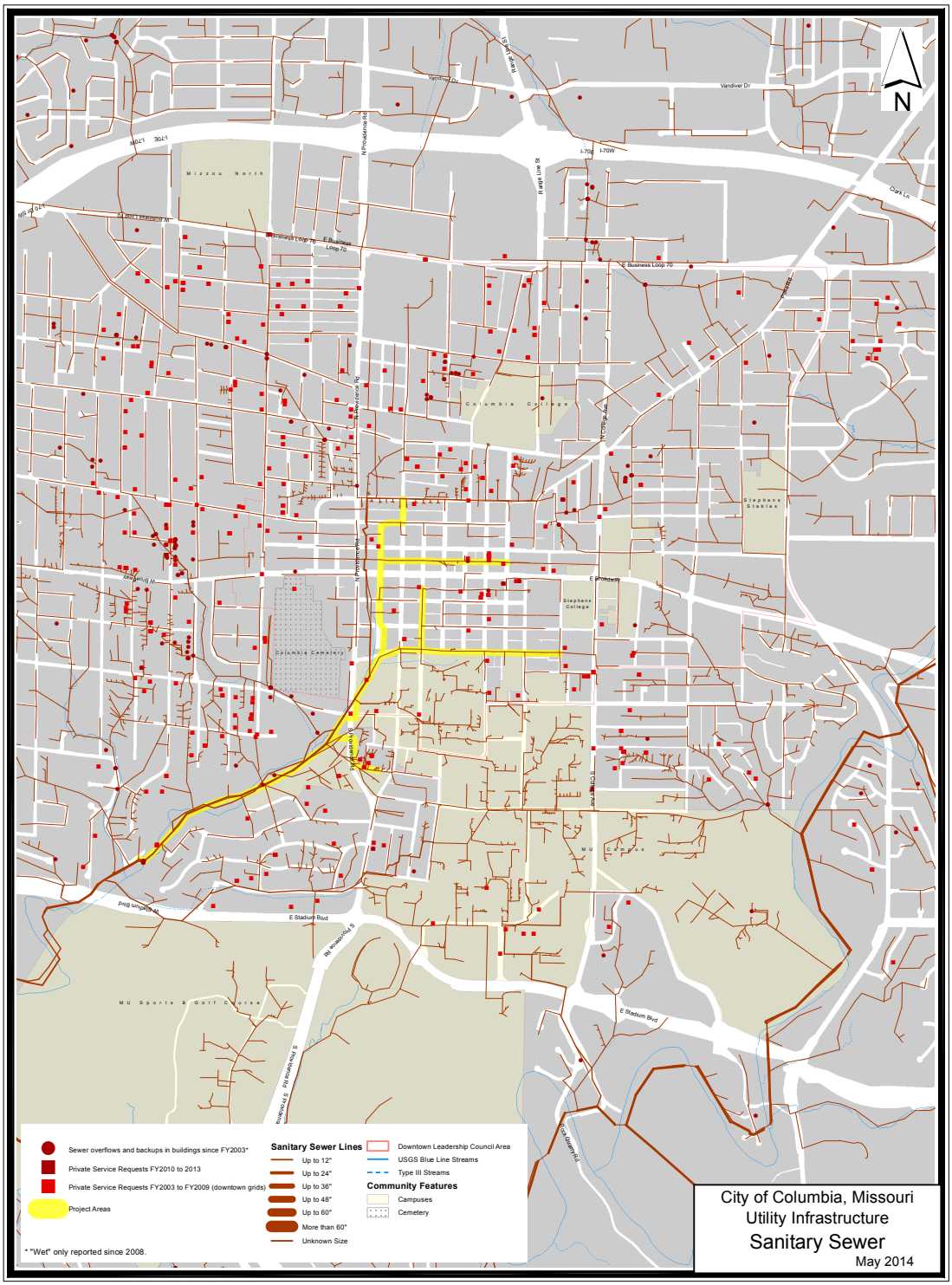
Heather Cole
June 19, 2014

NOTE:

The DLC Infrastructure Committee has discussed this June 19, 2014 request noted above. The mix of uses is important data that will be included in the GIS 3-D data set if City Council directs staff to complete recommendation #12 above.

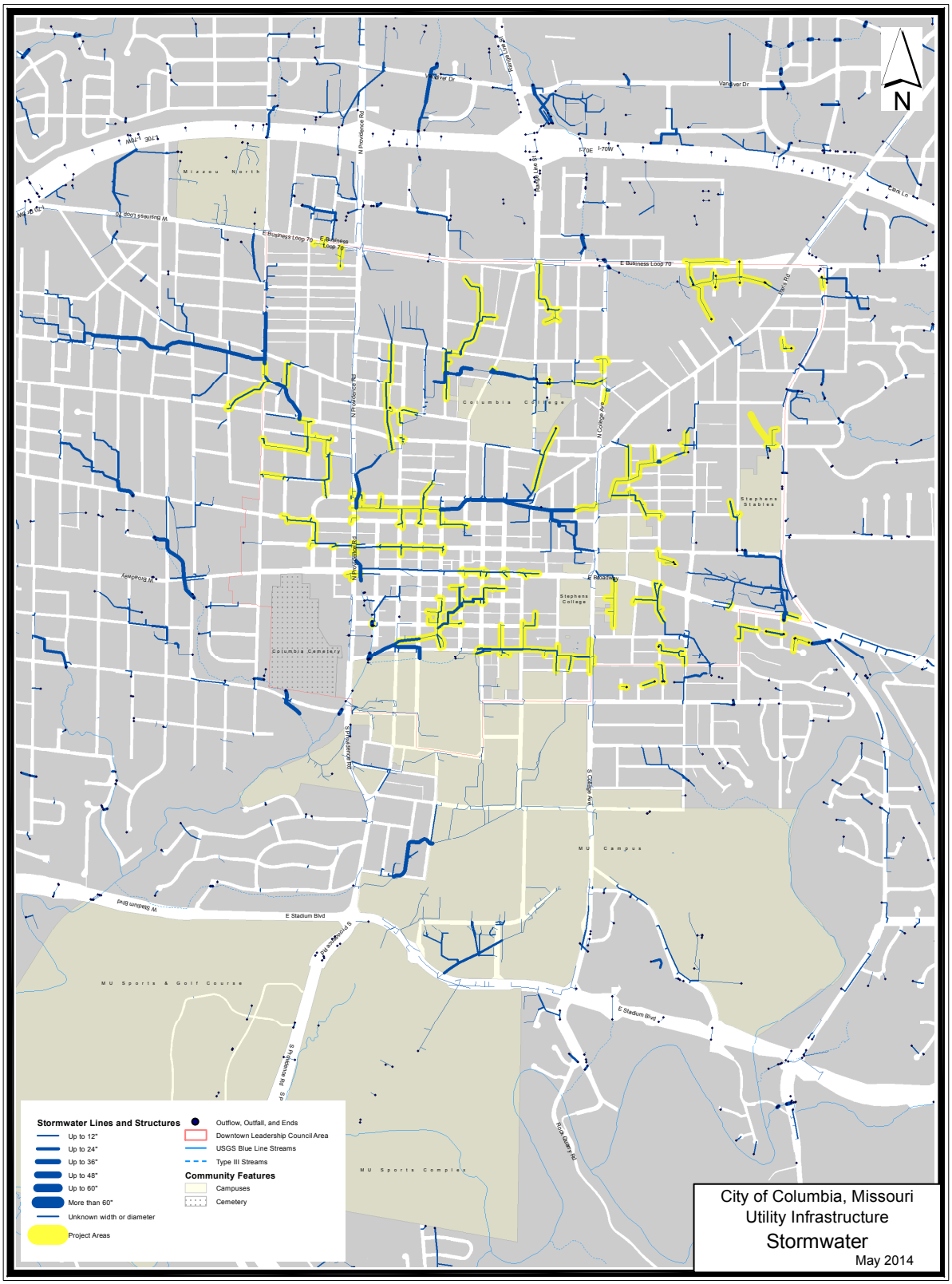
In preparing this report we were able to review various engineering, infrastructure and planning reports the City has paid various consultants for. Many of these reports (e.g. H3 Downtown Report, Black & Veetch Sanitary Sewer Report) have recommendations that are not followed, not funded, or both. However, City Council should note we have paid over a million dollars for various studies that make recommendations that the City has not adopted or yet planned for. Recommendation #1 above will address this.

Sanitary Sewer



Columbia Sanitary Sewers – various sizes. No age or condition given.

Stormwater



Columbia Stormwater Sewers – various sizes. No age or condition given.

ARTICLE IX. PUBLIC IMPROVEMENTS AND SPECIAL ASSESSMENTS

Section 71. Public Improvements.

The procedure for making, altering, vacating or abandoning a public improvement shall be governed by general ordinance, consistent with applicable state law.

Section 72. Special Assessments.

The procedure for levying, collecting and enforcing the payment of special assessments for public improvements or special tax bills evidencing such assessments shall be governed by general ordinance, consistent with applicable state law.

ARTICLE XII. DEPARTMENT OF WATER AND LIGHT

Section 102. Rates and Finances.

The city council shall from time to time fix, establish, maintain and provide for the collection of such rates, fees or charges for water and electricity and water and electric service furnished by or through the water and electric light works of the city as will produce revenues sufficient to pay the cost of operation and the maintenance of said works in good repair and working order; to pay the principal of and interest on all revenue bonds of the city payable from the revenues of said works; to provide and maintain an adequate depreciation fund for the purpose of making renewals and replacements; to provide a fund for the extension, improvement, enlargement and betterment of said works; to pay the interest on and principal of any general obligation bonds issued by the city to extend or improve said works; and to pay into the general revenue fund of the city annually an amount substantially equivalent to that sum which would be paid in taxes if the water and electric light works were privately owned. Such revenues so produced shall be devoted to the purposes so enumerated. The provisions hereof shall be subject at all times to the performance by the city of all covenants and agreements made by it in connection with the issuance, sale or delivery of any revenue bonds of the city payable out of the revenues derived by the city from the operation of its water and electric light works, whether such revenue bonds be heretofore or hereafter issued.

In the fixing of such rates and charges it shall be the policy of the council, so far as feasible and consistent with the above requirements, to fix and maintain the same at a level not to exceed charges made for the same services by privately owned utilities similarly situated.

Payments from the revenues of said water and electric light works shall be made into the depreciation fund monthly in such amounts as may be required by standard engineering and accounting practices applicable to the operation of utilities by municipalities. Said depreciation fund shall be expended only for making renewals and replacements of said water and electric light works or making unusual and extraordinary repairs thereto.

Payments into the fund established for the making of extensions, improvements, enlargements and betterments of said works shall be made monthly in such sums as may be determined by the council, subject to the provisions of the next succeeding paragraph relating to surplus, and such fund shall be expended only for the purposes specified. Said depreciation

fund and the fund established for the making of extensions, improvements, enlargements and betterments shall be kept invested as provided by law, or, in the discretion of the council, in bonds, certificates or other obligations of the United States of America.

If any surplus revenue be produced from the operation of said water and electric light works after meeting all of the requirements set forth above, there shall be paid into the fund established for the making of extensions, improvements, enlargements and betterments of said works not less than twenty (20) percent of such surplus, or an amount which, together with payments made into such fund under the above requirements, shall equal twenty (20) percent of said surplus. Provided, however, that such fund may be used for the redemption of any outstanding bonds issued by the city for the same purposes, and for the meeting of any extraordinary emergencies that may arise in the operation of said water and electric light works; and, provided further, that said payment from surplus shall not be required to be made cumulative on and in addition to the requirement in Section 7 of the Revenue Bond Ordinance of April 19, 1948, for the retention of twenty-five (25) percent of the surplus for extension, improvement and bond redemption purposes, so long as any of the revenue bonds of the city dated May 1, 1948, remain outstanding. The remainder of any surplus shall be paid into the general revenue fund of the city and budgeted like other revenues of the city for any proper municipal purpose, and expended through the regular appropriation process; or such surplus may, in the discretion of the council, be made the basis for reduction of rates in the future.

Historical Budget Analysis of New Development Charges compared to Infrastructure Capacity Expansion Costs

Ian Thomas
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Updated, 26th June, 2014

See: http://www.ianfor4th.com/files/TenYearExpansionCostsVsDevelopmentChargesAnalysis

Columbia City Council Pre-Council Minutes

Monday, March 3, 2014 6:00 p.m.
City Hall – Conference Room 1A/1B
701 East Broadway
Council members present: Mayor McDavid, Fred Schmidt, Mike Trapp, Karl Skala, Ian Thomas and Barbara Hoppe
Absent: Laura Nauser
Mayor McDavid called the meeting to order at 6:00 p.m.

City Manager Mike Matthes explained that the intent tonight is to put as much on the table as we can at one time. We will not reach a decision, but hope that staff will get a sense of the direction Council would like to head in the future. He explained that he would overview each document that was included with the agenda.

Infrastructure Financing and Downtown Projects:
Mr. Matthes explained that the first document titled "Downtown Project Status". He noted that the red dots indicate projects that are on hold, the yellow dots indicate projects that may have a solution identified and green means the projects are ready to go. Everything on page one is on hold and everything on page two is under construction and can finish. He reviewed those project locations. All projects on page one have sewer issues and some have electric and water issues as well. Staff is working with owners and investors to try to figure out what they are willing to do to help.

This document can be viewed at the following link:
https://www.gocolumbiamo.com/CMS/bcmanager/downloadfile.php?id=12607

The next document is titled "Utility Capital Project Budget History". This shows the potential pool of projects that could be pushed off to free up funds for addressing these infrastructure issues. It averages $24 Million in a typical year, but there is also quite a bit of volatility each year. Mr. Matthes explained that this is not a major source of funding. At best, it is a minor approach to take or could get you over the finish line if we got close. Council person Thomas asked if the $24 Million was funded through a variety of bonds. Mr. Matthes replied yes and added that the bar chart gives you a sense of revenue streams for the various needs and projects. Mr. Thomas asked if these projects were to expand or extend existing infrastructure. Mr. Matthes explained it could be expansion and extension projects, as well as rebuilding or maintenance of existing infrastructure. A large part of this is debt that is paid back through rate increases, so these are projects supported by the utility rates. Council person Hoppe suggested that it would be helpful to have the amounts for the year broken down by project. Mr. Matthes said he can provide a list of projects within each area. Water and Light Director Tad Johnsen added that many of the projects are his sub-station upgrades. Mr. Matthes added that for this purpose, we really just want to see what annual projects could be moved around if this is an

approach Council would like to take. He noted that they did not include two large projects that skewed the data; the purchase of Columbia Energy Center and the Wastewater Plant. Mr. Thomas asked how much of the costs over the past ten years have been to help serve expansion and additional customers versus replacement or maintenance costs. Mr. Matthes replied that staff would need to go back and do that analysis.

The most recent sewer bond was about 80% maintenance and 20% extension. Mr. Thomas asked what the revenues the utility hook-up fees generate over the same ten year period, stacked up against the cost of the infrastructure we have invested in. Mr. Matthes confirmed that they will include that in the analysis. Council person Schmidt asked to see these numbers beyond just 2014 and suggested the chart extend through 2017. Council person Skala felt that road infrastructure should be included as well and he hoped that this conversation going forward will look at not only funding downtown infrastructure, but also look at how to fund infrastructure and maintenance capital projects in the future. He would like to see more detail in these numbers, similar to what Mr. Thomas was requesting, but to also include roads.

This document can be viewed at the following link:
https://www.gocolumbiamo.com/CMS/bcmanager/downloadfile.php?id=12608

The next document is titled “Infrastructure Financing Options – Discussion Draft”. Mr. Matthes explained that Scenario A includes existing approaches without a TIF. These include various tax ballot initiatives and utility rate increases. He reviewed these approaches beginning with electric capacity needs totaling $10,000,000 with a proposed Electric Ballot for November 2014. That could fund 2 feeder lines from the Hinkson Creek Substation. Water Capacity needs are $1,000,000 that could be charged to developers on a project by project basis. Mr. Matthes added that this would be more of an impact fee.

Sewer needs total $7,250,000 which could be funded through a Sewer Utility rate increase of a 1 year operating rate increase equal to a $7.62 increase in average monthly bill, or bond ballot 20 years of $0.55. This does not require a vote of the people unless the money is borrowed. Ms. Hoppe asked for a list of the sewer projects. Mr. Matthes indicated that would be provided.

Stormwater needs total $8,496,000 and could be funded through a 2011 ERC recommended Utility Rate Increase ballot, or Sales Tax ballot, or Property Tax ballot. Ms. Hoppe inquired about next steps for the Action Plan and Mr. Matthes explained that we would go into much more detail on this at the retreat. Undergrounding utilities for Business Loop costs $3,950,000 and could be funded through a CID approach to increase in Sales Tax and/or Property Tax for parcels included. The purchase of the Ameren site would be $2,000,000 and General Fund reserves could be used to purchase the site and future site improvements would be done through a Capital ballot. Ms. Hoppe added that another option would be for the City to issue an RFP that would put the site into the hands of someone interested in improvements related to what the Charrette called for.

Another parking garage is estimated at $18,000,000 and could be done through a parking utility rate increases (meters, lots, and garages). This may be a $12 per month increase in lot and garage rates and $0.15 per hour increase in parking meter rates. All other projects estimate $20,550,000 through property taxes. Each cent of tax rate raises approximately $180,000 in the City of Columbia; a 20-year bond for $20,550,000 would require an increase of $.085 in property taxes or ⅛ cent Sales Tax increase for a 20 year bond.

Scenario B consists of adding new tools or making significant changes to existing tools. This includes increasing building fees, impact fees and developer fees through a trip generation type model; to create more significant funds over the long-term. Council person Thomas felt that increasing developer fees would not provide the funding needed to address the issues today. It's a process in the evaluation stage that needs to be started. With these discussions, support for other options will grow. A community discussion on the fees being set at the right level is necessary. Council person Skala felt that the Infrastructure Task Force Minority Report includes background information on the Trip Generation Model, excise taxes, sales taxes, property taxes, etc. He feels it is inherent in these documents that it is up to the public to decide what the rates are.

Mayor McDavid added that Building and Site Development fees are General Fund items and he feels that pool of money should be used for the sewer fund. We know there is stress on the General Fund with five firefighter positions coming off a grant and an increasing population with a need for more police officers. Mr. Skala feels that Police and Fire positions can be accommodated in some of these models. Council person Trapp asked how much we would need to increase development fees in order to raise the $17 Million needed for electric and sewer needs. Mr. Matthes explained that we could make a best guess, but that's a hard question to answer. There was $1.15 Million on the budget last year. Mr. Trapp felt that based on that number, we would need to increase ten times. Mr. Thomas feels that we need to do a better job at properly allocating costs between expansion and extension and maintenance and new development; the rest being charged to the community.

He noted that scenarios C and D were not viewed as viable options, but were included since they were raised as options throughout this process. Scenario C would be to postpone the other CIP projects. Scenario D is to choose one ballot approach for all (say, a sales tax). Mr. Matthes reviewed potential ballot initiatives; November 2014 ballots include Electric Bonds (rate increase for new transmission lines and O&M), Storm Water (Utility increase, sales tax, or property tax), and Use Tax. Mayor McDavid added that in order for the Use Tax to have a point of sale capture of tax; it must also be fixed and voted on at the Federal and State levels. He added another potential complication for a November ballot is that State possible adding a 1% increase for roads. Mr. Matthes continued to note April, August or November 2015 ballots including; Capital Improvement (1/4 cent for ten years), and Parks Capital Improvements (1/8 cent for five years). November 2016 includes; Water Bond (rate increase for capital), Road Bond (GO bond for neighborhood streets), Public Safety (1/4 cent sales tax for five years police and fire stations), and Alcohol tax (third lowest state in the union potential for dedicated funding?). He noted Permanent Sales Taxes; 1 cent General Fund, ½ cent Transportation, and ⅛ cent Parks. He reviewed some prior ballot results and noted other ballot issues coming up for other entities.

This document can be viewed at the following link:
https://www.gocolumbiamo.com/CMS/bcmanager/downloadfile.php?id=12609

The next document titled "Comparison of Infrastructure Financing Associated with New Developments in Forty Midwest Cities". This was written by Ben Londeree and shared by Council person Hoppe. Some felt that the numbers were outdated as the report was written in 2007. Ms. Hoppe added that this was written right before the 2008 economic downturn, so the numbers may not be drastically different. Mr. Matthes noted that staff has started updating some information. At this point, they have collected our information. If Council wants the same

forty cities, we can proceed with that information collection. This document can be viewed at the following link:
http://www.gocolumbiamo.com/Council/Commissions/downloadfile.php?id=12610

The next document is titled “Thomas Proposal for Downtown Infrastructure Revised”. Mr. Matthes noted this was provided by Mr. Thomas and does focus on the big picture of infrastructure city-wide as opposed to the downtown more urgent needs. Mr. Thomas added that public confidence is low right now and some kind of public outreach is necessary. This document can be viewed at the following link:
http://www.gocolumbiamo.com/Council/Commissions/downloadfile.php?id=12611

The next document was an email from Council person Skala. The one posted with the agenda was not the correct email, however, Mr. Skala provided the correct email, which can be viewed at this link:
http://www.gocolumbiamo.com/Council/Commissions/downloadfile.php?id=12974

Mr. Skala noted that his email discussed some possibilities including deferral of bond issues to extend the sewer to Midway and Hinkson. He feels that some of the exigencies downtown could be solved by looking into some of the ideas included in this document. He also feels C2 Zoning downtown needs to be looked into further before proceeding. Ms. Hoppe reminded Council that they did request an expedited update on the C2 Zoning consulting process thus far. Community Development Director, Tim Teddy added that Building Height and Parking seemed to be immediate needs to address. Interim amendments to C2 Zoning will address that.

Mr. Matthes overviewed the last two documents. One document was language from the Charter. The other document was provided by Monta Welch with People’s Visioning and was included at their request.

Mayor McDavid confirmed that we are bringing 7-megawatts this fall. Mr. Matthes agreed. Mayor McDavid added that there is some question as to whether American Campus Communities and Opus developments could be done under that 7-megawatt umbrella. He would like to know if that is possible or not. Mr. Matthes explained that the other two feeder lines would be needed to complete the top three projects. Mayor McDavid felt that he was told differently a few weeks ago and understood that Opus was a one-megawatt project. Deputy City Manager, Tony St. Romaine added that Opus is a one-megawatt project and American Campus Communities is a 2.2-megawatt project. He noted that part of the issue is that we don’t know which projects would come online first, so we cannot guarantee service to them. Water and Light is looking into this in more detail to see if there is a way. Mayor McDavid feels that the smaller projects could likely be served under the 7-megawatt umbrella and would like to know with certainty.

Mayor McDavid assumed that; if hypothetically, we could guarantee electricity for American Campus Communities, Opus, Collegiate Housing Partners, 10th & Broadway, McDonald’s and the Delta Epsilon House; and we could fund the sewer problem, we could move forward with these projects. This assumption is based on a knowable fact; whether we can get electricity. He commented that there is $6.75 Million listed in the CIP for sewer infrastructure needed to proceed with these projects. He deducted $1.6 Million from that since we have that in excess reserves. This brings us down to $5.1 Million needed. Each of these projects will pay a connection fee of $800 per unit.

American Campus Communities connect fee would then be about $150,000. He felt that each of these projects has a knowable connection fee, which would likely total at least $1 Million, leaving us with $4.1 Million. Mayor McDavid suggested that we may have the cash flow in place to cover the $4.1 Million. He asked in regard to page 483 of the Budget (line item for Operation Revenues), if the MU Surcharge of $1.401 Million is a negotiated number and how it is determined. Public Works Director John Glascock replied that they are billed. Mayor McDavid understood that but added that all sewer rates would be going up 12.4% and he assumes that include MU. Mr. Glascock agreed and explained that number already includes that raised rate.

Mayor McDavid explained that the CID was enabled by State legislation, allowing a district to issue tax exempt obligations. The CID has authority to pay for sewer and utility systems. He feels the people in the CID have a highly vested interest in downtown infrastructure. He believes it is realistic to ask the CID to contribute to infrastructure since it is part of their mandate and part of their obligation in his view.

When Council passed the CID, they presented in February of 2011, Exhibit B-1 which was their five year budget plan for 2011 through 2015. They projected $312,000 in sales tax revenue for 2014. The report from last fall now estimates $474,000; a $162,000 increase in revenue. He stated that he feels we have the cash flow to pay for the remaining $4.1 Million infrastructure needs right now. The cash flow is based on the following; to amortize $4.1 Million over twenty years at 3%, it takes a cash flow of $267,000.

He added that the increment user charges are also known figures. For example; attorney's representing American Campus Communities indicated their user fees will be about $40,000 per year. He feels that once we get to the $267,000 we could begin the infrastructure work. Mr. Thomas supports some combination of those ideas and also added that reallocating bond money that was approved on the November ballot is also a good option. Mayor McDavid feels there could be funding and these development opportunities are possible. Mr. Matthes indicated that John Blattel would work on these numbers and would bring something back for Council review.

Mr. Matthes noted that there is still a sizeable electric issue that still needs to be dealt with and we are looking for Council feedback. He asked if we were to add $10 Million to the November ballot, is that something Council would be comfortable with. Mr. Thomas replied, in regard to looking at an electrical hook-up fee in the future to pay for some of the cost to extend electrical capacity for new development, that it seems logical that at least part of that infrastructure should at least be partly paid for at the permit level. Mr. Skala added that he sees no reason why we can't broaden the trip generation idea which is both size based and use based accommodation toward infrastructure. He feels that could get a handle on maintenance issues. Council agreed that they would be comfortable with adding the $10 Million to the November ballot. Mr. Matthes added that this will be discussed further at Retreat and a Work Session may be held as well.