



State of the City 2020 - Resilient Columbia
Delivered by City Manager John Glascock
May 28, 2020

Good Morning and welcome to the State of the City address.

Our community is navigating through challenges, many of which are unprecedented in our lifetimes. Businesses both large and small, educational institutions, our faith-based communities, all forms of government and our residents have and continue to endure the challenges of sudden and unexpected change. My heartfelt gratitude to our community, for your ideas, critiques and encouragement, is hard for me to adequately express in words. As I have said before, our residents are what make our government work. And so many of you have stepped up to meet challenges and change in new and innovative ways and I thank you for that.

This current state of the city is...well...a struggle at best. But Columbia has been through transformative times before. In 1892 when Academic Hall burned on the University of Missouri campus, the 1918 flu pandemic, two world wars, a great depression and in more recent times the great recession of 2008. And now, the COVID-19 pandemic is upon us. I hear that this is the “new normal” but in reality it's nothing more than change itself. Change happens over time, and this change will occur and the future residents of Columbia will be the judge of how we handled this change. Did we wilt under the pressure or did we face it head on and we are better than we were before? Only time will tell.

Normally, the State of the City address provides a clear picture of the upcoming budget priorities. While we have been through other hardships before, there is no recent history for what we are experiencing right now. The amount of uncertainty is scary for all of us and we're all having to adjust both our personal and professional lives.

While a lot has changed in the time after each transformative event our community has faced over the years, some things haven't changed. In fact, I am proud of the many changes we're seeing all around us in order to maintain our sense of community, strength and resiliency.

Businesses of all sizes are adjusting their operations to continue serving their customers and keeping their employees on staff as much as they can. Educational institutions are pivoting to continue providing the stability of education to our students. There's no doubt that families are struggling with the changing work environments, the

uncertainty of employment and teaching kids from home. Our health care system has adapted to provide what's needed to face this crisis. We're fortunate to have a robust public health and human services department that trains and prepares for events such as this. Our front-line workers are at the heart of keeping our community operating and we thank them for everything they are doing.

While there have been many areas where we've been able to pivot, things get a bit more complicated when it comes to our finances. Many businesses, organizations and families are having to reevaluate their budgets to adjust for the economic impact of this pandemic. The City of Columbia is no different.

It is currently hard to gauge the impact of COVID-19 on our local economy since this pandemic isn't over yet.

For our local city government, we rely heavily on sales tax to fund the services our residents want and deserve. Unfortunately for us due to this unprecedented time in our history, we do not have the data to make very reliable projections of the future of sales tax revenues.. What we do know is that even before COVID-19 hard conversations were coming, as more consumers had moved to purchasing goods online. As I discussed last year, it might be time to consider stabilizing our revenue base by looking at other forms of revenue instead of sales tax to fund the critical services we provide to our residents.

I've asked City department directors to submit budgets that include a 10% reduction in spending. It doesn't mean that all 10% of budget reductions will be used, but it's an effort to see what our options are for streamlining, especially with the uncertainty of revenues in the next six months to a year. This will look different for each department but some of the proposed cuts could include materials and supplies, reducing services, delaying projects, and workforce reduction. I have also encouraged department directors to review all current positions and the more than 150 vacant positions to assess which positions are truly necessary to provide critical needs and core services to our community.

Fortunately, through sound financial planning, the City has reserves that will help ease us through this process of change. We are currently in a hiring freeze with the exception of positions that provide a critical service. For example, our Parks and Recreation Department hasn't hired the seasonal employees they usually need for their summer activities, since many of those activities have been canceled or suspended for this year. Much like families and businesses, we will continue adjusting to meet the financial situation ahead of us.

It's time for us to take a look at all our services we provide and how we provide them to see if changes need to be made. Just like last year when we moved airport safety officers to the Police Department, we are now looking at moving downtown parking enforcement positions over to the Police Department to provide an increased police presence downtown while maintaining orderly parking. Also, due to decreased market demand for recycled goods, we have seen an increase in costs for solid waste and may not be able to continue providing curbside recycling in the future. We also may not be able to offer the same energy efficiency programs that our residents enjoy. We'll be looking at delaying projects to have a cost savings now but still provide you with the infrastructure and road maintenance projects we've promised. While increases in utility fees aren't favorable, we will have to figure out how to make adjustments to continue providing safe and reliable utilities.

I believe this pandemic will have a long-term impact on our economy. As the job market continues to go down and the unemployment rate goes up, it will have a big impact on our community. Not only will it have an impact on individuals, families and businesses, it will also have an impact on the City's budget and the level of services we can provide. Staff will keep monitoring the impact throughout the next year to recommend any adjustments that may be needed based on the revenue being collected.

While there has been some aid provided by the Federal and State governments, it is one-time funding that unfortunately will not cover the total anticipated loss in revenue. In addition to decreased sales tax collections, more residents are staying home which will likely cause other revenue sources to be down as well, such as hotel/motel tax, motor vehicle tax and transportation tax. This reduction will impact funding areas such as maintenance and construction of roads, capital projects, utility services and Parks and Recreation. These reductions will ultimately affect our General Fund and could require us to relook at how the City generates revenue in order to provide the same level of services. Not related to the pandemic but a sign of our current culture, the telephone and cable franchise revenues are down because people are moving to alternative sources, like streaming services, for their entertainment, which also affects our General Fund.

Additionally, we've gone another year without having the ability to tax online sales. This is a two-step process. Our local partnership worked with our state capitol delegation on the use tax bill. The Missouri General Assembly did not authorize merchants to collect and remit sales tax from online purchases to the Missouri Department of Revenue. Legislators did approve simplified language for local use tax ballots, but it's in an omnibus bill that is drawing some criticism. Now it's up to the Governor to decide how to handle that bill.

Last year we estimated an annual revenue loss of \$5.4 million from untaxed online purchases. This year we estimated a loss of \$5.7 million, which could potentially be higher due to the COVID-19 pandemic, the Stay at Home Order and increased online purchases.

The cumulative estimated loss of local sales taxes to the General Fund, as a result of increased online sales from fiscal year 2010 to fiscal 2019, is approximately \$17.2 million. Having a use tax in place helps fund road repair, public safety and public health services. These core functions must be sustained to maintain a secure quality of life for Columbia. We will continue to work with our partners to encourage a bill to be passed that would allow for collecting taxes for online sales.

While we won't stop planning for the future, the future we're planning for will be different than we expected. We've delayed the adoption of the 2020 Strategic Plan due to the current situation. We didn't think it would be right to adopt a plan that didn't consider the struggles we will face as a result of this pandemic. Currently, the proposed 2020 Strategic Plan is being evaluated by City staff and changes will be made to fit the current climate. I do want to thank the members of the community who have provided input to create the plan and the City staff members who dedicated hundreds of hours to ensure that the document that guides our organization fits the needs and wants of our community.

While it can be hard to imagine what's next, we need to think about what the other side of this pandemic looks like. Typically, our summers are filled with time at the pool, welcoming visitors to our community, ball tournaments and outdoor events. And our falls are filled with an influx of students and their families, the excitement of going back to school, Friday night lights for high school football and Saturday gamedays for college football, complete with fans, families and visitors from all over. Just thinking about all those activities brings a flood of good memories for many people, but we don't know how those activities might be different this summer, this fall and beyond. With that uncertainty comes the uncertainty about the ripple effects that are possible.

We know that we won't be returning to normal and in some cases, what we knew as normal might be a thing of the past. And that isn't necessarily a bad thing. This crisis has forced many of us to adapt and adjust how we operate. Some of those changes might stick around even after the pandemic subsides. For local government, we're looking at how we can consolidate the customer touchpoints to make it easier for people doing in-person business with the City. We're also evaluating how we can make our buildings more secure for our employees while still providing our residents with excellent service.

While some of the adjustments are just temporary, some are not. We've already seen so many acts of selflessness in our community and I know we will continue to unite and help each other survive and thrive.

Businesses and individuals have come together to meet the needs of our community in this time of crisis. Several local restaurants have stepped up to offer free meals to children and folks experiencing homelessness in our community. One of the many examples includes Skylark Bookshop and Broadway Diner teaming up to provide books and free meals to children. The Food Bank for Central & Northeast Missouri partnered with the Columbia Police Department to have a few school resource officers help get food into the hands of some of the most vulnerable students and families in our community. First Chance for Children held diaper drive-thru events where they provided needed items to more than 100 families in our community. We're seeing "blessing boxes" pop up in various parts of town that provide free food and basic need items to those who need it most. Instead of parties and celebrations, parades are being organized to honor special occasions. This creativity and generosity is just an example of the many wonderful acts of kindness in our community.

Additionally, under the leadership of City staff, the City of Columbia, Boone County, Community Foundation of Central Missouri, Heart of Missouri United Way and Veterans United Foundation acted quickly to create CoMoHelps, which serves as our community's official resource for receiving and managing donations to support nonprofit organizations during the COVID-19 pandemic. So far, CoMoHelps has received \$1.2 million in requests and has provided \$712,000 in funding for critical services in response to the pandemic, including food, shelter, and health care. A telethon was organized in a matter of days to raise funds for the Community Foundation's COVID-19 Regional Relief Fund and more than \$33,000 was raised in 12 hours from community members. These are great examples of people coming together to collaborate and help our community.

Last year, I stood before you as the interim city manager and talked about building relationships, which I have done with the Boone County government, the business community and I have moved the City of Columbia forward in our diversity and inclusion goals through our hiring practices.

Today, as city manager I want to assure all of you that I continue to look forward and I am prioritizing to keep the City on a strong financial footing that has been passed down to me from previous city managers. In order to keep that strong financial footing we are going to have to make some changes, but I will be sure to communicate with you along the way so you know what changes are coming.

In closing, I want to ask you to please be patient with each other. We're all going through this pandemic together and it's affecting each of us in different ways. I again

thank our community partners, local businesses, nonprofit organizations, health care professionals, residents in front-line positions, and our City employees for their flexibility, resiliency and support.

Thank you.