

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 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 1/8 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, 1/2 cent Transportation, and 1/8 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.

Other Topics Council Wishes to Discuss:

None.

There being no further discussion, the meeting adjourned at approximately 6:57 PM.