



COLUMBIA CITY COUNCIL MEETING MINUTES TUESDAY, MARCH 21, 2023

The Columbia City Council held a Budget Workshop on Tuesday, March 21, 2023 at City Hall, 1737 Main Street (Mayor's Conference Room), Columbia, South Carolina. The Honorable Daniel J. Rickenmann, Mayor called the meeting to order at 11:11 a.m. The following members of Council were present: The Honorable Howard E. Duvall, Jr., The Honorable Edward H. McDowell, Jr., The Honorable William Brennan, The Honorable Aditi Bussells, and The Honorable Tina N. Herbert. Also present were Ms. Teresa Wilson, City Manager and Ms. Erika D. Moore Hammond, City Clerk. This meeting was advertised in accordance with the South Carolina Freedom of Information Act.

INVOCATION

The Honorable Edward H. McDowell, Jr. offered the invocation.

CITY COUNCIL DISCUSSION

Ms. Teresa Wilson, City Manager said this is a budget workshop and all items are moving us in that direction. We will start with revenues to lay the foundation. I would ask that you think about the things we want to accomplish in the new budget year. We will also cover items that you have already asked us to consider.

1. Fiscal Year 2023/2024 Revenues - Ms. Missy Caughman, Budget, Program Management & Grants Director

Ms. Missy Caughman, Budget, Program Management & Grants Director said revenue projections are to date and they are conservative. Sources are based on the revenue streams in the general fund, enterprise funds, and grants and special revenues. The tourism development fee is the collection of local accommodations taxes.

Ms. Teresa Wilson, City Manager said this doesn't reflect the continued discussions we will have with you. We will bring back the fees associated with special events. We are early in this process and will come back with recommendations.

Mayor Rickenmann asked for a reconciliation on our bond covenants and reserves. It is time for a citywide audit to ensure that we are collecting property taxes on properties that should be paying. We also wanted to work with the legislature to look at fines on littering and dumping. We need to look at everything as we move forward.



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Ms. Missy Caughman, Budget, Program Management & Grants Director continued to report that the fiscal year 2022/2023 budget revenues included one-time funds from the American Rescue Plan Act (ARPA) and it was amended by almost \$17 million from various funding sources. We are in line to meet budget projections for the current fiscal year. The forecast for fiscal year 2023/2024 reflects closer to normal collections. Revenues are estimated at \$144 million, which is 1.8% over the current year. Transfers-in and other financing sources are projected at over \$20 million. City Council made significant investments in our capital improvements using the general fund balance.

Councilor Duvall asked if our fund balance is invested in the local government fund.

Mr. Jeff Palen, Assistant City Manager for Financial Services / Chief Financial Officer said the general fund, cash from the water and sewer fund, and additional funds are invested in a portfolio that includes the state's local government investment pool and investments with other banks and treasuries.

Ms. Missy Caughman, Budget, Program Management & Grants Director said storm water revenues are projected at \$17 million, which is 10% over the current year. A rate analysis is underway. The storm water capital improvement program is over \$100 million. There is \$50 million in the storm water fund that will be used for the storm water program. The parking study is also underway.

Mayor Rickenmann asked that we look at innovation and partnerships to meet our parking needs.

2. Fiscal Year 2023/2024 Hospitality Tax and Accommodations Tax Projections/Budget Recommendations - Ms. Missy Caughman, Budget, Program Management & Grants Director

Ms. Missy Caughman, Budget, Program Management & Grants Director said the hospitality tax revenues are projected at almost \$14 million, which is 6% above the current year projections. A significant amount of fund balance was committed to Finlay Park. We are seeking your input on allocations for specific functions. There are several allocation categories.

Councilor Duvall clarified that the line item designation is for agencies that the city has a connection to. We own the Columbia Museum of Art building.

Councilor Bussells said it is important to be consistent about why an agency is included as a line item in the city's budget.



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Ms. Teresa Wilson, City Manager said it is a balancing act. Over the years, there has become a reliance on this funding and they may feel like this is automatic. You should continue to put this on the table because our needs are changing and growing. There are other eligible expenses for hospitality tax funds that we want to put on the table.

Mayor Rickenmann said we have several ideas from a citywide arts program to investing in our historic neighborhoods. We are looking for options to engage our community in all four districts and throughout the year. Moving forward with an increase to the committee would be very beneficial along with the flexibility for them to do two allotments.

Ms. Missy Caughman, Budget, Program Management & Grants Director estimated that a 6% increase to the committee equals \$180,000. The hospitality tax fund balance is about \$820,000. Staff recommends reserving 10% of that balance.

Mayor Rickenmann suggested that we hold onto the \$820,000.

Ms. Missy Caughman, Budget, Program Management & Grants Director said the accommodations tax revenues are projected at \$2.9 million. Council makes all of the allocations and we have debt being issued from this fund. The projections are reflective of designations in state law. Staff will be making a recommendation for the city's communications and marketing services. The 30% allocation for advertising and promotion of tourism and the 65% for tourism related expenditures total approximately \$1.8 million. In the past, those funds have been allocated to two groups: Experience Columbia and Lake Murray Country Regional Tourism Board. The transfer to the general fund is \$25,000 and debt service is estimated at \$900,000. The tourism development fee is a new addition to the budget discussions. The budget is projected at \$4 million. The line items for communications and marketing and the Convention Center are to be determined. The debt service is \$900,000 for the commitment towards the Finlay Park rehabilitation project.

Mayor Rickenmann suggested having a reserve account for this fund, as well. We want Richland County and the city of Columbia to be equal partners with the Convention Center.

There was a brief discussion related to proposed allocations for projects that may already be funded in the current budget. This discussion included a cultural arts initiatives, One Columbia, promotion of Columbia/"telling our story", and beautification efforts.



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3. Capital Lease Program - Mr. Jeff Palen, Assistant City Manager for Financial Services/Chief Financial Officer

Mr. Jeff Palen, Assistant City Manager for Financial Services/Chief Financial Officer explained that a traditional lease is entered into for the use of office space or equipment. Another party owns the asset and it is returned to the owner at the end of the lease. A financing lease is entered into with respect to the city's acquisition of vehicles and other equipment. Another party provides financing for the city to acquire an asset and the city will own the asset at the conclusion of the agreement. We call this a capital lease.

4. Fiscal Year 2023/2024 Debt Service Schedule - Mr. Jeff Palen, Assistant City Manager for Financial Services/Chief Financial Officer

Mr. Jeff Palen, Assistant City Manager for Financial Services/Chief Financial Officer said over the next ten years, our total amount of repayment is approximately \$26 million. At the end of the year, our outstanding governmental obligation debt will be roughly \$15 million. There is one outstanding storm water bond and we have paid off \$17 million of it. There is one outstanding parking bond and we are down to \$31 million. This does not include future debt issuances that will be necessary to repay cash used for the Bull Street parking decks.

Mayor Rickenmann said we need to talk about that after we get the parking study back. The Economic Development and Infrastructure Committee can discuss creative things we can do to lessen that burden.

Mr. Jeff Palen, Assistant City Manager for Financial Services/Chief Financial Officer said the majority of the hospitality tax debt is for the stadium. A bond was issued in 2003 for numerous projects and most of that has been paid off. We will provide information on the reserves and requirements for each type of debt service.

Council recessed at 12:37 p.m. and reconvened at 12:49 p.m.

5. Water & Sewer Rate Study Overview - Mr. Robert Chambers, MBA, Principal Consultant / Black & Veatch

Mr. Robert Chambers, MBA, Principal Consultant / Black & Veatch said we have three basic purposes: conduct a study, understand the cost of service, and review the existing rate structure. Every utility is dealing with issues ranging from aging infrastructure to treatment technology. Inflation is having an impact on the cost of your operations. We will work with staff to make the



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adjustments needed to recover your costs to operate. We will also consider how to continue to engage your customers in an enhanced and optimized manner. There was not a rate increase in 2021 and 2023. As we go forward, we should adjust rates as needed in order to provide the services we need to provide. Last year, we anticipated a 7.69% rate increase in 2024. Next steps are to complete a base case financial plan and a cost of service analysis. We will present the initial financial plan to Council and propose the recommended revenue adjustment.

EXECUTIVE SESSION

Upon a motion made by Mr. Duvall and seconded by Dr. Bussells, Council voted unanimously to enter into Executive Session at 1:36 p.m. for the discussion of **items 6 through 8** as outlined.

6. Discussion of matters relating to the proposed location, expansion, or provision of services encouraging location or expansion of industries or other businesses in the area served by the public body pursuant to S.C. Code §30-4-70(a)(5)
 - *Project Royale*
 - *Capital City Stadium*
7. Discussion of the employment of an employee pursuant to §30-4-70(a)(1)
 - *City Manager and City Attorney Evaluations*
 - *Columbia-Richland 911 Communications Center*
8. Receipt of legal advice relating to a pending, threatened or potential claim pursuant to S.C. Code §30-4-70(a)(2)
 - *Peake v. City of Columbia*

ADJOURNMENT

The meeting was adjourned at 3:00 p.m.

Respectfully submitted:

Erika D. Moore Hammond, CMC
City Clerk