We Are Columbia

COLUMBIA CITY COUNCIL MEETING AGENDA
TUESDAY, APRIL 24, 2018

The Columbia City Council will conduct a Meeting on Tuesday, April 24, 2018 at 9:00 a.m. in the Mayor's Conference Room at City Hall, 1737 Main Street, 2nd Floor, Columbia, SC 29201.

Prior to entering the meeting please turn all electronic communication devices to the silent, vibrate or off position. All presenters are asked to speak directly into the microphone for recording purposes.

CALL TO ORDER

FISCAL YEAR 2018/2019 BUDGET WORKSHOP

1. Other Post-Employment Benefits (OPEB) Liability Update - Mr. Eric J. Atwater, FSA, EA | Partner with AON

2. Hospitality Tax Funding Proposal - Ms. Melisa Caughman, Budget and Program Management Director

3. Fiscal Year 2018/2019 General Fund Budget Request - Ms. Melisa Caughman, Budget and Program Management Director

We Are Columbia

MEETING DATE: **April 24, 2018**

DEPARTMENT: **Budget & Program Management**

FROM: ***Missy Caughman,***

SUBJECT: **Other Post-Employment Benefits (OPEB) Liability Update - Mr. Eric J. Atwater, FSA, EA | Partner with AON**

FINANCIAL IMPACT:

We Are Columbia

MEETING DATE: **April 24, 2018**

DEPARTMENT: **Budget & Program Management**

FROM: ***Missy Caughman,***

SUBJECT: **Hospitality Tax Funding Proposal - Ms. Melisa Caughman, Budget and Program Management Director**

FINANCIAL IMPACT:

ATTACHMENTS:

- Hospitality Tax Proposal 021818_ (PDF)

Hospitality Tax Proposal

Howard Duvall

The administration of the Hospitality Tax for the City of Columbia will change as the longtime administrator, Libby Gober, retires. I would like to propose some changes that I believe will help the City more efficiently administer the Hospitality Tax.

My proposal would organize the recipients of the H Tax into four groups.

Group 1 would be the council funded organizations who have been funded by the City for a minimum of two years and receive $50,000 or more yearly. These organizations must be a 501 (c) (3), and have audited financials and a current Form 990 on file with the city. They would be eligible for a two year commitment which would be reviewed yearly. They would be screened by the H Tax Committee to make sure the intended use of the H Tax is consistent with the uses permitted by state law. These group would sign a contract for services and would receive quarterly distributions of the H Tax granted the organization unless arrangements are agreed to for an advance of the funding. They would agree to allow the City to perform an audit of their financial records if requested.

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Group 3 would be a smaller special fund for groups who have not previously received H Tax funds. This fund would be used for “seed money” for innovative applications which are consistent with the permitted uses by state law. They must be a 501 (c) (3) or be represented by a fiscal agent. The applications would be carefully reviewed by the H Tax Committee. These group would sign a contract for services and would receive quarterly distributions of the H Tax granted the organization unless arrangements are agreed to for an advance of the funding. They would agree to allow the City to perform an audit of their financial records if requested.

Group 4 would be a Capital Projects Fund. This fund would take the approximately $500,000 now allocated to special capital projects and prioritize funding for future projects. This fund will be controlled by the City Council.

We Are Columbia

MEETING DATE: **April 24, 2018**

DEPARTMENT: **Budget & Program Management**

FROM: ***Missy Caughman,***

SUBJECT: **Fiscal Year 2018/2019 General Fund Budget Request - Ms. Melisa Caughman, Budget and Program Management Director**

FINANCIAL IMPACT:

ATTACHMENTS:

- FY 18-19 General Fund Requested Budget (PDF)

We Are Columbia

MEETING DATE: **April 24, 2018**

DEPARTMENT: **Budget & Program Management**

FROM: **Missy Caughman, Budget & Program Management Director** MAC

SUBJECT: **Fiscal Year 2018/19 Proposed Budget – General Fund Requested Budget**

During the upcoming April 24th City Council Budget Workshop, the following topics will be presented for discussion of the FY 18/19 Proposed Budget:

- Healthcare Discussion – Other Post-Employment Benefits (OPEB) Liability Update
- Hospitality Tax Funding Process Proposal
- FY 18-19 Requested General Fund

Health Care – Other Post-Employment Benefits

In continuation of discussions on employee and retiree health care, Eric Atwater with AON will present an update on options related to address our Other Post-Employment Benefits (OPEB) liability. In February, City Council was provided options for consideration to address the City's OPEB liability. During the April 24th discussion, City Council will be asked which of the options presented will be sent forward for approval. This decision is needed so that we can plan for implementation and open enrollment, allow for proper notification, and finalize the Actuarial Study that is needed for the GASB 75 reporting requirements in the annual financial report.

Hospitality Tax – Proposed Funding Process

City Council has been asked to consider changes to the process for funding requests from Hospitality Tax proceeds. Staff will be prepared to give a quick overview of the existing process. The proposed changes to the process will be led by Councilmen Howard Duvall. A copy of his propoal is attached.

General Fund Highlights

Attached for you review is the FY 18/19 Requested General Fund Budget that reflects Department budget requests as submitted. This budget does not reflect the City Manager Proposed budget nor is the budget in balance. Before we can balance the budget, we are bringing forward to City Council a number of the issues that are impacting the budget in preparation of discussing options for making decisions on the various budget proposals. Many of the decisions that impact the budget require input from City Council on a path forward. We are prepared to discuss these items and how to move forward.

Revenues and Transfers In

Revenues are projected at $127,352,941; an increase of $647,220, or less than 1% over current year budgeted revenues. **Transfers In** total $12,225,000; no change from the current year. Combined Revenues and Transfers In total $16,974,680; an increase of $1,000,000 or 1% over current year budget. Combined Revenues and Transfers In total $144,327,621; a combined increase of $1,647,220 or 1%.

General Fund Revenue is estimated at $127,352,941; an increase approximately $647,220 or 1% over the current year budget and is approximately $3,900,000 or 3.2% increase over FY 16/17 actual collections. Property Tax growth is currently estimated at increase of less than 1% over current year budget, but is approximately $4,000,000 or 8% over prior year actuals. Revenues from Licenses and Permits are estimated with minimal increase over current year budget and $1,000,000 or 3% over prior year actuals. The majority of these revenues are generated from business licenses payments that were due April 17th, franchise fees and building permits. We have not yet reflected the estimated reductions to property taxes for credits approved by City Council in February for Affordable Housing.

Transfers and other financing uses reflects a net increase of $1,000,000 which is a combination of an increase of $4,000,000 in proceeds for Capital Lease Replacement and no use of fund balance, a reduction of $3,000,000. The current year budget included only $4,000,000 for the capital replacement program which is annually estimated at $8,000,000. This reduction was due to using remaining savings from prior year issues and deferring of some capital in order to reduce the amount budgeted. There is an equal increase in the FY 18/19 expenditure budget for the capital replacement program. The use of fund balance is not reflected until at such time a determination of fund balance is available and at what amount it may be needed.

Expenditures

The total FY 18/19 Requested General Fund Budget currently is $159,927,773 and as mentioned, is not in balance. Departments were instructed to prepare budgets with maintaining current levels of service and meeting the goals of the Envision Columbia plan. All department budgets reflect an increase in employee health care costs and SC Retirement System and PORS as adopted by the State Legislature. The new rate for SCRS is 14.56% and 17.24% for PORS with expectation of a 1% increase each year until 2022. The Legislature has also included in their proposed budget, continued funding of a credit of 1% of the retirement system. In the General fund, the credit is approximately $600,000-$700,000. This credit is not yet reflected in the budget, but as we finalize the budget we will continue to monitor the State's intention to retain the funding for the credit. The impact of these increases vary from department to department, based on the number of employees and the amount of total salaries. On average, this increase resulted in 5-7% increase in every department's budgets. For Police and Fire, the average is 8% increase.

The following is a summary of department budget highlights and other items that impact the overall budget.

General Government is comprised of budgets for Legislative/Council; Executive Management; Governmental Affairs; Human Resources, Budget & Program Management; Public Relations, Council Support Services and Legal. Overall, the combined budget for General Government is $8,084,666; an increase of 4% over current year budget. The majority of the increase in these budgets is related to the impact of health care and state retirement. Below are highlights from other changes;

- Public and Media Relation's budget reflects the addition of a vehicle due to the number of multiple assignments, press conferences, site visits and special events held on a daily basis. $23,000

- Council Support Services budget reflects a decrease of $150,000 due to 2018 being a non-election year

- Other changes are based on some reorganization of staff, in particular a special projects position moving from Governmental Affairs to Assistant City Manager for Community Services

Finance Department requested budget totals $2,158,185; a reduction of $42,635 or less than 2%. The reduction is due to salary changes resulting from retirements.

Office of Business Opportunities requested budget is $1,459,050; an increase of $518,978 or 55%. The base budget request is minimal change from last year and continues funding for the Façade Improvement Program in targeted areas. In addition to the base budget, other requests include:

- Additional Façade Grant funding $100,000
- Pilot Micro Revolving Loan Program, $100,000
- DBE capacity building program; $50,000;
- Updated Disparity Study, $250,000 to assist in developing updated SMBE goals

Community Development requested budget for the General Fund is $419,036; an increase of $57,707 or 18%. Part of the increase is related to a portion of a requested new Program Compliance position that is charged to 10% the General Fund. With the announcement of new programs such as Child Savings Account, this position will provide program compliance duties. Other increases reflect the purchase of a new van for a new Construction Estimator position that is a grant funded position.

Planning & Development Services requested budget is $3,968,953 and reflects an increase of $364,381 in funding for several initiatives:

- Land Use Implementation, $30,000; City Council will soon adopt the Land Use plan which will require new zoning map and adoption of a procedures manual.
- Annexation; $6,000; a donut hole that is being considered for annexation is a candidate for the 25% method which requires an election in the precinct being considered for annexation.
- Graphics/Messaging for programs, $25,000; City Council has expressed the importance of securing professionals to assist with communication on annexation matters. In addition, it is very important to properly message and communicate the adoption of the zoning ordinance and map.
- Bicycle/Pedestrian Master Plan, $50,000; traffic studies that are needed prior to implementation proposed infrastructure projects.

Emergency Management – requested budget is $1,821,664, an increase of $1,277,788. Reinstating and reorganizing the Emergency Management functions of the City. While not a new function, there is a need to reintroduce a division that is focused on the preparation, planning and incident coordination of emergency management functions. The largest amount of this increase is one time capital purchases of $1,182,888, with the largest item being a mobile command unit estimated at $770,000; other equipment items requested in modular vehicle barriers, trailers elevated surveillance tower, $273,600.

911 Emergency Communications – requested base budget is $3,238,983, an increase of $50,018 or 2%. Additional requests in the amount of $639,659 for a total request of $3,878,642 or 21% The Columbia-Richland 911 center processes over 1,000,000 emergency and non-emergency calls and dispatched over 500,000 calls in 2017. In addition, they process more than 250 Freedom of Information (FOI) requests per month. With the growth in demands and population (both resident and visitors), the 911 staff is requesting additional positions to help meet both the growing demands of the operations, but also in order to meet the industry recommended staffing levels. The new staff requested includes 10 tele-communicators, 10 call-takers, accreditation coordinator, quality assurance FOI manager, operations officers, administrative and training positions. The $639,659 represents half of the total request and the other half has been requested in the County funded portion of the budget.

Police Department requested budget is $43,170,099; an increase of $3,378,493 or 8%. Police recruitment and retention pay adjustments; State retirement and health care increases are the most significant portion of the increase total approximately $2,000,000. Other impacts are related to increases in operating expenses for gasoline due to increased miles driven, body cameras and conversion to the P25 radios. Included in the budget are funding for consideration of a contract for private security services at city facilities and as school crossing guards that are currently staffed with Community Safety Officers (CSOs) and the purchase of replacement tractor and bush hog for the Code Enforcement Division. Columbia Police Department continues to focus efforts on providing quality police services while preserving the investments for recruiting and retaining a well-trained and professional police department. Their budget request helps to sustain the 21st Century Policing efforts that have been implemented to date.

Fire Department requested budget is $25,213,765; an increase of $2,312,096 or 10%. The majority of the increase in the requested budget, approximately $1,600,000 due to the increase in the Fire recruitment and retention pay adjustments, state retirement and health care premiums. Other increases include the addition of two (2) Fire Marshall positions requested for the growing commercial housing in the downtown areas. Other requested increases are for scheduled replacements for firefighter safety equipment, needed routine building maintenance at fire stations, and capital replacements including a forklift for the Logistics Bureau.

Parks & Recreation requested budget is $13,882,377; an increase of $1,023,392; an increase of 8% over the current year budget. Increases other than health insurance and state retirement is for the two (2) full time and five (5) part time positions requested for the Recreation Division. The two full time positions are District Coordinators that will oversee the day to day operation and supervision at recreation centers. The five part time positions are Park Center Aides that will meet the staff to child ratios at all of our recreation centers. New positions are also requested for four (4) Park Ranger positions for Bull Street and the neighboring greenways. With the opening of Busby Street, Recreation Division has requested one (1) park maintenance position. Other additions include funding for replacement of gym floors at Pinehurst and Hyatt parks - $100,000.

Public Works requested budget is $20,344,444; an increase of $954,632 or 5%. The Forestry and Beautification requested budget includes the addition of $100,000 for a contractor to maintain two (2) large corridor entrances. Other additions include $50,000 for composting operations to remain in compliance with our permit regulations. Public Works General Fund includes Administration, Sustainability, Animal Services, Forestry & Beautification, Traffic Engineering, Streets, and Solid Waste.

Information Technology requested budget is $4,450,258; reflects an increase of $351,614, or 9%. Personal additions include one (1) data analyst. Information Technology's requested budget focuses on implementing tools and processes to improve infrastructure security of city assets and completing disaster recovery study. The IT Department's budget includes contracts for citywide or enterprise wide services, such as Microsoft suite of products and security tools for unified security for internet threat management.

Component Units combined requests total $1,761,674; an increase of $189,994, or 12% above the current year budget. The component units are the 4 development corporations funded by the city and this funding represents their General Fund budgets for operational support of corporation activities. Included in the requested budget is an additional position for Eau Claire Development Corporation and increases in CEZ, Inc requested budget for costs associated with the relocation of their offices to a new location.

- **Capital Replacement Program** is reflected in the amount of $8,000,000; which is an increase of $4,000,000 from the current year, but reflects the annual amount requested for replacement capital. The Capital Replacement Program is based on the General Fund's replacement schedule for heavy equipment such as garbage and recycling trucks, bucket trucks, fire trucks, fire engines, police patrol cars, police investigator cars and parks and recreation equipment. The associated **Capital Lease payment** reflects an increase of $1,216,812. Until we balance the budget, we will not know whether we will proceed with the Capital Lease this year as proposed or whether we will need to scale back in order to reduce cost.

External Agency Funding

The General Fund supports funding for various external agencies with whom the City either has contractual relationships or they provide services to the community. Most of these areas are reflected at current year funding: Homeless Services, $1,000,000; Richland County Public Defender, $100,000; and Fifth Circuit Solicitor's office $215,817. The contract with Alvin S. Glenn Detention Center total budget is $600,000. No funding has been included at this time for Community Promotions requests.

General Capital Projects

The General Fund budget does not reflect funding for a Capital Improvement Program. In recent years, we have funded capital projects through year end surpluses or other one-time funding sources. It is important that we bring to City Council's attention the various capital needs. At the upcoming Budget Workshop, we will present a list of proposed projects and several other immediate operational needs.

The budget has a long way to go before being in balance. Many of these requests warrant serious consideration for funding, however it is very likely that many of the supplemental requests will not be funded or significantly scaled back in order to balance the budget. We look forward to continuing budget discussions with you. Please let me know if you have any questions or need additional information.

Hospitality Tax Proposal

Howard Duvall

The administration of the Hospitality Tax for the City of Columbia will change as the longtime administrator, Libby Gober, retires. I would like to propose some changes that I believe will help the City more efficiently administer the Hospitality Tax.

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GENERAL FUND SUMMARY

PROPOSED FY 2018/2019

	ACTUAL FY 16/17	BUDGET FY 17/18	DEPT RQST FY 18/19	Increase / (Decrease)	% Change
REVENUE					
GENERAL PROPERTY TAX	52,188,321	55,702,135	56,383,661		
LICENSES AND PERMITS	39,714,255	40,749,189	40,808,360		
FROM OTHER AGENCIES	14,822,853	15,953,090	15,953,090		
CURRENT SERVICE CHARGES	12,761,291	12,636,006	12,642,530		
FINES & FORFEITURES	813,469	918,000	818,000		
MISCELLANEOUS REVENUE	257,859	200,300	200,300		
INTEREST ON INVESTMENT	(39,356)	150,000	150,000		
RENTS & SALE OF PROPERTY	2,859,635	397,000	397,000		
TOTAL REVENUE	**123,378,327**	**126,705,720**	**127,352,941**	647,221	1%
TRANSFERS IN					
FROM OTHER FUNDS	7,543,664	0	-		
FROM ACCOMMODATIONS TAX	25,000	25,000	25,000		
FROM HOSPITALITY TAX	3,000,000	3,700,000	3,700,000		
FROM CAPITAL LEASE PROCEEDS	3,745,756	4,000,000	8,000,000		
FROM WATER & SEWER OPERATING	2,270,000	4,749,680	4,749,680		
FROM PARKING FUND	500,000	500,000	500,000		
FROM UN-APPROPRIATED SURPLUS	-	3,000,000	-		
TOTAL TRANSFERS IN	**17,084,420**	**15,974,680**	**16,974,680**	1,000,000	6%
TOTAL GENERAL FUND REV & TRANS	**140,462,747**	**142,680,400**	**144,327,621**	1,647,221	1%
DEPARTMENTS					
LEGISLATIVE - MAYOR & CITY COUNCIL	743,811	808,979	855,899	46,920	6%
ADMINISTRATION - CITY MANAGER	527,255	644,234	680,126	35,892	6%
GOVERNMENTAL AFFAIRS	458,134	496,962	405,433	(91,529)	-18%
ADMINISTRATION - ACM COMMINITY SERVICES	428,650	357,693	500,648	142,955	40%
ADMINISTRATION - ACM CHIEF FINANCIAL OFFICER	234,792	206,845	236,845	30,000	15%
ADMINISTRATION - ADM OPERATIONS	487,332	354,393	336,133	(18,260)	-5%
HUMAN RESOURCES	948,648	1,113,100	1,189,725	76,625	7%
BUDGET & PROGRAM MANAGEMENT OFFICE	296,953	392,228	417,122	24,894	6%
PUBLIC RELATIONS	620,135	724,085	839,846	115,761	16%
COUNCIL SUPPORT SERVICES	451,673	558,565	408,495	(150,070)	-27%
LEGAL	1,733,240	2,147,350	2,261,314	113,964	5%
MUNICIPAL COURT	2,583,652	2,925,712	3,003,483	77,771	3%
FINANCE	1,790,969	2,200,819	2,158,184	(42,635)	-2%
OFFICE OF BUSINESS OPPORTUNITIES	846,106	940,072	1,359,050	418,978	45%
COMMUNITY DEVELOPMENT	266,248	361,607	419,036	57,429	16%
PLANNING & DEV. SERVICES	3,379,404	3,604,572	3,968,953	364,381	10%
POLICE	40,252,662	39,791,606	43,170,099	3,378,493	8%
EMERGENCY MANAGEMENT	191	543,876	1,821,664	1,277,788	235%
911 EMERGENCY COMMUNICATIONS	2,826,835	3,188,965	3,878,642	689,677	22%
FIRE	22,143,259	22,901,669	25,213,765	2,312,096	10%
PARKS & RECREATION	12,177,219	12,858,985	13,882,377	1,023,392	8%
PUBLIC WORKS	19,412,546	19,389,812	20,344,444	954,632	5%
GENERAL SERVICES	1,695,675	2,278,422	2,336,771	58,349	3%
INFORMATION TECHNOLOGY	3,653,117	4,098,644	4,450,258	351,614	9%
COLA / MERITS			1,500,000	1,500,000	#DIV/0!
TOTAL DEPARTMENT	**117,958,506**	**122,889,195**	**135,638,312**	12,749,117	10%
NON-DEPARTMENTAL & MISC.					
COMMUNITY PROMOTIONS	730,001	50,000		(50,000)	-100%
CAPITAL LEASE PURCHASE	2,072,146	2,687,635	3,904,447	1,216,812	45%
SOLICITOR'S OFFICE	215,817	215,817	215,817	-	0%
PUBLIC DEFENDER	100,000	100,000	100,000	-	0%
HOMELESS SERVICES	972,725	1,000,000	1,000,000	-	0%
ECONOMIC DEV. SPECIAL PROJECTS	66,300	0	-	-	#DIV/0!
DETENTION CENTER PER DIEM	434,455	600,000	600,000	-	0%
NON-DEPARTMENTAL & MISC.	1,435,296	40,000	40,000	-	0%
OFFICE SPACE LEASE - 1225 LADY STREET	543,279	542,000	542,000	-	0%
TOTAL NON-DEPARTMENTAL	**6,570,019**	**5,235,452**	**6,402,264**	1,166,812	22%
TOTAL EXPENDITURES	**124,528,525**	**128,124,647**	**142,040,576**	13,915,929	11%
TRANSFERS OUT					
TO INTERNAL SERVICE FUNDS	9,614,994	3,169,923	3,169,923	-	0%
TO DEBT SERVICE	5,508,714	5,814,150	4,955,600	(858,550)	-15%
TO COMPONENT UNIT	1,477,553	1,571,680	1,761,674	189,994	12%
TO CAPITAL REPLACEMENTS	-	4,000,000	8,000,000	4,000,000	100%
TOTAL TRANSFERS OUT	**16,601,261**	**14,555,753**	**17,887,197**	3,331,444	23%
TOTAL BUDGET	**141,129,786**	**142,680,400**	**159,927,773**	17,247,373	12%
TOTAL SURPLUS/(DEFICIT)	**(667,039)**	**0**	**(15,600,152)**		