

**CITY OF COLUMBIA
CITY COUNCIL BUDGET WORKSHOP MINUTES
APRIL 6, 2011 – 9:00 A.M.
CITY HALL - 1737 MAIN STREET**



The Columbia City Council conducted a Budget Workshop on Wednesday, April 6, 2011 in the City Council Conference Room located in City Hall, 1737 Main Street, Columbia, South Carolina. The Honorable Mayor Stephen K. Benjamin called the meeting to order at 9:15 a.m. and the following members of Council were present: The Honorable Sam Davis, The Honorable Tameika Isaac Devine, The Honorable Daniel J. Rickenmann, The Honorable Belinda F. Gergel, The Honorable Leona K. Plough and The Honorable Brian DeQuincey Newman. Also present were Mr. Steven A. Gantt, City Manager and Ms. Erika D. Salley, City Clerk.

CITY COUNCIL DISCUSSION / ACTION

1. Fiscal Year 2011 / 2012 General Fund Budget

Mr. Steven A. Gantt, City Manager presented a balanced budget for the fiscal year 2011/2012 General Fund, Water/Sewer Operating Fund, Storm Water Operating Fund and the Parking Operating Fund. There are not a lot of changes from the previous years. The Water/Sewer Operating Fund Budget does include a 5% rate increase and a principal and interest payment on an \$80 million bond issue that continues our \$500 million Capital Improvement Program for Water and Sewer. The proposed revenues in the General Fund are not significantly different, except for the revenue from leasing the Hydro Plant and from the General Obligation Bond proceeds that must be reflected for accounting purposes. There is additional and sufficient funding in the Police and Fire Department budgets.

There was a consensus of Council to incorporate the Chariots of Fire into the Columbia Police Department's budget as part of its ongoing operations.

Councilor Gergel requested \$150,000 for the maintenance for city streets. The Renaissance Fund that has been used for facades should be considered as a one-time funding source.

Councilor Davis suggested that the city contact our State elected officials for assistance.

Mayor Benjamin suggested that the city ensure that our priority projects are included if Richland County places another referendum on the ballot.

Councilor Devine suggested that they defer any action until the street survey is completed by the Public Works Department.

Mr. Steven A. Gantt, City Manager explained that we have money for street repairs, but not for repaving. He agreed that \$200,000 is needed for repaving the streets, but that funding is not available in this budget. We are in the process of going through all of the projects that we've had over the last ten (10) years to make sure that all of them are zeroed out. If there is any leftover funding, after July 1st, I will bring that balance back to you all as a funding source for new capital projects. He added that streets and Maxcy Gregg Park would be at the top of the list. Mr. Gantt reported that \$71,000 is remaining from the Main Street Phase II Project and that can be used for Monticello Road.

Councilor Plough suggested that the city use Community Development Block Grant funds for Monticello Road.

Mr. Steven A. Gantt, City Manager proceeded with a line by line review of the budget. In the revenue stream, we've reduced our Hospitality Tax transfer by \$1.3 million, because there is no more to go towards that. There is \$2 million from prior year unallocated revenue. I propose three (3) positions for the Mayor's Office to include the Strategic Advisor, the Special Assistant to the Mayor and the Scheduler. The other staffing needed for the Mayor's Office will be provided through reorganization. The City Manager's budget now includes the Budget Office and a \$100,000 contingency. We are reallocating the funds from Administrative Services. There were Community Liaisons in the Senior Assistant City Manager's budget, but they have been moved to the Community Development Department's budget. The Council Support Services budget includes one (1) additional person in the City Clerk's Office at 30-hours per week and \$50,000 for the election. The Legal and Finance Departments' budgets are reduced due to professional services that are no longer needed. The increase for the Community Development Department is a result of the transfer of the Community Liaison positions. An Assistant Zoning Administrator is being added to the Development Services Department to better move zoning requests through the process and a couple of vehicles are being purchased. The \$840,000 increase for the Police Department is partially due to the added staff at the East Region and eight (8) additional positions since last year. The 911 Center has a new GPS system and there is additional licensing and equipment costs associated with that. The additional \$500,491 for the Fire Department is for additional training and other things. It doesn't include the Burn Building, but they've indicated that they can get another year of use out of it as a result of improvements they've made. The Public Works Department has an increase of \$193,061. Their budget would have increased by \$212,000 due to costs they had no control over, but they've absorbed some of that into their budget. In order to consolidate maintenance-type services, there were some transfers from the Fire Department and the Parks and Recreation Department into General Services. There were minor changes in staff responsibilities and one (1) additional Administrator for the Information Technology Department. The combined Departmental Budgets total \$1,976,536.00. A total of 12.5 positions were added and two (2) were deleted.

Mr. S. Allison Baker, Senior Assistant City Manager explained that he and the City Manager have discussed some things and if City Council agrees with the reorganization, they need to move forward with a directive. The expectation is that we will reorganize the Parks Division. The biggest issue you raised had to do with the organizational structure of the Recreation Division. We have to be cognizant of the number of things outside of traditional parks and recreational tasks. We eliminated funding for the Columbia Action Council two (2) years ago, but Parks and Recreation is still coordinating those events. We share a lot of our resources that are not reflected in this budget. The Community Gardens Program has expenses, but the budget hasn't changed.

Councilor Rickenmann said that there is a lot of redundancy in the organizational chart, but from a budget standpoint, I don't see the number changing, because there are other things that money needs to go toward.

Councilor Plough said that we've not been able to come to grips with what it costs to put on an event; we need to determine if there is a better way to approach how we sponsor events.

Mr. S. Allison Baker, Senior Assistant City Manager added that we need to reduce the number between revenue and expenditures for the Wellness Center. I would ask that Council approach this incrementally.

Councilor Devine stated that they are working on a proposal to shorten the revenue gaps.

Mr. S. Allison Baker, Senior Assistant City Manager explained that all parks are staffed with at least two (2) employees. The community centers are open from 2 p.m. until 9 p.m. during the school year and 7:30 a.m. until 9 p.m. during the summer. The neighborhood centers are smaller locations staffed with two (2) part-time employees and they are open from 2 p.m. until 6 p.m. Greenview Park is the largest and most active center; therefore, the staff costs are higher to include a part-time person at the tennis courts. We use Mays Park, but it's not staffed.

Councilor Plough questioned how we might do a better job with grass cutting.

Mr. S. Allison Baker, Senior Assistant City Manager said that he is working with the Public Works Department to trade locations. The responsibility of grass cutting should be in one place or the other. I am concerned with moving that crew from Parks and Recreation, because they built our Community Garden plots and they provide the manpower necessary to set up for events.

Mr. Steven A. Gantt, City Manager agreed to start evaluating all of the areas now to include Development Services that oversees lot clearing.

Councilor Davis recalled the discussion on staffing and the decision to add a Deputy Zoning Administrator. My concern is keeping a clean, safe and attractive community. I'm still not sure what our manpower is in code enforcement and property maintenance. Sometimes you have to ask whether or not we have people in the area. I understand the challenge of trying to locate property owners. Is there a manpower issue when it comes to staff spending the necessary time to complete the documentation on burned down and boarded up houses?

Mr. Steven A. Gantt, City Manager said that Ms. Hampton felt like she had adequate inspectors in the field. We recently promoted one our Inspectors to Housing Official. We have other issues to deal with that aren't necessarily driven by staff; a lot of things are quasi legal matters. We need to look at their monthly reports.

Mayor Benjamin suggested that the city contact Mr. Hank Chardos of Home Works. It is a wonderful organization that has renovated homes throughout the region and hundreds of homes in the city. Mr. Chardos has indicated that they would be very interested in partnering with us.

Councilor Gergel asked if we have people in place to ensure that code enforcement cases stay on the front burner.

Mr. Ken E. Gaines, City Attorney said that the Legal Department has enough staff. This was one of the Municipal's Associations priorities. A receivership-type program has been created in other states. Once you have a receiver appointed to take a house, it clears up these title problems. It's a great concept if we could get the legislature interested in it. The receiver takes a lien on the house, enforces the lien, files an action in the court and that takes care of the probate issues and the issue of absentee owners.

Mr. Steven A. Gantt, City Manager continued the budget overview under non-departmental and miscellaneous. We've added \$300,000 to homeless services and that would include the contribution to the Midlands Housing Alliance.

Councilor Rickenmann said that it also includes one position for the City Center Partnership's Hospitality Team.

Mr. Steven A. Gantt, City Manager continued to report that \$100,000 was added for electricity and fuel reserve in case we have a shortfall. The Detention Center hasn't changed. We have a \$1 million reserve, which is what we had this year.

Ms. Melissa Caughman, Budget Director explained that the non-department and miscellaneous line item is for the Tuition Reimbursement Program.

Mr. Steven A. Gantt, City Manager said that there is \$100,000 in his budget for those small items that seem to come up on a regular basis and need to be funded. The Council would have to approve the expenditures and I will provide a monthly report on the balance.

Councilor Devine asked if we were monitoring the Detention Center costs; we are supposed to be giving people tickets so they don't have to be in jail.

Ms. Melissa Caughman, Budget Director said that we are on track with the budget.

Mr. Steven A. Gantt, City Manager asked Ms. Caughman for a report on what has been spent on the Detention Center. He continued with transfers-out; the Internal Service Fund is for expenses paid by the Finance Director; debt service is for the major capital improvements; there is \$171,000 in capital improvements, which is not very much; we have to transfer \$1 million to the Storm Water Fund; and the capital replacement is the payout of the \$5,333,073.

Mayor Benjamin inquired about police cars.

Mr. Steven A. Gantt, City Manager said that police cars are capital replacements and we scheduled them out through perpetuity. You do have some savings in this year's major capital replacements and I am trying to hang on to those savings so that we will have sufficient funding to carry us through the fifth year. This covers the replacement of existing police cars, fire trucks and other large equipment. That won't have to be incorporated back into the operating budget ever again; our departments can focus on managing their departments without having to worry about funding for vehicles.

Councilor Plough asked if we could put \$800,000 in the Storm Water Fund as we did last year.

Mr. Steven A. Gantt, City Manager explained that the additional funding for storm water came from the Liquor Rebate Fund. I would not recommend that we do that this year, because the Historic Columbia Foundation has several million dollars worth of improvements to our facilities that they manage. I would like to take all of the Liquor Rebate Funds, which is approximately \$200,000 per year and make an arrangement with a local bank that would loan us enough money with the Liquor Rebate Fund being our source of repayment. We could get an infusion of a fair amount of money on the front end to fix the things that are causing the buildings to deteriorate and then, over time try to provide the funds necessary to make all of the repairs.

Councilor Gergel inquired about the use of \$171,000 for capital improvements. I am trying to find other places where we can come up with funding for streets.

Mr. Steven A. Gantt, City Manager said that was a budget balancer; it was leftover funding that will be used to replace anything that breaks.

Councilor Gergel said that we haven't had a conversation on the resources available from Community Development to address some of these needs. We have General Fund monies in Community Development that could be applied to some of the priority areas and I think that's what we need to do.

Mr. Steven A. Gantt, City Manager said that Council approved a five year comprehensive plan last year and you can only spend money from Community Development on things that are related to that plan; you would have to alter that plan.

Councilor Rickenmann said that he sees a straight budget; it addresses the basic needs. We need to improve on surfacing and capital needs. We need to make a capital list and agree on the priorities. A lot of it will be one time funding and sometimes we get into one time projects that end up having long-term maintenance costs.

Councilor Plough said that we haven't discussed capital improvements, which would include water and sewer, storm drainage, parking and all of our other funds. Before Community Development gets too far down the road, several of us asked for an opportunity to make sure that we are blending the priorities of this city with the priorities of every funding source, even if it means amending a plan.

Councilor Devine agreed that they needed to schedule a work session to discuss capital improvements and priorities to include the longevity of City Hall and bond issues to fund these projects.

Mr. Steven A. Gantt, City Manager presented the Water and Sewer Operating Fund Budget with a 5% increase and without a 5% increase. If we don't do an increase and we issue the bonds, our debt coverage ratios will fall below the ratios that the bond rating agency is going to like and you will have some issues there. This is a follow-up from the Black & Veatch Study. A 5% increase generates \$4.8 million and you will see that the debt service goes from \$27 million to \$31 million. It continues to be a very good time to issue bonds for this kind of work and it is also a very good time to bid this work out, which would be a substantial savings in terms of major capital projects in water and sewer. Back in 2001, there was a Council directive to set aside \$16 million for streetscaping projects out of water and sewer; that is funded on an annualized basis; we've fulfilled that obligation; and there will not be a transfer this year. The Sumter Street Garage will continue to drain our system until the Palmetto Building is occupied. We are looking at a system where customers would pay for parking with a credit card over their cell phone.

There was an in-depth discussion of the General Fund. No action was taken.

2. Funding Request from Richland County for Streetscaping Improvements on Monticello Road in the amount of \$99,000.00

Mr. Steven A. Gantt, City Manager explained that Richland County is asking the City of Columbia to participate in a streetscaping project on Monticello Road. They bid the project out and they provided unit prices. They will manage the project and the cost they calculated for the one city block is \$99,000. There is \$71,000 remaining from the Phase II Main Street Project. I am bringing this to Council to determine whether or not we participate.

Councilor Davis said that Richland County developed this plan some years ago and it includes a city block from Summit Avenue to Dixie Road.

- **Council recessed at 12:07 p.m.**
- **Council reconvened at 12:22 p.m.**

A motion made by Ms. Devine to allocate \$71,000 from the Main Street Capital Improvements Fund to Richland County with the understanding that Richland County will provide the remaining \$28,000 to complete the project as outlined, was withdrawn.

A motion made by Mr. Rickenmann and seconded by Mr. Davis to allocate the first \$200,000 of unencumbered Capital Improvement Program Funds for street resurfacing projects was not voted upon.

There was a consensus of Council to defer all motions on this item until there is clarification on the Community Development Department Action Plan and available funding sources.

3. Maxcy Gregg Park Swimming Pool Repairs

Mr. Steven A. Gantt, City Manager explained that \$750,000 to \$1 million is needed to replace the Maxcy Gregg Pool. He stated that Mr. Pat Connolly, Park Planner has been meeting with pool contractors to determine the best value we can get. We are poised to complete the project prior to next year's pool season.

Mr. S. Allison Baker, Senior Assistant City Manager explained that the vinyl liner was replaced in 2004, but that's not the biggest issue; the location of the mechanical room is antiquated and needs to be brought above the pool as opposed to being under the pool. We are going to do that with the recent budget transfer. The new pool will be 25 meters.

Mr. Steven A. Gantt, City Manager said that he will continue to work on funding for the pool at Maxcy Gregg Park and the recreation staff will continue to explore the options.

4. Hospitality District Study

The Council clarified that they prefer that a competitive process be utilized to select a consultant for the study and that a committee be composed to consider all responses. Mr. Bradley Anderson, Special Projects Administrator will serve on the committee as the City's representative. The committee's decision will be accepted by the Council. While a Request for Proposals is not required, it is strongly preferred as Council wants serious consideration given to local firms, in accordance with the spirit of our Local Preference Ordinance.

5. Community Development Department Briefing

- Community Development Department Annual Action Plan for 2011

Ms. Tina Herbert, Deputy Director of Community Development reported that the four redevelopment areas are Eau Claire, Edisto Court, King Street and Booker Washington Heights; we are starting with Booker Washington Heights. She outlined the following projects that staff identified for potential funding in fiscal year 2011/2012: Façade Program \$200,000; College Summit \$50,000; Fair Housing Education \$5,023; Eau Claire Promise Zone \$50,000; Palmetto Richland Health Care \$50,000; and the Commercial Revolving Loan Fund \$200,000 for a total amount of \$605,023.00. Our entitlement for this current year

is \$1,348,864 and in preparing the budget for next year, we used a 10% reduction. Our salaries that are budgeted for 2011/2012 out of the same pot are \$476,825.32. Once you include these projects plus our salaries that brings the total to \$1,081,848.32 of the entitlement, leaving approximately \$132,000 that hasn't been allocated.

Mr. S. Allison Baker, Senior Assistant City Manager stated that Mr. Lawton has been charged with reducing staff costs and putting more money into community development. We lost two Compliance Officers and we decided not to replace them.

Ms. Tina Herbert, Deputy Director of Community Development agreed that adjustments have been made.

Councilor Rickenmann asked for a document explaining why the Housing First Program wasn't funded. Why did brand new ventures get put ahead of something that we have a capital investment in, with tangible results, deliverables and accountability? The program is nationally recognized and our downtown neighborhoods fully support it.

Ms. Tina Herbert, Deputy Director of Community Development stated that the request for Housing First was \$75,000 with \$250,000 from CDBG. That would use our entire CDBG public service cap, which means that we wouldn't be able to do any other public service activities nor would we be able to fund a Community Liaison.

Mr. S. Allison Baker, Senior Assistant City Manager stated that last year we received Homeless Prevention and Rapid Re-Housing Program (HPRP) funds and it was recommended that rather than extending Housing First beyond June 30, 2010 that we use the HPRP. We made a decision not to do that, but to extend Housing First through June 30, 2011. It was necessary to have a \$102,000 General Fund match.

Ms. Tina Herbert, Deputy Director of Community Development said that based on their projections for next year, the public service cap will be \$219,000. We estimated \$250,000 in program income and the cap is 15% of both figures.

Councilor Gergel inquired about the allocations under the public service cap and the length of the commitments.

Councilor Devine asked if we had to fund public service.

Ms. Tina Herbert, Deputy Director of Community Development said no. In one year we only spent 2.8% in public service. There is an administrative cap at 15% as well.

Councilor Plough said that when we set up these loan funds, it was with the expectation that we would grow the funds to the point that they would be self-perpetuating and we would be able to use the interest income to cover the staff. I am baffled with the information in terms of the resources available in these revolving loan funds.

Ms. Tina Herbert, Deputy Director of Community Development explained that they don't have an exact figure on what the program income is. The Finance Director is meeting with HUD tomorrow, because our balance on the books doesn't match the cash on hand. There are some potential adjustments to our public service cap related to prior draw downs or the lack thereof. We have one issue with Housing First where \$190,000 of the 108 hasn't been drawn down and we just figured that out this week. We don't have a solid figure of what we owe HUD for 2009/2010; it could be lower. That problem is also impacting our request for the current year, because there is \$245,000 that has been expended, but never drawn

down. We are working with HUD to decide how to draw that money down, because there are public services in that money, such as our Mini Grants. She further explained that HUD said that the format we used to issue Mini Grants was not meeting their standards, because we didn't have the quantitative data they needed. We proposed giving the money to the Columbia Council of Neighborhoods and they would have to track that data. The program hasn't been funded since 2007 or 2008.

Councilor Gergel asked if Community Development thought that Mini Grants to neighborhoods for various projects are important enough to find a way to fund the program. She inquired about Community Development's plan for strengthening our neighborhood organizations.

Ms. Tina Herbert, Deputy Director of Community Development said that these are recommendations and anything is possible for next year; the structure is going to be the issue.

Councilor Plough said that they should focus on the streets, curbs, gutters and storm drainage within the target areas. Those are the ways in which we get to be a clean, safe and financially sound city. We should get the total picture and involve Public Works and Utilities and Engineering.

Ms. Tina Herbert, Deputy Director of Community Development stated that the Community Liaisons completed full assessments of the houses and commercial corridors within the target areas.

Councilor Gergel inquired about the loan funds. What does the Commercial Revolving Loan Fund (CRLF) Committee oversee? Was this committee created by ordinance? Would we actually put city staff in a decision making role on a committee? Have we been following best practices in the awarding of the loans that we've made? She asked that we ensure that board procedures are tightened up to include the availability of a quorum. I didn't see anything about the Columbia Economic Renaissance Fund on the website.

Councilor Plough asked that the Columbia Economic Renaissance Fund be formalized by the approval of Council.

Ms. Tina Herbert, Deputy Director of Community Development said that they oversee the CRLF and the CERF. The committee was created by an ordinance. She said that there has been a quorum of the active members. We have asked staff to update the policies and procedures for the committee. I was told that only the federal funds had to be codified and not the general funds.

Councilor Gergel asked that the suspension of loans out of these funds remain until we have a report from HUD and the Finance Department.

Mayor Benjamin said the longer we hold off on allowing the committee we've established to consider these loans, the more difficult it becomes for the Tapp's deal to be done.

- A Request for the Use of General Fund Revolving Loan Funds - *This item was not discussed.*
- Sub-recipient Agreement between the City of Columbia and the Columbia Development Corporation – *This item was not discussed.*

6. Joint Meeting to Discuss Unified Services

Councilor Plaugh said that the Administrative Policy Committee stands ready to meet; we need the Mayor and the Administrator to convene the committees.

Councilor Rickenmann said that he wants the numbers from the audit so that we can have an intelligent discussion.

EXECUTIVE SESSION

Upon a motion made by Ms. Plaugh and seconded by Mr. Davis, Council voted unanimously to go into Executive Session at 3:38 p.m. for the discussion of **Items 7. and 8.**

7. Discussion of the employment of employee
 - City Manager's Evaluation – *This item was discussed in Executive Session. No action was taken.*
 8. Discussion of matters relating to the proposed location or expansion of services to encourage location or expansion of industries or other businesses - *This item was discussed in Executive Session. No action was taken.*
- **Mr. Davis left the meeting at 4:13 p.m.**
 - **Council adjourned the Work Session at 4:18 p.m.**

Respectfully submitted by:

Erika D. Salley
City Clerk