



State of the City

- Friday, June 1, 2018 -

Presented by:
Mike Matthes
City Manager

The 2018 State of the City message is, at its core, a "statement of policy recommendations for programs and priorities which, in the opinion of the city manager, will be of benefit to the city," as defined in the City Charter. It is an opportunity for me to report to the City Council, thus the Community, the good work that we have been doing and the impact that we have had as an organization dedicated to the well-being of our residents. I view my role as City Manager very much through the lens of stewardship.

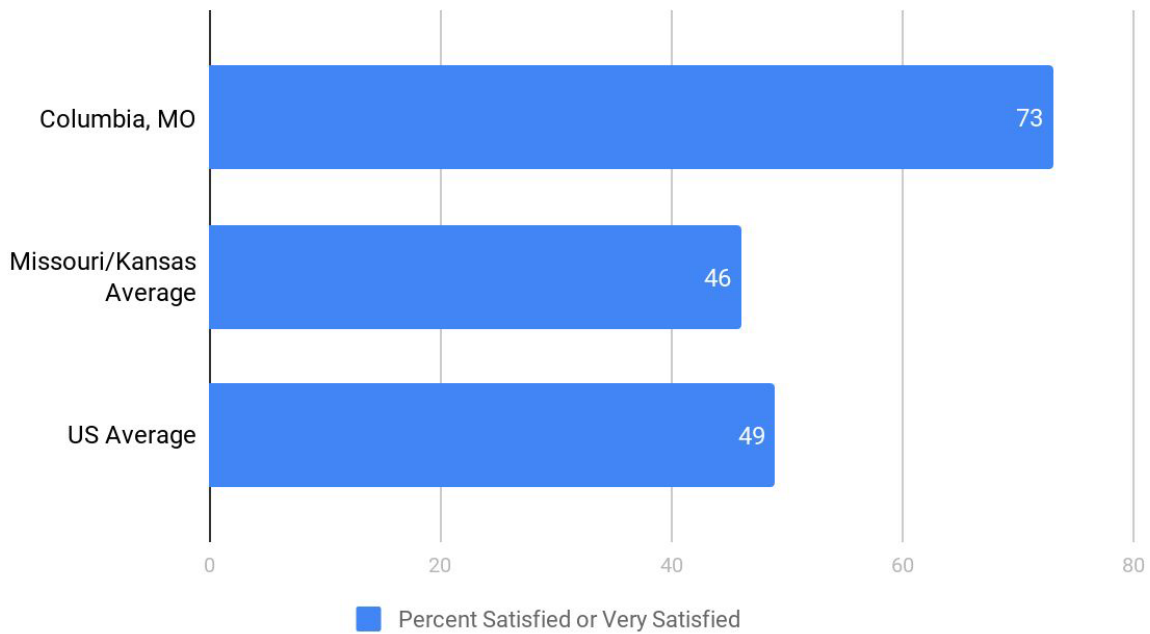
Stewardship

One of the City's six core values is "stewardship"... being "responsible with the resources the community entrusts to us." I particularly like this amalgam of many definitions, "To be a Steward is to be entrusted with resources that you do not own, that you cannot profit from, in order to serve." I think all of these describe perfectly what the City Government aspires to be.

Applied here in Columbia, residents trust us with their sales and property taxes, fees, and rates, and they expect the best possible service in return. As stewards of those resources, your City staff is frugal. Because we are a very low-tax city, we use the most effective and efficient methods we can find to provide each service. This can be seen in the number of our service lines that are accredited, and the satisfaction our residents feel when they receive those services.

When asked about how satisfied our residents are with the quality of city services, 73 percent of respondents are satisfied or very satisfied. Compared to the Missouri/Kansas average of 46 percent and the US average of 49 percent, our staff is setting the bar for high-quality service. I am particularly proud of our City's employees in this regard, for they provide this high level of service with significantly less property tax revenue than their counterparts receive in other cities.

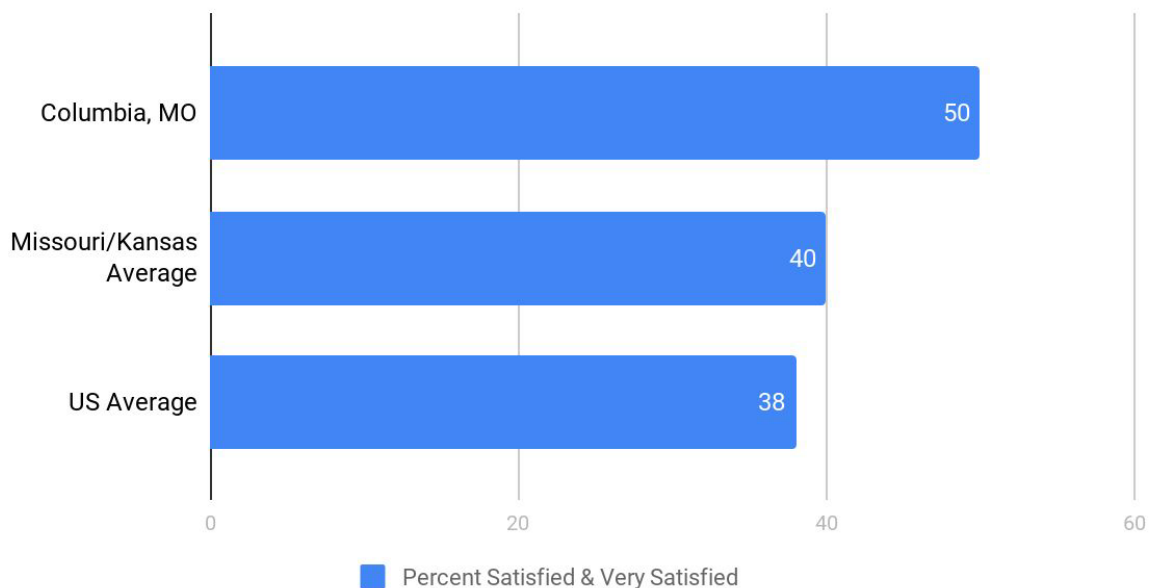
Quality of City Services - ETC Survey 2017



Columbia has an average amount of sales tax for cities in Missouri (2 percent). Columbia also has one of the lowest property tax rates in the state (41 cents per \$100 of assessed value). We charge half the property tax that most cities in Missouri charge, and far less than any of the ten largest cities in the state.

Our residents acknowledge this fact as well. When asked about their satisfaction with the value received for their tax dollars and fees, our residents report significantly more satisfaction (50 percent) than residents in the Missouri/Kansas region (40 percent) or the US as a whole (38 percent).

Satisfaction with Value Received for City Tax Dollars & Fees ETC Survey 2017



Accreditation

To achieve these high levels of satisfaction, our departments continually seek out the best methods and processes we can find to provide service. Perhaps the best method to judge performance in city government is through the lens of accreditation. Accreditation is an exhaustive performance audit process conducted by an independent, nationally recognized organization and represents the highest endorsement that local government services can receive.

To achieve accreditation, organizations must demonstrate conformance with nationally and sometimes internationally recognized best practices. Originally recognized for excellence in 2001, our Public Works Department has been accredited longer than any other in Missouri. Other accredited departments include the City's:

- Water Utility;
- Sewer Utility;
- Stormwater Utility;
- Solid Waste Utility;
- Community Development Department;
- Convention and Visitors Bureau;
- Health and Human Services Department; and
- Economic Development Department

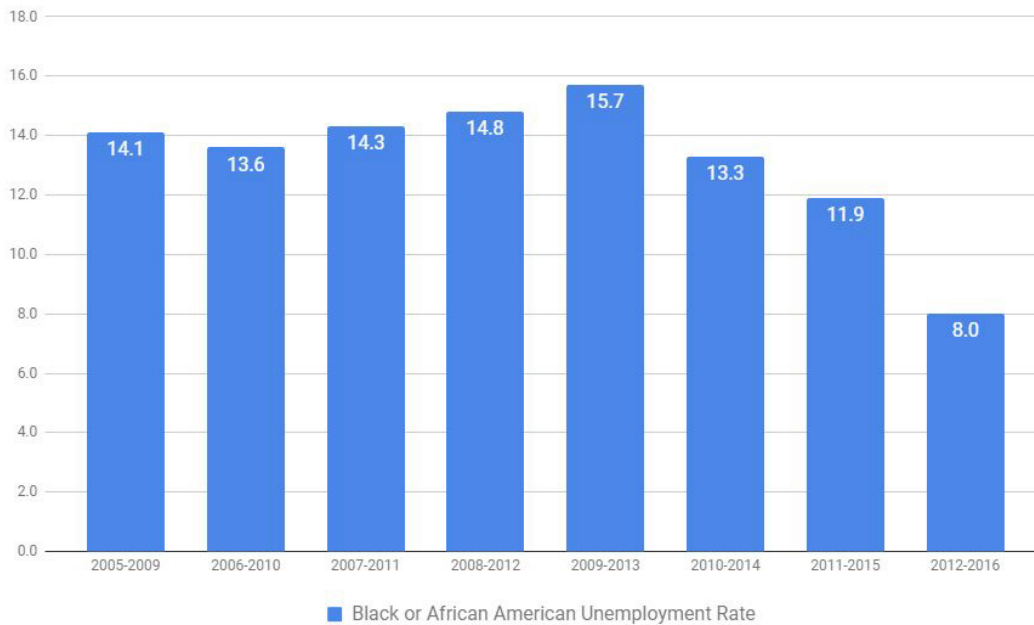
Over the course of the next two years we will very likely see the Police and Fire departments joining this list, as well as our Parks and Recreation Department. Once these three achieve this result, all departments of the City that can be accredited, will be.

Strategic Plan

Stewardship is also evident in our major Strategic Plan goal to reduce poverty in Columbia. We have made remarkable progress. When we started our Plan just three years ago, we were shocked that African-American unemployment was 15.7 percent when White unemployment was just 4.4 percent. So we chose to do something more than we had previously done to address this gap.

We focused on job creation and living wages. And I am so happy to report that we have made big progress on our goal. Today, African-American unemployment in Columbia is just 8 percent. We couldn't do this without all of our partners who have been engaged in anti-poverty work for a very long time. I'd like this year to highlight one of our heavy hitters when it comes to battling poverty, our very own Heart of Missouri United Way. I've asked Andrew Grabau, Executive Director, to tell us how they've helped drive this reduction in the unemployment gap through their Community Impact model.

Unemployment Rate for Black or African-Americans in Columbia
American Community Survey 5-year Estimates



5 Minutes for Andrew to overview Community Impact.

Thank you Andrew. We would not be able to make this kind of impact without the combined efforts of the United Way, Columbia Public Schools, Moberly Area Community College, Columbia College, Stephens College, the University of Missouri, all of our poverty-focused non-profits such as Central Missouri Community Action, JobPoint and, of course, the City's efforts at creating quality jobs. By working together and creating a multiplier effect, we have been able to make an impact and be true stewards of our community.

Community Scholars Program

It's always good to reflect on some of what we've accomplished in the past year, even with the shrinking resources we have. As I contemplated the State of the City, I kept thinking about the Community Scholars program. One of our staff members, Assistant City Counselor Rose Wibbenmeyer, came up with an idea on how to better serve kids in our community who are working toward the A+ scholarship program offered by the State of Missouri. In case you're not familiar, the A+ Scholarship Program provides funds to eligible graduates of designated high schools to attend a community college or vocational/technical school. One requirement to receive the A+ Scholarship is 50 volunteer hours, 25 percent of which can come from job shadowing. To assist these students, Rose partnered with staff at Hickman High School to organize job shadowing opportunities in the City. In addition, Hickman High School staff provide additional support to these students throughout their high school careers to meet the other requirements of receiving the A+ scholarship.

Here's a short video about last year's effort.

https://www.youtube.com/watch?time_continue=5&v=eJd6vEpWiKA

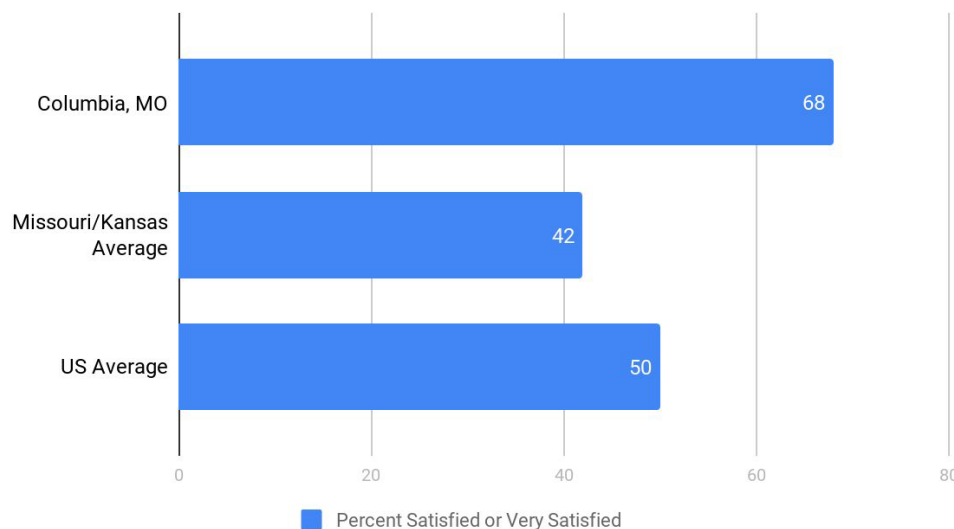
This program demonstrates the stewardship I look for from our City employees. Even with limited resources, this idea received the Missouri Municipal League's Innovation Award for 2017. I look forward to watching this program succeed. Maybe we'll even spark an interest in these students to come work for the City someday. Well done, Rose!

** Recognize Community Scholars students, City Staff who assisted in shadowing opportunities and Hickman High School staff.**

Contact Center

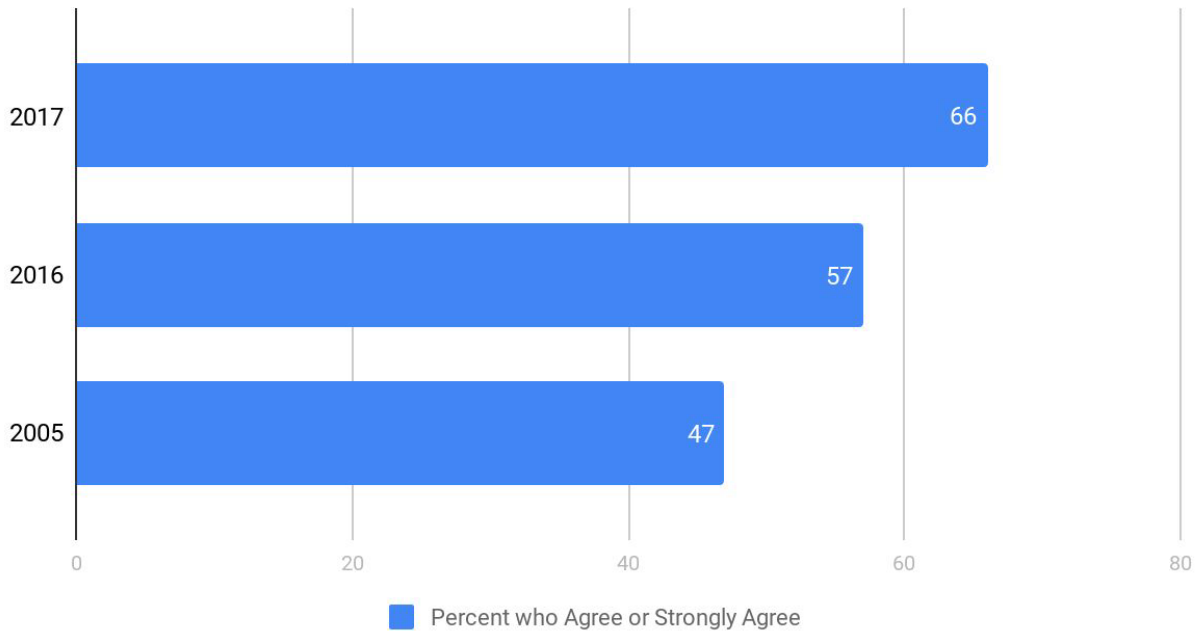
There's that word again...stewardship. I am particularly proud of the improvement we see in citizen satisfaction with our efforts in customer service. Sixty-eight percent of our residents are satisfied or very satisfied with the level of customer service they receive from City employees. This is 26 percent higher than the Kansas/Missouri average and 18 percent higher than the US average. Another way to say this is that our residents are significantly happier with the service they receive than their counterparts in other parts of the country.

Satisfaction with Customer Service - ETC Survey 2017



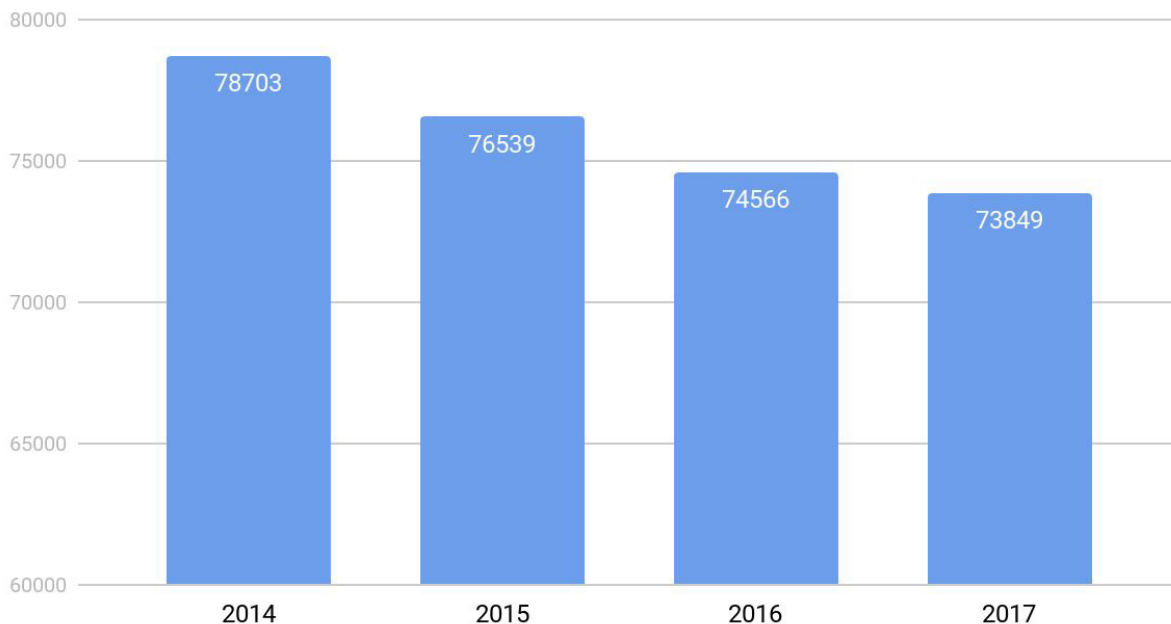
The implementation of our Contact Center has had a particularly powerful impact on the survey statement, "It was easy to reach the right person at the City." Due to the great work of our folks in the Contact Center, the number of people who agreed or strongly agreed, rose from 57 percent to 66 percent in just one year. Only 47 percent of our residents agreed with that statement when we started asking in 2005.

It was easy to reach the right person at the City - ETC Survey 2017



The Contact Center, combined with the work of our community policing initiative has had a dramatic impact on the number of calls to 9-1-1. Over the last four years the number of calls we handled in the Police Department has dropped by 4,854.

Police Department Calls For Service Over Time



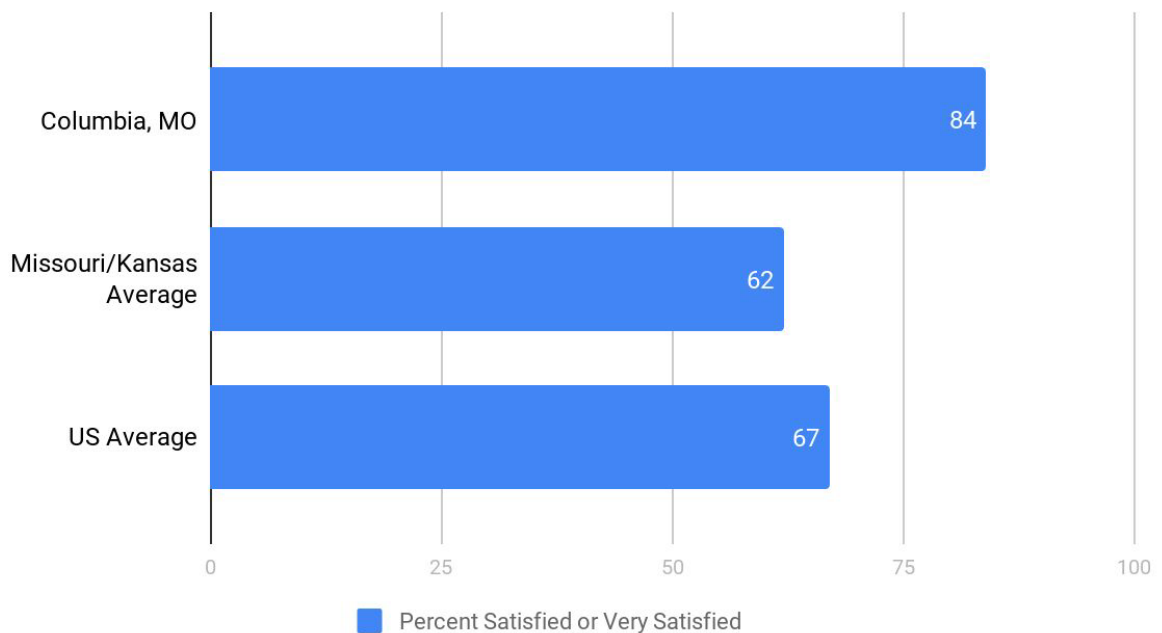
So, the state of our city is one where people are generally happy, generally love the service they receive for their tax dollars and know how to get City government's help if they need it. We continue to move the needle of service in a positive direction.

That sums up the current State of the City, and, as we turn our attention to look toward the future, there are three priorities facing us in the coming year which will need particular attention; the need for a drinking water ballot, the need for an expansion in our Fire and Policing services, and the need for the City to diversify its revenue base away from our current reliance on the sales tax.

Drinking Water

Columbia is in an enviable location when it comes to water. Unlike many places in the US, water here is plentiful, and our source for drinking water starts out cleaner than most. This enables us to make the water high quality for a relatively low cost. Once again, our survey results attest to this.

Satisfaction with City Water Service - ETC Survey 2017



However, a fair bit of our drinking water infrastructure is well past its useful life: some of it dates from the early 1970s. We must replace old equipment; add water towers to maintain water pressure for residential use but more importantly Fire Department use; and work to regain the capacity we naturally lose over time from wells and the treatment plant. These projects will cost a little over \$42.845 million and, therefore, will require the use of bonds to finance that level of expenditure.

If voters approve a water ballot issue, a rate increase of 11 percent would occur over the course of the next four years (3 percent each year for three years, and then 2 percent in the fourth year) to pay for the bonds. This would cost the average residential rate payer approximately \$2.71 per month when fully implemented.

Fire Department Expansion

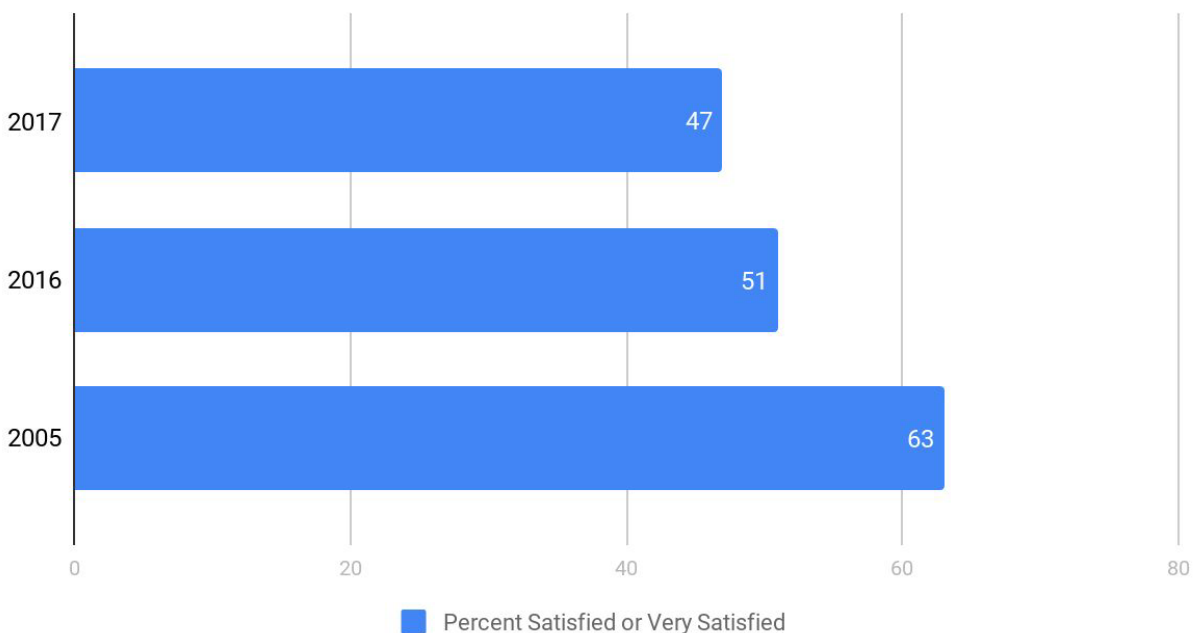
As the City has grown over the years, the Fire Department has added staff and stations. Our goal is to provide the maximum amount of geographic coverage such that travel times to calls for help average four minutes. It is time to add stations and staff to keep up with the growth the city has seen.

We have the capacity in our Public Improvement Fund to build a fire station at the location it is needed most, east of Highway 63 and south of Interstate 70. The staffing needed to operate this station exists now. Building and staffing this station will be included in the proposed budget I will transmit to the City Council in July.

Planning ahead, we included a project in the Capital Improvement Sales Tax ballot to purchase land in the southwest part of the city to locate a municipal service center, including a fire station. I will recommend a method to accelerate this land purchase in my proposed budget.

Two Years of Community Policing

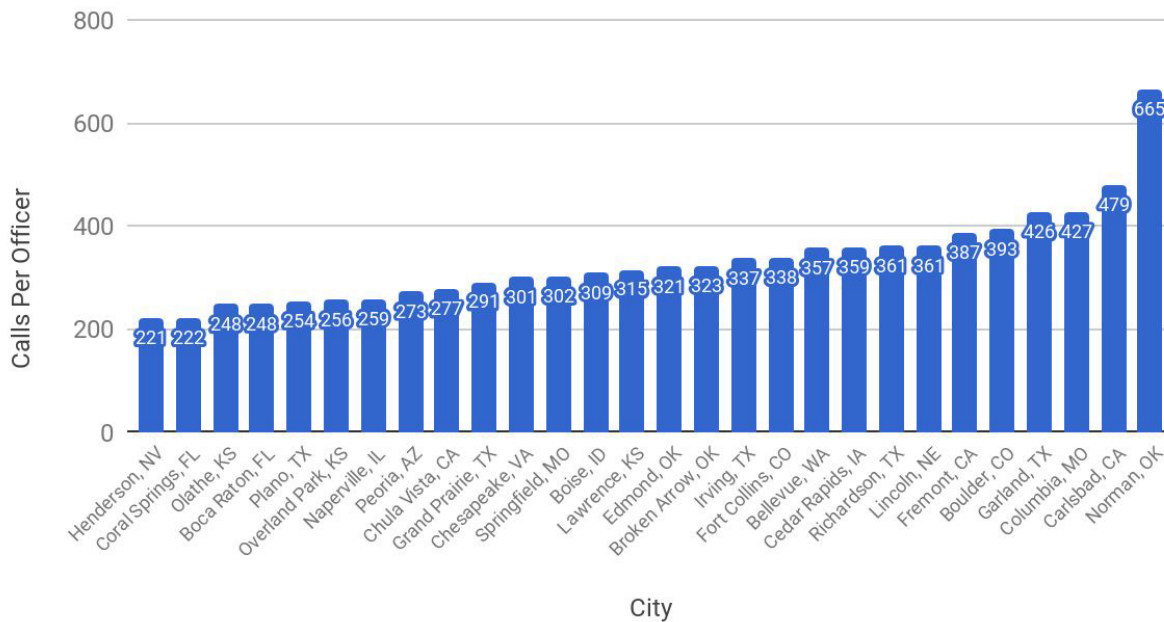
Satisfaction with Police Efforts to Prevent Crime - ETC Survey 2017



As we turn our attention to the Police Department, satisfaction with crime prevention has gone down over time. Our survey respondents also tell us that it is the most important Police service to provide. It is important, yet satisfaction is low. So, what have we done to address this? We created the Community Outreach Unit in the Police Department; a dedicated group of officers who get to focus most of their time on building relationships with our residents and building trust in some of our most stressed neighborhoods.

It was not without some angst that we pulled six officers out of patrol and assigned them to this unit. After all, when we compare our calls per officer to other cities, we have some of the highest call volumes there are. Doing the work of community policing means you are not regularly available to answer 9-1-1 calls, but you may be called to respond, when needed, during your shift.

Calls Per Officer - 2017 Benchmark



We have seen amazing things happen in Columbia with the work of this team. Over the last two years, the three neighborhoods in which our officers are assigned have seen a 22 percent reduction in the eight categories of crime we track the most. The city as a whole has only seen a 6 percent reduction. Another way to look at this is, of the total citywide drop in the number of crimes, 45 percent of the drop occurred in neighborhoods with a community police officer.

Now, that said, we did see a citywide increase in homicide and larceny, and also in two of the Strategic Plan neighborhoods. Even though homicides did not exceed the standard deviation citywide (meaning it was a 'normal' year) it was still deeply troubling to have nine homicides in 2017. Nearly all of these involved the sale of drugs.

We do have some good news. Thanks to a grant from the Department of Justice, we added two officers to the Community Outreach Unit. These officers are working in the area bounded by Highway 63, Paris Road, and Interstate 70.

We also will begin construction of a new police station in the Second Ward, at the intersection of Range Line Street and International Drive. This decentralization of the department is aimed at improving response times and citizens' proximity to officers, where possible.

Finally, the City Council has passed a Community Oriented Policing resolution which directs me to conduct a six-month process to design a citywide Community Oriented Policing program for the Columbia Police Department and a transition plan, timeline and budget for modifying current department policies, procedures and operations and implementing the new program; as well as an evaluation process that includes goals, objectives and measurable outcomes.

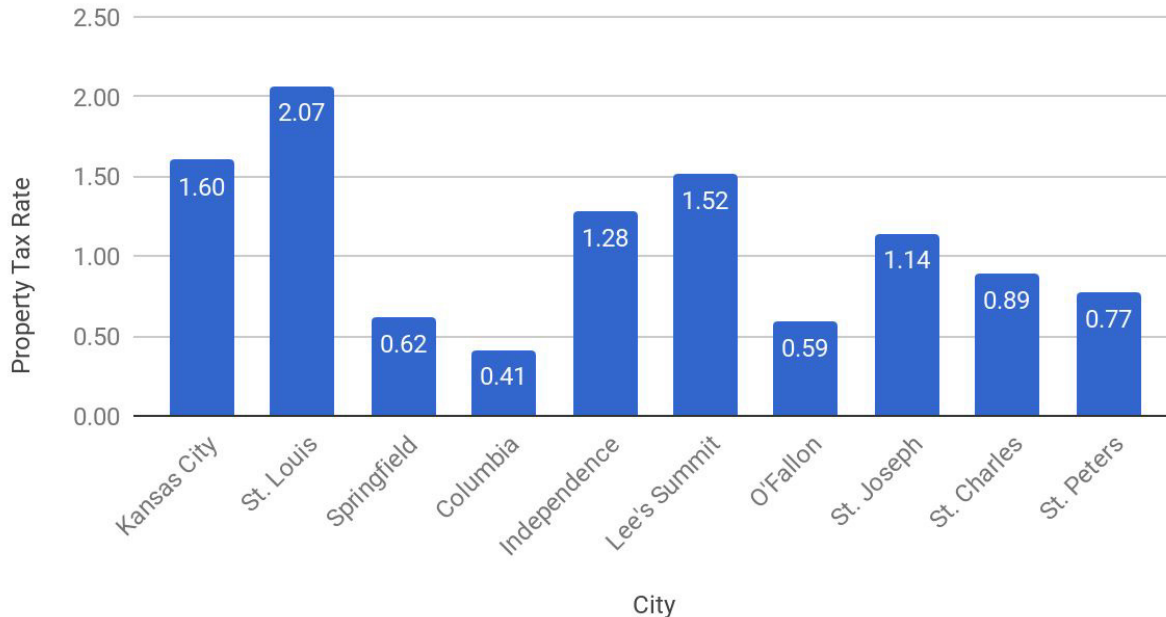
The work we are now engaged in should result in a compelling vision for the future of policing in Columbia. If the City Council places that vision before the voters, it will be the community's decision whether to pay for that vision or to have us struggle on as we are.

The Need to Diversify Sources of Revenue

Compared to other cities in Missouri, we have a very low property tax rate. This means that the owner of a home in Columbia pays a lot less in property tax than he would if he lived in the same house in 26 other towns in Missouri. In fact, the Daniel Boone Regional Library receives more funding each year from its property tax than the City government does. When you look at your total property tax bill, the City's portion is close to 6 percent..

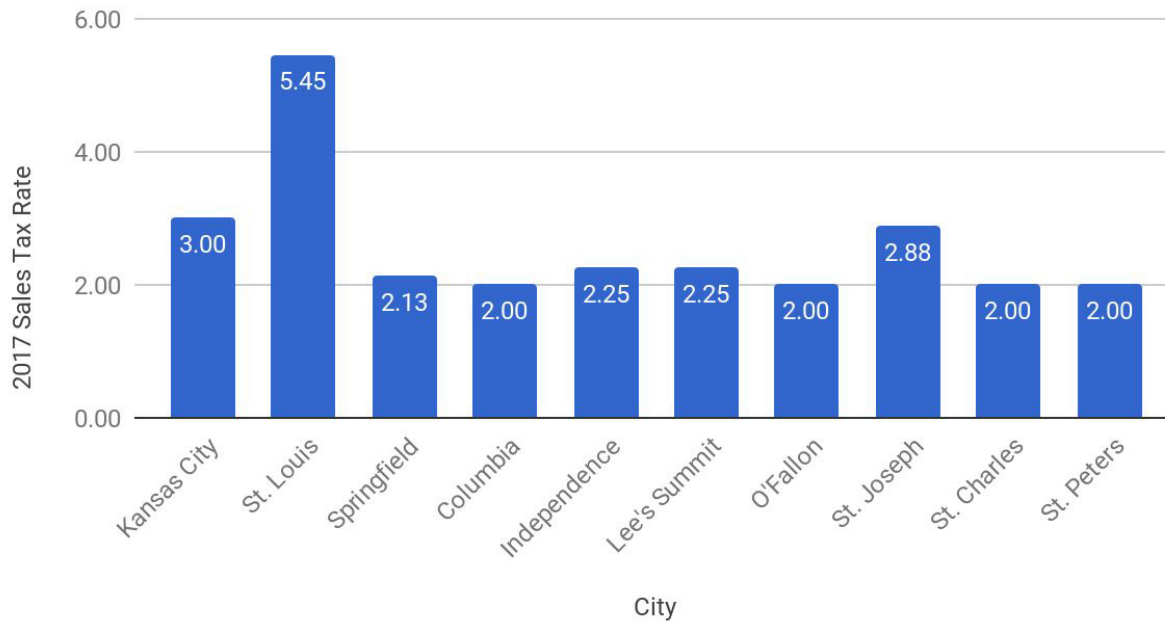
Here is a comparison of the ten most populous cities in Missouri. As you can see, Columbia is the fourth largest city, and the fastest growing, yet we have the lowest property tax rate, by far. In fact, the average of these cities (\$1.09) is more than double our tax rate. While we can take some pride in this fact, it also explains a great deal about why we have such low levels of staffing...and lower pay... than many cities, even in the police and fire departments. For example, O'Fallon and St. Peters don't have city fire departments, which is our second largest General Fund expense.

10 Most Populous Cities in Missouri - Property Tax Rate



Columbia's sales tax is average for Missouri but producing less and less funding, due to the majority of taxable transactions moving to the internet and the fact that online retailers do not pay sales taxes to cities. Retail is suffering across the country. As of this writing, we are on pace in America to see a doubling of the amount of retail closures over last year. Both of those years have seen more retail closures than we experienced in the Great Recession in 2008.

10 Most Populous Cities in Missouri - Sales Tax Rate



Our strategy for decades has been to rely on sales tax, and how fast our city grows, to keep our property tax rate to the minimum. That strategy is no longer capable of moving us forward, or even keeping pace with the needs of our community. In two months, I will deliver budget recommendations to the City Council aimed at addressing this unsustainable financial situation.

In Summary

City staff is keeping faith with the community to the extent resources allow. We provide industry-leading stewardship with nine accredited departments and bar-setting resident satisfaction. Our survey also says that our community is starving for more community policing and better roads. Unfortunately there are fewer dollars to do that, and there will be less each year until we either pay sales taxes on internet purchases or switch to property tax.

Going forward, we may not be able to meet citizen expectations in some areas. Our purchasing power does not match demands for service. Our residents should expect less service from the City Government in future years. After all, we as a community are not actually buying much of it.

Correction 6/8/2018 - Two numbers listed on page 7 were incorrect. The projected cost of water infrastructure projects was listed at \$48 million; it has been corrected to \$42.845 million. The average residential rate payer cost was listed at \$3.25; it's been corrected to approximately \$2.71.

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