



September 28, 2017

Dear Mayor and Members of the City Council:

As required by our City Charter, the FY 2018 budget was presented to you in July and reflects the amendments approved by you at the September 18, 2017 Council meeting. It is aligned with the priorities you set in the 2016 - 2019 Strategic Plan and reflects your goals and guidance expressed during the year.

It's no secret that we have a revenue problem. If it continues, your ability to balance the expectations of a "full service city" with our cash flow gets harder. But I encourage you to remember a phrase used in my State of the City messages over the last two years: "Look around." You will see that together, we have managed resources responsibly, kept promises made to citizens and started making good progress in lowering poverty and unemployment.

My fellow City employees and I are committed to helping you keep at this by recalling some of our successes, assessing our financial future and submitting a balanced budget.

## **FY 2018 Big Picture**

This budgets total expected revenues of \$432,537,592 and total estimated spending of \$455,718,617. Typically there is a gap between revenues and expenses. City departments outside of the General Fund are allowed to save money over several years and then spend that cash in one year to pay for capital projects. This budget includes a net increase in staff of 9.00 FTE, for a total of 1,497.9 permanent City employees, or 12.24 employees per thousand population. This staffing level remains lower than pre-recession levels.

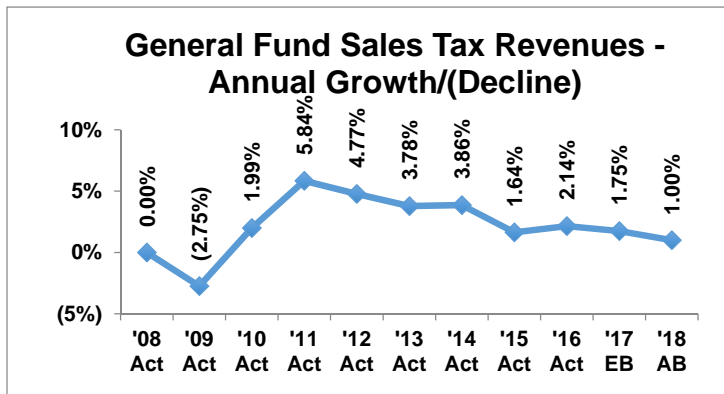
Because of continuing threats to City revenues, my recommendations were based on four goals:

1. Balance the General Fund budget and live within our means;
2. Avoid laying off any permanent employees;
3. Provide employees with some kind of monetary compensation; and
4. Make progress on the City Council's Strategic Plan goals.

## **Challenges in FY 2018**

**Continued historically low sales tax growth is creating a severe revenue problem.**

Our current fiscal year represents ongoing flat revenue. Because we took early action to lower spending, we will complete FY 2017 without dipping into our reserves. Sales tax growth has been historically low for the last four years. These revenue challenges appear to be long-term problems. As the retail economy suffers, our city will continue to be negatively impacted.



In the last 20 years, Columbia has lost half of its manufacturing jobs and replaced them with retail jobs. That has led to an increase in poverty. Now, even those will be vanishing at an increasing rate. We've seen significant retail stores close throughout the city. All of the indicators I watch point to a very dark year for traditional retail and a bright year for online retail.

As we think about the retail economy, we must remember the struggles of the University of Missouri. Enrollment is down, and the University is having to cut its budget deeply because of that. This last year Mizzou was down nearly 2,400 students. This means 2,400 fewer shoppers and more than 2,400 fewer renters. This comes at a time when thousands of new student housing units are coming onto the market. The student housing boom is over for now, and we're already seeing amazing reductions in the rents being charged for student housing.

In addition to the enrollment reduction, 300 jobs are being eliminated at the University's Columbia campus, about half of which are already vacant. These facts will have a noticeable negative impact on Columbia's economy and the City government's budget.

### Rising Healthcare Costs

In the past year we have experienced another dramatic increase in the use of our health plans and a corresponding spike in the costs borne by the Employee Benefit Fund and our employees. In FY 2017 the cost of medical and prescription claims increased more than \$650,000.

Some good news, as a result of conducting an RFP for all health care benefits, we have managed to lower our costs across the board for third party plan administration. We're moving to a fully insured dental plan that will lower cost and greatly improve service for employees. The health plans and prescriptions will remain self-funded, though the cost to administer them has been reduced. Unfortunately, this will not overcome the significant increase in the cost of claims. The City Council recently approved using the fund balance to cover these increases. While that action will get us through the year without having to make any drastic changes in health care, it appears that in FY 2019 we may have to end the most expensive plan of the three we offer to avoid insolvency in the Employee Benefits Fund.

### Pension Costs Increasing

In addition to significantly higher healthcare costs, the cost of the Police, Fire and LAGERS pension systems will increase by \$1.3 million in FY 2018 (nearly \$1 million of this is for Police and Fire pensions). This is due to the continued lower earnings we are able to make on the invested pension funds.

While the changes we made to the pension system in 2013 have had a significant positive impact, we still have over \$103 million in unfunded liabilities remaining for Police and Fire pensions.

### **Transit costs must be addressed**

The Transit service continues to experience deficit spending. It is funded by the Transportation Sales Tax, which means we will not be able to look to revenue growth to solve the deficit. Therefore, this budget includes several service changes for lower ridership routes so Transit can slow down the use of fund balance to operate. This is explored in more detail in the Infrastructure section that follows.

## **How we balanced the General Fund Budget**

### **No Fleet Replacement**

In a normal year, it is wise to replace a portion of our vehicles and equipment. This approach keeps us working and minimizes the ultimate cost of the equipment and keeps operating and supplemental budgets relatively level rather than having big spikes every so often. However, due to our very limited revenue growth, we have postponed all replacements for a year. This saved the general fund \$1.1 million for FY 2017.

### **Continue 45-day Hiring Delay, Started in FY 2016**

A hiring delay is an effective cost reduction technique that minimizes the negative impact of reducing budgets. Employee turnover is 12.7 percent. However, by waiting 45 days to refill positions when they become vacant, we save roughly 1/12 of the total annual cost of those positions. We have continued Council's preference of not applying this to the Police and Fire Departments. This is projected to save the General Fund \$174,000 for FY 2018.

### **Departmental Budget Cuts**

Because of our revenue constraints, I asked three departments (Information Technology, Building Maintenance/Custodial, and Community Relations) to recommend ways they might lower their spending by up to 10 percent. Though it was difficult, staff found ways to meet the goal. The total impact of these cuts was \$1.1 million. These spending reductions help balance the General Fund and largely were used to pay for the increase in pension costs. These cuts come with service reductions; for example we deleted three vacant jobs that in Building Maintenance/Custodial services and this has resulted in longer periods between cleaning.

### **New Positions in the General Fund - Returning Four Police Officers to the Street**

The FY 2018 budget, continues our effort at civilianizing Police Department jobs that do not require police powers. These positions cost about one half of the cost of adding police officers. I am very pleased this action will allow us to effectively add four more officers in FY 2018. This move effectively increases our sworn officer strength while staying within our budget constraints.

While we are recommending the creation of a 0.50 FTE Human Resource Technician in the General Fund, this will have a net zero impact on their budget due to other cuts within their budget and fees charged to departments outside of the general fund for services provided to them.

## **Other important considerations**

### **Strong Bond Ratings**

Because of your continued fiscal discipline and good staff-level management, our bond ratings remain steady at AA. This is a good external indicator of the financial health of our utilities and the faith the market has in our financial stewardship. Given our revenue challenges, I don't expect this to continue into the future. As of the writing of this message, the Muni Ratio is .86. This means

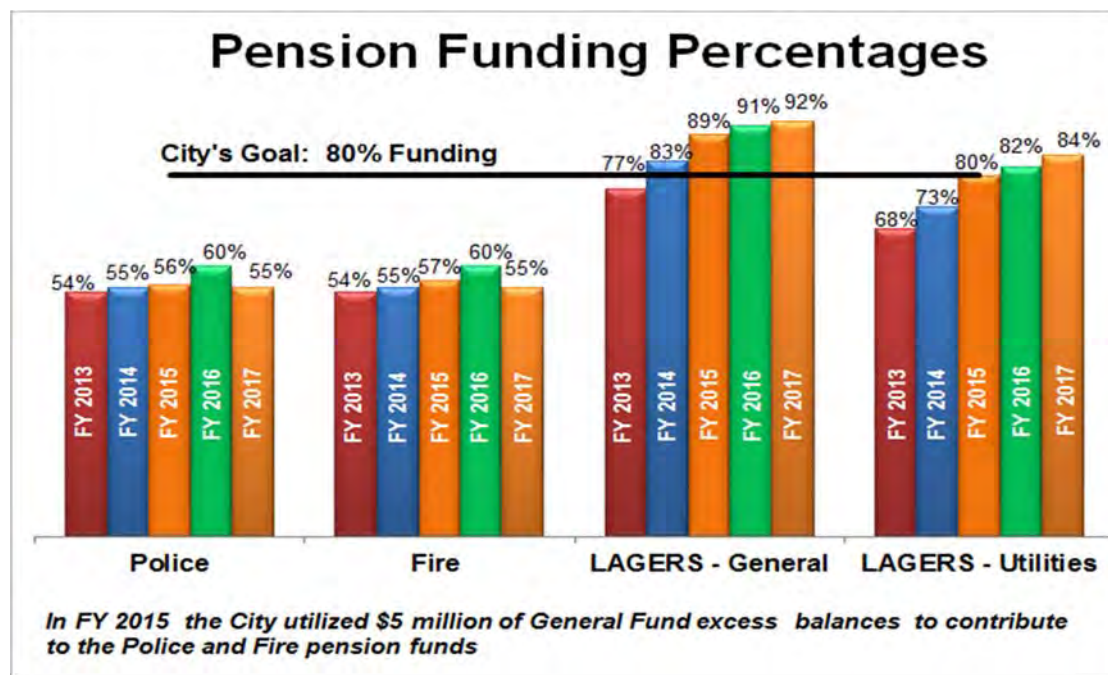
Federal Government Treasuries will be more attractive than municipal bonds in the market, putting pressure on municipal bonds to increase the interest we pay. If that occurs, the cost of future debt will increase, leaving less money to accomplish our capital improvement plans. I believe we will be able to accomplish fewer projects with the revenue that our funding streams produce.

**Residential Utility Rate Impact**

Our goal each year is to keep average utility increases below \$5 per month in total. The 2018 budget includes residential rate increases in Water (4 percent operating), Sewer (1 percent voter-approved and 5 percent operating), Solid Waste (4 percent operating) and Storm Water (25 percent voter-approved). The estimated average customer impact is \$3.24 per month.

**Pension Status - budget cuts were used to fund significant increases in Police and Fire pensions**

In FY 2013, the City changed many elements of its pension plans to adjust to the recession and unsustainable benefit levels. Those changes created a positive turnaround in the health of our pension systems (see chart below). The financial industry considers a pension plan healthy if 80 percent of its liabilities are funded. We've met our goal with LAGERS, the plan in which most City employees are enrolled, but we are still far from the 80 percent target for our Police and Fire plans.



The result of the changes made to interest income assumptions has reduced the percentage of liability that is funded. The combination of all of our changes should see steady improvement in the years to come.

**Continued Sales Tax Erosion due to Online Sales**

Sales tax in Columbia pays for many of the services our community relies on: road and sidewalk

repair, the bus system, the airport, parks, police, fire and nearly everything else outside of City utilities. While the federal government continues the massive subsidy of online retailers, we will continue to lose resources that would otherwise pay for all the services listed above. The erosion of sales tax per capita amounts to \$10 million every year.

I am convinced the growth of internet transactions is going to continue to increase. On top of that, we will have thousands fewer shoppers in our city. We have a severe revenue problem. In many ways, a City Manager is a steward of City government. Stewardship is defined as the protection of something considered worth caring for and preserving. As a steward, I recommend three actions to begin to change our fate.

1. Until the federal government ends the massive subsidy of online retailers, we must recognize that the only action within our power to address our shrinking revenue, is to move away from the use of sales tax as a funding source. We should look to property tax for future ballots for public safety and roads.
2. We need not labor in darkness. We should conduct a study of our retail economy. What parts of the retail industry compete well with the internet? What products do we as shoppers leave our city to buy? What could our commercial landlords do with that information?
3. Finally, I recommend we collaborate with Boone County to place a Use Tax on the ballot this November. This tax will not have a significant impact in the short term, but if the federal government phases out the massive tax subsidy of internet retailers, we would be positioned to receive sales taxes from internet purchases.

## Implementing the Strategic Plan in an Era of no revenue growth

Our Strategic Plan envisions a Columbia that is the best place for *everyone*...not just some...to live, work, learn and play. It's a community where people earn enough to support their families. It's a place where residents feel safe and secure, know their neighbors and like their neighborhoods. A Columbia where, regardless of where they live, families know they can rely on police and fire protection, utility services and well-maintained streets and transit systems. They choose to call Columbia "home" because life is good here.

In the absence of new money, it can be very difficult to implement change on the scale envisioned in the Council's Strategic Plan. So we are left to accomplish what we can, with what we have. As you will see in the remainder of this message, some impressive results have been achieved quickly, but future accomplishments will be a struggle against a lack of resources.

That said, we have accomplished something truly remarkable. We have begun to close the employment gap between white and black Columbians. The American Community Survey measures unemployment by race; they've measured it since 2005. The gap is now the smallest we've ever seen. When the City Council established the strategic plan, African American unemployment was 15.5% in Columbia. Today it's 11.9%. We still have work to do, but we're gaining on our goal.

To enable continued progress, I am recommending the use of \$560,349 of our FY 2016 savings to continue our work to implement the strategic plan.

## **Strategic Priority: Economy - Jobs that Support Families**

### **Jobs are Social Equity**

Working with our partners, the Economic Development Department and the City Council have helped to create or retain over 1,000 jobs at companies like Dana, Kraft, NorthWest Medical Isotopes and Aurora Organic Dairy. We do this because we realize that jobs are social equity. The only path out of poverty is a good job that pays a living wage. Working with our partners in the county and state governments, we will continue our mission of creating high quality jobs.

One of our most important strategic plan efforts was to invest time and energy into start-ups, especially businesses that have traditionally been disadvantaged. Jim Whitt has accomplished much in a short time. Through his efforts, we have lowered the barriers we have that keep those with criminal histories from starting their own business. We've lowered the amount of insurance we require to work for the City, giving small businesses more opportunity to compete for City contracts. Continuing Jim's work will cost \$36,000. This is part of the \$560,349 I have recommended for the use of FY 2016 savings.

**Columbia Regional Airport** is an economic driver that supports at least 745 jobs and a \$27 million annual payroll; not a bad return on the City's \$2 million annual investment. The number of people flying from Columbia Regional is six times higher than it was in 2009, but with 64,000 people boarding planes every year, the terminal is only half the size it should be. We are making progress assembling the funding to build a new terminal. Voters agreed to increase the lodging tax paid by visitors, to help construct the new airport terminal in order to handle more flights, meet federal safety and security requirements, comply with ADA requirements and be accessible to persons with disabilities. The State of Missouri will provide an initial investment of \$2.5 million in its FY 2018 budget. It is my hope that State support for the terminal project eventually will reach \$10 million. The Federal Aviation Administration will commit up to \$20 million for this purpose if we closely follow the process they require to build the new terminal.

In the coming year our focus at the airport will be on the success of our new direct flight to Denver. This includes marketing the service and building more parking than we have ever needed before. We will do this as inexpensively as we can, using gravel we made out of our old taxiways and our own staff constructing the new lots.

## **Strategic Priority: Social Equity - Improving the Odds for Success**

Much of the City's work in this area of the Strategic Plan focuses on community building in neighborhoods where a sense of community has been absent or minimal. These are neighborhoods where people may not know their neighbors and, with the notable exception of the Ridgeway Neighborhood Organization in the Central neighborhood, folks living there don't come together as a community. Part of our plan has been to organize meetings so that it is as easy as possible for all to attend: we provide food, transportation, child care and the opportunity to apply for City jobs online. We facilitate conversation by asking fundamental questions about what neighbors want their neighborhood to be. I am grateful to New Chapter Coaching for their excellent work on this effort. Our hope is that as this work continues, people experience permanent improvement in the community "feel" of the neighborhood...that they know each other

and help one another thrive.

### Strategic Plan Implementation FY 2018

N. 8 <sup>th</sup> Street Cottages – Community Land Trust	\$200,000
Climate Assessment Implementation	\$35,000
Marketing, Communication and Printing	\$10,000
Food for Neighborhood Meetings	\$5,000
STEM Initiative – Public Works	\$15,000
Community Scholars	\$20,000
Step Up to Leadership	\$10,000
Neighborhood Park Fun Days	\$5,000
Supplier Diversity Contract	\$36,000
Other	\$64,000
Streets/Sidewalks/Street lights infrastructure	<u>\$160,349</u>
	\$560,349

Our partnership with the Columbia Public Schools has been particularly helpful. They have made schools available for community meetings and allowed our staff to become active participants in the schools, especially our community police officers. The District's remarkable work to improve graduation rates has been a powerful force helping all groups, but especially African-American students graduate (up 13% in just 5 years), get a job and move out of poverty.

A notable success is highlighted by the work of the Columbia Insurance Group, which recently hosted a neighborhood party for the Whitegate area, bringing together local businesses, providing a safe, family-focused get-together for folks to meet each other and learn about many resources available to make life better. The United Way has been a particularly meaningful partner in this work.

Finally, I would like to tell you the story of Mekhia Thompson and her efforts to build a sense of community in the Indian Hills area (our East strategic plan neighborhood). Staff reached out to Shelter Insurance and the company, as a result, funded a Success Grant scholarship that Mekhia won. To receive the scholarship she needed to perform a meaningful public service or project. She organized a July 8 event at Indian Hills Park to get her neighbors out, meet each other and connect with community police officers. She hopes it will be an annual event. Thanks to Shelter Insurance, Mekhia's Success Grant can be applied to her college expenses and is renewable up to four years.

### **Strategic Priority: Public Safety - Safe Wherever you Live, Work, Learn and Play**

The Public Safety portion of the General Fund budget is by far the largest. The Council has just under \$60 million in discretionary funding available to it in a typical year and dedicates over \$40 million of that to public safety, or \$2 out of every \$3. The remaining \$1 is used to fund the other 12 City departments that make up the General Fund.

Just after we adopted our current FY 2017 budget, we received a much needed grant from the

federal government to add four more community police officers. We have two of the four in post now and will soon complete the hiring to have all four. These positions will expand our community policing efforts. The first team is assigned to the Whitegate neighborhood. In FY 2018, we will add four positions by civilianizing roles that do not require police powers.

### **Community Policing**

The Columbia Police Department's Community Outreach Unit (COU) is our newest community policing initiative. Citizens helped choose their officers. Even though our efforts are best described as incremental, we already are seeing incredible impact. Stories of the team's work have been posted on social media by the residents we serve, and those have gone viral in short order (see my recent State of the City message for details). Six officers, one sergeant, and one lieutenant made up the core team when we started community policing. This year we were able to increase this by four more officers bringing our total to 10. This represents a roughly \$1 million investment in community policing, or 5 percent of the Police Department budget.

### **Seven of Eight categories of Crime are down significantly**

We've completed one year of neighborhood-based community policing and the preliminary results are in. Seven of the eight categories of crime we worry about the most are down. They have fallen by double digits. This is outside the standard deviation. It is not normal variation from year-to-year.

Our strategic plan neighborhoods equate to about 4.5 percent of the geographic area of the city and just under 14 percent of the city's population. Since we started community policing, these neighborhoods are responsible for half of the drop in crime city-wide.

- 846 fewer calls to 911
- 38% reduction in shots fired calls
- 24% reduction in rape
- 53% reduction in robbery
- 50% reduction in aggravated assault
- 24% reduction in burglary
- 14% reduction in larceny-theft
- 16% reduction in motor vehicle theft

Overall, if you add all of these together, we experienced a 30% drop in crime in just one year in our strategic plan neighborhoods. This kind of work sends ripples throughout the city. When crime drops this far in a part of the city, it drops in all of the city.

### **For an example, look at Aggravated Assaults**

In one year, aggravated assaults dropped by 103 city-wide. 64 of those 103 fewer assaults didn't occur in our strategic plan neighborhoods, the neighborhoods with community policing. Another way to view this is that 14% of the city has seen 54% of the drop in assaults. So city-wide, aggravated assaults fell by 27%. In the neighborhoods with community policing, they fell by 50%.



## A New North Precinct - Decentralizing Our Approach

We're gradually balancing community access to Police services in the strategic areas. The Boone Community Center substation now serves Central Neighborhood residents. Ward 3/East Neighborhood residents connect with the Community Outreach Unit and other police officers at a leased townhome (\$300/month or \$3,600/year) near Indian Hills Park, and the North neighborhood is served by a substation at 5305 Edenton.

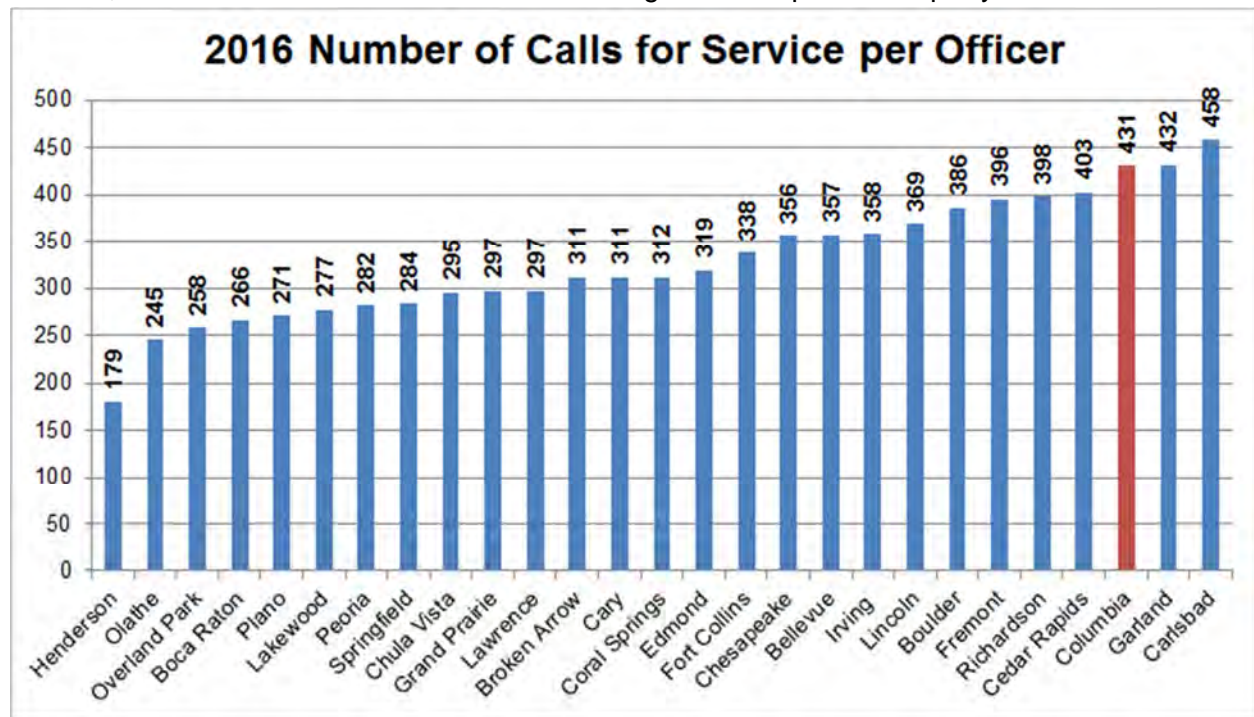
Using part of the proceeds from the 2015 voter-approved capital improvement sales tax extension, we've purchased land (\$484,400) in Ward 2, near Auburn Hills Park, for a north side police station. The building, which has a budget of \$9.7 million (minus the cost of the land), is being designed this year. We hope to begin construction in FY 2018.

## Accreditation

It's possible that both our Fire and Police Departments will become accredited in the coming years. This is the gold standard for a non-biased, external validation that we provide services using the best practices in the field today.

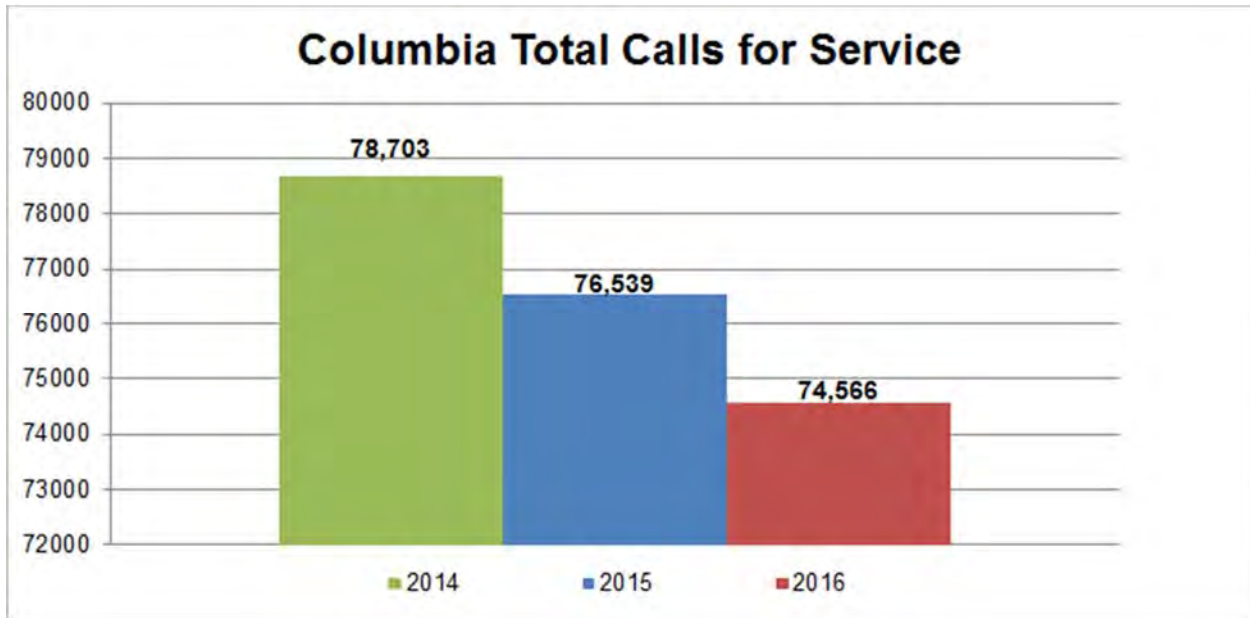
## Police and Fire response times - the need for dedicated Public Safety funding

When we compare the calls each of our officers responds to, we are on the high end of the list. In 2016, Columbia Police Officers were answering 431 calls per officer per year.



While our efforts at community policing and the Contact Center help to reduce the number of calls to 911 (we saw nearly 2,000 fewer last year), they alone will not get us to a point where we

reach the average number of calls per officer of 329.



In addition, the Fire Department struggles with response times in three areas of our city. The Northwest, Southwest, and East areas of town do not receive the four-minute response times we aspire to provide. The need for dedicated Public Safety funding that does not rely on sales tax is clear. To accomplish this, I recommend a property tax-based ballot in April of 2018 to significantly reduce response times (by adding positions) for both departments.

## Strategic Priority: Infrastructure - Connecting the Community

### Water

Our Water Utility is in the process of planning its next 10 years of needed infrastructure expenses. Through an exhaustive public planning process we will decide how much water we will need in the future and what qualities of water our community desires. This work will inform a ballot in FY 2018 listing those projects needed to achieve the goals identified in the planning process. It is too early to commit to a dollar amount or water rate that will be needed, but this work should be completed in FY 2018. This ballot should be prioritized to occur after a public safety ballot.

### Streets and Sidewalks

The streets and sidewalks budget is heavily funded through the transportation sales tax. The budget was reduced last year by \$351,000 so we could fund three additional police officers. This leaves the budget for this purpose at \$7,082,000. Our citizen survey indicates that the public would like more investment in roads, however, given the condition of the retail economy, increased funding is highly unlikely. Once public safety and our water needs are addressed, I recommend pursuing a ballot to be dedicated 100% to maintenance of neighborhood streets. I believe the soonest this could occur would be FY 2019.

## **Public Transit**

Recently, Olsson Associates completed an analysis of our transit system. They recommended deleting some routes to better serve the core routes (which are far more heavily used). They recommended using a “flex” system where riders could schedule a ride to the nearest bus stop as a replacement for the low-use routes. This is a problematic recommendation due to the fact that we are experiencing significant deficit spending in transit. For FY 2018, we must reduce our spending by \$575,000. Additionally, this service is supported by sales tax, which means shrinking revenue looking forward.

This budget meets the required spending reduction by changing four routes to off-peak schedule during all normal transit hours (light green, purple, orange and brown), eliminating the dark green route, expanding the light green and black routes to cover current users of dark green route, eliminating the pink route, and implementing a pilot flex zone program for areas of pink route not served by any other routes.

We will also be rebranding the service for many reasons. Now called, “GoCOMO”, we will begin changing signs, software, etc. immediately. This is a good time to do this given the proposed changes in services.

## **Strategic Priority: Operational Excellence**

### **City Employees are Engaged and Excel at Customer Service**

Overall citizen satisfaction with the quality of City employee customer service has hovered near 70 percent for several years, beating regional benchmarks by 17 percent and national benchmarks by 21 percent in 2016, and two-thirds of citizens said they know who to contact when they need our help. With the rollout of our Contact Center, we expect these numbers to increase even more in the coming years.

### **Contact Center**

Over the last two years, our customer Contact Center has reduced the number of possible phone numbers you must wade through to reach us by more than half. We had 154 numbers in the phone directory when we started the implementation. Now there are 70. In the coming year, unless there’s an emergency or need for a Text Telephone, we will replace the remaining 70. Because we’ve developed the center in manageable steps and hired people with a passion to help others, we’re getting rave reviews from customers. They love not getting transferred from office to office when they call. Eighty-one percent of the calls we receive at the contact center are handled with one call. At Mayor Treece’s request, we have accelerated the full launch of the Contact Center. We’re preparing a public announcement and branding effort and disconnecting excess phone numbers as we reach full implementation. The number for the Contact Center is (573)874-CITY.

### **Pay and Benefit Changes**

Our employees are some of the best you will ever see. As I mentioned before, citizen satisfaction with the service they provide is much higher than regional or national averages. I receive many email messages and phone calls praising employees who go above and beyond to help residents. Unfortunately, given the lack of revenue and the cost spikes in pensions and health care, funding is just not available to offer a raise to our employees this year. This pains me greatly when I consider that all service lines of the city government are 30% understaffed and we still produce

industry leading service levels. The Council has approved using part of their half of the Incentive Based Budgeting savings from FY 2016 to fund twenty-five payments of forty dollars (\$40.00) per payment to City employees at a total cost of \$1.1 million.

In the Employee Benefit Fund, we have used fund balance to overcome significant increases in the cost of claims in our health plans. This forestalls for one year the need to make any drastic changes. However, I believe it will become necessary, perhaps as early as next year, to close our most expensive plan, the \$750 deductible plan.

I am growing more and more concerned about overall morale moving forward; with no or minor raises, it can be difficult for even our best colleagues to maintain a positive outlook. Turnover has historically been very low for the city government, but is beginning to increase. Additionally, 24% of our workforce will be eligible to retire within the next four years. This represents a lot of institutional knowledge that could leave. This is yet another example of the need to move away from the dependence on sales tax where possible.

### **Use of FY 2016 savings from the Incentive Based Budgeting initiative.**

Five years ago, the City Council implemented a technique to encourage frugality in our operations. It is called Incentive Based Budgeting. The idea is fairly simple; if the staff can end the budget year without spending everything the budget would allow, the savings are split in half, 50% to be programmed by the General Fund departments that created the savings, and 50% is returned to the City Council for use for its priorities. Because we instituted the 45-day hiring delay and did not replace items such as fleet vehicles, we were able to come in under budget by \$4.4 million in FY 2016. Our practice has been that we decide what to do with the savings in the budget process with departments sending to Council the accounts into which they will place their savings, and the Council approving the uses for the their 50%. Following are approved use of the Council's half (\$2.2 Million) of the FY 2016 savings:

- \$1,093,598 million for twenty-five (25) payments of forty dollars (\$40.00) per payment to City employees in the General Fund, Recreation Services, Transit, Airport, Mid-Missouri Solid Waste Management District, Non-Motorized Grant and CDBG. The same payment would be made by non-General Fund Departments from their fund balances.
- \$360,349 for Strategic Plan implementation (see the Social Equity section of this letter for more detail).
- \$200,000 for North Eighth Street Cottages – Community Land Trust (part of Strategic Plan implementation)
- \$250,000 Job Point (execution of contract for services required by October 1, 2019).
- \$150,000 to be used for Economic Development initiative.
- \$100,000 for Vision Zero implementation.
- \$50,000 to provide grants to taxi providers to purchase accessible vehicles as requested by Chuck Graham, Chair of the Disabilities Commission

We are looking at lean years ahead. We will not be able to do everything we hope to do. We will have to change how we have always done things if we want to thrive as an organization dedicated to the service of others.

That said, we still have capacity to make a difference where it matters.

## Many Thanks

Producing a budget with 20 departments, 52 separate spending plans and hundreds of service lines is no small task. No city manager can do this alone, and I thank the individuals who work so diligently to help me - and the community - achieve our goals. My profound thanks to all Department directors and especially City Finance Director Michele Nix, Budget Officer Laura Peveler, Budget Supervisor Sarah Talbert and their staff, Community Relations Director Steve Sapp, and Civic Relations Officer Toni Messina for their excellent work and ongoing stewardship of the community.

All FY 2018 financial information is summarized in the "Budget in Brief" and detailed in other parts of the document. Residents may read the budget and related material online at [CoMo.gov](http://CoMo.gov) or review a printed copy at the City Clerk's Office or at the Finance Department in City Hall.

Best Regards,



Mike Matthes  
City Manager

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**CERTIFICATION**

The undersigned hereby certify that the attached document is a true copy of the annual budget of the City of Columbia, Missouri for the Fiscal Year beginning on October 1, 2017 and ending on September 30, 2018, as finally adopted by the City Council on September 18, 2017.

IN WITNESS WHEREOF, I have executed this certification on this **18th** day of **September, 2017**.

  
\_\_\_\_\_  
Mike Matthes, City Manager

IN WITNESS WHEREOF, I have executed this certification and affixed the corporate seal of the City on this **18th** day of **September, 2017**.

  
\_\_\_\_\_  
Sheela Amin, City Clerk



**FY 2018 Budget Amendments  
Adopted September 18, 2017**

**Council Reserves:**

**Council Reserve Available** **\$91,000**

**Remaining Council Reserve Available to allocate during FY 2018** **\$91,000**

**Other Council Changes**

**General Fund**

**E** Decrease in PILOT from Electric Fund - decrease operating rate increase from 1% to 0% (\$91,000)  
 Decrease in General Fund Revenues from Proposed budget (\$91,000)

**E** Decrease in Electric expenses - reduce operating rate increase from 1% to 0% (\$11,155)

**E** Decrease City General Contingency (\$79,845)

**P** Decrease City General Miscellaneous Contractual (\$23,109)

**P** Increase in Parking expenses - increase parking permits \$5/month \$23,109

Increase in General Fund Expenses from Proposed budget (\$91,000)

**Net General Fund Impact - Amount that needs to be cut to keep general fund balanced** **\$0**

**Transit Fund**

Change 4 routes to off-peak schedule during all normal transit hours (light green, purple, orange, and brown),  
 delete dark green route, expand light green and black routes to cover current users of dark green route,  
 delete pink route, implement a pilot flex zone program for areas of pink route not served by any other routes  
 No change in expenses from Proposed budget \$0

Add back Overtime for special events \$20,000  
 Increase in expenses - would decrease reserves \$20,000

No increases to Paratransit fees - keep at \$2/ride (\$50,000)  
 Decrease in revenues - would decrease reserves \$50,000

**P** Expenses - increase parking permits by \$5/month \$781

**E** Expenses - decrease electric rate increase (from 1% to 0%) (\$1,811)

Decrease in expenses - would increase reserves \$1,030

**Water Fund**

**M** Expenses - \$1,000 payment to employees (\$40 over 25 pay periods) \$123,582

**E** Expenses - decrease electric operating rate increase from 1% to 0% (\$5,705)

**P** Expenses - increase parking permits by \$5/month \$733

Increase in expenses - would decrease reserves \$118,610

**Electric Fund**

**E** Revenues - reduce operating rate increase from 1% to 0% (\$1,301,000)

**E** Electric expenses - reduce operating rate increase from 1% to 0% (\$6,317)

**E** Expenses - decrease PILOT transfer to the general fund (\$91,000)

Net impact - total expenses would decrease more than revenues - reserves would increase (\$1,203,683)

**M** Expenses - \$1,000 payment to employees (\$40 over 25 pay periods) \$230,583

**P** Expenses - increase parking permits by \$5/month \$3,612

Increase in expenses - would decrease reserves \$234,195

**Net impact - would decrease reserves** **\$1,437,878**

**Sewer Fund**

**M** Expenses - \$1,000 payment to employees (\$40 over 25 pay periods) \$103,547

**E** Expenses - decrease electric operating rate increase from 1% to 0% (\$20,662)

**P** Expenses - increase parking permits by \$5/month \$49

Increase in expenses - would decrease reserves \$82,934

**Net impact - total expenses would increase - reserves would decrease** **\$82,934**



# FY 2018 Budget Amendments Adopted September 18, 2017

## Parking Fund

P	Revenues - increase parking permits by \$5/month	\$131,193
M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$12,276
E	Expenses - decrease electric operating rate increase from 1% to 0%	(\$2,802)
P	Expenses - increase parking permits by \$5/month	\$440
	Decrease in reserves from proposed budget	\$9,914

No expenses have been calculated for a residential parking program at this time. Staff would need more direction on the scope of the program.

## Solid Waste Fund

M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$142,329
E	Expenses - decrease electric operating rate increase from 1% to 0%	(\$1,664)
P	Expenses - increase parking permits by \$5/month	\$49
P	Expenses - increase transfer to MMSWMD to cover increased parking permit costs	\$12
	Increase in expenses - would decrease reserves	\$140,714

## Storm Water Utility Fund

M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$11,983
	<b>Net Impact - total expenses would increase - reserves would decrease</b>	<b>\$11,983</b>

## Convention and Visitors Fund

M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$11,787
	<b>Net Impact - total expenses would increase - reserves would decrease</b>	<b>\$11,787</b>

## Mid Missouri Solid Waste Management District

P	Revenues - increase transfer from Solid Waste to cover parking permit increase	\$12
E	Expenses - decrease electric operating rate increase from 1% to 0%	(\$86)
P	Expenses - increase parking permits by \$5/month	\$98
	<b>Net Impact - total expenses would increase - reserves would decrease</b>	<b>\$0</b>

## CDBG Fund

P	Revenues - increase CDBG grant to cover increase in expenses	\$195
P	Expenses - increase parking permits by \$5/month	\$195
	<b>Net Impact - no change in reserves</b>	<b>\$0</b>

## Railroad Fund

M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$3,665
E	Expenses - decrease electric operating rate increase from 1% to 0%	(\$140)
	<b>Net Impact - total expenses would increase - reserves would decrease</b>	<b>\$3,525</b>

## Recreation Services Fund

E	Expenses - decrease electric operating rate increase from 1% to 0%	(\$3,823)
P	Expenses - increase parking permits by \$5/month	\$293
	<b>Net Impact - total expenses would decrease - reserves would increase</b>	<b>\$4,116</b>

## Airport Fund

E	Expenses - decrease electric operating rate increase from 1% to 0%	(\$1,019)
	<b>Net Impact - total expenses would decrease - reserves would increase</b>	<b>\$1,019</b>

## Employee Benefit Fund

M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$4,031
P	Expenses - increase parking permits by \$5/month	\$74
	<b>Net Impact - total expenses would increase - reserves would decrease</b>	<b>\$4,105</b>

## Self Insurance Fund

M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$4,031
P	Expenses - increase parking permits by \$5/month	\$74
	<b>Net Impact - total expenses would increase - reserves would decrease</b>	<b>\$4,105</b>

## Custodial and Building Maintenance Fund

E	Revenues from other depts - decrease electric operating rate increase from 1% to 0%	(\$5,512)
M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$17,797
E	Expenses - decrease electric operating rate increase from 1% to 0%	(\$5,512)
P	Expenses - increase parking permits by \$5/month	\$440
		\$12,725

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**Net Impact - expenses increase more than revenues decrease - reserves would decrease** (\$18,237)

### Fleet Operations Fund

M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$50,362	
E	Expenses - decrease electric operating rate increase from 1% to 0%	(\$650)	
P	Expenses - increase parking permits by \$5/month	\$98	
<b>Net Impact - total expenses would increase - reserves would decrease</b>			<u><b>\$49,810</b></u>

### Information Technology Fund

M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$62,724	
P	Expenses - increase parking permits by \$5/month	\$2,685	
<b>Net Impact - total expenses would increase - reserves would decrease</b>			<u><b>\$65,409</b></u>

### Community Relations Fund

M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$38,783	
P	Expenses - increase parking permits by \$5/month	\$2,068	
<b>Net Impact - total expenses would increase - reserves would decrease</b>			<u><b>\$40,851</b></u>

### Utility Customer Services Fund

M	Expenses - \$1,000 payment to employees (\$40 over 25 pay periods)	\$23,453	
P	Expenses - increase parking permits by \$5/month	\$1,140	
<b>Net Impact - total expenses would increase - reserves would decrease</b>			<u><b>\$24,593</b></u>

## Staff Requests:

### Transit

	Reduce University Shuttle temporary funds	(\$158,776)	
	Reduce University Shuttle social security	(\$12,146)	
<b>Net Impact - total expenses would decrease - reserves would increase</b>			<u><b>\$170,922</b></u>

### Custodial and Building Maintenance Fund

	Reassign (2) Sr. Building Maintenance Mechanics from A10 to A11	\$10,217	
<b>Net Impact - total expenses would increase - reserves would decrease</b>			<u><b>\$10,217</b></u>

## Position Changes:

### Community Relations

	Reassign (1) 0.65 FTE Community Relations Specialist to Graphic Artist	0.00	
	Reassign (1) 1.00 FTE Graphic Artist to Videographer	0.00	

### Community Development

	Reassign (1) 1.00 FTE Engineering Technician to Right of Way Technician <i>(approved by Council 8/7/17)</i>	0.00	
	Add (1) 1.00 FTE Engineering Technician (position authorized, but not funded. <i>(approved by Council 8/7/17)</i> *)	1.00	

### Finance

	Add (1) 1.00 FTE Assistant Controller to the budget document <i>(position offset with funding from Pension Administrator position - approved by Council 8/21/17)</i>	1.00	
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<b>TOTAL FTE Position change</b>	<u><b>2.00</b></u>	
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*\* When Council approves public right of way permit fees, the revenues from the fees and the expenses for the position can be appropriated and the position can then be filled.*