

MINUTES
FINANCE ADVISORY AND AUDIT COMMITTEE MEETING
701 E. Broadway, Conference Room 1C
October 5, 2017

A Finance Advisory and Audit Committee meeting was held at 9:00 a.m. on October 5, 2017. Committee members in attendance were Diane Suhler, Maria Oropallo, Lisa Evans, Kris Bloom and John Clark. Also attending was Michele Nix, Lynn Cannon and Jessica Sapp from the Finance Department.

Introductions

Approval of September 7, 2017 Meeting Minutes

Mr. Bloom moved to approve the minutes from the September 7, 2017 meeting. Mr. Clark seconded the motion and the minutes were approved unanimously.

Old Business

None.

New Business

Ms. Oropallo reminded the group that they decided to look at alternative revenue options for the city. She turned the meeting over to Ms. Evans about what she has found on the subject.

Ms. Evans stated had found an article published by the Center for American Progress and Action Fund; Cities at Work: Progressive Local Policies to Rebuild the Middle Class. She highlighted a handful of items that stood out. One of which was increasing property tax. Ms. Evans recalled that being a suggestion Mr. Clark brought up in a previous meeting. Another was payments in the lieu of taxes (PILOT).

Mr. Clark noted that the PILOT referenced in the document was focused on property taxes. He isn't sure if it's something the group could pursue and recommend, but worth discussing.

Ms. Evans continued highlighting ideas from the article she read. Some cities use a split rate tax on land rather than property tax. She's wondering why the City hasn't done this. Ms. Nix stated that the County is responsible to assess the property values for tax due. Ms. Cannon added there are state statutes that the County follows. They would have to look at them to see if split rate was allowed or prohibited. Ms. Nix shared that the current property tax structure allows for the County and the School District to have a bulk of the taxes as their revenue stream. If the group pursues this idea, they'd need to coordinate with all three entities and consider the Hancock Law. The issue would need to go to the voters.

Ms. Oropallo stated the group was meeting to suggest ideas to Council to boost revenue. It would then be Council's decision to act on any of them. She echoed a comment made by Mr. Clark that nothing is off the table.

Ms. Evans continued with the idea of tiered pricing for water; to possibly raise rates for large consumption and give discounts to those who use smaller amounts. She feels the message with this idea is geared toward conserving water. She asked the group if there was any history as to why the city isn't using this billing method.

Mr. Clark shared he was on the Water Resource Planning Committee. At that time, staff decided not to have a consultant do some rate work, but it's still something that may be coming. This would include some rate work to trigger conservation. Mr. Bloom asked Mr. Clark when he thought this may happen. His reply was within the next six months. When the contract is ready to go to Council, Ms. Oropallo asked Mr. Clark to bring information to the Committee so they can review and give any comments or suggestions to Council.

Another idea in the article Ms. Evans found is having an income or commuter tax. She realizes the City already has a business license fee, but maybe to have a business tax as well; perhaps exempting this sort of tax on small businesses. The commuter tax involves odometer reading and that may be hard to identify as to what miles were traveled within city limits.

The last item Ms. Evans wanted to touch on was private financing for infrastructure. An example being selling the parking garages; can someone do it more profitably what the City can?

Ms. Oropallo asked the group if anything else in the article struck them. Mr. Clark commented there were a lot of things, but he was interested in the idea of a Transportation Fee. He spoke on how an annual fee such as this would help offset costs of repairing roads and related upkeep and improvements.

Ms. Suhler brought the topic of developer fees to table and a conversation she'd had with Councilman Thomas. There is a concern the developers are not paying their fair share or the full cost for water, sewer, and infrastructure.

Ms. Oropallo recalled attending a Council meeting that had discussion of imposing a fee for developers to close streets and sidewalks to perform work. A developer stood and introduced himself to Council and stated he budgets for this type of fee for all projects he does. The City of Columbia currently charges an inconvenience fee to businesses who close streets or sidewalks while the buildings are under repair.

Ms. Oropallo addressed Ms. Evans and Mr. Bloom asking the question from a commercial perspective, do any of these ideas seem problematic. From the business perspective, Ms. Evans didn't see anything negative about the ideas. Mr. Bloom agrees with Ms. Evans. However, the one thing that concerns him is the suggestion of making public things private. He referenced Chicago who tried this method and it didn't work out very well.

Mr. Clark began presenting his notes and thoughts about recommending to Council that a Revenue Based Task Force be formed. He also feels the task force shouldn't be driven by staff or the City Manager. Council should set parameters and goals as to what they are specifically looking for. Mr. Clark is suggesting a systematic study of the City's revenue base past, present, and future.

Mr. Clark went through his thoughts outlined in the document he provided to the group. There needs to be a systematic way to determine the best way to finance City operations, improvements, and infrastructure over the next 20-25 years. Mr. Clark stated, with the groups blessing, he would put together a proposal. He would enlist an outside perspective from a former Law Professor who now lives in St. Louis. The two of them would work with each other on such proposal.

Ms. Oropallo backed up to a comment that Mr. Clark stated earlier. That there was a time that outside people would come to Columbia to shop. Has the fact that the City has grown geographically negatively affected the revenue? The more we annex, the bigger the City is and people are not coming to Columbia, but living here. People aren't coming to Columbia to shop and returning home in West Missouri. Meaning, the City is spending more on water, sewer, road maintenance, etc. Has there been a study on that aspect? Mr. Clark stated that it could be a measure used. He then explained how things could have been done differently in the past that would have eased current revenue woes.

Mr. Bloom asked for some clarification from a couple of Mr. Clarks' statements. Is he suggesting to the committee that we give guidance to Council to bring in a third party and assist or create revenue enhancement? Additionally, does the group do some work along the way or with the professor's assistance and who does what work? Mr. Bloom feels Council needs to get behind a proposal to examine revenue sources in some fashion. He is in support of a third party if the group votes to recommend that.

Mr. Clark isn't interested in Council asking the City Manager to hire a consultant. He is suggesting that Council create a broad based citizen task force. Consultants would come in and work with them. Council would be the ones directing the task force. An RFP wouldn't be prepared up front. Mr. Clark feels the group needs to conduct some research and submit a proposal to Council to form the task force with some parameters. He's happy to do the research and others can if they'd like. A half page recommendation to Council should be sufficient.

Ms. Oropallo asked the group how they felt about this idea. With the structure Mr. Clark explained, the group was in support of it. Ms. Suhler added if there was a way to let the public know what was planned before the group did it. This way, they could get behind the idea and Council may be encouraged to move forward with the committee's proposal versus hiring a consultant. Ms. Oropallo agreed. They could hold a public work session or talk with other City boards and commissions and get their buy in. The group discussed other ways to bring it to the citizens before submitting a proposal.

Mr. Bloom wanted to go back to the discussion of the rating agencies. He hasn't compared the rating methodology of how the City does it versus S&P. However, S&P has information available that is pretty transparent and have resources to make sound decisions. They consider the quality of management as much as they do dollars in their decision making. Mr. Clark had commented earlier in the meeting that the committee does want to keep the City's rating in mind as they do want to remain to have high standards in regard to the recommendation to Council.

Ms. Oropallo asked Mr. Clark if he would like to do some research. He stated he did with other members of the committee offering to do their part to assist. Mr. Clark is looking for names of consultants, cities that have done broader based revenue studies, and other related items. He doesn't want to draft anything until some research is done.

Next Meeting Date

The next meeting date is tentatively set for Thursday, November 9, 2017 at 9 a.m.

Adjournment

Mr. Bloom moved to adjourn the meeting. Ms. Evans seconded the motion which was approved unanimously. The meeting was adjourned at 10:37 a.m.