



# City of Columbia, Missouri

## Meeting Minutes - Draft

### Finance Advisory and Audit Committee

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Monday, May 20, 2024  
1:00 PM

Regular

Conference Rooms  
1A/1B  
Columbia - City Hall  
701 E. Broadway

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#### I. CALL TO ORDER

#### II. INTRODUCTIONS

Attending from City of Columbia's Finance Department was Matthew Lue, Jim McDonald, Shane Edwards, Alicen Dietrich, and Clarissa English.

Guests: John Conway, Mike Murphy

**Present:** 4 - Kristian Bloom, Maria Oropallo, Diane Suhler and Thomas Richards

#### III. APPROVAL OF AGENDA

**Suhler/Bloom, vote passed unanimously**

#### IV. APPROVAL OF MINUTES

**Suhler/Bloom, vote passed unanimously**

Oropallo mentioned that summaries of two reports, the PAFR and the Economic Report were included in the minutes.

#### V. OLD BUSINESS

##### **CIP if available**

Oropallo reminded the committee that Finance was going to change how the CIP would be presented this year.

Lue replied that the CIP and the Budget will be dealt with separately, allowing the CIP to be heard and discussed in its entirety.

## Council Agenda

Staff reviewed the finance portions of the Council Agenda for May 20. Appointment of 3 FAAC Members (bringing the committee to 7 members), the STR ordinance corrections (Business license ordinances)

Lue added some discussion may be necessary to decide how the fees would be collected, either from the platform or the STR owner/operator.

McDonald said the business license fee would be tiered the same as with other businesses, which is based on the revenue received. The tax goes to the General Fund (GF).

Lue added the city is looking into software that would help track and report.

Suhler asked since the STR operation takes place in residential neighborhoods, would any of the license fee go to support the neighborhood.

Lue and McDonald explained how the Hotel Tax goes to Convention and Visitors Bureau with a small portion going to GF for administration.

McDonald said the projection is between \$200K - \$300K additional hotel tax.

Oropallo asked if there was a plan to track how much was collected from STRs. McDonald said 300 estimated STRs were operating in Columbia, and the staff will track information.

Lue added the continuation of the CIP tax was also on that night's agenda.

## Monthly Economic Report Discussion

Edwards presented the Economic Report.  
For details, please see the report summary below.  
The full report can be found on the City's website at  
<https://www.como.gov/finance/tax-reports/>

### Monthly Economic Report Summary

- Headline inflation among Midwestern cities with a population of less than 2.5 million in April 2024 decreased to 2.51% from 2.56% in March, while core inflation decreased to 2.81%, compared to 2.84% last month.
- April 2024 saw housing inflation remain high at 4.38%, slightly higher than March's 4.06%, but much lower than in March 2023, 7.14%
- In April, month-over-month headline and core consumer price index increased by 0.44% and 0.40%, respectively, food & beverages inflation increased by 0.04%, housing inflation increased by 0.31%, and energy-related inflation increased by 1.54%.
- The unemployment rate in Columbia grew by 0.10 percentage points in March to 2.9%, compared to 2.8% in February 2024. In contrast, Missouri unemployment declined by 0.23 percentage points in March to 3.73% from 3.96% in February 2024. Similarly, the national unemployment rate decreased 0.03 percentage points during this time, from 3.86% to 3.83%.
- In March 2024, Columbia's housing market saw a 5.59% increase in homes sold compared to last year. The median home price increased by 15.38%, while the average price increased by 16.49% from March 2023.
- Sales tax collections in May (March tax period) totaled around \$4.87 million, while Use tax collections came to about \$672,207, 10.52%, and 51.83% higher than last year in May.
- In May (March tax period), marijuana-related excise tax collection was \$78,248, around \$49,490 more than the previous month.

**Attachments:** [Monthly Economic Report - May 2024](#)

## VI. NEW BUSINESS

## New Bonds for FY25

Oropallo noted that according to the PAFR, the city did not borrow any funds in FY23.

McDonald explained there was no need as no projects needed an infusion of cash. There were no projects that didn't already have enough cash from operational funds, and rates were not that attractive for borrowing.

Lue responded to Bloom who asked how the city determines when to borrow.

He explained the enterprise funds look at their projects year by year and they budget amounts to build up to complete the project.

Oropallo asked what triggers a request for borrowing. Lue said the city reviews the scope, size, and duration of a project. McDonald said years of a project need to match the length of the bond. Oropallo asked does the ability to repay enter into the calculation. McDonald said yes.

Oropallo asked if the rates we charge customers are sufficient to repay the bonds. Lue said no.

He further explained that in FY22, the initial water rate increase the city sought an increase in water rates because it was needed.

Bloom asked what happened.

Lue replied that when Finance initially proposed the water rate increase in FY22 was needed that increase to happen then, for that timeline to work, subsequent increases were proposed. Bloom asked how many years the proposal covered. Lue said five (5) years, first a 4.5%, then a 3%, then 1% for three years to cover the five years. Then the increase of the fixed portion of the water did not happen, causing the city to have to recalculate. Finance recently went to WLAB and showed them the new proposal which showed all the back work that was done for the rate increase.

Richards suggested that the City needs to tie increases to the CPI rather than waiting for a Council decision. Lue agreed but acknowledged the need to discuss this in depth.

Oropallo acknowledged that Lue stated Finance staff and utility staff have been working together. She added that the responsibility for setting rates needs to be established, with finance staff and utility analysts working together.

Bloom asked about the status of the current debt.

Lue and McDonald replied the City has about \$300M in outstanding debt, with an

additional \$27-30M with the upcoming water bond issue.

Suhler asked about the cost of debt service. Lue said he's been working on figuring out a way to be able to show it in a report. Lue and McDonald due to refunding a vast majority of the bonds when interest rates were now, so they estimate it is about 3%.

Lue and McDonald spoke at length about how the city had to pay a bill due to holding bond funds for more than 5 years. This calculation as well as arbitrage affects the city invests its funds that awaiting the completion of a project.

## FY25 Budget Status

Lue reported the personnel lines had a significant jump. He added that in FY24 the city added \$10M in personnel costs and that for FY25 there may be a significant increase as well.

Richards asked about salaries. Specifically how the city budgets for vacant positions. He used the Police Dept. with 30 officers down as an example, and wanted to know if the city budget can carry those positions. Lue explained they didn't use their complete budget. Richards identified if the PD needed capital, is personnel money used? Lue said the PD and Fire got their requested funds in their budget. He added the PD is 19% of the city budget and almost 50% of the General Fund.

Oropallo said the perception is the PD is denied funding when the problem is the money isn't being spent.

Richards referred to the public vote of the Use Tax, how it was supposed to benefit the PD and Fire Dept. and is concerned about money being moved around on other projects. Lue emphasized that when the Use Tax passed there were 8 new positions added to PD and 7 new positions to Fire, as well as an additional 15 street miles.

Richards added a call out on the use of those funds relative to what people were told. He added it would go a long way to reestablish credibility with the voters; "We are doing exactly what we said".

Suhler is the information available about the level of funding before the Use Tax and after it passed? Lue said definitely, and it would show there is more being done as a result of the increased funding, city is putting the money to work.

Bloom asked about starting salaries and whether they were increased. McDonald responded that the pay compression was across the board and will be discussed with Council soon.

Oropallo asked about staffing within the Budget division and Finance dept. McDonald replied that Finance as a whole is fully staffed. He emphasized that the Class and Comp Study has helped with getting more applicants for City jobs. He also announced that George Hampton has left the City to take a job with MoDOT.

Suhler asked if the City had a formal way to evaluate if consultants, like those who did the Class and Comp Study, are successful, McDonald responded there is no

## VIII. GENERAL COMMENTS BY PUBLIC, MEMBERS AND STAFF

### PUBLIC

No Comments

### MEMBERS

Richards commented that he attended an investment conference recently and that the need for electricity is grossly underestimated. Lue added that this concern is also being discussed nationwide in Utilities, that the need is three times as many power plants as we currently have to meet future demands.

Suhler reminded the committee that a permanent chair still needs to be voted in. Oropallo responded that it will be added to the next FAAC meeting.

## IX. NEXT MEETING DATE

June 17th, 2024

July 15th, 2024 meeting was also scheduled

## X. ADJOURNMENT

**Richards/Bloom, vote passed unanimously**

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