



SPECIAL BUDGET WORK SESSION

Council Chamber, Columbia City Hall

9:00 AM

August 13, 2020

INTRODUCTORY ITEMS

Roll Call

(Present: Treece, Fowler, Skala, Thomas (online), Peters)
(Absent: Trapp. Pitzer joined the meeting after the noon recess.)

PART 1 – COVID 19 AND POTENTIAL FUNDING SOURCES/PROGRAMS

UPDATE ON COVID -19 AND A LOOK AT COVID SPENDING AND PLANS

Browning began with an update regarding the COVID-19 situation. She noted that we began a new health order as of Monday and that the new changes applied mostly to bars and restaurants. 1478 total cases currently. In terms of business side of this. Since July 1 we have had a significant increase in the under 30 age group. That is of concern. The Mayor noted that the public schools report cases per 10,000 instead of per 100,000. It is a simple math conversion. Have we been able to refine the cause of cases any better, for instance, family gatherings, restaurants, shopping, events whatever? Browning said family gatherings are in there as well as some congregate living. We3 have new software that should help with that. When will we see results from that? Within the next 2 to 4 weeks. We will have an onslaught of people in the next few weeks. Will you incorporate any findings in the next few weeks into your next order? Yes.

What's next to determine where you tap the brakes or hit the brakes hard? No specific number will make that happen. Can you show transmission rates in incorporated areas vs. cities? We can do some zip codes, but it is difficult to break down to the smallest increments because of reporting. We can do distribution by race, age and source of exposure, male/female. Skala asked about benchmarks. Are we considering the philosophy of reinstating tighter controls vs. just taking a pause? Browning said there are still 4 main determinants of policy and those have not changed. We currently have hospital capacity and our testing is safe, but not as good as they have been. Contact tracing ability we are behind, but we are asking for funding for that. You have to look at the whole picture.

We are in the process of hiring 40 more CARES Act contact tracers/employees. We have 220 applicants for those positions. We have more coming on board from the University. Do you have some comfort that people are voluntarily getting tested? No. Many who have been contact traced do. Fowler asked

how we best prepare for the long-term impact of this disease on people who do not have resources to get along after they are cured of the base disease? Browning said there is some safety net that can work, including Medicaid, but will this outstrip the capacity of Medicaid and other supplemental programs or grants? We may not have complete resources in that regard.

Thomas asked about benchmarks. How will you weight the various inputs when you make decisions? Browning said nobody nowhere is relying on just one benchmark. We have to take a deeper dive into the data without a presumption of what will happen next. Browning believes that activity at grocery stores has increased and that masking in that type of situation is pretty good. There always somebody that doesn't. However, we do get lots of complaints about students wandering around with no mask.

CARES FUNDING DISCUSSION

\$4,194,986 total spending (\$4,192,000 in actual funds expended to date). Although some funds were attributed to the Water Department, the Finance Department could not say what the exact use of those funds were. The rest is earmarked.) What do you expect our expenditures to be within the next 6 months? Lou was not sure. They had more expenses during the actual shutdown and now the spending seems to follow the ups and downs of the COVID trends, which I cannot predict.

Our biggest expenditure was in the Transit category at \$1.5 million since we were providing free ridership. Staff said they thought it probably had to do with staffing payments, not forgiveness of water bills. The same is true in Parks and Rec. These represent expenditures that are eligible for reimbursement. Park staff said part of their expenses included extra cleaning, sanitizing, maintenance and supply purchase. Is the same true for the police? That is a similar scenario including disposable PPE and sanitation supplies. Some is for childcare or sick time payments.

Thomas said it sounds like departmental purchases and staff time help the larger goal of cleanliness and social distancing. Why is it different for transit? Because transit is supplying free service and all expenses are eligible for reimbursement. Fowler asked about PPP plans for employees. Is there a separate line item for consumables like computers that you have to send stuff home with employees? The Director said that if you go to one of the pages it is under the "Other" category. On the website there is also a breakdown of both expenditures and revenues during that period.

AIRPORT CARES FUNDING

This includes construction costs that can be reimbursed.

- The Runway 2 Extension Project to extend by 900 feet. \$998,579. Total project cost is \$998,795 with no additional match. We have to spend the money to get it back. We have an FAA letter. Can we reallocate our transportation sales tax funds in this account? No, it stays in the airport. In the future there could be a reduction in rates or changes in allocations.
- Operating Program - \$8 million operations refunds up to \$2 million per year. Includes utilities, employees, snow removal, etc.
- Development program - \$10,763 million for construction costs. We will apply for that when the program opens on September 1.

The Mayor asked if these funds are used instead of other funds, where do the old funds go? The city manager said basically, there is a plan to shift most funding to the street programs. Fowler said she is perplexed. She is thinking about poor people who have no resources. Under the CARES Act, the federal government is giving you capital money, and you will continue to collect transportation sales taxes. The obvious thing is that we are giving money for capital projects but not for some more basic programs.

The mayor said that is not quite true. There are various sources of COVID money and different areas have different legitimate needs. These pots of money were created to allow for funds to be applied different ways in different places. We are applying for all funds available. We already had a project underway, so we shouldn't skip applying for this. It's true that you can't go back and make up for old losses, but those are the rules that apply to the money sitting at the county. Those funds have different rules for distribution.

Skala asked why Cape Girardeau got more money than Columbia then made no further point or recommendation. The Mayor asked if application for these funds will help us accelerate Phase 2 airport projects? The director said that the funds will go toward Phase 1 but will help us avoid borrowing from ourselves on the next phase.

DEPARTMENT OF JUSTICE MONEY

Divided up between fire and police. Eligible for an additional \$131,000. Most of this money is for PPE.

PUBLIC HEALTH DEPARTMENT

Money good through December 31, 2020

\$21 million total sitting at the county, but that includes computers software personnel, etc. and a lot of that is paid for by the city. We need to reimburse that first. It is very uncertain what will happen after January 1, 2021. The Mayor said then, that we should think about the 7 streams of cares money, then they should reimburse us completely first, OR... make a split (like 60-40) then they reimburse us for an additional one-third of our part as our share of the county expenditure. We need some actual reimbursements for expenditure. We need to discuss whether we will make appropriations from our budget and be reimbursed by the county and the county needs to let us know where they are willing to go NOW.

Skala asked what the county's plans are. The Mayor said they are setting up a website and that they are one of about 4 counties in the state that have not released a distribution plan yet.

CARES FEDERAL AID FUNDING (Through Randy Cole departments)

\$573,473 distributed so far for staff, rent assistance. \$17,956,000 million awarded to state and those funds will be distributed to cities but we don't know how much yet? Fowler asked if this is money that they have to distribute by September 1. No, They have 3 years to expend and document all expenditures. There is not even an application process determined yet. Fowler said the county and state are sitting on pots of money. We are sitting here spending money and having to bypass other needs. What is the next right thing for us to do?

The Mayor said his pandemic committee has no playbook for this situation. He has talked to Hawley's office and has come to the realization that we are on our own right now and have to make the best decisions we can based on what we know at the time. The city manager said its difficult to even determine what you can use the money for. Is there a way they we can add to the voices calling for Columbia getting these funds? That may be a partisan question, but we have people who are good at this. The Mayor said we can do that, but understand that the biggest or most well connected may not get all the funds they need. Sometimes we have to get in line behind the schools and hospitals. The mayor finds it frustrating. The Mayor says we have 85% of the population of this county and have an inordinate level of responsibility for spending. Skala said lots of places are going through the same thing. We need to approach this from a city, county, state and federal level.

CONVENTION AND VISITORS BUREAU FUNDS

\$534,348. No funds applied for yet, but when that opens, we could be eligible for this amount if we use it on local marketing programs, operational expenses, re-opening expenses. Any marketing funds must be used before December 31. Anything we don't use will be up for grabs by other Missouri cities. We continue to market to people who continue to use Columbia as a destination. Our receipts have gone down about 60% since April and we are completely funded by the transportation tax. Skala asked what the marketing campaigns say? She said they are related to the wear your Mask campaign. **The Mayor suggested that students might understand "stay 6 twelve packs away from each other."** Only Amy can apply for this money, but she has to get permission before she even applies because the rules that were made were not very well created. The funds actually have to get both state and federal approval up front.

PUBLIC WORKS FUNDS

This will take an army to figure out.

We have been awarded \$6.5 million in June. We will use the COVID funds to pay for non COVID funds. We will use other existing funds (5307) which have been switched for uses such as PPE and plexiglass etc. then, in November we can amend our application to include some capital projects, then the 5307 funds will be used for capital uses with the same required match. This will maximize the use of these funds. What we are trying to do is make sure we don't want to have to reimburse anything back. The Mayor asked if there is anything we have already done that is already reimbursable under a typical disaster grant that exists like when you have fires or floods? He knows that it took us up to two years to recover some of those kinds of funds years ago. The city manager said the rules change every day, and that they have applied for everything they think they are eligible for under the current provisions.

Fowler said we do not have a bus system that does not meet our needs. Wouldn't this be a good opportunity to build that bus system right now to expand the route system, not buy new buses. This would make our system better. The city manager said we probably shouldn't expand anything with COVID money since it is one-time money. We don't even know if free ridership will work and if we build it up and it still doesn't work what have we achieved? The Mayor said you need to say what a better system would look like, not just that we need a better system. Skala said we must be careful about the one-time money. We have changed the system before, and we always face the problem of sustainability. We must solve that first and that would mean incremental expansion, not all at once – and that is not supported by any new funding right now.

Thomas appreciated Fowler's comments on behalf of the transit system. It sounds like the COVID funding program is to continue free ridership and expand street maintenance with some of that funding. He wants to make sure we have represented all stakeholders well in our surveys. Thomas thinks these routes won't change much at this point, but we could certainly add more shelters and stops along the way with some of this money. We could also invest in bus route technology. I think those ideas need to remain on the table.

The city manager said there was one more COVID topic he has but will wait until the utility discussion.

Fowler asked to talk about convening a meeting of people who are already talking about this in small groups in small places as it relates to unsheltered people. There is a lot of discussion but this needs a central focus. This would be good for the people and our businesses. We have incredible resources. We have powerful Rolodexes in this room. What do you have that could get us to where we need to be?

Then she showed a list of who should be at the table. Like the festival people. They have built small cities in just 3 days. They have contacts. They have transferable skill sets. So, what would a program look like? The Boys and Girls Clubs are a good example of an organization that has grown in a responsible way.

For homeless, everyone needs a place to wash hands, take a shower, be safe, be warm. Certainly, we can do something about this. She said the police chief said the first thing you need to do is get everyone on the same page first. We need a meeting to determine what we can do, not what we have already tried. Then she put up a list of things that would be needed to make this kind of meeting happen. Peters said she thought it sounded good. Maybe the Realtors could help let us know what is available in the current market? Skala said the Boys and Girls Clubs had a lot of help along the way. He could support that. It is a difficult situation. The next couple of fiscal years we are going to hear that we need additional funding for something or other. We need to be prepared for that as well. Thomas thanked Fowler for her comments and supports her idea. He thinks they need to acquire a building of some sort. He thinks Turning Point and Room at the Inn rely on enormous donations and will not be able to that forever. It is incumbent upon the city to provide these basic services. We have to take the burden away from the churches. Then, why not have those organizations have their offices in that same building. This need will only increase over time.

Peters agrees with having the meeting. She does not agree with the city owning the building, primarily due to liability concerns. The Mayor agreed. The Mayor also has concerns about the city being the operator of the sort of facility that has been described. This is a long-term program. I don't know that we will be able to solve this during the pandemic. If there is a business plan that someone can come forward with, let's look at it, but understand that there are mental health issues, health issues, management issues that we need to understand before we make a commitment. Fowler then asked if she could have the blessing of the council going forward and set up this meeting with Mr. Cole. The City Manager said he will assign it to someone other than Cole because he has a full plate. The Mayor also said he does not want it to be assumed that because the council wants to do something about this problem that it is a promise to do what they come up with at this meeting.

PART TWO – THE FULL BUDGET

BUDGET DISCUSSION

“Things are different this year.” – John Glascock

The city manager kept a few core ideas in mind when constructing this year's budget:

- Use current available revenue for critical services
- Develop a model for mental health resources and balance that with public safety
- Maintain basic service such as streets infrastructure, etc.
- Make it equitable and match the planning.

Total overall budget reductions are \$18.3 million. Total general fund reductions are \$3.2 million. Target reserve goal for next year is \$18 million with \$16 million above.

The following are some specific highlights from the budget that reflect the major savings submitted in next year's proposed budget.

- Eliminate curbside recycling

- Eliminate black bags
- Close Little Mates
- Stunt spray grounds
- Eliminate emergency phones
- \$3 million transfer to streets from CARES funding
- Pavement management plan
- Use CARES funding to offset Airport expenditures
- Custodial and Building maintenance fund eliminated and moving it into general fund
- Community Relations Fund eliminated and moved to general fund
- Utility customer serves fund eliminated
- Changing parking enforcement to police budget and shifting responsibility
- Traffic control will move to streets and engineering
- Non-Motorized Grant fund eliminated
- Stadium TDD fund closed
- Diversity program moved from city manager office to Economic Development
- Community and Marketing relations specialists will move back to individual department. We need messaging to be delivered better from within departments.
- Improve 1st floor customer experience at city hall and possibly some other building. If we knock out any historic aspects of the building, we will have to come to council for approval and funding. The mezzanine might be better utilized.
- Eliminate 78.5 FTE
- 15 core positions added back in
- No increases in utility rates except a 3% water increase already approved that could be applied in January. That would be about 75 cents monthly average increase over current rate. This may not be needed this year.

We do not know what the revenue picture will be like. We cannot predict business performance. We don't know how people are going to be working. Health care is a big driver. How will that impact us as a city and in terms of revenue?

Director Lue started the discussion.

He presented the entire package of 3rd quarter actual expenditures. We are down in revenues about \$2 million over the same 3rd quarter period last year. Year to date show a similar \$2 million shortfall for year to date. (First quarter saved our overall number).

Projections for FY 2021 General Fund Revenue of \$93,609,715

All fund revenue projection of \$416,471,000

FY 2021 Restricted Target Reserve \$18,716,000

At the end of June 30, the city had \$410,622,187 in cash. Some of that was required reserves. Some is restricted cash, some is actual cash, some is short term investment and some is bond proceeds. \$171,725,071 is CIP restricted funds.

What about increasing gasoline taxes? We could do that. We could do that and a 1 cent increase could raise an additional \$1.1 million

Parks and Rec Levy – would require 2/3 approval An increase or vote to make part of the tax permanent could be considered.

Local use tax – could bring in \$1.5 million

Fire Protection Sales Tax – Could be considered, but not likely right now.

Economic Development Sales Tax – Could be considered, but not likely right now.

Skala asked to revive the discussion about charging new development fees and wants to look at the trip generation model. He also wanted to talk about a capital cost recovery charge. The charge would be collected when you access a main road for a new subdivision or create one where the city has cost involved.

Thomas said he supports looking at the 50-cents per square foot development fee and expanding it. He thinks the analysis will show that that figure is way too low. He wants to look at this for next year and put it on the ballot. The growth Impact study RFP has now been issued and he wants the results of that data before we ask for such an increase. He noted that the city has to vote for it, but he said that people don't pay for it. Perhaps developers would pay it up front or possibly phase it over time so the developer doesn't get whacked up front, but that the city would get its money as it should.

Thomas wants to propose a property tax increase for economic development and revival that is targeted to homelessness and social service needs. Using a property tax as the basis for this is most fair. This would make a better equity balance. The people in this room are largely immunized. We could increase by 30 cents annually over current levels and could raise \$6.5 annually. This could pay for the homeless project we discussed earlier. Would you support a ballot question like this? Skala said he would like to look at this at some level. But, a bit of warning. When we floated the idea of a new property tax under a previous administration for public safety, the 30-cent increase was too high. Maybe 15 cents would have been better. Skala warns that be careful in a year when everything seems to be raining down on us.

Fowler said she always noticed that they lack a formal process of determining what revenue source needs to be added and what is the correct strategy? Right now, we have the opportunity to talk about this whether by Zoom or in person. I want to maximize more public discussion. I feel the sting of going to the ballot and being defeated. Some of the sales tax issues that we have had are tricky because some people can drive over the line and avoid the sales tax. Then she asked about the revenue side.

Sales tax is down, right? Then COVID accelerated that and we started buying online. Property tax has remained stable thought, right? Right. From other taxes, are we getting more from our utilities? It is steady. Most increases are activity that support the operation. We don't have a high incidence of unpaid utility bills, right? It's about \$3.9 million. Are there other areas I should be looking at as a big driver of resources? Staff said we are down in collection fines – we didn't even do that for a while. What about business licenses? We have seen some non-renewals, but there have been some new business establishment as well. If I wanted a rule of thumb, where would I look? Cable and franchise fee taxes down/changed. Hotel tax down. Sales tax down. Investment revenue down. The city invests in a mutual fund type scenario, buying no individual stocks.

The city manager suggested that we bring all these tax ideas back to a work session and prioritize this. If you want this on the ballot in April, we need this on the agenda in November of this year. Skala said we need to do a kabuki dance of sorts to get this done appropriately. Skala asked if he wants this discussion to happen in October? Peters said she thinks we need to keep track of this use tax issue and we need to pass that locally. The city manager said they will bring this back as a works session item in October. That's it for alternative revenue.

PERSONNEL CHANGES

The city manager showed a chart of individual cuts. Peters asked how that works with municipal court. Doesn't the state have some requirements? The city manager said that we overloaded our local court with parking tickets. He does not want to overload the system and does not want to write 70,000 a year like we have in the past or we overload the court. Peters said people in East Campus need to understand you can't park across driveways. Fowler said where it comes to parking, she doesn't want to take away from what they are doing. They have a car storage problem in the downtown area and we need to keep that in mind.

Fowler asked why we are cutting 13 positions from solid waste if we are short? Staff said this represents people who would not be needed under a no-recycling policy and does not cut anyone that currently has a job. It also represents a marketing position. If we could fill all unfilled positions, we could completely cover all curbside refuse collections on a regular schedule.

In terms of sewer positions that are on the chopping block we can eliminate some positions but increase efficiency and move around marketing positions. Right now, some of the spots we are cutting, the work isn't being done now because they haven't been filled for 2 or 3 years. There were some places where we never got to start internal programs and occasionally, we have outsourced that work. We keep asking for the funding and the positions, but if we don't get it, we can't implement the programs you might want.

The Mayor asked how the public can see exactly which jobs are on the line. Staff said there is an online HR page. Click on jobs and you can see every job listed there. We don't always advertise every job the same way because our advertising budget does not allow for expansive advertising. But you can always find such postings on the website. Some jobs are hard to fill because the work is difficult. We have generally decent pay and benefits, but some jobs are just harder than others. We dismiss more people in solid waste than people who quit. For instance we have terminated 6 and 1 has quit. They have violated some significant policy. Fowler asked that staff be prepared to talk about solid waste worker benefits later this afternoon. We go looking for people, but it's a hard sell and trash collector is often not considered to be a career job. Thomas asked if currently we have to have two CDL drivers on each truck? Staff said that is true, but sometimes it takes two outside non-driver temps to fill in because one person cannot work the outside alone all day.

TRANSIT MONEY

(Before discussion of this topic began, council agreed to a 20 minute recess and Council Member Pitzer joined the group.)

Each year, the transit budget is based on the annual operating grant from federal and state sources and how much we have to provide in terms of local match. What we must determine is whether or not we can make the match without the fare income.

We know that the transportation sales tax goes to this fund, and we can use that, but that revenue has gone down because it is basically a sales tax and all of those have gone down. All of this must balance. To do this, we have to look at the entire system. We went down to six routes this year (down from 14 routes). We believe that with the CARES Funds, we can make this work without ridership fares, including the Paratransit services. We may need to cut bus maintenance budgets on some level.

Ridership numbers this year are down, primarily because people did not want to get out in the buses during the pandemic. How does the change in our agreement with the Tiger Route affect this? It does not because there was no change in expense. Fowler asked if there is an increase in ridership there could be a change in grant and match. Has the bus shelter originally located on Wilkes been relocated to another spot? Yes. It is now at a Blue Route on the north side of town. Skala said he appreciates the reuse of the shelters over the years. He wanted to know if COVID is the primary driver of ridership, and we are still in the pandemic, then this won't be a very fair test, will it? The city manager said this might show us some fundamental ideas about bus usage and ways to address needs.

Thomas noted that starting with the change in bus routes last year they went from a coverage system to an efficiency system. It makes it difficult for people on the further points of the system. So, presumably, the annual capital and operating budget must be lower since we went from 14 to 6 routes. Staff said that is true and that the CARES revenue helps us offset previous losses. Is there any estimate of what we have saved operationally by not having to collect money, sell tickets, etc.? No certain number available. Is overall service better now? Thomas thought it was better and wants staff to look at places such as Chapel Hill where fare-free systems have been introduced. Regarding the Tiger Route, what percentage of involvement do we have. What we did was keep their budget the same, so we had to reduce one route to make the money part work. Thomas said he thinks the Tiger Route undermines the whole transit system because it basically only caters to people who already have cars and who use it to get from parking lots to campus. We need to let people see this system as a replacement for cars, not as an extension of their cars. We realize that the bus system has to go where the students live and want to go, but we need to keep that in mind. Do we have problems getting bus shelters located in places we want them? Yes. Can we use condemnation? We don't like to do that up front. We can't just place them in transit rights of ways if we because they generally extend into the private property. But, you have to pay for that if you make an offer. Then you can negotiate and then maybe you don't have to have to use condemnation. Thomas said he thinks it would be OK to use condemnation as a bargaining tool. Staff reminded the council that in the past the routes kept changing, they were hesitant to condemn or buy land that wouldn't be needed again in the future.

Paratransit ridership is down, even though we only charge a few dollars. If we go completely free, do we expect an increase in ridership? Unknown. I think we should look at bus stops that are near our current Paratransit stops are located because our riders need that concrete pad and this might expand use if people believed there was some sort of interaction among the two systems. Skala asked if there has been any discussion about using savings from the bus system to increase system capacity? Staff said we really don't know what the full range of savings has been since we have not even gone a full year in operation under that new system. We just don't know. What we do know is that we are not LOSING money on the old system.

Pitzer asked if they were modeling out a \$700,000 annual savings. Staff said they will simply be responsible for less match, so those funds won't be required. Pitzer asked how many unique people use the bus system? Staff said they did not know.

UTILITY BUDGET DISCUSSION

City Manager indicated that they have not been charging for utility disconnect late fees, etc. He wants to reinstate that program because there will be a bunch of students coming in town and there will be some people who this will apply to. Skala asked if they could consider assistance to some people who can't afford it but they would have to apply it. The Mayor said he thought that there should be a fee system in place, but some people may be eligible for assistance. Right now, there are 4,645 residential accounts subject to disconnect worth about \$2.5 million. The average delinquent bill is about \$600.

Fowler said she thinks there are about 14,000 households that are burdened by their own housing costs and wants to make sure if we reinstate disconnects or late fee charges we do not impact this group of people..

General cuts planned in utilities in the FY 2021 budget.

- Water – 1.3 million in budget cuts and cut of 15.5 FTE
- Electric – 8.6 million in budget cuts (cuts out Trade a Tree and publishing and energy efficiency program incentive) and cut of 11 FTE
- Sewer – 1.4 million in budget cuts and cut of 3.45 FTE
- Storm Sewer – 9 million in budget cuts and cut of 13.5 FTE

In these utilities, if we continue to cut, we will fall below our reserve cash targets.

Pitzer asked if we have any bonding needs for the next 5 years in electric? Staff said they still have 27 million in bonding authority that they do not have plans for at this time. Cash reserves will be below target by 2022, but in 2024 we will start to see savings from refinancing that has taken place the last few years. Solid Waste will be out of cash reserves in 2025 if we do one project at the MURPH, but that project will probably not occur.

In Water, we have a voter approved \$42,845,000 in bond authority. We have issued \$15,000,000. We will bring an approved 3% water rate increase to the council in January if it is needed for current operations.

Fowler asked about cutting back on certain programs. Are you cutting it below current levels or are you cutting it back to expected usage levels for the energy efficiency programs? Staff said this cuts it back to current volumes. We have not used all the money we have budgeted this year. Staff did not know why the programs are not more highly utilized. She said these programs can make the difference in making small footprint homes affordable.

Thomas asked if there is some new estimate of development fee collections based on growth. Staff said they have factored in a ½ percent growth rate and matched that to the typical new construction revenue projection side. This is the best estimate available now.

You need to know whether we are building in fluff or cutting to the bone. Until now, there has been a lot of fluff built in.” – John Glascock

INTEGRATED MANAGEMENT PLAN DISCUSSION - UTILITIES

The majority of the items included in this plan are covered in the individual utility budgets. However, there are two operating budget items that could be affected. Here is a way to fund capital projects and those funds need to be used.

- **100 acre point sewer extensions - \$700,000 – needs to be applied**

- North Grindstone Phase 3 – \$1.175 million (Serves the Battle Area)
- Henderson Branch – \$3.75 million Not approved after hearing

Staff thinks these funds could be applied to much needed sewer improvement projects without having to issue new bonds. If we ever DID want to go back to these old three projects, we could issue new bonds and go forward – but right now that is not in the cards.

Fowler said she would like to know how we know that a project is on the list and how do we know that it will stay on the list? Could staff meet with some neighbors in my ward and explain this? Plus, why don't we put specific language on the ballot project specific. That discussion is not binding. It was listed in the bond documents, but it was not in the ballot language. Peters suggested that if we are going to use these funds, could we please create a new list that specifies what old projects might now get funded.

COST OF AUTOMATING CURBSIDE COLLECTION

To do garbage, we would have to acquire 11 trucks, because we have to run back up trucks. They cost about \$270,000 per truck

Carts \$1,980,000 - \$4,950,000

5 routes, 7 trucks, operational staffing – total cost, ABOUT \$12 MILLION

\$12 million to do it. Another up to \$20 million in other costs over time, but some of those costs would occur anyway. \$200,000 to put this on the ballot. Plus, we don't have enough people to run the system even if we adopted the new way. Why are we doing this? Staff said part of this was brought about because of the suspension of recycling, but staff didn't want to go that route – it was driven by economics. And staff doesn't make the decision about putting this on the ballot.

The Mayor wanted to talk about putting the whole issue of moving to roll carts on the ballot. The Mayor said that our trash collection service is one of the highest rated services that we provide. 91% like the current system. Why are we making this move now?

Skala said we could supply smaller bags. In terms of injuries, why not use small bags first. What about the cost of automation? Doesn't that cost more? Auto trucks have to go down one street twice since the arms are on one side. Trucks now can go one way and you can serve both sides of the street. We will do something in the future, but maybe not right now. Thomas said we could start replacing the truck fleet right now a few trucks at a time. Staff said it would be better to replace them all at once and change over systems. Thomas asked about staffing. He thought you could cut personnel costs in half. Staff said it is more like a one-third staff reduction because there will always be people off, special routes conditions, etc. In terms of injuries, the cost per claim has increased from about \$1500 to about \$18,000 per claim.

Thomas thinks there is a march toward roll carts and we shouldn't stay in the way of it. Also, just because citizens like the system we have now doesn't mean they won't like the new system just as much.

Fowler said she had several questions. \$17.00 per hour is basic pay for CDL drivers. Senior CDL drivers make \$18.75 per hour. They are subject to drug testing, special rules, etc. She thinks the pay is too low. She thinks the city doesn't cover all true costs. Staff said they pay all costs of licensing, medical, certificates, police studies, occupational medicine – the city pays for all of that. We don't treat them, we evaluate them. We have 407 CDL employees. We do not pay for any underlying conditions of health.

However, health insurance will cover many of the costs. There is no cost to the employee for high deductible insurance plans and everyone is eligible. The high deductible plan covers the same conditions. We will continue to have problems recruiting if we don't address this.

Fowler said they should focus on CDL pay rates in the Solid Waste department. Staff said they looked at typical current rates of pay. Their internal study revealed that they could increase pay by \$3 per hour at the current level of service and it would cost an additional 51 cents per month per customer. If you do that, however, you don't want to do it for all solid waste workers. The hard work is the trash throwers. If you are doing that work, you would get the \$3.00 bump. We are not having the real problem in the driver side. Staff said we should focus better pay on workers who are actually doing curbside collections. Fowler insisted that we pay our solid waste people too little.

Pitzer asked why it was easier to hire commercial solid waste employees. Staff said it was because they don't have to frequently climb on and off the truck in bad weather to do difficult work. People switch from residential to commercial all the time when there is an opening and then stay for years. If we only increased pay for some what would happen? The rest would show up and ask for the same thing.

To get back to doing curbside recycling, what would it take? We would have to hire 16 more solid waste certified drivers. If we got 3 back on right now, we could start it back up. But we really need more than that due to scheduling, health, days off, etc. and we don't want to start until we are sure we can continue it. Pitzer asked if you were going to do recycling in the future, would this system work? Staff said curbside is the least efficient method. But, it is convenient for many customers. Staff thought dual stream was a better system, and that even though single stream is more convenient, it contaminates a lot of the end product.

How many blue and black bags do we hand out every year? 2 million blue bags per year? We are not sure. The blue bags themselves are not recycled. In terms of the economics of it, I think we spend \$2 – 3 million more than we take in for recycling. So what sort of rates would you have to charge to put us on solid footing? We have a cost of service study coming and I will let them say. Pitzer suggested a 5% raise might be required at least once. Pitzer asked about the temporary agency we use is utilized? We typically have about 10 to 14 people who work for us through a temp agency. Then, those people don't come around anymore and then we see new faces. About 60% of our temps make up our typical crews. We pay those temps \$22 per hour and do not require them to have a CDL license. Pitzer said that strikes him as inefficient. Staff said the city does not pay for their insurance, etc. If you add in our benefit package, the city is paying an effective hourly wage of \$24.50 per hour. Plus, we have to do a three man truck instead of two when we use temps since none of them can drive the trucks. That costs us about \$600,000 per year extra.

Pitzer asked if would be possible to privatize part of the system or only privatize the recycling part of the system? Staff said cities typically do it all or let it all go private. Not much hybrid.

Skala noted that staff had said if they raised pay for curbside collection guys \$300 per hour it would cost residential customers and extra 51 cents per month. Where are we alongside other benchmarks cities in terms of costs? Typical city trash fees run from \$22.00 per month to \$15.00 per month. We are currently at \$16.00 per month. We are on the low end. Staff said no matter what happens, we will have the same problem for a year because it takes at least 9 months to be able to switch over. Skala thinks dealing with the pay issue has to come first.

Staff said maybe what they need is a little better process for identifying what the problem is specifically and keep focus on solving the individual problems. This is a discussion of the possible that looks across all areas of the budget. It seems like there is some kind of disconnect between the time we vote to approve CIP funding and the time that projects are authorized to go forward. Staff said that what has happened is that we have approved funding, then not done a project. So, citizens come back wanting answers so the council exerts more control and that frankly just slows things down. If we would just be building some transparency into the base system where you could move from one project to another with out constant council approval, that would be a system improvement. Pitzer said that there may be a reason for council to know about all transfers. Staff said that with proper controls and process, you shouldn't have to constantly be running back for permission. The best way to do it is to create an efficiency rather than create an enforcement rule.

SPECIAL NOTES ON SOME UTILITIES

The problem the new assistant finance guy sees is that there is no pay to play – some people have no skin in the game; there is no limit on number of bags that you can throw and no penalty for increased use; or how it is administered and arranged, but none of that is dealt with here. You could also build in incentives. Personally, I think the solution should be more than just trying to decide whether we use roll carts or not.

On the electric side, there are a lot of things being added on but they are not necessarily being added by the same process or for the same basic rationale. If this is helpful, I would like to go through these this way each year and have a conversation. ON electric, we appropriate more than we spend or intend to spend.

PUBLIC SAFETY/MENTAL HEALTH

Browning started the presentation. Many efforts to address mental health as it relates to the justice system. We have outreach, treatment courts, etc. We spend \$135,000 at the county level, but there are more funds that we administer that we don't pay for directly that run into the millions.

The Chief of Police took over the presentation. They have implemented some programs already and are trying to get a stronger mental health component. Sometimes, that means having someone else responding, sometimes it is referrals to existing programs; sometimes it is creating new options. It always comes down to funding. The Mayor asked how many referrals we make from public safety to MU Health for mental health related. Last year, it was more than 500, and 60 of those people had been referred more than once.

Here's a key. You need to have a reliable place to refer people to in a quick and efficient manner. Don't let that get lost in this discussion.

Browning said she needs more people. They don't have to be in public health, they can be independent or in public safety. Here are some models. These are listed on the department of justice took kit website.

- 911 Call Diversion – Make assignment to personnel based at time of call
- Co-Responder Option
- Case Management Teams
- Crises Call
- Hybrid model

If this is going to work, we have to have a lot of stakeholders get together. It does not have to be in our department. Peters asked what the recommendation is. Staff said that they would like to get funding and immediately hire a supervisor to bring this together. That person can start and be the one that coordinates this. We don't want to drag our feet on this. So, let's see. The EMS people think they could handle a call diversion system. The Mayor said there are places where people could be taken who are not dangerous, but it's not a hospital. Could there be a place we could take them? What if you had a guy swinging a machete. You can't send a social worker with no body armor to get in the middle of that. A 911 operator would not know what that is either.

The chief said that the 911 operators are pretty intuitive. There very well could be a mental health component involved. But there are non-lethal options available to police. Let's say that it is 6 in the evening. Would there be a social worker available within 5 minutes to respond like the police could. What would you do? The chief said there are some places we shouldn't send a social worker in to some circumstances. The Mayor asked if we should have in-house staffing or should we contract this out and is it feasible. The chief likes having them within the organization from a management perspective. We do have some advocates and the programs work when we can deliver, but they are part time and people don't always get in trouble during regular office hours. Consistency is part of what we are lacking.

One of the advantages of a co-response system is that it would allow you to focus on the real crime issues. Sounds to me like you have to respond anyway. How does this help? The chief said that if we co respond the first time, there is a soft hand off and, in the future, there might be a better assignment or dispatch. Also, having social workers work directly with police helps them with that kind of skill set. How do you know when it is OK to not have a cop respond? You have to have professionals, and if there is any doubt at all, you have to have police go, even if it in a backup role. We operate under that same kind of pressure every day. Sometimes we need two officers to respond and we have to wait. Sometimes, we would give it a higher priority. I don't think that will be an issue.

The program most like this in this general area is in Johnson County, Kansas. They have their own health department, but you could contract this out to someone like Burrell. The Mayor asked if we have a model. The city manager said they would have to meet about that and bring something forward. This is for the city, not the county.

Thomas clarified that the \$621,541 allocated for FY 2021 added 1 Social work supervisor and 6 clinical social workers to the health Department budget.

“The city manager said he wanted everyone to understand that if you vote to do this, it is just a start. If you do it, you are sawing the limb off behind you.” It will cost more money in the future. It depends on what program you decide. If you bite this off, it will compete with general fund dollars with police and fire. Thomas noted that the Eugene OR program saved \$15 million annually.

PERFORMANCE AUDIT OVERVIEW

The performance audit has started and has already met with each council member and the audit objective is to independently examine the management systems of the Finance and Utilities departments and to evaluate the policies and best practices of those two departments. The study period will be from January 1, 2019 to June 30, 2020.

This will include a look at the utility rate structure and cost of service study. They will also take 3 CIP projects and look at them from beginning to end to determine what is up. We will have a preliminary report by the first meeting in October. The cost of this first round is \$20,000. Pitzer said he is eager to see what this yields. Fowler asked if we would get the audit or the summary? They will get the full audit findings.

TRANSFORMING GOVERNMENT

The city manager said last year the council said they wanted to overhaul local government. At that time we came up with some new processes and faces. We have a new Finance Director. Here is a new way to think about how we are organized in our own local government.

So what does transforming government have to do with the budget process? Jump on at any time. Before we go into the budget, I want you to see this. Then, later in the fall we will revisit this.

We have to have a Core Framework

We have to define Workflow, Roles and Controls

We have to provide Transparency and Data

Director Lou added that whatever we do we need to make this adhere to the Strategic Plan.

Right now we are too reactive We lack prioritization; we rely on personal relationships; it creates added stress; it leads to the unclear use of funds; and we use intuition instead of data.

We have ineffective communication. Sometimes we learn about things from the newspaper and we work here. This can lead to mistrust and inefficiency. Maybe its not personal, its just not best practice. Lack of Cohesive Governance. There is lots of siloing, lack of workflow, lack of budget controls. Look at all the fights about utilities. We should be working together on that instead of going back and forth. This also leads to mistrust and inefficiency.

We need to get back to basics. Some stuff we do is simply doing what we have done before because the data may have been supplied to you like we did in the past. You should get more than numbers. You should get the policy overview along with the account balances.

He gave examples of code conflicts, department organization and decision making, prioritization and a realistic chart of what you can or cannot control. For instance, should we put that you can wear jeans on Friday's in your city ode? Probably not. Are we making good decisions about roll carts? Maybe our process is not right. He talked through these concepts at length.

Council work sessions are the closest thing we have to an informational discussion of important issues. We need a better process to move issues and decisions through the systems.

FINAL NOTES

The Mayor said that P&Z has requested that they would like to keep their Miscellaneous Contractual fund at \$15,000 but cut Travel and Training to \$4000 and \$3000 respectively. That would keep them at the same original budget total.

The Historic Preservation Commission would like to do something similar to arrive at the same budget figure assigned to them earlier.

Thanks to everyone on the staff and all the hard work running up to today's meeting.

The meeting was adjourned at 4:47 PM.

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