



CITY OF COLUMBIA
WORK SESSION MINUTES
TUESDAY, FEBRUARY 16, 2016
CITY HALL – 1737 MAIN STREET
2nd FLOOR CONFERENCE ROOM

The Columbia City Council conducted a Work Session on Tuesday, February 16, 2016 at City Hall, 1737 Main Street, Columbia, South Carolina. The Honorable Mayor Stephen K. Benjamin called the meeting to order at 2:17 p.m. and the following members of Council were present: The Honorable Sam Davis, The Honorable Howard Duvall and The Honorable Edward McDowell, Jr. The Honorable Moe Baddourah arrived at 2:54 p.m. The Honorable Tameika Isaac Devine joined the meeting via telephone at 4:45 p.m. The Honorable Leona K. Plough was absent. Also present were Ms. Teresa Wilson, City Manager and Ms. Schinikia Daniels, Assistant City Clerk. This meeting was advertised in accordance with the South Carolina Freedom of Information Act.

FINANCIAL REPORT

1. [December 2015 Financial Report](#) – Ms. Jan Alonso, Finance Director

Mr. Denny Ulmer, Deputy Finance Director reported that over \$26 million has been collected in General Fund revenue and over \$59 million has been spent. He noted that we will be caught up with the collection of property taxes and business licenses in the next few months. We have collected \$5.1 million and spent approximately \$5 million in the Hospitality Tax Fund.

Mr. Jeff Palen, Assistant City Manager for Financial & Economic Services / Chief Financial Officer reported that the January 2016 numbers indicate that we are still on budget, but we don't have a large amount of growth; we are right where we need to be.

Mr. Denny Ulmer, Deputy Finance Director continued to report that revenues in the Parking Fund are over \$3 million and expenditures are at \$2.9 million.

Mr. Jeff Palen, Assistant City Manager for Financial & Economic Services / Chief Financial Officer noted parking enforcement officials were not enforcing parking for a week after the flood and this will impact collections.

Mr. Denny Ulmer, Deputy Finance Director reported that over \$80 million was collected in the Water & Sewer Fund and over \$40 million was expended. Over \$3 million was collected in the Storm Water Fund and over \$1 million was expended. He presented Fund 253 a summary of flood expenditures, while noting that we've received an expedited reimbursement from FEMA. He reported that \$454,897 has been expended for Bull Street Commons. He presented a summary of expenditures for the Multi Use Entertainment Venue, the Bull Street projects are not funded by the bond, and capital improvement projects.

CITY COUNCIL DISCUSSION/ACTION

2. Legislative Briefings – Ms. Teresa Wilson, City Manager

- [Federal Legislative Update](#) – Mr. Ralph Garboushian, Capital Edge, LLC

Mr. Ralph Garboushian, Capital Edge, LLC reviewed the major federal issues from 2015. For 2016, he reported that the expiration of FAA Programs next month is the biggest challenge on Congress' plate; the election will further complicate the appropriations process; Congress is looking to rewrite the Communications Act; and sequestration will return. He presented a budget overview for sequestration and core local government programs along with the City's allocations for the past six years showing significant reductions in CDBG and HOME funds. He announced that Congress enacted a five-year \$300 billion surface transportation bill, which includes an innercity passenger rail title. This bill retains operating assistance for the CMRTA. He reported that public safety and police-community relations is at the forefront with a focus on sentencing reform, mental health and a comprehensive reform to the National Criminal Justice Commission. In closing, he reported that the Administration has an ambitious regulatory agenda that includes a new ozone standard; new greenhouse gas emission standards for municipal solid waste landfills; the Clean Power Plan; Water of the United States; fair housing; and a new overtime pay regulation.

- [State Legislative Update](#) – Mr. Kyle Michel, Esq., Michel Law Firm

Mr. Kyle Michel, Esq., Michel Law Firm reviewed the 2015 state legislative priorities for the City of Columbia. He reported that the issues of flow control and child care facilities are not expected to come back. He reviewed the laws that were enacted in 2015. He noted that \$3.4 million was provided to the Department of Public Safety for body cameras and the City can be reimbursed for the body cameras that have been purchased. He reviewed the bill related to agendas for meetings and how matters should be handled on meeting day. The Transportation Network Company Act allows a municipality to receive 1% of every fare originated in its jurisdiction in lieu of business licenses. The Office of Regulatory Staff will remit quarterly payments to municipalities. He noted that taxi companies were a part of the discussion. He reported that the Abandoned Buildings Revitalization Act increased historic preservation tax credits to 25% and this will affect the Babcock Building. The following legislation continues to be a priority for the City of Columbia: Business License Tax; Dilapidated Buildings; increasing the minimum fee accepted by bondsman; transportation funding; ethics reform; Freedom of Information Act; and Animal Shelters. He reported that the City is seeking reimbursement for its cost share of FEMA approved expenditures. He reviewed the Municipal Association's priorities for 2016. He requested Council's endorsement of the 2016 proposed priorities for the City of Columbia.

Upon a motion made by Mr. Duvall and seconded by Mayor Benjamin, Council voted unanimously to endorse the 2016 proposed priorities as outlined by Kyle Michel, Esq., subject to making flood recovery the top priority. Mr. Davis was not present for the vote.

3. [Financing Options for Bull Street](#) – Mr. Jeff Palen, Assistant City Manager for Financial & Economic Services/Chief Financial Officer

Mr. Jeff Palen, Assistant City Manager for Financial & Economic Services/Chief Financial Officer reviewed the City's obligations under the Bull Street development agreement. He reported that phase four will begin in July at a cost of \$15.8 million. The obligation for parking is anticipated to be two (2) garages over the next three (3) years. He reviewed the City's spending estimates and funding sources for infrastructure and parking in the total amount of \$67,236,000. He recalled that seventeen possible funding sources were presented to City Council in June 2013. He said the new proposal incorporates a mix of funding options to include three (3) series of General Obligation Bonds to pay for infrastructure costs that are in excess of the budgeted water and sewer and storm water expenditures at \$22 million and a series of Tax Increment Financing bonds to pay for parking needs in the amount of \$36 million and part of the water and sewer infrastructure needs in the amount of \$4 million. He noted that the proposal doesn't include the use of Installment Purchase Revenue Bonds.

Mr. Michael Seezen, Esq., McNair Law Firm provided an overview of General Obligation Bonds. He explained that the City issued a GO Bond in 2013 for new money purposes. The City now has significantly more debt capacity that has resulted as each principal payment was made. The last bond issuance authorized the City to purchase rolling stock and information technology upgrades along with the ability to issue bonds for Bull Street.

Mr. Brent Robertson, Financial Advisor / Managing Director with Stifel explained that the series one GO Bond issuance for infrastructure on Bull Street will fund projects in the amount of \$9.6 million. It will be issued in June 2016. In June 2017, there will be an issuance to fund \$6,590,000 in projects and in June 2018, the third issuance will fund approximately \$2.8 million in projects. The plan of finance is to issue long-term GO Bonds in three series and using Bond Anticipation Notes (BAN). The City currently has a series of outstanding bonds. Prior to the issuance of bonds in June 2016, we have a \$15.9 million debt capacity and after we issue the bonds, we will have \$6.3 million remaining. Prior to the issuance of bonds in June 2017, we have \$11.6 million debt capacity and after we issue the bonds, we will have \$5 million remaining. Prior to the issuance of bonds in 2018, we have a \$10.4 million debt capacity and after we issue the bonds, we will have \$7.6 million remaining. The City will have a total debt service of \$29.2 million. He explained that the BAN is a less efficient way of funding the bonds due to higher interest rates resulting in total debt service in the amount of \$30.6 million. He suggested that the City of Columbia issue long-term bonds to finance Bull Street.

Mr. Jeff Palen, Assistant City Manager for Financial & Economic Services / Chief Financial Officer recalled that staff wasn't given any direction on a referendum for a GO Bond in August 2015. He said we will spend \$11 million from the General Fund by June 30, 2016 and if we have not issued a bond to reimburse that money, our General Fund balance will be down by \$11 million. He expressed concerns about how that will impact the City's bond rating. He agreed to review the total remaining capacity.

Mr. Brent Robertson, Financial Advisor / Managing Director with Stifel advised Council to also consider the City's capacity to respond to emergencies or other opportunities.

Mr. Michael Seezen, Esq., McNair Law Firm explained that the biggest difference between GO Bonds and Tax Increment Financing is that TIFs are revenue bonds payable from a specific revenue source within a TIF district. The taxes that are above the initial equalized assessed value are used to pay redevelopment costs or debt service. He recalled that City Council adopted a TIF Plan in 2010 that authorized \$40 million in bonds of which \$20 million was available for Bull Street projects. He reviewed the required changes to the existing TIF plan and amendments to the Columbia Renaissance Redevelopment Plan versus adopting a new plan.

Mr. Brent Robertson, Financial Advisor / Managing Director with Stifel reviewed the TIF debt service for Bull Street parking using a 30-year bonding scenario. He stated that the TIF plan of finance would have to be longer than thirty years and it includes a backstop from the water and sewer system.

Mr. Jeff Palen, Assistant City Manager for Financial & Economic Services / Chief Financial Officer asked if staff can start the process for the initial issuance of a GO Bond. He agreed to look at two series.

4. Audit Review for Fiscal Year ended June 30, 2015 – Mr. Bud Addison, Audit Senior Manager, Webster Rogers, LLP – *The audit review was deferred.*

Mayor Benjamin said we've made the issue of water and sewer transfers a political football. He recalled that this Council voted in 2013 to cap transfers at 5% and to reduce by \$250,000; in 2014 to reduce it by another \$250,000; and in 2015 to end the general transfer and to replace it only with a public safety transfer representing a \$1.4 million reduction. We also decided to no longer fund the development corporations and the Office of Business Opportunities out of the water and sewer fund representing \$6.1 million in diminished transfers out of the water and sewer fund. Staff is prepared to present a budget showing zero transfers from the water and sewer budget presenting only the indirect costs covered by the water and sewer fund. He said this has been a work in progress and Council unanimously supports ending the transfer.

Upon a motion made by Mayor Benjamin and seconded by Mr. Baddourah, Council voted unanimously to eliminate all transfers to the General Fund from the Water and Sewer Fund, except for those costs which are periodically measured and determined to be actual costs incurred by the General Fund, but attributable to operation of the Water and Sewer systems; the City shall determine a funding source to offset any previous transfers from the Water and Sewer Fund to General Fund; and the City shall keep whole or increase public safety funding in the 2016-2017 General Fund budget.

5. [Review of the Fiscal Year 2016/2017 Budget Schedule](#) – Ms. Melisa Caughman, Budget and Program Management Director

Ms. Melisa Caughman, Budget and Program Management Director said Council will need to follow the schedule as outlined.

Councilor Duvall requested an update on the budget process.

Ms. Teresa Wilson, City Manager said she hopes to get the properties set. The budget is being prepared by departments and the various funds will be presented through detailed work session discussions.

EXECUTIVE SESSION - Pursuant to S.C. Code §30-4-70(a)

Upon a motion made by Mr. Duvall and seconded by Mr. Davis, Council voted unanimously to enter into Executive Session at 5:15 p.m. for the discussion of **Items 6 through 8**.

6. Discussion of employment of an employee – S.C. Code §30-4-70(a)(1)
 - Legal Department
 - Fire Department
7. Receipt of legal advice which relates to a pending, threatened, or potential claim or other matters covered by the attorney-client privilege – S.C. Code §30-4-70(a)(2)
 - *South Carolina Public Interest Foundation and William DePass, Jr. v. City of Columbia and Richland County*
8. Discussion of negotiations incident to proposed contractual arrangements and proposed sale or purchase of property – S.C. Code §30-4-70(a)(2)

Council adjourned the Work Session at 6:00 p.m.

Respectfully submitted by:

Erika D. Moore
City Clerk