

**CITY OF COLUMBIA
SPECIAL CALLED MEETING MINUTES
WEDNESDAY, MAY 27, 2009 – 9:00 AM
CITY HALL - 1737 MAIN STREET – 3RD FLOOR**



The Columbia City Council met for a Work Session on Wednesday, May 27, 2009 at City Hall, 1737 Main Street, Columbia, South Carolina. The Honorable Mayor Robert D. Coble called the meeting to order at 9:04 a.m. The following members of Council were present: The Honorable E.W. Cromartie, II, The Honorable Sam Davis and The Honorable Daniel J. Rickenmann. The Honorable Kirkman Finlay III and The Honorable Belinda F. Gergel arrived at 9:09 a.m. The Honorable Tameika Isaac Devine arrived at 9:13 a.m. Also present were Mr. Steven A. Gantt, Interim City Manager, Ms. Niki Daniels, City Clerk Assistant and Ms. Erika D. Salley, City Clerk.

PUBLIC HEARING

1. [Front End Loader Collection Operation](#) – Mr. Robert Anderson, Superintendent of Solid Waste

Mr. Robert Anderson, Superintendent of Solid Waste explained that notification letters were sent to customers on May 15 and 18, 2009. There were concerns about master accounts with such entities as Rite-Aid and CVS, for example, which are not local. The responses received to date have been minimal. We were asked to look at what we are doing and what other cities have done. The customers that will be impacted are our apartment complexes to include condos, businesses and the tax-exempt/eleemosynary organizations. He said that roll cart services will not be impacted at this time. The current ordinance states that if you generate more than one (1) cubic yard of garbage per week, you must have a dumpster. There will be some that will attempt to use a roll cart instead of a dumpster. We were also asked to look at what companies charge per yard and the prices ranged from \$3.31 per yard to \$2.25 per yard. This is a very competitive business and it would benefit the customer to shop around. The available options are the elimination of services; increase in business license fees; increase and implement rates; provide services at City locations; and Request for Proposals for outsourcing commercial collections. In order to eliminate the service the Ordinance must be revised' notification must be sent to customers; personnel must be reassigned within our division; the final billing would be June 1st; and we would sell the equipment. If we were to remain in the business, the equipment would need repairs in the amount of \$21,000.

[Ordinance No.: 2009-046](#) – Amending the 1998 Code of Ordinances of the City of Columbia, South Carolina, Chapter 19, Solid Waste Management, Article II, Collection and Disposal, Sec. 19-31 Definitions, Bulk container; Sec. 19-40 Frequency of collection; limitations on quantity of waste; Sec. 19-41 Restrictions on collection, (g) Bulk containers for multiple dwelling units and (h) Bulk containers for commercial and industrial users; and Sec. 19-43 Service fees to delete (3) Property exempt from ad valorem tax, (4) Commercial refuse collection and (5) Taxable nonresidential properties and to renumber (6) Building material collection

- **Council opened the Public Hearing at 9:21 a.m.**

Ms. Laura Kubilus, No Name Deli / 2042 Marion Street appeared before the members of Council in opposition to the elimination of front end loader collection services. I want to stand up for the small businesses, because we pay a lot of taxes in the City of Columbia and Richland County and we have to pass these fees on to our customers. A lot of customers already complain about the 9% tax we charge.

Mr. John G. McMaster, 120 W. Springs Road appeared before the members of Council in opposition to the elimination of front end loader collection services. He purchased a small dilapidated 8-unit complex 15 years ago in Elmwood Park and now it has become a very nice place. I realized that with 8-units I had to purchase a dumpster and it has never been filled up. He added that owners of rental property pay 2 1/3 times what residential home owners pay in taxes. I also have to pay personal property taxes on my appliances. I would not have a problem if all rental property owners paid for the service.

Ms. Michelle Miller, Homeowners Association Manager / Landmark Resources appeared before the members of Council in opposition to the elimination of front end loader collection services on behalf of seven (7) homeowner's associations within the City limits that do not have roll carts at this time. They are concerned because they do pay City taxes; this is happening in the middle of their budget year; and they will incur costs that were not budgeted. There is one (1) association with 69-units that pays \$75,000 in property taxes; they question why they should be in the City limits, when the City isn't providing them with services. We had to fight for City police protection when we were having problems and we have several other units in the same situation.

Mr. Walt Gee, Commercial Office Building Owner / 1931 Bull Street appeared before the members of Council in opposition to the elimination of front end loader collection services. Last year we paid \$20,269 in taxes of which \$3,500 went to the City. In addition to that we paid \$1,800 in business license fees and \$20.25 for trash collections each month. In the last ten years, our taxes have gone up 56%. Someone said that garbage pick-up is not a basic City service. From the commercial side, what do you consider to be basic City services? I wish that the services we receive would increase proportionate to the amount of the tax increase.

Mr. Richard Rowe, 1324-101 Pulaski Street appeared before the members of Council in opposition to the elimination of front end loader collection services. I am President of a 57-unit homeowners association and we paid \$248,000 in taxes last year with \$69,000 going to the City of Columbia. Our budget goes from January to December and this news throws a curveball at how we deal with our budget. We have a seventeen (17) unit live/work complex on the same site and they will continue to have the roll carts.

Mr. Robert Anderson, Superintendent of Solid Waste explained that we currently treat the condos as individual properties. I spoke with Mr. Rowe and the problem is that they don't have enough space for 57 roll carts for the 57 units. Their dumpster unit is in a compartment and they have to roll it out for service.

Mr. Richard Rowe, 1324-101 Pulaski Street recommended that this be delayed for 6-months to allow for budget adjustments.

Mr. Chris Carter, Apartment Association of Greater Columbia / 2001 Pavilion Tower Circle appeared before the members of Council in opposition to the elimination of front end loader collection services. We will have to pass the increase on to the residents and Columbia already has the highest vacancy rate in the nation at 13.5%. He recommended deferring the change until January 2010.

Mr. Don Alcorn, President of the Senate Plaza Homeowners Association / 1520 Senate Street appeared before the members of Council in opposition to the elimination of front end loader collection services. I am representing 158 home owners of this condominium complex. Currently, your front end loader picks up garbage twice per week and if that is eliminated we will have to hire a private service, which then indicates an increase in regime fees. To me, we are being taxed twice; we are paying the City for a service we're no longer receiving and then we'll have to pay a private company. It is more cost effective for your front end loader to service Senate Plaza twice per week versus your Solid Waste trucks servicing 158 homes as it goes down the street. We are concerned as individual homeowners that you are taking away a service that other homeowners enjoy. Our contention is that we are single-family dwellings and we get one tax notice as any other single dwelling.

Mr. Craig Volz, Restaurateur / 1305 Hagood Avenue appeared before the members of Council in opposition to the elimination of front end loader collection services. Will these employees be out of a job? Will this increase unemployment in the City of Columbia? Being a small business owner, I am concerned that getting private dumpster service is very expensive. The City can't handle all of my restaurants' service at one time; I still have to get some help from the private sector. People aren't eating out like they use to and this will affect a lot of restaurants' bottom line. The City has done a great job with collecting trash and there could be an increase to save this venture and still remain under the private sector's fees. There are very few firms in the private sector that can collect trash; can they handle this?

Mr. Bennie Clark, McDonalds appeared before the members of Council in opposition to the elimination of front end loader collection services. He operates three (3) McDonalds in the City and this impacts a lot of his employees; our businesses are in the inner-city and this issue will cost jobs. I support the fact that the City should not be providing a service at a loss; I cannot sell a cheeseburger at a loss. This will have a ripple effect on my business. I would like a little more time to make the adjustment. I am being asked to sign a contract for services or they may not be able to service my needs due to the onslaught of demand.

Mr. Bob Jones, Fazoli's Restaurant appeared before the members of Council in opposition to the elimination of front end loader collection services. You all have been picking up our trash for \$54 per month. Are you saying that you would have to multiply that by 4 to make a profit? How come this wasn't fixed years ago?

Mr. John G. McMaster, 120 W. Springs Road asked if he would be allowed to use 8 roll carts. I am hearing that it costs you less to empty 8 roll carts than to empty one container. I would suggest that you back out of the roll cart business if you are losing money and let everybody pay the same amount per residential unit.

▪ **Council adjourned the Public Hearing at 10:16 a.m.**

Councilor Gergel asked Mr. Anderson to explain how our rates for rental and commercial properties compare to other cities.

Mr. Robert Anderson, Superintendent of Solid Waste explained that Charleston provides commercial services to their customers as part of a general tax; the City of Charlotte requires you to contract with a private hauler if you generate more than 512 gallons of waste per week; the City of Georgetown is ending their service effective June 30th; the City of Greenville provides small business collections and businesses generating more than 200 gallons of waste per week must contract with a private hauler; the City of Orangeburg provides the service; the City of Sumter is currently providing the service, but they are also

looking at outsourcing; and the City of Aiken currently provides the service, but I heard that they were looking to get out of it.

Councilor Finlay said that we don't want to be the bulk wholesale provider bidding it out so when something goes wrong people will look at the City and not the private provider.

Councilor Rickenmann said there is discrepancy; if everybody equally paid for the service at the actual cost then we could provide it at net zero. We are not trying to profit. One of the issues in waste collection is that we as a community must change. People aren't recycling and all that stuff is worth something. I think individuals are going to start paying. We need to consider the timing of changes; people need enough notice.

Councilor Devine said that costs to providing this service are escalating and we haven't purposefully looked at how to address that. We cannot continue to lose money on a service like this when we have so many other things to consider. We are treating City residents differently in terms of condo owners and home owners; the rental properties are different. In essence, you are being penalized for living in a condo.

Mr. Robert Anderson, Superintendent of Public Works said that he needed to look at that. He suggested that there may be an opportunity to use the truck we service the City with to service the condos.

Mayor Coble agreed that we should look at the condos and we should review the number of units that constitute having a dumpster.

Upon motion by Mayor Coble, seconded by Mr. Finlay, Council voted unanimously to give first reading approval to Ordinance No. 2009-046, subject to staff reviewing the issues discussed today to include servicing condominiums and the matter of servicing apartments with six (6) units versus eight (8) units. Second reading consideration is scheduled for June 24, 2009. Upon final approval the Ordinance will become effective on September 1, 2009.

- **Council recessed at 10:35 a.m.**
- **Council reconvened the meeting at 10:50 a.m.**

BUDGET WORK SESSION

2. Fiscal Year 2009 / 2010 Budget – The Honorable Kirkman Finlay, III

Councilor Finlay explained that if we hold to this budget, we will generate a \$4 million "surplus". We still need to have \$2.75 million reserved for expenses.

Mayor Coble said that before he would be willing to do across the board pay cuts to have a cushion, he would tell the staff that this is a new year; we will have continued discussions on what can and cannot be done; and if we are not meeting the budget as of September 1st then we could do something different.

Councilor Finlay said the sooner we move the smaller the percentage of the salary reduction.

Councilor Rickenmann insisted that they analyze non-essential. Until we make those changes we can't do the across the board cuts.

Councilor Finlay explained that the reduction of positions and programs is \$1 million, because we're not going to gain those efficiencies on July 1st. We will have to eliminate \$2 million on an annualized basis of which we will realize \$1 million. He told his peers that he has heard their concerns and that he has tried to take all of those concerns into consideration without hitting any one place too hard. We have to realize \$3.6 million in savings next year (2010/2011) to be able to make any positive progress.

Councilor Davis suggested that they go into the next budget year with an agreement on the bottom line; give the budget to Mr. Gantt; and let him manage it. I would expect Mr. Gantt to come back at agreed upon intervals to let us know the issues.

Councilor Devine said that you can't take everything we've said and get to a real consensus, because some our rationale for things is different. To completely slam the morale of our staff will have a ripple effect like nothing else. The 2.5% equals \$1.2 million. I say that we find the \$1.2 million from somewhere else. Don't say that we are building in a cushion; this is our Rainy Day Fund that will only be dipped into with the City Manager's approval.

Councilor Finlay said that we will be watching over that fund; if we can manage within 2% of \$102 million, that would be a good job; then we are \$1.7 million short. The first \$4 million off the sale of the Bus Barn will go to the CMRTA. The City Manager needs to evaluate holiday pay and bring all departments in line to save \$425,000.

Mr. Steven A. Gantt, Interim City Manager said that there will be employees on TERI and retirees going out; there will be some natural attrition; and there will be other programmatic things within the budget that we can look at. They don't add up to \$1 million right now, but we will continue to look at that.

Mayor Coble said that we could add to the reserves by reissuing the bond and from this year's hospitality tax surplus.

Mr. Steven A. Gantt, Interim City Manager said that we have employees on TERI that will be leaving and that is an approximate amount of \$1 million. We can't eliminate all of those positions. It's not acceptable to limit reserves to the Fire and Police Departments; other departments are down to skin and bones and they will have to request funding.

Councilor Finlay said that half the payroll is Public Safety so furloughs aren't the answer. He added that this budget gives us a margin of error.

- **Council recessed at 11:44 a.m.**
- **Council reconvened at 3:35 p.m.**

Councilor Finlay explained that the "surplus" is \$4,019,637; from that we take \$2,750,000; \$750,000 of that is doubtful receivables; \$2 million of it is for operating concerns; \$3,030,000 is for GASB 45; and we are still negative \$1.76 million. How do we close the \$1.76 million deficit and how do we grow the General Fund assets, which should be more than \$10 million.

Councilor Gergel inquired about the use of hospitality surplus funds. I am going to bring a proposal forward on the Community Promotions budget.

Councilor Devine asked Mr. Gantt if he is comfortable with the departmental budgets.

Mr. Steven A. Gantt, Interim City Manager said that there's no fat in the budgets. Having a reserve will allow the departments to operate as efficiently as possible; we will evaluate their expenditures on a monthly basis; and use the reserves as needed. At the end of 2009/2010 we will have a more realistic idea of what departmental budgets should look like.

Councilor Gergel said that she understands that we are now directing \$1.5 million of the hospitality tax surplus to this year's budget. What is that directed towards?

Mr. Steven A. Gantt, Interim City Manager replied that it is being used to reduce the hit to the unallocated reserves in the General Fund in an effort to rebuild reserves as much as we can.

Ms. Melisa Caughman, Budget Director explained that current year collections were \$7,381,600, but you also voted to approve \$1,250,000 from surplus. We are projecting \$7,721,884 for 2008/2009.

Councilor Gergel asked for the amount in the hospitality tax surplus fund right now. Does it include the allocation for the Skate Park?

Ms. Melisa Caughman, Budget Director said that as of June 30, 2008, we had \$6,656,883, but it is projected that there will be \$3,375,593 at the end of this year. It includes the Skate Park and other expenditures.

Councilor Finlay said that the projected balance for 2009/2010 is \$582,851 and -\$248,749 in 2010/2011.

Councilor Rickenmann questioned whether or not the projections are too low.

Councilor Finlay said that at some point in the next 24-months the surplus will be gone.

Mr. Steven A. Gantt, Interim City Manager said that there may be \$200,000 in savings in the General Fund over the course of a year from TERI employees.

Councilor Finlay asked Mr. Ellis how long it would take us to realize a \$1.5 million savings.

Mr. Bill Ellis, Deputy Finance Director stated that it would take a minimum of 90-days.

Councilor Devine concurred adding that cutting salaries across the board is the quick and easy way; it takes no thought and energy; and it penalizes our staff. We had staff living in homeless shelters last year.

Councilor Cromartie said that he doesn't support a reduction in force. Our employees have to understand that we are in a crisis situation; we can't pay them what we want to; at the same time we have to all come together to keep them employed. I don't want our employees to become homeless. I will not vote for a reduction in force.

Councilor Gergel said that we will have to look at pay cuts for next year. Our ultimate responsibility is to the City and our employees come after that responsibility. I can't support the furlough days. I want to talk about Community Promotions; we budgeted less than \$1 million this year for both the agencies and the committee. She proposed that the funding be cut by 5% for the agencies. She asked Ms. Gober to read the names of the agencies.

Ms. Libby Gober, City Council Liaison outlined the following: Greater Columbia Community Relations Council, Columbia Urban League, KOBAN, Capital Senior Center, Fast Forward and the River Alliance.

Councilor Rickenmann said that he met with representatives of the Capital Senior Center 6-months ago and told them to provide information for review. If we own that building then our janitorial and HVAC services for the Capital Senior Center should be included in our contract. This would be a marginal increase on our budget.

Councilor Gergel proposed again that they take a 5% cut from the agencies and 10% from the committee. A 5% cut would be \$490,000 and the 10% cut would be \$298,000. I would recommend that we take an additional \$100,000 from Governmental Affairs; \$30,000 from Legislative/Council; and \$20,000 from Council Support Services.

Councilor Devine told Ms. Gober that she wants to know the salaries of the people working for these agencies and if they have lost any employees. I strongly believe in these organizations and if things were better, I would be the first person fighting to keep them in the budget.

Mayor Coble said that this is a no tax increase budget; it has the reserves that the City Manager said he needs; it gets the Rainy Day Fund closer to 10%; and we have to extract another \$1.1 million out of the budget.

Councilor Gergel asked to hear directly from the organizations funded from the Community Promotions and Hospitality Tax Fund along with the committee chairs.

Councilor Davis said "What are we going to tell them?"

Upon motion by Mayor Coble, seconded by Mr. Cromartie, Council voted unanimously to authorize staff to advertise the fiscal year 2009/2010 Budget Public Hearing for June 17, 2009 and in the amount of \$106,303,068.

3. **Columbia Empowerment Zone, Inc.

Mr. Bill Ellis, Deputy Finance Director announced that there are two (2) issues with the audit this year: one is component units and the other one is fixed assets. I was supposed to meet with the Audit Committee about the Columbia Empowerment Zone being a component unit or not and it's my official responsibility to inform you that it is definitely a component unit; there's no way around it; it's not debatable. There is a checklist that I have to fill out and give to the external auditor.

Councilor Devine asked if Mr. Ellis talked with the Empowerment Zone, Inc. to ensure that he was answering correctly.

Mr. Bill Ellis, Deputy Finance Director said that they were not those type of questions. For example, does the City receive a financial benefit or gain because of the existence of the component unit? There is a memorandum of agreement that is of great benefit to the City.

Councilor Devine suggested that Mr. Gaines, Mr. Ellis and Mr. Lawton sit down to go over the questions and make sure they are okay with them. As I understood from Mr. Addison's e-mail, it is our determination. It sounds like we are going to get some kind of hit whether it's a component unit or not.

Mr. Bill Ellis, Deputy Finance Director said that he has no problem with that. He explained that the audit problem is that the Columbia Empowerment Zone was incorporated on April 18, 2008; the activities that we have a record of are in 2009. This involves whether or not it was a component unit in 2008. It has to be audited and combined in my financial statements. I need all of the transactions for the entity during that year. The Empowerment Zone is already a component unit of the City; this has no effect on that whatsoever, but the

new entity is the Columbia Empowerment Zone, Incorporated. If it has any transactions, it will have to be included in the 2008 audit as a component unit.

Councilor Devine further suggested that Mr. Baker be involved in the meeting.

Mr. Bill Ellis, Deputy Finance Director said that there has been an audit discussion between the external auditor and myself about what the value of the fixed assets is to be on the financial statements. I don't know how long that is going to take to resolve. We're literally doing it line by line.

- **Council adjourned the meeting at 5:13 p.m.**

Respectfully submitted by:

Erika D. Salley
City Clerk