

**CITY OF COLUMBIA CITY COUNCIL
WORK SESSION MINUTES
APRIL 23, 2013 – 9:00 A.M.
PARKING SERVICES CONFERENCE ROOM
820 WASHINGTON STREET**



The Columbia City Council met for a Work Session on Tuesday, April 23, 2013 in the Parking Services Conference Room located at 820 Washington Street, Columbia South Carolina. The Honorable Mayor Stephen K. Benjamin called the meeting to order at 9:24 a.m. The following members of Council were present: The Honorable Sam Davis, The Honorable Leona K. Plough, The Honorable Brian DeQuincey Newman, The Honorable Cameron A. Runyan and The Honorable Moe Baddourah. The Honorable Tameika Isaac Devine was absent. Also present were Ms. Teresa Wilson, City Manager and Ms. Erika D. Moore, City Clerk. This meeting was advertised in accordance with the Freedom of Information Act.

CITY COUNCIL BUDGET WORKSHOP

1. Fiscal Year 2013 / 2014 Proposed Budget by Fund

Ms. Teresa Wilson, City Manager explained that we are working on an effort to align this budget with strategic goals and objectives and the direction from Council over the next three (3) to five (5) years. It will be a different approach to the budget. The goal for today is to present the proposed budgets for the General Fund, Water & Sewer, Storm Water, and Parking, while seeking broad directions from the full Council on the Hospitality Tax Fund and other big ticket items.

Ms. Melisa Caughman, Budget Director presented a high level overview of the fiscal year 2013/2014 proposed budget. She explained that departments used the four main goals of the strategic plan, which relate to public safety, economic development, infrastructure, communications and customer service as a guide for preparing their budgets. The budget being set forth is for the second year of the strategic plan.

Ms. Teresa Wilson, City Manager said that she is working with the Human Resources Director on communications and customer service, which will be referred to as the customer experience. This will also be presented to Council.

Mayor Benjamin thanked Ms. Wilson for taking this approach, because budgets are supposed to be a reflection of what our priorities are. We went through an arduous process in developing the plan so it is good to see things follow as they should.

Ms. Melisa Caughman, Budget Director reported that a 2% cost of living adjustment is being proposed in order to maintain a competitive pay and benefits plan. She noted that a comprehensive compensation and classification study would take up to nine (9) months to complete and it would be implemented in fiscal year 2014/2015.

Councilor Plough asked about an updated efficiency study.

Ms. Teresa Wilson, City Manager said they pulled the efficiency study from 2008 and are seeking external individuals to help work through that process. She confirmed that this approach is included in the budget.

Ms. Melisa Caughman, Budget Director reported that revenues in the Accommodations Tax Fund are projected at \$1.5 million, which is closer to what we received this year and does not include the use of fund balance. She noted that State law is specific as to how allocations are made; the first \$25,000 goes to the General Fund; 5% is for general purposes, but has historically funded the committee expenses and other funding requests; 30% is for advertising and promotions; and the remainder is used for tourism and related expenditures. She reported that committee allocations have historically gone to the Convention and Visitors Bureau and Capital City Lake Murray Country. She noted that there will be a balance of \$1.4 million for committee allocations.

Ms. Teresa Wilson, City Manager noted that they did not make any assumptions on the groups that were historically funded from the Accommodations and Hospitality Tax Funds. This is something they will need direction from Council about. In the absence of Ms. Devine, she mentioned Together We Can.

Councilor Plough said it appears that we are not spending the entire allocation for Together We Can.

Ms. Melisa Caughman, Budget Director said that Council has \$48,750 available for general purposes. She noted that in the past, this helped fund administrative costs for the hospitality and accommodations tax committees and other groups. She said in 2011 / 2012, they came close to spending the full allocation for Together We Can, but it depends on the book that is selected. She reported that the initial budget for the Hospitality Tax Fund projected \$8.5 million in revenues; the projection has increased to \$9 million, which is a 7% increase over the current year. She said that no funding has been allocated from the fund balance of \$9,014,000. She stressed that they are only presenting items that are being funded in the current year; these are not recommendations. There are commitments that were previously made to the State Museum and the High School Football League.

Mayor Benjamin noted that the State Museum is requesting another \$100,000 and EdVenture is requesting an additional \$1 million over a period of time. He asked staff to clarify the requests for additional funding.

Councilor Baddourah noted that the Columbia Museum of Art is also requesting additional funding.

Ms. Teresa Wilson, City Manager noted that One Columbia is requesting an additional \$12,895 for a total amount of \$180,495.

Councilor Plaugh asked if the request is a result of something extra we are doing.

Ms. Teresa Wilson, City Manager said that One Columbia now has established office space and they are hiring an executive director.

Councilor Plaugh recalled that the executive director was included in the previous budget. She inquired about the logic of them being in a separate space.

Ms. Teresa Wilson, City Manager said they were provided with the options of what the city had available, but those options were limited. She noted that they wanted a space that is visible to the public and they got it at a very reasonable amount.

Mayor Benjamin asked if hospitality funding is available for the River Alliance for this current fiscal year. He supports the River Alliance, because they have done great work as the glue that kept the regional vision together.

Ms. Teresa Wilson, City Manager said that it depends on the eligible expenses; they've already been provided \$25,000. She asked if Council wanted to continue to fund the River Alliance going forward with specific deliverables.

Ms. Libby Gober, Assistant to City Council said that it would be appropriate for Council to approve up to \$25,000 pending eligible expenditures.

Councilor Plaugh said there are a lot of worthy groups that have been real partners over the years, but we need to be strategic in making sure the groups we fund are carrying out the objectives we've laid out.

Ms. Melisa Caughman, Budget Director reported that projected fund balance is \$577,666.

Councilor Baddourah asked if Lake Murray Country received \$150,000 this year.

Ms. Melisa Caughman, Budget Director stated that the additional \$150,000 during fiscal year 2011/2012 came from the Hospitality Tax Fund, but they were funded \$150,000 from the Accommodations Tax Fund, as well.

Councilor Plaugh noted that the transfer out to the General Fund has been increased.

Ms. Melisa Caughman, Budget Director explained that the eligible General Fund services exceed the amount available.

Councilor Plaugh expressed concerns about there being a false impression that we have public safety staffing at a certain level when indeed, the money is coming in, but it's for other activities that are not necessarily the basis of funding for public safety. She said that \$3 million looks like a lot of money until you look at the activities of public safety. She said these people are assigned to do other things.

Ms. Teresa Wilson, City Manager noted that funding may be used for Public Works or Parks and Recreation. She said they talked about breaking out special events and capturing what all that means for Police, Public Works, Parks and Recreation; the staff time spent; what's being absorbed; and whether or not the fees are inline and consistent across those particular departments. She said they decided to form a committee to look at that and how to streamline it into the next budget cycle. She said there may be a need for an Office of Special Events and that office then becomes the focus and the center from which you can pull in the resources of the other departments as necessary. It is currently a piecemeal approach with everybody jumping in to assist with events whether or not the events are internal or external to the city.

Ms. Melisa Caughman, Budget Director continued to report that fiscal year 2014/2015 will be year two of the three year commitment of \$35,000 to the High School Football League and year one of the five year commitment of \$50,000 for the Renaissance Foundation.

Mayor Benjamin clarified that the money for the Renaissance Foundation is sequestered; it's obligated, but it will be used as a backstop for a historic tax credit deal; and Richland County has done the same thing. He noted that the money is there for security.

Ms. Melisa Caughman, Budget Director reported that the Columbia Museum of Art requested a \$1 million increase in funding for the expansion of their galleries; EdVenture requested funding from the city and county for their next generation exhibits; Historic Columbia Foundation requested an additional \$55,000 for the 1963 historic archaeological excavations of African-American sites over six (6) years; One Columbia requested an additional \$12,895; and the State Museum requested an additional \$100,000 for marketing of the grand reopening.

Ms. Teresa Wilson, City Manager stated that the funding requests from Right Direction Ministries and the SC Legislators Exchange Program are not eligible for hospitality funding. She suggested that those organizations collaborate. She said that Reality Check Midlands is a regional approach which compliments the recent visit from the Urban Land Institute; their request is for \$100,000 for the one day visioning session in October 2013. She acknowledged that there may be more requests, because they come in different ways. She outlined the other agencies that were funded last year.

Councilor Plough asked if the Black Expo was the only group that we fund that is a for-profit business.

Mayor Benjamin said it is a non-profit foundation.

Ms. Teresa Wilson, City Manager clarified that Black Pages is a separate for-profit entity; it's a separate structure from the Black Expo itself, which is done across the state.

Councilor Plough asked if we funded any for-profits.

Ms. Libby Gober, Assistant to City Council clarified that we fund non-profits; we do not fund for-profits and we require a letter from the Secretary of State's Office declaring their non-profit status.

Councilor Baddourah inquired about Leisure Fun.

Ms. Teresa Wilson, City Manager said that it is a contractual arrangement to compile an event calendar.

Ms. Libby Gober, Assistant to City Council explained that it is an extra piece of marketing that we supply to all groups and Leisure Fun is also connected with other cities. She described it as an extra marketing piece that we keep at a minimal price, because we can't give the eighty-eight (88) groups marketing funds.

Councilor Plough asked how that relates to One Columbia.

Ms. Libby Gober, Assistant to City Council said that One Columbia focuses on arts and historic preservation; but Leisure Fun focuses on sports, businesses and the groups we fund.

Councilor Baddourah asked why One Columbia's budget is \$168,000, but Leisure Fun's budget is \$13,500.

Mayor Benjamin said they are completely different.

Councilor Plough asked if Leisure Fun feeds into One Columbia's calendar.

Ms. Teresa Wilson, City Manager said they talked about linking both the Leisure Fun and One Columbia calendar of events on the city's website. She said it is not duplicative and they have been asked to work together, even with the CVB.

Councilor Davis said it is good to have a variety of marketers for the area; there's room for all of them as long as they are coordinated and clearly differentiated.

Councilor Plough said we don't have a lot of money and we have to use it strategically; we must urge them to coordinate or they don't get funded; and if they are funded out of hospitality, they must focus on tourism.

Mayor Benjamin said we must determine if there are separate missions.

Councilor Baddourah said they are marketing to capture people outside of the city and they are all connected somehow.

Ms. Teresa Wilson, City Manager said that Leisure Fun and the CVB may need to connect rather than Leisure Fun and One Columbia. She continued to report that they have heard Council's interest in the security cameras; they can do another round with the hospitality district security camera project; and there is a scalable proposal for the citywide cameras. She explained that staff provided a pie in the sky, citywide targeted approach, which uses mobile cameras and other new technologies. The proposal includes residential, parks, hospitality districts and the number of cameras needed in those areas. She reported that \$2 million is needed to fund the pie in the sky proposal. She also noted that there are code enforcement and solid waste issues that impact the quality of life and they are looking at a comprehensive approach and considering using the narcotics funding as a source for addressing these issues.

Mayor Benjamin said that cameras have proven to be an indispensable element of our crime fighting strategy. He requested the budget for a scaled back yet meaningful program that allows some mobility. There are some areas like Hyatt Park where we can make an immediate impact and he'd like to make sure that is at the top of the list.

Councilor Baddourah asked to increase the amount of funding, because of the new Hospitality District, which includes the Garners Ferry corridor.

Councilor Plough said that Council should formally designate this area, because it has great vitality. She is not aware of additional staffing or enforcement being needed in that area, but a few strategically located cameras would help.

Mayor Benjamin inquired about the official criteria for a Hospitality District. He asked if the area needed to be designated as a Hospitality District in order to qualify for funding.

Councilor Baddourah noted that the area generated over \$1 million in hospitality tax revenue.

Mayor Benjamin said that the challenge is how to approach the other pieces of the puzzle, but it obvious that there are other hospitality areas such as Broad River Road. He stated that the larger citywide comprehensive approach is something we need to pay attention to.

Ms. Teresa Wilson, City Manager recalled that the last allocation of \$100,000 took two years to expend, because funds were designated to business organizations that provided half of the funding.

Mayor Benjamin said that it has to be an association or business that can take on the ongoing financial obligation.

Ms. Teresa Wilson, City Manager asked if Council wanted staff to look at the designation for that area.

Councilor Plough said it doesn't have to be exclusive; it is the collection of data and there are one or two areas where the businesses would be willing to participate.

Mayor Benjamin asked that it be made clear to Chief Santiago and Chief Wisner that the Garners Ferry corridor should be covered.

Mr. Kenneth E. Gaines, Esq., City Attorney said there are no criteria set forth in the statute for a hospitality district; we will look at how much hospitality revenue is generated. He agreed to research the matter.

Ms. Melisa Caughman, Budget Director continued to report that debt service remains at \$1.3 million for the hospitality revenue bond. She recommended a general fund transfer of \$3 million which is an increase of \$200,000. She said this budget keeps everyone whole at current year levels; it does not incorporate any increases that have been requested. She projected \$550,000 of fund balance as we approach the end of the year. She noted that we have received requests in excess of \$1 million for hospitality tax funds.

Councilor Plaugh said she would support Mr. Baddourah's interest in increasing the amount for security cameras, if there is an interest in the community for the security cameras.

Mayor Benjamin asked if the \$100,000 would come out of the committee's allocation.

Ms. Teresa Wilson, City Manager said it could.

Ms. Melisa Caughman, Budget Director added that the \$73,000 commitment to the University of South Carolina for security at the football games usually comes out of the committee's allocation.

Ms. Teresa Wilson, City Manager added that they have requested an additional \$100,000 and that could come out of the committee's allocation as well.

Mayor Benjamin asked if that decision is made by Council or the committee.

Councilor Baddourah asked if the committee would need to make a decision about the additional allocation for cameras.

A motion made by Mr. Baddourah to refer a discussion of security cameras and areas where they are needed to the Public Safety Committee, failed for the lack of a second.

Upon a motion made by Mayor Benjamin and seconded by Mr. Newman, Council voted unanimously to schedule a Public Safety Committee Meeting on Tuesday, April 30, 2013 at 9:00 a.m. to receive a report from the Columbia Police Department on security cameras proceeded by a full report to City Council and to schedule an Arts and Historic Preservation Committee Meeting on Tuesday, April 30, 2013 at 11:00 a.m. for the discussion of proposed legacy projects to be funded by the Hospitality Tax Fund.

Ms. Melisa Caughman, Budget Director continued to report on the General Fund Budget. She explained that a new proposed flat fee for hazardous materials (hazmat) recovery is recommended by the City Manager. She said that the fee is in line with other agencies and will primarily be used for the Fire Department.

Mayor Benjamin asked for clarity on the hazmat fee.

Mr. Aubrey Jenkins, Fire Chief said the department uses its own equipment during hazmat incidents and the fee will help cover the expenses.

Ms. Melisa Caughman, Budget Director estimated that \$500,000 would be collected during the first year.

Councilor Baddourah asked who will request the charges.

Mr. Kenneth E. Gaines, Esq., City Attorney said the ordinance is based on who is in control of the scene and we will bill the company.

Ms. Teresa Wilson, City Manager said the fee will also help with external contractors that we employ.

Councilor Plaugh asked about the County's hazmat fee and how their process works.

Ms. Melisa Caughman, Budget Director said that the County charges an hourly rate.

Councilor Plaugh asked why we are proposing the flat rate instead of the hourly rate.

Mr. Aubrey Jenkins, Fire Chief said this is a new proposal fee for hazmat recovery and we want to give it another year to see if the rates need to be adjusted or changed.

Ms. Melisa Caughman, Budget Director presented the new Parks and Recreation facility rental fee proposal.

Councilor Plaugh asked how much revenue will be generated.

Ms. Melisa Caughman, Budget Director estimated \$300,000.

Mr. S. Allison Baker, Senior Assistant City Manager said fees for park facility rentals and activities are very modest; they are much lower than other agencies; and the Parks and Recreation Plan recommends increasing revenues annually.

Ms. Teresa Wilson, City Manager said that the master plan will be presented at a later date. She reported that the recommendations were based off the appetites of the community to pay for services needed for the facilities.

Ms. Melisa Caughman, Budget Director reported that the Fire Department has recommended an increased fee for fire re-inspections.

Councilor Plaugh said this is not business friendly. She suggested that a company be made aware of its violations.

Mr. Aubrey Jenkins, Fire Chief explained that there are times when the department has completed two or three inspections at one location; it takes a lot of time to revisit; and it takes time away from completing other inspections.

Councilor Davis asked if the inspections are for code violations or new construction.

Mr. Aubrey Jenkins, Fire Chief said these are annual inspections.

Ms. Melisa Caughman, Budget Director further explained that there are no initial fees for annual inspections; the fee will only cover re-inspections due to code violations. She reported that there has been an increase in the budget for the November municipal elections.

Ms. Erika Moore, City Clerk said that the cost of the increase is due to the number of poll workers, clerks and technicians and additional machines are being added based on the numbers of voters at each precinct.

Councilor Plaugh asked if Richland County will provide a letter.

Ms. Erika Moore, City Clerk replied yes; a comparison memo will be provided to reflect the previous year's expenses including the increase.

Mayor Benjamin stressed the importance of knowing that machines and workers are based on the number of electors in compliance with state law.

Ms. Melisa Caughman, Budget Director explained that increases for the Fire Department include salary adjustments, repairs at various fire stations and health and safety efforts for employees as outlined in the fire department's comprehensive plan.

Ms. Teresa Wilson, City Manager said a salary adjustment of 6.67% was recommended from a previous study. She said that a former Council approved 1/3 (3.37%) of the 6.67% increase in fiscal year 2012/2013. She said they will continue to move forward with fiscal year 2013/2014; we need to complete the remaining 3.37% from surplus, which is \$300,000.

Councilor Plaugh asked if this will require a vote from Council.

Ms. Teresa Wilson, City Manager replied no; it's within the allocated budget amount. She said they wanted Council to be aware of the balance and that many of the issues are more comprehensive. She said the idea was to look at the current amount available and to utilize the 3.37% in the best manner to address the concerns that were pointed out in the compensation and classification study.

Councilor Plough asked the City Attorney if a department head can take resources allocated for funded positions and give an increase to staff.

Mr. Kenneth E. Gaines, Esq., City Attorney agreed to research the matter. He noted that the City Manager has the authority to approve funding.

Mayor Benjamin said if the amount is budgeted; it's in the City Manager's purview to approve funding. He said it behooved her to inform Council because of the form of Government.

Councilor Plough said she doesn't support moving in this direction, because we have many people in the City who are not properly compensated; it's not fair to recognize some and not recognize others. She urged the City Manager to spend some time with fire personnel to understand the needs of the department.

Mayor Benjamin agreed that many employees should be compensated for their work. He said that the comp and class study gives the data; but that doesn't mean we should ignore the timely and pressing issue that is before us; it's not in the best interest of the people.

Ms. Teresa Wilson, City Manager said she talked to fire personnel and she fully understands the needs of the department. She stated that as a City Manager, her first priority is to complete a compensation and classification study; however, she was directed to look at a previous study voted on by a former Council and she did her best to address the needs with the available funding that was verified by our Chief Financial Officer.

Councilor Baddourah asked if the police department asked the City Manager for redirection of their budget within its department.

Ms. Teresa Wilson, City Manager said the Police Department doesn't currently have additional funding available to implement 3.3%.

Mayor Benjamin said if the Police Department has the funding, then the same dispensation can be made.

Councilor Plough insisted that we are endorsing an awkward way to set up departments to do their own analysis to receive funding.

Mayor Benjamin said we are losing many firefighters and it's because of resources.

Councilor Baddourah noted that the report indicated that compensation is not the main reason why firefighters leave the City.

Councilor Davis said we need to do what it takes to maintain qualified Fire and Police Departments. He noted that resources may not be the primary reason, but it helps.

Mayor Benjamin made a motion to move forward in supporting the plan to raise salaries, improve facilities, build partnerships, address quality of life, give a targeted adjustment of 3.34% to fire fighters; look at aggressively improving facilities that our firefighters are living in and working in every single day; support a commission to look at the comprehensive compensation and classification study; continue to look at the other action items: repairs, roofs, furniture, kitchen renovations, mattress replacements throughout the

organization; establish and fund a Firefighters Foundation to continue to support and bring other private capital and other funds in to support firefighter quality of life; continue to engage our fire department employees in the strategic planning process; continue to initiate and support regular monthly meetings between the command staff and fire personnel; establish a Columbia Fire Department Employee Counsel; and that we reinstitute the firefighters and citizens awards program. I know that there are a number of other matters in here including providing immediately, employee fitness memberships; hiring a health and safety officer for the Fire Department; reviving the annual firefighter exams to make sure that our fire fighters are ready to meet the tough requirements; immediately develop regular family-friendly department-wide events that allow us to continue to build departmental unity and morale. He said we have to move forward. He expressed an interest in seeing a side-by-side comparison between this Police Department, the Sheriff's Department and other regional law enforcement agencies to give further attention to that specific issue. He noted that it is a major and important issue, but these two issues are not competing issues and we're not going to put it on the back burner anymore.

Councilor Plaugh asked for a copy of the report, because this was the first she had heard this.

Councilor Baddourah concurred, noting that he hadn't seen the report.

Mr. Aubrey Jenkins, Fire Chief advised Council that this report was put together based on discussions with the City Manager. He offered to clarify any of the information included in the report.

Mayor Benjamin said that all of the components of the pay increase are specifically identical to everything discussed here; the 3.34%, the cost of living that's referenced in the budget request as laid out by staff and all of the other issues are laid out there in the Columbia Fire Department Incentive Plan (CFDIP).

Mr. Aubrey Jenkins, Fire Chief stated that this is not a new study; it is solely based on what was done in 2008; this is not our study; this is a city study.

Mayor Benjamin clarified that the motion only references the firefighters and the Fire Department Plan.

Councilor Plaugh asked about immediately providing fitness memberships. She recalled that the program was successfully developed by the Columbia Police Department and that a contract was done with Gold's Gym. She asked if this was just being extended to firefighters and the police or all employees.

Mayor Benjamin said for firefighters and police.

Mr. Aubrey Jenkins, Fire Chief stated that Council approved that in last year's budget.

Ms. Teresa Wilson, City Manager said that the document is a working document from the Fire Department. She explained that this is being offered to the Public Safety officers whose schedules don't allow them to use our employee gym or the Drew Wellness Center at times when they are at home.

Mayor Benjamin noted that only public safety employees have a physical fitness requirement.

Councilor Plough said we are taking \$300,000 out of the current budget and another \$300,000 is being put in the budget for next year; we are spending \$600,000 on increases for Fire Department employees in sworn positions and that money could better be spent doing and implementing a comp and class study so that all of our employees could properly benefit and make sure that they are properly compensated.

Ms. Teresa Wilson, City Manager said the funding for the study is in the 2012/2013 budget and the study would be implemented in 2014/2015.

Ms. Melisa Caughman, Budget Director added that \$150,000 was allocated and it would take nine (9) to twelve (12) months to conduct a study.

Upon a motion made by Mayor Benjamin and seconded by Mr. Newman, Council voted four (4) to two (2) to move forward to support the City Manager's plan to raise salaries, aggressively improve facilities, build partnerships, improve quality of life; to give a targeted adjustment of 3.34%; to support the Comprehensive Fire Department Improvement Program; to move forward with the compensation and classification study; and to direct staff to review a comparison of the Columbia Fire Department salaries versus regional salaries. Voting aye were Mr. Davis, Mr. Newman, Mr. Runyan and Mayor Benjamin. Ms. Plough and Mr. Baddourah voted nay.

A motion made by Mr. Baddourah to submit a request for an increase for Columbia Police Department personnel at the same rate as the Fire Department for the next budget year, failed for the lack of a second.

Mayor Benjamin made a motion to move forward aggressively with the class and comp study; that we aggressively look at salaries of the Columbia Police Department; make recommendations for increasing pay for our police officers based on a study of other regional and statewide agencies; and recognize that our officers along with all city staff ought to be compensated. He insisted that Public Safety is a very important piece of the puzzle that we are charged with handling as public officials.

Ms. Teresa Wilson, City Manager respectfully stated that the comp and class study citywide is for everybody; however, if your motion is based off of the previous study done for fire and police in 2008 I would be remiss if I didn't bring to your attention our 911 staff and other first responders, because they are certainly a key aspect to the whole public safety mission.

Mayor Benjamin asked the Chief Financial Officer (CFO) what the increase for police officers might cost. He estimated it to be \$600,000.

Councilor Plough suggested that they start the Comp and Class Study with the Police Department.

Upon a motion made by Mayor Benjamin and seconded by Mr. Davis, Council voted five (5) to one (1) to move forward aggressively with the class and comp study; to aggressively look at salaries of the Columbia Police Department; make recommendations for increasing pay for our police officers based on the study with other regional and statewide agencies; while recognizing that our officers along with all city staff should be compensated. Voting aye were Mr. Davis, Mr. Newman, Mr. Runyan, Mr. Baddourah and Mayor Benjamin. Ms. Plough voted nay, because all employees should be treated fairly and equally.

- **Council adjourned the Work Session at 12:33 p.m.**

Respectfully submitted by:

Erika D. Moore
City Clerk

**CITY OF COLUMBIA CITY COUNCIL
SPECIAL CALLED MEETING MINUTES
APRIL 23, 2013 – 1:00 P.M.
PARKING SERVICES CONFERENCE ROOM
820 WASHINGTON STREET**



The Columbia City Council held a Special Called Meeting on Tuesday, April 23, 2013 in the Parking Services Conference Room located at 820 Washington Street, Columbia, South Carolina 29203. The Honorable Mayor Stephen K. Benjamin called the meeting to order at 1:00 p.m. The following members of Council were present: The Honorable Sam Davis, The Honorable Leona K. Plough, The Honorable Brian DeQuincey Newman, The Honorable Cameron A. Runyan and The Honorable Moe Baddourah. The Honorable Tameika Isaac Devine arrived at 2:06 p.m. Also present were Ms. Teresa Wilson, City Manager and Ms. Erika D. Moore, City Clerk. This meeting was advertised in accordance with the Freedom of Information Act.

Upon a motion made by Mr. Runyan and seconded by Mr. Newman, Council voted unanimously to recess in order to move the meeting to Municipal Court at 811 Washington Street in Courtroom #3 to accommodate the number of attendees.

- **Council reconvened the meeting at 1:21 p.m.**

ORDINANCE – SECOND READING

1. [Ordinance No.: 2013-051](#) - Approving the use of certain funds of the City of Columbia, South Carolina, in order to create an Economic Development Fund and use such funds to finance the acquisition, renovation and redevelopment of the land and building known as the Palmetto Compress and Warehouse Company Building and pay certain costs associated with the redevelopment thereof and ongoing operating and maintenance costs related thereto; and other matters relating thereto – *First reading approval was given on Tuesday, April 16, 2013. - Approved on second reading by a vote of five (5) to two (2). Voting aye were Mr. Davis, Ms. Devine, Mr. Newman, Mr. Runyan and Mayor Benjamin. Voting nay were Ms. Plough and Mr. Baddourah.*

Mayor Benjamin made a motion to give second reading approval to Ordinance No.: 2013-051 - Approving the use of certain funds of the City of Columbia, South Carolina, in order to create an Economic Development Fund and use such funds to finance the acquisition, renovation and redevelopment of the land and building known as the Palmetto Compress and Warehouse Company Building and pay certain costs associated with the redevelopment thereof and ongoing operating and maintenance costs related thereto; and other matters relating thereto. The motion was seconded by Mr. Davis.

Councilor Plough stated that this ordinance has been revised since the first vote. She asked if staff looked at the impact of using federal funds on this property since it is on the National Register for Historic Places. She asked how much revenue will be generated in city taxes and business license fees. She said the first test deals with the public benefit. She asked how many jobs will be created. She said the second test is the primary benefit of the development of the project. She thought one of the reasons for going through these actions to preserve was for the tax credits for the project. She said that the third test is that the project is not so speculative as to not violate the public purpose doctrine. She said this as very speculative; we don't have a development budget; we don't have a private developer in hand; we have no other source of financing; and we don't know what the cost of renovation and up fitting is. She questioned how the public interests will be served. She said her preference would be to develop it privately.

Mayor Benjamin cited the definition of speculative as being engaged in or expressing based on conjecture rather than knowledge. He explained that as a result of previous discussions, we commissioned an appraisal, which indicates that this property is more valuable than what's being paid; the land in and of itself, with or without the structure is highly valuable and at the connection of the waterfront district and the research district that is moving forward aggressively with a significant amount of public investment.

Councilor Plough said that we have no intended purpose. She said that taxpayers don't expect us to put money into something without intended development plan; it has nothing to do with the acquisition. She said one doesn't acquire property without a purpose.

Mayor Benjamin insisted that preservation is the intended purpose.

Councilor Plough said preservation is a way. She said we are talking about the city taking money out of the healthcare reserve fund and moving \$7 million into an economic development fund that will result in a loan to the Columbia Development Corporation (CDC) or an entity of that nature to acquire and develop the Palmetto Compress. She said those dollars were put there to deal with healthcare issues; the previous Council decided not to put it in an irrevocable trust so that it could never be touched unless there is a catastrophic situation; this is not a catastrophic situation.

Mayor Benjamin said it's not healthcare funds.

Councilor Plough said that while this is a worthy endeavor to preserve the Palmetto Compress Building; I don't believe in my heart that it is the right thing to do. She believes that based on the history of this city, every time we have been involved in real estate, we have lost money.

Mayor Benjamin reiterated the point that this not a healthcare reserve fund.

Councilor Plaugh insisted that it is a healthcare reserve fund and that fund is calculated based on the premiums that are paid by individuals; the city puts in 7%; and the retirees put in money. She said reality is that the GASB45 liability is what drove the city to increase the premiums paid by city employees and retirees.

Mayor Benjamin said that's not true. He noted that because Ms. Plaugh is a city retiree, she was technically under a conflict of interest and unable to participate in most of the GASB discussions and she had to leave the room. He stated that is not how our GASB calculations are determined and not one penny of their premiums goes into the GASB fund.

Councilor Plaugh said it's how the liability is calculated.

Councilor Baddourah said that is what they were told in the meetings.

Mayor Benjamin asked Mr. Baddourah to explain what GASB45 is.

Councilor Plaugh said that she has the studies to show that the premiums have a low to moderate impact on the GASB45 liability. She agreed that she was conflicted out of the last conversation, but not the first conversation when insurance premiums were first increased, because she spoke on behalf of the retirees when she was not on Council. She said the property is appraised at \$6 million, but we will borrow up to \$7 million. She estimated that the city will spend at least \$7 million. She asked how they will cover the other soft costs. She said this is not a good investment; if it's not good for hospitality and water and sewer, then it's not good for the city's healthcare fund.

Mayor Benjamin asked the Chief Financial Officer if we have a healthcare fund.

Mr. Jeff Palen, Chief Financial Officer replied we do have a healthcare fund that our premiums go into, but it's not that fund. He said that GASB45 is a reserve fund to pay for healthcare in thirty (30) years.

Councilor Baddourah agreed with Ms. Plaugh. He recalled that within a few months after being elected to Council, he was briefed on how the GASB45 fund needed to be increased and that would be done by controlling how much health insurance premium was going to retirees and employees. He understood it back then and he understands that GASB45 is for the future and for all employees hired by the city. He said we hired these employees to work for the city; it's not because we pay them a lot, but it's because we promised them that we would take care of them when they get old. He said when we start dipping into this fund it's heartless and inhumane. He said we cannot tell these people to work for the city and then tell them we are going take some of their money and buy a piece of property. He disagreed with the whole motion.

Ms. Teresa Wilson, City Manager asked that the Human Resource Director, Budget Director and Chief Financial Officer be allowed to speak in order to be clear and factual about how the fund is funded, where it comes from, or how premiums are calculated. She recalled becoming a city employee over seven (7) years ago and not having to pay healthcare premiums at all. She said for many years, city employees did not have to pay for health insurance. She said that was a good thing, but when you do that, it becomes quite an impact when you have to begin to do it later. She said that GASB was impacted from what the city took on all those years and then they had to all of a sudden come up with a way to make up that difference.

Councilor Baddourah thinks the fundamental promise to employees when they are first hired that they will be taken care when they retire and by removing funds from this account is going to eliminate how much we can help them down the line. He said that's why he is against this motion.

Mayor Benjamin said that municipalities across the nation are dealing with appropriating this long term liability. He asked Mr. Baddourah if he knows what the city's GASB liability is.

Councilor Baddourah said no.

Mayor Benjamin said that it is important to know. He said that the acquisition of the Palmetto Compress deals with preservation, adaptive re-use and the importance of a gateway structure into this city, the last of its kind in the country. He said the other sources of funding came with other challenges. He explained that the Government Accounting Standards Board (GASB) asked municipalities to begin accounting for their long term non-pension related obligations also known as Other Post-Employment Benefits (OPEB) to include medical, dental and health. He said that different institutions are affected very differently by that. He said the City of Columbia has a very healthy healthcare relationship with our employees and that usually serves as part of the full package. He said when you begin to calculate and show on your books, the long term costs of providing the OPEBs, you begin to show exactly what that liability is. He added that in order for any municipality to begin to reduce that un-accrued actuarial liability that starts at 30 years, they want you to set aside an Annual Required Contribution (ARC) to meet that fund. He further explained that some municipalities have ignored their GASB45 liability. He noted that we have taken it very seriously; we chose not to join the ORBIT fund with through the Municipal Association; and decided that we would start setting some funds aside in a way that rating agencies and others have looked favorably upon. He said this acquisition will also be seen as an asset of that fund.

Councilor Plaugh inquired about the terms of this asset.

Mayor Benjamin said that's to be negotiated with the CDC, but in the last conversation with the chair and Executive Director they talked about 48 months with no interest to the CDC. He stated that the CDC has done a phenomenal job with respect to developments; they developed the Renaissance Plaza, they did parcel assembly or development the Publix in the Vista; they get the job done and they get it done well. He continued to report that our internal service fund, which is not our health care fund, is larger than the funds of Greenville,

Charleston, North Charleston, Rock Hill, Sumter, Florence and Spartanburg combined. He said this gives you an idea of the stewardship here.

Councilor Plaugh suggested that Council roll back the premiums.

Mayor Benjamin said that some governments have done away with healthcare completely; governments have decided to go with a defined benefit or contribution programs to begin to mitigate the long term ongoing costs. He said that's a prospective decision being made to deal with our future costs; the premiums do not go into this pot.

Councilor Plaugh stated that the analysis provided to City Council was based on calculations about what your GASB45 liability would be. She asked where the \$52 million came from.

Mr. Jeff Palen, Chief Financial Officer said the \$42,800,000 is budgeted for every year as a straight line item in each department's budget; it is a percentage of salaries; and premiums do not go towards GASB45.

Councilor Plaugh asked how we calculate the GASB45 liability and why was it considered. She said the effort was to minimize our liability by adjusting the premiums.

Mr. Jeff Palen, Chief Financial Officer explained that when you calculate the overall liability of \$106 million, premiums do not affect that calculation, but your plan does. He said the calculation looks at the plan you are offering and we have a pay as you go system that is paid as premiums, but that's based on actual experience during the year and it will fluctuate each year. He said that the \$106 million is purely based on what we get as employees and retirees; it was \$204 million, because we used to pay for everything, but now we only pay for certain parts.

Ms. Melisa Caughman, Budget Director said it is capping the benefits.

Councilor Plaugh said it impacts what the employees and retirees pay.

Mayor Benjamin said if you don't cap the benefit, then the GASB liability grows; it doesn't affect the ARC. Mayor Benjamin said he knows that there are some people who support the purchase and some people who don't and he fully respects the fact that people whose heads and hearts are in the right place, can feel very differently and very strongly on this issue. He respects everyone's position. He told Ms. Plaugh that he understands her concerns, but this is not a healthcare reserve fund. He told Mr. Baddourah, that he respects it if he is philosophically against the purchase, but it's important to segment these discussions into pots of facts, not conjecture, not speculation.

Councilor Plaugh referenced a chart that was given to City Council when they were looking at changes. She said the heading of the chart read as follows: GASB45 liability must be considered when evaluating retiree medical program changes. She said the net result of that was we increased premiums.

Mayor Benjamin said if you don't act to come up with some type of defined benefit or contribution plan prospectively, then your GASB un-accrued actuarial liability grows on a 30-year horizon; we have worked to bring that number down; and we cut that number by 60%.

Councilor Baddourah asked the Mayor why he wants to take \$7 million and take the chance on an asset that could become a liability in two years if we don't do anything with it. He said the idea is that we are taking money from an account that is set aside for 2,300 employees of the city as part of their benefit. He said that is his philosophical disagreement.

Mayor Benjamin asked Mr. Baddourah what the practical effect is of this action on the GASB fund.

Councilor Baddourah said we are losing interest on that money and not allowing that fund to increase and build up to the nest egg that people are counting on.

Ms. Deborah Martin, 3009 Plymouth Rock Road said she is a 25 year retired veteran from the Columbia Police Department. She said she was involved in personnel and has dealt with GASB issues. She noted that government accountability is the bottom line. She said that GASB impacts the salaries of all employees and being able to have proper equipment and information needed to do their jobs. She said she is impacted by the city's water and sewer and it seems like every street you drive on has metal plates from where lines have busted and need repair. She said the system is aging and you have to look at putting that money back into where it came from. She did not pay for health insurance when she began working for the city in 1987. She said whether or not that money goes directly into GASB45, it is still influenced by that 7% percent for a catastrophic event. She said that trying to save this building is admirable, but the City of Columbia should not be involved in real estate.

Mr. Thomas Reynolds, 312 Gibson Road said he retired from the Police Department in 2005. He said this affects everybody and GASB is not related to the purchase of the building; it's a fund from which you wish to borrow money. He said this whole thing is based upon preserving that building and no retiree or employee of the city gives a rip as to whether or not this building is purchased. He said he would personally like to see it preserved. He said that he served on the Lexington City Council and it was his stewardship to not take from the employees or retirees. He told Council to do this the right way, do a bond issue or take it before the taxpayers. He said you are employees of the taxpayers. He said these employees are paid little to nothing and this belongs to them. He said that every dime that comes out of our check takes away from what we can enjoy life with; we are the little people. He urged Council to do it the right way; leave GASB45 alone; and find it from someplace else.

Mr. Joseph Azar said he is all for preservation. He said it was a shame what we did to CCI by tearing down the most historic buildings in the world. He agreed with Ms. Plough. He said we need preservation or we will have a dull city, but taking it out of employees' funds is like robbing social security. He said we have a revolving door in this city; we train them and they leave, because we can't pay them well; morale is bad; and that's why we don't run the city well, we don't take care of employees. He said a few years ago, he proposed a city clinic

which was instituted, but it was not done well or responsibly. He said we need to find another source for this; we don't need to dip into the water and sewer fund, because we have metal plates, sink holes and \$1 billion in needed repairs. He said if you continue to do this you are going to lose good employees in the city.

▪ **Councilor Devine arrived at 2:06 p.m.**

Mayor Benjamin added that when you see plates around the city that means that work is being done. It doesn't mean there's a ruptured line, it means we are spending over \$100 million dollars a year to expand and rebuild the system.

Mr. Bill Haynes, 1366 Parkers Circle in Lugoff stated that he worked for the fire department and was forced into retirement in 1983, because of old job injury. He said the City promised they would pay for his prescriptions for the rest of his life. He said if the insurance keeps going up, they won't be able to afford it.

Mr. Guy Jones said today's paper has an excellent piece about Mayor Joe Riley and his push for excellence. He said that finding a responsible and creative way to preserve the Palmetto Compress is a way to move towards excellence and away from mediocrity. He said we do need the economic development funds; we can do a lot of great things with that.

Ms. Rosie Craig said that she believes in those that have believed in the investment in old buildings to come up with something that works. She talked about the buildings she purchased and what they sold for. She recalled that thirty years ago the Vista was a drain and now it's vibrant. If I get the opportunity to develop that or to lead a group, I will make sure that city people and county people get the jobs out of this. I know our history in development hasn't been good. We are going to secure it so that the private sector can get into the mix.

Mr. Bruce Davis, 1008 Greenhaven Drive / a retired Columbia fireman asked who the CDC is. He asked if this Council is going to get emotionally attached to everything that comes along. He said that we are not in a position to give up our insurance funds to get this building. He said no to the Palmetto Compress.

Mayor Benjamin explained that the Columbia Development Corporation is a not-for-profit development corporation that's affiliated with the city and they have been primarily responsible for the development of the Vista. He noted that Fred Delk, who is a city employee, serves as the Executive Director.

Mr. Kirby Bishop, a retired city employee said that Council went to great lengths to lower the liability and now we see what the impact was. He asked what the payback and cost be. He said that we will be the loan guarantor and provide the capital for this operation to exist. He asked why the city isn't issuing bonds and providing for their own financial stability.

Mr. Bailey McClinton said that he had a few employees and when they were uniquely qualified he tried to listen to them. He recited Ms. Plaugh's credentials noting that the experience of the full Council wouldn't add up to hers. He said that all real estate is speculative. He said \$7 million is a drop in the bucket and you are asking 2,600 people to take the risk. He said our children may not get their required medical needs and we may not as well. He said it is a good idea to buy it, but why should 2,600 people pay for it. He said that it is coming out of an insurance fund that guarantees some type of health benefit for us.

Mayor Benjamin said that's not true.

Mr. Bailey McClinton asked the Mayor whose input he would lean on.

Mayor Benjamin said they lean on Ms. Plaugh for some issues very heavily, but when we're talking about finances, he relies on the CFO and the current City Manager. He agreed that they all bring different strengths to the table and that doesn't give them any more weight than the other.

Mr. Bailey McClinton said that we don't have insurance; we have a fund that BlueCross BlueShield administers. He said that it is expected that if the insurance fund goes down our premiums will go up.

Mayor Benjamin said that the same situation has zero bearing on GASB45 and any required contribution. He said that they were elected to make informed decisions not to take every decision to a referendum or a ballot. He stated that he contributes to the GASB fund.

Mr. William DePass stated that you are about to push the City of Columbia into a real estate deal where you are unaware of contamination; you have not had any plan to have the appraisal reviewed; you don't have your arms around everything around this deal that you need; and yet you are going as fast as you can go with scheduling meetings and votes within twenty-four hours and expecting the rest of us to be dragged along behind. He said you are wrong about what you have told this group about GASB. He said the real key is something called Other Post-Employment Benefits (OPEB). He said this is a fund for employees and retirees and it is \$5 million short. He presented exhibits. He urged Council to slow down; you have to the votes to buy it, but you don't have to do it recklessly.

Mayor Benjamin asked if the CPA he spoke with talked about the way we have been stewards of GASB45 compared to other municipalities.

Mr. John Adams said that the Palmetto Compress is not one of the buildings that Kirkman Finlay and John Adams (his father) wanted to preserve. He said they also looked at the viability of a purchase like this. He said that the building is not a viable real estate deal and anybody who votes for this is doing a disservice to the taxpayers of the city. He asked why the City is buying it for \$6.5 million if the Edwards Group had it under contract for \$5 million.

Mayor Benjamin said that's the value of the building according to the appraisal; it was the price negotiated with the owners.

Councilor Devine said they asked the CDC if the contract could be renegotiated, but it was already signed.

Mr. John Adams asked why are we rushing things and asking the CDC to vote on Friday.

Mayor Benjamin said time kills deals and we need to get this done. He stated that the CDC has helped facilitate the development south of the Vista at 701 Whaley; they have grown that footprint. He noted that this building connects the Riverfront District and the Innovation District.

Mr. John Adams added you have to take out the whole interior of the building, because the timbers can't be used commercially.

Mr. Fred Delk, Executive Director of the Columbia Development Corporation reported that twelve (12) to thirteen (13) developers have inquired about the building.

Mr. John Adams asked why those developers can't buy it.

Mayor Benjamin said that this deal is complex and it requires public and private partnership and the CDC has done a fantastic job over the past few years.

Mr. John Adams said the CDC doesn't want to vote for this and the CDC does not have half of the answers to their questions. He said you are asking the CDC to buy a property with no interest on funds. He asked what the purpose of GASB45 is and why is it there. He said if there's no purpose, put it in the general fund.

Mayor Benjamin explained that the Government Accounting Standards Board (GASB) came up with Rule 45 that is a rule for all public entities to list 30 years long term non-pension liabilities and begin to set aside some funds for the long term liability. He stated that we hire a firm to report to us every two (2) years; this City has been very conservative in this. He explained that it sets aside funds for if the world ended tomorrow or 30 years down the road; every outstanding Other Post-Employment Benefit had to be dealt with; and we had to make sure those funds were available.

Mr. John Adams said it's a fund for catastrophic events for retirees. He asked if there is a plan to renovate this building.

Mayor Benjamin asked Fred Delk how many architectural conceptual drawings he has seen.

Mr. Fred Delk, Executive Director of Columbia Development Corporation answered up to six (6).

Mayor Benjamin said you and others want people to believe that no due diligence has been done; it has been done and it is continuing. He said we believe this building is important and we believe that it is the proper and essential role for the city to preserve this building for the City of Columbia.

Mr. John Adams said you are making decisions that will affect everybody else for years to come. He said from a taxpayer to the elected officials, this is an accountability issue.

Upon a motion made by Mayor Benjamin and seconded by Mr. Davis, Council voted five (5) to two (2) to give second reading approval to Ordinance No.: 2013-051 - Approving the use of certain funds of the City of Columbia, South Carolina, in order to create an Economic Development Fund and use such funds to finance the acquisition, renovation and redevelopment of the land and building known as the Palmetto Compress and Warehouse Company Building and pay certain costs associated with the redevelopment thereof and on-going operating and maintenance costs related thereto; and other matters relating thereto. Voting aye were Mr. Davis, Ms. Devine, Mr. Newman, Mr. Runyan and Mayor Benjamin. Voting nay were Ms. Plough and Mr. Baddourah.

RESOLUTION

2. [Resolution No.: R-2013-051](#) - Authorizing the City Manager to execute a Development Loan Agreement relating to the acquisition and development of the land and building known as the Palmetto Compress and Warehouse Company Building located at 617 Devine Street, Richland County TMS #08915-13-03 – *Approved by a vote of five (5) to two (2). Voting aye were Mr. Davis, Ms. Devine, Mr. Newman, Mr. Runyan and Mayor Benjamin. Voting nay were Ms. Plough and Mr. Baddourah.*

Councilor Plough said that everything circles back to the city and it seems like if we have all this faith in the CDC, we ought to give them the parameters to do it and let them do what they do best; all expenses will come out of the \$7 million.

Mayor Benjamin said the CDC is going to run the operation. He asked the chairman if their lawyers are comfortable with this instruction.

Mr. Jim Daniel, Chairman said yes.

Councilor Plough reiterated her concern about the expenditures.

Ms. Teresa Wilson, City Manager said when staff received directions from Council; they felt comfortable with working with the CDC to move forward with the agreement.

Ms. Melissa Gentry, Assistant City Manager of Operations said we are trying to keep the actual hard costs down and we will keep account of labor.

Councilor Plaugh said we are looking to artificially have a net; the city is assuming some of the costs of the building and it will not be charged back to the Palmetto Compress; that's not fair.

Ms. Teresa Wilson, City Manager said we will track the costs.

Mayor Benjamin said that there's an RFP/RFQ and the CDC is advocating, because we asked them to.

Councilor Plaugh said there is no doubt that this City Council is running this deal.

Mayor Benjamin said that is absolutely not true; some of the leadership asked us for framework in which they can operate. He has heard a number of characterizations of this internal fund and if this was the healthcare fund, it would be a conflict of interest for Ms. Plaugh; this money doesn't come out of the premiums.

Councilor Plaugh said that she can vote for this, but when this transaction eventually results in an increase in healthcare premiums, she can't vote on that.

Upon a motion made by Mr. Newman and seconded by Ms. Devine, Council voted five (5) to two (2) to approve Resolution No.: R-2013-051 - Authorizing the City Manager to execute a Development Loan Agreement relating to the acquisition and development of the land and building known as the Palmetto Compress and Warehouse Company Building located at 617 Devine Street, Richland County TMS #08915-13-03. Voting aye were Mr. Davis, Ms. Devine, Mr. Newman, Mr. Runyan and Mayor Benjamin. Voting nay were Ms. Plaugh and Mr. Baddourah.

EXECUTIVE SESSION

Upon a motion made by Mr. Runyan and seconded by Mr. Newman, Council voted unanimously to enter into Executive Session at 3:16 p.m. for the discussion of **Item 3**.

3. Discussion of the employment of an employee – *This item was discussed in Executive Session. No action was taken.*

▪ **Council adjourned the meeting at 3:30 p.m.**

Respectfully submitted by:

Erika D. Moore
City Clerk