



CITY OF COLUMBIA

2013/2014 BUDGET

CONTENTS:
BUDGET IN BRIEF
GENERAL FUND
WATER & SEWER FUND
STORM WATER
PARKING
HOSPITALITY TAX
ACCOMMODATIONS TAX

FISCAL YEAR
BEGINNING JULY 1, 2013

Message from the City Manager

It is our pleasure to bring you a summary of the FY 2013/2014 Budget for the City of Columbia.

Budget Preparation

The primary goal of the City of Columbia's FY 13/14 Budget is to present a financial plan to meet our commitment to be a World Class City as outlined in the City's FY 12-15 Strategic Plan. Each department has developed Action Plans that set forth strategic initiatives aimed at achieving the goals of the Strategic Plan. The Action Plans, annual priorities identified by City Council and executive management then drive the preparation of the budget.



Through our Strategic Plan, City Council has established four primary goals for the City. They are:

- **Public Safety:** To increase the City's public safety ranking by 5% among similarly sized cities by increasing the City's ability to provide high quality public safety services to residents and visitors of Columbia.
- **Economic Development:** To strengthen business growth and investment in the community through a "solutions-oriented approach" to job creation, business location and expansion, redevelopment and tourism.
- **Infrastructure:** To invest in the overall infrastructure necessary to grow our city.
- **Communications & Customer Service:** To significantly improve customer service, internal and external communication.

Build Columbia

As we seek to be purposeful in accomplishing meaningful goals set forth in the Strategic Plan, I am excited to announce a new initiative called Build Columbia. Through a refined strategic framework, we will leverage existing efforts that have been put into the strategic goals to re-cast the budget to create linkages between strategy, resource allocation and project execution. The Build Columbia framework is built upon the following:

1. Identify 2 city operating domains that help visualize the degree of Citizen visibility: 1) City "Front Office" Services and 2) City "Back Office" Services.
2. Allocate all Department Action Plan line items to the 2 city operating domains.
3. Identify 3 categories that help to determine strategic value: 1) Run-the-City, 2) Grow-the-City, or 3) Transform-the-City.
4. Allocate each Action Plan line item to the 3 categories.
5. Summarize the budget implications with a strategic data lens based on the Action Plan, citizens can then visibly see allocations through a strategic value categorization.

Overall, Build Columbia is designed to visualize our budget data in a manner that helps us to amplify performance against expectations. The majority of our actions remain focused on serving the citizens and customers of Columbia; there is a great opportunity to be transformative in our thinking and decision making regarding investments across divisions/departments. I encourage you to follow our progress on this initiative and as we work *together to build a world class city*.

Respectfully,
Teresa B. Wilson
City Manager

Understanding the Budget

South Carolina state law requires that municipalities must adopt by ordinance, a balanced budget. Budgeting is the allocation of scarce resources and is one of the most important actions taken by any government. It says what will be done and what level of service will be provided, and thus becomes the government's plan for action during the next fiscal year. It represents a policy making process which determines the quality and quantity of services to be furnished to the community.

Columbia is a Council-Manager form of government which means that City Council sets policy and establishes priorities. The preparation of the budget is the responsibility of the City Manager who has a duty to present a budget that reflects the priorities set by City Council.

Virtually all governments create separate budgets by fund. This is called fund accounting and is one of the major distinctions in how governments and private entities follow different accounting rules. A fund is an accounting entity with self balancing accounts, with it's own revenues, expenditures and financial reports. To simplify, a fund is a way to separate revenues and expenditures based on the purpose or activities for which they are to be used.



Fund Definitions

General Fund: used for regular operating revenues and expenditures of general government such as public safety, parks, public works and administration.

Enterprise Funds: a set of funds used to account for a business-like service provided to the public on a fee for service basis such as Water & Sewer Operating, Storm Water Operating and Parking .

Capital Funds: used to account for financial resources appropriated for the acquisition of or major improvements to land, facilities or infrastructure.

Special Revenue Funds: used for operations that receive revenue legally restricted for a particular purpose such as grants, Hospitality and Accommodations Tax.

Transfers: amounts transferred from one fund to another, generally for expenses incurred by another fund for services rendered .

Budget Calendar

November	Departments prepare operational plans.
December	Budget preparation materials distributed to departments.
February	Budgets are submitted and reviewed by staff.
March	Budget review continued.
April	Begin budget presentations to city council.
May	Advertise and hold public hearings.
June	First & second reading of budget.
July	Start of fiscal year.

Budget Categories

Most, if not all, municipalities, counties, states or any private entities, break out expenses into categories. Here's a brief explanation of some of the terms and the type of expenditure that would fall under each category.

- A) **Personnel Services** are employees' salaries, benefits and taxes paid by the City and account for approximately 30% of the personnel services budget.
- ◇ Base salary & Overtime (where applicable)
 - ◇ FICA & Medicare taxes 7.65% of base salary & overtime
 - ◇ South Carolina Retirement Systems, 10.6% of salary & overtime
Sworn personnel participate in the Police & Fire Retirement System, 12.64% of salary & overtime
the City's contribution amount for retirement is determined by the State Retirement System
 - ◇ Workers Compensation per employee – varies by job functions
 - ◇ State Unemployment Insurance (SUI)
 - ◇ Accidental Death & Dismemberment per full time employee
 - ◇ Hospital Insurance Premium per full time employee
 - ◇ Dental insurance premium per full time employee

The same taxes, retirement, workers compensation and unemployment insurance are also paid on behalf of part time employees as well. The City has over 2,200 employees.

B) **Operating expenses** are supplies, materials and other consumable items that are often, purchases related to duties or function of the division. Examples include gasoline, asphalt, small tools, office materials, and chemicals used to treat water.

C) **Services expenses** are items that are provided from services. Examples include: electricity, vehicle repairs, postage, contracts for outside services and outsourcing.

D) **Capital Outlays** are items that are over \$5,000 and are likely to become a fixed asset or part of our inventory. Examples include vehicles and heavy equipment.

E) **Risk Management** The City has made the decision to budget the liability related for our annual required contribution towards Other Post Employment Benefits (OPEB) in each department's budget with personnel, also known as GASB 45. The calculation for this contribution is 3.5% of salaries and overtime.

OTHER BUDGET TERMS

Non-departmental are line items that are not assigned to a specific function or division. This would include items such as Community Promotions, Detention Center Per Diem, Homeless Services and budgeted reserves.

Debt Service is the required payment on debt for that year for the fund in which it is budgeted.

Unreserved (un-appropriated) surplus This is also referred to as un-appropriated surplus. Each fund has the potential to end the year in a surplus, however the surplus is allocated differently in each fund. When revenues come in higher than projected and/or the budget expenditures are less than projected, we will end the year in a surplus. The surplus from each fund remains in the fund and becomes part of the fund balance.

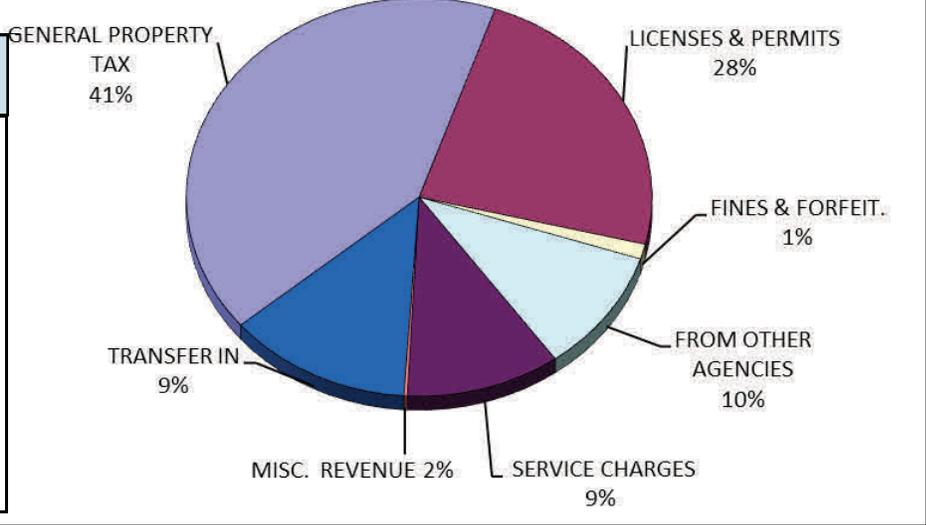
For the General Fund, surplus primarily used in two ways:

1. At the time the budget is being prepared, we project an estimated surplus that can be carried forward to the next fiscal year. The taxpayers receive this savings by applying it to fund the operations of the general fund in the next year.
2. After the books have closed for the year and if there is a surplus, City Council can allocate the surplus funds to projects for one-time funding such as general capital projects for items such as park repairs, equipment, street resurfacing, building repairs and funding for special projects.

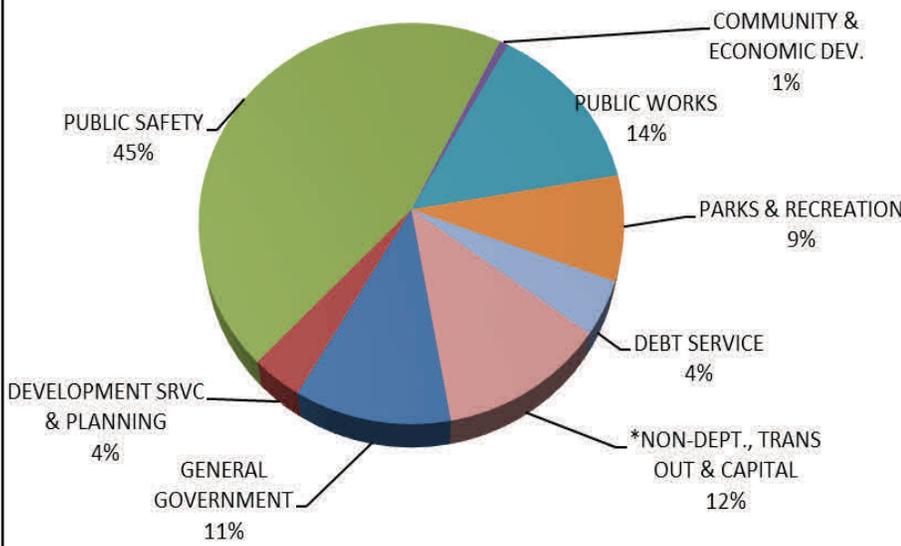
TOTAL FY 13/14 GENERAL FUND BUDGET \$124,655,240

FY 2013 / 2014 GENERAL FUND REVENUE \$124,655,240

GENERAL FUND REVENUE	
General Property Tax	\$50,251,476
Licenses & Permits	\$28,541,421
From Other Agencies	\$12,265,828
Charges for Services	\$13,838,040
Fines & Forfeitures	\$1,472,000
Transfers In	\$17,775,000
Misc., Interest & Rents	\$311,475



FY 2013 / 2014 GENERAL FUND PROPOSED BUDGET EXPENDITURES \$124,655,240



GENERAL FUND EXPENDITURES	
General Government	\$14,017,213
Community & Econ. Dev.	\$863,754
Development Services	\$4,658,601
Public Safety	\$57,128,947
Public Works	\$17,859,671
Parks & Recreation	\$10,638,450
Debt Service	\$5,498,688
Non-Departmental, & Transfers Out	\$13,989,916

TOTAL FY 13/14 GENERAL FUND BUDGET SUMMARY

GENERAL FUND FY 13/14 PROPOSED BUDGET	AMOUNTS	PERCENT OF TOTAL
Personnel Service	78,371,792	63%
Operating Expenses	7,886,832	6.3%
Service Expenses	16,215,512	13%
Risk Management	1,906,648	1.5%
Capital Expenses	785,848	0.6%
Non-departmental	<u>19,488,604</u>	15.6%
TOTAL GENERAL	\$124,655,240	

<u>EXPENDITURES</u>	<u>FY 12/13 APPROVED</u>	<u>FY 13/14 PROPOSED</u>
LEGISLATIVE - MAYOR & CITY COUNCIL	625,874	643,191
ADMINISTRATION - CITY MANAGER	817,262	533,133
GOVERNMENTAL AFFAIRS	628,030	530,199
ADMINISTRATION - ACM OPERATIONS	320,718	336,665
ADMINISTRATION - CHIEF FINANCIAL OFFICER	0	180,680
ADMINISTRATION - SR. ASSISTANT CM	288,434	320,465
BUDGET MANAGEMENT OFFICE	0	294,294
HUMAN RESOURCES	870,024	913,645
PUBLIC RELATIONS	481,275	524,959
COUNCIL SUPPORT SERVICES	392,958	535,632
LEGAL	1,989,951	2,045,200
MUNICIPAL COURT	2,522,333	2,566,229
FINANCE	2,115,898	1,868,839
OFFICE OF BUSINESS OPPORTUNITIES	581,700	560,976
COMMUNITY DEVELOPMENT	294,162	302,778
DEVELOPMENT SERVICES	4,371,657	4,658,601
POLICE	30,810,155	31,762,056
911 EMERGENCY COMMUNICATIONS	2,608,531	2,800,168
FIRE	19,337,205	20,000,494
PARKS & RECREATION	9,643,338	10,638,450
PUBLIC WORKS	17,848,561	17,859,671
GENERAL SRVCS/SUPPORT SERVICES	1,654,901	1,849,997
INFORMATION TECHNOLOGY	3,208,195	3,440,314
COMMUNITY PROMOTIONS	0	100,000
SOLICITOR'S OFFICE	215,817	215,817
HOMELESS SERVICES	1,000,000	1,000,000
ELECTRICITY & FUEL RESERVE	100,000	0
SECURITY CAMERAS	0	475,000
DETENTION CENTER PER DIEM	500,000	450,000
SPECIAL EMERGENCY RESERVE	1,100,000	250,000
NON-DEPARTMENTAL & MISC.	40,000	40,000
OFFICE SPACE LEASE - 1225 LADY STREET	505,000	505,000
TO INTERNAL SERVICE FUNDS	1,674,607	1,704,099
TO DEBT SERVICE	5,502,636	5,498,688
TO CAPITAL IMPROVEMENTS	1,700,000	1,500,000
TO STORM WATER	1,000,000	750,000
TO CAPITAL REPLACEMENTS	6,137,103	7,000,000
TOTAL BUDGET	\$120,886,325	\$124,655,240

General Fund Budget Highlights

GENERAL FUND REVENUES are budgeted at \$106,880,240, an increase of approximately \$3 million or 2.8% over the current fiscal year. The primary increases are from slight improvements in property tax collections; improved collection of fines & forfeitures through the implementation of the new court software, more police officers and eliminating the automatic reduction of fines for coming to court. Proposed new revenues include cost recovery fees from hazardous material events and a proposed increase in Parks & Recreation fees for facility rentals and athletic programs.

TRANSFERS IN total \$17,775,000; an increase of \$812,897; 4.8% over the current year. The increase is attributed to the proposed issuance of a general obligation (GO) bond of \$7,000,000 which is an increase of \$862,000 over the current year GO Bond. The proposed bond will again be used for heavy equipment, vehicle and technology replacements. In the proposed budget, we have continued to include use of \$2,000,000 from fund balance, and as directed by City Council, reduced the transfer from Water & Sewer. While this is a modest amount, we were asked to reflect a reduction and have started with a reduction of \$250,000, or 5.6%. We believe that this 5.6% reduction begins moving us in the direction set forth by City Council without significantly impacting the services provided to our citizens and customers. The transfer from Hospitality tax is increased by \$200,000 for a total of \$3,000,000.

This is the last year that we will be able to transfer \$1.5 million from the Hydro plant. By 14/15, we will need to find another way to make up the elimination of this transfer to the General Fund, either by other revenue sources or reductions in expenditures. Given the limited revenue options available to us, increases in operating costs and requested new or expanded services, this will be a huge challenge for us in the coming year.

COMBINED REVENUES & TRANSFERS IN from other funds total \$124,655,240, for an increase of \$3,768,915; 3.12%.

The following represents the estimated property tax bill for the City's portion of an owner occupied home and a manufacturing appraised property - after the Local Option Sales Tax (LOST) credit is applied:

Owner Occupied Residential		Manufacturing/Commercial Property	
Taxable Market Value	\$100,000	Taxable Market Value	\$500,000
Assessment @ 4%	\$4,000	Assessment @ 10.5%	\$52,500
Total City portion of property tax bill before LOST credit	\$392	Total City portion of property tax bill before LOST credit	\$5,513
Less LOST credit	(\$183)	Less LOST credit	(\$917)
Total City portion of property tax bill after LOST credit	\$209	Total City portion of property tax bill after LOST credit	\$4,596

GENERAL FUND EXPENDITURES are budgeted at \$108,202,453 an increase of \$3.3 million or 3.12%. Transfers out total \$16.5 million for a combined total budget of \$124,655,240.

Overall Budget Impacts

- *Address Capital and Infrastructure Needs.* The General Fund reflects the continuation of the General Obligation (GO) Bond for scheduled replacement of rolling stock and technology. The replacements total approximately \$7 million. In addition to the GO Bond, we have budgeted \$1.5 million again for building capital needs for the General Fund to address park facilities, many of our City buildings, police & fire stations and street repairs.
- *No property tax increase.* This is the sixth year that the General Fund budget is being presented to you without a tax increase.
- *Maintain a competitive pay and benefits plan.* The budget includes a 2% Cost-of-Living Adjustment (COLA) pay increase for employees. We continue to evaluate the compensation plan for employees in order to ensure that the City is competitive with the local and regional job market. We are experiencing some difficulties filling and retaining technical, skilled and professional positions in all areas of the city and in particular with public safety. The quality of service delivered by City employees requires that we offer compensation that is equitable and comparable to similar positions in the local job market. To that end, we are proposing a Comprehensive Compensation and Classification study and continuation of the Public Safety Recruitment and Retention plan that was originally endorsed by City Council in 2007. The last time a city-wide study was conducted was in FY 2002/2003 and implemented in FY 2003/2004. We anticipate the study to take 9-12 months to complete and implementation would start in the FY 2014/2015 budget.

General Fund Budget Highlights

GENERAL GOVERNMENT accounts for 11% of the total General Fund budget. Departments include Legislative & Council, Executive Administration, Governmental Affairs and Community Relations, Public Relations, Human Resources, Finance, Legal, Information Technology and General Services. With more than 2,200 employees and 22 departments, these are the primary support functions to the entire City organization. The combined department budgets total \$14 million, an increase of 4.5%.



Organizational changes include the move of the Chief Financial Officer as part of executive management. This budget was created from the elimination of the Treasurer’s budget that was part of Finance. The net Finance Department budget is an overall reduction of \$66,379 or 3%. Previously, the Budget Office was included in the City Manager’s office which is now a separate budget to reflect where we have formalized the functions of this office to focus on budget management, the strategic planning process and project management. These changes have been made using existing positions and funding. No new positions are added or funding allocated for these changes. As we continue our evaluation of opportunities to consolidate and centralize functions, more changes will be made as we attempt to re-purpose and align our resources in an efficient and effective manner.

Human Resources proposed budget is \$913,645; an increase of \$43,621 or 5% which is attributed primarily to the addition of the annual support for the Ethical Advocate, an employee anonymous ethical reporting system and full year costs of the addition of an Employee Relations position. Both items were added during the FY 12/13 budget process.



Public Relations proposed budget is \$534,959. Currently, Public Relations is funded primarily from the General Fund and in part from Water and Sewer. In keeping with City Council’s goal of reducing the non-water and sewer related functions from the Water & Sewer fund, I have combined both budgets in the General Fund. This resulted in an increase on the General Fund of \$43,600 and will help to fund the on-going improvements being made for the release of the City's new website, improved audio at City Council meetings and press conferences and communications of City programs.

Council Support Services proposed budget is \$535,632; an increase of \$142,674 or 36%. This budget includes the City Clerk’s office and City Council liaison functions for the administration of various city boards and commissions. This budget reflects a significant increase in cost required by Richland County for the upcoming November municipal elections. Previous election costs were approximately \$50,000-\$60,000 and are now estimated at \$120,000.



General Service proposed budget is \$1,849,997; an increase of \$195,096 or 11.8%. The increases are related to taking on some additional Parks & Recreation buildings in order to consolidate various maintenance contracts and building repairs under this Department’s responsibility. General Services is in the process of evaluating all of the City’s building present and future capital needs in order to update and provide a comprehensive five year capital improvement program.

Information Technology proposed budget is \$3,440,314; an increase of \$232,119 or 7%. This budget now reflects the addition of a part time position and one full time positions that were transferred from other areas for the centralization of the City’s telecommunications systems to one area which will include the City’s land lines, fiber, wiring and other telecommunication needs. Other increases are related to the increase in the annual support for the enterprise license for Microsoft Windows and Office software. Many initiatives are underway in IT to include: continued assessment of technology services provided by a contract CIO which has resulted in the development of a project portfolio; utility billing system upgrade that is underway; planned upgrade of the city’s core financial system IFAS; upgrade of the City’s email server; expansion and continuation of the server virtualization project for added and enhanced functionalization that reduces the need for physical space, offers data redundancy and reductions in power and cooling requirements; continuation of the upgrading and replacement of the infrastructure environment to convert the City’s services to current technologies utilizing software, cloud and WEB service delivery methodologies; implementation of a storage area network to meeting growing storage needs for the city’s data and industrialization of the interfaces for the new Tri-Tech dispatch systems; projects related to Public Safety including. CPD mobile solutions; upgrades to the CFD firehouse applications and AVL GIS locator systems and new Visionair service feature.



General Fund Budget Highlights

The Police Department's proposed budget is \$31,762,056; an increase of \$951,901 or 3%. Increases in the Police budget are due to the 2% COLA and associated costs, the mid-year salary increase of 3.3% as part of the Public Safety Recruitment and Retention program, monitoring costs for the planned installation of 500 security cameras throughout the City and increases in vehicle fuel and maintenance with additions to Police fleet purchased from the confiscated property fund and grants. The Police Department continues to utilize grants for specialized equipment and training. As funding for personnel from grants expire, these positions are moved to the General Fund. The proposed FY 13/14 GO Bond will include replacement capital for 35 replacement patrol cars, transport van and investigator cars.



911 Emergency Communications proposed City funded budget is \$2,800,168; an increase of \$191,637; 7.35%. Emergency Communications is the First Response for public safety and mission critical for connecting the public with our public safety providers. Staff processes more than 1,100,000 calls and dispatches nearly half of those calls annually. The 911 budget is split with Richland County and total budget is \$5,639,326. Increases are from the 2% COLA and the mid-year salary increase of 3.3% as part of the Public Safety Recruitment and Retention program. Also included is funding for the recently implemented Columbia-Richland Emergency Notification System annual support contract that is now reflected in the 911 budget part of which is partially funded by Utilities & Engineering.

Fire Department's proposed budget is \$20,000,494; an increase of \$663,289 or 3.4%. The majority of the increase in Fire Department's proposed budget is related to increases in salaries for the 2% COLA and the 3.33% salary increase as part of the Public Safety Recruitment and Retention Program. Other budget increases include funding for fuel, replacement tools, protective equipment and clothing; training and re-certifications. Capital includes replacement air compressors and SCBA fill stations as well as replacement of several small vehicles. The proposed GO Bond includes 2 replacement fire engines and several replacement vehicles.



In addition to the Fire Departments operating budget, there will be various upgrades and repairs made to the city fire stations to include roof replacements, windows, painting, furniture and other maintenance repairs as part of the Public Safety Recruitment and Retention program.



Columbia Municipal Court Building

Municipal Court's proposed budget is \$2,566,229, an increase of \$43,896 or 2%. No significant budget changes are reflected in the Municipal Court budget as they complete their first year on the new Case Management Software that went live on July 1. Staff continues efforts to streamline court process and procedures for improved efficiency and effectiveness. Other changes include a recommendation from Chief Administrative Judge Turner who has requested that consideration be given to increase jurors pay from \$5 per day to \$10 per day which is more in line with surrounding jurisdictions. The current rate has been in place for more than 20 years. This matter will come forward to the full City Council for consideration. In addition, we are evaluating a request from Judge Turner to reinstitute funding a Ministerial Recorder position that had been previously eliminated during past budget cycles. This position would be scheduled during late night and early morning hours in order to better assist the Police Department and meeting needs for immediate access to search and arrest warrants as well as reducing the need for current staff to be on-call.

Planning and Development Services proposed budget is \$4,658,604; an increase of \$286,944 or 7%. The increase is related to continuation of the upcoming comprehensive rewriting of the City's zoning and land use regulations and scheduled vehicle replacements. The Planning and Development Services Department consists of 60+ employees within the following divisions: Building Inspections, Development Center, Planning, Property Maintenance, and Zoning. The primary duties of the Department range from annexations, code enforcement, encroachments, historic preservation, inspections, plan review of residential and commercial buildings, site plan review, urban design, zoning and zoning enforcement.

General Fund Budget Highlights

Parks and Recreation's proposed budget is \$10,638,450; an increase of \$995,112 or 10.3%. This budget reflects the increases needed to address the addition of new park facilities and attempts to provide appropriate resources to adequately repair, maintain and replace our existing infrastructure. The budget includes \$370,000 of new capital items to include tractors, ball field groomers, bush hogs, mowers, event trailers, and work trucks. Other increases are related to funding for grounds and facility maintenance. Other additions includes the return of the Famously Hot Main Street Ice skating rink again for the holiday season.



Main Street Ice



Public Works is located at 2910 Colonial

Public Works proposed General Fund budget is \$17,859,671; an increase of \$11,110 or less than 1%. The City of Columbia provides a wide array of public services that are vital to the efficient daily operation of a metropolitan city. From curbside recycling efforts to maintaining storm drainage lines, from installing new traffic signals to enforcing City ordinances pertaining to public health, all of the dedicated men and women of the Public Works Department work diligently in their mission to constantly maintain the quality of life that residents of Columbia have come to expect. Public Works includes the divisions of Administration, Animal Services, Forestry & Beautification, Solid Waste, Street Division and Traffic Engineering. In addition to the General

Fund, part of Public Works functions are budgeted in Water and Sewer, Parking Services and Internal Service Funds. While the budget reflects no significant changes, Public Works is faced with potentially several major changes that will impact their budget going forward. New or expanded services include the eventual conversion to a no-kill animal shelter, increased requests for bike corrals/racks, regular requests for adding street lights and increased demands for providing services for special events.



Community Development proposed budget is \$302,778; an increase of \$8,618 or 3%. Community Development continues to make great strides in improving reporting, compliance and program management with the variety of programs offered to our community and citizens. While the majority of funding for initiatives and programs come from federal entitlement loans for CDBG, HOME and HOPWA, Community Development is partially funded from the General Fund. Federal funding is faced annually with reductions in allocations which also limit the amount of funding that is available for administrative cost. In the current year, we shifted more of the personnel and administrative cost to the General fund due to the funding limitations and so we can utilize our grant dollars for programming as much as possible. Increases in the Community Development budget are attributed primarily to more of the supplies and services expense that have been shifted from grant accounts.

Office of Business Opportunities The OBO proposed General Fund budget is \$560,976; a reduction of \$20,724 or 3.6% which is due to a position that has been temporarily assigned to manage the CEZ, Inc. operations. The Office of Business Opportunities has three divisions that are designed to help meet the needs of small, minority and women owned businesses in the City of Columbia: (1) Commercial Lending; (2) Technical Assistance, Education and Advocacy; and (3) Contractor and Supplier Diversity.

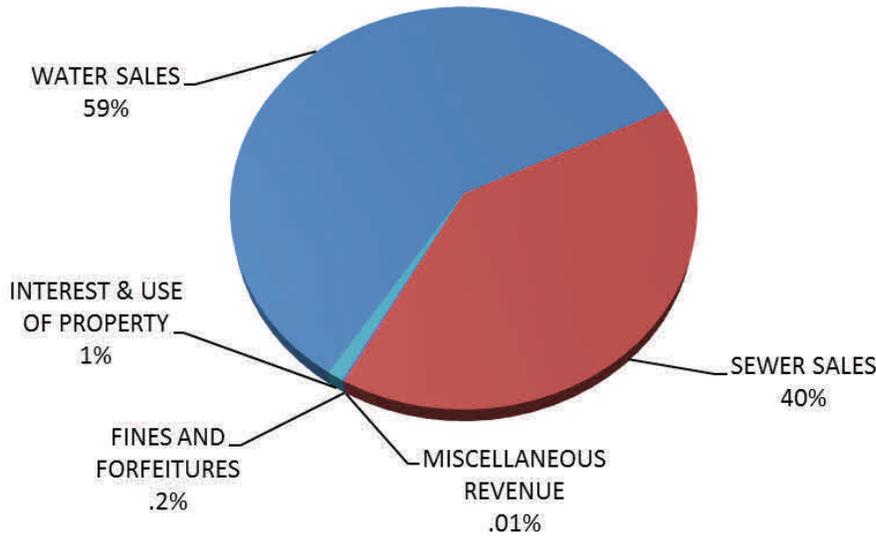


Non-departmental and Transfers Out includes expenditures that are not associated with specific departments such as general insurance premiums, emergency reserve, Homeless Services, Detention Center contract, building lease and other miscellaneous items. No significant changes are reflected in these lines.

Debt service is \$5,496,688; a decrease of \$3,948 based upon the debt service schedule for repayment for existing and proposed debt for GO (General Obligation) Bonds issued in recent years for rolling capital and technology replacements. Replacement of our equipment is necessary to ensure that staff has equipment that is readily available to perform their duties and during emergencies. The City's ability to issue debt from the General Fund is restricted from State law which limits local governments to issuing debt no greater than 8% of its assessed property value without a bond referendum. Our objective is to limit using bond proceeds to cover large or heavy equipment, police vehicles and other capital items. The maximum amount we can issue for the coming year is \$7,000,000. Fleet Services is evaluating our immediate replacement needs so that we are utilizing our bonds proceeds efficiently. Anticipated replacements in the coming year includes: 2 fire trucks, 35 police cars, transport van; investigator cars, 14 solid waste trucks and heavy equipment. Our ability to issue new debt is limited to the increase in assessed property.

TOTAL FY 13/14 WATER & SEWER BUDGET \$128,208,385

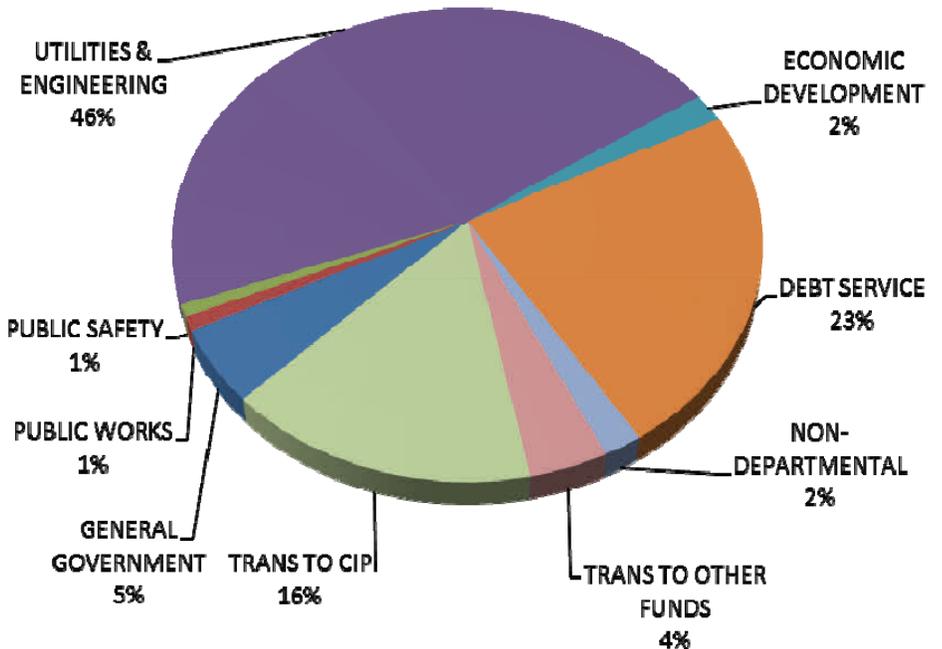
FY 2013 /2014 PROPOSED WATER & SEWER REVENUE \$128,208,385



WATER & SEWER FUND REVENUE	
Water Sales	\$75,227,270
Sewer Sales	\$51,371,115
Miscellaneous	\$10,000
Fines & Forfeitures	\$250,000
Interest & Use of Property	\$1,350,000

FY 2013 / 2014 WATER & SEWER EXPENDITURE \$128,208,385

WATER & SEWER FUND EXPENDITURES & TRANSFERS	
General Government	\$6,538,061
Public Works—Streets	\$1,233,463
Public Safety	\$1,046,356
Utilities & Engineering	\$59,264,533
Economic & Comm. Dev.	\$2,534,563
Debt Service	\$30,027,050
Non-Departmental	\$2,488,500
Trans to General Fund	\$4,250,000
Trans to Other Funds	\$5,075,890
Trans to W&S Capital Improvement Program (CIP)	\$20,000,000



TOTAL FY 13/14 WATER & SEWER BUDGET SUMMARY

	BUDGET FY 12/13	PROPOSED FY 13/14
<u>EXPENDITURES & TRANSFERS OUT</u>		
FINANCE - COLLECTIONS	874,126	912,508
FINANCE/WATER ADMINISTRATION	3,179,622	3,179,876
FIRE HYDRANT MAINTENANCE	476,769	476,688
POLICE - CSO/PUBLIC SAFETY	582,841	569,668
PUBLIC WORKS-STREET REPAIR	1,222,327	1,233,432
UTILITIES & ENGINEERING	56,360,296	59,264,533
GENERAL SERVICES PUBLIC BLDGS.	1,788,705	1,799,978
GIS MANAGEMENT	701,771	645,699
OFFICE OF BUSINESS OPPORTUNITIES	156,476	121,980
ECONOMIC DEV DEPARTMENT	1,080,380	1,213,985
PUBLIC RELATIONS	47,142	0
DEVELOPMENT CORPORATIONS	1,048,923	1,198,598
DEBT SERVICE	27,362,601	30,027,050
ECONOMIC DEV SPECIAL PROJECTS	267,500	153,500
TECHNOLOGY REPLACEMENTS	500,000	500,000
NON-DEPARTMENTAL	85,000	85,000
BAD DEBT	0	750,000
RESERVE	1,000,000	1,000,000
TO GENERAL FUND	4,500,000	4,250,000
TO WATER/SEWER CAPITAL IMP. & MAJOR MAINT. PROGRAM	20,000,000	20,000,000
TO INTERNAL SERVICE FUNDS	819,500	825,890
TOTAL BUDGET	122,053,979	128,208,385

WATER & SEWER FUND	AMOUNTS	PERCENT OF
Personnel Service	\$33,009,973	25%
Operating Expenses	\$10,936,637	7%
Service Expenses	\$22,162,760	17%
Risk Management	\$811,126	1%
Capital Expenses	\$2,497,851	2%
Non-departmental &	<u>\$58,790,38</u>	46%
TOTAL W&S OPER. FUND	\$128,208,385	

Water & Sewer Fund Budget Highlights

The proposed FY 2013/2014 Water & Sewer Operating Fund budget is \$128,208,385; an increase of \$6,154,406 or 5%. The increase reflects the revenues to be generated from the rate changes that went into effect on May 1, 2013. The revenues generated from the increased rates for FY 2013/2014 provides for revenues needed to finance the capital improvement and major maintenance projects for the water and sewer system. The proposed projects for FY 13/14 are in excess of \$96 million.

Why a rate increase on water and sewer fees? When asked why we are increasing rates, we believe there are many reasons, which are explained below.



1. *Basic Services and Public Safety* As a utility, we have a responsibility to provide our customers with clean drinking water while keeping the environment safe and clean, complying with all regulations related to the treatment of water and sewer, providing for fire protection as well as providing good customer service. The recommended rate schedule moves the City's rates toward a cost-based approach, reflecting the demand and service characteristics of the City's customers.

2. *Upgrades, Regulatory Requirements and Expansions.* Columbia's Water and Sewer system is aging. More than 2/3s of our system is over 50 years old. The rehabilitation and upgrading of the system, regulatory requirements and expansion requires significant resources to fund the capital improvement program.

3. *Financial Stability.* The new rates brings the City closer to providing a foundation for funding of required projects and will help to keep our utility in a financially strong position. City Council and staff have begun to make reductions to the budget for non-system related items and eventually, begin to reduce the transfer to the General Fund. These efforts will go a long way towards providing much needed resources in support and operation of the system; however it is only a part of the equation.



Why the City's bond rating should matter to you. It is our responsibility to our customers to ensure that we keep the utility system financially strong. This is achieved in part by striving for the best bond rating possible. Protecting and improving our debt coverage is one of the most important steps we can make to achieve this goal. Much like your personal credit score, the better your score, the better interest rates you have when you apply for a loan to buy a house, a car or any other purchase in which you borrow money.

Most consumers have to take out a mortgage to buy a house and it is often the most valuable asset that they own. Similarly, public utility systems provide funding for upgrades, often times to meet state and federal regulation requirements, major maintenance and system expansion through a combination of operating revenues and the issuance of bonds. Rating agencies consider our debt coverage in determining our bond rating. The more operating revenues applied towards improvements, the better our debt coverage will be.

Another factor that rating agencies consider is our willingness and ability to maintain incremental rate increases as a prudent financial management to keep from spiking rates. If our bond rating is downgraded, customers will pay an even greater percent because of the increases that result in higher interest rates.

*The City of Columbia
bond ratings*

Standard and Poor's AA

Moody' Aa1

Water & Sewer Fund Budget Highlights



Utilities and Engineering Department proposed budget is \$59,269,533; an increase of \$2,909,237 or 5%. There are 9 divisions included in this budget: the new 24 hour Customer Care Center, U&E Administration, Water Customer Service, Water Distribution & Maintenance, Wastewater Maintenance, Lake Murray & Columbia Canal Water Treatment Plants, Metro Wastewater Treatment Plant, Engineering Services, and Real Estate. The majority of

the increase in the proposed U&E budget is for replacement capital items and for funding for non-capital maintenance projects. In addition to the operating divisions, this budget includes partial funding for noncapital maintenance projects that are part of the ongoing major maintenance and capital improvement program.

Finance Department in the Water and Sewer fund includes the Payment Center division budget of \$912,508 which reflects an increase of \$38,508 or 4.4% and the Finance Water Administration division budget of \$3,179,876 which reflects no increase over the current year. The Payment Services Division's budget is increased primarily due to increases in credit card charges. Finance Water Administration includes the Accounting functions for the Water and Sewer fund. The largest item in this budget includes \$2,270,000 for the indirect cost allocation to the General Fund for support functions provided to the Water and Sewer Fund.



Geographic Information Systems (GIS) division of Information Technology's proposed budget for Water and Sewer is \$645,699; a reduction of \$56,072 or 8%. The reduction is the result of one time purchases made in the current year that did not need to be funded again in the coming year. As we seek to enhance our use of technology, seek enterprise wide solutions and expand use of existing resources, GIS will be working to integrate the City's work order management system (CityWorks) and continued efforts toward the development of online mapping applications.

Police Department budget for CSOs funded by Water & Sewer is \$569,668 and reflects only the CSOs assigned to security at all 3 plants and the Public Works facilities. This budget is for personnel expenses only.

Fire Hydrant Maintenance proposed budget is \$476,688 and reflects no change from the current year. This budget reflects only the staff used to test and maintain fire hydrants.

Public Works Street Division proposed budget is \$1,233,432; an increase of \$11,105 or less than 1%. This budget is for the repair of utility cuts to streets and properties made for water and sewer repairs. No significant changes are reflected in this budget.



General Services proposed budget in Water and Sewer fund is \$1,799,978; an increase of \$11,273 or less than 1%. No significant changes are reflected in this budget for the coming year.

The Office of Economic Development proposed budget is \$1,213,985; an increase of \$133,605 or 12.4%. The majority of this increase is related to directive from City Council to add a Business Ombudsman position that will assist new and existing businesses who are seeking to locate, start or expand their business in Columbia. The addition of this position will help to address the directives of the Economic Development Strategic Plan as well as the recommendations made from the Business Friendly Task Force.

Development Corporations proposed budgets include TN Development Corporation (\$406,576) CH Development Corporation (\$169,015), Eau Clair Development Corporation (\$191,628), Columbia Development Corporation (\$319,064) and City Council recently approved to include funding for Columbia Empowerment Zone, Inc.(\$122,315). Their combined budgets total \$1,198,598; an increase of \$145,675 or 14%.

Debt Service is projected at \$30,027,050; an increase of \$2,664,449 or 9.7% which includes existing debt issued for Water & Sewer CIP and the bond to be issued later this year.

Transfers Out includes a reduction in the transfer to the General Fund of \$250,000 or 5%. The transfer is budgeted at \$4,250,000 which is within the 5% limit recently established by City Council. While this amount seems minimal, the impact on the General Fund is significant. Other transfers include the continued allocation of \$20,000,000 toward for the annual major maintenance and capital improvement program (CIP). Transfer to internal service funds is \$825,890; an increase of less than 1%.

TOTAL FY 13/14 STORM WATER FUND BUDGET SUMMARY

	BUDGET	PROPOSED
	<u>FY 12/13</u>	<u>FY 13/14</u>
<u>REVENUE & TRANSFERS IN</u>		
<u>Source</u>		
STORM WATER FEE	6,802,280	6,903,872
STORM WATER INSPECTIONS	29,000	15,000
STORM WATER REVIEW	22,000	11,000
INTEREST & USE OF PROPERTY	250,000	225,000
TRANSFER FROM GENERAL FUND	1,000,000	750,000
TOTAL REVENUES & TRANSFERS IN	<u>8,103,280</u>	<u>7,904,872</u>
<u>EXPENDITURES</u>		
UTILITIES & ENGINEERING	1,234,311	1,334,662
PUBLIC WORKS	3,488,273	3,101,759
RESERVE	50,000	50,000
TO STORM WATER CAPITAL PROJECTS	3,330,696	3,418,451
TOTAL OTHER	<u>3,330,696</u>	<u>3,418,451</u>
TOTAL BUDGET	<u>8,103,280</u>	<u>7,904,872</u>

STORMWATER FUND	AMOUNTS	PERCENT
Personal Service	\$3,177,950	39%
Operating Expenses	\$382,401	5%
Service Expenses	\$616,054	78%
Risk Management	\$74,416	1%
Capital Expenses	\$185,600	2%
Non-departmental &	\$3,718,451	46%
TOTAL STORMWATER FUND	\$7,904,872	

Storm Water Budget Highlights & CIP

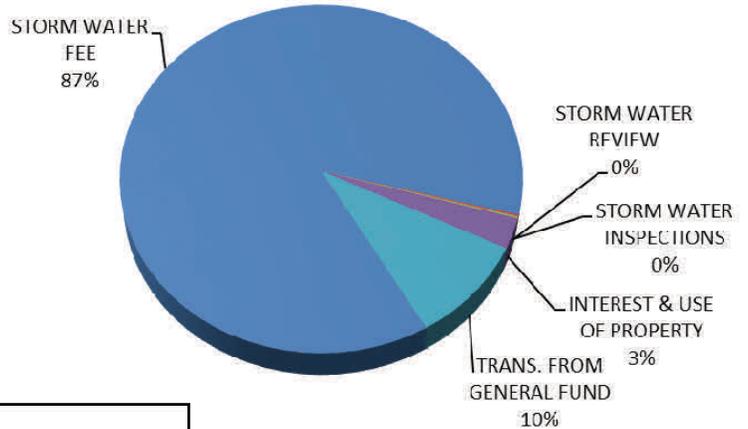
Storm Water Operating and Capital Improvements

The FY 2013/2014 Proposed Storm Water budget is \$7,904,872 which reflects a decrease of \$198,408 or 2.4% below the current year. Revenues from the collections of the storm water fee are projected at \$6,903,872. The current rate is \$6.80 per equivalent residential unit and there was no request to increase this rate in FY 13/14. The decrease in the budget is related from a reduction of \$250,000 in the transfer from the General Fund and a \$25,000 in reductions in estimated interest earnings.

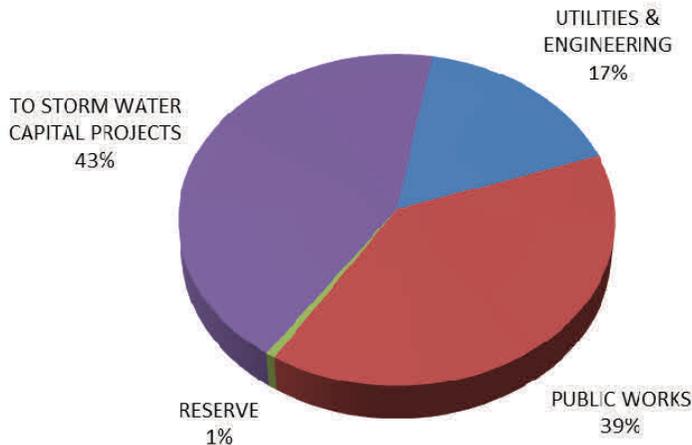


The total operating portion of the Storm Water Fund budget is \$4,486,421, which is a reduction of \$286,163 or 6%. The reduction is due to scheduled capital replacement for FY 13/14 being less than the current year. Operating expenditures in the Storm Water Fund represent a portion of activities from the Utilities and Engineering, and Public Works departments that are related to the operation of the storm water program. The transfer to Storm Water Capital Improvement program is \$3,418,451; an increase of \$87,755; 2.6%

FY 2013/2014 STORM WATER REVENUE
\$7,904,872



FY 2013/2014 STORM WATER EXPENDITURES
\$7,904,872



TOTAL FY 2013/2014 PARKING FUND BUDGET SUMMARY

	BUDGET FY 12/13	PROPOSED FY 13/14
<u>REVENUES & TRANSFERS IN</u>		
STREET PARKING METERS	2,250,000	2,250,000
PARKING GARAGES	2,211,100	2,256,250
PARKING LOTS	75,000	89,000
MISCELLANEOUS REVENUE	17,500	17,750
VALIDATIONS	12,500	14,000
IN-OUT PARKING	50,000	35,000
PARKING METER BAG FEE	18,000	15,000
NON-MOVING VIOLATIONS	2,350,000	2,350,000
INTEREST REVENUE	200,000	75,000
RENTS & PROPERTY	95,850	104,850
TOTAL REVENUES & TRANSFERS IN	7,279,950	7,206,850
<u>EXPENDITURES & TRANSFERS OUT</u>		
FINANCE - PARKING PAYMENT SERVICES	78,412	82,222
PARKING SERVICES	2,885,094	3,055,143
PUBLIC WORKS	96,801	98,576
DEPRECIATION	860,102	610,661
DEBT SERVICE	3,165,248	3,165,248
EMPLOYEE TUITION PROGRAM	5,000	5,000
RESERVE	29,293	30,000
TO INTERNAL SERVICE FUNDS	160,000	160,000
TOTAL BUDGET	7,279,950	7,206,850

PARKING FUND FY 13/14 BUDGET	AMOUNTS	PERCENT OF TOTAL
Personnel Service	\$2,267,521	31%
Operating Expenses	\$242,533	3%
Service Expenses	\$672,186	9%
Risk Management	\$53,701	1%
Capital Expenses	\$0	0%
Non-departmental &	<u>\$3,970,909</u>	55%
TOTAL PARKING FUND	\$7,206,850	

PARKING FUND HIGHLIGHTS

Parking Fund

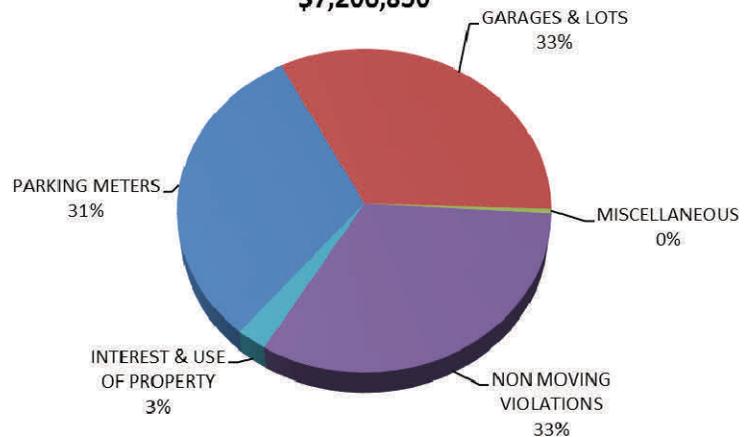
The FY 13/14 Proposed Parking fund budget is \$7,206,850; a reduction of \$73,100 or 1%. The reduction is attributed primarily to a lower projections from interest earnings. Revenues from Parking Meters are projected to remain flat and revenues from Parking Garages are slightly increased due to the addition of the City Center garage. No change in Non-Moving Violations or parking tickets for the coming year.

Expenditures by Operating Departments are projected at \$3,235,941, an increase of \$175,634 (6%). The majority of the increase is primarily due to the addition of \$84,000 to cover communication and on-line access for parking meters to take credit cards. Other increases are related to cost of living adjustments, health and dental premiums, and full year operation of the City Center garage. The departments included in the Parking Fund are Finance – Payment Center, which includes the Parking Ticket Payment function, Parking Services and a portion of the Traffic Operations Division of Public Works for sign shop services. The majority of the total Parking Fund Budget is Parking Services.

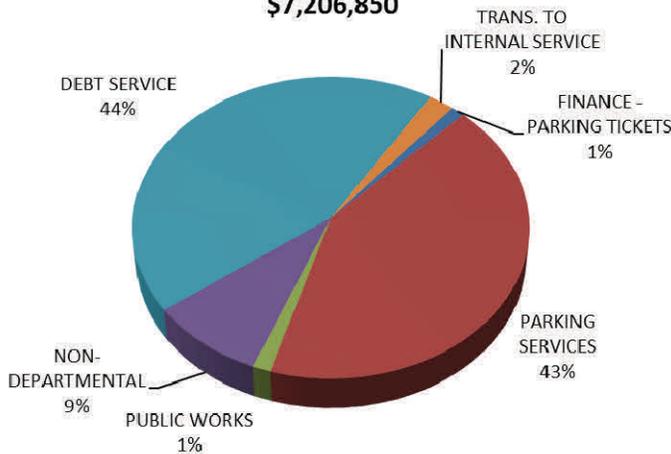
Several projects are underway related to our parking system including the migration of on-street parking meters to take credit cards, parking master plan and the development of a 5 year capital improvement program. Many of these projects are funded from the 2005 Parking Bond proceeds.



FY 2013/2014 PARKING REVENUE
\$7,206,850



FY 2013/2014 PARKING EXPENDITURES
\$7,206,850

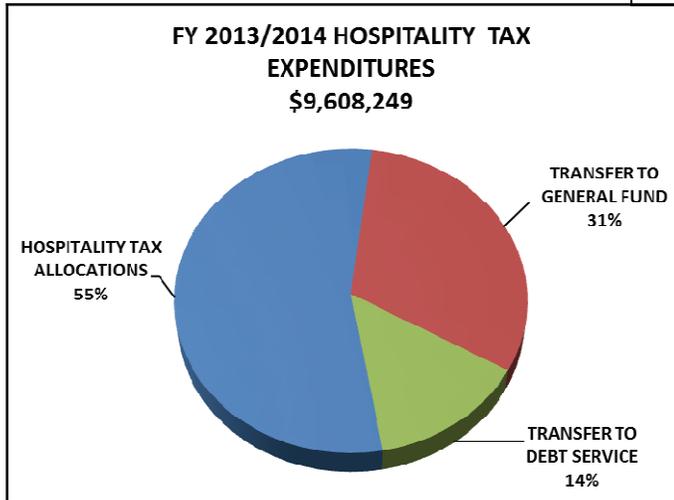


Hospitality Tax

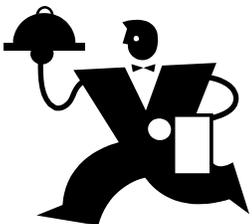
Hospitality Tax proposed budget is \$9,608,249 and includes using \$594,249 of fund balance. Revenue collections remain strong and we have projected an increase of \$600,000; 7.1% for the coming fiscal year in hospitality tax collections. The increase is based primarily on reflect closer to actual collections from the past 2-3 years of collections.

The allocations for multiyear commitments include \$200,000 to the State Museum toward their capital campaign for the new planetarium; SC High School Football League in the amount of \$35,000; and \$50,000 for Renaissance Foundation. The budget also includes an allocation of \$3,000,000 as a transfer to the General Fund that is based on services that are provided by the City and are eligible for Hospitality Tax funding and \$1,346,949 for the annual debt service payment. The remaining balance available for allocations is \$4,976,300.

	AMENDED FY 12/13	PROPOSED FY 13/14
REVENUES		
HOSPITALITY TAX	8,400,000	9,000,000
FINES & LATE FEES	14,000	14,000
FM FUND BALANCE	1,188,541	594,249
TOTAL REVENUE & TRANSFERS IN	9,602,541	9,608,249
EXPENDITURES		
HOSPITALITY TAX ALLOCATIONS	2,631,145	5,261,300
TO GEN. FUND	2,800,000	3,000,000
TO DEBT SERVICE	1,346,949	1,346,949
TOTAL BUDGET	9,602,541	9,608,249



State Hospitality Tax Law The revenue generated by the collection of hospitality taxes must be used solely for the following purposes:



- Tourism-related buildings, including, but not limited to: civic centers, coliseums, and aquariums.
- Tourism-related cultural, recreational, and historic facilities.
- Beach access and re-nourishment.
- Highways, roads, streets, and bridges providing access to tourist destinations.
- Advertising and promotions related to the development of tourism.
- Water and sewer infrastructure to serve tourism-related demand.

In a county where at least nine hundred thousand dollars in accommodations taxes is collected annually (pursuant to Section 12-36-920), revenues of the hospitality tax authorized in this article may be used for the *operation and maintenance* of those items provided in (A) through (F), including: police, fire, emergency medical services, and emergency-preparedness operations directly attendant to those facilities.

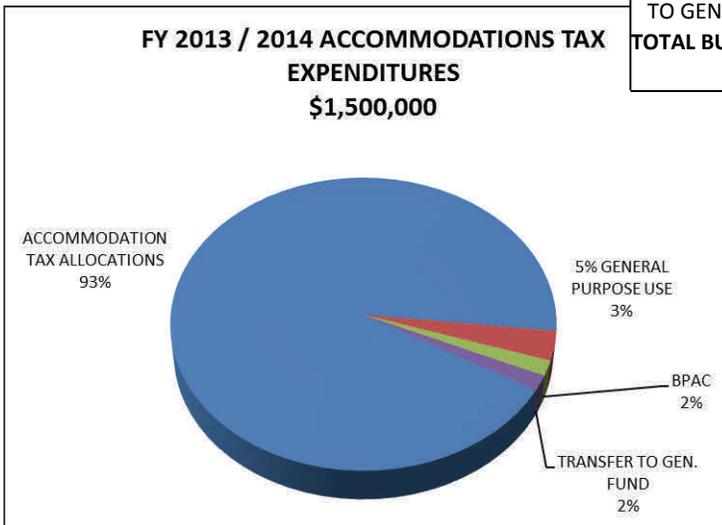
Accommodations Tax

Accommodations Tax proposed budget is \$1,500,000, an increase of 5% and does not reflect any use of fund balance. Revenues are remitted quarterly to the City by the State of South Carolina. Revenues are coming in on budget and we have increased projections to be more in line with previous year collections.

The allocations reflected in this proposed budget include the 5% allocations allowed for general use. The total of the 5% is \$73,250, however \$25,000 has been committed to the Bicycle Pedestrian Action Committee for the second and final year funding for a master plan. Other allocations include the transfer to the General Fund of \$25,000 which is allocated based on state law.

The remaining balance available for allocation by the Accommodations Tax Committee is \$1,401,250. State law requires that allocations be made by committee and are subject to oversight review.

	BUDGET FY 12/13	PROPOSED FY 13/14
REVENUES		
ACCOMMODATIONS TAX	1,428,000	1,500,000
TOTAL	1,428,000	1,500,000
EXPENDITURES		
ACCOMMODATIONS TAX COMMITTEE	1,403,750	1,401,250
5% ALLOCATION, COMMITTEE EXPENSES	72,500	48,750
BPAC MASTER PLAN (2 YEAR COMMITMENT)	25,000	25,000
TO GENERAL FUND	25,000	25,000
TOTAL BUDGET	\$1,428,750	\$1,500,000



State Accommodations Tax Law must be allocated according to the following:

- First \$25,000 to be transferred to the General Fund
- Next 5% allowed for General Fund or general purpose use
- Next 30% of balance to Advertising & Promotion
- Remaining 65% for Tourism Related Expenditures



For an updated list of organizations receiving allocations from Hospitality & Accommodations , please go to the City's website at columbiasc.net



COLUMBIA

SOUTH CAROLINA

CITY OF COLUMBIA, SOUTH CAROLINA

CITY LEADERS

Mayor

Stephen K. Benjamin

Council Members

District 1
District 2
District 3
District 4
At Large
At Large

Sam Davis
Brian DeQuincey Newman
Moe Baddourah
Leona K. Plaugh
Tameika Isaac-Devine
Cameron Runyan

City Manager

Teresa B. Wilson

Assistant City Managers

Senior Assistant City Manager for Operations
Assistant City Manager for Operations
Assistant City Manager for Economic & Comm. Development
Chief Finance Officer

S. Allison Baker
Melissa S. Gentry
Vacant
Jeff Palen

Department Heads

City Attorney
Community Development
Chief Administrative Judge
Development Services
Economic Development
Emergency Communications
Finance
Fire Chief
General Services
Human Resources
Information Technology
Office of Business Opportunities
Parks and Recreation Director
Police Chief
Public Relations
Public Works
Utilities & Engineering

Ken Gaines
Deborah Livingston
Dana Turner
Krista Hampton
Vacant
Kimberly Gathers
Vacant
Aubrey Jenkins
David Knoche
Pamela Benjamin
Sylvia White, Interim
Tina Herbert
Jeff Caton
Ruben Santiago, Interim
Leshia Utsey
Robert Anderson
Joey Jaco

Development Directors

Columbia Development Corp
Columbia Housing/TN Development Corp
Eau Claire Development Corp
CEZ, Inc.

Fred Delk
Gloria Saeed
Michael Strange
Felicia Maloney, Interim Director

This document was prepared by the City of Columbia, Office of Budget Management. For questions, please contact:

Missy Caughman, Budget Director
545-3201

Tina Saxon, Budget Analyst
545-3062