

Source: City Manager

Agenda Item No: REP 74-13

To: **City Council**
From: **City Manager and Staff**

Council Meeting Date: May 20, 2013

Re: Incentive Based Budgeting FY12 Surplus

EXECUTIVE SUMMARY:

At the City Council meeting of March 18, 2013, a series of initiatives related to the use of \$1.9 Million was recommended. That funding was created by the diligent work of city staff throughout the FY12 budget year to deliver the services of the city government under budget. The following discussion transmits updated information and refinements of those initiatives.

DISCUSSION:

The City has established a reserve policy that it shall maintain a minimum unassigned fund balance equal to 20% of the General fund for any given year. At the end of Fiscal Year 2012 the unassigned General Fund Balance was more than 32%.

The City has also established an incentive for departments to accomplish their missions as efficiently as possible. That incentive returns half of the unspent funds at the end of the fiscal year for the department to use to further its mission. The aim of this incentive is to reverse the economic environment in traditional budgeting where program managers make a point to spend all of their budget each year to avoid losing that funding.

As a result of Council discussion on March 18, Council consensus was to implement those recommendations using the normal budget cycle with some modifications which I outline below. The purpose of this report is to obtain final agreement from Council before implementation commences throughout the budget cycle.

1) Return half of the savings to the departments that created them - \$951,741.

This money can be used for one time purchases and cannot be used to fund ongoing operations because this type of savings may not recur in Fiscal Year 2013.

City Council \$22,080
City Clerk \$31,978
City Manager \$12,373
Finance \$57,676
Human Resources \$26,649
Law Department \$16,751
Public Works Administration \$13,134
Public Health and Human Services \$160,749
Community Development \$78,519
Economic Development \$381
Cultural Affairs \$10,279
Parks and Recreation \$60,721
Police \$159,892
Fire \$110,212
Emergency Management \$18,083
Public Safety Joint Communications \$62,625
Municipal Court \$18,749
Engineering \$45,588
Streets and Sidewalks \$44,351
Parking Enforcement \$951

2) Complete the restoration of the Blind Boone Home - \$325,000.

The current master plan for the completion of this project identified a need for \$475,954.41. The City Council asked that I meet with the John William Boone Heritage Foundation to value engineer the remaining work with the purpose of reducing the cost. I have done this and with the help of Clyde Ruffin, President of the Foundation, we were able to reach a significantly reduced cost figure of \$325,000. This figure is supported by both an internal review by the Parks Department and an external review by Coil Construction. This amount includes the cost of labor. We have received an offer by Richard Shanker to provide the electrical labor for free. I believe it may be possible to find other such contributions as we move forward that will further lower the cost of the project.

Following this memo is a letter from the John William Boone Heritage Foundation describing their envisioned use of the restored structure.

3) Four projects requested by the Disabilities Commission - \$100,000.

These projects will accelerate a number of items to increase the accessibility of our community including:

Additional accessible street level parking in the downtown.

A pilot project to extend paratransit services for weekday evening hours to attend City Council and other City related meetings.

Auditory pedestrian signals at College and Broadway and Providence and Broadway.

Poured rubber or rubber tiles in place of mulch at the playground in Lions-Stephens Park.

4) Establish a revolving loan fund within REDI - \$150,000.

The purpose of this fund is to establish and offer convertible debt loans to encourage new business start-ups in the City of Columbia. REDI will work to leverage these funds with additional investment from REDI reserves and through other institutions in Columbia, including the Student Entrepreneurship Fund administered by the University of Missouri System. Priority will be given to new businesses that are created in an accelerator or incubator in the City of Columbia and have an objective of remaining in Columbia. Information regarding assessment of applicants, process for approval, administration and other ongoing factors are yet to be developed, but would be approved by Council prior to the establishment of the fund.

5) Contribute to the MicroLoan program of Central Missouri Community Action - \$50,000.

Following this memo is a letter from CMCA outlining their proposed use of the funds including loan eligibility and one-on-one counseling and post loan technical assistance.

6) Conduct a pilot project which would allow the public, through an online poll, to choose one of the following infrastructure projects - \$200,000.

Council requested that staff use the short list of projects created last year from the savings we realized with the lack of snow events. That process, unfortunately, was only able to obtain input from approximately 25 residents. Due to the sparse turnout, my recommendation is to use an internet based poll. The projects I recommend to choose from are:

Stephens College Bridge - add ADA accessible ramp on west side

Sidewalk project - West Blvd., Ash to Worley

Sidewalk project - Oakland Gr., Blue Ridge to Edris

Sidewalk project - Oakland Gr., Vandiver north to Grizzly Ct.

Sidewalk project - 7th St., Broadway south to Alley

Sidewalk project - Clark Ln., in front of Steak & Shake

Brick Street Project - repairs to Cherry Street

Resurface 1 additional mile of street in the coming Summer.

I also recommend we allow for an open item to see what projects the community would like that are not already in the CIP.

7) With the remainder of the \$1.9 Million, assist the broad-based collaborative effort currently underway to find a permanent home for the Day Center by acquiring a site - \$126,741.

A coalition comprised of City staff, faith leaders, the Voluntary Action Center, the Columbia Interfaith Resource Center (CIRC), and the Truman Memorial Veterans Hospital have been meeting regularly to develop a plan to develop a multi-agency comprehensive services center. The planned facility would include space for the Room at the Inn winter emergency shelter, the Loaves and Fishes soup kitchen, the

Interfaith Day Center, as well as office space for Voluntary Action Center and VA Hospital homeless services staff. A proposal was submitted by CIRC in 2012 for CDBG funds and was well-received by the Community Development Commission. However, the coalition lacked site control and therefore CDBG funds were not awarded. Gaining site control of a property on which a center could be developed would allow the coalition to proceed with a capital campaign, including a re-application for CDBG funding. This type of facility is identified as a "high" priority need in the Consolidated Plan.

FISCAL IMPACT:

\$1,903,482 total use of funds.

VISION IMPACT:

<http://www.gocolumbiamo.com/Council/Meetings/visionimpact.php>

SUGGESTED COUNCIL ACTIONS:

If Council concurs, staff will begin to implement each initiative through the budget cycle.

FISCAL and VISION NOTES:					
City Fiscal Impact Enter all that apply		Program Impact		Mandates	
City's current net FY cost	\$0.00	New Program/ Agency?		Federal or State mandated?	No
Amount of funds already appropriated	\$0.00	Duplicates/Expands an existing program?		Vision Implementation impact	
Amount of budget amendment needed	\$0.00	Fiscal Impact on any local political subdivision?		Enter all that apply: Refer to Web site	
Estimated 2 year net costs:		Resources Required		Vision Impact?	
One Time	\$0.00	Requires add'l FTE Personnel?		Primary Vision, Strategy and/or Goal Item #	
Operating/ Ongoing	\$0.00	Requires add'l facilities?		Secondary Vision, Strategy and/or Goal Item #	
		Requires add'l capital equipment?		Fiscal year implementation Task #	

Appropriate funds from:	Account Number	Project #	Amount
General Fund 2012 savings	110-0000-341.01-00		\$600,000

Appropriate Funds To:

New Day Center/Room at the Inn	440-8800-508.49-90	C00543	\$100,000
Revolving Loan Fund to CMCA	110-4010-532.49-90		\$50,000
Disabilities Commission Projects	440-8800-508.49-90	C00544	\$100,000
Revolving loan fund for REDI	771-4900-480.71-15		\$150,000
Annual Sidewalks	440-8800-528.49-90	C40162	\$200,000
			\$600,000



John William Boone The Heritage Foundation

May 15, 2013

Mr. Mike Matthes, *City Manager*
City of Columbia, Missouri
701 E Broadway
Columbia, Missouri, 65205

Dear Mr. Mathes:

On behalf of the members of the John William Boone Heritage Foundation, I am writing to encourage you to support the measure currently before the city council to allocate city funding for the completion of the Blind Boone home.

The foundation has worked successfully with the City of Columbia for fifteen years to preserve this important piece of Columbia history. As you know, the home's exterior was beautifully restored in 2009. The current allocation of city funding will allow the building's interior to be completed. The finished interior will integrate much of the home's original woodwork and trim, and the original staircase and fireplace into an updated design that will allow the building to serve a number of purposes.

The foundation has long envisioned that the completed Boone home will be a community gathering place devoted to collecting and preserving local history. The facility will be used for meetings, exhibits, public programs and intimate readings and musical performances. It will also house a program that will encourage public school students to document Columbia history through writing, music, art, photography and the collection of oral histories. The home will also include a small display of Boone-related artifacts and memorabilia. In short, we envision that the completed house will be a place devoted to activities that will honor the stories, not just of Boone and the African American community, but of all the people of Columbia.

We appreciate the support that the City of Columbia has given this project in the past. Without the backing of countless city leaders we would never have been able to make it this far. Now, we feel that it is time to complete the mission we began a decade and a half ago, and make the Blind Boone house a place of which we can all be proud.

With Sincere Appreciation,

A handwritten signature in black ink, appearing to read "Clyde Ruffin", with a long horizontal line extending to the right.

Clyde Ruffin, *President*
John William Boone Heritage foundation

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BY: CMO
CMCA
Central Missouri Community Action

Central Missouri Community Action

807-B North Providence Road
Columbia, MO 65203
(Voice) 573-443-8706 • (Fax) 573-875-2689
www.showmeaction.org

May 3, 2013

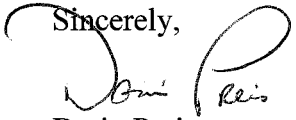
Mr. Mike Matthes
City Manager, City of Columbia
PO Box 6015
Columbia MO 65205

Dear Mike:

Thank you for meeting with Dianna Moore and me to discuss the possibility of the City supporting our micro business initiative. We appreciate the current city's support through the Community Development Block Grant program but as you know, there are certain parameters when using those funds that are more restrictive which limits its use in some situations.

This one time funding will allow us to build our unrestricted loan pool for those City of Columbia residents interested in starting their own business. I am enclosing a one page proposal for your consideration. Please do not hesitate to contact Dianna Moore should you have any questions or be in need of more information.

Sincerely,


Darin Preis
Executive Director

Proposal

In March of 2011, Central Missouri Community Action (CMCA) formed a nonprofit subsidiary "Community Micro Business, LLC" to operate a microenterprise initiative that empowers individuals and families to develop and if needed, finance small start up businesses that can grow to provide full-time or supplementary income to their households, acquire long term assets and ultimately assist them to rise out of poverty. This program represents one aspect of CMCA's long-term strategic plan – assisting individuals to build and own assets that eventually will contribute to the economic well-being and asset base of the greater community.

The Microenterprise initiative is market-driven – offering a range of services that support each budding entrepreneur to access what he or she needs to open a business that suits his/her work, life, and family situation, experience and skill level, and vision for the future. Services include classroom training, one-on-one counseling or group consultation, coaching, business financial education, and other technical assistance along with access to capital through a microenterprise loan fund. The Microenterprise Loan Fund (MLF) extends credit for these small business owners, especially those who have difficulty in accessing credit through conventional financing sources.

Currently CMCA has made two loans in the city of Columbia for business start ups and has held four 6 week long courses on starting a business which have averaged 5 students per class.

CMCA is requesting that the City of Columbia consider granting \$50,000 to CMCA's micro enterprise initiative from the one time budget surplus. The funding would provide \$40,000 for a revolving loan pool, \$2,500 for the loan loss reserve and \$7,500 for staffing and administration.

Brief Overview of Initiative

Loan Eligibility

Income Levels – Microloans will be made available to individuals whose income are no greater than 80% of median household income for their place of residence according to current HUD guidelines (or as specified in a funder's loan pool requirements)

Bank-ability – Applicants who are clearly eligible for bank financing will be encouraged to apply to financial institutions first, but do not need to have a rejection letter from a financial institution in order to apply for the loan funds.

Eligible Uses of Loan Proceeds - Establishment of a new business start up or expansion of an existing business; purchase of an existing business, within reason; purchase of equipment (new and used), including rolling stock (vehicles); leasehold improvements; machinery or supplies; working capital and start up operating costs; purchase of inventory; job creation/retention (salaries, including owner's, reviewed on case-by-case basis); debt repayment, on a case-by-case basis (such as paying off a small loan on a van so that a first lien can be obtained); other miscellaneous costs, on a case-by-case basis (such as professional fees, feasibility studies, pollution abatement, etc.).

Types of Businesses - Retail, service, commercial, manufacturing, startups and expansions, home-based businesses, agri-business (farms, agricultural-related), contractors, franchises, and/or nonprofits

Other Services

The micro business initiative is a holistic approach to helping individuals determine if they are ready to start a business and keep that business going. Staff conducts workshops on the myths of owning your own business in addition to common reasons why individuals start their own business. These staff provide one on one counseling and post loan technical assistance, and are trained facilitators for the Operation Jump Start entrepreneur course originally development by the Kauffman Foundation.