



Interviews with Local Government Officials

## Gaining Public Support for Water Infrastructure Costs:

### Columbia, Missouri

Raymond A. Beck, Former City Manager

Dan Dasho, Director, Water and Light Department

**Columbia** is home to 91,000 residents and the University of Missouri's flagship campus. Several corporations, including Oscar Mayer, 3M, and Quaker, have established factories in Columbia. Several medical and insurance companies are also headquartered in Columbia. The city is growing at an annual rate of 1.5 percent to 3 percent, making a forward-looking approach to infrastructure management critical.

In 1949, Columbia adopted a charter that set up a city council/city manager municipal government divided into several departments. Some of Columbia's municipal services (e.g., fire and police service) are supported by the city's general fund, and others are run as separate enterprise funds. The Columbia Water and Light Department (CWLD), which oversees Columbia's water and electric utilities, is run as a self-funding enterprise fund.

CWLD reports to the City Council, City Manager, and a council-appointed advisory board. Prior to 1985, accounting for the water and electric utilities was not separated; since then, cost accounting and budgets have been made completely independent. Columbia's charter specifies the amount that each enterprise fund must contribute to the general fund. This is called a "payment in lieu of tax," which includes property tax and an equivalent gross receipts tax. Both the water and electric utilities make these payments to the general fund.

In the 1970s, Columbia got its drinking water from deep groundwater wells and the water required little treatment. However, studies revealed that the aquifer was being depleted, creating concern over the **sustainability** of Columbia's drinking water supply. After discussing several options, the citizens voted to install wells in the alluvial aquifer along the Missouri River, which gave the city a new water source. These actions created the foundation for a positive relationship between citizens, the CWLD, and the City Council.

Today, Columbia has a comprehensive plan that estimates the city's water infrastructure needs for the next 20 years. This comprehensive plan includes a five-year capital im-

provement plan (CIP) that is incorporated into the city's budget. Capital projects are funded by municipal debt (e.g., revenue bonds) that is approved by the voters.

The CWLD does not receive tax subsidies (although some of Columbia's public services do); instead, the CWLD is completely supported by **user fees**. Customers are assessed a flat rate per hundred cubic feet of water plus a fixed meter charge. The meter charge for a typical household is approximately one-third of the water bill, and the volume charge makes up the other two-thirds. The revenue generated by these rates covers debt retirement, capital improvement, operating and maintenance costs, and all other costs. Columbia's rates are lower than those of surrounding water districts and are competitive with neighboring cities of similar size.



The city has attempted to access Missouri's Drinking Water State Revolving Fund but has had limited success due to their low score on Missouri's need scale. Appropriate and financially sound management over the years has resulted in a crisis-free system that ends up being self-financed.

Because Columbia's comprehensive plan calls for improvements in many areas of water-related infrastructure, the

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City Council and City Manager try to spread rate increases evenly and to taper increases in order to have a number of small increases instead of large jumps in rates. The city's [asset management plan](#) helps to coordinate the timing of various improvements. The CWLD includes both expansion and upgrades of existing facilities activities in ballot measures to distribute improvements throughout the city. The CWLD has learned that proposing upgrades of existing facilities as well as new initiatives improves voters' perceptions of the infrastructure work the city is doing.

The CWLD faces an additional challenge because of the large population surrounding Columbia. There is continuing tension between the city and neighboring communities on the issue of annexation. Currently, all contiguous areas must be connected to Columbia's sewer system, and all non-contiguous areas must sign a pre-annexation agreement stating that they will connect to Columbia's sewer system when they become contiguous.

Similar restrictions do not apply to water services, but two water districts have [voluntarily merged](#) with Columbia's water system. CWLD took over these districts' residential accounts and assets. The boards of managers of the annexed water districts were left in place for three years to ease the merger while CWLD used the water districts' fund balances to upgrade the transmission lines in the annexed areas.

Columbia has had [success with building community support](#) for infrastructure improvements. The comprehensive plan and the CIP help citizens to understand the major projects and capital needs in the city's future. Columbia's charter requires the City Manager to submit an annual list of priorities to the City Council, informally known as the "state of the city" address. This report is usually followed by a city council retreat that is covered by the local media. After the retreat, a consultant is hired to present a preliminary report to the Council. Community television stations are invited to these presentations, and the meetings are re-broadcast several times. If the Council approves the preliminary report, the initiative is placed on the ballot in the next election cycle. In the interim, the City Council appoints a committee that is charged with educating the community about the issue. These committees raise their own funds and are often suc-

cessful at passing ballot measures.

Columbia's water and sewer rates have been increasing steadily for the past several years. The most recent increase was the largest and was needed to fund major improvements to the drinking water system. In fiscal year 2005, CWLD started on a \$28 million expansion that included Columbia's water treatment plant, a second 36-inch transmission line from the water treatment plant to the city, and a booster pump station. CWLD also began converting two of Columbia's deep groundwater wells to aquifer storage and recovery (ASR) wells, the first of their kind in the state. When complete, each ASR well will store 90 million gallons of water for use during hot, dry summers.

The city anticipates 1,500 new water customers by the end of fiscal year 2006 and has proposed a 6.75 percent rate increase to cover the costs of system-wide improvements and expansion to accommodate these new residents.

CWLD emphasizes the importance of continuous contact with citizens when undertaking infrastructure initiatives. Over the years, CWLD has built a [strong relationship](#) with Columbia's citizens. This understanding and respect will be critical to the continued success of Columbia's infrastructure improvement program.