



CITY OF COLUMBIA, MISSOURI

December 14, 2017

OFFICE OF MAYOR AND COUNCIL

Jim Meyer, President
Brian Toohey, Chief Executive Officer
Columbia Board of Realtors
2309 I-70 Drive, N.W.
Columbia, MO 65202

Dear Jim and Brian:

Thank you very much for your November 28 letter, concerning a proposed electric connection fee.

I am aware that the cost of building permits and connection fees has increased in recent years, and I realize this has an impact on the cost of business for real estate development and sales industries. However, I do not agree with your contention that these are unreasonable or unfair fees - in fact, the present arrangement is unreasonable and unfair to Columbia rate-payers, despite the recent increases.

In FY15 and FY16 combined, the City spent \$12 million on electric infrastructure projects for new development, and another \$14 million is programmed for FY17 and FY18, according to information provided by the Utilities Department. That amounts to an average of \$6.5 million annually - more than \$500,000 per month - on projects that are built for the sole reason that we need to expand the capacity of the system to accommodate new customers. Since we do not currently have a system equity connection fee for the electric utility, this entire cost is being paid by our 40,000 existing customers - ***on average, every household in Columbia is paying more than \$12 per month to subsidize new development.***

Your argument that introducing a fair and reasonable system equity connection fee will decrease affordable housing availability is flawed. In the first place, this fee will only be assessed on new housing and, as you pointed out, your industry is not building any new, affordable housing. Further, if a connection fee is adopted by the City Council, I would advocate strongly for an exemption or discount of that fee for affordable housing. It is also important to point out that the present arrangement burdens low-income families with paying that \$12 subsidy to new development in their monthly utility bills, making their cost of housing even more unaffordable.

I also disagree with your characterization of the reason the City Council voted against a rate increase. While I cannot speak for other Council members, I opposed the increase because it would have further shifted the cost of growth to rate-payers. I believe it is time for new development to pay its fair share.

One further reason I am pursuing the introduction of an electric connection fee for new development is because it was one of the specific recommendations delivered by the Mayor's Infrastructure Task Force:

"The city should consider policy options to adequately fund the connection cost of new and increased service for electric customers which does not overly burden existing rate payers."

I would be happy to meet with you to discuss this proposal further, including the option to amortize the connection fee over a number of years rather than requiring payment at the time the building permit is issued.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ian Thomas". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ian Thomas
4th Ward Councilman