MINUTES
County Council Meeting

Special Meeting

Tuesday, May 12, 2020

Spartanburg County Council met on Tuesday, May 12, 2020, in County Council Chambers of the County Administration Building. The following were in attendance: Honorable Manning Lynch, Chairman; Honorables Michael Brown, Jack Mabry, David Britt, Whitney Farr, Bob Walker and Roger Nutt, Council Members; along with Cole Alverson, County Administrator; Earl Alexander, Deputy County Administrator; John Harris, County Attorney; and Ginny Dupont, County Attorney. In compliance with the Freedom of Information Act, notice of this meeting was provided in advance to the local news media and other interested parties.

The County Administration Building was closed for public meetings due to the Coronavirus (COVID-19) Pandemic. Meeting was live streamed via YouTube. Links and instructions for how to access this meeting via computer or mobile device were made available on the County's webpage and provided to the local media.

I. Chairman Lynch called the meeting to order.

II. County Administrator Cole Alverson presented information in reference to a **Budget Ordinance** relating to the fiscal affairs of Spartanburg County making appropriations therefore, levying taxes for the fiscal year beginning July 1, 2020 and ending June 30, 2021; to provide for budget control of said appropriation by the Spartanburg County Council. (Presentation included in backup)

The last couple of months have caused us to change assumptions, rethink our strategy, and to plan for the upcoming year in a much different fashion. When Staff started the budget process, they were making plans with an expectation for strong growth to continue. Now, in the midst of COVID-19, a lot of things have changed. We find ourselves on the cusp of a recession of unknown severity and unknown duration. As a result, Staff has rethought what we expect to see financially from the County over the coming year, and in turn, what we should expect to plan for operationally as a result.

Fortunately, thanks to good planning and discipline by this Council and those Councils before it, the County is in good, strong financial condition. We have 20.5% Unassigned Fund Balance in the General Fund. We have a strong capital reserve, and as a result, we find ourselves in the best condition we could to have to navigate this sort of predicament.

Mr. Alverson thanked our Budget Staff for their hard work and our Department Heads and Elected and Appointed Officials for coming up with thoughtful requests and for being very flexible as we navigated this tricky process.

The themes throughout this Budget revolve around trying to make sure we are financially and operationally flexible. We are focusing first on our most Core Services. We are still trying to make some good end roads on some of County Council's Vision.

The Recommended Operating Budget totals over $221 million across all operating funds. This is an increase of about $3.7 million as compared to last year. The General Fund Estimated Revenues total $111.5 million. We expect a little less than 1% growth or just around a million dollars of growth in the General Fund. Our Library Fund will grow also a little less than a million dollars. It is about $16.1 million. The Solid Waste Fund will contract about $425,000 as compared to last year mostly due to capital scheduling there. This is a capital intense fund. It tends to swing up and down year over year depending on what we actually intend to do from a capital standpoint and whether or not we use some of the capital reserves. Our Parks Fund has some acute contractions in some of its revenue sources. As a result, we will have some net positive growth, but it is low growth overall. The Community College will be up about half a million dollars. Road Maintenance Fee will grow by about $100,000. It is fairly stable as it is tied to the number of vehicles registered here. Charles Lea will be roughly flat at about 100,000. The Total Other funds will be about $51.1 million compared to $53.8 million last year, which will be about a 5% decline across the remainder of the funds.

A graph was shown that shows how all resources are allocated across functional areas. For the most part, the percentages are the same as last year. However, the dollar values have changed. Public Safety represents about 32% of our Budget at $70 million. About 18% of the Budget goes to Quality of Life. Quality of Life includes the Library (41%), Spartanburg Community College (23%), Parks, Tourism Support (including capital) (24%), Accommodations Tax (2%), and Hospitality Tax Administration. Public Works represents approximately 12% of our Budget or $26 million. Judicial represents 8% of our Budget or $17.8 million.

Trends specific to our single largest fund, General Fund, were discussed. Trends will parallel in other funds for the most part. Projected Revenues are $111,570,000. Staff has taken a conservative approach in estimating our revenues due to the uncertainty of where the economy is headed and impacts of COVID-19. Taxes are our single largest revenue source. Taxes are around 70% of the Budget. We will see the product of two divergent trends. We expect to see growth in our assessed base of about 4.3%. This is mostly driven by new construction in prior years that will just now hit our tax roles. Conversely, we expect our collection rate to drop by about 2% from 93.8 to 91.77% for current tax. For every 1% drop in the collection rate, we see about a $700,000 decline in collections. The net product is actually a growth overall in taxes coming into the General Fund of about $3.2 million. We expect to see around 4% Fee In Lieu Of Tax growth for those economic development projects that have been done over the past several years. As they come online, we will continue to see that revenue figure increase in the near term.

Our Budget is based around making sure Staff understands which financial levers we are going to pull and in which order we will pull them if revenues change.

Permits, Fees and Fines category includes about 30 different accounts. This makes up about 10-12% of our Budget. We will have some drops in Court fees. An increase in Magistrate Court fines is expected. The net result is very minor growth. A plateau is expected on the development activity.

On the State side, a modest increase of about $153,000 is expected. This is much lower than where we started. An increase in the Local Government Fund was originally expected, but this has been revised downward.

It is not all negative news. We still see some positive revenue growth, but at a much lower level than what we initially expected.

Our Budget is balanced at $111,570,000 in the General Fund. In terms of highlights for Expenditures, in January, County Council approved and implemented recommendations of a class and compensation plan. This Budget maintains the class and compensation changes. Unfortunately, due to the impacts of COVID-19 and economic uncertainty, an across the board cost of living adjustment for all employees is not included in the Budget. Each 1% increase in compensation for General Fund employees, costs around $700,000. Although Administration would like to include this, if our Budget is growing by a million and we have other known increases, the math does not work out. The intent is to be able to maintain the recommended Budget and not put ourselves in a risky position going forward.

On the personnel side, we will have a 1% employer contribution rate increase for retirement. There will be no impact for employees. This is year five of five of the walk up of retirement contribution rates. We will have about a 6.73% increase in the employer cost for health insurance effective January 1, 2021. A few new positions have been included in the Budget for key areas in Roads and Bridges, the Sheriff's Office and Communications.

From an operating standpoint, we have our typical utility price changes expected. Fuel pricing has been atypical. In case there is resurgence in pricing, a conservative approach has been taken to budgeting this particular line item. The Insurance Reserve Fund has announced premiums for tort, vehicle, and building coverages are going up 18-25% or about $285,000. Inflationary increases on day-to-day expenditures are also expected. Funding for Outside Agencies has been included at prior year funding levels. One new strategic partnership with the County Foundation and their Center for Philanthropy is included. In addition, our Emergency Medical Service (EMS) Reidville Station is included. They are building their station. We will need to add some positions in EMS through contract with the hospital in order to make sure we can staff the station. A full year of continuation of EMS's class and compensation is also included. Additional expenditures are included for property maintenance in Environmental Enforcement specifically focused on unsafe structures and a series of Minor Capital items.

From a capital standpoint, we will have a contribution to the Capital Improvement Plan (CIP) and use of those capital reserves that we have built up. We are in good shape and should continue to make some investment in technology, roads, and other areas.

Changes in the General Fund are intentionally modest. This is a direct result of having to revise revenue assumptions. We are in good financial shape. We are able to continue our core services and make a few strategic investments in areas that Staff believes are most important to Council and our Citizens.

One Other Fund that does experience something counter to the General Fund is the Hospitality Tax. Hospitality Tax is a 2% tax on prepared foods and beverages in the Unincorporated Areas of the County. Each Municipality has their own tax that is not duplicated from the County's tax but simply levied in a different geographical area. Because it is on prepared foods and beverages, this revenue source has been impacted to a greater degree than any other at the County. We have been getting a lot of inquiries about our plans for this funding source. We do not have the data and information that we need to make good plans for next year. No one has the data. A reasonably conservative approach was used for this fund. Because of the uncertainty of Corona Virus and what it could do to businesses, Staff has taken an educated guess at the amount of the expected revenue for this fund. Like the General Fund, the good news is that the fund is strong. We have been thoughtful about how we deploy these funds in the past focusing a lot on capital. At the end of FY19, we had about $2 million. This is about 42% of revenues. It sounds like a lot; however, in this fund, we have a debt obligation, and we also typically fund a lot of PAYGO (pay-as-you-go) capital where we save up for out year projects. For FY20, because we are going to see some loss in revenue, we expect the fund balance to drop. FY20 expected ending fund balance is $1.4 million, 32% of revenues. This is a projected decline, but it still leaves us in good shape in the fund. The drop in revenues for next year is estimated at about $1 million, around 20%. This is the equivalent of about two months worth of revenue collections for the fund. This is what we think we are going to experience for the current year. Staff duplicated our expectation for next year for the same amount. The funds have been focused on the core obligations of the fund. The first is to service the debt of about $1.2 million. The next is to continue to support our tourism efforts through our transfer to Parks as well as our tourism partners. We have had to recalibrate our Capital. We have done a lot of PAYGO Capital over the last several years. Staff is proposing doing a little less next year.

Mr. Britt asked if it is a likelihood that the federal government will step in and help and what amount we might get. Mr. Alverson stated that we know we are going to get a little over $900,000 from the Community Development Block Grant which comes through the Department of Housing and Urban Development (HUD). Those funds are designated for low to moderate income individuals. We have about $1.4 million worth of requests for the $900,000. The requests are being prioritized, and a recommendation will be brought to Council. Staff will also bring something that will authorize expenditure and acknowledge receipt of those funds to Council at the time. In terms of other support, the CARES Act allocated funding directly to local governments but only in the case where a local government was 500,000 or more in population. Spartanburg County will not receive a direct allocation with us being a little over 300,000. Mr. Alverson believes the thought process there was for the State to get the funds for all the smaller Counties, defined as under population of 500,000, and the State would develop a funding distribution to get those funds down to the local level. They have been reaching out through our Association of Counties asking about our expenditures. We believe they are trying to actively come up with how they are going to distribute those funds for local relief. Mr. Alverson stated that he does not know when those funds are going to be distributed or what amount the County would be eligible to receive. However, this would be brought to County Council in the case of reimbursement to acknowledge the costs and the new funds to reimburse us. In the case of new funds for relief, this would be brought to Council to explain what they are to be used for under the State's methodology and make proposals to Council. These would be treated as new and additional funds that would be treated separate and distinct. Greenville County is the only county in South Carolina with a population over 500,000. They are getting a pretty good direct allocation from the federal government.

Mr. Walker thinks we need to be cautious that we expect the federal government to take care of us. He thinks we should continue what we have been doing the last five or six years. Mr. Britt stated that we have never depended on the federal government or the state. If it comes in, we appropriate it apportionately. Mr. Walker stated that we need to look at areas in the County that needs assistance if we receive funding. In his opinion, this does not need to be included in the Budget. Mr. Lynch agreed.

Motion made by Mr. Walker to render first reading to a **Budget Ordinance** relating to the fiscal affairs of Spartanburg County making appropriations therefore, levying taxes for the fiscal year beginning July 1, 2020 and ending June 30, 2021; to provide for budget control of said appropriation by the Spartanburg County Council. Motion seconded by Mr. Britt and carried.

IV. County Administrator Cole Alverson presented information in reference to a Budget Ordinance to establish **Capital Project Budgets** for the FY 2020-2021 Budget Year of the Five-Year Capital Improvement Plan. (Presentation included in backup)

The Total Recommendation for the FY 2020/21 Capital Improvement Plan is about $55.4 million, down $75 million from FY20, because of the General Obligation Bond for roads. Buildings & Facilities Budget totals $37.5 million. Almost all of this is Capital Penny related. Road Infrastructure totals a little over $8 million. The remainder of the FY 2020/21 totals are as follows: (1) Vehicles & equipment at about $5.4 million; (2) Solid Waste at a little less than $500,000; (3) Technology around $800,000; (4) Parks & Recreation about $922,000; (5) Public Safety about $628,000; (6) Community Development about $1.4 million; and (6) Storm Water at $100,000.

In terms of the expenditure side, the largest share, 67.7% goes to County Buildings and Facilities. This is our Capital Penny projects. This does skew the figures quite a bit. The next largest category is Road Infrastructure at about 14.6% followed by routine replacements of Vehicles and Capital Equipment at about 10%. A lot of our near term focus revolves around preserving our replacement plans, so we do not fall behind. Our capital reserve is in good shape. We finished FY19 with about $13.3 million in the General Fund. We expect a similar level or a little more at the end of FY20. This gives us a good reserve to use in order to make some strategic investments in areas where we need to make progress. While we have continued to follow the same plan that we outlined a couple of years ago, where we would use the capital reserve, planning for a little of that to be drawn down each year, and then if we receive one time revenues like large industrial building permits, or we receive one time expenditure savings like position turnover, we would plug those funds back into the capital reserve. The same general process and expectation for next year will be used. This will allow us to spend a little bit of money on capital. We continued to maximize our use of restricted revenues where appropriate. We also tried to make sure we are doing some thoughtful long-term planning.

In County Buildings and Facilities for FY21, we have more funding as it comes in for the Judicial Center and Parking Deck. We have started putting some funds into the Emergency Operations Center and the City/County Government Building. None of the Budgets for these projects have changes. They are still limited, capped, or set by referendum. All you are seeing is the timing of the revenues coming into these projects. We also have a couple of routine Facilities projects totaling about $30,000 for a Fire Alarm Panel at the Administration Building; a water line replacement at our Fleet Services Building; and the purchase of a Generator and Power Transfer Switches to support a requirement by the Department of Homeland Security that we have separate generator power and circuits for Voter Registration. The purchase of a large portable generator is planned, so we will have more utility out of it.

From a Road Infrastructure standpoint, we have about $8 million in total for FY21. Of the $8 million, about $4.3 million will go to Countywide Asphalt Resurfacing. We will have a little bit of additional money for Belcher Road Bridge. We will have our normal allocation for Countywide Bridge and Culvert Repair Maintenance. We will also have a little bit of money for Davis Road Intersection Improvement. We will have about $425,000 for the Steve Belue Fund. With this additional allocation, the Steve Belue Fund will be up to about $1 million. We will continue the implementation of our current year projects. Last year, we had a $16 million General Obligation Bond that we invested in roads. When you look at the total appropriation for FY21, we are sitting at about $8 million. Last year, we were about $16 million more because we did a one-time borrowing to put funding into roads. At the time, our plan was to borrow in

FY20, and to continue routine projects in FY21 and execute the projects that we had previously borrowed to do. Our plan was to do some level of borrowing every other year to add additional funding to our roads program. We are effectively in the second year of the program. We are following it still. Some of the projects are nearing completion. Next year, a lot of those projects funded in the current year will come to fruition.

From our Vehicles and Capital Equipment standpoint, we will invest about $1.1 million in our Roads and Bridges equipment; and keep up with routine replacement of Sheriff's Office vehicles and other General Fund vehicles. We will also have our routine replacements for other funds to include Parks and Solid Waste.

For Solid Waste, we will have some additional funds for planning of the next cell of our Wellford Phase VII construction. We will also have some routine replacements of compactors, collection containers, and build out of our gas collection system as we finish work in areas or see the need for further wells.

From a Technology standpoint, we have a lot of routine replacements. We also have a new project for IT Disaster Recovery that we feel like will improve our redundancy and our resiliency when it comes to IT Infrastructure and make sure that we are protecting the investments that we have made in prior years.

From a Parks standpoint, the Plan will continue installation of athletic field lighting at Va-du-Mar. We will also have a series of playground improvements and HVAC replacements.

On the Public Safety side, we have projects to replace 800 MHz Radios, EMS Stretchers, and the Mass Spectrometer.

From a Community Development standpoint, due to increase relative to last year because of an increase in federal funding, we have an Affordable Housing and Housing Rehabilitation project and a project for Community improvements to infrastructure in Low- to Moderate Income focus communities. Our Roads and Bridges Department normally executes these infrastructure improvements. We just signed contracts to do about $700,000 improvements in infrastructure.

For FY21 Storm Water improvements, the purchase of a Storm Drain Vacuum and Trailer is being proposed that will help us keep our culverts clean.

The FY 2021-25 Capital Improvement Plan Recommended Budget totals nearly $300 million. About $141 million comes from County Buildings and

Facilities. Most of this will be Capital Penny funded. Recommendations for about $100 million of Road Infrastructure, nearly $26 million more than last year's plan. Vehicles and Capital Equipment totals about $22.7 million; Solid Waste totals about $9.3 million; Technology totals $5.2 million; Parks and Recreation totals $6.6 million; Public Safety totals $3.8 million; Community Development totals $7.3 million and Storm Water totals $100,000. Highlights are included in backup.

Motion made by Mr. Walker to render first reading to a Budget Ordinance to establish **Capital Project Budgets** for the FY 2020-2021 Budget Year of the Five-Year Capital Improvement Plan. Motion seconded by Mr. Brown and carried.

IV. Mr. Cole Alverson, County Administrator, presented information in reference to an Ordinance conveying 187 Broad Street to the Downtown Development District. Some months ago, Staff outlined a process where we were party to a lease. We had an option to buy the building. The Downtown Development District ultimately wanted to own the building. We basically served as the conduit. We purchased the building with the intent to sell it for what we had in it, which was the acquisition costs plus the closing costs and normal transactional fees. This begins the second part of the process where we convey the property to the Downtown Development District for the costs we have in it. They have already met and voted to purchase it from us. Motion made by Mr. Britt to render first reading to the Ordinance. Motion seconded by Mr. Nutt and carried.

Meeting adjourned.

Spartanburg County Council

By: A Manning Lynch

A. Manning Lynch, Chairman

Attest:

Deborah C. Ziegler

Deborah C. Ziegler
Clerk to Council