

BUDGET WORKSESSION OF THE FLORENCE COUNTY COUNCIL, THURSDAY, MAY 14, 2015, 8:00 A.M., COUNTY COMPLEX, COUNCIL CONFERENCE ROOM, ROOM 804, 180 N. IRBY STREET, FLORENCE, SOUTH CAROLINA

PRESENT:

Roger M. Poston, Chairman
James T. Schofield, Vice Chairman
Mitchell Kirby, Secretary-Chaplain (entered the meeting at 8:03 a.m. and left at 10:18 a.m.)
Waymon Mumford, Council Member
Alphonso Bradley, Council Member
Kent C. Caudle, Council Member
Jason M. Springs, Council Member
H. Steven DeBerry, IV, Council Member
K. G. Rusty Smith, Jr., County Administrator
D. Malloy McEachin, Jr., County Attorney
Connie Y. Haselden, Clerk to Council

ABSENT:

Willard Dorriety, Jr., Council Member

ALSO PRESENT:

Sheriff W. Kenney Boone
Suzanne S. King, Administrative Services Director
Kevin V. Yokim, Finance Director (left the meeting at 9:00 a.m.)
Jonathan B. Graham, III, Planning Director
Sam Brockington, Fire/Rescue Services Coordinator
Fire Chiefs
Gavin Jackson, Morning News Staffwriter
Tonya Brown, WPDE TV15 Reporter

A notice of the Budget Worksession of the Florence County Council appeared in the May 13, 2015 edition of the **MORNING NEWS**. In compliance with the Freedom of Information Act, copies of the meeting Agenda and Proposed Additions to the Agenda were provided to members of the media, members of the public requesting copies, posted in the lobby of the County Complex, provided for posting at the Doctors Bruce and Lee Foundation Public Library, all branch libraries, and on the County's website (www.florenceco.org).

Chairman Poston called the meeting to order. Councilman Mumford provided the invocation and Vice Chairman Schofield led the Pledge of Allegiance to the American Flag. Chairman Poston welcomed everyone attending the meeting.

FY2016 BUDGET WORKSESSION

Chairman Poston stated the purpose of the meeting was to hold a FY2016 Budget Worksession. County Administrator K. G. Rusty Smith, Jr. provided a brief synopsis of discussions from the May 7, 2015 Worksession to set the stage for what the issues were from that meeting that Council would need to address. He stated the Chairman and Councilman DeBerry specifically had asked the question about possibly later on looking at other revenue sources the County could utilize. Unfortunately, the sources were very limited. He provided members of Council with a copy of a publication from the South Carolina Association of Counties titled *Revenue Resources for County Government*. Most of the potential resources listed in the publication were already being employed by the County.

A balanced budget was presented to Council at the April 16th meeting, which in essence was first reading. Subsequently, on May 7th a Special Called meeting and Budget Worksession was held. At that meeting Council gave second reading to Ordinance No. 33-2014/15 (an ordinance authorizing the execution and delivery of documents relating to the proposed judicial center). In essence, to assimilate the data that was espoused. The financial advisor built a model based on instructions to build a \$40 million judicial center with a 25 year installment purchase bond and also to provide funding that was needed. The millage rate for the jail would remain at 3.5 mills until the year 2018. That same year the rate would increase by 1.35 mills for a total of 4.85 mills.

In 2019, when the jail was paid off, the millage rate would become 6.5 mills, which would be a net increase of 3.0 mills over the current millage. There was discussion at that time that the amount/cost involved, \$66.7 million when it was taken out and \$5.5 million of that amount would be capitalized interest and would be repaid by the bond premium. There was also some discussion about shortening the lease term to 20 years with a 3.5% APR. This method would require 7.8 mills for the bond repayment. At 20 years, the total interest rate would be \$25.7 million.

Some of the discussion held was that there were a number of advantages for the County to use installment purchase bonds. One was the debt, but another was that Council could also consider including this in the future if there was a Capital Project Sales Tax III with a project titled "Completion of Judicial Center Acquisition." The funds, if using the installment purchase bonds, could be utilized to pay that off. In essence, the new judicial center could be built and operated for an additional 4.5 mills over the current millage. Councilman Schofield stated that Councilman Dorriety talked about putting the millage on next year, instead of waiting two (2) years, which the County would realize a savings of \$3.5 million. However, if you put the millage on this year, that would save an additional \$6 million. Mr. Smith stated that after talking with the financial advisor, a third option model indicates that in 2020, if you left the millage at 6.5-6.6 mills, the bond could be shortened to 20 years and you would actually save about \$9.5 million. Mr. Yokim stated if Council levied one mill in FY2016, then in FY2017 increase millage another 3.0 mills. What that would do would enable Council to reduce the millage by about 0.8 mills in the fifth year, which would be a savings of about \$3.5 million. If Council did not reduce the millage in the fifth year by the 0.8 mills but left the millage on, the bond could be shortened to 20 years as opposed to 25 years for a savings of about

\$9.5 million total. Mr. Smith stated he was asked what would happen if Council delayed any action on the funding and based on information from the financial advisor, Council would run the risk of legislative intervention, as well as potential increase in rates for an estimated increase in cost of \$1.6 million.

After discussion on the proposed judicial center, Council engaged in further discussion of the FY2016 budget. It was noted that due to the lack of funding of the local government fund there was very little change from last year's budget. Of note was the fact that requests exceeded the current year budget level by \$6 million. Staff clearly delineated all major requests that were not included in the budget. It was also noted that revenue growth was flat at approximately 1% and that 65 – 70% of the annual budget was personnel; a large percentage of which was not controlled by Council but by the elected and appointed officials.

Also, denoted were four items which had been included in the budget. The largest and most significant was a 3% wage adjustment for all non-emergency personnel and expansion of an on-site health clinic. Also included in the budget, pursuant to Act 388 was a 1.6 mill increase to fund the new items and several State mandates, including the 0.4 mills required for e-waste.

Also discussed was the 'Unified Fire Protection Debt Service Fund.' This fund was created to fund the annual debt service on the County general operation that would be issued to refund the 3.5 million dollar bond anticipation note (BAN). Included in the budget was a 3.9 mill increase to pay annual debt service. So the 1.6 mills and 3.9 mills were included in the proposed budget.

Additionally, the fire departments requested \$8.1 million in capital replacement needs. A 20 year GO bond could be issued to fund these items. The cost to the taxpayers for this bond would be 3.5 mills if ad valorem taxes were issued to repay the debt. Mr. Smith stated optional methods of repayment were discussed involving fees. Mr. Zeigler and Mr. Yokim could offer some comments on that aspect. As a side note, if fees were used the County could perhaps lower operating millage in the unified fire district instead of the debt service and then add it back to the debt service millage. It was initially thought that the two bonds could be consolidated but after further consultation with bond counsel it was determined that the bonds would have to be issued separately due to the State mandated 60 day waiting period for bonds. Councilman Springs asked what it meant to have two separate bonds and if there were any ramifications. Mr. Zeigler responded that the BAN matures in August and when the County issued the BAN it advised the public that it would be paid off by general obligation bonds in a years' time. That notice triggered a 60-day initiative/referendum period. State law provided that when the County issued general obligation bonds, once third reading was given to an ordinance authorizing bonds, there was a 60-day period in which 15% of the electors could submit a petition to the County asking that the ordinance be repealed. If the ordinance was not repealed, a referendum would be required. At this point, the County already approved the issuance of the bond to pay off the BAN so the County was not required to wait the 60 days. If the County waited 60 days, added in the money for the new improvements, it would require an additional 60-day wait, which would be beyond the maturity date of the BAN.

Council was also advised at the May 7, 2015 worksession that requests from the six (6) fire departments came in at \$765,000 over current fiscal year budgets. However the amount included in the 2016 budget remains the same as the previous fiscal year with a 27.5 mill assessment.

Also discussed at the previous Worksession was the EMS staff realignment, which everyone concurred was in the best interest of the County and Mr. Smith was working with EMS Director Ryon Watkins to implement the plan. One of the ancillary benefits of the realignment was with the West Sumter Street station coming on line it could be handled without additional personnel, plus increase service in Lake City and Florence during high impact time.

Increased funding for parks in Lake City and Johnsonville as well as an additional position to promote economic development in the southern Florence County area were discussed at the previous Worksession and would be included for second reading of the budget ordinance. Staff would need direction from Council with regard to the judicial center on how to proceed with the construction manager at-risk process to stay focused, if Council approves on third reading. All of the changes for second reading would be clearly listed in a newly formatted changes list.

UNIFIED FIRE DISTRICTS

Mr. Smith stated that of the two main reasons for Council's consideration at this meeting, the first dealt with the issue of capital replacement bond requested by the unified fire district. Council needed to decide if they wished to approve this and also how it would be funded. The fire districts requested over \$8.1 million for new equipment that they deemed necessary to continue to operate properly. Ordinance No. 36-2014/15 (an ordinance to issue a GO bond) was drafted and could be added to the amended Agenda for the May 21st meeting, if Council desired. If Council wished to proceed with the request, Ordinance No. 01-2015/16 would need to be amended to increase the annual debt service millage to 7.4 mills from 3.9 mills. Council would also need to increase the appropriation for the fire district debt service fund from \$419,000 to \$890,000.

Mr. Smith stated that if Council had an alternate revenue source they wished to utilize, staff would need direction. Mr. Yokim stated that the addition of a fee would create an issue with regard to timing for IT to implement the programming to include the fee on the tax notices. Mr. Zeigler provided information on the legality of implementing a fee specifically for the fire districts. The statute under which the County fire districts were created allows the implementation of a fee or taxes to support capital improvements in the fire districts. In order to pay for the bonds with a fee requires that the fee be collected and built over a couple of years so that at the time the Auditor goes to set the levy he could determine there were enough fees on-hand and the levy of taxes would not be necessary. The County could implement a fee and utilize a portion of the fee to pay a portion of the operations for the district, which would reduce the millage levied. The County could put on debt service millage and make the bond payment, which would basically be a wash; use fees to pay off operations and lower taxes to pay the bonds. There were a lot of 'unknowns' and not much guidance with regard to establishing and collecting the fee but it was clearly legal for the County to implement a fee under the current structure of the fire districts.

Councilman Schofield stated that since 9-11 there were many changes in the fundamental structure of the fire districts. The majority of calls were now first responder calls versus a structure fire. He was of the opinion that there was no correlation between a first responder call and the value of a home so levying millage on homes or automobiles was not fair. His opinion was that a \$20 - \$25 fee on parcels was the best option. He said his intent was that if a fee were added ad valorem taxes should be decreased. For example, based on research he did previously, if a fee of \$23.74 was added on all parcels in the unified fire district (no vehicles) then the millage could be decreased from 27 mills to 16.3 mills, which equates to a \$40 decrease on a \$100,000 home. This would diversify the revenue rather than increase the cost to the taxpayer. Then the issue arose of the need for new equipment. In response to a question, Mr. Yokim stated that in the current budget ordinance was the millage to refund the BAN and the 3.9 mills. If Council desired to add the \$8.1 million of new money for the new equipment, it would require an increase of 3.5 mills. If Council opted to move forward with a fee of \$25 per parcel, millage could be reduced approximately 3 or 4 mills overall (operations and debt service). The timing was problematic because the fee would need to build up prior to the reduction of millage. Investors may not be willing to purchase a bond secured by a new fee prior to some data to indicate the collection rate. Councilman Schofield asked for clarification of the current options: 1) If Council wanted to fund the \$8.1 million for equipment, it would require 7.4 mills (3.9 for BAN); 2) if a \$21 fee was implemented, no additional tax increase would be required; 3) if a \$25 fee was added, millage could be decreased.

Councilman Caudle asked how long the additional millage for the \$8.1 million would be on the tax notices. Mr. Yokim responded it would be on for 20 years. Councilman Caudle stated he had no doubt that the requests were justified; however, the County just went through the capital project sales tax (CPST) and raised a lot of money for the fire departments. Could it be spread out over four (4) years at \$2 million per year? Mr. Yokim stated that it could. The value of 1 mill in the unified fire district was approximately \$125,000 so if the County wanted to fund \$2 million, it would basically be an additional 16 mills per year for four (4) years. Councilman Caudle expressed concern that if all the equipment were replaced at one time, it would all need replacing again at the same time rather than being staggered.

Fire/Rescue Services Director Sam Brockington stated there were 77 vehicles in the fleet and with the penny and the bond it completed 30 vehicles being replaced. The Fire Chiefs agreed that the items requested were front-line safety issues addressed first and there was interest in a CPST III to develop a replacement schedule for additional equipment. The problem was that the fire departments were way behind in replacing equipment.

Council discussed the pros and cons of the various options available such as adding a fee on vehicles versus a parcel fee. Some members expressed concerns regarding the addition of the fee on parcels and other expressed concerns on placing the fee on vehicles, both views were concerned about people with multiple parcels or multiple vehicles and whether or not the reduced millage would be enough to off-set the fee. Mr. Zeigler stated another option that was available to the County was to issue another bond anticipation note to finance the equipment, which would enable the County to allow the fee to build up.

Councilman Schofield stated he would like to offer the Fire Chiefs that were present the opportunity to defend the request and provide Council with an explanation as to the need. He stated he would also like to see, in the future, the various Council Committees meet with the appropriate entity/department requesting additional funding in the annual budget.

Councilman Kirby agreed he would like to hear from the Fire Chiefs present. He asked for a recap of the millage if everything were included in the budget. Mr. Smith stated it was 3.9 mills for the BAN, 1.6 for the employee raise, and depending on how Council discussed moving forward with the courthouse. Mr. Yokim stated if Council wanted to include the \$8.1 million for fire departments that would be an additional 3.5 mills, for a total of 8 mills. The fourth item for consideration was the courthouse. The current model did not increase millage for the courthouse for 3 years, unless Council pre-paid interest, which would increase millage by 1.0 mill next year and then 3.0 mills the following year. After that point, Council would need to decide whether or not to decrease the millage in year 5, dependent upon savings and how long to hold the bond. So if all four (4) items were approved, it would equate to a 9.0 mill increase.

Councilman Bradley stated one of the comments he was hearing was the County just implemented the CPST II so why wasn't this list of 'needs' included in those requests. Councilman Mumford stated he wanted to hear from the Chiefs as well. He was of the opinion that the plate was currently stacked for Council and if there were any items that could be looked at and held for another year that would be preferable.

Hannah-Salem-Friendfield Fire Chief Monty Tedder stated the CPST II enabled the department to replace a lot of outdated equipment. The majority of the apparatus the department had was 25 to 30 years old. The initial request in the CPST II was over \$6 million but the department was only allocated a little over \$4 million. Vehicles that were 30 years old were not designed for current traffic levels; those vehicles would not stop as readily as a newer vehicle. Replacement parts for the vehicles were very difficult to locate, most were obsolete.

Windy Hill Fire Chief John DeLung stated that as of March 2016, the airpicks would be 15 years old and would no longer be compliant, therefore necessitating the need to replace those units. The requested replacement apparatus was essentially due to the Pee Dee Commerce Center and the impact of the growth and needs of the industry in that area. Residentially that area was not growing, but commercially there was tremendous growth.

Howe Springs Fire Chief Billy Dillon expressed his appreciation for Council's concern on this issue. Howe Springs covers approximately 170 square miles, inclusive of the area from Sumter County to Marion County at the Pee Dee River. The call volume in that area tripled in the last 20 years as well as the types of calls (haz mat, wrecks, medical calls, etc.). The 30 year old trucks don't have room to carry the load of equipment that NFPA and ISO required the department to carry. Included in the CPST II was a new fire station and due to the increased cost of the station, the department had to compromise and removed the replacement of one of the vehicles on the list. Approximately a month ago,

the department had to shut down one of its stations due to two vehicles needing parts that had to come from Switzerland, and when the parts came in, they were wrong. Maintenance on the older model vehicles was becoming extremely cost prohibitive and dangerous to retain the vehicles in service. The three vehicles requested to replace were due to safety issues.

Councilman Springs stated he would like for all departments to work together to obtain equipment that could be utilized by any of the departments and as they continue to work together as a unified fire district, the equipment would be similar or alike so that as they back each other up at an incident, the volunteers would be familiar enough with the equipment they could share and continue to support each other at an incident. Chief Dillon stated that was one of the items discussed at the Fire Chiefs' meetings and they were already working along those lines to ensure compatibility.

Sardis-Timmons ville Treasurer Earl Copeland stated that in the absence of the Chief, he wanted to thank Council for the CPST II, which was a total of \$900,000 for that department. The new Cartersville station approved under the CPST II was more than the amount allocated and the department had to add an additional \$41,000. The department also had to add \$45,000 to equip the new pumper for it to be road-ready. The department currently had a pumper that would crank one day with no problems but the next day the engine may die on you or only get around 1300 rpms, which was a problem when you were trying to get on I-95 to respond to a call. All of the department's airpicks were out of date. He expressed appreciation to Council for its support.

Olanta Fire Chief Jimmy Coker stated the department asked for \$520,000 in the CPST II to replace a truck that was in the list. Due to changes in ISO standards, the department changed its CPST II funding to purchase two new tankers to get enough water to incidents that occurred away from hydrants to meet the standards for ISO. Olanta needed to replace 25 airpicks. If the County changed the standard for all departments to use the same type, the department would need to request 40 instead of 25. When the CPST II was passed, the truck requested was \$520,000. Now the same vehicle was estimated to cost over \$700,000. He said he knew it was a lot to ask, but as was evidenced by the estimate, the costs would continue to rise and a delay in the purchase could cost the County even more money. This year alone that vehicle was down twice previously (brakes and valves) and was now down due to hydraulic issues. The older the vehicle, the longer it took to get parts.

Councilman Schofield stated every dollar spent on the fire districts saved a life and probably saved the taxpayer more money than what was paid in taxes or fees. When this project began, not every taxpayer had a fire station within five (5) miles of their home but when the CPST II projects were complete, they would. Johnsonville now had an ISO rating of 3. Councilman Poston stated his homeowners insurance was reduced by about \$200 and his taxes only increased about \$14.

Councilman Kirby stated it was Council's desire to support the enhancement of the provision of emergency services and provide the needed equipment but the problem was determining how to fund it. He stated he supported the fee instead of the millage to diversify but he was unsure about adding the fee to parcels or vehicles.

Councilman Caudle stated it was not a matter of ‘if’ the equipment was needed but a matter of when and how the County would provide the needed equipment. He reiterated that he hoped the fire departments were coordinating the purchases so that if/when the need arose, the various districts could back each other up and would be in a position to share the equipment effectively with responders being familiar or trained on the equipment. Mr. Brockington stated the majority of the airpacks were compatible, but there were some concerns they were working on to ensure seamless operation among the departments within the unified fire district.

Councilman Schofield stated Council needed to provide staff with direction with regard to any proposed amendment(s) to the budget ordinance on second reading at the May 21st meeting to accommodate the unified fire district needs. He stated he supported a \$25 First Responder Fee on parcels in the unified fire district for operating, lower the millage, and purchase the equipment. Councilman Caudle expressed agreement. Councilman Springs stated he agreed Council needed to move forward because if Council delayed, by next year the \$8.1 million could be \$9.5 million. Councilman DeBerry stated he thought it was a ‘no-brainer’ that Council needed to move forward with the purchase of the equipment. It was dangerous for the responders and embarrassing for the County to continue to use outdated equipment.

Councilman Kirby stated he would prefer the fee be placed on vehicles as opposed to parcels. Chairman Poston stated Council was not voting on the technical aspects of the fee today, but providing staff with direction to run the numbers and bring Council options to consider at the May 21st meeting. He stated the primary issue was the safety of the volunteer firefighters and the citizens of Florence County.

Councilman Mumford commended the fire departments for the excellent job they do in protecting the lives and property of citizens in Florence County and managing with very limited budgets. He said it looked like this may be the best route to take and he was hopeful that if Council was able to accommodate the funding for replacement equipment in fiscal year 2016 that the fire departments would be covered for next year and wouldn’t have to ask for additional funding.

Councilman Mumford stated he was also of the opinion that Council needed to consider supporting the Sheriff with his departmental needs with regard to the helicopter he acquired at no cost from the military. The Sheriff’s office was part of the ‘public safety’ team and he wanted to ensure Council supported his efforts to protect the citizens.

Councilman Kirby expressed concerns about overloading the citizens with millage and fee increases. He stated he wanted to ensure any fees or taxes were put on fairly to the taxpayers.

(The Fire Chiefs and members of the fire districts exited the meeting at 9:45 a.m.)

JUDICIAL CENTER

Mr. Smith stated that at the April 2nd Administration & Finance Committee meeting and the previous Budget Worksession, Council discussed the construction of a judicial center, including the Construction Manager At-Risk process. Mr. Dewey Ervin of S&W architects made a presentation at the Committee meeting. He presented two alternatives: primary was the traditional design by the architect followed by sealed bids by the contractors; second was the construction manager (CM) at-risk, which according to S&W, many of the courthouses now being built in South Carolina were employing this method. In dealing with various CPST II projects, he learned that the conventional method of bidding was not always the most conducive option. The CM At-Risk was sort of a new term in the construction industry but it was essentially a quality based selection method. A selection committee would analyze submittals for 1) related experience of the contractor, 2) competency, 3) financial stability, and 4) exhibit successful relationships with past clients. This was such an important aspect of the project Mr. Smith asked Dewey Ervin and Ashby Gressette to present their reasoning and recommendations. He also asked them to emphasize in their presentation the competitiveness of the process. Councilmen Mumford and Bradley engaged in discussion regarding the Disadvantaged Business Enterprise (DBE) program to ensure the inclusiveness of local contractors/vendors and businesses, and to address the fiduciary responsibility as it concerns Council and the taxpayers.

Ashby Gressette with S&W Architects, Dewey Ervin and Gary Brown presented information as requested by Mr. Smith. Design it, bid it, build it was the old traditional method of constructing a new building. Under this method, you don't know what you got until you open the bids on bid day. You don't know who you will be working with, the level of competency, or experience of the bidder because you were pretty well locked in with the low bidder. Mr. Gressette provided a comparison of the different options. Design-Build was another method, which the team was typically selected up front and usually the contractor was in charge. You might get the right contractor and wrong architect or right architect and wrong contractor on the team. In the design/bid/build method, all drawings and construction documents must be done first, then approximately a two-month bid process (qualifications, protests, etc.). Under the CM At-Risk method, a committee would make a short list of about three or four firms to work with based on the RFQ. The CM At-Risk would typically seek out local vendors to complete different phases/aspects of the project (e.g. electrical, HVAC, etc.). Mr. Gressette stated his experience on the Lancaster courthouse project was that under this method, there were no change orders and it was a smoothly run project. The construction manager was brought on board much sooner and had input that could reduce costs or at a minimum maintain the project at the budgeted level.

Councilman Schofield expressed his support of the CM At-Risk method, based on a negative experience with the Design-Bid-Build method employed with the Museum project. Mr. Gressette stated many other public entities were utilizing this method and it was a time-tested method that was all about quality.

Councilman Springs stated he could definitely see that having the builder on-hand early on was a good thing. He stated he wanted a functional courthouse, not a 'Taj Mahal.'

Councilman Caudle stated he didn't care for the proposed rotunda in the design and preferred the concept of the 'pillars of justice.' Councilman Springs agreed; the glass rotunda did not appeal to him. Councilman Schofield stated the concept was that the additional light was to add a 'calming' effect to the public rather than a closed in, tight building. The public area would be larger than what was currently in the Complex with more natural light. The current design was based on a 30-40 year life of the building, with the capability of adding two (2) additional courtrooms.

There being no further business to come before Council, Councilman Springs made a motion to adjourn. Councilman Caudle seconded the motion, which was approved unanimously.

COUNCIL MEETING ADJOURNED AT 10:22 A.M.