



# Richland County Council

## BUDGET AD HOC COMMITTEE

April 26, 2017 – 2:00 PM

Administration Conference Room

Bill Malinowski	Joyce Dickerson	Dalhi Myers, Chair	Yvonne McBride	Greg Pearce
District One	District Three	District Ten	District Three	District Six

OTHERS PRESENT: Councilman Paul Livingston, Councilman Jim Manning, Beverly Harris, Jamelle Ellis, Brandon Madden, James Hayes, Deputy Chief Chris Cowan, Sandra Yudice, Donald Woodward, Major Roxana Meetze, and Michelle Onley

**CALL TO ORDER** – Mr. Pearce called the meeting to order at approximately 2:04 p.m.

### **APPROVAL OF MINUTES**

April 12, 2017 – Ms. McBride moved, seconded by Mr. Pearce, to approve the minutes as distributed. The vote in favor was unanimous.

### **ADOPTION OF AGENDA**

Ms. McBride moved, seconded by Mr. Malinowski, to adopt the agenda as published. The vote in favor was unanimous.

### **ITEMS FOR DISCUSSION**

#### **A. Biennium Budget I**

##### **1. Overview**

Mr. Seals stated:

- This is a 2-yr. budget and the numbers are large
- There has been an attempt to deal with issues from the past
- There has been a commitment made to the elected officials that there would not be any changes to their budgets
- There are agencies that rely on the County for some level of funding. Rather than change those, we looked at the level of funding for the last 3 years and averaged that out.
- Items that need to be discussed during the budget process – How do we deal with wastewater treatment? How do we deal with the policy issue of the General Fund subsidizing the Utility funds?

## **2. Trends and Financial Position of Special Revenue Funds**

Mr. Seals stated the General Fund subsidizing the Utility funds violates Council's policy, which is the Utility funds are self-sufficient and every 3 years the fees supporting the funds are subject to a review in the form of a rate study. The rate study is then presented to Council.

Enterprise Funds are to function like a business, which means they are self-sustaining and on a cash basis. Whereas the General Funds are done on a modified accrual basis. Basically, you are taking tax dollars and financing a business operation. This budget brings that practice to an end.

When you don't fund according to the policy you don't have the dollars available to pay employees and to fund critical services. In addition, you are pulling from your debt limits and it weakens the organization's ability to fund capital projects.

Utility funds should be able to support their own capital needs and that has not been the case. In fact, the pull on the General Fund has been up to 2 mills. If we are successful in bringing the funds back in line with Council policy, the ability to address needs is enhanced.

The biennium budget totals \$1.75 billion. The first year of the biennium comes in at \$868,000,000 which down from the current year's budget of \$920,000. The primary reason for the reduction is some of the County's debt is retiring and stabilizing employee growth. The second year is \$882,000,000.

## **3. Elected Officials Requests**

The elected officials include: the Auditor, Clerk of Court, Coroner, Probate Judge, Sheriff and Solicitor.

The approach has been one of cooperation. What the elected officials have proposed, we have tried to stay within that and there have been some areas where we adjusted upward but have not reduced.

The first year of the biennium the budget for the elected officials is \$52,822,000; the second years is \$53,655,000. This equates to \$106,477,000 for the biennium period. Last year the elected officials approved budget was \$46,800,000.

Ms. Myers stated there was a forecast presented at the Retreat, but it was not a true forecast. She proposed engaging a budget forecaster to give the County some trend line numbers.

Mr. Livingston stated he would like to leave engaging a forecaster to the discretion of the Administrator.

Mr. Seals stated he feels comfortable with the budget he's proposing, but once it has been presented it becomes County Council's budget. If Council feels they need some help or facilitation then Administration will assist you accordingly.

## **4. Outside Agency Requests**

The outside agencies that rely heavily on Hospitality Tax. Staff has attempted to look at the historical levels of funding. Many of the funding decisions have not been made with regard or pursuant to policy. Council may want to look at what its policy is.

- Initiatives are seed funded – How long do you continue to fund them?
- As the agencies become more viable do you look at the level of funding?
- How do you address other emerging issues in the County?

During the first year of the biennium we're expecting approximately \$6.6 million and \$6.8 million in the second year.

Mr. Pearce stated Council added a tier about 2 years ago to what has historically been called the "Ordinance Agencies" (i.e. Columbia Museum of Art, Historic Columbia Foundation, EdVenture and Township). The new tier included SERCO and Columbia International Festival. According to the document provided Columbia Metro CVB has been added to this list for the biennium budget.

Mr. Pearce inquired as to where the balance of the Hospitality Tax has been applied.

Mr. Seals stated listed on p. 8 are a variety of recommended initiatives that use various aspects of the H-Tax.

Mr. Pearce stated last year Council members took the H-Tax balance and divided it up evenly between the Council districts to be allocated by each Council member.

Mr. Seals stated Council has the following options: (1) to accept as submitted, (2) accept with modifications or (3) start over.

Mr. Pearce stated he liked the concept of Council taking ownership of the budget, but what concerns him is historically Council has spent hours and hours arguing and making deals with each other.

Mr. Seals explained the format of the Table on p. 10.

Ms. Myers stated she does not what the other Council members' priorities may be. In the future, she would like to look at new priorities each time rather than giving everyone what they've always gotten.

Mr. Manning requested clarification. It is his understanding the "pot of money" that Council collectively went back and forth over in previous years, then in the last 2 budget cycles has been partially and/or wholly divided amongst the 11 Council is the funds being allocated to the following items: Gateway to the Army Association (\$100,000); Gateway Pocket Park/Blight Removal Project (\$250,000); and Historical Corridor (\$471,000).

Mr. Seals stated several of the Council members talked passionately about the various corridors throughout the County and the history of the County.

Ms. McBride inquired about the remaining amount of funding available.

Mr. Seals stated the current projected revenue is \$6.6 million. If the funding is utilized according to suggestions given there will be a balance of \$1 million. The \$1 million could be placed in the fund balance or be -0- it out.

## **5. Vehicle Replacement Fund**

Mr. Seals stated the County has an interesting approach to vehicle replacement.

Mr. Malinowski inquired about a previous slide that addressed the "Special Elections Fund".

Mr. Seals stated this will be a set aside fund and cannot be used except in the event of a budget shortfall due to a Special Election.

Mr. Seals stated the rolling stock that is attributable to the units that report to the County Administrator seems interestingly rich. The vehicles attributable to elected officials were not commented on.

Mr. Seals believes the County has an IRS problem in that every vehicle that goes home has a value and it has to be reported and the County has not been doing so. In the meantime, the County is taking a hard look at the policies and there will be changes going into the new fiscal year wherein employees will not automatically take vehicles home.

Heretofore we have been funding vehicle replacement with debt (i.e. bonds), which has to stop. You don't do vehicle replacement by bonding debt. Several things can happen: (1) considerable discussion about the County's tax exempt status; (2) employees may be audited; and (3) notice by ethics commission.

The elected officials will control their vehicles, but the County's job will be to ensure the money is there so they know they have the dollars.

After the budget has been adopted, Administration suggests sitting down with the departments (i.e. Sheriff, Auditor, etc.) and scheduling out all the replacements for the next 10 years.

Mr. Pearce inquired where the funding to purchase the vehicles will come from if we're not using bonds.

Mr. Seals stated each year of the biennium budget the Vehicle Replacement Fund will be \$4.5 million.

## **6. Enterprise Funds**

Mr. Seals stated, from his perspective, the Enterprises Funds is one of the most troubling situations. There have been things done in the past that Council needs to be aware of. First, the General Fund has been utilized to subsidize the Enterprise Funds, which violates Council policy. One of the discussions Council needs to have is how to repay the General Fund (i.e. over time or write it off).

Ms. Myers inquired when the last audit was conducted in regard to the fees.

Mr. Seals stated it has been approximately 4 or 5 years.

Mr. Seals stated Council has been told that the Lower Richland Sewer System cannot be constructed because the County did not get a grant, which is not true. Lower Richland should have been accomplishable within the fee structure. The gap that exists is approximately \$250,000 - \$300,000.

Mr. Seals stated the County is dealing with several issues in regarding wastewater, which are matters of litigation and cannot be discussed in open session.

If the Utility Fund carries its weight then the General Fund is replenished. The General Fund will pick up capacity to do some things the County has forestalled.

Mr. Livingston stated he was concerned with the potential rate increases.

Mr. Seals stated Council will have some challenging discussions because there is more than one issue up for discussion.

- General Fund matter has to be dealt with
- Projects which are sitting and waiting to be done
- Parts of the system are falling apart

- Treating waste with outdated technology

Mr. Pearce stated this is a bitter pill to swallow since Council has been told over the years the additional funds requested would provide the County with state of the art systems.

## **7. Capital Budget**

Mr. Seals stated there are space issues and judiciary matters that need to be addressed. In order to address these matters, the financial house has to be restructured.

Council did excellent decision making by setting aside the funding in order for all of the magistrates facilities to be County-owned. We are a couple years behind because we didn't start the process when authorized and have not been able to stay on schedule. Several of the magistrate's office have deteriorated and need to be expedited.

Stormwater improvements need to also be addressed.

Mr. Seals stated there are negative areas in the County where cleanup has not taken place and where lighting is very poor. The County is working with SCE&G and the Sheriff's Department to make these areas safer.

Ms. McBride is interested in installing sidewalks in her district.

Mr. Livingston stated Voter Registration had mentioned a warehouse for their machines.

Mr. Seals stated Voter Registration has a warehouse for their machines. The County has taken steps to ensure that the warehouse is secure.

Mr. Pearce stated the warehouse is on Monticello Road. Voter Registration wanted to purchase a building by Providence Hospital.

Mr. Seals stated he will be coming to Council within the next 4 months to address all facility issues.

Mr. Manning inquired about where the organizations that are traditionally funded every year (i.e. Transitions, Midlands Mediation, etc.) are in the budget proposal. He asked for clarification on how much these agencies are being funded in this year's budget.

Ms. McBride stated this overview has helped her tremendously. She requested her colleagues to set priorities for funding and that way we have a basis for future discussions.

Mr. Malinowski stated staff needs to provide "updates" on what Council has done in the past to help guide the future discussions.

Ms. Dickerson stated she has been working on lighting on Broad River Road, but there have been obstacles to getting the poles and the necessary lighting installed.

Mr. Pearce stated Council has tried over the years to prioritize projects, but the core services have to be provided for. As far as the grants are concerned, there are 11 different Council members with 11 different interest areas.

Ms. McBride suggested prioritizing the different interest areas.

Ms. Dickerson stated when funding is requested, one area would receive approximately half of the budget, and other areas would get nothing. That could no longer be tolerated.

Ms. Dickerson further stated if an agency has been receiving funding for years, when do they become self-supporting and not request full funding. Every year the same agencies come and apply for the same amount or more but they don't show where they are productive. If you ask them for receipts or a breakdown they go ballistic.

Ms. McBride stated you request sustainability upfront and then you work with them to assist with sustaining them.

Ms. Myers stated there is a marked difference between providing lighting on Broad River Road and funding for the ballet.

The proposed budget does not include a millage increase. The mill rate would be 58.8 for County operations.

Ms. Myers inquired if in subsequent years there could be a mill reduction.

Mr. Seals there is a possibility there could be and that is his goal.

**ADJOURNMENT** – The meeting adjourned at approximately 3:30 p.m.