



Committee Members Present

Kelvin E. Washington, Sr., Chair
Torrey Rush
Jim Manning

Others Present:

Tony McDonald
Daniel Driggers
Chad Fosnight
Sara Salley
Monique McDaniels

HOSPITALITY TAX AD HOC COMMITTEE

April 23, 2015
10:30 AM
4th Floor Conference Room

In accordance with the Freedom of Information Act, a copy of the agenda was sent to radio and TV stations, newspapers, persons requesting notification, and was posted on the bulletin board located in the lobby of the County Administration Building

CALL TO ORDER

Mr. Washington called the meeting to order at approximately 2:40 PM

“DESTINATION FACILITIES” FUNDING OPTIONS

Mr. Washington inquired as to how Project LM impacts the financial plan that Mr. Driggers has put together.

Mr. Driggers stated he does not believe the project impacts the financial plan. The project ties up \$2 million in Fund Balance, but does not impact the timing of the remaining projects.

Mr. Driggers provided Council with an option on the funding strategies for the 4 proposed parks. As a reminder, there is approximately \$2.1 million in Hospitality Tax funds that are available for appropriation. The debt on the 4 park projects will take all of the \$2.1 million.

Mr. Washington inquired about the RFQ for the Waterpark.

Mr. Fosnight stated there are a few changes being made to the RFQ and that project will be rebid.

In order to move forward to analyze the funding options, Council needs to commit to the projects they intend to pursue developing.

Mr. Driggers stated all 4 of the parks can be done if Council follows the plan he outlined.

The plan would:

- Eliminates cost allocation;
- Utilize \$15.5 million in cash;
- Bonds \$32 million dollars

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- Length of the bond varies for each project, based on the life of the project
- Water park bond is 4 years and is the longest
- Identifies the operating costs mentioned in the feasibility study for each of the projects
- Gives you 2 methods to fund the operating costs: (1) conservation funds for Caughman Pond and Project LM; and (2) using cost allocation elimination in Hospitality Tax

Mr. Driggers stated if Council authorized the of the \$770,000 cost allocation, the County Administrator and Finance would need to be directed to identify another way to pay for the \$770,000.

Mr. Driggers stated the \$770,000 is currently what is funding the General Fund overhead (i.e. administrative costs associated with the Hospitality Tax).

Mr. Driggers stated that a couple of options have been identified to use to account for the \$770,000: (1) absorb it within the General Fund or (2) fully allocate administrative costs in other funds (i.e. road maintenance, fire, etc.).

Mr. Driggers stated that currently only 60% of the administrative costs are charged to the various funds, but if you were to charge 100% that would be able to absorb the \$770,000 cost allocation.

Mr. Driggers stated Finance began using cost allocation in 2008.

Mr. Manning request a copy of the list of funds that could be utilized to offset the use of the \$770,000 cost allocation.

Mr. Washington inquired if it was possible to utilize more than 60% of the administrative fees for the other funds and also going into the fund balance of those accounts.

Mr. Driggers stated the challenge is that it is one-time revenue.

Mr. Washington inquired if Mr. Driggers' plan would also cover the other discretionary council promotions.

Mr. Driggers stated the other discretionary council promotions funding is \$0.00 at this point. The only other option for additional money to spend on agencies in Hospitality Tax is (1) reduce agencies above the line; (2) find a way to increase your revenue stream; or (3) you change the scope of your funding plan for these 4 projects.

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Mr. Manning inquired as to why the multi-purpose sports arena not going to cover its operating costs and the waterpark is able to cover its operating costs.

Mr. Fosnight stated the models are different for each project. The waterpark is a design build/operation model; therefore, everything is contained within the contract. The sports arena is a traditional model that does design and construction and then there is a separate contract for the operations of that facility.

Mr. Manning inquired as to why the waterpark model cannot be used for the sports arena.

Mr. Fosnight stated it is an option and you are at point where you could use a similar model.

Mr. Washington stated the private model was explored, but most everyone wants to do a cost share in regards to operation to insure debt service is covered.

Mr. Driggers inquired if the committee is comfortable with paying for the debt service the way it is proposed, given the fact there will be no money for other discretionary funding.

Mr. Manning moved, seconded by Mr. Rush, to remove the funding from the Columbia Museum of Art.

Mr. Rush inquired how the base funding for these agencies is determined.

Mr. McDonald stated the base funding is set based upon the previous year's funding amount. The amount of funding in the current year could be adjusted up or down.

Mr. Washington inquired about the history of the Columbia Museum of Art's funding.

Ms. Salley stated the original amount in the ordinance was \$650,000 in 2003-2004, which was when they moved to Main Street.

Mr. Rush stated instead of looking only at the Columbia Museum of Art, to look at ordinance agencies as a whole.

Mr. Manning inquired if he amended his motion to have it become effective FY16-17, would that still allow for the funding needed.

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Mr. Driggers stated the other discretionary accounts will still be \$0.00, but there is \$500,000 of unallocated funding in fund balance that could be used in FY16.

Mr. Manning amended his motion to remove the funding for Columbia Museum of Art effective July 31, 2016.

Mr. Washington requested the following amendment to the motion: to look at the Tourism Development fund.

Mr. Driggers stated there is a special assessment district for the Convention Center.

Mr. Washington inquired as to where and from whom the funds for the Convention Center are collected.

Mr. McDonald stated the funds are collected from unincorporated Richland County through hotels, by an additional accommodations tax.

Mr. Driggers stated the following about the Convention Center funding:

- 100% of the collections are sent to the City of Columbia and the City allocates the funds to: (1) debt service; (2) capital replacement; and (3) to fund a portion of the operating costs
- There is 7 years left on the agreement with an outstanding debt on the bonds at a little under \$5 million
- There has been some discussion about Lexington County wishing to amend the agreement and Richland County possibly getting out of the agreement.
- In order to change the agreement, the County would need to find a way to fund the \$5 million.
- If the County gets out of the agreement, it would give the County about \$1 million annually in revenue

The vote in favor was unanimous to remove the funding for Columbia Museum of Art effective July 31, 2016.

Mr. Washington moved, seconded by Mr. Manning, to explore the Tourism fund collected in the unincorporated portions of Richland County as an option for funding. The vote in favor was unanimous.

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S O U T H C A R O L I N A



RICHLAND COUNTY SPORTS ARENA

Mr. Fosnight stated the environmental site assessment and property appraisal have been completed. The appraisal has been reviewed and direction from Council on how to proceed is needed. The feasibility study design was very preliminary; therefore, to move forward a conceptual design should be completed.

The last action taken on this project was to direct staff to do their due diligence on the project.

Mr. Washington moved, seconded by Mr. Manning, to direct staff to proceed with negotiations on the purchase of property.

ADJOURNMENT

The meeting adjourned at approximately 4:00 PM.

The Minutes were transcribed by Michelle M. Onley, Deputy Clerk of Council