

RICHLAND COUNTY COUNCIL

SOUTH CAROLINA



Committee Members Present

Kelvin E. Washington, Sr., Chair
Torrey Rush

Others Present:

Norman Jackson
Bill Malinowski
Greg Pearce
Julie-Ann Dixon
Tony McDonald
Daniel Driggers
Chad Fosnight
Roxanne Ancheta
Brandon Madden
Michelle Onley

HOSPITALITY TAX AD HOC COMMITTEE

September 22, 2015
4:00 PM
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 4:00 PM

ADOPTION OF AGENDA

Mr. Rush moved, seconded by Mr. Washington, to adopt the agenda as published. The vote in favor was unanimous.

HOSPITALITY TAX FUNDING PLAN

Mr. Driggers presented a proposed funding plan. He stated none of the numbers have changed since they were presented in January and March 2015.

Project Name	Land (if separated)	Construction Cost approved	Total Project Cost	Cash/Debt Approved	Remaining Amount Needed	Estimated Debt Service	Fund Planned Debt Repayment
Water Park	\$6,900,000	\$20,000,000	\$26,900,000	\$11,900,000	\$15,000,000	\$1,000,000	Revenue bonds backed by H-Tax Funds but paid from available water park revenue.
Pinewood Lake		\$6,900,000	\$6,900,000	\$6,900,000			Council approved-\$1.4m (FY14), \$3.3m (FY15), \$2.2m (FY16). Use of H-Tax Funds
Sports Arena		\$20,000,000	\$20,000,000	\$5,000,000	\$15,000,000	\$1,000,000	Revenue bonds paid by H-Tax Funds
Lake Murray	\$2,025,000		\$2,025,000	\$2,025,000			No Future development plans yet

- First 3 columns are the costs that have already been discussed by Council
- Far right column is how the projects are proposed to be funded
- Cash/Debit Approved – transitions approved by Council
- Remaining Amount Needed – Amount to be financed to proceed with the projects as discussed

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- Estimated Debt Service for the Water Park and the Sports Arena will be \$1,000,000 each
- The Water Park – proposed to issue revenue bonds for \$15,000,000 backed by Hospitality Tax funds and paid from available water park revenue
- Pinewood Lake – No funding plan needed at this time
- Sports Arena – proposed to issue revenue bonds paid by Hospitality Tax funds
- Lake Murray – No project information has been provided to date; no funding plan has been proposed

Mr. Pearce stated hopefully the water park will contribute toward the debt service, but for at least the first year the County will have to pay the debt service out of Hospitality Tax funds.

Mr. Driggers stated the proposed plan for the water park agreement/funding plan would take a \$1,000,000 out of the \$20,000,000 debt and set it aside, so the first year's debt will be covered to avoid going into Hospitality Tax fund.

Mr. Pearce stated the Sports Arena would be paid for out of revenue bonds from the Hospitality Tax fund.

Mr. Pearce inquired of the Hospitality Tax collected every year, how much is unencumbered.

Mr. Driggers stated there is approximately \$2,000,000 available.

Mr. Livingston inquired if the operational costs have been considered for these projects.

Mr. Driggers stated the water park operational costs have been considered, but not for the other projects.

Mr. Malinowski inquired if the consultant's estimated construction costs for the Lake Murray project could be added to the spreadsheet.

Mr. Driggers stated the reason it was not included in the spreadsheet was because he captured the items that were approved by Council and the construction costs for the Lake Murray project has not been approved by Council.

Mr. Driggers stated if the desire is to move forward with the bond issuance(s), the committee will need to make a recommendation to Council. Council will then need to approve the issuance, which will require three readings and a public hearing.

Staff would bring back two bond ordinances (1) Water Park – \$15,000,000 and (2) Sports Arena – \$15,000,000.

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Mr. Driggers stated the funds for Pinewood Lake have been identified and approved, but has not been appropriated. Therefore, the committee will need to decide if the funding for Pinewood Lake will be appropriated.

Mr. Pearce stated the committee knows the operational costs for the water park, the contract is close to being finalized and the County is ready to proceed. Whereas, the operational costs for the Sports Complex are unknown. Therefore, is it the recommendation of staff to issue bonds for the Sports Complex project?

Mr. Driggers stated if the committee approves the plan as stated; the committee will be forwarding the plan to Council to approve the issuance of bonds.

Mr. Pearce stated he approves of the concept, but until the operational plan has been presented he cannot support the issuance of bonds.

Mr. McDonald stated Council can approve the funding plan, but it does not mean the process for issuing the bonds has to begin.

Mr. Livingston stated based on the spreadsheet provided there is no way possible to operate all of these facilities. Therefore, he does not feel comfortable voting for a bond issuance until he knows if the County will be able to afford to operate the facility.

Mr. Driggers stated if the intent is to not issue the debt it would logical to hold it in committee until such time as the committee is ready to move forward.

Mr. Rush stated the County has the ability to issue a \$100,000,000 bond for the transportation projects, but we only issue \$50,000,000 at a time. Why this not be handled in the same way?

Mr. Driggers stated the County can, but he is not sure if it gets the County where they want to be.

Mr. Livingston stated the transportation projects have been approved and the County is going to do them; therefore, the additional \$50,000,000 in bond will ultimately be used. In this particular case, you are not sure if you have funding to operate the facility.

Mr. Washington inquired about approving the funding plan contingent upon the operational plan for the Sports Complex.

Mr. Livingston inquired if the bond is approved for the projects, does that mean we can move forward and purchase the land?

Mr. Washington stated the purchase of the land still has to come back to Council.

Mr. Livingston stated it was his understanding when you did a bond it was tied to a particular project.

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Mr. Washington stated as an example, when Council approves the General Obligation Bonds every year, Mr. McDonald presents a list of projects. Council approves \$50 million, but then only \$20 million of the bond is needed it would be brought back to Council for approval. The same principle applies here.

Mr. Driggers stated it is actually the reverse. The amount of projects drives the amount of the bond issuance.

The specific projects or redirecting of funds would have to come back to Council.

Mr. Malinowski inquired if there was a reason not to approve the \$2.4 million for Lake Murray project in the financial plan.

Mr. Driggers stated the more bonds that are issued the less Hospitality Tax funding available. Whatever Council moves forward with there should be a good faith plan to proceed. It does not matter about the agreement(s) if there is not funding available to move forward.

Mr. Driggers stated a \$15 million bond equates to approximately \$1 million in debt.

From the finance side, the challenge has been every time a financing plan is proposed the projects are expanded. At some point there has to be a cap put on the projects.

Mr. McDonald stated it is staff's understanding there are 4 conceptual projects: (Water Park, Pinewood Lake, Sports Arena and Lake Murray). In some cases, there has been funding set aside (i.e. Pinewood Lake). The question during the budget process was given those are the 4 projects, how does the County fund those projects?

Mr. McDonald further stated as the committee talks about these projects, if we throw in another project here and there it hinders the ability to fund the existing projects. Therefore, the first thing that needs to be done is to establish which projects are going to be pursued, so staff can focus on those projects. Of course, the more projects the less money available per project.

Mr. Livingston stated it is not his intent to support any project without a projection for how much it is going to cost to operate it. He is willing to support all of the projects if they can be operated.

Mr. Driggers stated Mr. Fosnight could proceed with the water park contract, but there will not be funding available to begin construction.

Mr. Washington inquired about a proposed staggering of projects.

Mr. Driggers stated he did not recall the specifics of the proposal.

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Mr. Rush moved, seconded by Mr. Washington, to approve the funding plan as submitted, but to defer at the Council level the issuance of a bond for the Sports Arena until additional information is obtained (i.e. land purchase, design, and operational costs). In addition, to appropriate the funding for the Pinewood Lake.

Mr. Malinowski inquired if the motion included the \$2.4 million for the Lake Murray project construction.

Mr. Washington inquired about how the inclusion of the Lake Murray project would affect the funding plan.

Mr. Driggers stated it would increase the debt service.

Mr. McDonald stated by approving the funding plan as presented it solidifies the projects. It does not appropriate any funding. However, the water park is ready to go; therefore, the first priority in the bond issuance would be the water park. Pinewood Lake is not as problematic in that a bond will not need to be issued. It is a matter of appropriating the money out of fund balance.

Mr. Pearce stated it was his understanding that once the land for the Lake Murray project was obtained nothing further would be done to the property until the water park was operational, and the operational costs for Pinewood Lake and Sports Complex were obtained. Then at that point, Council would go back to the Lake Murray project to decide what could be spent on the project.

Mr. McDonald stated as long as the bonds are not issued it gives Council the flexibility, but the funding plan gives you a general guide.

The vote in favor was unanimous.

BUDGET MOTION

Approve estimated costs for Kelly Mill, which are below the \$1.5 million estimated. Preliminary costs are as follows: Special Events and Meeting Center Estimated Renovation, Construction, Operational, and Maintenance Costs are \$819,262.00; Sports Complex Estimated Operational and Maintenance Costs are \$410,796.90; Total of Estimated Preliminary Costs are \$1,230,058.90. Further cost breakdowns are available. All costs are estimated at this point. [DIXON] – Mr. Bryant, Recreation Commission, stated the Recreation Commission purchased land on Kelly Mill Road through the \$50 million bond.

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- Initially it was to be a soccer complex.
- One side of the property has a 6 acre pond along with a 2-story home.
- The other side is next to Ridge Creek Elementary School where the Recreation Commission built a sports complex.
- The sports complex has 4 baseball/softball fields, an athletic field, approximately 200 parking spaces, a walking trail and picnic shelters.
- The complex's sole purpose is to serve as a tourist attraction to host tournaments from February to November.
- Currently working with United States Specialty Sports Association (USSSA) and World FastPitch Connection (WFC)
- Dept. of Natural Resources has a water grant and would be able to work with the pond, docks, ADA accessibility, etc. on the other side
- Rugby and lacrosse have also expressed an interest in utilizing the sports complex

Mr. Pearce inquired if the request was for capital or operational costs.

Mr. Bryant stated they are requesting \$410,000 in operational funding and \$819,000 in capital funding.

Mr. Pearce inquired as to why the Recreation Commission could not provide the capital funding out of the bond.

Mr. Bryant stated the Recreation Commission does not have enough in the bond to fund the capital.

Mr. Malinowski inquired as to how much the total amount for the complex was when the bond was issued.

Mr. Bryant stated approximately \$3 million and all of the funding has been spent.

Mr. Malinowski inquired if a professional economic impact had been obtained.

Mr. Bryant stated a feasibility study by a consultant was not conducted.

Mr. Livingston stated he feels it is a good idea to partner with the Recreation Commission, but it is something that needs to be done upfront in the future.

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Mr. Rush moved, seconded by Mr. Washington, to hold in committee. The vote in favor was unanimous.

ADJOURNMENT

The meeting adjourned at approximately 4:55 PM.

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