

**CAPITAL PROJECT SALES TAX COMMISSION
MEETING AGENDA
FAIRFIELD COUNTY GOVERNMENT COMPLEX
COUNCIL CHAMBERS - SECOND FLOOR - 350 COLUMBIA ROAD
WINNSBORO, SOUTH CAROLINA
AND VIA CISCO WEBEX MEETINGS/LIVE STREAM
WEDNESDAY, APRIL 15, 2020
3:00 P.M.**

Present: Rick Gibson, Randy Bright, Harriett Brown, Herb Rentz, Russ Brown, Charlene Herring, Commission Members; C. D. Rhodes, Attorney; Jason Taylor, County Administrator; Patti Davis, Transcribing Secretary.

Others Present: Laura Johnson, Don Wood

In accordance with the South Carolina Code of Laws, 1976, Section 30-4-80 (e), as amended, the following persons and/or organizations have been notified of the time, date and location of this meeting: The Independent Voice of Blythewood and Fairfield, The Country Chronicle and one hundred thirty two other individuals.

1. Welcome

Mr. Taylor opened the meeting at 3:07 p.m. and instructed everyone to mute their phones if they are not speaking. He then thanked everyone for their willingness to serve on the Capital Project Sales Tax Commission. This is something that is critical for future growth of the County. The hope is that this tax will be put into place to help fund the wastewater treatment facility. The County is geographically well positioned and has adequate water, gas and power. The one thing it does not have is adequate wastewater, and the capacity that is available is quickly dwindling. An opportunity has arisen to work with the State to help fund a large portion of a new wastewater treatment plant; however, there is still a portion the County will have to contribute. The hope is this tax will represent a portion of this cost.

2. Explanation of the Capital Project Sales Tax

Mr. Rhodes reiterated appreciation for the members being willing to assist with this endeavor. By way of explanation, state law authorizes local governments to put into place a number of different sales taxes to fund a variety of projects. Presently, the County has in place the local option sales tax, which is applied to offset the property taxes paid by the citizens. The penny tax being referenced here, the Capital Project Sales Tax, is probably the most flexible that state law authorizes. The process is approved at a referendum, and the proceeds must be used to fund various capital projects. The list of capital projects is where the Capital Project Sales Tax Commission

comes in. There must be a way to decide on the list of capital projects, and the act itself avoids putting too much power in the hands of the County Council. The County Council is authorized to create the commission and initiate the process of putting the tax in place. The determination of the list of projects most critical to the County is delegated to a grassroots commission of citizens. This is done in this particular way to make sure there is representation within the County itself and also the municipalities in the County, thereby making sure the projects chosen are really the most important projects for the County at-large. The Commission's role in the process is to take the information provided and approve the list of capital projects that will be on the ballot to be voted on by the citizens of the County. The hope is that through this process, the Commission members will also be advocates for the tax. The County and other municipalities within the County are prohibited from using public resources to promote a particular result. However, the appointed citizens on the Commission are able to reach out and promote this cause; therefore, an important part of the process is for the Commission members to learn as much as possible in order to be a resource in the community to help others understand why this is so important. The tax itself is very similar to other sales taxes. It is applied to essentially the same items the normal sales tax is applied to. If approved by the voters, this will go into effect on May 1, 2021. According to the Act, it must go before the voters in a general election, so the upcoming general election in November is the one shot of getting this adopted until the following general election in 2021. There is only one chance at this per year, so it is very important to make the most of the opportunity. One determination made by the County Council and the Commission is the length of term of the tax. The maximum term is eight years, and Counties usually opt for this. Included in the agenda packet was a letter from the S.C. Office of Fiscal Affairs, who is helpful in this process in that they provide counties with the estimated collection from the tax. These also include estimates based on population growth over the initial three year term. In this case, and this also underscores the need for a wastewater treatment plant and growth in Fairfield County, they acknowledge the County's population has effectively been stagnant in recent years. Whereas a growth rate would normally be seen in the collections of about 1%, in this case, the expected growth is kept static at least for the first three years. About \$1.4M per year is expected with a total projection over an eight year term of around \$11.5M. One of the benefits of this tax, which makes it an exceptional tool for counties to fund large capital projects like a wastewater treatment plant, is that bonds can be issued based upon or secured by the proceeds. They are technically general obligation bonds of the County. Rather than being repaid through property taxes, the bonds are sized to be paid from the proceeds of the tax without having to levy property taxes in order to repay. Once the commission has determined the list of projects and presented this to County Council, they then make the decision of whether to move forward with the referendum or not. They are able to veto the entire process, and they can add whether or not to issue bonds to assist with financing. Mr. Rhodes stated he believes bonds will be a necessity. The tax will go into effect May

1, 2021. Once some funds are collected, bonds can be issued at that time. However, if a few years elapse before the plant is ready to be constructed, all money from the tax will be held, and any bonds needed at that time would be less. This is an excellent tool available to counties, and once put in place, it is very flexible for counties to use to fund large-scale capital projects. Mr. Rhodes also stated this is a tax that has been put into place in 23 of the State's 46 counties. There are also other counties who have utilized it in the past and do not have one in place currently. Mr. Rhodes then inquired if any of the members have questions. Mr. Bright inquired concerning the sales tax exemption and will the other State sales tax exemptions be applicable or just groceries. Per Mr. Rhodes, all normal exemptions that apply to the State sales tax also apply to the capital project sales tax. The exemptions that apply are set by statute and are not left up to the individual localities to determine. Mr. Gibson stated he would like to see more information and be more informed concerning his role on the Commission. Per Mr. Taylor, there will be a fact sheet developed for the Commission members in order to explain any and all aspects of the penny sales tax, the wastewater treatment plant itself, etc. Mr. Taylor will also be more than happy to meet with any of the Commission members individually to review and answer any questions they may have. Mr. Gibson also inquired what will happen to the funds if it is not acted upon within a certain amount of time. Per Mr. Rhodes, the ballot is very simple in that it will list the specific projects the funds will be used to accomplish. In the event of adequate finding that a project is impossible, the act states if there are excess proceeds, once all other projects have been paid for, the County Council can then make a determination to spend those funds on any other project that would be authorized under the act. If some factors change and the County did not need to use the total amount of the funds to pay for the plant, it can be used to pay for other things. However, the likelihood in this instance would be slight. By and large, the purpose of the tax is to pay for specific capital projects, and unless those projects are found to be impossible, then that is how the proceeds will be used. Mrs. Herring requested when a fact sheet is developed to please include possible questions the Commission members may encounter with the public. Mr. Gibson also inquired how much oversight the Commission has and the longevity of that oversight. Per Mr. Rhodes, the Commission will determine the projects that will be on the ballot and formulate the ballot itself. Once that is done, the Commission is generally disbanded, and their role ceases. There have been lawsuits against other counties, and it is clear the Department of Revenue has an oversight role in how these taxes are used. The tax is collected along with all the other sales tax revenues by DOR, and then DOR remits the taxes out to the counties. The courts as well have stated that DOR has the oversight role. This Commission would not have an ongoing oversight role. Mr. Gibson would like to be in a position to know what is proposed will come to fruition and people will be able to bless it. He further stated it is well known this project needs to move forward. Mr. Bright inquired if the County could appoint an oversight committee. Mr. Taylor inquired if the Committee has to be disbanded or if it can continue to serve. Per Mr. Rhodes, if Council wanted to go the route of having a citizens'

oversight committee or advisory committee, this could be done. He would not leave the Capital Project Sales Tax Commission in place because they are officers under State law and should be freed up to serve in other capacities if they so desire. An advisory committee is not comprised of officers, and County Council can create this at will, but he would not advise keeping this type of statutory committee in place. Mr. Bright inquired of the time table to receive the fact sheet. Per Mr. Taylor, this should be completed by the beginning of next week. He envisions this fact sheet to include the initial process, and from there, items will be added as they become available. In addition, as the Commission has questions and questions come from the public, these will also be added. Mrs. Brown inquired if the Commission can schedule meetings at different locations around the County to answer citizen questions. Mr. Taylor feels this would be a great idea. He, along with Mr. Clauson with Community Development and Mr. Davenport with Economic Development, can also attend to answer questions and give information. Per Mr. Rhodes, County officials and staff can provide factual information and educational material. The County itself will generally have an educational fact sheet that can be made publically available, and certainly the County can provide the public with factual information in order to be transparent. The more ways the public can be engaged, the more successful the outcome will be. Mr. Brown stated he has been involved with different property rezones over the years, and while it is important to be transparent, at the same time, it is also important to disseminate information in a controlled environment. The public must be educated, but at the same time, the Commission does not want to be set up for controversy. Mr. Taylor agreed and also suggested being prepared with answers available in order to anticipate some of the questions that may be encountered.

3. Election of Third Municipal Appointment

Per Mr. Rhodes, the Act is being utilized with specific rules on how this process is to be done. The Act ensures representation appointed by County Council and also the municipalities within the County. It tries to divide up the municipal appointments based upon the relative population of the municipalities in the County. The greater the population of a municipality, the more appointees it has. In this case, the Act lays out a very specific formula that must be followed to determine the appointments. Under the formula, the only municipality that had the largest enough population to be allowed to make its own appointments is Winnsboro, which was allowed to make two appointments, Mr. Herb Rentz and Mr. Russell Brown. The sixth member position must be filled, and the Act requires the other municipal appointments, Mr. Rentz and Mr. Brown, must themselves appoint the sixth member. This member must be a resident of one of the other municipalities in the County that has not yet appointed anyone. The obvious solution was to appoint someone from Ridgeway, with it being the second largest municipality in the County by a large margin. The Ridgeway appointee is proposed to be Mrs. Charlene Herring. Mr. Brown stated he is in favor of

Mrs. Charlene Herring, and Mr. Rentz also stated he approves of Mrs. Herring being on the Commission.

4. Election of Chairman, Vice Chairman and Secretary

Mr. Rick Gibson made the following nominations:

Mr. Herb Rentz as Chairman.
Mrs. Charlene Herring as Vice Chairman.

Mr. Randy Bright nominated Mr. Rick Gibson to serve as Secretary; however, Mr. Gibson declined.

Mr. Herb Rentz nominated Mr. Russ Brown to serve as Secretary; however, Mr. Brown declined.

Mr. Rick Gibson then nominated Mrs. Harriett Brown as Secretary.

Mr. Rhodes then asked Mrs. Davis to read the list of nominations:
Chairman – Herb Rentz
Vice Chairman – Charlene Herring
Secretary - Harriett Brown

Roll Call Vote: Rick Gibson yea, Randy Bright yea, Harriett Brown yea, Herb Rentz yea, Russ Brown yea and Charlene Herring yea. The list of nominations passed unanimously.

5. Discussion of Proposed Projects (Wastewater Treatment Plant and Connecting Lines)

Mr. Taylor stated the County has chosen to move forward with a wastewater treatment facility because it is a means to an end. That end is a better quality of life for the citizens and economic opportunity for the citizens. The County is in the position of having a declining population, and something must be done to make the County more viable and sustainable economically. The piece of the puzzle that is missing is wastewater. Utilities, for the most part, are in good shape. The Town of Winnsboro has done a great job in getting water capacity for the County. Gas and power are well situated along with roads and location. However, again, the piece that is missing is wastewater. Ridgeway and Winnsboro have old facilities that are not expandable; therefore, wastewater must be addressed. The State has invested heavily in the County with the Mega Site along I-77; however, they realize for this site to be viable as an industrial site, it must have all the necessities with sewer being the one missing. The state has committed to the County to assist with finding the resources for this facility. This type of plant will cost somewhere in the neighborhood of \$35M. When the two new nuclear reactors were a probability, this endeavor would have been more attainable. The State is willing to help, but the County has to also commit.

Several different revenue streams have been looked into to fund this project, and one is the penny sales tax. Mr. Rhodes further stated the County will not be actually carrying out the project. When the point is reached to either issue bonds or pay the funds over to actually carry out the project, there is a requisition process and that money would be transferred over to the Joint System to pay for the project. There is, however, County oversight. Mr. Taylor further stated the Joint System was set up much at the behest of the State. This entity is composed of members of the County and the Town of Winnsboro. Attempts are also being made to bring the Town of Ridgeway on board. An MBR (membrane bioreactor) facility is being looked at to be constructed. This is one of the most environmentally clean treatment processes available today as no one wants the treated effluent to negatively affect people. The water being put out will be cleaner than the accepting body. At this point, it appears that Cedar Creek would be the body to accept the treated effluent, and again, the MBR treats it to a level that the quality of the water going into the creek is much higher than the quality of the water in the creek currently. We have had some resistance, but the County is very limited to where it can discharge, and a discharge point is critical to a wastewater facility. The ideal place is the Broad River; however, the cost would almost double. Strategically placing it on I-77 also has the benefit of opening up potential development areas by making those areas more cost effective for developers. Once the facility is built, the purpose of it is to create growth. Customers will also be needed for the facility. It would initially be built to treat 2M gallons of wastewater and could be easily expanded to treat up to 4M gallons should that be needed. Mr. Taylor then asked for Mr. Clauson to discuss the permitting process. Per Mr. Clauson, the permitting process is a little more complicated. The State set up the system with regional planning bodies. In Fairfield County's case, this would be the Central Midlands Council of Government for 208 planning, which is water quality. They have a group, the EPAC Committee (Environmental Planning Advisory Committee), that is comprised of a number of the actual treatment operators, the different towns, special purpose districts, etc., who are providing wastewater services and also representatives that are chosen by the different counties and municipalities and a number of other special purpose groups. They will analyze all the specifications of the plan, which represents an additional layer to DHEC. The EPAC and the COG must sign off prior to DHEC releasing a permit to construct the wastewater facility. We are still in the early phases and trying to nail down an exact location. There will probably be two meetings needed with the EPAC to explain the process, because at the same time a new entity is being created and territory (service district) must be given to the entity. Then, it will move forward to the COG Board for approval and from there to DHEC. Mr. Taylor then asked Mr. Ty Davenport to speak to the critical need. Per Mr. Davenport, the County industrial property has about 34,000 gallons per day of sewer capacity, which is minimal. If the County does not expand its capacity, economic development will stop, and the County will go backward. This work is critical to the future of the County, and this is the most important factor to long term success of the County. In addition, a residential neighborhood cannot

be built because it would be difficult to get sewer service. This would mean folks working in the County would have to live outside of the County, which is not ideal. Mr. Rhodes asked for Mr. Davenport to expand on the 34,000 gallons in case the Commission members are asked questions concerning this. Per Mr. Davenport, the Town of Winnsboro has about 250,000 gallons per day of excess capacity. The industrial properties are near I-77, which is more than 10 miles away from the wastewater treatment plant. The collection line that runs along 34 from the industrial parks back to town is very old, too small and the pump stations are not sized to pump anymore effluent than it already does. So, the collection line is the bottleneck to the 250,000 gallons per day. The line can be replaced at a cost of \$10M but no capacity would be added. Additionally, 250,000 gallons per day is not a lot of capacity either. It does not make sense economically to do this; therefore, a new plant is needed.

6. Discussion of Schedule

Per Mr. Rhodes, the final piece of work product from the Commission will be a resolution to adopt the ballot with a list of projects. This then goes to County Council, and would then be enacted by ordinance that approves the form of the ballot and the projects and also makes the determination of priority of funding of the projects and whether or not bonds will be issued. The ordinance must be enacted by noon on August 15, so everything must be completed by this date. All of the Commission's work needs to be completed in early June, which should be plenty of time for the County to have the required three readings of the ordinance. Mr. Rhodes will be working with Mr. Taylor and Mrs. Davis to come up with a tentative schedule concerning these deadlines.

7. Discussion from Commission

Mr. Bright inquired how the funds will be held and what can be done to ensure it is reported on a more timely basis (than the LOST funds), so the public can see the collection figures at least on a quarterly basis. Per Mr. Bright, the LOST funds have not been updated since late 2018 on the County website. Mr. Taylor will look into this and see if it can be reported in real time as much as possible. Mr. Gibson would also like to inquire concerning the proposed sites. Per Mr. Taylor, a site should be under contract very shortly as they are currently still in the middle of negotiations. Mr. Taylor will also be reaching out in the near future to the Commission members to have one on one meetings.

8. Set Next Meeting Date

Mr. Rhodes stated a date is not known at this time for the next meeting but inquired general information such as days and times from the Commission. Discussion ensued and Wednesdays would not be a good day. Once a date is set, the Commission will be notified.

9. Adjourn

At 4:24 p.m., motion made by Mrs. Harriett Brown, seconded by Mr. Randy Bright, to adjourn. ***The motion carried unanimously 6-0.***



Harriett Brown, Secretary



Herb Rentz, Chairman

Transcribed by Patti Davis