

City Council Minutes
March 1, 2022

Orangeburg City Council held a meeting on Facebook Live via Zoom on Tuesday, March 1, 2022, at 6:00 PM with Mayor Michael C. Butler presiding.

PRESENT:

Michael C. Butler, Mayor
Dr. Kalu Kalu, Mayor Pro Tem
Bernard Haire
Jerry Hannah
L. Zimmerman Keitt
Sandra P. Knotts
Richard F. Stroman

A motion was made by Councilmember Stroman, seconded by Councilmember Keitt to approve the February 15, 2022, City Council minutes. The motion was unanimously approved.

Mayor Butler recognized "Patience" as the March 2022 Orangeburg County Community of Character trait. Patience is the capacity to accept delay, trouble or suffering without getting angry or upset.

City Administrator Evering addressed Council. He stated, "I wanted to provide you a brief update on our COVID numbers. Out of the City's 200 employees, 152 are vaccinated which is 77.5% vaccination rate. Currently one employee has tested positive for COVID which is less than one percent positive rate. We are fortunate that the numbers continue to go down. As such, we officially reopened City offices and facilities to the public today and will continue to do so as long as our numbers are trending downwards. Also, if the numbers continue to go down, it is my recommendation that we move forward with the Rose Festival which is scheduled for Saturday, April 30 – Sunday, May 1, 2022. We will ask that all guests adhere to CDC guidelines. I have received some questions concerning the numbers going down and when or if the current City Mask Ordinance will be repealed. I just wanted to pass that on to you for your information."

Councilmember Keitt suggested the current Ordinance be left in place and see where the COVID numbers are at expiration of the Ordinance.

City Attorney Kozlarek addressed Council concerning amending the City Code to provide for two, rather than three, readings for each City Ordinance. He stated, "Going through the City Code, I noticed there are a few items that I recommend changing at some point in the future. I am suggesting that Council have a Work Session for the purpose of going through its procedural items in Article II of the City Codes and then determining what might come out of that. One of the initial items that I noted is that the City Code currently requires every ordinance be given three readings on three separate days. This is inconsistent with State law. State Law requires that there be two readings of the City ordinance and it requires that there be six days or more between those readings. This ordinance would drop the number of readings back to two readings from three and it would require that those readings be at least six days apart which would be consistent with State law. If Council wants to have a workshop that would cover a broader discussion of the procedural items that are in the City Code. Council may want to table this matter until after the workshop and present an ordinance that would cover multiple procedural items at once."

Mayor Pro Tem Kalu asked, "If we reduce to two readings, which meeting would Public Hearings be held?"

City Attorney Kozlarek stated, "Rarely, if ever, are public hearings required for City Ordinances. If Council wants to include a requirement that could be something that would also be added to this ordinance or a global change to the general procedure."

Mayor Butler stated, "Please elaborate on the items that require a Public Hearing."

City Attorney Kozlarek stated, "Budget, there is almost no requirement for City Ordinances to be given a Public Hearing. If Council wanted to have a Public Hearing for every ordinance, that would slow your process down whether it is three readings or two readings."

Councilmember Haire stated, "We have had three readings ever since I have been on Council and much longer than that. If the public comes to a meeting at second reading and they have a concern, it does not give Council an opportunity to take those comments and concerns and think about it over a week or so until the following Council meeting. This speeding up, to me, is not good for the citizens. Citizens need to have as much input as possible. I am opposed to changing from three to two readings."

Councilmember Keitt stated, "Council only meets two times a month which means you are slowing up the process of moving this City forward. I am pleased to see this on the agenda."

Councilmember Stroman stated, "I suggest it stay at three readings as the County has three readings."

City Attorney Kozlarek stated, "Yes, the County is required by State Law to have three readings."

Councilmember Hannah stated, "When we give three readings, I think we give our citizens more opportunities to know what is going on and an opportunity to engage."

Mayor Pro Tem Kalu stated, "I feel we should table this item and have a workshop to address some of the procedures."

A motion was made by Councilmember Knotts, seconded by Councilmember Keitt to table the First Reading of an Ordinance amending the City Code to provide for two, rather than three, readings for each City Ordinance until after a Council workshop on procedures. The motion was unanimously approved.

City Administrator Evering addressed Council concerning First Reading of an Ordinance Providing for an Installment Plan of Finance for Certain Capital Projects and Equipment – Title Only. He stated, "This is a proposal I wanted to bring to your attention and the public's attention for a new City Hall and renovations of Stevenson Auditorium. The City of Orangeburg purchased an old bank building some time ago on the corner of Russell and Broughton Streets. The current Administration building has seen its better days and it does not have much space. This proposal will allow for a new City Hall with enough space to put the majority of our departments under one roof. It would also allow for the renovation of Stevenson Auditorium which is a beautiful facility that is vastly underutilized. The Newberry Opera House is bringing in acts and folks from all over the country, and it has done a wonderful job of helping grow and revitalize their downtown. I know it is important to each of you that Orangeburg move forward and do the same. This new City Hall will serve as a significant anchor for that purpose along with the renovations of Stevenson Auditorium to help attract and bring more acts and traffic to downtown Orangeburg. I have asked Michael Allen with MOA Architecture to share with you and the public the rendering for the new City Hall and the investment we would suggest be made."

Mr. Michael Allen with MOA Architecture, Inc stated, "We were charged to take an old building that has been sitting for a while and design something that will create a spark for the downtown. It was a challenge because of the current architecture. It was invigorating to see that a city was willing to take an old building and revitalize it for new use. We wanted to keep the shape of the building because of the location of the site. We had some restrictions on where we can grow the building. We wanted to keep the cost down on expanding the building but make it a usable building that will fit all the departments. We modernized the building by adding new brick, metal panels and storefront windows to allow a lot of light into the building. We created a new entry point vestibule. The numbers are \$6.2 – \$7 million for the overall redesign of this building and that is because the building currently does not function accordingly to the amount of people to be in the building. Also, to get all the systems back into this building, the construction costs and material costs."

Councilmember Haire stated, "When you are talking about construction, you mentioned \$7 million."

Mr. Allen stated, "I mentioned \$6.2 - \$7 million. The cost of things like furniture are not in this figure."

Councilmember Haire asked, "There is a line for electrical equipment and furniture listed for \$295,000. What kind of furniture is it?"

Mr. Allen stated, "This is furnishings not actual desks and chairs for the facility. It is actually a part of the equipment that is going into the building."

Councilmember Haire stated, "I have some concern as it relates to this project in the time we are now facing in the economy. I am also concerned about tax increases for citizens to take care of this remodeling. People are struggling because of this economy and to add more on them will be more of a hardship than what we can gain from having a beautiful building. I have not seen any figures yet on renovating Stevenson Auditorium. Personally, I am not there yet."

Councilmember Stroman stated, "I feel it is too much debt as we are currently in a recession. I am not in favor of taxes going up. I do not think it is the right time. I would be okay with painting the building and putting in new carpet as it is a solid building."

City Administrator Evering stated, "I am sensitive about any increased tax burden. I have asked our financial advisors to walk you all through the finances for the purpose of letting the public know exactly how much it would cost and what it would take to pay for this building and the renovations of Stevenson Auditorium."

Mr. Walter Goldsmith with First Tryon Advisors stated, "We serve as the City's independent financial advisors. I have some slides that I will walk through what the tax impact would be on \$10 million borrowing. We assume that you repay that over 30 years and the interest rate would be 3.25%. That is higher than where rates are today, but we recognize that you are not doing the borrowing today, so we wanted to be conservative. Your payments on that borrowing would be \$630,000 a year. We are suggesting you use an installment purchase revenue bond. You pay the debt service, the principal and interest payment and then there are some annual costs in addition to that totaling \$650,000. Each one mill in the City of Orangeburg that you increase property taxes generates about \$40,000 a year in revenue. You can take the annual payment of \$650,000 and divide it by the value of one mill and you have to make some assumptions in the future about will the value of a mill increase in the City. Will people make improvements to their houses? Will there be commercial development? Will that value of a mill increase over time? We have made some conservative assumptions. Based on those assumptions, you would have zero millage increase for the first two years. Then 9.7 mill increase and then it slowly ramps up to a total of about 14 mill increase. An owner-occupied house that is worth \$100,000 is assessed at 4% in South Carolina would be assessed for \$4,000. If you raise property taxes, the property tax bill goes up by \$4 for that year. In 2025, it goes up by 9.7 mills which is about a \$30 a year increase and then it slowly escalates up to around 15 mills which would be \$60 impact for someone living in a \$100,000 house in 2028. So, we start out slowly and then build. We work with cities of all sizes like Florence, Sumter, Anderson, Fort Mill, Tega Cay, North Augusta, West Columbia, Greer, and Fountain Inn. I have included a chart on where interest rates have been, and we are in a very favorable interest rate environment. We are not at the all-time low rates; they were back in the early pandemic in March and April of 2020. Rates have ticked up a little bit since then although this week, we are back down because of what is going on in Russia and Ukraine. Construction cost inflation is expected to increase. The last slide lists the steps that would be involved if you move forward. As you know there are three readings that are required and basically sets the timeline. We would work on the financing in parallel as your architect is refining the construction costs and getting the construction pricing nailed down. We would close the financing in May of this year. By this time, we get bids from banks through a competitive process, you give your three readings, and the architects are working on pricing. One reason you might consider that this is the right time to move forward is you have traditionally not issued a lot of debt in the past. So relative to your peers around the state, the good news is you have kept your debt service millage at zero because you do not have debt outstanding. The bad news is I think some of your facilities have aged because of that. When you look at what your debt ratios would be after you issue this debt, you are still very much in line with your peers, you are in line with the County and the school district. I know 10 million is a lot of money and you may not end up borrowing all that amount. Even after you borrow that, your financial ratio is in line and on the favorable side of your peers."

Councilmember Haire asked, "You made a distinction between owner-occupied and rental. What is the millage increase for individuals who have rental property?"

Mr. Goldsmith stated, "An owner-occupied house in South Carolina is assessed at 4% of the value. Vacation or second homes are not considered owner-occupied. An owner-occupied house worth \$100,000 is assessed at \$4,000. If it is not owner-occupied such as commercial buildings, apartment complexes or rental houses, then it is assessed at 6%. Therefore, the value of one mill causes property taxes to go up by not \$4 a year, but \$6 a year. The first year when you have a 9 mill increase, instead of \$38 increase on your property tax bill, it will be roughly \$55 increase."

Councilmember Haire asked, "In your presentation, you made a statement concerning equipment and furnishings. What is an example of furnishings?" Have you broken down each one of these costs?

Mr. Allen stated, "Furnishings are blinds, baseboards, HVAC system, riser equipment, etc. For the most part these costs have been broken down. We are at a conceptual stage of the project, so we do not know exactly what equipment, currently we only have a broad idea. Therefore, there are a lot of assumptions because we are at this early stage."

Ms. Emily Luther with Parker Poe, Adams and Bernstein, LLP stated, "We are the City's bond council. The reason this structure is being recommended for this project is to give the City flexibility in paying for the project. General Obligation Debt is a general obligation secured solely by property taxes. If you issue general obligation debt, then that millage must go on a tax bill immediately. With the installment purchase revenue plan, the City is acquiring incremental interest in these capital projects over time. It is able to issue smaller pieces of debt as Mr. Goldsmith showed on the schedule \$650,000 a year so it is less impactful to the millage. The structure also allows the City to utilize other available funds to make these payments because they are in an annual acquisition agreement with the non-profit corporation. The non-profit corporation in the installment purchase revenue bond structure is a non-profit corporation that is formed and operates solely in the best interest of the City. The \$10 million issued immediately to the project fund for these projects is the corporation's debt. It is not debt of the City. What happens over time is the City makes those \$650,000 payments from any available source whether it be small obligations issued by the City every year, other funds that it may have available through grants because of the renovation of the project. You are making small purchases every year and the corporation has enabled you to access \$10 million at one time without that immediate millage impact and the preservation of your debt capacity as you do not eat it all up by issuing \$10 million at one time. You only ever issue at one time, the annual obligation to make that one annual payment. You still have all the other available capacity every year."

Mayor Pro Tem Kalu stated, "I need to analyze what has been presented tonight. The design is well done. For a City of our size this is something that could be appreciated. I have shown the rendering to my colleagues at the hospital, and they love it. I did not bring the question of the financing in the beginning. The sentiment is that it is going to cost us money. I suggest that the public sees the rendering. They should be able to appreciate that building and what it will cost. Listening to the payment schedule for the first two years there are no tax increases but then there is an escalation and a de-escalation at the end. I suggest we table this item tonight as some of us have questions and the public has not received the information."

City Administrator Evering stated, "I wanted to remind you this is first reading and there are three readings required. There will be plenty of time for the public to have engagement between now and what would be the third reading. If you were to proceed, the third reading would be April 1st. You could keep the ball moving, so to speak, and still have time for the public to be engaged and if you all decide that this is not worth the investment, then, you can always not give it third and final reading. However, if you table it as you are suggesting, you are putting yourself back another two weeks. These are very conservative numbers that First Tryon has presented. Likely it will be less, but the interest rates still can go up at any time. When I first came on board, we talked about raising the bar and raising the standard here in Orangeburg. You are right, we are not Greenville, Columbia, or Charleston, but we do not always have to be the tail. If we are going to be serious about revitalization of our downtown and making Orangeburg the place that I am sure all of you want it to be, we will have to take the necessary steps to invest in our City. Are we going to move forward and be the best Orangeburg we are going to be? Or are we going to continue to settle? I understand being a good steward of taxpayers' dollars. I realize that people work very, very hard as I come from a hard-working family. I know what it is to struggle and understand how hard it is to make ends meet. If you continue to kick this can down the road at some point you will have to raise taxes at a very steep rate just to provide the services, our citizens expect. At some point, you

are going to have to make that decision. The City has stayed on the sideline, the County and the school district have raised taxes and we sat back, and we are paying for it. I want to emphasize the \$10 million is a not to exceed number."

Mayor Butler stated, "The rendering is beautiful. I understand some Councilmembers need more time to digest the financials. I suggest we table this until the March 15th meeting."

Councilmember Keitt stated, "I love the building. I think it would bring stores to our downtown that would not think to come before. We need to move forward."

Councilmember Stroman stated, "The City has progressed with a new City gym, the North Road facility, Farmers Market on the Square and the DPU employee facility on Sprinkle Avenue."

Councilmember Haire asked, "Presently there are two floors and a basement in that building. We are talking about adding another floor with a rooftop terrace. What will be the use for that?"

Mr. Allen stated, "A lot of rooftop terraces are used for public use. We designed this for after hour events, the Rose Festival, etc. It can be an extra space that you rent as a revenue generator. It is a great view from the rooftop. We did not create the top floor the same size as the other floors so there was left over space that made a great space to create this revenue area."

City Administrator Evering stated, "This will not only embellish the building but provide an opportunity for the public to participate and feel like it is their building. This will be a place they can rent for wedding receptions, etc. There will be a time when there will be a lot to look at in our downtown. This is about making Orangeburg what it can be and giving our citizens everything, they deserve."

A motion was made by Mayor Pro Tem Kalu, seconded by Councilmember Haire to table the first reading of an Ordinance providing for an installment plan of finance for certain Capital Projects and Equipment until the March 15, 2022, Council meeting. The motion was approved 6-1. Councilmember Knotts voted against the motion.

Mr. Josh Nexsen, DPU Administrative Director addressed Council concerning a Resolution approving an Amendment to the Waterworks Agreement with Bull Swamp Rural Water Company, Inc. He stated, "DPU entered into a waterworks agreement with the Bull Swamp Rural Water Company, which is located directly up North Road which is adjacent to our service territory. It starts near Limestone Road near the area of North. It does not serve the Town of North, but it serves the rural areas between Swansea, North, and Limestone Road. When DPU took this process over, we were originally able to complete these operations for approximately \$9,000 per month. The agreement was entered into, not with a huge profit motive, but to make a return to the citizens of Orangeburg for the work we did and provide a service to a neighboring utility who does not have employees. They have always been operated by another utility for their entire existence. They were created around 1972 and run by Aiken Electric, the Town of North, the Town of Swansea, and most recently by DPU. Over the past three years, it has been a mutually beneficial relationship between the citizens of Orangeburg and Bull Swamp. The main factors that we use to work this operating agreement are fuel for our trucks, equipment, trucks, staffing costs, printing, and mailing costs for their bills, and software. In your packet, you will find the Resolution and in Exhibit A the summary of what those costs have gone up to the DPU since 2019."

Mayor Butler asked, "Are we doing anything to the system?"

Mr. Nexsen stated, "We just operate the system for them. If there is a main break or any construction work to be completed, they pay us for time and materials. The Bull Swamp's books are kept separate from ours. If there are repairs needed, we repair it. If it is something that we can hold off on and they want a third party to give a quote, we offer that service too. We are just asking to increase the fee we charge the Bull Swamp Rural Water Company from \$9,000 to \$12,000 per month. We have talked to the President of their board as well as their Treasurer about it. They understand the rationale behind the cost increase. The original operating agreement was a three-year agreement with a 180-day window for cancellation. This allows 7 months instead of 6 months giving them a full month to consider the offer by the City. It would give them adequate time to take appropriate measures under the current agreement."

Councilmember Stroman asked, "Are they making money?"

Mr. Nexsen responded, "Yes, they are making money. There are cash flow positive. The Bull Swamp Rural Water Company is a 501 (c) (12). They operate much like an electric cooperative."

A motion was made by Councilmember Keitt, seconded by Councilmember Stroman to approve an amendment to the Waterworks Agreement with Bull Swamp Rural Water Company, Inc. The motion was approved 6-0. Councilmember Haire was absent for the vote.

Mr. Eric Odom, The DPU Water Division Director addressed Council concerning a Resolution of the City of Orangeburg Department of Public Utilities Committing the Required 10% Matching Funds Towards Its Spring Round Community Development Block Grant Application for Water System Improvements. He stated, "Our Capital Improvement Budget for this fiscal year included some water main replacement projects South of Russell Street, bordered by Magnolia, Whittaker Parkway and to the South Whitman Street. As part of the funding of this project, we agreed to seek out some Community Development Block Grant (CDBG) funds through Commerce and Lower Savannah Council of Government. This resolution is required as part of the application process which is basically committing the City to a 10% match which is required by CDBG funds for us to move forward."

Mayor Butler asked, "How much is the project?"

Mr. Odom responded, "The total cost is \$3.8 million. We are seeking between \$1.5 and \$2 million from CDBG. So, our match will be more than 10%, but the CDBG grant will be quite a bit more."

A motion was made by Councilmember Kalu, seconded by Councilmember Keitt to approve a Resolution of the City of Orangeburg Department of Public Utilities Committing the Required 10% Matching Funds Towards Its Spring Round Community Development Block Grant Application for Water System Improvements. The motion was unanimously approved.

A motion was made by Councilmember Stroman, seconded by Mayor Pro Tem Kalu to go into Executive Session concerning Contractual Matters a.) Discussion of negotiations incident to proposed contractual arrangements and proposed sale of property between the Department of Public Utilities and Calhoun County, S.C. Code Sec. 30-4-70 (a) (2) b.) Discussion of Amendment to Lease Agreement between South Carolina State University and the City of Orangeburg S.C. code Sec. 30-4-70 (a) (2) c.) Presentation of Skatepark and Gateway Projects S.C. Code Sec. 30-4-70 (a) (2), Legal Matter a.) Legal advice on American Rescue Plan Act (ARPA) Expenditures S.C. Code Sec 30-4-70 (a) (2) and Personnel Matters a.) Discussion of compensation of Department of Public Utilities S.C. Code Sec. 30-4-70 (a) (1) and b.) Department of Public Safety Personnel Matters S.C. Code Sec. 30-4-70 (a) (1). The motion was unanimously approved.

Council did not return to open session. There being no further business, the meeting was adjourned.

Respectfully submitted,

Linda McDaniel

Linda McDaniel
City Clerk



VOID



VOID



VOID





**A RESOLUTION APPROVING
AN AMENDMENT TO THE WATERWORKS AGREEMENT
WITH BULL SWAMP RURAL WATER COMPANY, INC.**

The City Council ("Council") of the City of Orangeburg ("City") finds:

WHEREAS, Bull Swamp Rural Water Company, Inc. ("Bull Swamp"), and the City of Orangeburg, through its Department of Public Utilities ("DPU") entered into a Waterworks Agreement, dated as of October 2019 ("Agreement"), pursuant to which DPU provides water service to Bull Swamp, and Bull Swamp pays monthly (and other) fees to receive the water service; and

WHEREAS, because of increased costs associated with providing the water service, some of which is described on Exhibit A to this Resolution, Bull Swamp and DPU desire to amend the Agreement to provide for an updated monthly fee, as contemplated by Section III.d of the Agreement:

NOW, THEREFORE, the Council resolves:

Section 1. Authorization of Fee Increase. Commencing October 1, 2022, the fee DPU charges to provide the water service to Bull Swamp is increased from \$9,000 to \$12,000 per month.

Section 2. Approval of Form of Amendment. The Amendment to the Waterworks Agreement, which is attached as Exhibit B, is approved, and the Amendment is incorporated in this Resolution by reference as if the Amendment were set out in this Resolution in its entirety. The DPU Manager is authorized, empowered, and directed to execute, acknowledge, and deliver the Amendment in the name of and on behalf of the City, and to cause the executed Amendment to be delivered to Bull Swamp.

Section 3. General Repealer. All orders, resolutions, and parts thereof in conflict herewith are, to the extent of such conflict, repealed, and this Resolution takes effect and be in full force from and after its approval.

ADOPTED BY the City Council on March 1, 2022.



Michael C. Butch
Mayor

Dandia P. Kuytes

[Signature]

[Signature]

[Signature]

Richard F. Stone

Members of Council

Attest: Randa McDaniel
City Clerk

EXHIBIT A
DESCRIPTION OF COST INCREASES

Primary Input Costs for the DPU

<u>Input</u>	<u>2019-2022 Cost</u> <u>Increase %</u>
Fuel	31%
Equipment	14%
Personnel	12%
Printing	25%
Software	18%



**A RESOLUTION OF THE CITY OF ORANGEBURG DEPARTMENT OF PUBLIC UTILITIES,
SOUTH CAROLINA COMMITTING THE REQUIRED 10% MATCHING FUNDS TOWARDS
ITS SPRING ROUND COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATION
FOR WATER SYSTEM IMPROVEMENTS**

The City Council ("Council") of the City of Orangeburg ("City") finds:

WHEREAS, the City of Orangeburg Department of Public Utilities, South Carolina desires to make improvements to its water system; and

WHEREAS, the City of Orangeburg Department of Public Utilities, South Carolina is applying for a 2022 Spring Round Community Development Block Grant provided through the South Carolina Department of Commerce in order to provide needed water system improvements in the Quicktown Community; and

WHEREAS, the City of Orangeburg Department of Public Utilities, South Carolina must supply matching funds for a Community Development Block Grant application; and

WHEREAS, the City of Orangeburg Department of Public Utilities, South Carolina understands that any cost savings resulting from the project should be pro-rated among project funding sources.

NOW THEREFORE, BE IT RESOLVED, the City of Orangeburg Department of Public Utilities, South Carolina is committing the required 10% matching funds, plus any overages needed to meet the project budget, towards its 2022 Spring Round Community Development Block Grant application for water system improvements.

ADOPTED BY the City Council on March 1, 2022.



Michael C. Butler

Mayor

[Signature]

[Signature]

Andrea P. Quotes

[Signature]

[Signature]

[Signature]

Members of Council

Attest: *Linda McDaniel*

City Clerk