

City Council Minutes
November 17, 2020

Orangeburg City Council held a Council Meeting on Facebook Live via Zoom on Tuesday, November 17, 2020 at 9:00 AM with Mayor Butler presiding. 2967

PRESENT IN PERSON:

Mayor Michael Butler

Dr. Kalu Kalu

PRESENT BY TELEPHONE:

Bernard Haire

Jerry Hannah

L. Zimmerman Keitt

Sandra P. Knotts

Richard F. Stroman

Mayor Butler called the meeting to order with a roll call of Councilmembers.

A motion was made by Councilmember Stroman, seconded by Councilmember Keitt to approve the November 4, 2020 meeting minutes. The motion was unanimously approved by roll call vote.

Ms. Ellen Zisholtz, Director of the Center for Creative Partnerships addressed Council via Zoom. She stated, "In January, this organization was changed to a 501(c)(3) and now we can get grants. Our first project is the Orangeburg All Star Bowling Alley, the lot next to it and half of the parking lot. We were able to buy these parcels and intend to use this as a museum and a bowling alley. We are also in negotiations for the Old Black's Jewelry Store to be donated to us which is right next to the bowling alley. I am happy to say that we really appreciate all the help the City gave us in cleaning up the back of the property. The building is stable but needs a roof. There are the issues of mold and asbestos also. This is what needs to happen first. People need to know the history of this place before moving on. We need to preserve the historical intent to honor the heirs that were murdered or wounded during the Orangeburg Massacre. We are collaborating with three colleges and the Presidents of two are on our Advisory Council. We intend to add revenue back to the City with the bowling alley as well as the snack bar which will also be open when the Bowling Alley is not. This will be a Sports and a Community Center bringing the Community together. If you walk in right now, it is like a museum. Everything is what it would have been in the 1960's. It is a challenge to create a modern atmosphere while creating a museum. There will be televisions that light up with facts about civil rights above the lanes. I was the Director of the museum at SCSU and I am familiar with museums. We are going for grants currently. I received \$15,000 from the County which went to the deed. We need to have experts come in for the structure of the building. We will be applying for a grant for Civil Rights. I would like to request a contribution from the City for support of this project and for a possible grant match. We feel that we already have a collaboration with the City, and this would also be on the grant proposal."

Councilmember Keitt asked, "I like what I am hearing, how do we contact you?"

Ms. Zisholtz replied, "My number is 803-928-6851, you are welcome to come over any time."

Councilmember Haire asked, "How many lanes are in the bowling alley and are you decreasing the number with the renovations?"

Ms. Zisholtz replied, "There are sixteen lanes and we will need most of them due to the leagues. With the addition of possibly the jewelry store, we hope to have that as additional museum space. We also have air rights which means we could go up but that may be in the future."

Mayor Pro Tem Kalu asked, "What is in the outline for the buildings?"

Ms. Zisholtz replied, "The roof is first."

Councilmember Hannah asked, "Is the focus on the alley or the museum and what is your guestimate for costs?"

Ms. ²⁹⁶⁸ Zisholtz replied "I intend to have the museum and it is really all in one and we have future social justice films in the works. As far as the roof, we have gotten one estimate of \$130,000 and we are getting other cost estimates."

Mayor Butler stated that Council would take under advisement.

Mr. James McQuilla, President of the Orangeburg County Chamber of Commerce addressed Council. He stated, "My purpose is to update Mayor and Council on the Chamber and request for emergency funding. We have had many major events in Orangeburg in the past held by the Chamber. However, due to the COVID 19 virus we have had significant budget crunches. All our staff has been laid off since March. We have had to restructure what we do and operate more as a business consulting firm. We have been providing help with grants, consolidation and collaboration. We have cut our memberships by 50% due to financial hardship as most businesses that support us are indeed small businesses. We have posted webinars for the business owners and have had a lot of correspondence on that. We need your help to operate. Our staff has been cut to 5 hours a per week and are receiving unemployment benefits. I am seeking \$30,000 from the City for the Chamber to operate. That should sustain us through March 2021."

Councilmember Haire asked, "Have you approached the County?"

Chamber President McQuilla stated, "Yes, we met with the County a few weeks back and the last correspondence I have had is that they will contribute \$40,000 for us to get to the Second Quarter of next year."

Mayor Pro Tem Kalu asked, "Have you looked at the memo from Mr. Singh on the loan and the joint effort between the City and County? Why have you not had a conversation with them on the past due monies they owe you from the building?"

President McQuilla stated, "I need a better understanding of that and will get an answer as to the funds for the loan."

Councilmember Haire stated, "I am troubled by the amount you are asking from the City vs. the County. There are many more towns in the County. What is the rationale behind that?"

Chamber President McQuilla stated, "That amount is in the County's budget and what we get from the City is generally spent in the City."

Councilmember Hannah asked, "For the Chamber sponsored events in the past, I have seen where vendors are not following DHEC regulations, what has been done about that?"

President McQuilla stated, "I am a rule follower and I am not sure what has been done in the past but if I am involved, all protocols from DHEC will be followed and our vendors will know about that in advance."

Councilmember Keitt asked, "Will the Coon Hunt and banquet be going on in 2021?"

Chamber President McQuilla stated, "The Coon Hunt will go on, but the banquet has been cancelled due to COVID."

Mayor Pro Tem Kalu asked Councilmember Haire, "Are you referring to why there is a difference in the amount being asked from the City vs. the County? Are you saying we should pay more or less?"

Councilmember Haire replied, "The County is larger, and the County should pay more. I do not mind helping. I do not understand why a County with more cities should pay \$10,000 less than one city. When did you start your Presidency?"

Chamber President McQuilla replied, "This past June."

Councilmember Haire asked, "With the reduced amount of dues, how did that work out?"

Mr. McQuilla stated, "It was for a month only from October 6 – November 6. We are ~~back~~ ²⁹⁶⁹ back to our normal dues. Since I have been here, we have brought in ten new businesses."

Councilmember Haire asked, "With the number of businesses in the City with limited boundaries. If we would annex more, would this put the City in a better place?"

Mr. McQuilla replied, "Yes, we need to advocate for a bigger City because when businesses want to come here, they look at the population of the City and it is harder for us to sell a franchise in the City with only 13,000 residents. We need to expand the City and increase the numbers."

Mayor Butler stated Council would take under advisement.

Interim City Administrator Singh addressed Council concerning Emergency Ordinance supplementing the Executive Order Number 2020-50 and extending the effective date of City Ordinance 2020-13. He stated, "This will extend the large gatherings ordinance that we put into place from December 4th for 61 days. With COVID numbers continuing to go up, this will continue to be a problem. We did not include this in our last Council meeting because that expiration date had not come up."

Councilmember Keitt stated, "I am sure we need to extend this Ordinance because things are not getting any better. We need to extend for more than the time on our records."

Councilmember Stroman stated, "I agree with Ms. Keitt."

Interim City Administrator Singh stated, "The Ordinance is currently written to be extended 61 days from December 4th. Always remember you can rescind it."

Councilmember Haire asked, "Is there a requirement in our Ordinance about masks? Is there a penalty for not wearing a mask?"

Interim City Administrator Singh stated, "Yes, the fine is \$25 for an individual and there is a fine of \$100 to a business failing to require employees of the establishment to wear face covering."

Councilmember Haire asked, "Who is monitoring that?"

Interim City Administrator Singh stated, "It is a difficult thing, not only in Orangeburg. Typically, we would be looking at Public Safety to enforce that. There are other communities, for example, the City of Charleston, increased their penalty and increased their enforcement. They were very clear and upfront about it before they did it. But it is an ongoing problem throughout our community and the country."

Councilmember Haire asked, "Do we have an idea of the cooperation we are receiving from citizens?"

Interim City Administrator Singh stated, "We have not had any enforcement cases with the mask ordinance in terms of fines levied. We have had some cases where Public Safety have gone to some businesses with concerns about wearing masks. Every time, everyone has complied. When people are asked to wear a mask, most people comply."

Councilmember Haire stated, "I asked the question because the pandemic is not getting any better, it is getting worst. We really need to address it in terms of fines."

A motion was made by Councilmember Haire, seconded by Councilmember Keitt to adopt the Emergency Ordinance supplementing the Executive Order Number 2020-50 and extending the effective date of City Ordinance 2020-13 61 days from December 4, 2020. The motion was unanimously approved by roll call vote.

Interim City Administrator Singh addressed Council with an update on the pre-development services for Railroad Corner Project UNC Development. He stated, "The folks from the University

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of North Carolina will be here tomorrow for the next couple of days going through the City and evaluating community and gathering more information. Also, we have some progress coming. We will be installing a fence with a screen on it stating the announcement of our development. We have been having regular meetings with UNC by Zoom. Probably in January, they want to talk with Council to learn more from you and your thoughts as we move forward."

Councilmember Hannah asked, "Will this company be responsible for the demolition or are we responsible for the buildings already acquired?"

Interim City Administrator Singh stated, "The buildings are basically tax credits as they sit. UNC will finish this process and when they reach out to developers, then that is the point that demolition would occur. It would be the developer's responsibility to do the demolition."

Councilmember Keitt stated, "I appreciate the update because we want to continuously see this moving."

Interim City Administrator Singh addressed Council concerning the First Reading of Ordinance authorizing a ten (10) year lease of a lot located at the City of Orangeburg Airport. He stated, "We brought this up in our budget session. This is a building that Husqvarna is building on our airport property. Since this is a property item, it has to be brought before Council in an Ordinance. Husqvarna is very anxious, and they may ask for a special meeting to do a second reading if Council is willing to do that. The reasoning is they are trying to get this done in their fourth quarter. This is a win, win for the City and for the Airport."

Councilmember Haire made a motion, seconded by Mayor Pro Tem Kalu to adopt the first reading of an Ordinance authorizing a ten (10) year lease of a lot located on the premises of the City of Orangeburg Airport measuring 150 feet on all sides for the construction of a shop building for the consideration of annual lease payments in the amount of \$3,000. The motion was unanimously approved by roll call vote.

Interim City Administrator Singh addressed Council concerning an update on various Commission Vacancies. He stated, "We have four members on the Golf Commission that expired in July. There are three members on the Golf Commission that South Carolina State University appoints that have expired. The Mayor is working with President Clark to get those three positions filled. And we have one Planning Commission member vacancy. I want to work on trying to get the names and information for the first meeting in December. If you have any questions, I will be glad to help. Or if you want to put those same members on the Hillcrest Commission, just let me know and I will be glad to get that done so we can act on it at the next meeting."

Mayor Pro Tem Kalu asked, "What is the difference for the SC State appointments?"

Interim City Administrator Singh stated, "With the partnership with SC State and the City for Hillcrest Recreation Facility, they have three members on that Commission that the President of SC State appoints."

Interim City Administrator Singh addressed Council about the Façade Grant Program, he stated, "This is just a quick update. We have opened the Façade Grant program again. As you know, we have \$50,000 set aside every year. It has been very successful. We had three buildings that were done in the last grant program. One on the corner of Amelia and Middleton Streets, which looks fantastic. The bank building that is next door to Dairy-O and the former SMS Sports location has a new awning. That program continues to be a great program for us. We do have quite a few applicants that have applied this year. I am very excited to announce that we had a group purchase three buildings downtown recently and they are interested in looking at the Façade Grant program for those buildings. The application opened on October 28th and it closes tomorrow in terms of the application. I just wanted to make Council aware. "

Mr. Lawrence Flynn with Pope Flynn and Associates addressed Council in regard to the Standardization of the Business License Ordinance. He stated, "Your old Ordinance is requiring updates and the main improvement would be changing from the SIC Codes to the NAICS Codes. This standard is what the IRS publishes in determining their value and standardizes business types. This State statute goes into effect January 2021. Through this process, there also will be a portal

with MASC which allows businesses to pay through their online portal. Therefore, if you are ever challenged, you have updated your codes. These codes have classes which specifies a base and a step. Each class is different. You are going to a nationalized standard. There will be winners and losers. Some will pay more, and some will pay less."

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Ms. Melissa Harrill with MASC addressed Council via phone. She stated, "I applaud your leadership because you are ahead of other cities in setting this up will make it easier next year."

City Attorney Walsh stated, "You may want to touch on the language pertaining to a few differences."

Mr. Flynn stated, "There are a few exceptions to the classes such as vendors for craft shows that are in Section 5 which are \$5.00 per event charge. The only thing I would mention is that there is a cross reference to a penalty section which needs to be updated to 5% instead of the criminal fines which will be updated."

Councilmember Keitt stated, "In the Industry where it may pay \$8,000 and then go up to \$20,000. Please explain."

Interim City Administrator Singh stated, "That would be one of the losers and that is something that is being addressed now. There is a business that we are communicating with and working on a new number. We are coming up with a solution and that is included in the revenue neutrality. I will tell you there may be people not happy and it may be \$500. That is what we have to do, and the State Legislature is driving this so in terms of our options we have done what we needed to do. Our staff and others have worked extremely hard to get us revenue neutral."

Attorney Flynn stated, "The important thing is that you need to keep it at the same level as in revenue collections. By making these adjustments they are coming to where they should be."

Councilmember Knotts stated, "Under 7-2.10, under inspection and audits, would these businesses be given notification ahead of time or will we just drop in?"

Interim City Administrator Singh stated, "It would not be a random audit. The business would be notified regarding an audit and we would not pop in randomly for an audit."

A motion was made by Councilmember Keitt, seconded by Mayor Pro Tem Kalu to approve first reading of Ordinance amending and restating the Business License Ordinance of the City of Orangeburg; and other matters related thereto. The motion was unanimously approved by roll call vote.

Interim City Administrator addressed Council regarding the First Citizens Bank building at 1099 Russell Street, he stated, "We want to talk about the First Citizens Bank building located at Russell Street and Broughton Street. We have some money that has been set aside to make some expansions to City Hall to improve the finance department and some improvements for Stevenson Auditorium, but in evaluating that further, we looked at the bank building for possibility of relocating City Hall for a couple of reasons. With COVID it has been difficult not having a drive-thru, which is something that was being looked at in the process of possibly renovating the current City Hall. Having the bank building downtown and looking at the cost structure of what it would take to make improvements to the current building we have it really makes more sense to look at the building that we own downtown. With that said, we have numerous things here that you typically find in an old building, roof, electrical, and information technology issues. Not only that, but also the interruption of what it would take to open walls up and try to operate on this site. The bank building has a great deal of space. It is about 12-15,000 square feet and would certainly house us and Public Works.

I presented a couple finance options. One is very unique. It is a pure opportunity zone. Our downtown is an opportunity zone, which is a federal tax credit program put together by Tim Scott, our local South Carolina U.S. Senator and Corey Booker. This tax credit program is unique. It is one of the best investment tools created in a long time. We looked at what the options are for financing the building. There was some discussion and I don't disagree that you don't always want to put things on a tax base. I agree with that because we need a tax base, but sometimes there

is a situation that occurs where you may be able to get both things, in this case, for a decent term. At the same time, you look at the fact that by doing this project downtown you will hopefully expand your tax base in the long haul in terms of other buildings getting put back on the books at a higher value. I wanted to bring that to your attention, and I can answer any questions that you may have about details. The next steps for us is that we need to have an interior design architect go in and evaluate and draw out our space. We need to make sure we get everything in place where we want it and then we go from there. The Opportunity Zones program is interesting and what I am recommending. We would sell the building to an opportunity fund. The opportunity fund would pay us for the building, and they would do all the renovation work on the building to our specifications based on what we want. They would own the building for ten years. That is the rule about opportunity zones; they have to hold the property. We would be leasing the building back from the opportunity fund. At the end of the ten-year lease, the opportunity fund gives the City the building back and we would own the building then outright. It is a vehicle for the investor to make a strong return on their money and a municipality is a good risk for them. The risk is a lot lower for them than if they went out on the open market and did a project. So, this is what makes it attractive to the opportunity fund. Regular financing is another option and we would use funds that we have from the penny sales tax that I mentioned in the beginning. We could go the route of getting a bond. You get into bonding issues for the City and DPU when you do that in terms of looking at our total bond rate. Opportunity funds are a cleaner vehicle in that sense. People will tell you that opportunity funds do not count toward your debt. I do not agree with that. It would be counted toward our debt. It would show in our debt, but it would not cause us to go through bond counsel. It would be great for the City of Orangeburg to have a pure opportunity zone project developed in our downtown. It would allow us to have a City Hall that would have a drive thru. DPU is very interested in this project as it brings us together on the same block. If you are a customer, you will be able to do your business with DPU and the City of Orangeburg all in one spot. It has a lot of benefits. The last thing is the importance to our employees as many have been in cubicles for years. There is no private office space and we are out of space. The biggest factor to me is the down time. This building would be completely done. The only thing you would do is move your IT infrastructure over and your cabling would be updated. We are having problems today with cabling we have here now at the City. It would allow us to move over in 1-1 ½ days. There would be no drop in business. We would be able to go straight over. I will be glad to answer any questions."

Mayor Pro Tem Kalu stated, "I thought in our last meeting that we talked about the potential of redesigning or using the building for the City. I thought that you were going to present the architectural design today. We talked about the opportunity zone and also if the City would foot the bill by themselves. We were hoping to see a sketch or design and financials. Hopefully, by the next meeting, you will have plans with the numbers attached. I thought we had empowered you already."

Interim City Administrator replied, "Specify when you say numbers. I gave you numbers on different finance vehicles, but you want specific numbers on cost?"

Mayor Pro Tem Kalu replied, "When you design the building, there have to be numbers attached to it. I thought we had already asked you to go ahead and bring something back to the Council."

Mayor Butler stated, "I thought that we never did decide which one we were going to do. So today we need to decide which one we are going to do."

Mayor Pro Tem Kalu stated, "First you have to know what you are trying to do. But if you don't have the picture in front of you, there is no way you can decide which route to go."

Interim City Administrator Singh replied, "We kind of talked about architects and so forth and what came out of that was wanting to bid. That doesn't mean that I have to take the low bid, but that I need to bid it. So that is a process for that interior design person. What I tried to do here was give you a layout and an idea of a rough price of the total. We will move forward with putting it out for an interior architectural firm to give us that information. We will get you a solid number on what you are looking at and what your interior looks like. I might be able to have you a rough

drawing by the next Council meeting, but I will not have a detailed set of drawings. That will give you that image and feed into the main architect. Where I got held up, I guess, was with getting direction from Council that there was some indication of wanting to get a group of firms to look at it so I apologize for not bidding that out to three folks already.”

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Mayor Butler stated, “We set aside how much money for the current Council building?”

Interim City Administrator Singh replied, “There was set aside in the penny about \$1.2 million and that will not cover the entire renovation of this building so you are going to have to come out and bond or do something for this building if you went the route of using it.”

Mayor Butler asked, “So that money could be used down there?”

Interim City Administrator Singh replied, “Yes.”

Mayor Butler asked, “We have an estimate of how much it would take?”

Interim City Administrator Singh replied, “The estimate that I gave was \$2.2 million. We had an estimate, Dr. Kalu, going back, for an opportunity zone fund to bring it to a Class A space for an office from a construction firm that does design work and it was about \$750,000. But to add the things we would need to add for City Hall I upped that amount. What I proposed in the information I provided to you was using around \$500,000 to \$750,000 of your penny money for this project which would lead with the interior architect and walk your way in. The reason for that is some discussion about Stevenson Auditorium about when we move out of the City Hall. One thing that Stevenson lacks is a space for people to wait for an event if it is raining, or a space for wine and cheese, or some other use during intermission. We would take the space we have in the front of City Hall and open up the finance and administrative offices so it could be used for those types of functions. So, the suggestion was made to use some of the penny money which was designated for that for opening up the space. We were not talking about taking the entire penny. As you understand with the penny, just like we did with the ball fields and our basketball facilities, once you have used some of your penny you can carry the penny over for that project in your future penny projects. So that is the whole thing in a nutshell.”

Mayor Butler replied, “So we need to authorize you to move forward?”

Interim City Administrator Singh replied, “Yes, formally in an open meeting.”

Mayor Butler stated, “We need to entertain a motion to authorize Mr. Singh to move forward with this project.”

Councilmember Haire said, “I have a question. It was stated that the rationale for this move is because we want to centralize the services. We wanted to have a one stop shop and because of the overcrowding we have at the present location. When I hear interior architecture, are we talking about furnishings being a part of this?”

Interim City Administrator Singh replied, “It will be at the end. The interior architecture work you are going to do right now would be the drawing out of the office space, nothing more than that. On the back end will be your furnishings. That is not to say that we wouldn't move some furnishings over, but a lot of our stuff here is twenty years old.”

Councilmember Haire asked, “But is it functional?”

Interim City Administrator Singh replied, “Some of it is, some of it isn't, that is open for discussion.”

Mayor Butler responded, “A lot of it is broken and out of date. Computer tables and things that you need for technology we don't have. The furniture was bought when technology wasn't popular.”

A motion was made by Councilmember Keitt, seconded by Councilmember Hannah to authorize action on First Citizens Bank Building at 1099 Russell Street. The motion was unanimously approved by roll call vote.

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Interim City Administrator Singh addressed Council concerning authorization to create a Public Information Officer position. He stated, "We have discussed this item internally here at the City across divisions for the need of a Public Information Officer. Someone that brings and disperses information that the City may have for the public and news media, etc. Also, a major component is social media which is a huge issue now with municipalities. This position will work across the City, DPU, and for the Mayor and Councilmembers. It will allow for a centralized way of getting information out. I have had a discussion with Mr. Harley about looking at combining a Public Information Officer for both divisions. That adjusts the level of a person we are looking at. Ms. Williams has put together a very good job description which we provided you. I have talked with some folks who are in the field of public information to get some feedback and direction. It is our recommendation that we look at adding a position to the City. We do not add a lot of positions as we operate very lean. In terms of how to fund it. After checking with our Finance Director, we are looking at amending the budget at year end for this position. If we share cost with DPU, that makes it better for both of us. I will be glad to answer any questions you may have."

Mayor Pro Tem Kalu asked, "If you combine with DPU and the City, both will pay for the position?"

Interim City Administrator Singh stated, "Yes, which will be very favorable to all of us. DPU has their external affairs folks that work with companies and corporations, but they do not have a specified PIO. We would have a uniform response when someone asks a question."

Mayor Pro Tem Kalu asked, "So the range is \$60 - \$82,000?"

Interim City Administrator Singh stated, "That is what I would recommend the range to be with the combined. We are giving you a menu and you decide."

Mayor Pro Tem Kalu stated, "It would more cost effective if you have one person."

Councilmember Keitt stated, "I am glad to hear about this because we always need someone that people can go straight to for questions and answers."

A motion was made by Mayor Pro Tem Kalu, seconded by Councilmember Hannah for authorization to create a Public Information Officer position. The motion was unanimously approved by roll call vote.

DPU Manager Warren Harley addressed Council, he stated, "Generally, we send you monthly financials. We have added and updated some information that gives you more detail as I promised to do moving forward. Mr. Josh Nexsen, Director of our Administrative Division, will go through this with you in more detail and we will take any questions you may have."

Director of DPU's Administrative Division, Josh Nexsen addressed Council, he stated, "It is a pleasure to be with you this morning, both physically and virtually. As you are aware, the City and DPU's fiscal year runs October 1 to September 30. This information provided in this financial packet has not been audited by our independent accountants. That process starts in the next 30-60 days. That is the audited financial report that City Council generally receives in the spring of each year. This packet provides a bit more information than is normally provided as Warren indicated. I will go through these items and summarize it for you. The first is a memorandum that details the results of the month and year ended September 30, 2020. That is our fiscal year. Second, there is a budgetary packet directly behind this memorandum. This packet is 12 pages and summarizes the statement of revenue, expenses, and changes in net position. That is typically called an income statement in a for profit company. This is for the DPU as a whole and the separate operating divisions as well as an update on each capital project's spending today to the end of September. This packet also details divisional sales revenue and unitary sales data by month which indicates whether or not sales were improving or declining compared to the same period in the prior year. There is color coding on there that you may be able to pick up on, green would be improving, yellow would be about standard, or red if it was declining. The third set of information has an

index to the financial statements. I believe it was 29 pages and that is the normal monthly financial information provided to City Council which contains statistical information, a statement of net position, which is a balance sheet; and a divisional statement of changes in net position with corresponding graphs and that is the net statement of income. Finally, at the very back is a three page document that is a three year comparison of the department's outstanding customer accounts receivable with commentary at the end on the current amounts outstanding and the number of utility accounts that have an aged balance, typically over 60 days. There are quite a number of those." 2975

Manager Harley added, "Mayor and members of Council, if you will recall, we gave you this same information as we went into the COVID environment as we delayed customer's payments on their bills. We kept you abreast of where that number was so that documentation just shows you where we are at this point."

Mr. Nexsen stated, "At the end of the year, the DPU had approximately \$24,140,000 more in cash primarily due to borrowing 15 million from Truist bank to fund the Operations Center Project. For that project we borrowed all of it upfront, only about \$5,300,000 was spent through the end of September. There were some large increases in plant property and equipment that is construction in progress. Those funds go directly into the system here in Orangeburg to support the citizens and rate payers and that amount increased by nearly \$9,478,000. The commitments on projects as of September 30, 2020 totals \$69,139,700, but to date the DPU has only spent \$20,502,742 so there is a difference between those two numbers of about \$49 million so when you see a large cash position, a large increase in cash position there is a corresponding commitment to spend those funds. I think as the Council knows, Warren has taken an active role in addressing some of the aging infrastructure issues we have had especially around the electric substations and some of the areas of safety and reliability of the utility system on the electric and gas side of things. Short term liabilities increased \$3,670,000 primarily due to a cost in excessive billings as well as on purchased power and gas. Those are just invoices we have received and have not paid yet. Long-term liabilities increased \$13,76,000. That is the sum of the \$15 million we are borrowing from Truist bank and the paydown of the existing three bonds that we have which are all through the SRF, that is the State Revolving Fund. Two of them were from 2009 and one from 2014 to rebuild the Wastewater Treatment Plant.

Item #2 of this memo, the operational results for the year you may recall that Council approved an electric rate increase in the prior year and we had budgeted that the sales would increase about \$8 million; however, sales revenues only increased .7%, which leads to just a note to let Council know that this variance of about 7.5% is due to primarily weather related issues. COVID did have an impact. We did have quite a bit of restaurants and other companies that were closed for long periods of time, but the main driver was the weather. There were far fewer heating degree days, which is a measure of how cold it is and there were far fewer cooling degree days, which is the measure of how hot it is in the summer. It was a mild year. That is the primary area where the DPU makes its margin on electricity and natural gas."

Manager Harley added, "Just to say it a little differently, the more severe swing we have in the weather that will drive sales one way or the other. A lot of those things are out of our control in regard to sales."

Mr. Nexsen stated, "That is a great point, Warren. Correspondingly, electricity and natural gas is a pass-through so the amount the sales revenue decreased by did pass through in the cost of electricity and natural gas that we buy for our customers and pass-through to them also fell nearly 10.5%. Operating and maintenance costs were within 1.8% under budget so that was a good number. Administrative costs were higher during the year, primarily due to the COVID-19. We open a work order when we have a special event and as Council recalls in March we put the entire company on staggered rotation to meet occupancy levels, reduce the spread of COVID among our employees, and as a mitigating factor so that we did not have large scale absenteeism from sickness. That work order at the end of September 2020 had \$1,240,000 in it. About \$60,000, \$80,000 of that was payment to vendors. We updated our lobbies with partitions and glass. We have added temperature scanning stations. All of that was only about \$60 or \$80,000 the rest of

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that amount is payroll dollars that we paid our employees to stay home. Depreciation expense totaled \$1,532,000, which is slightly under our projected budget. A lot of that is driven by how projects close out. A project that takes two years does not start depreciating until the 25th month when it is closed out, just a note. Non-operating income and expenses are items that are somewhat variable. The aggregated amount of these items totaled \$1,634,361. It was significantly better than the budgeted amount \$570,000. The primary cause of this is volatility of the interest rate market. So, the DPU invests its long-term investments in either US Treasury bonds or Agency bonds of the U.S. Government, which would be Fannie Mae, Freddie Mac, any Agency bond of the U.S. Government. When you buy a bond at 2% and interest rates go to .2%, then you realized an unrealized gain in the market value of that security because you are earning interest higher than the current market rate of interest. So, the prices of bonds and yields work inversely with one another so governmental accounting makes you realize and unrealize gain or loss so I will just note that we have recorded the accretion in those bonds. If we were to sell them, we could liquidate them and get the price that we have marked them up to, but we do not trade securities. We are not a trading desk, we buy them, we hold them, and we earn the interest off them. The last couple of items, capital contributions for the year came in quite a bit under what we had budgeted. That was primarily due to one project, which is the extension of utilities across I-26 and 601. I think that is just a timing delay. The project is taking a little bit longer than anticipated. As a section completes, we bill our neighboring utility for those services we rendered. We expect that project to be wrapping up pretty soon. Finally, the transfer to the City of Orangeburg totaled \$5,690,618 that represents 5.7% of sales revenue and 32.5 % of net income after transfer. Just to compare the DPU with a for profit investor owned utility those are about what an investor owned utility's tax base would be."

Manager Harley added, "Just for the record, Mayor and members of Council, as we take some other opportunities to work together, the City and the DPU, we are talking about how we adjust that number, whether we put it in the transfer or how we move it forward. We have had those conversations with John and the staff at the City on how we work through those so that there is a clean understanding of how we are moving finances or money between the two entities."

Mayor Butler added, "For example, on the public information officer?"

Manager Harley stated, "Yes, we have also partnered on the grants position. The City already had a position for this, so it just makes sense to partner when possible. It takes the burden off both the groups to be able to do that."

Mayor Butler stated, "We are just glad that you all are interested in some space with us when we move downtown."

Manager Harley replied, "Yes that would certainly be something that we want to look at."

Mr. Nexsen added, "Yes. That would definitely be a win-win. It is a great location. I would be glad to entertain any questions that Council may have."

Mayor Pro Tem Kalu stated, "On the positive side, when the packet came it took me like three hours to go through it. I love it. I read the first two pages and that last page and then went to the financial statements of what you wrote down here and that makes more sense. I also went to the different departments and I could see the graphics, the ups and downs. The financial statement graphs kind of helps you see where the company sits, the ups and downs of the business. This is quite impressive."

Mr. Nexsen replied, "We are always happy and thrilled when Council takes an interest in the goings on at the DPU. I know there was some confusion. I had not been able to follow all the Council meetings streaming. We have a very good web filter at DPU and getting on Facebook is a challenge while I am at work. I know there have been some comments at Council and obviously, I will take full responsibility for any hiccups there may have been. It would be our pleasure to supply this information on a more frequent basis and in an agenda item like this if it would please Council."

Mayor Butler replied, "That is what they are looking for, this kind of information and an explanation if they have any questions. I think that will clear up all the confusion."

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Councilmember Keitt stated, "Thank you for the details and we read it. Thank you so much."

Manager Harley stated, "I want to point out that we will have this report in your packet on a regular basis as requested, but we wouldn't necessarily, unless you ask us to, have it as an agenda item for presentation. If you want, we can certainly do that."

Mayor Butler asked, "Do you all want to have this as an agenda item for presentation or for reading?"

Councilmember Stroman replied, "I would rather have it just for my reading."

Councilmember Keitt agreed, "Yes. I would like it just for reading and then if we have questions we can call and ask about it."

Manager Harley stated, "The reason I wanted Mr. Nexsen to come present is because we have added more information to the packet than what we would normally include. That is why he is here today. We will continue to give you the information and if you have any questions, please reach out."

Mr. Nexsen stated, "If we can go back to our Accounts Receivable for a minute, there are a lot of folks that are behind and struggling out of work. DPU has Project Good Neighbor where folks who are able and still have a job and haven't experienced the impact that some others have, can give a small amount every month through their utility bill. 100% of those dollars goes straight to CCMO to give to the community to help pay their power bill, help give them food, or help get them back on their feet. This is an incredible organization and I would encourage anyone watching to call and sign up at DPU to give. A dollar or two every month goes a long way when 20,000 people do it together. It helps."

Councilmember Keitt added, "Also, if we have it on our bill already, we can increase it."

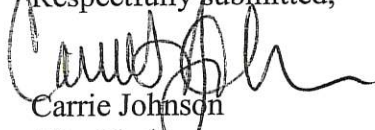
Mr. Nexsen stated, "Yes. Thank you."

A motion was made by Mayor Pro Tem Kalu, seconded by Councilmember Keitt to go into Executive Session to discuss Personnel Matter and Legal Matter A. Discussion of development of security personnel and legal matter Department of Public Safety- S. C. Code Sec.30-4-70(a) (2) & (3), Legal Matter and Contractual Matter A. City Fire District – S. C. Code Sec. 30-4-70 (a) (2), and Personnel Matter – S. C. Code Sec. 30-4-70 (a) (1) A. Discussion of interview process for City Administrator applicants, B. Employee evaluations process, C. Discussion and receipt of legal advice regarding revisions to the City's current Employment Agreement for a City Administrator. S. C. Code Sec. 30-4-70 (a) (2). The motion was unanimously approved by roll call vote.

A motion was made by Mayor Pro Tem Kalu, seconded by Councilmember Keitt to return to Open Session. The motion was unanimously approved by roll call vote.

A motion was made by Councilmember Haire, seconded by Councilmember Knotts to adjourn. The motion was unanimously approved by roll call vote.

Respectfully submitted,


Carrie Johnson
City Clerk

/lrm

