

Aiken City Council Minutes

September 18, 2006

WORK SESSION

Council Present: Mayor Cavanaugh, Councilmembers Clyburn, Price, Sprawls, Smith, Vaughters, and Wells.

Others Present: Roger LeDuc, Bill Huggins, Gary Smith, Ed Evans, Rachel d'Entremont, Glenn Parker, Pete Frommer, Susan French, Anita Lilly, Tommy Paradise, Sandra Korbelik, Kenny Cook, Sara Ridout, Larry Morris, John Moore with the Aiken Standard, Tony Baughman with the Aiken Standard, Susan Mimmie and 7 citizens.

Mayor Cavanaugh called the meeting to order at 5:11 P.M.

FISCAL IMPACT ANALYSIS

Strom Thurmond Institute on Fiscal Impact Analysis

Transportation Improvements

Transportation Management Ordinance

Impact Fees

Mayor Cavanaugh stated the purpose of the meeting was to hear a presentation by Strom Thurmond Institute on the Fiscal Impact Analysis and also a presentation on future transportation improvements.

Mr. LeDuc stated that for several years Council has talked about growth in the City of Aiken and whether or not growth pays for itself. Last winter the city contracted with the Strom Thurmond Institute to do a Fiscal Impact Analysis for the City of Aiken. In this analysis they compare the city's future revenue growth and expenditures based on new housing and commercial starts versus the expenditures needed to provide the services necessary for this new growth. Since the new growth is a variable, they included a +/- 1/2 % on their population projection. It is interesting to note that, although the number of housing starts has increased in Aiken, the number of individuals who are moving into those homes has conversely decreased. They also determined our revenue with and without the 1 cent sales tax being approved after 2011. The expenditures include repaving and minor work on city and state streets, but does not include major capital transportation improvements.

Mr. LeDuc stated that Bill Molnar, Chip Taylor, and Rob Carey were present to make a presentation on a study conducted by The Strom Thurmond Institute entitled "An Assessment of the Fiscal Impact of Population Growth on the City of Aiken, South Carolina."

Mr. Bill Molnar, Institute for Economic and Community Development in Columbia, introduced his group: Charles Taylor and Rob Carey working with the Strom Thurmond Institute on campus. Mr. Molnar stated the city was very helpful in getting the information to them in order to develop the analysis. He stated the content and format of the report will hopefully prove useful to the city as the city makes economic development decisions for the citizens of Aiken as well as developing those policy instruments to possibly govern the city over the next years.

Mr. Charles Taylor stated that the question answered by the analysis is, "Does Growth Pay for Itself?" Mr. Taylor gave an overview of the general fund as it was assessed in the study. Mr. Taylor stated that based on revenues and operating capital expenditures, that they expect a deficit of about \$38 million over the twenty year period. He stated that does not include revenue coming in from the capital improvement sales tax that is currently in effect. He stated that the present tax will generate some revenues that will offset some of these capital expenditures and that will reduce the deficit. He stated that if the capital sales tax is extended throughout the twenty year period and if the city continues to devote about half the revenue to capacity enhancing projects, it would

generate more money to offset these capital expenditures and leave a small surplus over the twenty year period.

Councilwoman Vaughters asked what would happen if the legislature changes property taxes.

Mr. LeDuc stated that if the legislature and voters approve the changes in the amount that can be assessed each year, as the city goes through any reassessment or if there is any change in tax values in Aiken, the city will have to make certain that they do not charge more in a given year of reassessment than the amount of change that is occurring.

Mr. Rob Carey gave an overview of the water and sewer utility as well as the stormwater utility as it was assessed in the study. He stated that the study shows a small deficit in the water and sewer utility. He stated the stormwater will have a much smaller deficit according to the study.

Mr. Taylor concluded that the fiscal impact of growth on the General Fund is moderate. He stated that the Capital Improvements Sales Tax has the potential to cover a very large part of the shortfall. He stated they recommend to watch the rate of growth and financial condition and to make adjustments as needed. He stated that transportation infrastructure is important. He stated their rough estimate is \$13.7 million, which is approximately 8% of all the growth-related expenditures they recommended. He recommended the city conduct an engineering analysis to ensure that investments are adequate. He stated alternative funding may be required. He stated that according to the study, both utilities are operating at nearly a breakeven basis. He recommended the city watch the rate of growth and financial condition and make adjustments as needed.

City Council discussed the study conducted by The Strom Thurmond Institute, "An Assessment of the Fiscal Impact of Population Growth on the City of Aiken, South Carolina," at length.

Mayor Cavanaugh stated Mr. LeDuc was going to speak on future transportation improvements.

Mr. LeDuc stated that three years ago City Council approved a Transportation Management Ordinance which included a provision for a Traffic Impact Fee. He stated that at that time Mr. Roger Dyar explained to Council the transportation projects needed over the next ten years. At that time he estimated that to pay for these projects the city would need to enact an impact fee in the range of \$800 to \$900 per new home. At that time Council decided to delay that action and to include some of these projects under the 1 cent sales tax and to hopefully have the County to do likewise. He stated we were also hoping to receive some additional state and federal support for these improvements.

Mr. LeDuc stated Roger Dyar was unable to attend the meeting. Mr. Dyar e-mailed the presentation to Mr. LeDuc so he could make the presentation. Mr. LeDuc reviewed the list of connector roads and their costs. Mr. LeDuc also discussed the impact fees. He stated that the city needs to figure out how to generate the money, but also how it will impact the businesses and development that comes. He stated the fees would be applied to the building permit when the new construction is started.

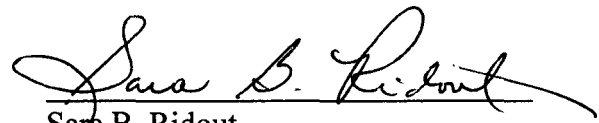
City Council discussed impact fees at length. Council was concerned with who would be charged the impact fees and the fairness of them.

Mr. Leduc stated that Council will need to consider some sort of impact fee; it is just a matter of how much. He stated that Gary Smith will write a resolution asking that a study be made of a new impact fee. He stated it will go formally from City Council to the Planning Commission. He stated this would allow the public to have input in the process.

City Attorney Gary Smith stated the resolution would direct the Planning Commission to update their review of what they did three years ago based on the new numbers supplied by the traffic engineer and to issue a report to City Council by a certain date. He stated

that state law requires that you impose a deadline for response. He stated that once that report is received, an ordinance would come before Council for further consideration.

The meeting adjourned at 7:37 P.M.

A handwritten signature in cursive script, reading "Sara B. Ridout". The signature is written in black ink and is positioned above a horizontal line.

Sara B. Ridout
City Clerk