

Priority Investment Element

The Priority Investment Element inventories potential funding sources and forecasted revenues available to finance planning initiatives, capital improvements, and other quality of life projects in the community. Planning for new roads, new parks, new fire trucks or new schools is the easy part; figuring out a long range capital plan to pay for them is the true challenge. New growth and development demand additional public services, roads, and utilities. Managing available revenue sources and enumerating project needs helps ensure that adequate capacity is available to serve the magnitude and timing of anticipated development.

In essence, the Priority Investment Element should be a catalyst for the development of a more formalized Capital Improvement Planning Process, with the incorporation of capital planning elements into annual City & County budgets that look beyond year to year budget cycles.

Moreover, the Element calls out for improved coordination across multiple disciplines: land use, transportation, schools, and other public facilities should not be planned and programmed in a vacuum, but in a manner which anticipates the impacts each has on the other.

Plans, programs, policies, and capital projects recommended in identified Priority Investment Areas address needs highlighted this Plan.

Current Local Government Funding Sources

The following revenue sources and funding mechanisms are used by the City of Sumter and/or Sumter County to fund large-scale planning initiatives or capital improvements.

General Fund

The General Fund accounts for all funding resources in the City and County not otherwise devoted to specific activities. This funding source includes revenues from ad valorem taxes (real estate and personal property), licenses and permits, charges for services, intergovernmental funding, other taxes, and miscellaneous revenue and other funding sources. These funds are generally spent on general government services, public safety, public works and utilities, and health and human services. Expenditures include, but are not limited to, salaries for department employees, supply and fuel costs, and building improvements. Capital and infrastructure are funded in part through General Fund dollars.

The FY 2020 Budget for the City was \$68,791,676 (\$40,186,182 general fund).

The FY 2020 Budget for the County was \$51,908,042.

Grants

Grants represent discretionary, lump-sum funding secured by the City or County for specific one-time projects. There is no assurance that previous grant monies will be made available again in the future; however, the Comprehensive Plan assumes some growth will continue to be funded with grants.

In many cases, receiving grant monies obligates the City and County to spend additional dollars to meet local match requirements for the grant received.

General Obligation Bonds

General Obligation Bonds (GO Bonds) are backed by the “full faith and credit” of the City and County, and are usually considered a safe investment for bondholders. The principle and interest on general obligation bonds are normally paid through a property tax levy.

The City and County have bonded significant facilities from 2010 to 2019 including government offices such as the City Police Department, City Water Department (Utility Billing), County Administration Building and County Judicial Center. This financing mechanism is fundamental for local governments. However, bonding capacity is limited by both state and local laws.

Lease-Purchase Agreements

Lease-Purchase Agreements allow a local government to acquire capital assets by making a series of lease payments that are considered installments towards the purchase of the asset. Under a lease-purchase agreement, the local government acquires full ownership of the property covered by the lease by making all of the lease payments over the full term of the lease.

Often, the City and County utilize this finance tool to fund capital equipment needs such as office equipment, furniture and vehicles. In FY 2020, the City approved \$785,000 in purchases under their Lease-Purchase plan. Lease-Purchase agreements are executed on an annual basis based on capital needs by department.

Road User Fee

Sumter County currently collects a road user fee on all motorized licensed vehicles. The road user fee is expected to generate \$1.2 million in 2019 and is expected to produce approximately this amount annually during the course of this 2040 plan horizon.

City of Sumter Sewer and Enterprise Fund

The City operates a public water and sewer utility, sometimes referred to as an Enterprise Fund. In FY 2020, water and sewer operations generated a budgeted revenue of \$24,030,745. The City limits transfers from the Water and Sewer Enterprise Fund to the General Fund on an annual basis to 5%.

Local Hospitality Tax

A local hospitality tax is levied on consumers purchasing prepared foods and beverages from vendors located within the jurisdiction enacting the tax. Counties in South Carolina are authorized to levy up to 2% if approved by a majority of the governing body. This tax limit is reduced to 1% if it is not also approved by municipal governing bodies within the County (see S.C. Code of Laws, Section 6-1-700).

The local hospitality tax is expected to generate approximately \$353,000 for the County in FY 2019, and \$2,700,000 for the City in FY 2019.

Hospitality tax funds are typically directed toward streetscape, design, and recreation projects.

Local Accommodation Tax

A local accommodation tax is levied on the rental of rooms, lodging, or sleeping accommodations. Local governments in South Carolina are authorized to levy an accommodation tax of up to 7% of the gross proceeds derived by business owners renting rooms, lodging, or sleep accommodations. An accommodation tax also imposes a sales tax of up to 5% on additional guest services offered at facilities not otherwise taxed under South Carolina law (see S.C. Code of Laws, Section 12-36-920).

The local accommodations tax is expected to generate approximately \$400,000 for the County in FY 2020, and approximately \$575,000 for the City in FY 2020.

Local Sales Tax

The State of South Carolina authorizes local governments with the power to collect three types of sales tax. The first is a voter-approved capital projects sales tax, which must be used to fund certain projects such as government buildings, bridges, and recreation facilities (see S.C. Code of Laws, Section 4-10-310). This 1% sales tax can be collected by a local government for up to seven consecutive years.

The second sales tax is a voter-approved local option sales tax. (see S.C. Code of Laws, Section 4-10-20). This tax requires a property tax credit for county taxpayers totaling the amount of the revenue raised. This 1% tax has no duration limitations.

The third sales tax is a transportation authority sales tax, which must be used to fund transportation-related capital projects such as highways, secondary roads, and drainage facilities related to transportation (see S.C. Code of Laws, Section 4-37-10). This 1% sales tax can be collected by a local government for up to 25 consecutive years.

Sumter County voters approved a Capital Projects Sales Tax (i.e., Penny Sales Tax) in November of 2014, with collections beginning January 1, 2016. The Sumter County Capital Projects Sales Tax represents a 1% increase in overall applicable sales tax in the County, with 100% of the proceeds going towards 28 identified capital projects in both the City and County. It is a seven year tax, through 2023, expected to generate over \$70,000,000. Sometime around 2020, the City and County are expected to consider the potential of a new voter referendum to extend the Capital Projects Sales Tax for a third term.

Potential Funding Sources

Additional revenue sources are available to the City and County for funding large-scale planning initiatives or capital improvements. Some of these sources require action by City or County Council in accordance with the Code of Laws of South Carolina as amended. A summary of potential funding sources available for recommended projects in the comprehensive plan are identified in this section. Individual limitations or conditions for each option have not been reviewed for this document.

Table PI-1 Sumter County Capital Sales Tax Projects

Sumter County Capital Sales Tax Projects	
Project	Status*
E-911 Emergency Services Facility	Complete
Police Station	Complete
Headquarters Fire Station	Complete
Industrial Infrastructure	Complete
Manning Avenue Bridge	Early Design Phase
N. Main St. & Manning Ave. Corridor Revitalization	Final Design Phase
Wilson Hall Rd. & Wise Dr. Intersection Improvements	Complete
Wilson & Carter Rd. Intersection Improvements	Bid Phase
Administration Building Renovation	Construction Phase
Dillon Park Renovations	Complete
Pinewood Sports & Wellness Park	Not Started
Mayesville Downtown Revitalization	Design Phase
Shout Pouch Greenway	Final Design Phase
County Paving	In Progress - Ongoing
County Resurfacing	In Progress
Downtown Building Renovations	Design Phase
Downtown Sumter Intersection & Infrastructure	Early Design Phase
Recreation Renovations/Additions	Bid Phase
Cultural Center/Recreation Parking Enhancements	Bid Phase
CCTC Industrial Engineering Bldg. Renovation	Complete
Property & Building Acquisition	Construction Phase
Millcreek Renovations	Construction Phase
Animal Control Building Renovations	Bid Phase
Courthouse Renovations	Construction Phase
Community Sidewalks	In Progress - Ongoing
Distressed Structure Demolition	In Progress - Ongoing

**Status as of August 2019*

Revenue Bonds

Revenue bonds are used when the City or County issues a bond and pledges the revenues received from services provided as payments for the debt service. This revenue is used to pay both principal and interest on the bond. While revenue bonds incur slightly higher interest costs than general obligation bonds, they do not use up the City or County's bond capacity.

The County evaluates the use of revenue bonds on an annual basis. Currently, the County is not utilizing revenue bonds for financing capital projects because general obligation bonds have had lower interest rates.

Real Estate Transfer Fees

A real estate transfer fee is a charge on the transfer, sale, or conveyance of real property. It is applied against the purchase price of the property, and can be restricted to certain types of capital expenditures. The South Carolina Legislature has strictly forbidden the implementation of a real estate transfer fee without expressed authorization from the state legislature (see S.C. Code of Laws, Section 6-1-70).

Local Improvement Districts (LIDs)

Counties and municipalities in South Carolina are authorized to create local improvement districts for capital projects. Provisions for assessing and levying property taxes in different areas and at different rates are set forth in the Code of Laws of South Carolina, Section 4-9-30(5)(a). A local improvement district links together the costs and benefits resulting from new or upgraded capital facilities. Generally, property owners in new tax districts must agree to the new assessment. Capital projects in the special benefit tax district can be bond-financed and paid over time by the benefiting property owners to expedite implementation.

The City of Sumter employs a Tax Increment Finance District (TIF) in the downtown area. Taxes generated from this district in FY 2019 were approximately \$351,292.

State Infrastructure Bank

The South Carolina State Infrastructure Bank (SIB) selects and assists in financing major qualified projects by providing loans and other financial assistance for constructing and improving highway and transportation facilities. Funds are awarded on a competitive basis.

State Transportation Improvement Program

The State Transportation Improvement Program (STIP) is a prioritized list of transportation projects prepared by the South Carolina Department of Transportation to be implemented statewide in appropriate stages over several years.

Sumter County and the City of Sumter provide comment on the STIP through participation in the Sumter Area Transportation Study (SUATS) and through participation in the Santee-Lynches Council of Governments (SLCOG).

Developer In-Kind Contributions

In some instances, the owner(s) of property seeking entitlements for their land may elect during the development review process to donate right-of-way or construct certain "oversized" capital projects simply for the public good, as well as to serve their development. The type and/or magnitude of these contributions vary greatly from location to location and owner to owner.

Impact Fees

Impact Fees are intended to enable new growth to essentially pay for the services for which it generates need for. This could be schools, recreation, public safety, etc. These fees are established based on the capital and operating impacts of new development and are paid by the developer or ownership interest.

Identified Capital Projects

It is acknowledged from the outset that both the City and County approach capital planning in a short term, "pay as you go" budgetary manner. Revenue challenges and a limitation on funding options typically drive funding objectives. With that said, identifying long range capital needs on a more formalized basis is strongly recommended by this Plan. The Penny Sales Tax Referendum was a fine example of widening the planning time horizon. Planning for capital needs is an integral part of planning for the growth of the community. New development creates a need for water and sewer, parks, police, schools, and other services. Unless properly planned for, service provision shortfalls may be an unintended consequence of increased development.

Priority Investment Areas

The Priority Investment Act allows local governments to develop market-based incentives and to reduce unnecessary housing regulatory requirements to encourage development of traditional neighborhood designs and affordable housing in identified priority investments areas.

Priority investment areas have been identified throughout the City and County. These areas have been identified in an effort to direct and concentrate new development opportunities more prominently. These are areas where the City and County want to encourage affordable and market rate residential, commercial, and mixed use development/redevelopment. Areas designated include established corridors, existing industrial parks and economic development sites, as well as new greenfield sites where quality development should be steered. The Priority Investment Act may support extraordinary actions in these areas. For instance, the City and County may relax certain requirements, waive regulatory burdens, or develop incentives to direct development to these locations.

The following designated Priority Investment Areas are identified in the Land Use Element and on the Future Land Use Map: Priority Economic Development Areas; Priority Commercial/Mixed-Use Areas; and Priority Corridors. These areas serve as overlays to the underlying planning areas and supporting policies in the Sumter 2040 Comprehensive Plan.

Intergovernmental Coordination

Through this Comprehensive Plan update, the City and County have taken strides to effectively manage growth, development, and redevelopment over the next 20 years. For goals to be achieved it is important to recognize that many other stakeholders influence, and are influenced by, the growth and development decisions made in Sumter.

Under the Priority Investment Act, the City and County must coordinate with adjacent relevant jurisdictions and agencies before recommending projects for public expenditure. Coordination equates to notice. A list of those jurisdictions and agencies provided the opportunity to review the Sumter 2040 Comprehensive Plan are included in this section.

Cities/Towns

- City of Sumter
- Town of Pinewood
- Town of Mayesville

Counties

- Richland County
- Lee County
- Clarendon County
- Kershaw County
- Florence County

School Districts

- Sumter School District

Utility Providers

- City of Sumter Public Services Department
- Dalzell Water District
- Oswego Water District
- High Hills Rural Water Company, Inc.
- Black River Electric Cooperative
- Duke Energy Progress
- Farmers Telephone Cooperative
- Dominion Energy

Military Installations

- Shaw Air Force Base
- Poinsett Electronic Combat Range

State Agencies

- SC Department of Health & Environmental Control (DHEC)
- SC Department of Transportation (SCDOT)

Regional Agencies

- Santee-Lynches Regional Council of Governments
- Santee-Wateree Regional Transit Authority (RTA)



Photo: Road Paving on Peacock Dr. Funded by Sumter County Capital Projects Sales Tax

Priority Investment Policies

1. The City and County will encourage broad coordination among departments, agencies, and related entities on matters of growth and development related to the provision of public services.
2. The City and County will provide adequate public services consistent with the Sumter 2040 Comprehensive Plan, in a timely, efficient, and fiscally constrained manner.