

**Open Work Session**  
**Capital Improvement Plan (CIP) for Fiscal Years 2021-2025**  
**May 5, 2020**

Mr. Dodd asked Mr. Hitchens to discuss the summary he submitted to Council, to which Mr. Hitchens responded, he was not actually planning to discuss that. He explained, that was just the changes overall, but he can answer any questions if everyone read the memo. Mr. Dodd said they asked the Executive to be here, so, with that said, do any Councilmembers have any comments to be made on this CIP? Mr. Holloway asked if Mr. Strausburg or anybody from the County Executive's Office was available, but nobody from the Executive Office was on the videoconference or teleconference.

Mr. Cannon asked, what is their direction as a Council with this CIP as far as evaluating the plan itself, Work Sessions, but more so having the opportunity to discuss this with Department Heads or with staff from the Administration, to which Mr. Dodd responded, as Mr. Cannon knows, Council has been having difficulty being able to meet with certain members of the Executive Branch and Department Heads. He said they put in a request for Mr. Culver or someone from the Executive Branch to discuss this with Council, but it does not sound like they are going to. He said Council has deadlines, as they know, but it is going to be difficult to hit those deadlines if they do not have questions answered. He said, as far as situations like Mardela, they have had a lot of input from the community as well. Mr. Cannon clarified, he asked that question because he does not understand how Council can properly evaluate a CIP laying out the next five years of expenses if they do not have the benefit of talking to the Executive Branch, or the benefit of talking to the Department Heads. He said there are quite a few things in the budget that he has questions on, and it is not up to this Council to answer his questions. He said a lot of this budget, as he understands it, talks about bonding, but they are not bonding, and he does not think anything is going to be happening anytime soon to allow that to move forward, so he does not know how they can say this is a realistic CIP. He said Mr. Taylor pointed out that a lot of the monies are said to be forwarded from last year to this year, and yet they never went to the bond market, so there is no money to transfer into fiscal year 2021. He said it is not there, but it is in the CIP, so he has a lot of questions.

Mr. Dodd said, as Mr. Hitchens pointed out, there are quite a few changes in the CIP that really need to be discussed, and there are a lot of questions.

Mrs. Acle said she has a question for Mr. McCain. She clarified, she is asking him because she knows he helped write the Strategic Plan. She then asked if this is relatively in line with the Strategic Plan for the Council, to which Mr. McCain responded, from a generality sense, yes, but from a more specific standpoint when they get to the more specific goals, in some cases, yes, in some cases, no. He said the Capital Plan really should be following the Strategic Plan, and should be a product of the Strategic Plan, and should be the roadmap to guide the Capital Plan. He said the answer is yes in generality, but, from a specific standpoint, he is not sure about all the parallelisms. He said it would be nice to see the link of the different programs in the CIP, and how they link to the goals and objectives of the Strategic Plan.

Mr. Cannon said Council heard a lot of discussion during Public Comments about Mardela, and he would agree. He clarified, he was also pretty much taken aback by this, and he really thinks it needs to stay on the agenda, and it should be on the agenda. He said it is a disservice to that community. He said he does

not understand what is in the CIP, and, to him, it does not make any sense. He explained, if they look at future years out, it references an allocation from State funding that is in place to the total of about \$22 million dollars over a four-year period, but all the local funding in this year's CIP has been completely stripped. He said he thinks anybody on this Council knows as well as he does, how are they going to get the State to commit to \$22 million dollars in funding for a badly needed school if the local government has completely stripped the funding? He said he understands the CIP is a plan, but they have to have some semblance to reality as to what the circumstances are, and, to him, that makes no sense. He said, again, he just does not understand why there is nobody in this meeting to help Council understand that, and he thinks that is a valid question, to which Mr. Dodd responded, it is a valid question.

Mrs. Acle asked if they usually give Council the monitoring visit reports from the State because there is a lot of State funding here, but the State comes and does those reports. She then asked if Council usually gets those with the CIP, to which Mr. Dodd responded, it may go to the Executive's Office. Mrs. Acle asked if they can get those, to which Mr. Dodd responded, Council can put in a request.

Mr. Taylor said he pointed out that there was about \$9 million dollars in this year's CIP that was going to be raised by bonding, and, of course, they have not done that, and in all likelihood, they are not going to as there are only two months left, and there is no active effort, as far as he knows, to go to the bond market this fiscal year. He said it is not quite as bad as he thought initially because \$7 million of that \$9 million is for Beaver Run, and he sees in this CIP issued by the Executive in late April that there is about \$6.5 million of old bond money for that, and he thinks he knows what that relates to. He clarified, as Council may recall, several months ago it was discussed with Council that because of various bonds from the past there was surplus money that might be able to be swept into Beaver Run. He said this is an educated guess, and he knows they can be dangerous, but that is what that roughly \$6.5 million dollars is. He said, at least as far as that money is concerned, that \$7 million that was to be bonded looks like most of that money is there to be used as appropriate. He said there was also \$2 million of that \$9 million that was for the west side collector phase 3, and that looks like right now it is in the CIP as if it has happened, but it has not, so he thinks that reduces the scope of that particular problem. He said there is another aspect of this, though, that has just come up with the CARES Act, and that is the various grants the County is entitled to under the CARES Act, and there are two in particular that are significant. He said the first is for the Airport, and that is being administered by the FAA, and right now is about \$18 million dollars. He said there is another grant, and it would be, essentially, the second half of the COVID Relief Fund money. He said he talked to Mrs. Hurley about this just this morning, and the State is coming out with further directions on that. He said these are all grants, and, under the County Code normal budgeting process, they have to be accepted and put into the budget, both in terms of bringing the money into the budget, and then allocating it out as to what it is going to be spent for. He said this is a unique aspect of this year's budget that has just arisen over the past four to five weeks. He said he does not know whether it would be worth doing a Work Session on that at the next meeting or not, but this will, to some extent, affect the budget. He said, for example, the Airport grant where right now in the proposed budget there is a little bit over three-quarters of a million dollars from the general fund to the Airport for operating expense, and there is also roughly \$4 million dollars of new bond money for the Airport, bonds to be issued in this coming year. He said that is about \$5 million dollars, and most of it, at least certainly some of it, could come out of that \$18 million-dollar grant, which would, in effect, preserve money they already have in the general fund. He said there are aspects of this that are going to

play out in both this year's budget and next year's budget, and they need to be addressed, as well as accepting the grant money. He said there is also an issue, he believes, regarding the grant for the Airport water main extension, but he will not get into that tonight, but he thinks that needs to be accepted properly. He said, in any event, he thinks there is a lot that needs to be addressed fairly quickly because it affects both this year's budget and the budget Council has to adopt fairly soon for next year.

Mr. Cannon asked where Council should go from here? He clarified, they have a budget and CIP that is tens of millions of dollars. Mr. Wayne Strausburg, Director of Administration, then joined the meeting via telephone, and apologized. He said he is having some technical difficulties on his end. He said he will dial it back to where Council had some questions for him, and he will try to come forward for Council.

Mr. Cannon said one of his primary questions was references to the budget which seem to be projecting bond sales, and he is just curious as to how they are going to be able to do that realistically. Mr. Strausburg responded, what really needs to happen because they did not have a bond sale this past fall, and they are contemplating a bond sale this coming fall, they are really going to have to combine those two tranches of money and go to the market. He clarified, he would caution Council and the community on the fact that they are in uncharted territory here. He said they really do not have a clear handle on what the impacts on their economy and their revenues are going to be with regard to COVID-19. He said, if things went well, they would go to the market sometime in the fall and they would float bonds for both 2020 and 2021. Mr. Dodd asked how much, to which Mr. Strausburg responded, he does not have that in front of him, but it is probably on the order of \$21-22 million dollars, but that is a ballpark. He said, as they go into the next twelve months, they are going to have to see what the impact is on County general revenue. He said property taxes are probably going to be okay for the time being, but he thinks they are going to see an impact in the third to fourth quarter of fiscal year 2021 on local income taxes. He said it remains to be seen what actions, if any, the State will take with regard to things like disparity grant and highway user revenue. He said it is a very fluid situation right now, and they are going to have to stay in very close communication, and revisit this on a very regular basis, at least monthly. Mr. Dodd said he agrees, and he was going to guess about \$10 million a year to be consistent, but they had to factor in this COVID-19, which may end up being even more than \$21 million because the County is losing revenue. Mr. Strausburg said it is hard to say, and it depends on how quickly the State can reopen its economy, and it also depends on consumer behavior because, even when they reopen, he thinks there is going to be reticence on the part of a lot of the population to get back out into close quarters with people they do not know, so it is very difficult, if not impossible, to really forecast.

Mr. Cannon said, in the budget, there are a lot of references to this old money. He said it is about \$6.4 million dollars referencing old money. He then asked if that should be restated in this budget, and maybe amended, and that be wrapped into the general obligation new money for bond proceeds, to which Mr. Strausburg responded, he thinks they really need some guidance from their bond counsel, Ms. Lindsay Radar, who is with Funk & Bolton. He said most of those funds are with Board of Education projects that have either closed out or have been abandoned, and he has not gone through this process before. He clarified, this is the first time in his tenure that they have addressed repurposing of idle bond funds, so he is going to suggest that Council approve their utilization of Lindsay Radar to walk them through this process. He said he will point out, and this is very important, that to keep Beaver Run Elementary School on track, the Board of Education is going to need those idle funds by December 2020,

so that, he thinks, is going to come quickly, and he thinks they need to get that on the Agenda and they need to move forward with this. Mr. Cannon said that is a \$6.4 million-dollar commitment right there, to which Mr. Strausburg responded, yes, and that is, basically, repurposing idle bond funds. Mr. Cannon said hopefully they are sitting somewhere, but he does not know where they might be, to which Mr. Strausburg responded, he has that on his radar screen, and he is going to try to provide the details to Council that they need in order to take appropriate action to move those funds as necessary.

Mr. Cannon said he made comments earlier that he was confused in the CIP about the breakdown for Mardela. He said they would really like to see that in there, and for it to continue to be in there, but the way it is placed in the CIP this year, the only reference to funding is forward funding in 2022. He said between 2022 and 2025 there is about \$22 million dollars of State funding listed in the CIP, but as a proper planning guide, he does not know how they could possibly enter those figures into the CIP if they do not have some type of local funding established as well in the same CIP, and that was all stripped out from last year's CIP. Mr. Strausburg responded, the Interagency Commission on School Construction (IAC) will be making their decisions in mid-May, and certainly the State's ability to fund these projects is questionable at this point in time. He said they have been in discussion with the Board of Education, and they have made it clear to the IAC that they have ongoing discussions with the Board of Education, that they recognize that something has to happen with regard to that facility, and they are continuing to have those discussions. He said, at the point in time the State makes a decision as to what their comfort level is with funding that project, then he thinks they can drill down to what the County's position is, so he thinks they have a little bit of time on that.

Mr. Taylor said he does not know whether Mr. Strausburg heard him mention the Airport grant through the FAA, to which Mr. Strausburg responded, yes. Mr. Taylor then asked if some or all of that would be available for next year's funding for the Airport both in terms of the pay-go that was going to come out of the general fund, which he thinks is about \$783,000, plus bonding of about another \$4 million. He said, as he looked at the FAA regulations on that, he thinks most, if not all, of those monies could be covered by that \$18 million-dollar grant. Mr. Strausburg said they have had ongoing discussions with the FAA, and, actually, quite frankly, they have gotten much clearer guidance from the FAA on CARES funding than the other tranches of CARE funding. He said the FAA has communicated to them that the CARES funding can be utilized by the Airport sponsor, which would be Wicomico County, to underwrite operational and maintenance costs for the next four years. He said, to go back to the discussion Council had earlier, because of his technical difficulties he could not weigh in with regards to the rental car company agreements and the parking lot agreements, but the FAA has opined that the County can continue to accept whatever level of revenue is available to them from those types of agreements and still underwrite the Airport operating and maintenance expenses. He said they have also gone through a list of capital projects that they felt were COVID funding eligible, and they got a pretty good response from the FAA on that. He said they will continue to have those discussions, and he thinks they will have more clarity by the next Council meeting, and they will be available to provide Council with some pretty clear guidance. Mr. Taylor said it looks like the FAA is taking a much more active position in terms of getting the dollars out the door. Mr. Strausburg said they absolutely are.

Mrs. Acle asked, when Mr. Strausburg had his meeting with the IAC, did they give him any indication on how the County could get Mardela back on their CIP, to which Mr. Strausburg responded, no. He said, at

that point in time they still did not have a clear handle on what the State's financial situation was going to look like. He said they clearly stated that they would make their decision irrespective of what was or was not in the Wicomico County CIP. He said he believes by the next County Council meeting they will have some pretty clear direction from the IAC, and that will allow them to make a much better decision with regard to what is and is not feasible with Mardela.

Mr. Dodd said his question is the big elephant in the room. He said Mr. Strausburg mentioned the bond market. He then asked, are they going to be able to go to the bond market with their staffing dilemma, to which Mr. Strausburg responded, that is a very good question. He said the reality of it is that the credit markets and lenders place a very high premium on certainty and consistency. He said that will be a question that will have to be addressed on Wall Street, and he will encourage some resolution of these issues as soon as practical. Mr. Dodd said he thinks Mr. Strausburg knows that is what he is hoping for.

Mr. Dodd asked Mrs. Hurley where they will go from here, to which Mrs. Hurley responded, the next question is whether Council wants to try to start discussing the individual departmental requests. She clarified, that is really a Council decision on how they want to proceed. Mr. Dodd said he thinks they need to, but as far as getting them to meet with Council, that is another question. Mr. McCain said Council does not need to meet with all of these Departments. He said certainly Mr. Strausburg can summarize what is in the plan, as he has done before. Mr. Dodd said he would like for that to happen because the last time Council spoke to Mr. Strausburg on this he was going to come back to Council. He then asked how Council feels about having another Work Session with Mr. Strausburg, to which Mrs. Acle responded, they have substantial questions that still need to be answered. Mr. McCain suggested, if, for example, they are going to do this at their next meeting, could Councilmembers direct their questions to Mr. Strausburg between now and then so he knows beforehand what those questions are and he can have answers prepared, and anticipate the main questions or concerns so he can address those efficiently at the meeting, to which Mr. Dodd responded, he thinks that is a good idea. He said that is a very good suggestion, Mr. McCain.

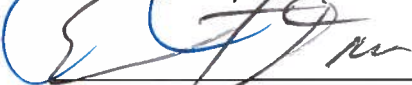
Mrs. Hurley asked if they can verify that with Mr. Strausburg, to which Mr. Strausburg responded, he will have that discussion with the Executive. Mr. Dodd said he and Mrs. Hurley will be meeting Friday, and hopefully they will hear from Mr. Strausburg before then.

Mr. Taylor said he has one other thought. He then asked if Council wants to put on the Agenda for the next meeting a Resolution to extend the date for the adoption of the budget. He said there are a lot of balls in the air, and they typically extend it anyway. Mr. Dodd asked Mrs. Hurley what she thinks, to which Mrs. Hurley responded, she would recommend extending both the date for the adoption of the budget as well as the adoption of the CIP to the first meeting in June. Mr. Dodd asked if they can go any further than that, to which Mrs. Hurley responded, not unless Council wants to have a Special Legislative Session. She said the first meeting in June is going to be June 2, and, per the Charter, they have to adopt the budget by June 15. Mr. Dodd said they would have to have a separate Special Legislative Meeting. He then asked if everybody is okay with extending this to the first meeting in June, to which Mr. Taylor responded, that is only extending it one day. He suggested maybe thinking about more than one day, to which Mr. Dodd responded, that is a thought as the deadline is the 15<sup>th</sup>. He said they would have to have a Special Legislative Meeting on those two topics. Mr. Cannon asked Mrs. Hurley if this would


require a Resolution, to which Mrs. Hurley responded, it does. Mr. Cannon said that is something they could work on in two weeks and have it for Council to decide, to which Mrs. Hurley responded, that is correct. There was no further discussion.

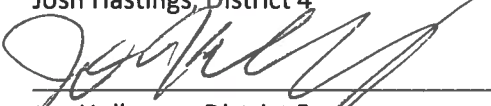
  
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Larry W. Dodd, President, District 3


  
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John T. Cannon, Vice President, At-Large

  
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Ernest F. Davis, District 1

  
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Nicole Agle, District 2

  
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Josh Hastings, District 4

  
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Joe Holloway, District 5

  
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William R. McCain, At-Large

  
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Laura Hurley, Council Administrator