

Open Work Session

Proposed Amendment to the Fiscal Years 2021-2025 Capital Improvement Program (CIP) and FY21 Capital Budget to increase the Grant Funding for the Design and Construction of the Airport Water Main Extension

July 21, 2020

Mr. John Psota, Director of Administration, came before Council and said he would be happy to answer any questions Council may have. He said this has been going on since 2017, but for him it has been going on for two and a half weeks, so he can try to answer any questions.

Mr. Cannon said he thinks there is a huge concern as to how this all has developed over the last year. He said, as he understands it, Mr. Taylor has sent numerous documents in reference to this, and it seems somewhat disconcerting that they are in the middle of a project that should have started some time ago. He said, in fact, he thinks the original contracts were signed in December 2019, and they are here seven months later, yet, as he understands it through Mr. Taylor's work, this has turned out to be somewhat of a reimbursable grant and loan, and they have not established through their budget process the funding necessary to even begin the project. He then asked if that is correct, to which Mr. Taylor responded, more or less. He said he will help Mr. Psota because he knows Mr. Psota has only been here for a couple of weeks, and he thinks it would be a good idea for Mr. Psota, Mrs. Hurley, and himself to maybe sit down and work things out, and he thinks they can quickly come to a resolution to get things moving. He said there are a lot of moving parts here, and unanswered questions, and, as Mr. Cannon said, one of them has to do with the fact that they have never really accepted the grant or the loan the Board of Public Works authorized back in the fall of last year, so that is sort of one aspect of it. Mr. Psota said he believes the grant has been accepted. Mr. McCain asked if Council just accepted the grant a few meetings ago, to which Mr. Psota responded, the grant has been accepted. Mr. Taylor said Council accepted the Airport grant, he believes, but not the grant for this. He clarified, that is only part of it. He said the other part of it is the fact that even the grant money that was in the budget a couple of years ago is actually not the amount of the grants that are being offered now by the State, so there is a difference there. He said, thirdly, there is a question of how much has ever been appropriated for this project, period, and he will point out that three years ago there was a \$350,000 appropriation approved in the budget that was to have come from the Airport enterprise reserve fund. He said he does not know whether that money has ever actually been transferred, or, if it has been transferred, whether it has been spent, and that dovetails back into the Board of Public Works approval, which has a local share requirement of \$286,450. He said whether that money has been spent, or is available to be spent, Council just simply does not know. He said, as he said, there are a lot of unanswered questions about this. He said another one, while he is on that topic, is the fact that the total grant approval by the State is for \$4.4 million, which is about \$700,000 more than what the contract by the Bramble firm is to do the work. He said he does not know why there is that difference, and it could very well be because there are other contract items, such as engineering services, that would probably be under a separate contract. He said there may very well be a contingency, but they do not have any of that information. He said last week they asked Mr. Wilber to send over the grant and loan documentation, and what they got was a cost sharing agreement by which the County Executive agreed that the grant funding for this from the State would be a maximum of \$1.5 million dollars, which is what the Board approved, so there is no issue there, but that is all it does. He clarified, it is just simply a cost sharing agreement, and it does not

give them the terms of the grant, and it does not give them the terms of the loan. He said, regarding the loan, it is like peeling back the layers of an onion here, but the loan, as he understands, is to be what is called a reimbursement basis loan. He said this means, to get the money from the loan, the County has to pay the cost first, meaning from other money because they do not get the loan money until they have paid the costs, and there is a question of how much extra appropriation from the general fund, if any, is required to put that all together. He said what they have is a ball of wax with a lot of moving parts inside it, so he thinks it would be very helpful for perhaps Mrs. Hurley, Mr. Psota, and himself to just sit down and go through everything, and get the documentation in front of them, read it, and try to work out something that covers all the bases so to speak. He said he is sorry to cut into Mr. Psota's time, but he thinks that would be the quick, simple, and best way to resolve this whole matter.

Mr. Dodd asked, since this requires a Public Hearing, with Mr. Taylor requesting these documents and a meeting with Mr. Psota, does that give Mrs. Hurley enough time, to which Mrs. Hurley responded, it does. She said the requirement for this Public Hearing is just one advertisement, so that certainly gives them enough time. Mr. Dodd asked if Council is going to need a copy of all of the contract agreements prior, to which Mrs. Hurley responded, the County should have them. She clarified, it is a matter of just getting them from the proper person. Mr. Taylor said, to elaborate a little bit, part of the reason to get them is because they are entitled to \$1.5 million in grant funds, and there is a question, at least in his mind, as to whether they can get that money up front in terms of the construction process to pay the first several months of contractor's draws. He said that would then be money the County has paid for costs, which would open them up, hopefully, to get money from the loan to reimburse themselves for the costs they paid with the grant money. He said there are a lot of timing and administrative aspects of this that they would like to get the documents for, and they may have to call and ask somebody at the State. He then asked whether Council can do that because, if they can, it might eliminate, or would certainly reduce the need to put in extra general funds and then reimburse the general funds from that reimbursement loan he mentioned. He said it might knock it down to where they do not have to do any, but they do not know until they see the documents. Mr. Dodd said Council has to vote on this for its approval, and he cannot see Council voting blindly, so it would be nice to get these contracts.

Mr. Psota said he will address Mr. Cannon's concern. He said the project started in December 2017. He said, as it has progressed through, going through the hurdles that the largest time-consuming setback he believes was the agreement between Salisbury and the County on the water service agreement.

Mr. Psota said, to address some of Mr. Taylor's concerns, once he gets delineated specifics from Mrs. Hurley of what exactly Mr. Taylor is requesting, a lot of those concerns should be answered. He clarified, in other words, they already have the answers for them, but, once Mr. Taylor presents that, he can lay it out for the entire Council in clear and concise answers to address their concerns. He said, yes, it is a project that has continued to ground on. He said typically MDE says at some point, once they accept the grant, or once the loan has been offered, they have a certain amount of time to begin construction. He said he believes it was December 2019 to begin construction, or around that time. He said, as long as MDE sees they are progressing towards an end goal from the time of construction, MDE will work with them. He said they had the \$1.5 million-dollar grant, and, from what he understands, the Maryland Water Quality loan went from \$1.9 million to \$2.9 million, but he believes that has to do with when the bids came in higher than originally budgeted. He said the \$285,000 referenced as to whether or not that

can be covered with the grant or loan is for engineering services from GMB that he believes Council approved, and that is the local cost share. He said that is a long-winded answer to say they are working towards the goal of getting water to the Airport from the college. He said, as long as they continue to make strides and do the legal hurdles they need to comply with as advised by bond counsel, and bond counsel says they are continuing to achieve, they are on the right path to get that accomplished.

Mr. Cannon said he assumes the June 30th memo Council received has not been shared with Mr. Psota, to which Mr. Taylor responded, he is not aware one way or the other, but they can certainly share it with him. Mr. Cannon said Mr. Psota is asking for specifics, and he thought that was extremely specific. He said he likes what Mr. Psota is suggesting, that if they can get all the minds together to sort through this, hopefully when it comes back to Council, it should be just a matter of process, to which Mr. Taylor responded, that is the way he sees it, and he thinks they can wrap this up, hopefully, pretty quickly.

Mr. Dodd said he thinks the Council is eager to work with Mr. Psota and get through this, so they will put it on the Agenda for the next meeting, to which Mr. Psota responded, he appreciates the partnership as this is a great project. He said he is familiar with the way MDE and Ms. Lindsey Radar work, and he thinks they can continue to move this forward, perhaps with an increased speed. There was no further discussion.



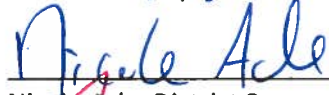
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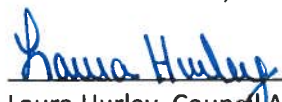
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