

Open Work Session

February 1, 2022

Fiscal Years 2023-2027 Capital Improvement Program - Wicomico County Public Library, Airport, Broadband, and Water and Sewer

Mr. John Psota, Acting County Executive, and Ms. Pam Oland, Director of Finance, came before Council. Mr. Psota said it is his pleasure to present his proposed Capital Improvement Program (CIP) for fiscal years 2023 to 2027 beginning July 1 of 2022 and ending June 30 of 2027. He said the five-year CIP is an important tool to assist Wicomico County in its long-range financial and public works plans. He said each year the plan is reviewed and priorities are reevaluated, and often new projects that have become matters of higher priority are added, and others may be deferred or eliminated as circumstances may change over time. He said, in short, the CIP embodies the long-range strategic vision for the County, and, to this end, they are proposing projects that will maintain or enhance core services of education, public safety, roads, and general government while supporting and promoting community quality of life and economic development. He said this year's CIP addresses these imperatives; it proposes investment in education at both the K-12 and post-secondary level, ongoing investment in the regional Airport, and, finally, proposes to fuel economic development while enhancing quality of life with new initiatives for sports, culture, recreation and tourism. He said it is his pleasure to ask Ms. Oland to elaborate further.

Ms. Oland said, as Council knows, they do a five-year plan, which is the best estimates they have at the point in time these are put together as to the projects that are the highest priority for the County. She said the main year they focus on is obviously the year that they are then going to be budgeting coming up, so fiscal 2023 has the most focus. She said, additionally, this year they made one minor change to the format; they added to the descriptions in the back showing what year it is funded in and where the funding is coming from so they do not have to keep flipping back and forth to try to figure out what it is. She explained, that was intended to tie the two together a little easier and make this easier to read. She said, for fiscal 2023, they are looking at \$26.6 million dollars' worth of bonding projects primarily at the Board of Education, Wor-Wic and the Airport; \$6.5 million dollars of pay-go, and almost \$20 million dollars' worth of grant-funded projects for fiscal 2023.

Wicomico County Public Library

Ms. Oland said the Library has funding for \$400,000 in 2023, \$375,000 in 2024, and additional funding going out. She explained, the 2023 funding is to do some interior renovations at the Paul S. Sarbanes Branch and then to start the process of getting a permanent Pittsville Library.

Mr. Holloway said he knows that has been on the table and off the table, so hopefully it is back on now. He said he thinks the people on the east side will be happy to hear that. He then asked Mr. Hershberger to explain what will be happening.

Mr. Seth Hershberger, Executive Director of Wicomico County Public Libraries, came before Council. He introduced Cheryl Nardiello, Head of Administration, and said she led the Library while they were without a Director for the better part of a year and through the pandemic.

Mr. Hershberger clarified, he and Mr. Holloway have spoken and talked about the Pittsville location, and Mr. Holloway has even given him some help with trying to identify some possible properties. He said their requests for the CIP in the early parts of the five-year plan are really focused on Pittsville. He said it

is their intention to get out of the double wide trailer they are leasing now that is on a little corner of the school property by the time their current lease is up, which is in about two and a half years. He said the plans here are broad enough that it could entail the possibility of leasing another building that exists already in the Pittsville area, renovating that and doing all the necessary studies to get that ready. He said they are really looking at a lot of options in the Pittsville area including the possibility of renovating existing properties, or perhaps even developing a new property on acquired land.

Mr. Cannon said, in reference to the Pittsville Branch, when he first read this he was a little taken aback because he was under the impression that the Library was probably looking for a new location as far as a renovation. He said, when he read this, he thought they would be approving renovations, but that would be somewhat foolhardy if they are going to be building something new, to which Mr. Hershberger responded, they are open to building, but in order to make it something they can definitely accomplish, they need funding in 2023. He said they have a couple of possible properties identified that they could renovate and make a suitable Library, and they approached this focusing on the idea of leasing a building. He clarified, that is also why there is not a subsidized amount from the State because they would need to own the property for the State to fund a capital project, so they would be relying on the County entirely for renovations that would be necessary if they were going to lease a building.

Ms. Oland clarified, the renovations they are talking about in here would be on a different building, not on the current location. Mr. Cannon said he was curious as to what building that was, and whether it was the one that was recommended to the Library Board a couple of years ago, to which Mr. Hershberger responded, that is one they are considering. Ms. Oland said it is still in consideration as to what the best location and best property for this is. She said, again, whether or not it is an existing building, or whether or not it is a lot to build on, right now they are focusing on existing buildings, which would lead towards a lease, which would lead towards the County having to fund the cost.

Mr. Holloway said, when this first came up a few years ago, there was a property identified, and the former County Executive was moving ahead on it pretty rapidly, but, unfortunately, the Library Director at the time was not in favor of it. He said they found out they could possibly move into a renovated building within a year or so of leasing it, and it was said that getting funded, acquiring property, and building a new Library would take up to ten years. He said, if anyone sees what they are using now as a Library, it is pretty insufficient, so he thinks a move toward renovating an existing property would be a good move. He then asked if they have to wait until they run out of the two and a half year lease, to which Mr. Hershberger responded, no, they would not have to, but he thinks it will take approximately that long to get the feasibility studies that they need finished, as well as the design work. He explained, the buildings they are considering were not built to be libraries, so it will take some doing to get them in shape, but they are also looking at some other possibilities outside of those, and there are some attractive options that could change the timeline. He said they have been a little all over the place, actually, since he started, but they have also been very focused on it and determined to get out of there as soon as possible. Mr. Holloway asked what the cost difference would be between renovating a building for \$375,000 and building a new Library, to which Mr. Hershberger responded, the new construction for the amount of square feet they are talking is several million dollars, so they would have to rely heavily on the State for that. He said their timeline goes for several years, so they would have to do it in stages to get it done. He added, the State distributes \$7 million total to the entire State for library capital projects, so, practically speaking, they could probably get \$1.1 million of that for this

project. He said it would also be just very expensive for the County to build new for the amount of square footage they need, which is why initially he turned the focus to the idea of leasing.

Mr. Holloway said he thought he heard the prior Director say it would cost somewhere around \$7-8 million dollars for a new Library.

Mr. McCain asked how much square footage are they talking about if they build, to which Mr. Hershberger responded, he would like to have 5,000-6,000 square feet, but they are considering some buildings that have less than that. He said they are in less than 2,000 square feet now in that little trailer and are making it work, but for programming and everything they would like to do, they need more.

Mr. Dodd asked, instead of leasing and renovating, are there any buildings that can be purchased and renovated, to which Mr. Holloway responded, Pittsville is limited. He explained, they have looked, and the town has been working with them to try to find property, to which Mr. Hershberger added, and the County, and they are considering some tax sale options as well.

Airport

Mr. Tony Rudy, Airport Manager, came before Council.

Mr. Cannon said he does not remember a CIP having a category where its source is to be determined, to which Ms. Oland responded, they have had that in the last two to three years because, with all the federal money available as well as determining the most appropriate use of CARES funding, if there is any infrastructure funding coming down, they are always applying for earmark funding. She said she tries really, really hard not to have a "to be determined" in the year they are going to be budgeting, but they have estimates for these projects, so, going back to the original concept, they are still trying to find the best source of funding for the project. She clarified, the project is on here to put it on Council's radar, but they are still trying to determine what the best source of funding would be for that project.

Mr. Cannon said Mr. Rudy is doing a great job and Council appreciates the fact that he has a lot of balls in the air at the same time. He said he thinks Council can see that by the CIP itself as to how many different categories and different areas Mr. Rudy is trying to make sure he can make substantial improvements at the Airport. He said he wants to thank Mr. Rudy for taking this on as he is, together with the County Executive, to which Mr. Rudy responded, he appreciates that.

Mrs. Hurley asked Mr. Rudy to talk about the new project that is the natural gas line extension and explain what that project is, to which Mr. Rudy responded, there is a Maryland program that is basically a 50 percent grant which they are looking to get, but the County would, obviously, have to fund the other 50 percent, which is \$715,000. He said this would extend natural gas to the Airport, the terminal building, the buildings near the terminal along Airport Road, and out to the technology park behind the Airport as well. Mrs. Hurley asked if it is an underground line, to which Mr. Rudy responded, yes. Mrs. Hurley asked where it connects, to which Mr. Rudy responded, he thinks it is up near Perdue near the Bypass. He clarified, it has been awhile since he has looked at that.

Mr. Hastings asked what the purpose is of the natural gas, to which Ms. Oland responded, heating and water for any of the buildings there. She clarified, natural gas has proven to be a cheaper source of fuel, and it would benefit the Airport in fuel costs as well as any tenants they could get in the industrial park.

Mr. McCain said that line would be a fairly long run. He then asked if they would be able to capture any other users, or would it be like the waterline where it is dedicated solely for the Airport, to which Mr. Rudy responded, he is not sure about that. Mr. McCain clarified, he is just curious because natural gas is sought after by a lot of folks, so if they are going to run a line, it would be great to be able to have access to it. Mr. Rudy responded, this is a little different than City water and sewer, so, off the top of his head, he would say yes, but he does not really know.

Water and Sewer

Mr. McCain thanked Ms. Oland for putting the CIP together and said they like having the chart at the end because it is very helpful, but he has the same question he had last year. He said their number one infrastructure issue in their County is the implementation of their water and sewer plan. He said this is their five-year plan, and they cannot borrow anything if it is not in the CIP. He said he is assuming they are going to be spending money in the next five years on implementation of their water and sewer plan. He clarified, he is looking for a number in their CIP.

Mr. Psota responded, they just do not have those numbers because they do not have an identified project yet. He said, again, in the plan there are parallel tracks, but the main track is to identify those areas which they have done of the onsite disposal systems that are failing. He said they have to go through the permitting process, and that is the biggest objective at this particular time, in addition to doing what they call permitting that also includes the planning and changing of maps in their comprehensive water and sewer plan, so that has to all happen for projects to align. He clarified, once they identify a project, they have to line the funding up with MDE to get the grant funding and find out where the revenue sources are, so, as that progresses, that can be added to the CIP. He said they do not believe that anything is going to happen with an identified project this coming year, but, as those projects are identified, then they can be placed on the CIP as it is a living document going forward for planning purposes. He clarified, they can put it on the CIP next year or the year after depending on when they identify a project for funding.

Ms. Oland added, if they put \$1 million dollars on there today for water and sewer but come back and say they have now identified a spot where they need to do something and it is \$5 million dollars, they have been told at times that they have missed the number. She said it is such an estimate, so part of the reason for not putting it on is that there is no identified location, so it would literally be throwing a dart at the wall and seeing what number it hits because, until they know what the project is, where the project is, how many houses, and what they are trying to service, it is really hard to come up with an estimate on anything. She clarified, it is not forgotten, it is purposefully not on here because the estimate is not even able to really be an estimate.

Mr. McCain said he understands and appreciates that, and he kind of knew that was the answer, but his only concern with that is they make a decision every year as to how much they go to the bond market for, and they look at this plan when they make that decision. He said, when they look at this plan and have nothing in there for that and then make a decision to borrow, his only concern is, if they do not have something in there that they are able to look at, are they making the right decision.

Ms. Oland responded, again, if they put a placeholder of \$1 million dollars in here and then it is \$5 million, or if they put a placeholder of \$5 million and it comes back as \$1 million, they are still making the decision with incomplete information. She clarified, they are well aware that this is something they

need to consider, and they are also aware there are other funding sources for water and sewer, but there are not funding sources for their other capital projects. She said those funding sources come with a lot lower interest rate and/or grant from the State. She said, again, the main focus for any CIP is what they are looking at for fiscal 2023, and the other ones are estimates going forward. She said, at this point in time, they do not have a project they are planning to do in fiscal 2023.


Mr. Psota added, the number one goal is to get this implemented, and they are not going to do anything that would jeopardize that and will do what they need to do to get this accomplished. He said it is not going to sit on a shelf like the reports in his office from 1969, they are going to keep moving, and they are going to get it done, and they are going to get it funded the best way possible. He said, on the bonding, they can do that as they identify the projects going forward.

Mrs. Acle said she has a question about water and sewer. She then asked if they have hired a Public Works Director to identify those identifiable projects, to which Mr. Psota responded, as has been discussed before, that is an internal issue. He said they have advertised and continue to do so, and, quite frankly, with the passage of the water and sewer plan, the skillset needed for that position has changed, but there are a myriad of issues on filling that position.


Broadband

Mr. Hastings asked if they are putting any capital money towards broadband over the coming years and, if so, where would that go, or is it more operating related, to which Mr. Psota responded, again, like the water and sewer implementation plan, as he has stated quite often, at this particular time the County is not putting any money into any of the matching components of it. He clarified, should grant funding come down from the federal government or State, that would absolutely be assessed at that time. He said, as they presented at the last meeting, they feel really good and excited about what is being put in place to reduce the timeline for implementation in those ten areas, and they are moving right along.

Ms. Oland said she is assuming Council will schedule other Departments they are interested in speaking with for the next Session, to which Mr. Cannon responded, yes. There was no further discussion.



John T. Cannon, President, At-Large

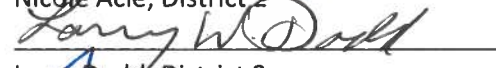


Ernest F. Davis, Vice President, District 1

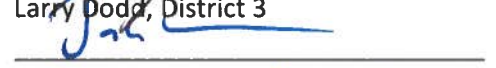
William B. McCain, At-Large



Nicole Acle, District 2



Larry Dodd, District 3



Josh Hastings, District 4



Joe Holloway, District 5



Laura Hurley, Council Administrator