

Open Work Session

Capital Improvement Program (CIP) for FY2024-2028

- **Airport/Department of Aviation**
- **Recreation and Parks**

January 17, 2023

Airport/Department of Aviation

Mr. Tony Rudy, Airport Manager, and Ms. Pam Oland, Director of Finance, came before Council. Mr. Rudy said hopefully the Council has had a chance to take a look at their CIP for the next five years. He said, if Council has any specific questions, he would be happy to answer them.

Mr. Cannon asked Mr. Rudy to give a quick overview just for the public so they know the major items.

Mr. Rudy said the first project is the purchase of a new piece of snow removal equipment, which will be a snow plow and six-wheel flatbed truck to replace one piece of an aging fleet that they have.

Mr. Rudy said the next item is the runway extension, which has been ongoing. He said it is in design right now and they will be putting this project out to bid in the spring and break ground later this year.

Mr. Rudy said next is a fuel farm, which will be a containment area, roadways and fence work to install a new fuel farm in the next couple of years down the road. He explained, the existing fuel farm is currently owned by Bay Land Aviation and their underground fuel tanks have been in the ground for over 30 years, so they are going to want to get those out of the ground and have a new, more modern facility.

Mr. Rudy said the next item is airfield access control. He said this is a new security system for not only the terminal building, but the perimeter of the Airport for gates and doors and any access to the airfield as well as a badging system and a closed circuit TV system. He said this is being designed now and they plan constructing it in the next fiscal year.

Mr. Rudy said next is rental car exit lanes to add some space to the rental car lot. He said they have some overflow parking in their current public parking lot, and they had a project on the books to expand that, but rather than do that they figured they would save some money. He said at this point they really do not have as much demand or need to expand that lot, but, to free up some spaces, they are planning on putting return lanes. He said larger airport rental car areas return cars in a long line of lanes, and this will accommodate those vehicles and be able to free up other spaces for the rental car agencies.

Mr. Rudy said the next item is terminal rehabilitation. He said, in previous years, he thinks they had about a \$4.4 million dollar project for the terminal on the books. He said they revisited this and looked at some of the conceptual plans and decided to scale it back as they really did not have the need for what that project initially was showing. He clarified, they still have the need for some renovations, such as flooring, painting, and brightening up the building, so that is the direction they are going with that.

Mr. Rudy said the next item is Piedmont flooring, which is for one of the hangar floors to basically grind down the old concrete and fill in gaps and put a sealer on the floor, and this is in preparation for the aircraft maintenance technician school that will be coming in.

Mr. Rudy said lastly, for this coming year, is aircraft parking apron to accommodate the Fed Ex aircraft. He said currently they have room to park one aircraft at their facility and they park another aircraft in

the middle of a taxiway that was not in use, but that taxiway goes to their drone facility. He said they recently cleared some trees to make that taxiway usable and they are in the middle of installing a new fence line, so that taxiway is going to open up shortly. He said they also have two remote parking places for them on the other side of the Airport, and their plan is to mill up some old pavement and repave that and provide a dedicated parking space for them, which will be out of the way of other operations.

Ms. Oland said that highlights the main items for 2024, which is the year that would be considered going in the budget. She said basically they are looking at about \$5.8 million in bonding, and most of that is in two projects, which are the runway extension and the fuel farm. She said the rest of it is primarily through a pay-go funding aspect or getting some federal grants.

Mr. Cannon said he knows Ms. Oland feels comfortable with what they are doing with pay-go, to which Ms. Oland responded, yes. She explained, based on the ten year financial forecast, as well as looking at their reserves, they felt that the number they have in total for pay-go and general obligation bonds for the County as a whole fits within that model. She said they have modeled the outyears at lower bonding amounts for 2025 and 2026 because of concerns about debt limit, their P&I policy, and the general economy, as well as the interest rates. She said they feel that the projects they are bonding for and the pay-go number they are doing is sustainable for 2024 and that the outyears fit in their plan.

Mr. Cannon asked Ms. Oland to briefly explain enterprise and pay-go for the new Councilmembers, to which Ms. Oland responded, overall, they bond for all Departments under a general obligation bond. She explained, they have the ability to bond under what is called a revenue bond for Solid Waste and their enterprise divisions, so they could actually bond under a revenue bond where it says that they are only going to take revenues from those Departments and pay that, but that is costlier. She explained, the interest rate on a revenue bond is going to be higher than an interest rate on a general obligation bond because they are putting the whole taxing authority of the County behind a general obligation bond where, on a revenue bond, they are saying the only thing they can get these interest rates and principal payments from is the revenue of that division. She said people want to buy general obligation bonds and will give them a better interest rate, but there are more risks to be taken on revenue, so they have never gone down the path of a revenue bond. She said they have always done general obligation bonds because it is cost effective for the County as a whole. She said they do split up where those bonds are charged, though. She said they get charged to the Departments, so if they borrow for the landfill, the landfill pays that capital expense, but if they bond for the general fund, it is paid out of the general fund.

Ms. Oland explained, pay-go is kind of like taking it out of the savings account, like buying a car with cash, or buying items with cash. She said, when they say County enterprise fund, they are going to take those funds out of those enterprise funds, and they really only have two enterprise funds that can afford to do that, which are the Tourism Center and Solid Waste. She said, if they see a line item that says they are funding out of County enterprise, that is where it is coming from. She clarified, at times, Tourism will pay for something at the Civic Center or Recreation and Parks because it is benefiting the tourist aspects of those facilities, and it does meet the requirements to be allowed to do that, so they transfer the money and pay for those items.

Ms. Oland said, obviously, state grant, federal grant, and others have a whole host of meanings depending on which item it is, but those are the main categories they end up funding. She said they will typically not see "to be determined" in the year they are looking at for the next budget, it is in the

outyears where they will put “to be determined” because they are still trying to figure out if there is another funding source they can find the money from.

Mr. Cannon said it is noted in here that the Airport is an enterprise fund, but he thought that shifted over, to which Ms. Oland responded, while they still have CARES funding, they are covering their costs, but they continually evaluate that with their auditors because that is a specific audit definition. She said, like they did a couple of years ago where they took the Civic Center out of being an enterprise fund and it became a governmental fund, the minute they are not getting the CARES funding, their Airport is going to switch to being a governmental fund. She said that is just what is going to happen because it is not self-sufficient in the respect that it cannot afford its depreciation just like the Civic Center. She clarified, it can afford its daily operations, but it cannot afford maintaining the capital basis they need for that size of a facility, and there are very few airports in the country that are self-sufficient. She said it is the same with the Civic Center, which is why they made that decision. She said they will ultimately probably only have two enterprise funds in the County given another two or three years, which are Solid Waste, which has to maintain its own expenses, and Tourism.

Mr. Holloway said this has nothing to do with the CIP, but he has a question about another issue. He said County Roads might be getting up with Mr. Rudy about getting access to the back of the Airport to clean out some ditches, to which Mr. Rudy responded, he has been talking with Lee Outen about that.

Recreation and Parks

Mr. Steve Miller, Director; Ms. Katie Rouse, Deputy Director; and Mr. Chuck Russo, Deputy Director, came before Council.

Ms. Rouse said, just as a reminder, their CIP plan is for Recreation, Parks, Tourism, Civic Center, and includes Arthur W. Perdue Stadium.

Ms. Rouse said, for FY24 to FY28 they have 30 projects listed, and there are 24 projects in FY24 that have requested funding. She said the total estimated amount for FY24 projects is almost \$15 million, and then, as far as the funding breakdown, they get funding from pretty much all the different places that Ms. Oland just talked about. She said, as far as County pay-go money goes, 12 percent of the almost \$15 million is what they are asking for, so that is \$1.8 million as far as the funding for projects in FY24. She said they have a lot of them, so she is not going to read through them, but if anyone has specific questions, they will be more than happy to talk through those.

Mr. Winn said obviously he is continuing to have people ask him about the Cove and the rocks and such. He said they are worried about it turning into a mud pit like it did in Cedar Hill. He said the beach at Cedar Hill was a beach, apparently, and the State came in and did rock piles, and now it is a lagoon, and the fear is that they will have the same thing at the Cove. He said he knows a lot of money and time was put into putting in those rocks, and nobody there is happy about that. He said there are a lot of people who go to that beach, but they are not going to hear about it right now because it is January, but just wait a couple more months and there are going to be a lot more people coming to this podium he would imagine because they are going to be going to the beach and they are going to wonder what the heck happened. He said, when they first put the rocks in, it was probably okay for a while, but who knows what it is going to look like in a few more months when the tide is ripping in and ripping out. He said he

does not know what is going to happen, he is just reminding them that this is probably going to be an upcoming problem.

Ms. Shields said she is looking at the playgrounds and she knows the basketball court at Indian Village is for FY24, and she would like to see probably something in the budget to get Open Space funding for new equipment for that playground. She said, if they go and visit the playground, it is tiny stuff like what she would put in her backyard for her grandchildren, it is not big equipment. She said she would even look at the safety for that particular equipment. She said it is not really family oriented with picnic tables. She said she thinks they had picnic tables, but the people who lived there, from her understanding, painted them or destroyed them, but she would like to see large pieces of playground equipment and a swing. She clarified, she knows that will not be in FY24, but in the future they could add that to future funding.

Mr. Miller responded, they can certainly look at that. He said the equipment there now is about five years old and was done in about FY17. He said, as far as adding stuff, they can certainly look at that.

Ms. Shields said the Lake Street Playground has these big things, and she went to Union Avenue and they have a playground. She clarified, it might be private for the Johnson Lake area, but they have a nice big piece of equipment and nice swings, and she would like to see that same thing in the Indian Village Playground. She said she knows playground equipment is costly, but maybe they can get an Open Space grant or something like that.

Mr. Cannon said, in reference to Mr. Winn's comments, if he understands correctly, as he has had conversations with Mr. Miller about this, there are already warranties in place on the work they have done to the beach, to which Mr. Miller responded, through the Department of Natural Resources (DNR) they have done a shoreline restoration program. He said he will let Mr. Russo cover some details if he misses them, but the design for the projects both at Cove Road and Roaring Point were different than the one referenced at Cedar Hill, so they do not anticipate that being the same result. He said they are different designs and different widths, but the intent was to protect a shoreline that was eroding. He said he understands what Mr. Winn is saying and he is not surprised because he has probably talked to some of the same people, but what they were told by the experts was that, if they did nothing, they were going to lose the shoreline altogether. He said those were projects that were vetted years ago and that were completed, and their focus now at Cove Road, which, as they will see in the CIP, is the new property they purchased next door which will more than double the physical beach that people will get to enjoy at Cove Road. He said that is now where their focus is - how to tie those two properties together so that people who visit will actually have more beach than they have ever had in the past.

Mr. Winn said, instead of putting more rocks, sand is really cheap, so they could just pump in a bunch of sand. He said they do that in Ocean City, so he does not know why they could not do that because people want a beach and they do not want to swim around boulders and cut their feet on rocks and such. He said he knows nobody here did it, he is just saying that there are people who have concerns about that, and they need to be talked about.

Mr. Russo responded, this program is through the State, as Mr. Miller mentioned, so the DNR representatives basically let them know if the project is acceptable for the funding with zero interest loans, and that is what they went through, but it was really about shoreline preservation, not beach replenishment. He clarified, he is by no means an expert, but the State basically bid the projects with the County and they have a designer who took all of those things into account. He said basically the program

usually calls for three factors – rock, breakwaters, and they did put new sand in at both locations, so there has been tons of sand brought in, and then plantings are all a part of that program in order for it to work. He said that is based off of DNR and the permitting agencies. He explained, they have to go through so much permitting in order to be able to even start the projects, and those permitting agencies all require certain aspects of that, at least that is what he was told as the County was doing the project.

Ms. Oland said she was working in Recreation and Parks when the project started, and it was either they did this or they did not receive funding from anybody but themselves, to which Mr. Winn responded, it sounds like they probably should not have received the funding and just put sand in. Ms. Oland responded, the Army Corp of Engineers does the sand pumping along the East Coast, they do not do it at Cove Road or Roaring Point, so, yes, it is cheap, but it is not cheap, and any major storm that would come up the river is going to take it all out and they are going to start again versus putting rocks in with the sand that should stay. She said, again, their other option was at high tide to have no beach.

Mr. Winn said he understands they want to protect the shoreline and the beach from disappearing, but his only worry and concern is that it is now not going to be a beach anymore and the intended reason for using that is not going to be the same. He said he has friends who have learned how to swim there, and when they go back and look at the beach it is definitely not a beach anymore. He said he understands what the whole goal is, he gets it, but what he is saying is what he is seeing, and it is not what they want. Ms. Oland responded, their option was to have nothing. Mr. Winn said they are still not going to have anything because they are not going to use the beach.

Mr. Miller said, again, they are going to have more beach than they have ever had, so he thinks the idea that they are not going to have a beach is not accurate. He said they are going to have more beach, especially once they tie in the new property. He said they are going to have more beach than they have ever had, more sand, more places to sit, and more places to enjoy. He said they are going to have a new pier, which they have never had. He said people are going to have more public recreation there than they have ever had before.

Mr. Miller said, as far as the project that was done, again, it started five years ago, and as far as he is concerned it is a completed project at this point and they are now going to maintain what they have, but their focus now is on integrating. He said they want that to be a public process where residents or stakeholders, or whoever lives there can certainly be a part of that as far as how they integrate the new property with the existing property to make it the best beach they can have. He said, as far as the CIP goes, they are looking at the next phase, which is integrating the new with the old property.

Mr. Winn asked if they are putting more rocks around the beach, to which Mr. Miller responded, no. Mr. Russo added, both projects are complete. Mr. Winn said he is just asking because they have more beach now and the only concern he has now is, if they say this beach is disappearing so they are going to put rocks in, and then they do not have a beach at all. He said he really does understand why they did it, but people are not going to sit in front of the beach now where there was a beach, they are going to go down where they were not going to go originally and just sit at the other side of the beach where there is a beach. He said he is just saying what people are telling him and what is happening. He said he is not pointing fingers and is not trying to get frustrated or anything, but he is just saying that, if the beach turns into a mud pit right in that single spot, people are not going to want those rocks there, and a lot of people use that beach, that is all he is saying.

Mr. Cannon said he is assuming that the \$525,000 for Pirate's Wharf this year is probably the last expenditure for that project, to which Mr. Miller responded, he hopes so as they anticipated additional federal grants. He said they applied for more funding through Waterway Improvement, and they anticipate hopefully getting additional federal funds. He said, it is not reflected here, but there are some moving parts with Pirate's Wharf and they may need to request FY24 pay-go funding.

Mr. Miller said, for those Councilmembers who were not here when they started this back in 2018, originally with the project they got \$100,000 from the County in pay-go, and he thinks they have done an effective job as they have leveraged that to turn it into over \$3 million because they have gotten federal and State grants and leveraged everything off of each other. He clarified, they started with \$100,000 and worked their way to about \$3 million plus. He said, unfortunately, with the cost of everything going up, everything has gotten more expensive and they have had a lot of setbacks that have been costly from a time and money perspective. He said they are on their third archeological study of Pirate's Wharf and they had some mitigation to do, both tidal and nontidal mitigation, so that original money they used for County money is getting applied to other things, so they might need a little bit more to leverage, but, again, they turned the \$100,000 into about \$3 million. He said they are trying to figure all of that out now as they are working through some pricing, but primarily Pirate's Wharf is funded through grant funding sources, and they are inching along on that project.

Mr. Cannon asked for an estimated time, as they saw the same thing with the dam in Fruitland where a \$600,000 project turned into about a \$4 million dollar project and ended up taking forever. Mr. Miller said honestly this has been a tough project, first because of COVID, but then because they are on their third archeological study, which takes a lot of time. He said nobody will approve anything as far as the permitting agencies that all have to approve a project like this because they are in the critical areas and because of the Army Corp and waterfront, etc., and nobody will approve that until all of those processes are complete. He said one thing that is expediting it a little bit where they may see some action this spring, and they are going to need some action, is that their federal grant has a deadline of the end of August, so that is now giving them a very short window where they have to construct something. He said he thinks they will see some movement out there this spring, and they are pushing as hard as they can, but a lot of these processes are out of their control and they are just doing the best they can.

Mr. Cannon said they have a lot of balls in the air, to which Mr. Miller agreed. Mr. Cannon said it is incredible. Mr. Winn said they are doing good work.

Mr. Winn asked if they are going to start talking about the campground soon, and when is that happening, to which Mr. Miller responded, which one is he referring to specifically? Mr. Winn said the one where Solid Waste is digging the two holes. Mr. Miller responded, that has never been an officially designated idea, but he thinks that is a conversation. Mr. Winn said that is a good conversation.

Mr. Miller explained, for those Councilmembers who may not know, the County owns a property called Connelly Mill, which is directly north of their sports complex on Naylor Mill Road. He said it is 230-some acres and currently the use is for Public Works to dig dirt out for the landfill. He said what they envision, and, again, this is not officially designated for this purpose, but that would be a tremendous asset for a public park in the future. He said he believes they have pushed that out to 2027 as far as the CIP, so he does not think that is something on the immediate horizon, but they think there is that potential down the road, and he thinks it would certainly be a good opportunity. Mr. Winn said that would help out

when people come to the events at the Civic Center because they can bring their whole family in a camper and just stay there and not worry about a hotel, and the County can still profit off the revenue.


Mr. Holloway asked if they are talking about a campground or a public park, to which Mr. Miller responded, he thinks it could be one or both. He said, again, they are so far out from that, nobody knows at this point, but they would have the potential for a campground if they wanted. He said, again, that is a long way away. Mr. Holloway said they are getting criticized for being in the liquor business, but yet they are going into the campground business. Mr. Winn said there is no campground here. Mr. Cannon said nobody said that.

Ms. Shields said they would have to think about the housing developments out there as bringing a campground means traffic and people, and they definitely have to have those folks involved off of Connelly Mill Road. She said they just cannot put a campground in because she knows she would not want one. She said those estates there right in that vicinity would definitely have to have input. Mr. Winn said this was just a conversation, to which Ms. Shields responded, but she is putting it out there because she believes they are supposed to tell people what is coming to them.

Mr. Miller said, again, this is not necessarily a discussion about a campground, but he thinks that could be a discussion. He said there are a lot of things Connelly Mill could be, and at this point it is premature to say what it is or is not.

Mr. Merritt thanked Mr. Miller and his staff and said, when he said they had a lot of balls in the air, he believes it is 38. Mr. Miller said they do, and there are more. He said they have tremendous people all throughout the County, but they are really proud of their people in the Department who make all of this stuff happen. He said he appreciates the support they get from the Council and the Executive.

There was no further discussion.



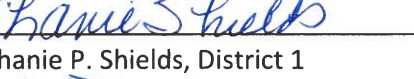
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Shane Baker, Vice President, District 3



James Winn, At-Large



Shanie P. Shields, District 1



Jeff Merritt, District 2



Josh Hastings, District 4



Joe Holloway, District 5



Laura Hurley, Council Administrator