

**Open Work Session**  
**Capital Improvement and Budget Program Recap**  
**February 6, 2018**

Mr. Wayne Strausburg, Director of Administration, came before Council. Mr. Cannon said his concern is to have some assurances of where they are headed, and what they are adding. He said they have really made more amendments to the CIP this year than they have ever made before, and he is trying to outline where they are now, and where they are headed. He said Mr. Strausburg had said they are retiring debt at the same rate they are adding new funds, to which Mr. Strausburg responded, they are maintaining the same debt profile, essentially, with this CIP. Mr. Cannon said the debt obligation is always the part he is concerned about, and he was looking at something the other day that said they are at a 48 percent number, but that is not the debt obligation. He then asked if Mr. Strausburg recalls what that is, to which Mr. Strausburg responded, they are at 48 percent of their debt ceiling under the Charter. He said the Charter limitation is really what is driving their debt limitation right now, but it is the internal principal and interest policy. He said they have set that at 12 percent of general revenue, and they are at about 11.4 percent, so they do not have a lot of room within that policy to take on additional debt. Mr. Joe Holloway asked what it has been historically, to which Mr. Strausburg responded, he would have to go back and look, but he would say it has probably been in the range of about 11 percent. He said, as Council will remember, with that P&I policy they went through a period several years ago where they went to market for about two or three years in a row at a rate of about \$20 million dollars a year, and that is what got them up into the neighborhood they are in now. He said one of the concerns moving forward, of course, is that he thinks the interest rate environment is going to change, so that is also going to have an impact on that P&I policy. He said they were intentionally very conservative about their assumptions both on spending, and their assumptions on borrowing in this CIP, and he thinks they will have to continue to do that. He continued, Council will recall, starting in 2020, they are rapidly going to be retiring debt, so that is going to give them some headroom as they go out over the next five years. Mr. Joe Holloway said he forgets who it was who sat on Council who put their finger up and said "Every dollar we pay in principal and interest is one dollar we are not putting into paying things in the County, and paying salaries, and things like that." He clarified, in other words, general operating money. Mr. Strausburg said the question is to borrow for projects that are, for lack of better words, good investments in the County, and/or deferred interest structure, and that is what they have tried to do here. He said, with that, he is happy to answer any questions Council has about any of the projects.

Mr. Kilmer said maybe they should talk about the project they just heard about (referring to the discussion on a new Public Safety Building), to which Mr. Strausburg responded, he saw that in real time, so he is still processing it. He said, obviously, they have \$10 million dollars in the CIP, and that is what is in the CIP. Mr. Kilmer asked if there are any plans to change that at this moment, to which Mr. Strausburg responded, having watched the presentation for 35 minutes, he has no thoughts other than it was interesting. Mr. Cannon asked how Crosby and Associates got so far askew because the County is paying these guys, and it is very far off, to which Mr. Strausburg responded, that is a question he cannot answer right now. He said he will tell Council that the genesis of the figure they have imbedded in the CIP goes back a couple of years when they looked at the City's Police Station. He said he thinks the City has on the order of 130 sworn officers right now, and he forgets who the architect was, but they went back to the architect who had designed that building and looked at what that building cost. He said they then asked that architect to bring that building to date because they figured the City has 130 sworn officers, thereabout, so it ought to be right-sized for the County. He said it is a two-story building, but that is what the CIP budget figure is rooted in, and it probably goes back to about two years, so would

need to be brought up to date for increases in construction costs. Mr. Joe Holloway said that message did not go to these folks, though, to which Mr. Strausburg responded, they clearly were given the budget figure. Mr. Joe Holloway clarified, he was talking about the building, to which Mr. Strausburg responded, again, like Council, he is absorbing what he just heard. He added, by the way, they cannot get land for less than \$90 per square foot with water and sewer. He said, at this point in time, until they have had ample time to really absorb this, and ask the questions that need to be asked, they would not have put forward a \$22 million dollar CIP figure. Mr. Joe Holloway said they know the need for a Sheriff's Office, and just about everybody agrees with that, but, what bothers him is, what was guiding these folks to come in with this outlay. He said they were given the budget and told what needed to be done. He then asked if it is a game, like how politics are always played; "I need \$10 million so I'm going to ask for \$20 million." He said he hopes that is not what is happening, to which Mr. Strausburg responded, he does not think that is the case. He said the number that really surprised him more than any number was the size and figure associated with Emergency Management Services. He said he is stunned by the number, and by that size building. He said he has a lot of homework to do, to which Mr. Joe Holloway responded, he thinks they all do.

Mr. Cannon said this was just an opportunity for a recap with Mr. Strausburg in case Council had questions. He said the largest projects they are looking at include the Sheriff's Office, and they always have considerations for the Board of Education. He said the Airport has a whole list of new projects which they want to see the Airport move forward with as quickly as possible. He said he really appreciates the enthusiasm, and it is based on a great new strategy of either public-private partnerships, or really aggressively seeking out Federal or State funding. He continued, as they are bringing this forward, if that funding happens, or does not happen, or if the funding does not come to fruition, they will then try to make sure that money stays where it is, and they do not try to continue with the project at one-third or one-half the cost of what it should be. Mr. Strausburg said he thinks it is very important to understand, and this is as much for the public as it is Council, that the CIP is a planning document, and that what they are collectively doing here is, hopefully, agreeing that they think this is a good Capital Plan for the next five years for the County. He said that Capital Plan is dependent upon the funding assumptions that are imbedded in that Capital Plan. He continued, in approving the CIP, they are really not approving expenditure of even the first dollar because the pay-go portion of the CIP is approved by Council in the operating budget. He said the borrowing portion, the debt portion, will probably be approved next Fall with the bond sale. He said they have two steps where, if things do not work out well in terms of financial results, revenue for the County, bond market, or interest rates get too high, they still have plenty of opportunity to wait and say they have to stop and reconsider. He continued, if grants that are assumed to be coming through for these projects do not come through, they can hit the pause button again because the affordability of this plan is based upon the assumptions they have made as to how they are going to fund the projects, so they have ample opportunity to stop if they feel they need to stop and adjust or amend the plan.

Mr. Joe Holloway said he would like to go back to the presentation they just saw. He said he is just reading the document which says existing project funds in the amount of \$25,000 were appropriated in 2014 for an engineering study. He continued reading, "The Sheriff's building has experienced a number of structural and building mechanical issues. Preliminary estimates are being discussed for the cost of replacing the Sheriff's facility; in 2017 the CIP included \$100,000 for project study, \$600,000 for architectural engineering and land acquisition, \$5,189,000 in 2019 and 2020 for construction." He said the last sentence says "This building will also house Emergency Services," so they are only budgeting \$10 million dollars for both, and they were given numbers of \$22 million. Mr. Cannon said another concern, which he tried to express to Crosby and Associates, is that he does not know what the exact number is,

and maybe Mr. Strausburg knows the number, of what the County hired them for, to which Mr. Strausburg responded, off the top of his head, he does not recall. Executive Culver said he thinks it was \$25,000. Mr. Cannon said the County is paying \$25,000, and they are spending half of their time putting together a building that Mr. Crosby talked about being reality. Mr. Cannon said the reality is, this is not even in the realm of reality in this County. He said the County has paid them \$25,000, but they are only doing half the job. He said he would rather see them spending 100 percent of their efforts on the Sheriff's Building within the budget where the County is, and still trying to see how they can work it out as was originally proposed where the Emergency Services Building can be incorporated into it to whatever degree. He said this is only one opinion that says it has to be separated all out, to which Mr. Strausburg responded, based on what was said, he does believe that is what is occurring nowadays. He said one of the issues they have with the current Emergency Management Services location is that the building itself does not have the wind rating that is currently required. He said he thinks the wind rating up there is probably 90 to 95 miles per hour, and they need, he thinks, 110 miles per hour. He said he cannot fix that building to get that wind rating, and he cannot fix the existing Sheriff's Building. He said one of the original thoughts was maybe they could move Emergency Services into the existing Sheriff's Building, but, again, they have that wind issue, and that roof is not rated for those type winds. He said they could probably address the stormwater issues they have up there with the foundation where they could probably engineer something to divert the water away from the foundation of the building, but how they repurpose that building is, obviously, very important. He said, again, that wind rating is critical, and he has not really been able to peel that back to say if there is or is not a way to do that. He continued, and they do not want their Emergency Management Services primary and secondary locations to be within a handshake of one another, but they want a separation between the two buildings. He said he has some homework to do based on what they saw this evening, obviously. Mr. Cannon said, as far as the basic budget, Council anticipated through the CIP that when they say this is what the total cost is going to be, it includes land as well, to which Mr. Strausburg responded, yes. Mr. Joe Holloway said there is \$600,000 in there for land acquisition. Mr. Strausburg said he does not want them to get ahead of themselves, but he thinks they can get land at a good figure that will accommodate the Sheriff's Building to be well located with utilities, so that budget figure is probably a good figure for them. Mr. Cannon said, when they are talking about \$95,000, or even \$85,000 an acre, they have to ask whether or not there are other properties in this entire County that are selling at a much lower rate. He said, certainly, land is land, as long as it creates an accessible route to the rest of the County. Mr. Strausburg responded, he thinks they can deliver an appropriate land parcel for the figure they have imbedded in the CIP, and he firmly believes that. Mr. Cannon said he is hoping they will be going through a third party to make that acquisition, to which Mr. Strausburg responded, he understands. Mr. Joe Holloway said that is not always possible, to which Mr. Strausburg agreed. There was no further discussion.

*Signatures on next page.*

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John T. Cannon, President



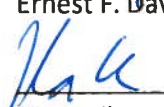
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Larry W. Dodd, Vice President, District 3



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Ernest F. Davis, District 1



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Marc Kilmer, District 2

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John B. Hall, District 4



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Joe Holloway, District 5

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absent  
Matt Holloway, At-Large



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Laura Hurley, Council Administrator