

Open Work Session

Budget Shortfalls for Capital Improvement Program (CIP) Projects

November 5, 2019

Mr. Weston Young, Assistant Director of Administration; Mr. Dallas Baker, Director of Public Works; and Mr. Pate Matthews, General Services Supervisor, came before Council. Mr. Young reported, they have three projects that require additional funding to complete; the Morris Mill Dam, the Airport water main extension, and the Detention Center roof. He said he provided some details in the Brief Book regarding the needs, but Mr. Baker and Mr. Matthews will go into more detail. He said it should be noted, some of the numbers have changed slightly in the time since they submitted the documentation to get in the Brief Book, but they are still anticipating about a \$3.4-million-dollar surplus in FY19 when it is closed out.

Mr. Young said Mr. Baker will speak about the Morris Mill Dam. Mr. Baker said, as they have been trying to educate the public, they started construction of the dam last September, and when they started to dig into the downstream slope around mid-October they encountered water coming through the dam, which is not supposed to happen. He said they called the Maryland Department of Environment (MDE) Dam Safety Division and had them come out to take a look, and they, basically, said they had to stop and revise their design because the original design did not account for that type of water seepage coming through the dam, and that was the big holdup through late fall and winter, and into early spring. He said the contractor was able to start back up again in the late spring, and has been steadily going ever since, but the dam design changed significantly to include things like 30-foot-deep steel sheet pile walls on the downstream slope, a significant amount of armoring and rock on that downstream slope, and there has to be a sand filter and drain system within the dam structure itself now to account for any water that can safely be passed through that steel pile wall. He said they worked with the contractor and the design engineer to come up with a revised cost estimate that puts it right around \$3.1 million dollars for the cost of the project. He explained, they originally had \$1.8 million budgeted, but they did not use all of that because the current price was \$1.5 million to do the work, so there is still a little bit of money in the existing project account, but they come before Council now to ask for the additional money.

Mr. Dodd asked Mr. Baker to clarify what was \$3.1 million, to which Mr. Baker responded, \$3.1 million is the cost for the work right now. Mr. Dodd asked if that is the total of what it is now, to which Mr. Baker responded, yes. Mr. Dodd said Mr. Baker was before Council a couple months ago talking about this. He then asked if \$1.3 million was the same figure Mr. Baker was asking for back then, to which Mr. Baker responded, yes. Mr. Dodd said they have constituents in the neighborhoods nearby who need an update. He then asked if Mr. Baker has any idea when that road will be open, to which Mr. Baker responded, yes. He explained, originally they were telling folks it was going to be open by the end of the year, but, unfortunately, they took a look at the progress, and it now looks like it is going to be backed up until the end of March, which is a significant revision, but there have been some challenges to work around. He clarified, there is an active 6-inch gas main they are not allowed to shut off, and they have worked with Chesapeake Utilities to try to get that main shut off, which is slowing the progress as the contractor gets closer to penetrating into the upstream side, and there is also overhead electric on the upstream side. He said, in addition, the soil within the upstream slope in the pond bottom, as Council can imagine, is muck, and is going to require some significant work. He explained, they will have to pour what is called a mud mat in there, which is like a low weight concrete, so they can have a stable surface to actually build up and put in a controlled structure. He said there was also hope they might be able to open the road earlier. He clarified, when he says open the road, he means gravel, but the gravel sits on top of the sand filter, and, in looking at notes from MDE, it looks like they are not going to be able to put traffic on top of the gravel because that would impact the sand, drive the gravel into the sand, and

would not be able to do what it is supposed to be doing. Mr. Dodd asked if there is any way to have it open to emergency vehicles only, to which Mr. Baker responded, right now, no because they would need to literally jump to get across from one side to the other. Mr. Dodd asked, what about in the future, to which Mr. Baker responded, he thinks there is a possibility in the future. He said right now the challenge is they cannot take out the old stuff until the new one is in place because the new pipe and new outfall structure have to be online to let water start passing through before they can rip out the old pipes, which was another requirement from Dam Safety. He clarified, Dam Safety said they cannot take out the old until the new stuff is in and can safely pass, so they are working with that challenge as well. He said, once the new pipes are in, things will, potentially, be working better, but they are getting ready to move into the pond area and start construction of the outfall structure. He said, once they get past that, things will, potentially, be able to start plugging along faster, and the contractor thinks he can bring out a second crew to start working. He said right now they are working Monday through Friday, but they are potentially looking at starting weekend work as well to see if they can save some time. He said the challenge there is, they might be able to save 30 days on the contract if they finish in March, but if they finish in February and the asphalt plants are closed, they have just spent all of that money to finish early, but still cannot open the road because the asphalt plants are not open in the cold weather.

Mr. Baker said they just received these numbers and dates today, and he will be updating some of the folks, such as the Emily Drive HOA, about this information, but he is sure Council will be hearing from other folks as well. He asked Council to believe him when he says that this is Public Works' number one priority to keep this job moving and keep progress going. He said, again, since the contractor started back up in the spring they have been steady going. He said he knows they hear folks say they do not see anybody out there, but they have to remember that trench is about 20 feet deep, and there are guys down under the ground they cannot really see, so they have been using some of these Town Hall meetings to discuss that. Mr. Dodd said they had been parking their vehicles near that fruit stand, to which Mr. Baker responded, yes, and they still are. He said they are out there, and he has received calls from folks saying they have not seen them when he was out there that very day talking to the contractor. Mr. Dodd said he rides by there often, and he does not forget that it is closed now, so he goes the long way, but on days where he is not doing anything he rides by and checks on it, and sees the workers out there. Mr. Baker said they meet with the contractor and MDE Dam Safety, have a conference call once a month, and also have a meeting on-site, so every two weeks they have meetings with the contractor, the design engineer, and with Dam Safety to go over this, whether it is a conference call or a site visit. Mr. Dodd asked if Mr. Baker will let him know the next time he has a meeting on site, and maybe Mr. Hastings would also like to attend, to which Mr. Baker responded, absolutely.

Mr. Holloway asked, when Mr. Baker was talking about the gas main, was that not anticipated when the estimates were done, to which Mr. Baker responded, it was shown on the plans, and the gas company has been out there and has expressed some concern that it is an old steel main, and they would like to see it upgraded to poly. He said it was a known condition, but then they got in there and started working through it, and they are putting in 72-inch concrete pipes, which is about as tall as he is, and they have to remember they are lowering them in with an overhead crane and they have an active gas line there. He said the hope when the project started was that Chesapeake would let them turn that gas line off, but they cannot. Mr. Holloway asked why they did not check because he would have thought they would have checked, to which Mr. Baker responded, there is a difference between when bidding the project and actually doing the work. He said they have been trying to foster a better relationship with Chesapeake, but there have been challenges because they are not willing to turn the gas main off, and, from what he understands, there is a 4-inch gas main that feeds Fruitland, and a 6 inch, and if they shut the 6 inch off they say they will not have the capacity to serve all of Fruitland with the 4-inch gas main.

He said they are trying to put these 6-foot diameter concrete pipes lowered 20 feet into the ground with an overhead crane right next to an active gas line, so they kind of have to go slow to make sure nothing catastrophic happens. Mr. Holloway asked, if it did happen, would Fruitland be without gas, to which Mr. Baker responded, he would be more worried about a lot of things that could happen. Mr. Holloway clarified, he is saying he would have thought there would have been some foresight there, to which Mr. Baker responded, he thinks there was, and, again, he thinks the contractor is doing everything they can to keep the project moving. He said they have been very responsive, especially when dealing with the redesign in the middle of the project. Mr. Holloway said what is a million here or there.

Mr. Hastings said he sent Mr. Baker a couple of emails, one this afternoon, to which Mr. Baker responded, he did not want to reply to that until he had a chance to speak to all of Council, and he was just trying not to catch Council flatfooted. He said, when the March 30th date comes out, he is sure there will be a lot of concern from constituents, and, again, Council can feel free to pass them his way because he will apologize and explain everything to anyone who calls and wants an update.

Mr. Holloway said, when he heard the date on TV, he thought Mr. Baker was going out on a limb making that statement, to which Mr. Baker responded, he tries to be upfront with the information he has, but it is what it is. He said, if he could wave a magic wand, get it in there tomorrow, and have that road open he would, or if he saw a way to get this project moving faster he would. He said they sat down with the engineers and contractors, and looked at these plans trying to figure out a way to get things moving, but they have to get the new stuff in before they can start ripping old stuff out, so it is, unfortunately, a very linear approach. He said there is not a lot of double work they can do until that road has been excavated to put the new pipes in, excavated again to take the old pipes out, and then at that point things can start getting buried and they can start working with two crews, one on the upstream side, and one on the downstream side. He said, again, he can also show anybody out there what is going on.

Mr. Dodd asked if Mr. Baker is expecting the possibility that it may be delayed beyond March 30, to which Mr. Baker responded, no comment. Mr. Dodd said he knows there is always a chance, to which Mr. Baker responded, in reality, he thought when he said the end of the year that would be it, but now he is saying the end of March. Mr. Holloway said they are going to have weather to contend with, to which Mr. Baker responded, yes, and they specifically brought that up with the contractor as well asking if that date included bad weather, and the contractor has accounted for that in their updated schedule.

Mr. Young said the next project they want to talk about is the Airport water project. He reported, last week they secured funding from the State Board of Public Works receiving the maximum amount of grant to the tune of \$1.5 million, and a low-interest loan to the tune of \$2.9 million. He said the additional funding request in his memo was for \$326,000, but the State was able to cover some of that, so the request for this project has been reduced down to \$127,000. He said that is part of the match to the State money, so this \$127,000 helps match the roughly \$4.4 million they are getting from the State.

Mr. Dodd asked if the \$326,000 in Mr. Young's memo is wrong, to which Mr. Young responded, yes, it has changed, and has been updated since they found out last Wednesday at the Board of Public Works meeting. Mr. Dodd asked what caused it to go over because he knows the County got a significant grant for the Airport, to which Mr. Young responded, Mr. Baker can touch on the construction administration, and what this actually goes to pay for. Mr. Baker said George, Miles and Buhr (GMB) did the design for the project, so the County wanted to retain them for the construction administration. He said that way, if the contractor installing it has specific questions about the project, or if they need someone to review the materials or shop drawings, etc., they wanted to retain GMB specifically since they have the innate

knowledge that went with designing the project. He clarified, he did not want another firm having to answer questions about GMB's design, and GMB knows what GMB meant, so can answer the questions best. He said selecting them for the construction administration precluded them from being eligible for the State grant and low-interest loan because, to be eligible for that, it has to be competitively bid out, but they did not want to run the risk of having one firm try to answer questions about GMB's intentions.

Mr. Dodd asked when this project will be completed, to which Mr. Young responded, it should take about a year from when they break ground, but they will be able to hook up the terminal and Piedmont Airlines ahead of time before they finish in the business park. He said some of those wells have heavy metals, turbidity, and nitrates, so they can get them hooked up sooner before the project has ended.

Mr. Cannon said, looking at the CIP, the only thing he saw where there was any funding discussed was just a low-interest loan from the State of Maryland, so he is wondering where the original \$326,000 came from, and the \$127,000 when the CIP they just went through had zero dollars listed. He then asked if some of that is still coming from engineering, to which Mr. Young responded, that was to do the design. He said, as with any project where they are getting grant money and low-interest loans, they were hoping to get it fully covered. He said a good example of that is the Morris Mill water project for the contaminated water out to the wells, and there are similarities between construction administration for this project and Morris Mill. He said this was something they hoped they would get fully covered by State and/or local, or low-interest loans, but a match is required, so they are requesting the match. He said they need to modify the CIP for that, but that is for all three of these projects.

Mr. Young said the third and final project is the Detention Center roof, and he is going to turn this one over to Mr. Matthews, who provided a memo on the need, and can touch on what difficulties they had with that as well. Mr. Matthews said he is assuming Council has his note, has read it, and is somewhat familiar with it. He said they started this back in the spring of 2018 by getting an engineering study done. He said the long and short of it is they had hoped to be able to put a system on the Detention Center that would have allowed them to basically renew the system after 20 years. He explained, it is a resin product with imbedded fabric, so in 20 years they could use a chemical etching agent to come back and put another layer on it and get another 20 years out of it. He said the total thickness would have only been about three-quarters of an inch after the 20 year second application, and it would have been extremely lightweight, but they found the initial construction was poor. He said the components of the roof system were not properly adhered, and they did several lift tests on it. He explained, a lift test is where a strip of material is adhered to the existing roof, and then there is a pull scale put on it. He said the test strip has to meet a certain pound per square inch requirement to hold in place, and it did not meet that requirement anywhere. He said in this process they found out the International Building Code no longer allows a ballast roof, and that roof up there is almost three acres, and is covered with gravel the size of a gavel head, so they cannot put that back on there. He said they basically have to go down to the lightweight insulated concrete layer, put a vapor barrier on it, a fiber board, an EDPM membrane, and on top of the membrane they have to put roofing pavers. Mr. Dodd asked if they have to take the gravel off first, to which Mr. Matthews responded, yes, the gravel comes off. Mr. Dodd said he has always been concerned because they have seen it happen over the years when there is a lot of snow where weight is a problem, to which Mr. Matthews responded, no. He said, actually, the roofing pavers are lighter than the stone ballast, but they interlock and are adhered together. He said the problem is they are in the edge of a hurricane zone at a 126 mile per hour rating, and these stones become projectiles, so they cannot use them, but the good news for Mr. Baker is they will have about 700 tons of stone so roads can be filled, to which Mr. Baker responded, they will take it. Mr. Matthews said they did an extreme amount of testing on this, and they actually have some money from the previous two

years' CIPs, and they determined last year after they got the first bid of \$2.5 million dollars that it would be more feasible for them to come before Council to explain what is going on, and what they need to do. He said, basically, they are there to ask Council for \$1,015,000 dollars to get this job completed.

Mrs. Acle asked if they really know what is under that roof, to which Mr. Matthews responded, they have leaks all over the jail, but nothing to the extent that it is not manageable at this time.

Mr. Holloway asked why they are doing this out of anticipated surplus money instead of just putting it in the CIP, to which Mr. Young responded, with Morris Mill they need the money as soon as possible. Mr. Holloway said this project does not sound like it is the biggest rush in the world, to which Mr. Young responded, they could delay the roofing project. Mr. Matthews added, their bid price was only good until the 29th of last month. Mr. Holloway said then it is over with anyway, to which Mr. Matthews responded, no, not necessarily. He clarified, he has been in contact with the vendor who is willing to hold his bid, but he is not going to hold it forever. Mr. Holloway said he understands they need good roofs, but they are also talking about anticipated surplus, not about guaranteed money, to which Mr. Matthews responded, he cannot address that. Mr. Young said the FY19 books are not closed, but from a memo of October 17 received yesterday, the estimate is about a \$50,000 difference in surplus, and the total they are asking for is now about \$2.5 million out of \$3.4 million. He said they could delay the roof project and put it in the CIP, but they would have to rebid it, and maybe put some escalators on it. Mr. Holloway asked if they could forward fund this money and then put it in the CIP, which he knows is just juggling money, to which Mr. Young responded, the proposal is requesting to amend the current year FY20 budget and CIP to reflect these amounts, and they would then request the funding come from the unassigned fund balance, which would, basically, specifically be FY19 leftovers. Mr. Holloway said he has been going to the town hall meetings Mr. Culver is having, and Mr. Young was there. He said they keep hearing about Kirwan, and they keep hearing people talk about a possible recession, and he does not know whether that is necessarily true or not, but he does not think anybody else does either. He said he wonders about this anticipated surplus, and how their fund balance is being drawn down, and a roof is something that is definitely financeable because of the length of time it lasts. He clarified, they do not borrow money to put carpet in, but they can borrow money to put a roof on, and he guesses what he is seeing is they are trying to spend money they are not sure they have yet, so he is looking for a safer way to go about it. Mr. McCain said it would still use the surplus eventually, to which Mr. Young responded, what they are looking at is, when they close out the books that ended June 30, 2019, their estimate is roughly \$3.4 million, but that could change since that is an estimate. He said, if they do not do anything with it, it will go to their fund balance, and they are proposing pulling from the fund balance, so they could pull from the existing money that is there, and this \$3.4 million would just go in, or whatever the number works out to be. He said they are under the amount by about a million dollars, so they feel safe requesting from that. Mr. McCain said he does not think they would want to delay anything, or put anything off, to which Mr. Holloway responded, he did not suggest they delay it, he suggested they finance it differently. Mr. Young said, if they wait to put it in the next CIP and then bond it, the next CIP would get approved with the budget in June 2020, and then if they bond it they do not usually go to the bond market until October, so that would delay it about a year. He said, if they have to do it that way, they have to, but once the roof goes, everything tends to go. Mr. Holloway clarified, they do not need to delay the roof, and he was not suggesting that, to which Mr. Young responded, understood.

Mr. Dodd said he thinks they all can agree that the Morris Mill project cannot wait, and they have to do it sooner rather than later, so it needs to be funded, but he is just curious about the anticipated surplus of \$3.5 million because it seems like a lot of money. He clarified, it is a lot of money, to which Mr. Young responded, historically they come in under what they budget year after year, which is what has helped

build the healthy fund balance. He said they then usually propose using prior year fund balance to fund some projects, so he thinks this is par for the course, and he thinks they have a fairly lean budget. He said sometimes it is salary savings, or sometimes it is revenues coming in higher than anticipated, or whatever leads to the surplus. Mr. Dodd said they know Departments are going to question why their budget was cut when they always have a surplus, to which Mr. Young responded, correct.

Mr. Holloway asked if there are any other anticipated problems, to which Mr. Young responded, these are the biggest ones, but, for clarification, in Mr. Baker's memo of August 7, 2019 explaining the Morris Mill Dam there were two other pipe projects listed, but after testing those they determined they can wait until the CIP process, so they are delaying those. He said, at the time Mr. Baker wrote that memo, they had pipes deep in the ground starting to corrode, they had sinkholes, and could possibly have a major washout, so they thought they would be emergency projects as well, but they are a little more comfortable in terms of pushing those. Mr. Baker added, they have packed the holes, and whenever they have a sinkhole forming they have to wonder whether it is something that just showed up overnight, or has been slowly happening. He said they packed the holes closed, and then kept an eye on it to see how long it takes for the depression to reform, if it reforms at all, and at the rate they are reforming, they are comfortable right now, so this will be included in the draft CIP being worked on now.

Mrs. Acle said she was just wondering when Mr. Young said the books will be closed out by April 30, but they are not, to which Mr. Young responded, the fiscal year ends June 30, they start the closing process at that time. He said the auditors are involved as well, and he does not have a date for when those books will be closed. Mr. Holloway asked if they are usually done by now, to which Mr. Young responded, correct. Mr. Holloway asked if there is a holdup, to which Mr. Young responded, they had significant staff turnover in that Department, so they have hired a local accounting firm to help, basically, move things along. He said it should be any time now, hopefully.

Mr. Cannon asked if this is the same roof that was in the CIP, to which Mr. Matthews responded, yes. He said he thinks it was 2017-2018, or 2018-2019 for \$421,000 each year. Mr. Cannon said he thought it was \$411,000 for 2021, to which Mr. Young responded, they had it proposed as three pots of \$400,000 when they got their original estimates. He said, as Mr. Matthews explained, what they thought they could use on that roof could not be used once they actually started digging and saw the issues. Mr. Cannon said he thought it was only \$411,000 for one year, to which Mr. Young responded, no, it was for three years. Mr. Matthews clarified, it was over a three-year period. Mr. Young said it is in the CIP with the intention to break it up over three years. He said they also thought they could phase it in sections to take it in manageable chunks, but, as Mr. Matthews mentioned, once they got into it they realized there were bigger issues at play. Mr. Matthews said reworking how they bid it, and reworking the timeline cut a million dollars off the contract because it was initially set up in three phases. He said there are three basic roof assemblies over there, and the engineer set it up to do it in three sections, not continuously, which means they would have to mobilize and demobilize. He said there was \$270,000 in mobilization costs in the first bid, so he and Mr. Rice looked at how they could make it more efficient, put it back out to bid, got five bids this time, and it is \$1 million dollars cheaper. Mr. Dodd asked what mobilization costs are, to which Mr. Matthews responded, on a job like this a contractor charges for coming to the job with his equipment, and charges for taking the equipment away, which is a standard line in the AIA document. Mr. Young added, Mr. Baker's project, for example, includes the cost of bringing the crane to the site, and then eventually removing the crane from the site. Mr. Matthews said, because of security requirements at the Detention Center, there are some special needs to be met to get the workers on top of the building, so it is a little funky at the jail with how they have to do things. Mr. Dodd asked if they have to put guards up there, to which Mr. Matthews responded, no. He said the guys will get

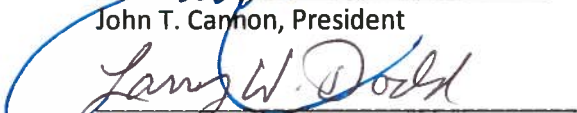
checked initially with background checks, and they will not enter the facility at all after the first initial setup. He clarified, they will have to get in there the first few days to get their stuff set up, but after that they will have a scaffold or stairway set up to get to the roof. He said everything will be craned to the roof, and there will be very little contact inside the facility, which is part of what they have to pay for.

Mr. Cannon said what Mr. Holloway touched on is really important as far as getting some idea of where this surplus of \$3.47 million came from. He said, if Council is going to approve the spending, they certainly need to know where the surplus came from, or how it exists. Mr. Matthews said, on projects like this in the upcoming CIP, he is requesting funding for engineering studies before requesting funding for the project, to which Mr. Cannon responded, hopefully that avoids surprises. Mr. Matthews said that will help avoid situations like they have here where they think they are ready to go with a major project, and all of a sudden they have to go to a screeching halt. He said, going forward, he hopes he does not have to see Council in this capacity again, and he thinks they are taking steps to prevent this.

Mr. Dodd asked when they will break ground at the Airport, to which Mr. Young responded, they are hoping in the coming months for the water project. Mr. Dodd asked if they have a date, to which Mr. Young responded, no, they do not have a date yet. He said there are still some documents with the City they are finalizing. He said it is built to City standards, just like the Morris Mill water project where they had the City of Fruitland involved every step of the way approving the water tower before the County accepted it, and MDE is involved, so now they are just making sure the City has everything they need to operate and maintain it once it goes in. There was no further discussion.

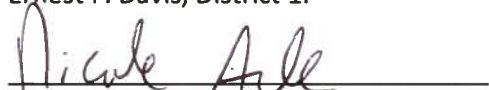


John T. Cannon, President

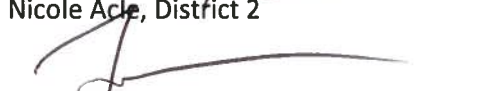


Larry W. Dodd, Vice President, District 3

absent
Ernest F. Davis, District 1.




Nicole Acle, District 2



Josh Hastings, District 4



Joe Holloway, District 5



William R. McCain, At-Large



Laura Hurley, Council Administrator